

Abstract: The role of corporate venture capital (CVC) programs inside the firm has received relatively little scholarly attention. Do these programs substitute for traditional corporate investments, such as R&D? Or do they complement internal R&D? To further explore this phenomenon, we have developed a dataset of corporations initiating CVC programs from 1973-2001. We find that the existence of a CVC program is positively associated with the level of corporate R&D spending. We also find that a combination of having a CVC program and higher R&D spending is associated with higher firm performance, thus concluding that CVC investments can complement other corporate innovation initiatives.