

## Chapter 12

# Exploring Venture Funding in the Entrepreneurial University

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### ABSTRACT

*This chapter considers the role of venture funding in the entrepreneurial university. It begins by discussing the literature on the entrepreneurial university, focusing on the role of financing. The literature shows that there are gaps in the financing of academic and graduate ventures. The second part of the chapter introduces short case examples that illustrate different forms of university-led venture funding, demonstrating how different universities have sought to fill funding gaps by means of seed capital grants, micro-financing, small business research grants, crowdfunding, social impact investing, seed capital investing, public venture capital, and venture capital. The chapter concludes by arguing that universities have sufficient resource endowments and human capital to address many funding gaps through innovative thinking and practice.*

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## **INTRODUCTION**

The concept of the entrepreneurial university had become popular in recent years (Etzkowitz, 2013; Etzkowitz et al., 2019). The literature on entrepreneurial universities demonstrates that many factors, attributes and resource conditions need to be in place before a university can be deemed *entrepreneurial*, and that success varies across different types of university (Gibb, 2002; Lockett & Wright, 2005). This chapter focuses on the role of venture funding in the entrepreneurial university (Kenney & Patton, 2005). The aim is to consider the different forms of capital available to universities and to explore how these support entrepreneurial activity in different ways. The chapter introduces a series of short case examples to highlight these different forms and concludes by exploring how universities engage in the development of funds to support entrepreneurship. The chapter concludes by highlighting the challenges, opportunities and value of pursuing deliberate strategies to create funding mechanisms for university-centered entrepreneurial ventures. The chapter begins by discussing the concept of the entrepreneurial university, exploring the role of university-supported venture funding in entrepreneurial ecosystems (Bedő, Erdős & Pittaway, 2020).

## **BACKGROUND**

Universities are increasingly seeking to become more entrepreneurial due to the contextual pressures they face. As a result, they often need to introduce different forms of venture finance to assist their efforts. This section of the chapter introduces the concept of the entrepreneurial university, discusses its growth in importance and explores universities' different approaches to venture funding.

### **Entrepreneurial Universities**

The concept of an entrepreneurial university (Etzkowitz et al., 2000; Etzkowitz, 2013; Klofsten et al., 2019) can be linked directly to the role of universities in society (Martin, 2012). Questions arise as to whether universities' role is purely to educate citizens, conduct basic research, or impact on economic development, as well as how universities should balance these different missions (Etzkowitz & Leydesdorff, 2000; Martin & Etzkowitz, 2000). Perspectives vary: one perspective suggests that research and teaching should be conducted for their own sake (the 'pure' perspective), while another argues that universities should impact society more broadly (the 'utilitarian' perspective). The idea of 'entrepreneurial universities' sits within the utilitarian perspective that universities should have a positive impact on society, on their regions and on economic development (Clark, 1998; Gulbrandsen & Slipersaeter, 2007). The concept, however, has number of different guises. Some commentators argue that the entrepreneurial university should prepare young people for a more complex world of work where personal development, entrepreneurship and innovation are required (Gibb, 2002). Others argue that universities need to focus on commercial activity and ensure that research is developed into valuable contributions to society in order to maximize the value of public investment (Clark, 1998; 2004). Yet others seek a more encompassing entity, encouraging entrepreneurial endeavor in all aspects of a university's work and supporting an expansion of its collaboration with other organizations. While each conceptualization is different, each encourages universities to expand engagement with their local entrepreneurial ecosystem

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