# SUMMARY

**CREDIBILITY IN CORPORATE VENTURING: EXAMINING RELATIONSHIPS BETWEEN ENTREPRENEURS AND CORPORATE VENTURE CAPITALISTS**

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**Principal Topics**

Dushnitsky and Shaver (2009) found that entrepreneurial ventures are less likely to partner and disclose their technology to corporate venture capitalists (CVC) in the same industry when that industry is characterized by a weak intellectual property regime. As a result, entrepreneurial ventures are caught in a paradox of whether to disclose or conceal their intellectual property when CVC support is needed. We propose that CVC programs can overcome this 'paradox of disclosure' (Arrow, 1962) with entrepreneurial ventures by establishing a credible commitment to a CVC program. Commitments are credible if they have been continuously demonstrated over time (North, 1993). We suggest that CVC programs can demonstrate a credible commitment based on their prior activity and continuity of their CVC program. Prior CVC activity and continuity would cultivate trust in otherwise fragile relationships characterized by lack of legal recourse and marginal intellectual property protection systems.

**Methods and Results**

Consistent with previous research (Dushnitsky and Shaver, 2009), we examine industry-specific CVC and start-up venture data. We address a weak intellectual property regime sample as this sample experiences the 'paradox of disclosure' in an environment that provides little protection to the entrepreneur. Results show a significant relationship with all four hypotheses, indicating that the credible commitments made by the CVC not only have a direct effect on the emergence of a CVC-entrepreneur investment relationship, but also moderate the industry overlap to CVC-entrepreneur investment relationship even in a weak intellectual property regime.

**Implications**

We extend the concept of credible commitments by demonstrating that firms can make non-partner specific credible commitments that create generalized trustworthiness. We submit that non-partnered firms, such as entrepreneurial ventures without a current CVC partner, can observe the credible commitments made by CVC programs in order to gauge the trustworthiness of the CVC. A sufficient investment into the activity and continuity of the CVC program augments the game to where the payoff of good behavior exceeds the payoff of opportunistic behavior.

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