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Title: Decoding Corporate Accelerators in the UK's Entrepreneurial Ecosystem: The Why and The How

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ABSTRACT

This paper examines the landscape of corporate accelerators (CAs) and their significance within the UK's entrepreneurial ecosystem. While there is a growing body of research on accelerators, a notable gap remains in understanding the distinct characteristics and implications of corporate accelerators. This study addresses this gap by investigating the motivations, objectives, design choices, and roles of CAs in fostering entrepreneurship and innovation.

The research employs a qualitative approach, conducting over 30 structured interviews with key stakeholders involved in the establishment and operation of CAs in the UK. Using the Gioia method for rigorous thematic analysis, grounded in open innovation theory, the study identifies emerging themes including innovation-driven motivation, strategic alignment, and cultural transformation within parent corporations. The findings of this research offer practical guidance for entrepreneurs, established businesses, and policymakers, while also contributing to the existing body of knowledge on corporate accelerators.

I. Introduction & Literature Review

Corporate Accelerators (CAs) have emerged as significant actors in the UK's entrepreneurial ecosystem over the past decade, representing a convergence of corporate innovation strategies and startup support mechanisms. These programmes, designed to foster innovation and drive corporate objectives, have garnered increasing attention from both practitioners and academics (Moschner et al., 2019).

The concept of CAs evolved from traditional accelerator models, which provided short-term, cohort-based support for startups (Cohen & Hochberg, 2014). However, CAs distinguish themselves by their corporate backing and strategic alignment with parent company objectives. Shankar and Shepherd (2019) argue that this alignment creates a unique value proposition, allowing established firms to tap into external sources of innovation while providing startups with resources and industry expertise.

In the UK context, CAs have proliferated across various sectors, with prominence in fintech, healthtech, and sustainability-focused industries (Pauwels et al., 2016). This growth aligns with the broader trend of open innovation strategies adopted by established firms seeking to maintain competitiveness in rapidly evolving markets (Chesbrough, 2003). Furthermore, the rapidly evolving nature of the UK's business landscape, influenced by factors such as Brexit and the COVID-19 pandemic, presents new challenges and opportunities for CAs. Recent work by Brown, Mawson and Rowe (2019) suggests that CAs may play an increasingly important role in helping both startups and established firms navigate economic uncertainties.

The How: Design Configurations of Corporate Accelerators

CAs are designed by established firms to fuel the growth of early-stage businesses in their specific industry through timely interventions in terms of resources, strategy, and funds. Similar to traditional accelerator programmes such as Tech Stars, these corporate-funded programmes run fixed-term, growth-driven programmes to support a cohort of startups within the industry (Cohen, 2013). This is typically done through mentorship, resource sharing, and financing, playing an increasingly important role in the startup ecosystem.

The design structure of CAs involves various approaches, including creating dedicated programmes or collaborating with existing accelerators. Study by Weiblen & Chesbrough (2015) showcases the array of design options available to companies, spanning from independent to partnership models (Kanbach & Stubner, 2016). Key design components include mentorship, resources, funding, and access to networks, which startups can utilize to scale their ventures. Additionally, the design of these programmes may align with specific company objectives, impacting factors like the level of operational closeness or equity participation (Kanbach & Stubner, 2016).

Pauwels et al. (2016) categorise accelerator designs into four models: the ecosystem builder, the deal flow maker, the support giver, and the resource provider. Each model reflects a different strategic orientation, from fostering a broader innovation ecosystem to directly sourcing potential acquisitions or investments. In the UK, this diversity in design is exemplified by the varied approaches of CAs such as JLAB by John Lewis, which focuses on retail tech innovations, and the Unilever Foundry, which emphasizes sustainability and consumer goods (Gustafsson & Qvillberg, 2017).

The Why & The What: Complex Relationships and Dynamic Interplay

CAs differ from traditional accelerators in that they need to meet both corporate objectives and startup expectations, necessitating additional design considerations. Literature indicates that incentives between corporations and startups might not always align (Crichton, 2014). This misalignment can limit startups' ability to pivot when bound by a large corporation, raising questions about potential underlying motivations that might conflict the startup's needs within the programme.

