THE EFFECTS OF SPINOUTS ON THE UNIVERSITIES THAT CREATE THEM. AN EMPIRICAL ANALYSIS USING INSTITUTIONAL THEORY (SUMMARY)

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SUMMARY

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Principal Topic

Limited research, mostly atheoretical, has been conducted on what universities can expect for themselves by creating spinout firms and less so in a historical context. Given that commercial activities in the academia were initially seen as a threat to the mission of contemporary education, it is worth investigating the following questions: 1) was the decision to engage in spinout creation rational or not? 2) how were commercial activities in the form of spinouts legitimised? 3) what are the returns of spinouts for their parent institutions?

Method

We seek to explore the above by introducing the concept of “reciprocal legitimacy” whereby universities legitimise spinouts through their prestige and image and consequently spinouts legitimise universities as third generation institutions that gradually comply with governmental norms and requirements. Our conceptual model argues that successful communication accounts of spinout firms legitimise the engagement in spinout formation (which is different from patenting or licensing) and this has spiraling effects on the resource acquisition of universities particularly in the form of research grants. We examine the co-dependence of universities and spinouts by focusing on external and internal media legitimating factors. In an effort to imitate pioneering universities, other institutions establish technology transfer offices but we argue that a weak commitment to spinout formation limits the rate of resource acquisition since they only acquire sociopolitical but not cognitive legitimacy for their actions.

Results and Implications

We participate in a larger debate over whether legitimacy in newly emerging organisational fields is granted through strategic actions or through the influence of external players such as media. Second, our categorisation of universities into three generations may explain variations in resource acquisition which reinforces theory on “categorical imperative” and professionalisation. Third, the concept of “reciprocal legitimacy” opens new directions for Institutional Theory by focusing simultaneously on the liability of newness of organisations that seek to diversify their operations into relatively illegitimate activities, and the liability of newness of these activities. Fourth, this project seeks to assess the nature of restructuring of academic institutions as to whether it was a purely rational decision or a mimetic sequence of events imposed by environmental forces.

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