Seminar (M.Sc.)

Industrial Dynamics

Fachbereich Wirtschaftswissenschaften
Economic Policy, Innovation and Entrepreneurship Group (Professor Dr. Guido Bünstorf)

Winter Term 2020-2021

Time and location

Monday, 14:15-18:00 (online via Zoom; check Moodle course page for login information and details).
First session on November 02, 2020; tentative subsequent schedule: Nov 30, Dec 14, Jan 12, Jan 26, Feb 08, Feb 15.

Overview

The development of markets and industries is of substantial interest for researchers as well as for practitioners. A rich theoretical and empirical literature on industrial dynamics complements the game-theoretic approach to industrial organization. This literature is closely related to current work in entrepreneurship and strategic management and has yielded important new insights into the conditions and dynamics of entry, exit, market structure and innovation. The relevance of heterogeneity in firm performance and the role of regional agglomeration are also highlighted. Key issues and findings of this literature are summarized in the book Experimental Capitalism (Klepper, 2016), which will provide the background reading for the course. We will also focus on the role of innovation policy in shaping industrial dynamics and reorienting economic activities toward sustainable development, which is the subject of ongoing scholarly debates.

This course has a seminar format. Based on students’ independent reading and classroom presentations, we will discuss theoretical and empirical contributions to the literature on industry evolution. To be successful, this requires that all participants prepare the mandatory readings ahead of class. Active participation in the discussion will be taken into account in grading the course.

Requirements (6 ECTS Credits):

- Seminar paper (55% of final grade; about 15 pages; due Feb. 28, 2021) and presentation (30%; about 15 minutes)
- Completion of mandatory reading assignments before the respective seminar session
- Attendance throughout the course and active participation in the seminar discussion (15% of final grade).
- All individual requirements have to be fulfilled to obtain credits.
- In the M.Sc. program Economic Behaviour and Governance, 6 ECTS can be earned for Modules 2B and 5.

Registration and choice of seminar topics (listed below as Topics 1-16; max 2 students per topic) by e-mail to buenstorf@uni-kassel.de (open immediately; please name three preferred topics). Max. number of participants: 32

Key reading for the course:
Topics and reading assignments

Session 1 (November 02, 2020): Introduction: regularities and theoretical accounts of industry evolution

Session 2 (November 30, 2020): Pre-entry experience and firm performance

Reading assignment for all students: Parts of Chapter 3 from Klepper (2016) (pages 62-81 and 104-108)

Topic 1: Diversification and firm performance


Type of reading: Econometric analysis

Topic 2: Intra-industry spin-offs: determinants


Type of reading: Econometric analysis

Topic 3: Intra-industry spin-offs: performance


Type of reading: Econometric analysis

Session 3 (December 14, 2020): Incumbent failure


Topic 4: Incumbent disadvantage (I): Architectural innovation


Type of reading: Verbal reasoning and qualitative empirical analysis

Topic 5: Incumbent disadvantage (II): Value networks


Type of reading: Verbal reasoning and qualitative empirical analysis

Topic 6: Incumbents and spin-off governance


Type of reading: Econometric analysis
**Session 4 (January 12, 2021): Economic effects of industry evolution**

**Reading assignment for all students:** Parts of Chapters 4 and 6 from Klepper (2016) (pp. 109-128, 179-188, 203-206)

**Topic 7: New industries and economic development**


**Type of reading:** Empirical analysis using various methods – prior knowledge of international trade theory and/or social network analysis is helpful

**Topic 8: Employment dynamics of young and small firms**


**Type of reading:** Econometric analysis

**Topic 9: Industrial decline and labor mobility**


**Type of reading:** Econometric analysis

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**Session 5 (January 26, 2021): Does industrial policy work? Empirical studies**

**Reading assignment for all students:** Chapter 5 from Klepper (2016)

**Topic 10: State-driven industry emergence – revisiting a historical example of apparent success**


**Type of reading:** Qualitative and quantitative historical evidence plus econometric analysis

**Topic 11: Industrial policy – negative spillovers to downstream industries?**


**Type of reading:** Econometric analysis

**Topic 12: Industrial policy – from correlations to evidence of causal effects?**


**Type of reading:** Econometric analysis
Session 6 (February 08, 2021): Transforming industries and regions through innovation policy?

Reading assignment for all students: Introduction (pp. 1-20) and Chapter 3 (pp. 63-77) from Mazzucato, M. (2015): The Entrepreneurial State: Debunking Public vs. Private Sector Myths, revised edition, New York: Anthem Press.

Topic 13: ARPA: mission-oriented innovation policy in the U.S.


**Type of reading:** Verbal reasoning

Topic 14: Smart specialization of regions?


**Type of reading:** Verbal reasoning

Session 7 (February 15, 2021): Innovation policy and sustainability transition

Topic 15: Innovation policy for the transition toward sustainability


**Type of reading:** Verbal reasoning

Topic 16: Pitfalls in analyzing policy effects: the case of solar energy


**Type of reading:** Econometric analysis