

TECHNOLOGY LICENSING DEALS: MOTIVES, PARTNER SELECTION, & VALUE CREATION

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ABSTRACT

Licensing agreements are one of the most frequently observed relationships between firms in high-technology industries, and one of the most important mechanisms available for exchanging technology and facilitating R&D collaboration. This project extends the existing research on technology licensing by empirically examining the relationships between strategic licensing motives, partner selection, and value creation from licensing activity across U.S. high-technology industries. In particular, this project tests the following propositions: (1) technology licensing behavior can be categorized into two fairly distinct sets of strategic motives, representing resource-based and network-based theories of firm behavior; (2) these two motives determine specific partner choices in technology licensing deals; and (3) motives and partner choices have a significant impact on the value creation of licensing firms, but this impact is contingent on the firm's primary industry. Empirically disentangling the prevalent motives for and partner choices in technology licensing deals on the one hand, and the value creation impact of those motives and partner choices on the other hand, will enhance our understanding of when and why firms use this important mechanism to exploit their proprietary technology and allow predictions about what impact different licensing activities have on firms' value creation.