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RESOURCE CONTRIBUTIONS FROM EXTERNAL ACTORS AND NEW VENTURE INNOVATION SPEED IN ACADEMIC SPIN-OFFS

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Principal Topic

Innovation speed, defined as the pace of progress that a firm displays in innovating and commercializing new products, has become increasingly important for firms that aim to generate revenues from the development and commercialization of new technology. While increased innovation speed can confer benefits such as high market share, quick growth, and high profitability, speeding the time from “invention to commercialization” is a challenge for new firms that have poorly developed initial resources, and particularly so for academic spin-offs (ASOs) that aim to commercialize basic science from universities. New firms can overcome the limitations of a poorly developed internal resource base by getting resource contributions from external actors. Entrepreneurship research has shown that the value of external resources is not limited to technology development. Entrepreneurs need to build an organization around the technology they aim to commercialize and they need to gain trust and legitimacy from external stakeholders. Hence, we pose the following research question: To what extent are external contributions to technology development, organization building, and legitimacy related to innovation speed for ASOs?

Method

We sent a questionnaire to the CEO of ASOs established from public research institutions in Norway in the period 2003-2008 and received 84 responses (61% response rate). We used an established construct to measure innovation speed and asked a separate set of questions related to how different external factors contributed to technology development, organization building, and legitimacy. We measured the contributions from a specified set of external actors. A set of control variables was added and we used regression analysis (OLS) to analyze the relationships.

Results and Implications

Our findings show that ASOs which receive resource contributions from external actors to technology development, organization-building and legitimacy have significantly higher innovation speed. We propose and empirically confirm that external resource contributions to organization building and legitimacy are interrelated aspects of external technology acquisition and that all three dimensions are related to increased innovation speed. Furthermore, by considering the contributions from a number of specified external actors, we provide a more fine-grained understanding of the importance of each actor to different aspects of new venture development. Our study extends an emerging research stream considering how external factors contribute to different types of knowledge in early venture development.

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