
BUSINESS 9777 – Winter 2017

Entrepreneurship

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Mondays 1:00 pm – 4:00 pm
Location: IVEY 3102
(12 Sessions)

COURSE DESCRIPTION

This course discusses prominent theories of entrepreneurship and entrepreneurial value creation at the individual-, firm-, and economy-level of analysis. It explains empirical methods used to test these theories and illustrates applications appearing in cutting-edge research papers. The course, which is based on the instructor's book *The Economics of Entrepreneurship* (Cambridge University Press, 2009) explains individual and regional determinants of selection into entrepreneurship; female and ethnic minority entrepreneurship; theories and evidence pertaining to entrepreneurial finance; entrepreneurial performance (growth and survival); and public policy towards entrepreneurship.

COURSE OBJECTIVES

By the end of the course, students should (a) have a good understanding of the major theories and empirical results in Entrepreneurship; (b) be in command of empirical methods which are commonly used in cutting-edge published research articles in Entrepreneurship and General Management; and (c) possess the skills necessary to evaluate, critique and contribute to the field of Entrepreneurship.

METHODS OF EVALUATION

Evaluation will be on the basis of the following weights:

Class discussion and summaries	50%
Term paper and presentation	50%

EXPECTATIONS

Each student is required to read all the main assigned readings and actively participate in class discussions for each session. In addition, from session 2 onwards (but excluding the STATA sessions), each student will be individually assigned a specific paper on which the student will lead the class discussion (15 minutes maximum). A critical summary (maximum 1 page, single spaced) of the assigned paper is required, as well as a short research question that could extend the paper. Specifically, the summary should include:

- (a) Summary of the research question or problem the paper addresses
- (b) Strengths and limitations of the paper
- (c) Contribution to the field, and linkages to other papers discussed in the seminar

(d) One interesting and researchable question derived from this paper.

These paper summaries will not be graded per se, but will contribute to the class participation grade. Each student will make copies of his/her summary for other students in class.

Further, for each session apart from the STATA classes, one student will be assigned as the ‘integrator’ for that session, tying together all reading in that session and placing them in the context of the field. This student will not be required to turn in a paper summary for that session, but will prepare an integration scheme for all the papers, to be presented at the end of the session (5 to 15 minutes maximum). The integration scheme should explain how these papers are linked to each other, what are the main questions pursued in these papers, what answers these papers provide to these questions, and what future research is identified by these papers.

Each student is also expected to write a term paper. This can be either (a) an empirical research paper which uses some of the empirical techniques taught in the course, or (b) a survey paper which updates a substantive section of the course book (Parker, 2009) – to be agreed in advance with the professor. Each student will present his/her paper idea to the class in the final session 12. Papers are due on April 30th, 2017 at 5pm.

MATERIALS / REQUIRED READING

The course text is Parker, S.C. (2009) *The Economics of Entrepreneurship* (Cambridge University Press, Cambridge, England). In addition, readings for each session are indicated in the syllabus below. All students are expected to cover all the session readings – especially as there are several STATA sessions for which no advance reading is required.

PLAGIARISM / ACADEMIC INTEGRITY

Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site:

http://www.uwo.ca/univsec/pdf/academic_policies/appeals/scholastic_discipline_grad.pdf

All required papers may be subject to submission for textual similarity review to the commercial plagiarism-detection software under license to the University for the detection of plagiarism. All papers submitted for such checking will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between The University of Western Ontario and Turnitin.com (<http://www.turnitin.com>).”

HEALTH AND WELLNESS

As part of a successful graduate student experience at Western, we encourage students to make their health and wellness a priority. Western provides several on campus health-related services to help you achieve optimum health and engage in healthy living while pursuing your graduate degree. For example, to support physical activity, all students, as part of their registration, receive membership in Western’s Campus Recreation Centre. Numerous cultural events are offered throughout the year. Please check out the Faculty of Music web page <http://www.music.uwo.ca>, and our own McIntosh Gallery

<http://www.mcintoshgallery.ca> . Information regarding health- and wellness-related services available to students may be found at <http://www.health.uwo.ca>.

