An Overview of the Policy Problem and Review of the Related Literature for a Proposed Study of How Technology Maturity Level Influences University Technology Transfer Outcomes   
and the Implications for Public Policy

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Abstract

University technology transfer is one of the many areas where the federal government of the United States of America (U.S) has implemented significant goal-oriented actions (i.e., public policy) during the nation’s history, particularly since the 1940s. U.S. public policy regarding university technology transfer is a topic worthy of serious scholarly study in a public and social policy doctoral program for several reasons. It has been a topic of keen interest to the federal government since the latter part of the Second World War. Also, there is a demonstrated link between economic prosperity and national security as desirable outcomes and technological innovation. There is also a need to ensure the efficient use of scarce national resources. Moreover, nearly one-third of the federal research and development budget is directed to universities in the United States. When it comes to public policy regarding university technology transfer, the possible role of technology maturity level in university technology transfer outcomes is among the gaps in the knowledge base. The potential role of technology maturity level as an explanatory factor has not been extensively examined in a direct manner. This paper discusses the literature and discourse about the constructs, concepts, operational approaches, theories, and research findings relevant to a proposed study to examine why a low percentage of technologies derived from federally-funded research and development conduct by U.S. universities is transferred to the private sector for use that benefits the public interest and the role that technology maturity level may play.

Keywords: technology, technology maturity level, technology transfer, research and development, public policy

Chapter 1 – Introduction

Scholars generally define public policy as some variation of the goal-oriented actions of government (see, e.g., Cairney, 2016; Dye, 1987; Wilson, 2006). University technology transfer is one of the areas where the federal government of the United States of America (U.S.) has implemented significant goal-oriented actions during the nation’s history, particularly in the years since the end of the Second World War. This is part of what makes university technology transfer an interesting and worthy topic for serious scholarly study in a social and public policy doctoral program.

Successfully completing any public and social policy research study requires one to clearly understand and define what is being investigated and the objectives. To do otherwise is tantamount to pursuing a fool’s errand, much like the proverbial snipe hunt[[1]](#footnote-1). Such clarity of mission includes a clear understanding of the need for public policy regarding the topic of investigation in addition to definitional and operational understanding of concepts. As such, in addition to definitional and operational questions – such as how does one define technology and at what point is a technology considered to be transferred – among the first questions that must be answered to justify the proposed line of research are (1) why is technology derived from research and development important for social well-being?, (2) what is the public interest in university technology transfer?, (3) why is it appropriate for the federal government to intervene in university technology transfer?, and (4) what should be the role of the government in university technology transfer? This introductory section defines the key constructs relevant to the proposed study and justifies the focus of the proposed study using the lens of public sector economics.

Motivation for and Purpose of the Proposed Study

My interest in technology transfer policy in general, and policy regarding university technology transfer more specifically, is rooted in my professional background. I have firsthand experience with the challenges of technology transfer having worked as a technology transfer professional in university settings for over 14 years. I’m convinced it is an area still ripe for scholarly examination, especially as it relates to U.S. public policy. Broadly speaking, the proposed study aims to help practitioners and policymakers better understand why a low percentage of technologies derived from federally-funded research and development (R&D) conducted by U.S. universities is successfully transferred to the private sector for use that benefits the public interest (Feibleman, 1961; Schact, 1998; Schact, 1999; Schact, 2012; Tseng & Raudensky, 2014). Data from the Association of University Technology Managers (AUTM) suggest that less than 20 percent of such university-created technologies are transferred to the private sector (Figure 1). This is a policy problem that has challenged the U.S. government since the establishment of the modern R&D funding structure shortly after the end of the Second World War.

Technology transfer is a complex and difficult process. There are many challenges to producing the kinds and levels of outcomes desired from technology transfer efforts in general and university technology transfer activities in specific. One issue that has peaked my interest is the notion, common among technology transfer professionals, that technology maturity level is an important factor in university technology transfer success and that a technology must progress to a certain minimum level of maturity before it can be successfully transferred to the private sector for use that benefits the public interest. As such, the proposed study aims to examine this belief, which it seems has never been demonstrated with a high level of scientific rigor. I expect to have roughly three (3) years to complete the proposed research.

Defining Technology

To engage in productive discourse about a subject, it’s necessary for everyone to have a clear understanding of the topic of discussion. As such, I begin by defining what I mean by the term “technology.” There is no universally accepted definition of technology, either culturally or in the context of U.S. public policy. In fact, there is significant debate among scholars about the definition of the term. Bozeman (2000) noted the challenge that defining technology and measuring the technology transfer phenomenon posed for researchers. Based on my review of the literature, I conclude that it is entirely appropriate to conceptualize technology in terms of information.

For the purposes of the proposed study, I define technology as culturally-influenced information that social actors use to pursue the objectives of their motivations and which is embodied in such a manner to enable, hinder, or otherwise control its access and use. This definition is consistent with the observation of Lall (2001) that technology must be embodied in specific items as well as the notions of other scholars that have commented on the subject (see e.g., Herschbach, 1995; Leonard-Barton, 1990; Stoneman, 2002; Williams & Gibson, 1990).

This conceptualization of technology can be broadly applied. For example, a peer-reviewed journal article is simply information about a scientific phenomenon that is embodied in a periodical format to facilitate its dissemination and accessibility for use. A patent (under U.S. patent law) is simply information about a manufacture, method, or improvement to a manufacture or method that is embodied in documentation that conforms to guidelines dictated by the government to facilitate its accessibility and use while enabling the patent holder to leverage the coercive powers of the state to prevent others from using the information for a specified period. A trade secret is simply information about something that has inherent economic value that is embodied in documentation, human memory, and protocols to control its accessibility and use while preventing unwanted parties from accessing and using the information. A Clovis point[[2]](#footnote-2) is simply information about using pressure flaking to create a leaf-shaped projectile point broader near its midsection and toward its base that is embodied in physical form to facilitate its use to achieve an end. A smartphone is information about using digital signals and electronic displays to communicate with others that is embodied in physical form to facilitate its use by the general public. All these examples represent embodiments of technology and the literature provides support for this conceptualization of technology.

As a construct, it seems that technology is “a bastard child of uncertain parentage” (Schatzberg, 2018, p. 14). Throughout the course of history, the concept of technology has progressively narrowed from the meaning of the original Ancient Greek term *techne*, which is its oldest known cognate. As Schatzberg explained, *techne* referred to the science (i.e., principles and processes) of the useful arts (i.e., branch of learning or human activity). The German concept of *technik*, which was derived from the concept of *techne* in Ancient Greek, also had a broad meaning in its original use. *Technik* was distinct from the German term *technologie*, both of which were associated with craft production. *Technik* could take on a broad meaning referring to the rules, procedures, and skills for achieving an objective (i.e., art in the most general sense) or a narrower meaning referring to the physical aspects of commercial enterprise.

*Technik* eventually shaped the modern concept of technology in the English language in an unfortunate way. English language scholars mistranslated *Technik*, whose meaning in the German language varied depending on context. Mistranslation of *Technik* contributed significantly to the current confusion in the meaning of technology in the English language (Mitchman & Schatzberg, 2009; Schatzberg 2018).

Currently there are two primary schools of thought among English-speaking scholars regarding the definition of technology (Mitchman & Schatzberg, 2009; Schatzberg, 2018). The instrumental school is the dominant view and conceptualizes technology as tools or implements that serve practical purposes. Proponents of the idea that technology determines culture (i.e., technological determinism) generally espouse this view. Alternatively, the cultural school views technology as the “creative expression of human culture” (Schatzberg, p. 3). Scholars in this camp point to the influence that human agency and culture has in shaping the form of technology over time. Both these viewpoints seem to touch on fundamental truths about the nature of technology (Schatzberg) but neither serves as an adequate definition of technology in and of itself. As I see it, these viewpoints are not mutually exclusive. Rather, they are essentially two sides of the same coin.

In the early 1960s a definition of technology emerged in the English language that, although stable over the past several decades, is fairly muddled because it comprises three primary meanings (Schatzberg, 2018). The first meaning is the application of science (i.e., applied science). A second definition is an autonomous body of knowledge, practices, and artifacts (i.e., industrial arts). Finally, a third definition is technique (i.e., instrumental reason). According to Schatzberg, these meanings are incompatible with one another. I would argue that they are also somewhat arbitrary categorizations derived from social machinations.

Feibleman (1961) exemplified the quandary of conceptualizing technology. Feibleman attempted to distinguish between pure science, applied science, technology, and engineering. His approach essentially placed these constructs on a continuum with each one building on the previous one. Feibleman argued that pure science was systematic theoretical and experimental efforts to describe nature and discover laws with no concern for potential application. Applied science was the application of pure science for improving human means and ends. Fiebleman defined technology as improvements of instruments used to extend applied science. This definition conforms to the instrumental reason conceptualization of technology. Fiebleman argued that engineering was technology applied to specific situations. Fiebleman did note, however, that scientific pursuits are not entirely pure science or entirely applied science. Moreover, he observed that both applied science and technology often reveal previously unknown scientific principles and natural laws.

The ambiguity regarding the conceptualization of technology is apparent in the technology transfer literature. Typically, technology transfer studies have not bothered to define the term *technology*. However, they generally seem to conform to the instrumental definition when operationalizing the concept.

Anderson, Daim, & Lavoie (2007); González-Pernía, Kuechle, & Peña-Legazkue (2013); and Markman, Gianiodis & Phan (2005) are representative of studies that often operationalize technology as a disclosure of patentable subject matter to a university or a patent right to a government recognized invention. However, this approach is problematic. It fails to recognize that patentable subject matter is defined by law, which varies across geopolitical borders. What is patentable in one country may not be patentable in another country. Moreover, what is considered patentable subject matter may change over time and thus is not a stable universal phenomenon. As such, not all technology is patentable.

The ambiguity surrounding the meaning of technology is vexing for both public policy and society in general. For example, there are medications such as anti-depressants, anti-psychotics, and mood stabilizers that are used to treat various mental illnesses. Likewise, the L.E.A.P. (Listen, Empathize, Agree, Partner) method developed through scientific investigation helps mentally ill persons to accept treatment (Amador, 2012). United States society tends to view the medications as technology but generally does NOT view the L.E.A.P. method as technology. Moreover, application of the L.E.A.P. method by society does not show up in any technology transfer metric used to measure the transfer of federally-funded research to the private sector for the benefit of society. As such the L.E.A.P. method and other similar examples do not get factored into the policy debate about technology transfer in any significant way. However, if the L.E.A.P. method were patentable subject matter and patented accordingly, society and government metrics would likely recognize it as technology. This seems rather arbitrary and demonstrates a further narrowing of the meaning of technology from applied science and instrumental reason to patentable subject matter, which is evident in current U.S. public policy regarding technology transfer.

Conceptualizing technology in terms of information is not an entirely new idea in the discourse about technology transfer. Williams and Gibson (1990) offered a definition of technology as “information that is put to use” (p. 13). Leonard-Barton (1990) expanded on this by offering that technology was knowledge embodied in an artifact that facilitates the completion of some task. Leonard-Barton further stipulated that such knowledge is technology only when captured in a form that can be communicated. Herschbach (1995) acknowledged that technology embodies knowledge and argued that the knowledge embodied in technology only has meaning in the context of human activity. Stoneman (2002) also pointed out that technology has been defined as information or knowledge within the literature and doing so has certain analytical advantages.

The information sciences literature provides a foundation for conceptualizing technology in terms of information. The DIKW (data, information, knowledge, wisdom) hierarchy is the primary paradigm used in information science and knowledge management (Frické, 2019). Conceptualizing technology in terms of information as described in the DIKW hierarchy has at least one advantage. There is general agreement about the elements of the hierarchy, their definitions, and their ordering (Rowley, 2007).