The relationship between CAs and the startups they support is often complex and multifaceted. Corporate accelerators may have different strategic and financial objectives, which can influence their interactions with startups and the types of support they provide (Block et al., 2018). Understanding these dynamics is crucial for both startups seeking support and for the accelerators themselves, as they seek to maximize their impact.

The dual role of CAs as both investors and mentors presents a unique challenge in balancing financial support with non-financial resources crucial for startup success. CAs not only provide funding but also offer mentorship, network access, and other non-financial assistance to startups (Kohler, 2016). This dual function is essential for startups as it allows them to benefit from the financial backing and the expertise and guidance provided by experienced mentors within the corporate accelerator ecosystem (Hochberg, 2016).

Understanding how CAs navigate these dual roles and create value through a combination of financial investment and non-financial support is vital for their success (Cohen, 2013). By striking a balance between financial and non-financial contributions, CAs can effectively support startups in their growth and development, ultimately fostering innovation and entrepreneurial success within the ecosystem. Current literature underscores the need to explore these dynamics further, particularly within the UK's context, where CAs have emerged as a significant and rapidly growing set of actors in entrepreneurial ecosystems. The impact of CAs on the broader UK entrepreneurial ecosystem is an emerging area of research. Kanbach and Stubner (2016) suggest that CAs play a crucial role in bridging the gap between corporate and startup worlds, facilitating knowledge transfer and resource flows. More recently, Prexl, Hubert and Beck (2019) have explored how CAs contribute to regional innovation clusters, particularly in areas outside of traditional tech hubs like London.

Significance of the Study

Despite growing importance, there remains a fragmented and limited understanding of what corporate accelerators are, how they work, and where they provide value to the ecosystem (Choi & Kim, 2016; Bliemel et al., 2018; Drori & Wright, 2018). This lack of understanding hinders the ability of organisations, entrepreneurs, investors, and policymakers to fully leverage the potential of corporate accelerators in supporting entrepreneurial ecosystems.

This study aims to provide a framework for understanding the design, motivations, and objectives of corporate accelerators, addressing the gap existing literature (Hochberg, 2015; Kohler, 2016; Weiblen & Chesbrough, 2015).

II. Research Questions

1. **Motivations and Objectives of Corporate Accelerators:** What internal and external considerations drive established companies to start a corporate accelerator, and who facilitates them within the organization? This explores the motivations for businesses to create programs, the strategic and financial objectives, and how these programs foster innovation and acquire external knowledge.
2. **Design Choices of Corporate Accelerators:** What is the decision-making process behind the design of these programmes? This examines why companies collaborate with existing accelerators or build in-house initiatives, factors influencing design choices, and how success is measured.

III. Data Collection & Analysis

The analysis employs a qualitative approach using a constructivist interpretive design combined with the Gioia method for thematic analysis to explore the strategic motivations, design configurations, and impact of corporate accelerators (CAs) within the UK's entrepreneurial ecosystem. This approach aligns with the constructivist paradigm, emphasizing the co-construction of knowledge between the researcher and participants. (Gioia et al., 2013). The study also incorporates elements of abductive reasoning, iterating between data collection and theory development to refine explanations for the observed phenomena. This iterative process ensures a comprehensive and nuanced understanding of CAs, grounded in empirical data, and informed by existing theoretical frameworks such as Open Innovation (Chesbrough, 2003).

Semi-Structured Interviews: Online interviews set the foundation as an effective means of gathering in-depth insights into the experiences, perspectives, and motivations of 33 individuals involved in corporate accelerators, allowing for flexibility while maintaining focus on research objectives.

IV. Emerging Themes

The initial data analysis of corporate accelerators (CAs) within the UK reveals several emerging themes that provide strong insights into their motivations, design, and impact.

