

Hankamer School of Business, Baylor University

ENT 6320, SEMINAR IN ENTREPRENEURSHIP

Fall 2016

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Course overview

While entrepreneurship is central to any economic system—Mises (1949, p. 249) called the entrepreneur the “driving force of the market”—the systematic study of entrepreneurship is a more recent phenomenon. Despite classic contributions by Joseph Schumpeter (1911), Frank Knight (1921), Israel Kirzner (1973), and other leading social scientists, entrepreneurship emerged as a specialized research field only in the 1970s and 1980s. Today, ideas about entrepreneurs and entrepreneurship underlie research and teaching about firm boundaries and organization, new-venture creation, individual and group creativity, private equity, occupational choice, innovation and economic growth, public policy, and many other topics. And yet, there is little consensus among entrepreneurship scholars about how entrepreneurship should be defined, what are its antecedents and effects, how it is organized in firms and markets, and how institutions and policies enable and constrain entrepreneurial behavior.

This course offers a systematic overview of the research literature on entrepreneurship and its applications. Like the field of entrepreneurship, the course takes an interdisciplinary approach, building on economics, management, sociology, psychology, history, and other academic disciplines. We will cover both the classic contributions from economics and sociology and more recent work from the leading journals in entrepreneurship, management, and economics. The course is intended for PhD students in entrepreneurship or related disciplines, though Master’s students may also participate with the consent of the instructor. It is a research-oriented course designed to help students understand the research literature, formulate their own research questions, and begin their own independent analysis.

Course outline and readings

General texts:

Shane, Scott. 2003. *A General Theory of Entrepreneurship: The Individual-Opportunity Nexus*. Cheltenham, U.K.: Edward Elgar.

Parker, Simon C. 2004. *The Economics of Self-Employment and Entrepreneurship*. Cambridge: Cambridge University Press.

Hébert, Robert F., and Albert N. Link. 1988. *The Entrepreneur: Mainstream Views and Radical Critique*. Second edition, New York: Praeger.

Acs, Zoltan J., and David B. Audretsch. 2003. *Handbook of Entrepreneurship Research: An Interdisciplinary Survey and Introduction*. New York: Springer.

Agarwal, Rajshree, Sharon A. Alvarez, and Olav Sorenson, eds. 2005. *Handbook of Entrepreneurship Research: Disciplinary Perspectives*. New York: Springer.

Anuradha Basu, Mark Casson, Nigel Wadeson, and Bernard Yeung, eds. 2008. *Oxford Handbook of Entrepreneurship*. New York: Oxford University Press.

Foss, Nicolai J., and Peter G. Klein. 2012. *Organizing Entrepreneurial Judgment: A New Approach to the Firm*. Cambridge: Cambridge University Press.

Weekly schedule (**subject to change**)

Part 1: Introduction

Week of August 22: Introduction: occupational, structural, and functional approaches to entrepreneurship

- Gartner, W.B. 1990. [“What are We Talking about When We Talk about Entrepreneurship?”](#) *Journal of Business Venturing* 5: 15–28.
- Shane, Scott, and Sankaran Venkataraman. 2000. [“The Promise of Entrepreneurship as a Field of Research.”](#) *Academy of Management Review* 25: 217–26.
- Optional: Shane, chapter 1.
- Klein, Peter G. 2008. [“Opportunity Discovery, Entrepreneurial Action, and Economic Organization.”](#) *Strategic Entrepreneurship Journal* 2: 175-90.
- Optional: [“Dialogue”](#) section in January 2013 issue of *Academy of Management Review*.
- Optional: Klein, Peter G. 2013. “My Response to Shane (2012).” *Organizations and Markets*, February 24. <http://organizationsandmarkets.com/2013/02/24/my-response-to-shane-2012/>
- Optional: Parker, chapter 2.

Part 2: Classic contributions to entrepreneurship theory

Week of August 29: Cantillon, the British Classical School, and the Austrian School

- Hoselitz, Bert F. 1951. [“The Early History of Entrepreneurial Theory.”](#) *Explorations in Entrepreneurial History* 3: 193–220. Reprinted Joseph J. Spengler and William R. Allen, eds., *Essays in Economic Thought: Aristotle to Marshall*. Chicago: Rand McNally & Company, 1960, pp. 234-57.
- Optional: Hébert and Link, [chapter 1–5](#).

