



Corporate venturing and value creation: A review and proposed framework[☆]

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ABSTRACT

Over the past decade, companies worldwide have used corporate venturing (CV) as a means of revitalizing their operations, building new capabilities, and achieving strategic renewal, creating value for shareholders. Business interest in CV has stimulated academic interest in the topic, resulting in a rapidly growing but fragmented body of literature. Despite the growing international scholarly interest in CV, researchers have devoted little effort to integrating prior findings in a cumulative fashion. As a result, studies do not build upon one another, making it difficult to gauge the progress being made in addressing the fundamental research questions related to CV. In this paper, we examine the literature on CV seeking to synthesize, integrate and link its key findings. To do so, we analyze this literature over the past decade to identify its major themes and research findings setting the stage for greater coherence in future research on CV. We give special attention to the challenges and rewards of theory building in future CV research. Our review clearly shows that CV is an area of scholarly inquiry that has important implications for managerial practice.

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1. Introduction

Worldwide academic interest in corporate venturing (CV) has increased considerably over the past decade, generating a large number of empirical studies on its antecedents, forms, processes, and outcomes. This interest stems from researchers' belief that CV can contribute significantly to the evolution of a firm's corporate strategy (Ireland et al., 2001) by building new capabilities and businesses that enable renewal, foster strategic change and enhance a company's profits and growth in domestic as well as international markets (Zahra and Hayton, 2008).

Growing worldwide interest in CV masks several important shortcomings in prior research, raising serious questions about its contributions to theory and practice. Notably, despite increasing recognition of CV around the globe, most research has been conducted in North American settings that might differ markedly from other parts of the world in the level of business development, strategic focus, and organizational priorities. CV research also remains fragmented, with studies rarely building on each other. Researchers

have also employed various definitions of CV and related phenomena, which makes it hard to assess and compare findings across studies. Further, researchers have selectively focused on various elements of CV activities, instead of advancing a common and coherent framework that encourages systematic and cumulative scholarship.

Other shortcomings plague CV research. For example, cross-sectional studies have also dominated the CV literature, making causal inferences and explanations tenuous at best. Similarly, the rush to test hypotheses empirically has often led to misalignment of prior studies with key theoretical streams in the strategy and entrepreneurship fields. As a result, the bulk of CV research lacks theoretical grounding and fails to contribute to our understanding of organizational capability building that enables firm evolution. This gap in the literature is alarming because CV could be a source of companies' heterogeneity, a major source of competitive advantage. Taken together, these limitations hamper developing robust theory-based conclusions about CV and its implications for value creation.

The absence of an organizing framework that maps out the various antecedents, processes and outcomes of CV activities further accentuates these problems and complicates the task researchers face when conducting their research or guiding practicing managers. In this paper, we address this shortcoming by proposing such an organizing and integrative framework. To do so, we review the empirical literature on CV published over the past decade, and then systematically organize these studies into a context – characteristics of CV – outcomes framework that can guide future

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