Students seeking help regarding mental health concerns are advised to speak to someone they feel comfortable confiding in, such as their faculty supervisor, their program director (graduate chair), or other relevant administrators in their unit. Campus mental health resources may be found at http://www.health.uwo.ca/mental_health/resources.html.

To help you learn more about mental health, Western has developed an interactive mental health learning module, found here: http://www.health.uwo.ca/mental_health/module.html. This module is 30 minutes in length and provides participants with a basic understanding of mental health issues and of available campus and community resources. Topics include stress, anxiety, depression, suicide and eating disorders. After successful completion of the module, participants receive a certificate confirming their participation.

DETAILED SESSION SCHEDULE

January 9: Session 1

Introduction

- Chapter 1 and Section 2.1 of Parker, S.C. (2009). *The Economics of Entrepreneurship*.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217-226.

January 16: Session 2

The Theory of Entrepreneurship as an Occupational Choice

- Sections 2.2, 2.3 and 2.4 of Parker, S.C. (2009). *The Economics of Entrepreneurship*.
- Baumol, W. J. (1996). Entrepreneurship: productive, unproductive, and destructive. *Journal of Business Venturing*, 11(1), 3-22.
- Murphy, K. M., Shleifer, A., & Vishny, R. W. (1993). Why is rent-seeking so costly to growth? *American Economic Review*, 83(2), 409-414.

January 23: Session 3

Empirical Methods in Entrepreneurship Research: STATA Session I

- Refresher on Data Analysis; Basic Commands in STATA; Regression Analysis and STATA Application; Limited Dependent Variable (LDV) Models: Logit and Probit; Extensions of LDV Models: Multinomial Logit (MNL) and Bivariate Probit (BP)

January 30: Session 4

Empirical Analysis of Entrepreneurship as an Occupational Choice: Entry and Nascent Entrepreneurship

- Lazear, E. P. (2004). Balanced skills and entrepreneurship. *American Economic Review*, 94(2), 208-211. **Logit**

- Åstebro, T., & Thompson, P. (2011). Entrepreneurs, Jacks of all trades or hobos? *Research Policy*, 40(5), 637-649.
- Folta, T. B., Delmar, F., & Wennberg, K. (2010). Hybrid entrepreneurship. *Management Science*, 56(2), 253-269. **MNL**
- Henley, A. (2007). Entrepreneurial aspiration and transition into self-employment: evidence from British longitudinal data. *Entrepreneurship & Regional Development*, 19(3), 253-280. **BP**
- Section 4.7 of Parker, S.C. (2009). *The Economics of Entrepreneurship*.
- Davidsson, P., & Honig, B. (2003). The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing*, 18(3), 301-331. **Logit & OLS**
- Parker, S. C., & Belghitar, Y. (2006). What happens to nascent entrepreneurs? An econometric analysis of the PSED. *Small Business Economics*, 27(1), 81-101. **MNL**

February 6: Session 5

Empirical Methods in Entrepreneurship Research: STATA Session II

- Sample selection (SS) models; Endogeneity and IV

February 13: Session 6

Entrepreneurship, Wealth and Borrowing Constraints

- Chapter 7 of Parker, S.C. (2009). *The Economics of Entrepreneurship*.
- Evans, D. S., & Jovanovic, B. (1989). An estimated model of entrepreneurial choice under liquidity constraints. *Journal of Political Economy*, 97, 808-827. **Probit**
- Wren, C., & Storey, D. J. (2002). Evaluating the effect of soft business support upon small firm performance. *Oxford Economic Papers*, 54(2), 334-365. **SS**
- Hurst, E., & Lusardi, A. (2004). Liquidity constraints, household wealth, and entrepreneurship. *Journal of Political Economy*, 112(2), 319-347. **IV**
- Parker, S. C., & Van Praag, C. M. (2006). Schooling, capital constraints, and entrepreneurial performance: The endogenous triangle. *Journal of Business & Economic Statistics*, 24(4), 416-431. **IV**

