TECHNOLOGICAL RESOURCE ENDOWMENTS OF UNIVERSITY AND CORPORATE SPIN-OFFS (SUMMARY)

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SUMMARY
TECHNOLOGICAL RESOURCE ENDOWMENTS OF UNIVERSITY AND CORPORATE SPIN-OFFS

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Principal Topic and Method
Innovative start-ups, including spin-offs from universities and companies, play a vital role in the development and growth of emerging, high-technology industries. Research attention has traditionally focused on the links between demographic, educational, psychological and financial influences on start-up activity and growth. The extent to which the characteristics of technology inherited from the parent, helps explain start-up performance, has been neglected. We analyse the scope and newness of the endowed technology as a predictor of growth for corporate and university spin-offs. Using a novel, hand-collected dataset, 48 corporate and 73 university spin-offs were identified, comprising the whole population of such spin-offs in Flanders over the period 1991-2002.

Results and Implications
Our results indicate that it is opportune for CSOs to have a high level of newness of technology. This allows them to distinguish themselves from their parent firm. It is beneficial for them to have a rather narrow scope of technology. CSOs tend to be aware of the market needs and therefore it is more interesting for them to focus on a few technologies and to bring these to the market. USOs on the other hand, tend to profit more from a lower level of newness of technology and a broader scope of technology. This may be because USOs usually start with a more radical, leading edge technology. It often takes longer to transform a radical technology into a market ready product. Therefore, a large amount of start-up capital is necessary to bridge this period of time. USOs also need a broader scope of technology. Due to their limited market experience, their technological developments are less market oriented. A broader scope of technology heightens the chances that one of the technologies will be suited to be transformed more quickly into a product that addresses customer needs. These findings extend previous work on entrepreneurial origins by highlighting the heterogeneity of institutional effects on spin-off firms. In doing so, we theorize and demonstrate empirically that it is not so much the amount of technology endowment that is important but rather its nature.

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