As Frické (2019) explained, each category in the DIKW hierarchy includes the categories below it. Data are symbols that represent the observable properties of objects, events, and environments (i.e., phenomena). Data are true factual statements. By definition, intentionally false statements are not data. Information, in turn, is data that has been processed to answer a query. Frické argued that the difference between data and information is more function than form. Subsequently, knowledge is information that has been transformed into instructions to enable control of a system (i.e., know-that and know-how). Finally, wisdom is knowledge that is applied to achieve an end. Frické further argued that the DIKW hierarchy is insufficient and should include document and sign as two additional concepts. This aligns with the notion expressed by Leonard-Barton (1990) that knowledge must be captured in communicable form to be considered technology. Frické also argued that documents are culturally-specific tools for communicating, knowledge, information, and data. This harkens to the cultural school of thought regarding the definition of technology.

Some technology transfer studies have broadened the idea of technology to include academic knowledge (González-Pernía, Kuechle, & Peña-Legazkue, 2013). If we conceptualize technology as information in accordance with the DIKW hierarchy, knowledge encompasses technology. Within the framework of the DIKW, each category includes the categories below it (Frické, 2009). As such, knowledge consists of technology (i.e., information). Technology is used to create knowledge but it is not itself knowledge. Knowledge is often an output of the technology transfer process.

In many respects, technology can be viewed as an impure public good whose consumption is non-rivalrous but excludable. Lall (2001) observed that the information and knowledge aspects of technology have public good characteristics. It is non-rivalrous given that use by one party does not diminish the stock for others. Once a technology is developed, its use by one person generally does not impede its use by another. However, technology may be excludable depending on its embodiment or it can be made excludable by conferring property rights in the form of intellectual property (i.e., patents, copyrights, and trade secrets) that can be enforced using the coercive powers of the state.

Conceptualizing University Technology Transfer

Of principal concern for the proposed study is university technology transfer in the United States. My review of the literature leads to me to define university technology transfer as the conveyance of technology derived from research and development (R&D) conducted by U.S. universities to private and non-profit sector actors for use that benefits the public interest. On the surface, the concept of technology transfer seems rather straightforward. However, if one takes the time to consider what it means to transfer technology, the challenges associated with operationalizing the concept become obvious.

Like technology, there is no universally accepted definition of the general concept of technology transfer. As with the term *technology*, most studies of technology transfer fail to explicitly define the term. The definition of technology transfer seems to vary depending on the context of the research. For example, in their investigation of the effects of international technology transfer on welfare under the conditions of Bertrand and Cournot competition, Kuo, Lin, and Peng (2016) defined technology transfer as “the process of transferring a new technology from a firm in one country to a firm in another country” (p. 214). The term *commercialization* is often used as a synonym for technology transfer; however, it is generally used in the context of technology transfer endeavors driven by profit motives (see, e.g., Gulbrandsen & Rasmussen, 2012; Mercelis, Galvez-Behar & Guagnini, 2017).

Conceptualizing technology as information may help bring some clarity to the definition of technology transfer. At the most basic level, one may think of technology transfer as simply the conveyance of information from the possession of one social actor to the possession of another social actor for the purpose of applying the information in a setting in which it has not previously been applied. This conveyance may occur in various contexts such as between affiliated or unaffiliated social actors and across geopolitical borders. It may occur in various manners such as formally or informally. It may occur through various mechanisms such as fee-based patent licenses, non-fee creative commons licenses, product sales, service delivery, or collaborative work arrangements. It may also occur through various methods such as sanctioned or illicit. Moreover, social actors may engage in technology transfer to achieve a variety of objectives such as generating financial gain, increasing competitive advantage of a commercial enterprise, increasing the standard of living within a country, facilitating broader economic development within a geopolitical border, or simply developing culture and cultural structures. More specifically, university technology transfer is conceptualized, for the purposes of the proposed study, as information created by university researchers through systematic methods and practices of inquiry that is knowingly and willingly conveyed to third party actors who intend to apply the information in a setting in which it has not previously been applied to achieve an end.

The conceptualization and operationalization of university technology transfer seems to have been troublesome for scholarly research on the subject. Kundu, Bhar, and Pandurangan (2015), for example, defined technology transfer as “the process by which technology, knowledge, and information developed in one organization for one purpose is applied and utilized by another area in another organization, for another purpose” (p. 70). This definition seems somewhat labored. Kundu, Bhar, and Pandurangan seem to have been striving for a definition that comprehensively captures the technology transfer phenomenon.

Speser (2012) defined technology transfer as “the transfer of technology from one person to another across organizational lines” (p. xxiii). This definition fails to clarify what is means for a technology to be “transferred.” Moreover, the definition of technology that Speser uses is inconsistent. At one point Speser defined technology as “a physical embodiment of an ideal that is helpful for accomplishing a task” (p. 16) but later argued that technologies are only those ideas that can be embodied in such a form that their creators can secure property rights (i.e., patentable subject matter) and rely on the coercive powers of the state to enforce those rights.

In defining and operationalizing technology transfer, it is important to distinguish between it and the closely related phenomenon of technology diffusion. Technological diffusion is concerned with the dissemination of a technology throughout an industry, economy, or society after first incorporation whereas technology transfer has more to do with the introduction and first incorporation of a technology (Stoneman, 2002).

Generally, studies of technology transfer seem to conflate it with the mechanisms for achieving it. Moreover, most research studies of university technology transfer appear to select indicators and measures more for convenience rather than to maximize construct validity. Licensing and new venture formation are typically used as indicators of technology transfer. Research collaborations and faculty consulting agreements, although discussed in the literature, are used far less frequently. Executed patent licenses, established new business entities, and executed sponsored research agreements have also been used as proxies for technology transfer (see, e.g., González-Pernía, Kuechle, & Peña-Legazkue, 2013; Hallam, Wurth & Mancha, 2014; Markman, Gianiodis & Phan, 2009; Tseng & Raudensky, 2014). Each of these approaches has its shortcomings.

Several scholars have commented on the limitations of typical conceptualizations of technology transfer. Fraser (2010) described the trend in approaches for measuring technology transfer success as having transitioned from input metrics to output indicators to outcome and impact measures, the last of which technology transfer practitioners believe are more appropriate. Carlsson and Fridh (2002) concluded that university technology transfer outcomes are only partially reflected in measures of income generation and new business venture formation. Herzog and Wasden (2013) specifically recommended against using licensing revenue as the primary measure of technology transfer success because it constitutes only a portion of the outcome of technology transfer efforts. Fraser also offered several outcome and impact phenomena to which technology transfer contributed including the economic impact on the area in immediate proximity to the institution, number of lives saved, improvements in the lives of individuals, and increases in the competitiveness of commercial enterprises. However, each of these present their own measurement challenges.

While the link between such outcomes and technology transfer activity is not difficult to grasp intellectually, measuring them and establishing a causal relationship often proves elusive. Fraser (2010) mentioned several notable examples of new approaches to measuring technology transfer success including academic impact, economic impact, financial impact, and societal impact metrics created by the University-Industry Liaison Office at the University of British Columbia in Canada and a macroeconomic study conducted on behalf of the Biotechnology Industry Organization.

The methods used in many studies to operationalize university technology transfer present the risk of incorrectly categorizing or double counting activities depending on how the measures are used. For example, a patent license is often associated with the formation of a university spinout company (i.e., a new business venture to commercialize technology developed at a university). In such situations, using both measures would essentially double count a single instance of technology transfer. Another example is sponsored research, which may not be related to technology previously developed at the university. As such, it may be misleading to consider all sponsored research as instances of successful university technology transfer. Additionally, these measures of technology transfer don’t accommodate instances that are not commercial transactions in nature. Theoretically, technology transfer can occur in the absence of a financial transaction.

Generally speaking, technology transfer can also be thought of as an impure public good as well as a merit good. The marginal cost of an additional actor pursuing the application of a technology is often negligible. Thus, technology transfer can be considered non-rivalrous. However, technology transfer can be made excludable through legal mechanisms such as options and licenses for intellectual property. A merit good satisfies a public want and could be provided by the market because it can be made excludable but is under-consumed simply because of consumer choice, not necessarily because of market failure. As such, the government intervenes to force public consumption of merit goods primarily to modify individual choice rather than mitigate a market failure (Desmarais-Tremblay, 2017; Musgrave, 1959). However, I see no reason why a merit good could not also suffer from market failures.

Technology transfer seems to satisfy the definition of a merit good. It produces societal, ecological, and economic benefits (Lidecap, 2009; Link & Scott, 2019). American society has decided that technology transfer is needed as is evident by the decisions of the nation’s elected leaders to implement public policy to encourage and facilitate it.

Technology transfer in general has been the subject of serious scholarly research since at least the 1960s. Schrier (1964) is one of the earliest peer-reviewed published works to explicitly address the subject. The paper was inspired by Schrier’s participation in The Engineering Foundation Research Conference, which was assembled in August of 1963 to explore the theme of “Technology and the Civilian Economy.” One of the most discussed issues was the transfer of technologies derived from scientific research and development to private sector commercial enterprises. Schrier reported that technology transfer was a controversial subject at the time. Those focused on the topic found developing adequate solutions to the challenges of technology transfer rather elusive. Schrier also pointed out that there was a large stock of unexploited technology derived from federally-funded research and development. Nearly 60 years later, this statement remains true. The proposed study aims to answer the question of why a low percentage of technologies derived from research and development conducted by U.S. universities are transferred to the private sector for use that benefits the public interest?

The Significance of University Technology Transfer

Just because a topic is interesting or a question has not previously been investigated is not sufficient reason to pursue a line of research in and of itself. The issue should be of such importance that it affects the decisions and actions of academics, practitioners, and policymakers as well as the quality of life for individual lay persons. The literature provides ample evidence that university technology transfer satisfies these criteria.

Public sector economics also provides the necessary perspective to understand the implications of conceiving technology and technology transfer as impure public goods and merit goods. Public sector economics is concerned with four primary questions. First, what goods should society produce? Second, how should society produce these goods? Third, for who’s benefit should society produce these goods? And finally, by what standard should society answer the previous three questions (Stiglitz & Rosengard, 2015, p. 13)? The proposed study has implications principally for the second and fourth questions, which are key considerations for any public policy decision.

Research and Development, Technology, and Social Well-Being

Technology transfer has been the subject of keen interest to the federal government since the latter part of the Second World War when President Franklin Delano Roosevelt requested recommendations for leveraging the research and development capabilities that the Office of Scientific Research and Development (OSRD) cultivated during the war effort. President Roosevelt sought to leverage these capabilities for generating scientific discoveries and developing new technologies to improve the health, standard of living, and economic well-being of Americans (Bush, 1945).

Following the Second World War, federal public policy was that any inventions resulting from federally-funded research belonged the federal government. The federal government would only license these inventions on a non-exclusive basis. The administrations of Presidents John F. Kennedy, Lyndon B. Johnson, and Richard M. Nixon all concluded that this policy potentially negated any economic incentives the private sector might have to commercialize technologies derived from federally-funded research. Consequently, all three administrations issued Presidential policy memoranda to create limited exceptions to the rule (Stevens, 2004).

The modern era of university technology transfer began with the enactment of the Bayh-Dole Act of 1980, which incentivized universities to effectuate the transfer of technologies to the private sector to benefit the public interest by allowing U.S. universities to take assignment of patents for inventions resulting from the federally-funded research and development conducted at their institutions. In signing this legislation, President James E. Carter nudged the nation towards a Jeffersonian philosophy about technology transfer. This approach held that the key to successful technology transfer was the private sector. Government could best support technology transfer by staying out of the way and eliminating impediments that prevented the private sector from making use of the technologies (Stevens, 2004). President Ronald W. Reagan subsequently threw his support behind this approach in a presidential memorandum on government patent policy (Reagan, 1983; Stevens, 2004).

The irony of this policy history is that the Bayh-Dole act was diametrically opposite to the position of the Carter Administration and President Carter could have stopped enactment of the legislation with a pocket veto in the final days of his administration. The Carter Administration was more aligned with a Hamiltonian philosophy believing that a strong central government should actively manage technology transfer activities. Moreover, it supported the notion that large companies primarily drove U.S. economic development. However, President Carter capitulated to political pressure, for whatever reason, and signed the Bayh-Dole Act (Stevens, 2004).