- Hayek, F.A. 1968. [“Competition as a Discovery Procedure.”](#) New translation, *Quarterly Journal of Austrian Economics* 6, no. 3 (2002): 9–23.
- Foss, Nicolai J., and Peter G. Klein. 2010. [“Entrepreneurial Alertness.”](#) In Hans Landström and Franz Lohrke, eds., *The Historical Foundations of Entrepreneurship Research*. Cheltenham: Edward Elgar, pp. 98–120.

Week of September 5: Schumpeter and the economics of innovation

- Schumpeter, Joseph A. 1942. *Capitalism, Socialism, and Democracy*. London: Routledge, 1994. Read chapter 7, [“The Process of Creative Destruction.”](#)
- Knudsen, Thorbjørn, and Markus C. Becker. 2003. [“The Entrepreneur at a Crucial Junction in Schumpeter’s Work: Schumpeter’s 1928 Handbook Entry Entrepreneur.”](#) *Advances in Austrian Economics* 6: 199–234.
- Knudsen, Thorbjørn, and Markus C. Becker. 2003. [“Joseph A. Schumpeter: Unternehmer.”](#) Translation. *Advances in Austrian Economics* 6: 235–66.
- Acs, Zoltan J., and David B. Audretsch. 2003. “Innovation and Technological Change.” Chapter 4 of Acs and Audretsch.

Week of September 12: Knight, entrepreneurial judgment, and the firm

- Knight, Frank H. 1921. *Risk, Uncertainty, and Profit*. Boston: Hart, Schaffner, and Marx. Read chapters III.VII, III.VIII, III.IX, and III.X. Online edition [here](#).
- Langlois, Richard N., and Metin Cosgel. 1993. “Frank Knight on Risk, Uncertainty, and the Firm: A New Interpretation.” *Economic Inquiry* 31: 456–65.
- Foss, Kirsten, Nicolai J. Foss, Peter G. Klein, and Sandra K. Klein. 2007. “The Entrepreneurial Organization of Heterogeneous Capital.” *Journal of Management Studies* 44, no. 7: 1165–86.
- Optional: Emmett, Ross B. 2011. “Frank H. Knight on the ‘Entrepreneur Function’ in Modern Enterprise.” *Seattle University Law Review* 34: 1139–54.
- Optional: Klein, Peter G., “Risk, Uncertainty, and Economic Organization,” in Jörg Guido Hülsmann and Stephan Kinsella, eds., *Property, Freedom, and Society: Essays in Honor of Hans-Hermann Hoppe* (Auburn, Ala.: Ludwig von Mises Institute, 2009), pp. 325–37.

Week of September 19: Kirzner and entrepreneurial alertness

- Kirzner, Israel M. 1997. “Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach.” *Journal of Economic Literature* 35, no. 1: 60–85.

- Rothbard, Murray N. 1985. “Professor Hébert on Entrepreneurship.” In idem., *The Logic of Action Two: Applications and Criticism from the Austrian School*. Aldershott, U.K.: Edward Elgar, 1997, pp. 245–53.
- Kirzner, Israel M. 2009. “The Alert and Creative Entrepreneur: A Clarification.” *Small Business Economics* 32, no. 2: 145–52.
- Foss, Nicolai J., and Peter G. Klein. 2010. “Alertness, Action, and the Antecedents of Entrepreneurship.” *Journal of Private Enterprise* 25, no. 2: 145–64.

Part 3: Modern theoretical perspectives

Week of September 26: The opportunity-discovery controversy

- Short, Jeremy C., David J. Ketchen, Christopher L. Shook, and R. Duane Ireland. 2010. “The Concept of ‘Opportunity’ in Entrepreneurship Research: Past Accomplishments and Future Challenges.” *Journal of Management* 36: 40–65.
- Alvarez, Sharon A., and Jay B. Barney. 2007. “Discovery and Creation: Alternative Theories of Entrepreneurial Action.” *Strategic Entrepreneurship Journal* 1, nos. 1–2: 11–26.
- Davidsson, Per. 2015. “Entrepreneurial Opportunities and the Entrepreneurship Nexus: A Re-conceptualization.” *Journal of Business Venturing* 10, no. 5: 674–95
- Stratos Ramoglou and Eric W. K. Tsang, 2016. “A Realist Perspective of Entrepreneurship: Opportunities as Propensities,” *Academy of Management Review* 41, no. 3: 410–34.
- Foss, Nicolai J., and Peter G. Klein. 2017. “Entrepreneurial Discovery or Creation? In Search of the Middle Ground.” *Academy of Management Review*, forthcoming.

