LICENSING OR SPINOFFS? SUCCESS AND FAILURE EXPERIENCES AND THE DEVELOPMENT OF ALTERNATIVE CAPABILITIES IN TECHNOLOGY TRANSFER ORGANISATIONS (SUMMARY)

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SUMMARY

LICENSING OR SPINOFFS? SUCCESS AND FAILURE EXPERIENCES AND THE DEVELOPMENT OF ALTERNATIVE CAPABILITIES IN TECHNOLOGY TRANSFER ORGANISATIONS

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Principal topic

What predicts the decision of technology transfer organisations (TTOs) to license inventions to existing firms rather than to facilitate the creation of a new spin-off firms? This is a very topical question in the entrepreneurship literature (Shane 2002; Lowe and Ziedonis, 2006) with practical implications for the TTOs themselves.

We adopt a capability perspective (George, 2005; Zahra et al. 2006) to explore the above question. We pose that licensing to existing firms and spinning-off are “alternative capabilities”; they are both oriented towards the same outcome (commercialise an invention) but following different routes. TTOs face a common situation in which a new way of doing things (an alternative capability) appears at a later stage to ‘compete’ with a traditional one.

Method

In accordance to the capability theoretical perspective, the study tests empirically whether the time-varying experience of the main actors (TTO managers and inventors) and their networks influence the development of an alternative organisational capability (spinning off). The unit of analysis is the filed-for-patent invention from Max-Plank institute (the largest public research institute in Germany) during the period 1979-2004 (n= ). Our dependent variable is the probability of an invention to be “spun-off” to a new firm. Our predictor-variables include prior licensing and spin-off experience of: 1. the TTO manager that is assigned the invention 2. the inventors and 3. the co-patenting network of the inventors. We also measured failure experience of the TTO manager (the number of previous non-commercialised inventions four years after filing for a patent). We controlled for the quality of the invention (forward references, claims, technology fields, and country of patent).

Results

Our results show that the probability of spinning-off an invention is increased by the previous failure experience of the TTO manager to commercialise inventions and by his spin-off experience. Also the inventors’ previous spinning-off experience and the experience of their network of co-inventors are positively related to the probability of spinning off. Conversely, the previous licensing experience of the focal TTO manager, the inventors’ previous licensing experience as well as the licensing experience of the network of co-inventors reduce the probability of spinning-off an invention.

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