President George H. W. Bush also professed support for technology transfer. In remarks to the National Technology Initiative Conference, President Bush expressed a desire for technology transfer to be “not just a concept, but a job-producing reality” (Bush, 1992, p. 1645). He emphasized that successful technology transfer depended on the private sector. In facilitating technology transfer, President Bush indicated a strong preference for market-like mechanisms that enabled the private sector to identify and commercialize promising technologies. Moreover, he questioned the wisdom of industrial policy and the ability of the federal government “to pick the right investments…, to control the resources, to determine which particular product and process will be favored” (p. 1642).

In his statement on signing the Technology Transfer Commercialization Act of 2000, President Clinton asserted the administration’s desire to improve technology transfer outcomes as a matter of public policy. He observed that technology transfer serves as a source of competitive advantage for private sector businesses. He stated the act would help ensure that the benefits of federally-funded research are translated into new products that benefit the American public (Clinton, 2000).

Since then subsequent administrations have identified the transfer of technology derived from federally-funded research and development to the private sector as a key objective. The President’s Management Agenda (PMA) for the administration of President George W. Bush specifically listed technology transfer as a priority (Office of Management and Budget, 2002). While the administration of President Barack H. Obama did not issue PMAs, President Obama did issue a presidential memorandum on October 28, 2011 that explicitly focused on technology transfer and commercialization of federal research. In the policy section of this memorandum, he referenced the Startup America initiative which has as one of its objectives “increasing the rate of technology transfer and the economic and societal impact from Federal research and development (R&D) investments” (Daily Comp. Pres. Doc., 2011-October-28). The PMA for the Donald J. Trump administration also identified technology transfer as an important national objective (Office of Management and Budget, 2018).

Technology transfer policy is also important because of the link between national economic prosperity and technological innovation. Solow (1957) estimated that roughly 88 percent of the total increase in real Gross National Product (GNP) was attributable to technological progress. Consequently, it’s important for the nation to maintain its technological prowess to continue the way of life that citizens and residents of the country have come to expect. It’s logical to conclude that effective university technology transfer policy plays an important role in achieving this objective.

From a more pragmatic standpoint, the efficient use of scarce national resources makes technology transfer policy an important issue for examination. Although total R&D spending represented just roughly 3.4 percent of the federal government’s $3.9 trillion in total federal outlays (Congressional Budget Office, 2018), it is not a triviality considering that the amount is greater than the gross domestic product (GDP) of at least 110 countries (United Nations, 2017). Moreover, the U.S. budget deficit for fiscal 2019 was more than $100 billion (U.S. Department of the Treasury, 2018a) and the U.S. total public debt as of October 31, 2018 was more than $21.7 trillion (U.S. Department of the Treasury, 2018b). Under these circumstances, making every dollar count is imperative.

Schrier (1964) pointed out that there was a large stock of unexploited technology derived from federal research and development, which remains to this day. There are other important problems of national interest to which the government could direct monies currently being spent on research and development such as road repairs, alleviating hunger, and addressing issues with inequity in the court system. Federal research and development expenditures are equivalent to roughly 20 percent of the federal budget deficit and exceed federal spending on transportation, the Supplemental Nutrition Assistance Program (SNAP), and law courts (U.S. Spending, n.d.). As such, it’s important to ensure that technology transfer policy in general and university technology transfer policy in specific are as optimized as possible.

The Public Interest in University Technology Transfer

As stated above, university technology transfer can be broadly defined as the conveyance of technologies derived from research and development conducted by U.S. universities to the private sector for use that benefits the public interest. Most of the funding for this research and development activity comes from the federal government. In fiscal year 2017, the U.S. federal budget for total research and development was greater than $132.7 billion (American Association for the Advancement of Science [AAAS], 2018a), of which about $40.94 billion (roughly 31 percent) went to universities (AAAS, 2018b). Since 2000, federal obligations to universities for research and development have generally been increasing (Table 1 and Figure 2).

As with many public goods and merit goods, measuring the social value of university technology transfer can be difficult. This challenge is particularly pertinent because it has such a significant influence on public policy decisions. University technology transfer produces social, ecological, and economic benefits (Lidecap, 2009). However, the assessments of the social and ecological benefits of university technology transfer are scant and often conducted in an ad hoc manner. As Lidecap observed, current methods for assessing the value of university technology transfer primarily rely on metrics of tangible directly observable outputs, such as patent awards and patent licenses executed. But such approaches have shortcomings. As Lidecap noted, they do not capture other outputs and outcomes that might be in the public interest such spillover effects, human capital development, and increases in quality of life. Moreover, technology transfer may occur informally (Link, Siegel, & Wright, 2015). Such informal instances simply are not captured in the metrics currently used to examine technology transfer.

Link and Scott (2019) argued that social welfare increases when federal laboratories (and by logical extension universities) can provide technology more efficiently than private sector firms can create for themselves. They argued that the increase in social welfare results from increased profits for private sector firms and lower prices for consumers. However, this assumes that all technologies transferred are cost-reducing and that private sector firms will in fact pass along cost savings derived from technology adoption to consumers. This may not necessarily be the case.

The Role of the Federal Government in University Technology Transfer

The need for government intervention in technology transfer came to the forefront as early as the latter part of the Second World War. Bush (1945) presented a normative argument in support of government participation in university technology transfer. He also noted that members of the committee on science and the public welfare that advised him during the preparation of his report either strongly believed or were sympathetic to the idea that government should encourage the formation of “new scientific enterprises” (p. 109) but were not able to agree on solutions for achieving this end.

Kochenkova, Grimaldi, and Munari (2016) examined the topic of knowledge transfer from academia to the private sector. They used the terms knowledge transfer and technology transfer interchangeably. Kochenkova, Grimaldi, and Munari concluded that the main justification found in the economic literature for government intervention in university technology transfer (or knowledge transfer as they sometimes called it) was market inefficiencies and systemic failures such as communication difficulties and differences in priorities, goals, and objectives of actors in the transfer process.

Some researchers have characterized university technology transfer as a market for innovation in which U.S. universities act as creators and suppliers of technologies and private sector commercial enterprises act as consumers (see, e.g., Markman, Gionidis, & Phan, 2009). If this is the case, the market for university-created technologies seems to suffer from various forms of market failure. Scientific knowledge (which includes technology) has a public good nature but measuring its societal benefits is rather difficult (Heisey & Adelman, 2011).

A market is a system in which one or more owners of property rights voluntarily engage in the transfer of those property rights with one or more buyers in a process governed by price signals (Kohler, 1992, p. 38). Market failures are conditions in which markets are not Pareto efficient and provide a rationale for government intervention. Pareto efficiency only occurs when there is a sufficiently large number of suppliers and buyers each believing that it cannot influence prices for market goods (Stiglitz & Rosengard, 2015, p. 83). Failure of competition results when this condition is not satisfied. University technology transfer appears to suffer from this situation.

Although there are many universities willing to engage in the exchange of property rights for technologies and there are numerous private sector companies willing to acquire technologies under the right circumstances, university technology transfer resembles monopolistic competition. For any given technology, there generally are few, if any, direct substitutes. Owners of technologies that can be patented, which is the predominate focus of university technology transfer activities, are granted the right to prevent competitors from practicing the inventions (i.e., using the technologies) for a limited period. Rarely is it the case that multiple patented technologies each addressing the same application are competing with one another at the same time for an acquirer’s consideration. Moreover, price signals are not the mechanism that guide potential exchanges. Both universities and private sector companies believe they can affect the price of an exchange and thus often engage in extensive negotiations to effectuate transfers of technologies under terms that are favorable for them.

The conditions in which university technology transfer occurs also appear to produce incomplete markets. There are information asymmetries in the university technology transfer process. Generally, a private sector company is less informed than the university about the nature of the technical risks associated with deriving utility from any given university-created technology it is considering. Universities are generally less informed than a given private sector company about the nature of the market risks associated with successfully using a technology in any given application. Additionally, there are extensive transaction costs associated with acquiring and assimilating a technology.

Given that university technology transfer appears to suffer from at least two types of market failure, it seems reasonable to conclude that the government must intervene in some manner to increase the percentage of technologies derived from federally-funded research and development conducted by U.S. universities that are transferred to the private sector for use that benefits the public interest. Federal public policy related to university technology transfer has increased over the years but has not yet produced the desired outcomes.

Bush (1945) pushed for the creation of a new federal agency to coordinate the government’s efforts to leverage the research and development capabilities the nation developed during the Second World War to create new technologies to improve the health, standard of living, and economic well-being of Americans. Funding research and development to be conducted by U.S. universities was a significant component of this effort. Moreover, Bush argued that the functions, powers, and duties of this new agency, which would eventually become the National Science Foundation (NSF), should include improving the transition of research discoveries to practical applications by the private sector.

There are at least 14 federal laws and executive directives that form public policy regarding university technology transfer (Table 2). These policies seem to focus predominantly on the problems of incomplete information and influencing the behavior of creators and suppliers of technology (i.e., supply-side actors). The Bayh-Dole Act of 1980 allowed universities to take assignment of patents for inventions derived from federally-funded research and development. The premise behind the law was that providing universities with property rights to inventions would create an economic incentive for universities to effectuate their transfer, primarily through licensing, to private sector commercial enterprises for use that benefits the public interest.

The core paradigm that provides the framework for federal funding of research and development and guides policy regarding technology transfer is based on a linear model relating science and technology. Bush (1945) used this paradigm as the basis for recommendations that established the current structure for federal funding of research and development conducted by U.S. universities and subsequent technology transfer activities. Stokes (1997) examined this paradigm and argued, based on experience and reasoned analysis, that it is fundamentally flawed. This paradigm posits that pure basic research is the fountain from which all technological progress springs forth. As Stokes explained, in the dynamic linear variant of the paradigm, basic research leads to applied research which gives way to development which subsequently results in production and operations (Figure 3a). Stokes demonstrated that this one-dimensional linear model is both inadequate and inaccurate in describing reality. Figure 3b depicts a model that I believe captures what Stokes was arguing and is probably more representative of the actual nature of technological advancement.

The Notion of Technology Maturity Level

The notion of technology maturity level seems to have crystallized in the United States in the 1970s in connection with the federal government’s management and implementation of financially expensive complex technological systems for high risk endeavors. The managers for such programs used the construct to better mitigate over budget expenses, deficient performance, and potential project cancellations caused by delays in when components would be ready for integration into the broader systems (Mankins, 2009; Olechowski, Eppinger, & Joglekar, 2015).

The construct of technology maturity level is difficult to define. Nolte (2008) resorted to analogies and scenarios to try to explain technology maturity level but never provided an exact definition. His concept of technology maturity level is inextricably tied to his definition of technology, which is instrumental. Based on the discussion that Nolte offered, I propose that technology maturity level can be defined as the degree to which one can use a technology to achieve a desired outcome that is acceptable.

It is worth noting that this conception of technology maturity level has the characteristics of value neutrality, context dependency, and multi-dimensionality (Nolte 2008). Technology maturity level is neither “good” nor “bad” in and of itself. One’s assessment of whether a given technology maturity level is acceptable depends entirely on the context in which one is using the technology. Moreover, a comprehensive assessment of technology maturity level requires an examination from multiple perspectives.

Technology maturity level must capture more than just the technical development of a technology. It also needs to capture economics-related performance (Mankins, 2009). As Stokes (1997) noted, the trajectory of technology is not just dictated by technical considerations. Market considerations also greatly influence the development and adoption of technology.

Technology maturity level seems closely associated with risk. According to Blank and Dorf (2012), there are two primary types of risk that commercial ventures must manage. They noted the difference between invention risk (i.e., technical risk) and market risk. Invention risk is possibility that the technology cannot be made to work as desired. Market risk is the possibility that end users will not adopt the technology even if it can be made to work as desired. Nolte (2008) argued that there were at least four dimensions of technology maturity level comprising technical, programmatic, developer, and customer viewpoints. Speser (2006) also discussed these differences in kinds of risk and included firm-specific risk as a third type. Speser argued that one could not control market risk but the lean startup movement that has gained widespread acceptance among entrepreneurship practitioners and support organizations calls this into question.

