**The Impact Of Inward Licensing On New Venture’s Performance**

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**ABSTRACT**

In light of increasing licensing activities and practices, this research project deals with the inward licensing phenomenon in the context of new ventures, firms in their 6 early years of existence. Since, licensing has been recognized as one of the most popular tool for the acquisition of technologies externally developed (Rivette and Kline, 1999; Annand and Khanna,2000; Gu and Lev, 2001; Arora and Fosfuri, 2003; Vonortas, 2003; Kim and Vonortas, 2006; Athreye and Cantwell, 2007), our topic is embodied in the broader field of external knowledge acquisition and development of technology strategy among newly established firms.

In the theoretical investigations, while the licensing dilemma of the licensor (Fosfuri, 2006)- whether to license out technologies or commercialize them in-house - has been overemphasized, a small number of previous studies have examined the licensee’s perspective (e.g., Atuahene-Gima, 1993; Atuahene-Gima and Patterson, 1993; Lowe and Taylor, 1998). In order to understand the nature and effect of licensing, the demand side of licensing agreements (Arora et al., 2001; Cesaroni, 2004; Tsai and Wang, 2007; Arora and Gambardella, 2010; Leone and Reichstein, 2012; Wang and Li-Ying, 2012) is equally important. We attempt to accommodate the trend on licensee’s perspective.

Moreover, little attention has been paid to new ventures as licensee, with only few exceptions (Atuahene-Gima, 1993; Zahra et al., 2005; Tsai et al., 2008). We would like to fill in this gap, shedding light on the performance consequences of adopting an inward licensing decisions by new ventures. Using the confidential version of panel data from the Kauffman Firm Survey, we examine how inward licensing strategy affects new venture’s performance.

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