February 27: Session 7

Empirical methods in entrepreneurship research: STATA session III

- Panel data analysis
- Silva, O. (2007). The Jack-of-All-Trades entrepreneur: Innate talent or acquired skill? *Economics Letters*, 97(2), 118-123. **SPD**
- Andersson, M., & Koster, S. (2011). Sources of persistence in regional start-up rates – evidence from Sweden. *Journal of Economic Geography*, 11(1), 179-201. **DPD**

March 6: Session 8

Information Economics, Cognitive Biases and Entrepreneurial Finance

- Chapter 7 and section 4.4.2 of Parker, S.C. (2009). *The Economics of Entrepreneurship*
- De Meza, D., & Webb, D. C. (1987). Too much investment: a problem of asymmetric information. *Quarterly Journal of Economics*, 281-292.
- Arabsheibani, G., De Meza, D., Maloney, J., & Pearson, B. (2000). And a vision appeared unto them of a great profit: evidence of self-deception among the self-employed. *Economics Letters*, 67(1), 35-41.

- De Meza, D. (2002). Overlending? *Economic Journal*, 112, F17-F31

March 13: Session 9

Empirical Methods in Entrepreneurship Research: STATA Session IV

- Survival methods: Cox Model, Parametric Models (PM), Competing Risk Model (CRM)

March 20: Session 10

Entrepreneurial Survival and Exit

- Chapter 14 of Parker, S.C. (2009). *The Economics of Entrepreneurship*.
- DeTienne, D. R. (2010). Entrepreneurial exit as a critical component of the entrepreneurial process: Theoretical development. *Journal of Business Venturing*, 25(2), 203-215.
- McGrath, R. G. (1999). Falling forward: Real options reasoning and entrepreneurial failure. *Academy of Management Review*, 24(1), 13-30.
- Mahmood, T. (2000). Survival of newly founded businesses: A log-logistic model approach. *Small Business Economics*, 14(3), 223-237. **PM**
- Taylor, M.P. (1999). Survival of the fittest? An analysis of self-employment duration in Britain. *Economic Journal*, 109, C140-C155. **CR**
- Wennberg, K., Wiklund, J., DeTienne, D. R., & Cardon, M. S. (2010). Reconceptualizing entrepreneurial exit: Divergent exit routes and their drivers. *Journal of Business Venturing*, 25(4), 361-375. **CR**

March 27: Session 11

Experimental and Quasi-Experimental Methods and Applications in Entrepreneurship Research

- Instructor slide deck: Propensity score matching; Field Experiments; Quasi-Experiments
- Chatterji, A. K., Findley, M., Jensen, N. M., Meier, S., & Nielson, D. (2016). Field experiments in strategy research. *Strategic Management Journal*, 37(1), 116-132.
- Kaiser, U., & Malchow-Møller, N. (2011). Is self-employment really a bad experience? The effects of previous self-employment on subsequent wage-employment wages. *Journal of Business Venturing*, 26(5), 572-588. **PSM**
- Bruhn, M., & Love, I. (2011). Gender differences in the impact of banking services: evidence from Mexico. *Small Business Economics*, 37(4), 493-512. **DD**
- Fairlie, R. W., Karlan, D., & Zinman, J. (2015). Behind the GATE experiment: Evidence on effects of and rationales for subsidized entrepreneurship training. *American Economic Journal: Economic Policy*, 7(2), 125-161. **FE**
- De Mel, S., McKenzie, D., & Woodruff, C. (2012). One-time transfers of cash or capital have long-lasting effects on microenterprises in Sri Lanka. *Science*, 335(6071), 962-966. **FE**

April 3: Session 12

Student Presentations