

Lecture (M.Sc.)

Economics of Entrepreneurship

Professor Dr. Guido Bünstorf

Summer Term 2018

Time & Location: Monday, 14:15-17:30 (first class on April 16, 2018); HS 400 (Mönchebergstrasse 7)
(Note: HS 400 is located on the first floor – next to room 1401 right at the Mönchebergstrasse entrance)

6 Credits: **MSc Economic Behavior and Governance** (PO 2013: Modules 2a & 2b; PO 2012: Module 2); **MA Wirtschaftswissenschaften** (Profile 1 and SP 6); **MA Wirtschaft, Psychologie und Management** (Module 7); **MSc Business Studies** (PO 2013: Module: VWL-IIM-B1, VWL-DiMark-B2)-; PO 2012: Module: IIM3; DiMark 3)

Scope and Format:

Entrepreneurship is a major driving force in dynamic economies and an important objective of policy makers worldwide. Following decades of virtual neglect of the topic, the last years have seen a surge of research on entrepreneurship in economics as well as related fields such as management, psychology and geography. This course will provide an introduction to the essential economic theories and empirical studies analyzing the phenomenon of entrepreneurship. The course agenda covers a broad range of topics including determinants of new venture creation, the financing of entrepreneurship, business performance, the economic relevance of entrepreneurship and entrepreneurship policies. The lectures will combine overviews of the respective topics with detailed discussions of the methods and findings of exemplary studies

Credit requirements: Final exam (90 minutes)

Background reading:

The primary textbook for the course is:

- Parker, S. (2009): *The Economics of Entrepreneurship*, Cambridge UK: Cambridge University Press.

The following works also provide a good introduction to parts of the course material:

- Bhidé, A.V. (2000): *The Origin and Evolution of New Businesses*, Oxford: Oxford University Press.
- Lazear, E.P. (2004): "Balanced Skills and Entrepreneurship", *American Economic Review*, 94(2), 208–211.
- Shane, S. (2003): *A General Theory of Entrepreneurship*, Cheltenham: Edward Elgar.
- Shane, S. (2009): "Why encouraging more people to become entrepreneurs is bad public policy", *Small Business Economics*, 33(2): 141-149.

No course registration required

Outline

1. Introduction

- 1.1 What is entrepreneurship and how is it measured?
- 1.2 Entrepreneurship in today's economy: some facts and figures

2. Theories of entrepreneurship

- 2.1 The classics: Schumpeter, Knight, Kirzner
- 2.2 Contemporary theories

3. Born or made? Determinants of entrepreneurship

- 3.1 Introduction: individuals and opportunities
- 3.2 Motives and incentives
- 3.3 Psychological traits and demographic characteristics
- 3.4 Human capital: schooling and experience
- 3.5 Social capital and its implications for entrepreneurship
 - 3.5.1 The geography of entrepreneurship
 - 3.5.2 Immigration and ethnic entrepreneurship
- 3.6 Industry characteristics and macroeconomic factors

4. Financing new ventures

- 4.1 Introduction
- 4.2 Debt financing and credit rationing
- 4.3 Venture capital
- 4.4 Business angels
- 4.5 Microfinance
- 4.6 Crowd funding

5. The economic impact of entrepreneurial ventures

- 5.1 Entrepreneurship and job creation
- 5.2 Entrepreneurship and economic growth
- 5.3 But does it all pay off? Entrepreneurial income

6. Entrepreneurship and the university

- 6.1 Academic entrepreneurship
- 6.2 Student entrepreneurship
- 6.3 Entrepreneurship education

7. Entrepreneurship and economic policy

- 7.1 Policy support for entrepreneurship: pros and cons
- 7.2 Selected empirical findings