THE RELATIONAL VIEW AND CORPORATE VENTURE CAPITAL INVESTMENTS: AN EXPLORATORY PARTIAL LEAST SQUARES ANALYSIS (SUMMARY)

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SUMMARY

THE RELATIONAL VIEW AND CORPORATE VENTURE CAPITAL INVESTMENTS: AN EXPLORATORY PARTIAL LEAST SQUARES ANALYSIS

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Principal Topic

Corporate venture capital (CVC) activities are on the rise as a legitimate tool for innovation stimulation and strategic renewal of large corporations. This study analyzes relationships as a central source of relational rent generation and thus value generation, by drawing upon Dyer and Singh’s (1998) relational view. A plethora of research has been conducted since the initial publication of this framework, which provides additional evidence that should affect the design of the relational view. Making use of primary quantitative empirical data as well as recent theoretic and empirical findings, a development of the relational view derived in this paper using the context of dyadic CVC investor – portfolio company relationships.

Method

The study is based on data from an online survey that was followed by personal on-site interviews by the researchers. 28 investment managers from 23 different CVC units operating within this study’s scope were asked to discuss their high and/or low performing investments and complete an online survey regarding these individual investments. A total of 47 investment relationships were analysed. A partial least squares (PLS) approach to structural equation modelling was used to analyse the quantitative data, a method well suited to exploratory research and offering several methodological advantages for our specific endeavour.

Results and Implications

The study finds that the concept of relational rent may be split into at least two separate constructs; relationship performance and relationship satisfaction. The factors influencing their respective levels are different, with relational rent being primarily influenced by knowledge sharing capability and the volume of social interaction, while relationship satisfaction is primarily influenced by informal self-enforcement governance. Complementary resources on the other hand serve as antecedents in our model and have limited direct impact on relationship satisfaction and relationship performance. The results thus provide a new empirically supported model for relational rent generation that differentiates between two different aspects of this broad concept.

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