Week of October 3: Bricolage and effectuation

- Sarasvathy, Saras. 2001. “Causation and Effectuation: Toward a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency.” *Academy of Management Review* 26, no. 2: 243–63.
- Garud, Raghu, and Peter Karnøe. 2003. “Bricolage versus Breakthrough: Distributed and Embedded Agency in Technology Entrepreneurship.” *Research Policy* 32: 277–300.
- Baker, Ted, and Reed E. Nelson. 2005. “Creating Something from Nothing: Resource Construction through Entrepreneurial Bricolage.” *Administrative Science Quarterly* 50, no. 3: 329–66.
- Optional: Sarasvathy, Saras D, and Nicholas Dew. 2013. “Without Judgment: An Empirically-based Entrepreneurial Theory of the Firm.” *Review of Austrian Economics* 26, no. 3: 277–96

Week of October 10: The judgment-based approach

- Foss, Nicolai J., and Peter G. Klein. 2015. “The Judgment-Based Approach to Entrepreneurship: Accomplishments, Challenges, New Directions.” *Journal of Institutional Economics* 11, no. 3: 585–99.
- McMullen, Jeffrey, and Dean A. Shepherd. 2006. “Entrepreneurial Action and the Role of Uncertainty in the Theory of the Entrepreneur.” *Academy of Management Review* 31(1): 132–52.
- McCaffrey, Matthew. 2015. “Economic Policy and Entrepreneurship: Alertness or Judgment?” In Per Bylund and David Howden, eds., *The Next Generation of Austrian Economics: Essays in Honor of Joseph T. Salerno*. Auburn, Ala.: Mises Institute.
- Hallberg, Niklas. 2015. “Uncertainty, Judgment, and the Theory of the Firm.” *Journal of Institutional Economics* 11, no. 3: 623–50.
- Optional: Casson, Mark. 1982. *The Entrepreneur: An Economic Theory*. 2003 ed. Aldershot: Edward Elgar.

Week of October 17: The process perspective

- Ucbasaran, D., Westhead, P., and Wright, M. 2001. “The Focus of Entrepreneurial Research: Contextual and Process Issues.” *Entrepreneurship Theory and Practice* 25, no. 4: 57–80.
- Wood, Matthew S., and William McKinley. 2010. “The Production of Entrepreneurial Opportunity: A Constructivist Perspective.” *Strategic Entrepreneurship Journal* 4, no. 1: 66–84.
- Dimov, Dimo. 2011. “Grappling with the Unbearable Elusiveness of Entrepreneurial Opportunities.” *Entrepreneurship Theory and Practice* 35, no. 1: 57–81.
- McMullen, Jeffery and Dimo Dimov. 2013. “Time and the Entrepreneurial Journey: The Problems and Promise of Studying Entrepreneurship as a Process.” *Journal of Management Studies* 50(8): 1481–512.

Part 5: Applications

Week of October 24: Self-employment: Who becomes an entrepreneur?

- Parker, chapter 3.
- Kihlstrom, Richard E., and Jean-Jacques Laffont. 1979. “A General Equilibrium Entrepreneurial Theory of Firm Formation Based on Risk Aversion.” *Journal of Political Economy* 87, no. 4: 719–48.
- Hamilton, Bart. 2000. “Does Entrepreneurship Pay? An Empirical Analysis of the Returns of Self-employment.” *Journal of Political Economy* 108: 604–31.

- Lazear, Edward P. 2004. “Balanced Skills and Entrepreneurship.” *American Economic Review* 94, no. 2: 208–11.
- Lazear, Edward P. 2005. “Entrepreneurship.” *Journal of Labor Economics* 23, no. 4.
- Busenitz, Lowell W., and Jay B. Barney. 1997. “Differences between Entrepreneurs and Managers in Large Organizations: Biases and Heuristics in Strategic Decision-Making.” *Journal of Business Venturing* 12, no. 1: 9–30.
- Optional: Zhao, Hao, and Scott E. Seibert. 2006. “The Big Five Personality Dimensions and Entrepreneurial Status: A Meta-Analytical Review.” *Journal of Applied Psychology* 91: 259–71.
- Optional: Lafontaine, Francine, and Kathryn Shaw. 2016. “Serial Entrepreneurship: Learning by Doing?” *Journal of Labor Economics* 34:S2, S217–S254
- Optional: Gottlieb, Joshua D., Richard R. Townsend, and Ting Xu. 2016. “Experimenting with Entrepreneurship: The Effect of Job-Protected Leave.” NBER Working Paper No. w22446.

