

Lecture (M.Sc.)

Economics of Entrepreneurship

Professor Dr. Guido Bünstorf

Summer Term 2020

Time & Location: Monday, 14:15-18:00 (class starts on April 20, 2019); 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 2013/2017: Modules 2a and 2b; PO 2012: Module 2); **MA Wirtschaft, Psychologie und Management** (Module 7); **MSc Business Studies** (PO 2013/2017: 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; date: July 13, 2020)

Background reading:

The primary textbook for the course is:

- Parker, S. (2018): *The Economics of Entrepreneurship*, Second Edition. Cambridge University Press.

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

- Bhide, 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 (April 20)

- 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 (April 27-May 04)

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

3. Born or made? Determinants of entrepreneurship (May 11-18)

- 3.1 Motives and incentives
- 3.2 Psychological traits and demographic characteristics
- 3.3 Human capital: schooling and experience
- 3.4 Social capital and its implications for entrepreneurship
 - 3.4.1 The geography of entrepreneurship
 - 3.4.2 Immigration and ethnic entrepreneurship
- 3.5 Industry characteristics and macroeconomic factors

4. Financing new ventures (May 25)

- 4.1 Introduction
- 4.2 Debt financing and credit rationing
- 4.3 Business angels
- 4.4 Venture capital

5. The economic impact of entrepreneurial ventures (June 08)

- 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 (June 15-June 22)

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

7. Entrepreneurship and economic policy (June 29-July 06)

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