Success in university technology transfer also requires managing both types of risk. Approaches that address market risk without consideration of invention risk will fail because they unduly raise hopes and make empty promises. They simply won’t deliver. Those that address invention risk without consideration of market risk will fail in the market for lack of demand. No one will care. In both cases, the final result is an unsuccessful attempt at technology transfer.

Technology readiness level (TRL) is the predominant approach to operationalizing technology maturity level found in the literature. The National Aeronautics and Space Administration (NASA) develop the concept of TRLs in the mid-1970s as a discipline-agnostic, technology-independent method to assess and communicate the maturity level of new technologies (Mankins, 2009). This provided a way for the agency to determine which technologies were appropriate for consideration and inclusion in vehicles and systems for space missions. Stan Sadin of the Office of Aeronautics and Space Technology is credited with devising the original TRL scale, which consisted of seven levels, each with a brief one-line definition (Banke, 2010; Mankins, 2009). In 1995, NASA further articulated and refined comprehensive definitions for a TRL scale (Mankins, 1995; Mankins, 2009). This resulted in a nine level TRL scale that NASA currently uses (Table 4). Since then various government agencies and private sector organizations have adopted the TRL scale (Mankins, 2009). In fact, the U.S. Congress mandated the use of TRLs in the NASA and Department of Defense (DoD) programs (Nolte & Kruse, 2011).

The use of the TRL scale to denote technology maturity level has also taken hold in the field of technology transfer. Spearman (2013) specifically used the concept of TRLs to describe technology maturity level and the point where it becomes more difficult to advance the technology to where it is useful and can be transitioned to the private sector for commercialization. Speser (2006) also used the TRL scale as an indication of the maturity of a technology in the technology transfer process.

The TRL scale is not without its shortcomings. Olechowski, Eppinger, Tomascheck, and Joglekar (2020) investigated the challenges associated with using the TRL scale in practice. Using an exploratory sequential mixed methods design consisting of qualitative semi-structured interviews and an online survey that included a best-worst scaling (BWS) experiment, they identified 15 challenges that practitioners face when using the TRL scale. The participants in the study were predominantly private-sector professionals from the aerospace, defense and government, and technology industries who had roles related to hardware development and advanced systems engineering. Olechowski, Eppinger, Tomascheck, and Joglekar found that challenges encountered by practitioners were related to either system complexity, planning and review, or assessment validity. System complexity challenges pertained to incorporating new technologies into highly complex systems. Challenges related to planning and review concerned the integration of TRL assessment outputs with existing organizational processes, particularly those related to planning, review, and decision making. Assessment validity challenges had to do with the reliability and repeatability of assessments using the TRL scale. One of the most critical challenges identified was that TRL assessments do not necessarily provide insight into system readiness. Effective university technology transfer is likely to entail systems level endeavors. Olechowski, Eppinger, Tomascheck, and Joglekar speculated that addressing these challenges could substantially improve decisions practices and outcomes in complex engineering undertakings.

It’s not surprising that private-sector practitioners would encounter challenges using the TRL scale. As an agency of the federal government, NASA developed the TRL scale in the context of public sector applications. The public sector is not motivated by economic profit in the same way as the private sector. The TRL scale focuses on technical risk (i.e., invention risk). As such, it likely does not capture important economic factors relevant to technology development that are significant considerations for private sector decisions regarding university technology transfer opportunities.

Some scholars have proposed alternative metrics to address shortcomings of the TRL scale as well as alternate scales that express the notion of technology maturity level in various contexts (Table 5). Most of these scales seem to focus on technical risk. Mankins (1998) introduced the research and development degree of difficulty scale as a complement to the TRL scale to indicate the amount of difficulty expected in maturing a technology. Bohn (1994) offered an eight-level ordinal scale for measuring and evaluating the amount of knowledge an organization possesses about its production processes. In fact, so many alternatives and variants of the TRL scale have been offered, introduced, or adapted for various situations that readiness level proliferation has become a problem in the public sector (Nolte & Kruse, 2011).

Reflecting on the literature raises the question of whether technology maturity level explains to any degree the low percentage of technologies derived from research and development that are successfully transferred to the private sector for use that benefits the public interest. The answer to this question has implications for public policy regarding technology transfer in general and university technology transfer in particular.

Approach to Examining the Topic

Under the current framework for university technology transfer, private sector organizations, principally profit-driven commercial enterprises, are presumed to be the consumers of university-created technologies (Table 2). This includes entrepreneurs who will need to develop organizations to successfully leverage the technologies they acquire to create value and build wealth. As such, current federal policy regarding university technology transfer depends on the participation of private sector organizations. In the absence of private sector organizations participating in the process, university technology transfer does not occur. Public policies are often designed to influence the behaviors of private sector organizations, such as profit-seeking business firms (Cyert & March, 1963, p. 269), as well as individuals. As such, how private sector organizations function needs to be considered when crafting public policy regarding university technology transfer. Therefore, the proposed study focuses on how technology maturity level influences the technology transfer priorities, intentions, and actions of private sector organizations that are likely to participate in the university technology transfer process.

In the next chapter, I summarize the related literature to explain how technology maturity level has been approached in the context of university technology transfer. This will help to better isolate the research question and inform the research design for the proposed study.

Chapter 2 – Review of the Related Literature

Because the discourse related to the proposed study draws upon various fields and is therefore interdisciplinary, I have organized the literature review thematically. I begin with a summary of the determinants of success in university technology transfer and the gaps in knowledge about explanatory factors. I then examine the discourse related to understanding technology maturity level as a possible explanatory factor in university technology transfer outcomes. With this foundation established, I turn my attention to the perspective of organization studies and decision theory. I discuss the literature that provides insight about organizations in the context of university technology transfer and how organizations make decisions about acquiring university-created technologies. I conclude by briefly discussing how the proposed study advances our understanding of the topic.

Determinants of Success in University Technology Transfer

The technology transfer literature is vast. Fortunately, several scholars have performed bibliometric reviews of the literature that summarize the body of knowledge and help to make sense of it all (see e.g., Battistella, De Toni, & Pillon, 2016; Bengoa, Maseda, Iturralde, & Aparicio, 2020; Noh & Lee, 2017; Wahab, Rose, & Osman, 2012a; Wahab, Rose, & Osman, 2012b). The literature on university-industry relationships and absorptive capacity are most relevant to the proposed study. However, most research on university-industry relationships has been from the perspective of universities and research institutions (i.e., supply-side perspective) and not private sector organizations that acquire and assimilate the technology (Bengoa, Maseda, Iturralde, & Aparicio). Research on absorptive capacity, generally defined in the literature as “a firm’s ability to recognize, assimilate, and apply external knowledge and learning processes” (Bengoa, Maseda, Iturralde, & Aparicio, p. 25), seem to fall within the discipline of organization studies. Most studies in this stream of research have focused on understanding the factors that influence the absorptive capacity of a firm, when and how absorptive capacity can be a source of competitive advantage for a firm, and the relationship between absorptive capacity and firm performance (Bengoa, Maseda, Iturralde, & Aparicio). It appears that the absorptive capacity literature does not address why firms chooses to assimilate and apply some technologies and not others.

Researchers have used various frameworks and approaches to examine the underlying determinants of success in university technology transfer (Table 3). Bozeman (2000) noted that technology transfer studies at the time were heavily focused on evaluation research. This supported the development of theories to explain technology transfer as a phenomenon because evaluation research typically requires empirical analysis. However, as Bozeman explained, evaluation research usually focuses on the interests of the institutions sponsoring the research, which can push aside theoretical considerations. Bozeman championed the contingent effectiveness model in studies of technology transfer. A major premise of this model is that effective technology transfer has multiple meanings.

Anatan (2015) identified transaction cost economic theory, the resource-based view, and the knowledge-based view as three major theories in the literature used to explain university to industry knowledge transfer in the context of alliances. Anatan proposed institutional theory as an alternative framework for explaining factors that affect the university to industry knowledge transfer process. Anatan argued that external environmental forces pressure organizations to form alliances to enable university to industry knowledge transfer.

Various forms of multiple regression analysis are commonly used approaches to study and explain technology transfer. Annual survey data collected by the Association for University Technology Managers (AUTM) from its member institutions is a popular data source for such studies. However, there are significant inadequacies with these data. The AUTM data are voluntarily self-reported, not independently verified or validated, and likely inaccurate and biased because of inconsistencies in reporting across institutions (Sigurdson, Sá, & Kretz, 2015).

Arshadi and George (2008) used hierarchical regression analysis on data from AUTM member institutions to identify institutional factors associated with successful university technology transfer. Carlsson and Fridh (2002) also conducted multiple regression analysis using survey data from 170 universities in the United States that was collected by AUTM to identify factors associated with successful university technology transfer. Heisey and Adelman (2011) combined AUTM data with research and development expenditure data from National Science Foundation’s Survey of Research and Development Expenditures at University and Colleges for their multiple regression analysis of university technology transfer. However, it’s reasonable to assume that all the factors that potentially affect success in university technology transfer don’t necessarily show up in such data.

Markman, Gianiodis, & Phan (2009) used hierarchical multiple regression analysis to study the role of research universities in the United States as suppliers in a market for innovation. The authors used reasoned analysis based on agency theory and real options theory to argue that technology transfer outcomes as measured by licensing revenue and startup creation are a function of licensing strategy, the degree of autonomy of the technology transfer unit, and the incentives provided to various actors within universities in the technology transfer process. They controlled for the age and size of the technology transfer unit, the quality of the faculty, the existence of a business incubator within the institution, and whether the university was public or private. The study used data from surveys administered by AUTM as well as telephone interviews and content analysis of the websites of licensing units conducted by the authors. Markman, Gianiodis, and Phan found that there was a statistically significant positive association between licensing revenue and the size of the technology transfer unit, faculty quality, and financial incentives for departments. There was a statistically significant negative association between licensing revenue and use of licensing agreements as the technology transfer mechanism, use of sponsored research as the technology transfer mechanism, low-autonomy of the technology transfer unit, and financial incentives for faculty inventors. The model only explained about 13 percent of the value of the dependent variable. Using startup creation as the dependent variable, the authors found statistically significant positive relationships with public institutions, faculty quality, high-autonomy of the technology transfer unit, and salary of the staff of the technology transfer units. There were statistically significant negative associations with the age of the technology transfer unit and financial incentives for faculty inventors. This model explained just 7 percent of the value of the dependent variable. The authors pointed out that licensing and startup creation are only two of many methods that knowledge (which includes technology) is disseminated by universities.

Experimental designs are not very prevalent in studies of university technology transfer. Dolmans, Shane, Jankowski, Reymen, & Romme (2016) is one of the few studies I encountered Reword that used such an approach. They conducted a randomized experiment with a 2x1 between-subjects design using technology licensing officers at Carnegie I rated research universities in the United States as subjects. The focus of this study was to understand how inventor appearance influenced the decisions of university technology licensing professionals about which technologies to pursue transfer to the private sector. The authors operationalized appearance in terms of how professional and well-groomed a person looked. They found a statistically significant positive association between inventor appearance and decisions to pursue technology transfer.

Studies of technology transfer in general, and university technology transfer in specific, seem to have mostly focused on factors exogeneous to the technology transfer process. Arshadi and George (2008) found that the number of licenses and options executed by universities was positively correlated with the number of licensing agents and cumulative research expenditures for the institution. However, they found no association between those factors and the number of licenses and options and the amount of licensing income generated. The adjusted R-squared was 66 percent for their model that used licenses and options as the dependent variable and 86 percent for their model that used research expenditures as the dependent variable. Marion, Dunlap, and Friar (2015) discussed several determinants of successful university technology transfer executed through academic entrepreneurship. Again, most of the determinants examined were related to organizational structure and were exogenous to the technology transfer process itself.

Heisey and Aleman (2011) concluded that there was a statistically significant association between certain characteristics of the university technology transfer offices and the amount of revenue generated from licensing university-created technologies. They found a weak relationship between the aggregate amount of short-term research expenditures for universities and the amount of licensing revenue generated.