Week of October 31: New-venture formation and growth

- Acs, Zoltan, and David B. Audretsch. 1990. *Innovation and Small Firms*. Cambridge, Mass.: MIT Press. [skim]
- Daniel W. Elfenbein, Barton H. Hamilton, and Todd R. Zenger. 2010. “The Small Firm Effect and the Entrepreneurial Spawning of Scientists and Engineers.” *Management Science* 56, no 4: 659–81.
- Glaeser, Edward L., Sari Pekkala Kerr, and William R. Kerr. 2015. “Entrepreneurship and Urban Growth: An Empirical Assessment with Historical Mines.” *Review of Economics and Statistics* 97, no. 2: 498–520.
- Gompers, Paul, and Josh Lerner. 2001. “The Venture Capital Revolution.” *Journal of Economic Perspectives* 15, no. 2: 45–68.
- Aldrich, Howard E., and C. Marlene Fiol. 1994. “Fools Rush In? The Institutional Context of Industry Creation.” *Academy of Management Review* 19, no. 4: 645–70.

Week of November 7: Entrepreneurship, the firm, and competitive advantage

- Lumpkin, G. T., and Gregory G. Dess. 1996. “Clarifying the Entrepreneurial Orientation Construct and Linking It to Performance.” *Academy of Management Review* 21, no. 1: 135–72.
- Foss, Nicolai J., and Peter G. Klein. 2005. “Entrepreneurship and the Economic Theory of the Firm: Any Gains from Trade?” in Rajshree Agarwal, Sharon A. Alvarez, and Olav

Sorenson, eds., *Handbook of Entrepreneurship Research: Disciplinary Perspectives*. New York: Springer, pp. 55–80.

- Foss, Kirsten, Nicolai J. Foss, and Peter G. Klein. 2007. “Original and Derived Judgment: An Entrepreneurial Theory of Economic Organization.” *Organization Studies* 28, no. 12 (June 2007): 1893–1912.
- Kaplan, Steven N., and Per Strömberg. 2003. “Financial Contracting Theory Meets the Real World: An Empirical Analysis of Venture Capital Contracts.” *Review of Economic Studies* 70, no. 2: 281–315.
- Parker, Simon C. 2008. “The Economics of Formal Business Networks.” *Journal of Business Venturing* 23: 627–40.

Week of November 14: The institutional environment

- Bradley, Steven W., and Peter G. Klein. 2016. “Institutions, Economic Freedom, and Entrepreneurship: The Contribution of Management Scholarship.” *Academy of Management Perspectives*, forthcoming.
- Sobel, Russell S. 2008. “Testing Baumol: Institutional Quality and the Productivity of Entrepreneurship.” *Journal of Business Venturing* 23, no. 6: 641–55.
- Bjørnskov, Christian, and Nicolai Foss, 2008. “Economic Freedom and Entrepreneurial Activity: Some Cross-Country Evidence.” *Public Choice* 134, no. 3: 307–28.
- Levie, J., Autio, E., Acs, Zoltan, and Hart, M. 2014. “Global Entrepreneurship and Institutions: An Introduction.” *Small Business Economics* 42, no. 3: 437–44.
- Autio, E., & Acs, Zoltan. 2010. “Intellectual property Protection and the Formation of entrepreneurial Growth Aspirations.” *Strategic Entrepreneurship Journal* 4, no. 3: 234–51.
- Optional: Kreft, Steven F., and Russell S. Sobel. 2005. “Public Policy, Entrepreneurship, and Economic Freedom.” *Cato Journal* 25, no. 3: 595–616.
- Optional: Xue, Jianhong, and Peter G. Klein, 2010. “Regional Determinants of Technology Entrepreneurship.” *International Journal of Entrepreneurial Venturing* 1, no. 3: 291–308.

Week of November 28: Political entrepreneurship

- Baumol, William J. 1990. “Entrepreneurship: Productive, Unproductive, and Destructive.” *Journal of Political Economy* 98: 893–919.
- Schneider, Marc, and Paul Teske. 1992. “Toward a Theory of the Political Entrepreneur: Evidence from Local Government.” *American Political Science Review* 86: 737–47.

- Holcombe, Randall. 1992. "Political Entrepreneurship and the Democratic Allocation of Economic Resources." *Review of Austrian Economics* 15: 143–59.
- Klein, Peter G., Anita M. McGahan, Christos N. Pitelis, and Joseph T. Mahoney. 2010. "Toward a Theory of Public Entrepreneurship." *European Management Review* 7: 1–15.