Universities are facing multiple and partly contradictory challenges. In order to fulfill the emerging “third mission”, they have become complex organizations offering multiple societal services, such as, contract research, education, consulting and the commercialization of research. Simultaneously, they suffer from the severe shortage of resources while the pace of demands requiring them to deploy extra resources continues to mount. As these developments coincided with the call for increasing accountability, transparency and effectiveness, the university system seems certainly to be on the edge of a crisis (for a detailed analysis of the seeming university crisis, see Toby Huff, this volume). Moreover, as a response to the intensifying impact of the globalization of economy, policy makers are increasingly urging universities to take on the task of fostering economic prosperity through scientific research and innovation (Nieminen 2005, Slaughter and Leslie 1997).

Consequently, it seems that the apparent contradictions confronting universities today are a testament to the fact that as critical institutions of society, universities must undergo internal changes reflecting those of the larger society. Thus, the intense discussion in the literature relating to the ‘Mode 2’ knowledge production and knowledge capitalization seeks to come to terms with the aforementioned changes and contradictions (Gibbons et al. 1994, Etzkowitz and Leydesdorff 1997, Slaughter and Leslie 1997). In some circles, the tenor of the argument is ratcheted up a notch with the claim that in a knowledge-based century, universities must subsume, if not supersede many functions of the industrial spheres (Etzkowitz and Dzisah 2010). This claim is based on the observation that an increasing number of academics who have taken on the entrepreneurial mantle, by taking advantage of national innovation policies, did so successfully while remaining within the
The chapter focuses on the challenges that such a hybridization of academic work and business activity faces through a case study on the commercialization of language technology via spin-off firms. University spin-offs provide a strategic site to study the possible contradictions of commercialized science since they operate at the interface of both university and business sectors like patenting and licensing offices, business incubators, venture capitalists and public research institutes. The spin-offs often provide the most immediate contact between academic research and business activity. The chapter traces the developmental trajectory of one research group, which operated at a comprehensive public university in Finland, the University of Helsinki. It details the micro level practical management of academic spin-offs concentrating on the possibilities and problems that emerged, how the problems were solved, and which perspectives informed various academic and entrepreneurial actors. It contends that there are certain inherent ideals and norms that the university has come to embody that cannot easily be reconciled with entrepreneurial principles. Yet, some of the problems faced by the research group could have been avoided had appropriate regulations and procedures concerning the commercial activity in the universities been in place.

Universities in Knowledge Economy

The pivotal position of universities in the knowledge economy as well as in technology transfer has been conceptualized through the use of such terminologies as the ‘Mode 2’ knowledge production (Gibbons et al. 1994) and the ‘Triple Helix’ of University-Industry-Government relations (Etzkowitz and Leydesdorff 1997). Gibbons et al. (1994), the proponents of the ‘Mode 2’ knowledge production thesis, claimed that we have in fact entered a new mode of knowledge production starting in the 1980s. The transition between ‘Mode 1’ and ‘Mode 2’ represents a break from the alleged theory-driven basic science to an

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