Other studies have also focused on the relationship between institutional characteristics and technology transfer outcomes (see, e.g., González-Pernía, Kuechle, & Peña-Legazkue, 2013; Kim, Daim, & Anderson, 2009). These studies found statistically significant associations with various institutional characteristics including staff levels, years of operation, technology portfolio size, office autonomy, university specialization, and entrepreneurship-related infrastructure. However, all such studies based on regression analysis are correlational in nature. They do not provide insight into causality in the university technology transfer process.

York and Ahn (2012) used a comparative case study method to identify factors associated with university technology transfer success. Most of the determinants they identified were related to organizational structure. However, using hierarchical regression analysis Wu, Welch, and Huang (2015) found that individual factors, particularly researcher attitude toward technology transfer and their involvement post-disclosure, were more strongly associated with success than institutional factors. Like most studies of university technology transfer, Wu, Welch, and Huang operationalized technology transfer success as the execution of a license for a patent assigned to the university.

Very few research studies focused on factors that are more endogenous to the technology transfer process. Kundu, Bhar, and Pandurangan (2015) examined intrinsic factors of technology transfer in the context of economic development. However, the factors they described are intrinsic primarily relative to the individual actors and not the technology transfer process.

Technology Maturity Level as an Understudied Explanatory Factor

In my review of the literature, I found only one relevant study that specifically investigated the association between technology maturity level and university technology transfer. Munteanu (2012) examined whether there are differences in the types of technologies pursued by established firms compared to startup firms. Applying logistic regression analysis and using inventions to operationalize the concept of technology, Munteanu found that the odds ratio of invention licensing by startup firms relative to invention licensing by established firms was lower for later stage inventions and higher for earlier stage inventions. Invention licensing by established firms was positively correlated with later invention development stage.

Munteanu (2012) does not specifically answer the research question of the proposed study. If we take the results at face value, they only posit an explanation for the distribution between established firms and startup firms of university technologies transferred to the private sector. It does not explain why the overall percentage of university-created technologies that are transferred to the private sector is low compared to policy expectations. Moreover, there are several issues with the approach Munteanu used that the proposed study addresses.

While Munteanu (2012) provides useful insight into the topic, there are important differences between the research design used by Munteanu and the proposed study. These differences have implications for the generalizability of the results and their usefulness in formulating public policy. In applying economics-based rational choice theory, Munteanu used an approach to study the role of technology maturity level in technology transfer that is the typical of studies about technology transfer in general. The study also incorporated comparative advantage theory to understand differences between startup firms and established firms, although it didn’t explicitly define either category of firm. As such, it is not clear what criteria Munteanu used as the basis for classifying each case in the analysis.

Munteanu (2012) was a quantitative empirical design that used correlational regression analyses, which again is typical of research on technology transfer. The study operationalized the concept of technology as disclosures of patentable subject matter. It operationalized technology transfer as executed licenses for patented inventions assigned to universities and income generated from those licenses. These operationalizations are typical of technology transfer studies but are perhaps overly narrow. The study used development stage to operationalize technology maturity level, which was the primary explanatory variable of interest. Munteanu used an ordinal level of measure for development stage and a scale that he conceived. However, there is no evidence that any type of validity analysis was performed for this scale. The scale itself is somewhat arbitrary and subjective. The analysis included several control variables related to the characteristics of the inventor and the type of invention. Munteanu used a nominal level of measure for invention type that employed categories that he conceived. Like many other technology transfer studies, the categories for type of invention that Munteanu used were somewhat arbitrary and subjective. Again, there is no evidence that any type of validity analysis was conducted for the nominal categories. The data used in Munteanu was a census of 700 inventions disclosed to the University of California – San Diego between January 1, 1986 and December 31, 2003. However, it is not clear if the analysis included all disclosures during this period or only disclosures that resulted in an allowed patent.

The research question examined by Munteanu (2012) was whether there are differences in the types of technologies pursued by established firms compared to startup firms. However, the criteria for what constitutes an established firm versus a startup firm was not specified. Munteanu theorized that under the theory of comparative advantage, established firms and startup firms would seek to acquire technologies of different development stages. Munteanu tested two primary hypotheses. The first hypothesis was that established firms are more likely to license inventions in the later stage of development (what he termed “ready” stage) than inventions in earlier stages of development. The second hypothesis was that start-up firms are more likely to license inventions in the early stage of development (what he labelled as the “conceptual” stage) than inventions in later stages of development.

The study tested these hypotheses based on four key assumptions. First, economies of scale and informational asymmetries are important criteria in the licensing decisions of firms. Second, established firms have a comparative advantage to startup firms in commercializing inventions that are ready for manufacturing. Third, startup firms have a comparative advantage to established firms in commercializing inventions at the conceptual stage. Fourth, the past licensing experience of inventors increases inventor propensity to pursue commercialization of inventions. Munteanu applied these assumptions without providing any evidence of their reasonableness.

Munteanu (2012) found sufficient evidence to reject the null hypotheses (that there is no correlation between the variables) in favor of the alternative hypotheses. The odds ratio of invention licensing by startup firms relative to invention licensing by established firms was lower for later stage inventions and higher for earlier stage inventions. Invention licensing by established firms was positively correlated with later invention development stage.

While insightful, Munteanu (2012) does not specifically answer the research question put forward by the proposed study. The nature of the sample used by Munteanu significantly limits the generalizability of the study’s results. Moreover, the study by Munteanu only establishes correlation, not causation. Although the results obtained by Munteanu can be taken as *prima facie* evidence that comparative advantage may lead certain types of private sector firms to prefer earlier or later stage technologies, they do not rule out other causes or potential dynamics. For example, startup companies may actually prefer later stage technologies but may not have the resources to competitively bid for such technologies. As such, startup companies may simply settle for earlier stage technologies because they are forced to do so, not because they have a comparative advantage in commercializing earlier stage technologies. Also, given the uncertainty surrounding how Munteneau categorized technologies by development stage, it’s quite possible that any correlation observed was a product of the method used to categorize technologies by development stage and not anything fundamental to the nature of university technology transfer or the way that private sector firms operate.

Baek, Hwang, and Park (2018) included technology maturity level as a factor in their analysis of technology transfer. They used regression analysis to examine the correlations between various independent variables and successful technology transfer which they operationalized as the execution of a contact to use a technology. They operationalized technology maturity level as the TRL level before research and development and TRL level after research and development. Baek, Hwang, and Park did find a statistically significant correlation between TRL level after research and development and successful technology transfer. However, this study has limited generalizability to university technology transfer in the United States. It focused only on railroad projects in South Korea, which has a significantly different economic system than the United States. It also did not address causality in the relationship between technology maturity level and technology transfer outcomes.

Song, Park, and Park (2017) examined factors that could potentially influence business decisions about commercializing technology transferred from government research institutes (GRIs) to small and medium-sized commercial enterprises (SMEs). They included technology maturity as a potential explanatory factor. They operationalized successful technology transfer as a dichotomous variable indicating the licensee’s intention to conduct additional research and development on the technology. The authors did not find a statistically significant association between technology maturity and technology transfer success as defined in the study. This study also has limited generalizability to university technology transfer in the United States. Song, Park, and Park used a five-point Likert scale to measure technology maturity. There is no indication that they validated the scale prior to using it. The way the authors operationalized successful technology transfer also may have been problematic. Moreover, the authors conducted the study in South Korea in the context of an economic system that is significantly different than that for the United States.

Technology maturity level doesn’t appear to have been extensively investigated as a determinant of technology transfer outcomes. However, the broader literature provides evidence to suggest that technology maturity level plays an important role in successful university technology transfer. A key argument of Lee (1997) was that private sector firms are unlikely to invest in commercializing technologies generated from the research conducted at universities unless they are significantly de-risked. Even highly focused applied research requires significant funding to de-risk the resulting technologies. Private sector firms seem unwilling to spend funds to de-risk such technologies. Wu, Welch, and Huang (2015) found a positive correlation between additional post-disclosure research conducted by faculty inventors and the execution of a license for the patents on inventions that resulted from the research.

There is literature that discuss the technology readiness level (TRL) scale as a measure of technology maturity level (see, e.g., EARTO, 2014; Estep, 2017; Mankins, 1995; Mankins, 2009; Nolte & Kruse, 2011; Olechowski, Eppinger, & Joglekar, 2015), but most of these sources merely describe the scale or discuss applications of it. They provide very little insight into the potential role of technology maturity level in university technology transfer.

The insights offered by Stokes (1997) have significant implications for examining the potential role of technology maturity level in university technology transfer. Stokes examined the core paradigm that provides the framework for federally-funded research and development as well as the implications that framework has for public policy. Based on both experience and reasoned analysis, he argued that the predominant linear paradigm relating science and technology is fundamentally flawed. This paradigm posits that pure basic research is the fountain from which all technological progress springs forth. In this paradigm, basic research leads to applied research which gives way to development which subsequently results in production and operations (Figure 2a). Stokes demonstrated that this one-dimensional linear model is both inadequate and inaccurate in describing reality.

Stokes (1997) noted several attempts by previous scholars to develop alterative models that more correctly described the interaction between understanding and use in scientific research and technological progress. Stokes offered a two-dimensional framework to comprehend the relationship between understanding and use in the pursuit of scientific knowledge. The vertical axis indicated the degree to which research strives for fundamental understanding of phenomenon and ranges from no concern for fundamental understanding to complete focus on developing fundamental understanding. The horizontal axis indicated the degree to which research is inspired by considerations of use and ranges from no consideration to completely use-driven. This framework produces a four-quadrant model of scientific research (Figure 3).

In the model Stokes (1997) put forward, pure applied research is positioned in the lower right quadrant. Pure basic research is in the upper left quadrant. The upper right quadrant exemplifies use-inspired basic research. One might conceive of the lower left quadrant as descriptive research. Stokes also noted the course of technological development is not just dictated by technical considerations. Market considerations also have a profound influence on the development, adoption, and continued use of technology.

Based on my professional experience and review of the related literature, I hypothesize that technology maturity level helps explain why the percentage of university-created technologies derived from research and development that are transferred to the private sector for use that benefits the public interest is low. While the technology transfer literature that explicitly examines the role of technology maturity level in university technology transfer is sparse, various scholars have explored the issue around its periphery under various monikers and in different ways.

A statement from the Michigan Biotechnology Institute (MBI) submitted for the record of a hearing in the U.S. House of Representatives discussed MBI’s efforts to advance technology from the pre-competitive stage to a stage that is useful to industry (Barriers to Domestic Technology Transfer, 1992). Fraser (2010) also pointed out the increasing use of gap funding among universities to help make the transition from research and development to the market – the so called “valley of death.” Chu (2013) discussed a program the Los Angeles campus of the University of California implemented to close the gap between the state of a technology where federal funding ends and the point where the private sector is willing to partner to make use of the technology. Likewise, Spearing (2013) emphasized the importance of mechanisms to move university-created technology to the point where it is useful and can be transitioned to the private sector. Such observations suggest a relationship between technology maturity level and successful technology transfer.

The Valley of Death in University Technology Transfer

Discussions among industry professionals about the so called “valley of death” are founded upon the belief that a technology must progress to a certain minimum maturity level before it can be successfully transitioned to the private sector. The Valley of Death refers to the gap between funding provided by the federal government for basic research that produces scientific discoveries and funding provided by the private sector for applied research and development activity directed toward the exploitation of such discoveries in specific applications for which there is user demand (see, e.g., Ferguson, 2014; Gildbrandsen, 2009; Hudson & Khazragui, 2013). Many technology transfer professionals point to this gap as a primary impediment to successfully transferring technologies to the private sector.

The “valley of death” is shorthand for a phenomenon in which promising technologies are often abandoned because of an inability to attract sufficient funding to support the R&D activities necessary to further their development (Figure 4). Studies on the topic seem to allude to an association between technology maturity level and successful technology transfer (see, e.g., Markham, 2002; Markham, Ward, Aiman-Smith, & Kingon, 2010; Tirpak, 2017; Wessner, 2005). They generally employ a three-stage framework that describes the progress of technology from laboratory to market.

