UNIVERSITY SPIN-OFF FUNDRAISING: THE IMPACT OF ENTREPRENEURIAL CAPABILITIES AND SOCIAL NETWORKS OF FOUNDING TEAMS DURING START-UPS (SUMMARY)

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SUMMARY

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Principal Topic

Employing resource-based view theory and a social networks approach, this paper enriches our understanding of the contribution made to the fundraising ability of Spanish University Spin-offs by the entrepreneurial capabilities and social networks that exist within the founding teams. The focus upon the demand side and the qualities that pre-exist within the founding teams is novel as the majority of literature instead of focusing on the investors and their decision making processes.

Method

Utilising an internet-based survey, this paper explores entrepreneurial capabilities and social networks of founding teams in Spanish university spin-offs using quantitative data analysis. The entrepreneurial capabilities of the founding teams are investigated utilising resource-based view theory of Barney (1991) specifically analyses the contribution made by entrepreneurial technology, strategy, human capital, organizational viability, and commercial resources (see Vohora et al., 2004a). Social networks of founding teams are evaluated using the conceptual model of Hoang and Antoncic (2003) that divides networks into three components: structure, governance, and content. We draw the sample from 69 Spanish universities, each has an office for the transfer of research results (OTRI), located in 17 autonomous communities. With the help of the OTREs, a database of 862 spin-offs was created and contacted from which 181 responses were received (21 per cent of the research population).

Results

The results indicate that a founding team is likely to improve its entrepreneurial capabilities by exploiting its own social networks and that these improved capabilities can help a spin-off to access early-stage financial resources. This is achieved because such capabilities are considered as supporting investment readiness which, in turn, receives credit from existing and potential investors. The decisions of these investors are positively associated with the technology, organizational viability, strategy, and commercial resource, but not significantly linked to the human capital of a founding team. However, a direct relationship between the social networks of a founding team and its early-stage financing is not significant. This paper constructs a model in which entrepreneurial capabilities play a mediate role between the social networks and fundraising ability of the founding team. Thus, the paper has implications for universities in training and policy development to support spin-off’s fundraising.

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