Corporate venturing occurs when a firm enters into shareholding or a joint agreement with another firm, which is usually smaller and in possession of specialist capabilities, such as innovative technology or management and marketing expertise. In this form of venture, non-financial firms provide capital for start-up companies or the buying-out of new operations. The combination of firms involved in corporate venturing varies from firms within the same group, independent firms and syndicated investment groups with venture capital funds.

Corporate venturing follows both financial and strategic intentions to obtain nascent technological or commercial areas in which the firm is already present. It is an opportunity to obtain timely strategic access to cutting edge products and services. The benefit derived by the smaller innovative firm is the acquisition of supplementary capital, which will facilitate the consolidation of technological skill and marketing expertise.

Developing corporate ventures enables local and international corporations companies to expand their business operation without having to take full ownership of other companies. It is a route available for smaller firms to increase their growth rate beyond their current capabilities.

Keywords
Corporate venturing, innovation strategy, mergers and acquisitions

Link to publication