Wessner (2005) asserted that many private venture capital markets are unwilling to fund promising but risky concepts for commercializing technologies that have not been validated. He highlighted the advanced technology program (ATP) has as an example of the success that can be achieved when funding is provided to advance the maturity level of technologies to a point of commercial viability that is more suitable for private sector involvement. According to Wessner, this approach has led to the successful transfer of fuel cell, proteomics, medical diagnostic, and lithography technologies. Wessner asserted there is clear evidence that ATP helped attract the private investment necessary to successfully transfer technologies to offerings in the private sector that benefited the public interest. However, he did not provide evidence to support this assertion. Moreover, this is not definitive evidence that low technology maturity level is the reason that a low percentage of university-created technologies are transferred to the private sector. Considerations concerning economies of scale play a significant role in venture capital investment practices. This could just as easily explain any unwillingness of venture capital markets to fund the commercialization of technologies that happen to have a low maturity level.

Murphy and Edwards (2003) examined the difficulties of transitioning publicly-funded, early-stage ventures attempting to apply new energy technologies to create commercial offerings across the so-called “valley of death.” They argued that such ventures fail to obtain private sector funding because here are “significant gaps between what the ventures are offering to investors and what the potential investors are seeking” (p. 4). Murphy and Edwards posited that the need to justify budgets and demonstrate public benefits in an unrealistically short time frame pressures federal agencies to accelerate handing-off technologies to the private sector in a way that is often abrupt and ineffective. The private sector typically focuses on investment opportunities that are at a later stage of development than what is normally the case with opportunities related to research and development projects at the point when public sector funding is ending (Murphy & Edwards). Moran (2007) noted a similar phenomenon in drug discovery characterized by a widening in the gap between the end-point of traditional funding support for academic research and development and the development stage of projects that the private sector is interested in supporting or acquiring. According to Murphy and Edwards, private sector investors view technologies derived from federally-funded research and development as much less advanced than do the public-sector sponsors of that research and development. Moreover, the private sector is interested in businesses, while the output of research and development is technology. The two are not synonymous. However, none of this explains why the private sector would focus on opportunities to pursue technologies at maturity levels higher than what universities typically offer.

The existence of the “valley of death” phenomenon is strong *prima facie* evidence in support of the hypothesis that technology maturity level is a significant factor in technology transfer outcomes. However, it is not definitive proof. There may be other scenarios that could produce the phenomenon. For example, it could simply be a matter of labor supply. Some scholars have posited that product champions, driven by some motivation, shepherd projects across the “valley of death” (Markham 2002; Markham, Ward, Aiman-Smith, & Kingon, 2010). Technology maturity level may not be a significant factor for these champions. The phenomenon we call the “valley of death” could be nothing more than an imbalance between supply of champions and demand for champions much like shortages seen in other professions and industries, such as the dearth of engineers or programmers. Another scenario is that some factor other than technology maturity level, such as technology category or field of application, is the primary determinant between those technologies that successfully cross the “valley of death” and those that do not.

The Perspectives of Organization Studies and Decision Theory

The literature suggests that an examination of the issue from the perspective of private sector organizations using the lenses of organization studies and decision theory can provide a path to expand our understanding of the underlying phenomenon which will enable policymakers to craft more effective technology transfer policy. Most university technology transfer activity occurs in an organizational context. In testimony to a hearing held by the U.S. House of Representatives, U.S. Department of Commerce Undersecretary for Technology, Robert M. White pointed out that technology transfer is fundamentally a business decision on the demand side of the process (Barriers to Domestic Technology Transfer, 1992). The participants in university technology transfer are the universities that create the technologies and established business entities (whether for-profit or non-profit) or aspiring entrepreneurs (i.e., individuals or small teams of a few people) who generally act with the backing of stakeholder groups with the goal of creating organizations to successfully apply technologies for various intended commercial purposes.

The organization studies literature raises ontological and epistemological issues that impact how one examines the topic of the potential influence of technology maturity level on university technology transfer outcomes. The discourse reveals two diametrically opposed schools of thought about the nature of the organization and the appropriate approach to organization studies (see e.g., Du Gay & Vikkelsø, 2017; Hatch, 1997; Hatch, 2018; Miller & Fox, 2019).

The classical school of thought treats the organization as a concrete phenomenon. Formal organization is considered the appropriate focus of study. Research in this school of thought emanates from within the organization, is focused on pragmatic objectives such as better coordination of task performance, and is unconcerned with creating a grand theory of organizing (Du Gay & Vikkelsø, 2017). The organization is reified to the point that the human element is lost in the analysis. Scholars in this school of thought essentially take the position expressed by Milton Friedman that the goal of theory is not to accurately represent or reproduce phenomena (e.g., social or economic phenomena) but to develop propositions that can be analyzed and theory that has predictive power (Cyert & March, 1963). This strikes me as a bit limiting. Theory that doesn’t accurately represent the phenomenon can only provide an inaccurate understanding of the phenomenon and thus its usefulness will always be limited to an unknown degree. For example, the Ptolemaic model of the solar system had significant predictive power in accounting for the motion of the planets despite being an Earth-centered model that didn’t accurately represent the solar system (Benson, 2012). Had we not discarded the Ptolemaic model in favor of a model that more accurately represented the solar system, it is unlikely that civilization could have made many of the advancements that have improved humanity’s situation. Likewise, I argue that in the long run theories and models that do not accurately represent the phenomenon they aim to explain will be less useful than those that do.

The alternative school of thought takes what Du Gay & Vikkelsø (2017) call a metaphysical stance and treats the organization as a fiction. “People (i.e., individuals) have goals; collectivities of people do not” (Cyert & March, 1963, p. 26). The metaphysical stance is exemplified in the postmodern approach to organization studies in which organizations are viewed as “sets of recursive practices sustained by resource appropriation and rules” (Miller & Fox, 2019, p. 90). An organization is nothing more than a human construct defined by the norms and expectations of its members who must continually negotiate and affirm those norms and expectations. It is simply a way that a group of people have settled on interacting to achieve agreed upon objectives.

Simon (1997) noted in its earliest editions as far back as the late 1940s that organizations can be conceptualized as patterns of group behavior in a very broad sense (p. 110). Simon argued that the term *organization* simply referred to the relations among a group of people (p. 19). Moreover, he maintained that decisions associated with carrying out the physical tasks of achieving the agreed upon objectives of an organization are not made by the organization *per se* but by people acting as members of the organization (p. 281). In this sense, the term *organization* connotes both a type of group and the malleable repeated patterns of social interactions employed by the members of a group. As such, a decision to acquire and use a technology is made by one or more members of an organization (e.g., a for-profit commercial enterprise) acting in accordance with the agreed upon guidelines that govern their behavior regarding such matters.

The debate between the two schools of thought in organization studies is essentially about whether the phenomenon we call organization exists. It’s a bit like asking whether human thought exists. Although one cannot touch a human thought, most would agree there exists such a thing. While we can detect its presence in the firing of neurons and variations in blood flow in various parts of the brain, those phenomena themselves are not human thought. If human thought does exist, it manifests itself through human activity. Likewise, if what we call the organization exists, it too manifests itself through human activity. As such, the goal in applying organization studies to the examination of the role of technology maturity level in influencing technology transfer outcomes is to neither reify the organization nor disappear the organization entirely.

My review of the organization studies literature surfaced three possible explanations for the role that technology maturity level may play in influencing technology transfer outcomes. Two of the possible explanations are more aligned with the classical school of thought in organization studies. The first posits the interplay between organization structure and technology maturity level. The second relates technology maturity level with the motivations of organizations. The third possible explanation leans towards the postmodern perspective of organization studies in that it considers the human element of organization.

Organizational Structure and Technology Maturity Level

Several studies have attempted to relate the characteristics of organizations to technology transfer outcomes (see e.g., Arshadi & George, 2008; Markman, Gianiodis, & Phan, 2009; York & Ahn, 2012; Wu, Welch, & Huang, 2015). However, these studies typically examine the issue from the perspective of the university (i.e., supply-side perspective). Bahcall (2019) provides insight into the possible interplay between organization structure and technology maturity level on the demand-side of the equation. Bahcall studied what he called “loonshots” which, based on his description, one can conceive as ambitious, expensive, and risky endeavors that have the potential to confer significant benefit to an organization but which are counterintuitive to conventional wisdom. Bahcall explored the question of why an organization may favor loonshots at one point in its history but disfavor loonshots at another. He argued that organizational structure rather than organizational culture explains this transition from propensity to support so called loonshots to a tendency to quash loonshots in favor of what he referred to as franchise projects – endeavors with lower costs and lower risks that build upon previous successes.

Bahcall (2019) theorizes that the number of employees (), below which a given organization will tend to nurture loonshots and above which the organization will favor franchise projects because politics will set in, has a direct relation with equity fraction (), management span (), and organizational fitness () and an inverse relation with salary growth rate up the organization hierarchy () as described by the formula , which implies that any organization of a given size can influence its propensity to favor loonshots or franchise projects by manipulating its structure along these parameters. Based on several assumptions, Bahcall argues that the threshold at which an organization will transition from nurturing loonshots to quashing them is about 150 company employees (i.e., organization members).

In the context of university technology transfer, it may be that low maturity level technologies are akin to loonshots and high maturity level technologies are analogous to franchise projects. However, it’s also quite possible that most, if not all, efforts to transfer newly created technologies to the private sector are essentially loonshots regardless of technology maturity level.

One interpretation of the theory offered by Bahcall (2019) suggests that organizations (e.g., commercial enterprises) with 150 or fewer members would favor low maturity level technologies while organizations with greater than 150 members would tend to pursue high maturity level technologies. This is consistent with the idea that startup firms favor early-stage technologies while established firms favor later-stage technologies (Munteanu, 2012). But this does not explain why a low percentage of university-created technologies are transferred to the private sector for use that benefits the public interest. Moreover, if this were the case one would expect the proportion of low maturity level and high maturity level technologies transferred to the private sector to mirror the distribution of firms with 150 or fewer employees versus those with greater than 150 employees. The theory also does not explain why an organization would choose one loonshot over another or one franchise project over another all other things being equal, which is the challenge if it is the case that most, if not all, efforts to transfer newly created technologies to the private sector are essentially loonshots regardless of maturity level.

Uncertainty Avoidance and Technology Maturity Level

Cyert and March (1963) described a behavioral theory of the firm meant to explain and predict the behavior of firms regarding decisions about price, output, and resource allocation, which the traditional theory of the firm was not intended to address. The theory of Cyert and March explicitly emphasizes the actual process of decision making in an organization and takes the firm as the basic unit of analysis. It is comprised of three variable categories – organizational goals, organizational expectations, and organizational choice. Four major relational concepts – quasi resolution of conflict, uncertainty avoidance, problematic search, and organizational learning – connect the variable categories and act as fundamental mechanisms of firm behavior.

The observation that organizations avoid uncertainty (Cyert & March, 1963) may help explain why a low percentage of university-created technologies are transferred to the private sector. The tendency towards uncertainty avoidance of organizations manifests itself in various ways. For example, organizations focus on short-term actions in response to short-term feedback rather than efforts to anticipate uncertain distant future events, prioritize solving immediately pressing problems rather than developing long-term strategies, and arrange a negotiated environment to mitigate the potential adverse impact of future activity emanating from the environment (Cyert & March). It’s reasonable to assume that organizations faced with uncertain choices regarding technology that they can possibly obtain to help achieve their purposes will seek additional data and information try to reduce the uncertainty surrounding the likelihood of being able to successfully use the technology. This additional data and information includes meta-information about the technology itself (i.e., information about information). According to bounded rationality, organizations in such situations should and will use heuristics to make their decisions (March, 1997). Private sector organizations may be using technology maturity level as a proxy for evaluating uncertainty.

Decision Premises and Technology Maturity Level

The quest to understand the role that technology maturity level plays in determining whether organizations pursue, acquire, and use technologies created by universities in many respects is an exercise in understanding a specific type of organization behavior. Simon (1997) offers a very useful framework for accomplishing this end.