1. **Innovation-Driven Motivation:** One of the key drivers behind establishing CAs is to drive innovation by leveraging external sources of knowledge and technology. Corporations aim to tap into emergent technologies and business models that lie beyond their existing capabilities, aligning with the concept of Open Innovation. One CA manager highlighted, *"Our programme focuses on fintech startups, enabling us to explore disruptive technologies and business models that can complement our existing offerings."*
2. **Strategic Alignment:** The design and operation of CAs are closely tied to corporate strategic objectives. These programmes serve to align startup innovation with broader corporate goals, such as enhancing product lines or entering new markets. The strategic trajectory of CAs ensures that they contribute to the parent corporation's vision, reflecting how accelerators are strategically crafted to support corporate

agendas. *"We see our accelerator as a strategic extension of our corporate R&D. By aligning the startups' innovations with our long-term goals, we ensure that every project contributes to our broader vision."* – Senior Vice President, Corporate Strategy.

3. **External Partnerships:** The theme of collaboration extends beyond startups to include partnerships with universities, research institutions, and mentorship networks. These external partnerships bring diverse resources and expertise, enriching the CA's and contributing to the broader entrepreneurial ecosystem. The bidirectional flow of knowledge and resources further strengthens the strategic alignment between the CA and its partners. *"Collaboration with universities and research institutions has been pivotal. They provide us with access to the latest research and innovative technologies, which we then help commercialize through our accelerator."* – Programme Director, University Partnership Accelerator.
4. **Cultural Transformation:** CAs play a pivotal role in promoting a more entrepreneurial mindset within corporate culture. By engaging with startups and integrating them into the company's operations, CAs foster agility and innovation internally. This cultural shift reflects the principles of Open Innovation, facilitating internal development alongside external collaboration. Perhaps most striking is the transformative impact CAs exert on corporate culture itself. Interviews with multiple participants underscore how the close interaction with startups catalyses a cultural shift toward greater entrepreneurial thinking and agility. A senior executive remarked, *"Embedding these startups within our operations has been game-changing. It has infused our teams with a startup mindset, challenging us to embrace risk-taking and rapid innovation."*
5. **Metrics and KPIs:** Evaluation metrics used to assess the performance of CAs are crucial for gauging success and directing future strategies. These metrics reflect both the immediate success of individual startups and the broader impact on the entrepreneurial ecosystem. Interviews with CA managers reveal how metrics guide their design. One manager highlighted, *"We track both financial and non-financial metrics, including the number of successful startups exits, partnerships formed, and contributions to our internal innovation goals"*.
6. **Programme Structure and Governance:** The design and structure of CAs reflect their operational strategies, including length, cohort models, mentoring approaches, and resource allocation. Effective governance ensures that these initiatives maintain alignment with both corporate objectives and startup needs. Decision-making structures balance entrepreneurial flexibility and corporate oversight, contributing to the overall success of CAs. As one director explained, *"Our decision-making structure strikes a delicate balance between entrepreneurial flexibility and corporate oversight, ensuring alignment with both startup needs and corporate objectives."* This structural ingenuity underpins the success of CAs, enabling them to navigate the complexities of straddling the corporate and entrepreneurial realms.

V. Conclusion

In conclusion, the study highlights the strategic role of CAs for established firms, their contributions to innovation and economic growth, and the broader implications for startups

and corporate strategy. Understanding these relationships provides valuable insights into how corporate accelerators contribute to the broader innovation landscape, supporting startups, fostering innovation, and driving economic growth. The findings contribute to the academic field by expanding the empirical understanding of corporate accelerators, while also holding practical implications for entrepreneurs, companies, and policymakers.

Critiques & Future Research Directions

Despite their potential, corporate accelerators face criticism regarding the misalignment of corporate and startup goals. Themes such as *startup safari* and *innovation theatre*, where the primary aim is more about marketing innovation rather than achieving substantive outcomes, have been highlighted (Hochberg, 2015). Furthermore, the potential for conflicts of interest and the challenges of maintaining startup agility within the corporate framework are ongoing concerns (Crichton, 2014).

1. **Longitudinal Studies:** There is a need for longitudinal research to track the long-term impact of corporate accelerators on startup success and corporate innovation outcomes.
2. **Geographical Diversity:** Exploring how CAs operate in different regional ecosystems can provide insights into the contextual factors that influence their effectiveness.
3. **Digital Integration:** Investigating the role of digital tools and platforms in enhancing the reach and efficiency of CAs can offer practical guidelines for future programmes.

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