

Matti Koiranen • Professor • University of Jyväskylä

Purchasing Criteria in Technology Licensing: An Empirical Study with some Benchmarking Implications

The study discusses purchasing criteria from the viewpoint of a licensee in technology licensing. This important issue has not received due attention in prior licensing research which too often has focused on licensor views. The aim of the present study is to create an instrument which could be later used in a multinational research setting. The first exploratory study with the scale is made in Finland. The criteria expressed with 46 variables are ranked empirically. Furthermore, the paper shows the dimensionality of purchasing criteria rankings. The results are finally discussed in the context of benchmarking.

The experiment with the new research instrument yielded rather interesting results with regard to licensee decision making criteria while obtaining a license. Firstly, the respondents emphasized the strategic issues of technological expertise. The target seemed to be to extend the knowledge base of the company by fostering knowhow-related partnerships. Secondly, the contractual and financial issues were also important. Contractual terms were strongly related to competition issues which became very evident in the factor analysis. This result is only natural in the present business society, strongly dominated by the ideas of free market competition and strategic co-operation. Third, as regards the items of cross- and sublicensing, there were differing opinions in viewing the importance of doing other than one-off-type business with licensing. This may well be caused by the lack of knowledge and skill with regard to seeing the full potential of licensing opportunities. If this preliminary view holds true in the later analyses, it will offer interesting training challenges for business, management and entrepreneurship education.

The key concept in benchmarking is "best practice". Best practices are related to many different things, but most often to processes in various operations, such as sales, production, logistical operations, repair and maintenance, and customer service. Sometimes, if the best practices are very novel and innovative, they may be patented to enhance the competitive and commercial value. In this type of a situation, buying a licence offers a good opportunity for benchmarkers. They can gain an easy access to the best practices in a particular industry. Consequently, the study results are expected to be useful also for licensors.