Before any action can be taken, there must be a decision to act (Simon, 1997). Thus, private sector organizations must make affirmative decisions to undertake technology transfer initiatives and coordinate their internal activities to carry them out. However, organizational decision making is different than individual decision making. Decision making in an organizational context involves interactions among individuals and groups. Thus, organizational decision making is a social phenomenon. This implies that university technology transfer is also a social phenomenon and the tools of social science should prove useful in generating insights that will better inform public policy regarding the topic. Simon argued that the essential activities of an organization are physical tasks (i.e., actions) deemed necessary to achieve the objectives of the organization. These tasks are performed by the operative members of the organization who typically occupy the lower level positions of the organizational hierarchy. The role of organization members occupying positions at higher levels of the hierarchy often involves making decisions that are not tied to a physical action but instead are primarily meant to guide the actions of members at the lower operative levels of the organization.

Before a physical action is performed by a member of the organization there must be a decision to perform the action. Every action involves a decision about whether to act and what action among multiple alternatives to take if action is in fact warranted. Therefore, the operative activities of an organization can be conceptualized as a series of decision-action couplets (Simon, 1997). According to Simon, since every organization action is associated with a decision and decision making pervades all levels of an organization, focusing on the decision-making process is a viable approach to understanding the behavior of groups in an organizational context.

A great deal of research on organizational decision-making is normative in nature and focuses on how individual decision makers within organizations should make decision (March 1997). However, “it is so far from how one lives to how one should live that he who lets go of what is done for what should be done learns his ruin rather than his preservation” (Machiavelli, 1532, p. 61). If the goal is to implement policy that produces desired outcomes, then policymakers must act in accordance with the world as it is, not as academics believe it should be. Consequently, the proposed study takes a more descriptive and positive approach focusing on how organizations actually make decisions rather than a normative approach seeking to specify how they should make decisions.

Much, if not most, of current theory about organizational decision-making is based on psychological studies of individual decision-making (March, 1997). However, research has demonstrated that context can significantly affect the decision-making process and decisions of individuals (Kahneman & Tversky, 1979; Kahneman & Tversky, 2013; Tversky & Kahneman, 1992). Whether one is making a decision solely for one’s own benefit or within one’s role as a member of an organization is presumably an important contextual distinction. It seems reasonable to presume that decision-making in an organization is likely to be much more of a socially-driven phenomenon than decision-making that is purely personal. As such, it is sensible to conclude theories and frameworks from studies of individual decision making in the psychological literature may not translate directly to organizational decision-making. Therefore, it is important to understand how organizational decision-making may differ from individual decision-making, which will likely provide insight into the role of technology maturity level in organizations’ decisions about the acquisition of technology. However, the psychology of individual decision making is still necessary to understand organization decision making. It is not a matter of either a sociological perspective or a psychological perspective. As Simon (1997) observed, asking whether organization decision making is socially-driven or psychologically-driven is like asking whether molecular biology is chemistry or biology. Molecular biology is both chemistry and biology. Likewise, organization decision making is both sociological and psychological.

According to Simon (1997), humans make decisions in an organizational context based on beliefs about the nature of the physical and social world and their perceptions of the way things "ought" to be. Simon argued that every decision made by organization members is composed of two distinct types of beliefs. The first type of belief is factual propositions which one can empirically determine to be true or false in an absolute sense. The second type of belief is value propositions which one cannot empirically determine to be true or false in an absolute sense. The factual and value propositions one uses to arrive at and justify a decision to take an action are called decision premises.

In the framework outlined by Simon (1997), one could argue that factual premises are rooted in data and information while value premises are rooted in emotions and preferences. Value premises are essentially imperative declarations that select one possible future state as desired and thereby exclude all others (Simon). As Simon explained, value premises are beliefs about the way things "ought" to be. They are ethical or normative in nature. Many decisions of organization members in roles at the higher levels of an organization hierarchy are nothing more than value premises meant to guide the decisions and actions of members in roles at lower levels in the organization hierarchy.

Simon (1997) pointed out that most ethical propositions are intertwined with factual propositions. Therefore, most value premises are intertwined with factual premises. One cannot derive factual premises from value premises or vice versa. Trying to compare factual propositions to value propositions is tantamount to comparing apples and oranges.

Some of the nomenclature that Simon (1997) used is a bit confusing. In the ordinary use of the term, “factual” tends to mean that a statement or assertion is true in an absolute sense. However, in the framework described by Simon, factual propositions are not necessarily true although they can empirically be determined to be true or false in an absolute sense. As such, a factual decision premise can be either true or false, accurate or inaccurate. Given that factual premises are rooted in data and information, it seems more appropriate and less confusing to use the term knowledge propositions or knowledge premises, which is the term I shall use going forward.

The term knowledge premise is better aligned with the DIKW hierarchy. Each element of the DIKW hierarchy incorporates the elements below it. Knowledge builds upon data and information in which factual premises are rooted as I previously noted. Since both data and information can be incorrect, inaccurate, or incomplete so too can knowledge. Therefore, knowledge decision premises may be either true or false in an absolute sense.

Organization decision making is often an exercise in complex decision making in that the ultimate decision being made requires multiple antecedent decisions. A decision at any given point in time may require a series of antecedent decisions that function as decision premises of the current decision to be made along with other value premises and knowledge premises. Moreover, the decisions made by a person in one part of an organization may serve as decision premises for other persons in other parts of the organization (Simon).

Simon (1997) described organization decision making as a “decision-fabricating process” (p. 24). In some ways, this is analogous to formulating an argument, by which I am referring to a line of reasoning to support a position, claim, or conclusion. Natural language arguments, as described by Fisher (2004), are created by combining independent reasons, compound reasons, and necessary intermediate conclusions to provide the justification for a main conclusion. The veracity of only one of several independent reasons is enough to justify a conclusion while the veracity of all compound reasons must be established to justify a conclusion. Likewise, organization members combine value and knowledge decision premises (including antecedent decisions serving as decision premises for subsequent decisions) in a Boolean fashion to guide the decision-making process and produce a given organization decision.

The ultimate decisions of organizations regarding technology transfer opportunities are likely complex decisions requiring several antecedent decisions. Moreover, it’s likely that at least some of the decision premises (including antecedent decisions serving as decision premises for subsequent decisions) are compound premises meaning that all premises are required to justify the action. If technology maturity level is a factor in the decisions of private sector organizations of whether to pursue any given university-created technology, it probably manifests as a decision premise in either the ultimate decision or an antecedent decision. Moreover, technology maturity level alone will be sufficient to produce a decision not to pursue a university technology transfer opportunity if it is part of a set of compound decision premises for any decision point in the decision chain.

There are multiple points in the organization decision making process about technology transfer opportunities where technology maturity level may in fact be a decision premise. At the most basic level, organization decision-making involves setting the agenda, representing the problem, finding alternatives, and selecting alternatives (Simon, 1997). This process is not necessarily linear and is more likely to be iterative. Technology maturity level likely surfaces as a factor in organization decision-making about technology transfer opportunities during the alternatives search and selection phases of the decision-making process.

Agenda setting refers to selecting the items on which to focus the attention of organization decision makers (Simon, 1997). Acquiring a given university-created technology can come to be considered for the agenda of decision makers through either an internal signaling system or a sensory mechanism triggered by the external environment. An example of an internal signaling system would be the number of research and development (R&D) or new product development (NPD) projects in queue. The organization members responsible for these activities might establish a target for the number of such projects in queue, which would essentially act as an “order point.” A signal would be sent to the appropriate organization members when some level of deficit in the number of projects in queue is reached thus placing the need to acquire university-created technologies on the organization agenda. Technology maturity level may serve as a decision premise that guides which types of technologies would be considered for acquisition to restore the number of projects in queue to desired target levels. In this case, the organization might establish that only technologies that have reached a given technology maturity level shall be acquired. This would be a value decision premise and would act as a constraint to guide the decisions of organization members responsible for restoring the number of projects in queue to desired target levels. In the absence of such value premises, technology maturity level might surface as a knowledge decision premise that the organization members use to formulate their decisions about which technologies to consider for acquisition to restore the number of projects in queue to desired target levels. An example of such a knowledge premise would be “the organization has more success with technologies that have reached at least a form-and-function prototype stage.” The veracity of this premise in an absolute sense could be determined.

Technology scouting would constitute an example of a sensory system triggered by the external environment. In many organizations, individuals are charged with scanning the external environment for opportunities to acquire university-created technologies. Specific university technology transfer opportunities only reach the organization agenda if the individuals charged with scanning the environment come across a technology and decide to place it on the decision agenda of the organization. Technology maturity level may constitute one of the decision premises that these individuals use to determine whether to put a given technology forward as an alternative for the organization’s consideration. This could be a value premise such as “the organization shall only consider technologies for new therapeutics for which there are data available from *in vivo* testing” or a knowledge premise such as “the organization has never previously licensed any university technology for which there was not data available from *in vivo* testing.” The former is an imperative statement for which true or false is meaningless. The veracity of the latter can be evaluated in an absolute sense.

From a pragmatic standpoint, it’s unlikely that members in the upper hierarchy of an organization can provide a comprehensive set of decision premises to guide the actions of members below them in the organization hierarchy in all situations. As such, any given organization member probably must supplement organization decision premises with additional decision premises that originate from other sources. These could be decision premises derived from the judgement and personal experiences of individual members. They could also be decision premises introduced from outside the organization. Researchers have postulated that in addition to organizational cultures, communities of occupations create occupational cultures that extend across organizations, influence the activities of organizations, and contribute to the similarities among organizations (Rojot, 2008). This suggests that there exists an occupational culture for technology transfer professionals which may have established one or more decision premises about technology maturity level that causes private sector organizations across the spectrum to seek technologies at maturity levels that are higher than the typical maturity levels of technologies offered by universities.

Technology Maturity Level in Federal Technology Transfer Policy

Federal technology transfer policy does not explicitly and directly address technology maturity level but there are aspects that one can use to draw some conclusions about the role of technology maturity level in relevant federal public policy regarding technology transfer. Murphy and Edwards (2003) argued that the federal government considers the commercialization of technologies created from federally-funded research and development as the responsibility of the private sector. For example, the Department of Energy (DOE) and the National Renewable Energy Laboratory (NREL) expect private sector firms to develop offerings based on its technologies and introduced them to the marketplace. There are two primary principles that significantly influence federal public policy regarding technology transfer. The first principle is that the federal government should not pick winners and losers in the private sector. The second is that the federal government should not encourage a dependence on federally provided financial support (i.e., “corporate welfare”) among the private sector (Murphy & Edwards).

The Small Business Innovation Research (SBIR) program created by the Small Business Innovation Development Act of 1982 (Pub.L. 97-219) considers technology maturity level in a broad sense. The program is structured into three phases – feasibility (Phase I), development (Phase II), and commercialization (Phase III). However, the federal government only provides funding for the first two phases. Projects generally are focused on addressing identified needs within federal agencies. The NSF is the only agency that has broadened its SBIR program to consider projects more generally aligned with the overall mission of the agency that seek to serve private sector markets. However, only small businesses as defined by the government are eligible to participate in the program. Moreover, the program accounts for less than three percent (3%) of the extramural research and development budgets of federal agencies. Even more, projects aren’t necessarily based on technologies derived from previous federally-funded research and development (U.S. Small Business Administration, n.d.).

Studies of federal technology transfer policy typically have not focused on technology maturity level. One of the most glaring issues about studies of federal policy regarding technology transfer in general is the narrow focus on either the Bayh-Dole Act of 1980 (see e.g., Dai, Pop & Bretschneider, 2005) or the Small Business Innovation Research (SBIR) program that was created by Pub.L. 97-219 The Small Business Innovation Development Act of 1982 (see, e.g., Andersen, Bray & Link, 2017; Joshi, Inouye & Robinson, n.d.; Link & Scott, 2010). Other research has ventured into the broader innovation policy of the United States (see, e.g., Hemel, Ouellett & Larrimore, 2019). My review of the literature revealed no current studies that specifically investigated the issue of technology maturity level in federal technology transfer policy. Many of the studies I unearthed that provided policy options regarding federal technology transfer policy were generally formative evaluation studies for specific programs, particularly the SBIR program.

Kochenkova, Grimaldi, and Munari (2016) examined 46 studies that either explicitly referenced public support mechanisms to facilitate university technology transfer activities or conducted investigations of single policy measures or sets of measures aimed at technology transfer. They found that the primary public policy measures studied in the literature included legislative and institutional measures, direct financial measures, and competence-building measures. In general, all the studies were focused on either policy design or impact assessment. A significant number of the studies focused on the design of intellectual property rights. Relatively fewer studies detailed the impact public policy measures had on actual university technology transfer outcomes. None of the studies appeared to address the issue of technology maturity level.

The issue of technology maturity level presented by the research question of the proposed study goes to the premise of current public policy related to university technology transfer. Federal policy in general is heavily focused on supply-side actors and seems to ignore technology maturity level for the most part (Table 2). It seems to presuppose that profit-driven and mission-driven organizations or aspiring entrepreneurs (i.e., individuals or small teams of a few people) will have both the access to the resources necessary to make use of technologies derived from federally-funded research and development in ways that will benefit the public interest and the motivation to pursue such opportunities even when the maturity level of the technologies is relatively low. However, it appears that this assumption has never been tested or validated to any degree of scientific rigor.

The results of the proposed research study will likely have significant implications for federal policy regarding university technology transfer. If technology maturity level is not a factor in university technology transfer outcomes, we can definitively remove it from the discussion and focus our resources on pursuing other candidates to explain why so few university-created technologies make their way to the private sector. Technology maturity level will be removed as an excuse for why research institutions, particularly universities, do not transfer a higher percentage of the technologies they create, often with the support of federal funding, to the private sector. However, if technology maturity level is in fact explanatory, then it becomes necessary for the government to reconsider the extent of its participation in the research and development process as well as the structures and mechanisms it uses to fund those activities.

A Demand-Side Model of Technology Transfer

Given what I’ve found in the literature, I propose a theory of the organization (Figure 5) from which one can develop a demand-side model of technology transfer that predicts and explains the role and influence of technology maturity level in university technology transfer outcomes. This theory integrates aspects of the behavioral theory of the firm that Cyert and March (1963) proposed with the administrative theory of Simon (1997). Applying this proposed theory of the organization, I propose a model demand-side technology transfer (Figure 6) to help explain why a low percentage of university-created technologies are transferred to the private sector for use that benefits the public interest.

Other scholars have developed models of university technology transfer. Bozeman (2000) advocated for what he called a “contingent effectiveness model of technology transfer” (p.639). This model assumes that the actors involved in a technology exchange each have multiple goals and multiple criteria for evaluating the effectiveness of the transfer. The model has five dimensions which are the transfer agent, the transfer medium, the transfer object, the transfer recipient, and the demand environment.

Markman, Gianniodis, and Phan (2009) modeled university technology transfer as a market for innovation in which universities are creators and suppliers. They designed their model to accommodate both financial and non-financial inter-firm transfers of technology. There model also proposed that innovation is bi-directional and can occur in a loose coupling between research activities and development activities just as effectively as it can in a tightly coupled research and development process within a single organization.

Hidalgo and Albors (2011) constructed a model of university technology transfer to explain differences between technology transfer processes in the context of science parks. The model was intended to identify the factors that motivated universities and private sector commercial organizations to collaborate on cooperative technological development projects. The model offered by Hidalgo and Albors is a four-dimensional framework comprising objectives, cooperation, motivation, and barriers.

Choi, Jan, Jun, and Park (2015) developed a predictive model of technology transfer rooted in an analysis of patents. They narrowly operationalized technologies as patent applications. Their rationale for developing this model was the assumption that the expert opinions upon which actors in the technology transfer process rely in making decisions about which technologies to obtain is inefficacious because it is impossible to accurately match the relevant experts with the deep knowledge necessary to correctly evaluate a given technology to all the patents filed every year. This assumption ignores the principle of bounded rationality. Organizations are constrained by the cognitive capacities of their people, finite time frames, and limited data (March 1997; Simon 1997). Resource limitations also constrain their capacities for seeking and assimilating technology.

These various models of technology transfer were all successfully applied to provide different insights into university technology transfer. However, they share at least two limitations that the proposed study aims to overcome. First, they tend to emphasize the perspective of the university (i.e., a supply-side perspective) even in the cases where demand-side actors are explicitly factored into the model. Second, they all seem to reify the organization and thus risk minimizing or missing entirely the human element. In the next chapter, I detail and explain both an alternative theory of the organization (Figure 5) and a model of demand-side technology transfer (Figure 6), which I derive from this theory, that I intend to use as the basis for the methodology I propose to examine the potential role of technology maturity level in explaining why a low percentage of university-created technologies are transferred to the private sector for use that benefits the public interest.

Gaps in the Literature

This literature review sought to identify the relevant theoretical and conceptual frameworks for a proposed study of the role of technology maturity level in university technology transfer. In broad terms, the proposed study aims to provide insight into why a low percentage of technologies derived from federally-funded research and development conducted by U.S. universities is transferred to the private sector for use that benefits the public interest. More specifically, the proposed study seeks to examine the notion that the maturity level of a technology greatly influences the likelihood that the technology will be transferred to the private sector for use that benefits the public interest.

The literature review focused on three primary lenses through which I propose to examine the topic. The public-sector economics perspective helps to understand the implications of conceiving technology and technology transfer as impure public goods and merit goods. The perspectives of organizational studies and decision theory provide theories and frameworks for understanding private sector organizations in the context of university technology transfer. The literature review also identified additional theoretical and conceptual frameworks and provided insights applicable for the proposed study. This included conceptualizations of key constructs, *prima facie* evidence suggesting that technology maturity level plays an important role in the university technology transfer process, and indications of whether and how technology maturity level is addressed in federal public policy regarding university technology transfer.

The literature provides support for the proposed conceptualization of technology and university technology transfer. It also demonstrates the impure public good nature of both technology and university technology transfer as well as the merit good nature of university technology transfer. These aspects of technology and university technology transfer are the sources of various types of market failure that provide the core rationale for government intervention in university technology transfer. However, current federal public policy regarding technology transfer in general, and university technology transfer in specific, is heavily focused on influencing the behaviors of the creators and suppliers of technology (i.e., supply-side actors). The organization studies and decision theory literature provide insight into the role that technology maturity level may play in the university technology transfer outcomes observed.

The review of the related literature surfaced several gaps in our understanding of university technology transfer. The definition of technology as it relates to public policy has become overly narrow. Currently used metrics do not capture and measure all types of university technology transfer. Studies of university technology transfer have typically examined the topic from the perspective of supply-side actors while largely ignoring the perspective of acquirers and users of technology (i.e., demand-side actors) and have emphasized correlational studies primarily based on regression analyses using data mostly obtained from AUTM. Moreover, there are significant concerns about the AUTM data upon which many of these studies rely. Consequently, our understanding of university technology transfer is limited. Even more, the determinants of success in university technology transfer found in the literature tend to emphasize factors exogenous to the technology transfer process itself such as institutional features and researcher characteristics. There seem to be very few studies that explicitly focused on the relationship between technology maturity level and university technology transfer outcomes. Those that exist do not answer the research question raised by the proposed study.

The proposed study seeks to fill these gaps in the literature and advance our grasp of university technology transfer by understanding demand-side technology transfer decision makers as subjects. Such knowledge will help enable policymakers to craft effective public policy targeted at the private sector that will significantly increase the percentage of technologies derived from federally-funded research and development conducted by U.S. universities that are transferred to the private sector for use that benefits the public interest. Based on my review of the literature, I hypothesize that demand-side technology transfer decision makers favor technologies at a maturity level that is higher than the typical maturity level of technologies available from U.S. universities. In the next chapter, I detail a research methodology for testing this hypothesis.

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Appendix A. Tables and Figures

Table 1  
Federal Obligations to Universities for Research and Development

(Millions Nominal U.S. Dollars)



Table 2  
Federal Policies Related to University Technology Transfer



*Table 2 (continued)*Federal Policies Related to University Technology Transfer



Table 3  
Determinants of Technology Transfer Outcomes



Table 3

*Determinants of Technology Transfer Outcomes Found in the Technology Transfer Literature*



Table 3 (continued)

*Determinants of Technology Transfer Outcomes Found in the Technology Transfer Literature*



Table 3 (continued)

*Determinants of Technology Transfer Outcomes Found in the Technology Transfer Literature*

Table 4  
NASA Technology Readiness Level Scale



Table 5  
Alternative Readiness Level Scales



Figure 1  
Estimate of University Technologies Transferred to the Private Sector



Figure 2  
Federal Obligations to Universities for Research and Development, 2000-2019



Figure 3  
The Relationship between Research and Societal Benefits

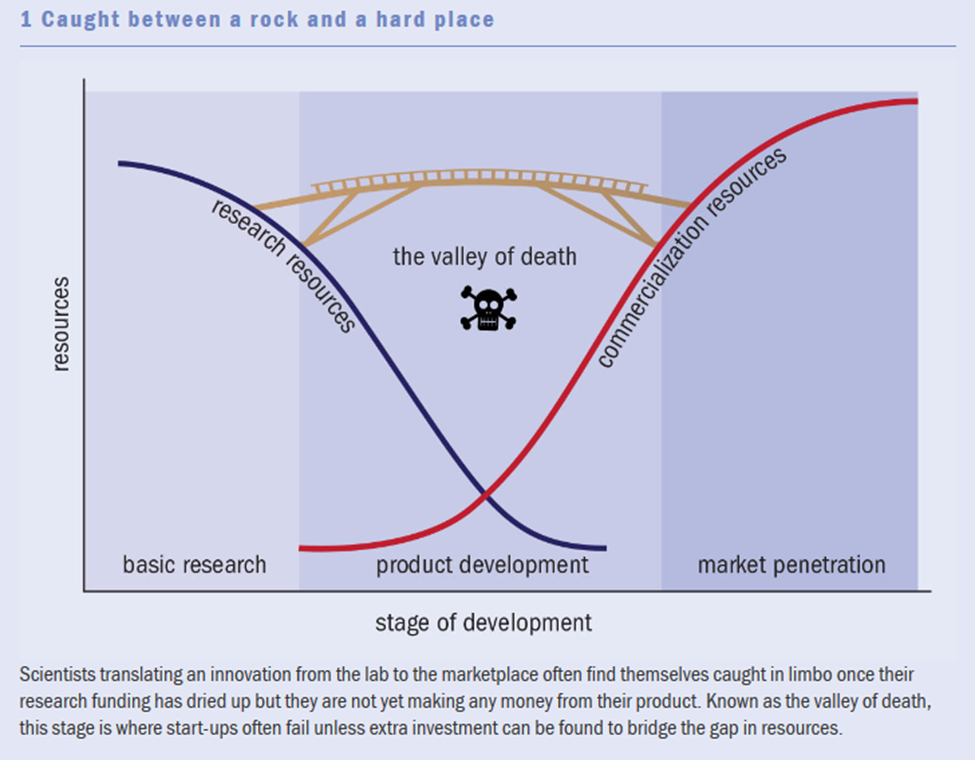


Figure 3  
*The Relationship between Research and Societal Benefits*

Figure 4  
Stokes Four-Quadrant Model of Scientific Research



Figure 5  
The Valley of Death



Dacey, J. (2014). Navigating the valley of death. *Physics World, 27*(11), 29.

Figure 6  
Theory of the Organization



Figure 6  
*Theory of the Organization*

Figure 7  
Demand-Side Model of Technology Transfer



1. A practical joke or fool’s errand in which one tricks an unsuspecting individual into trying to locate something that does not exist, often an animal called a “snipe” although the term also refers to an actual family birds. [↑](#footnote-ref-1)
2. Clovis points are stone artifacts associated with a prehistoric Paleoamerican culture located in what is now the Americas that existed from around 11,050 BCE to 9,050 BCE. They take their name from the city of Clovis, New Mexico, USA where the first artifacts were found in the 1920s. [↑](#footnote-ref-2)