

The University of Pennsylvania
The Wharton School
Management Department

PhD Seminar on Entrepreneurship MGMT 937 - Fall 2011

Tuesday 1:30 PM – 4:30 PM
SHDH, Bowman Room in MGMT Department

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Course Overview and Design

The seminar seeks to expose students to theoretical and empirical perspectives on entrepreneurship research. We will focus on the main questions that define the field and attempt to critically examine how, using a range of methodologies, researchers have approached these questions. As we review the literature, we will seek to identify promising research areas, which may be of interest to you in the context of your dissertation research. In addition to addressing the content of the received literature, we will examine the process of crafting research papers and getting them published in top tier journals. Towards that end we will characterize the key elements of high impact papers and review the development process of such studies.

Students are expected to come fully prepared to discuss and critique the readings that are assigned to each class meeting (see details below). Each student will serve as the discussion leader for one or more of the class sessions. Discussion leaders are expected to critically review several articles, identify new insights in the research that is being reviewed and evaluate its contribution to the literature, position the articles within the literature on the subject matter, raise discussion questions, and act as the discussion moderator for the class session. Each discussion leader is asked to prepare a one or two page summary of the assigned papers which includes a statement of the main research question(s), the methodology, data set if any, summary of findings, a commentary with your thoughts on the reading, and proposed discussion questions. Prior to each class, the discussion leader will meet the instructor to help plan the class meeting. Towards the end of each class, meeting each student will be asked to articulate a research question that emerged from the session and describe the research design used to investigate the issue.

Requirements and Evaluation

One reaction paper is due by **October 25, 2011**. It will evaluate a paper of your choice, selected from the reading list or another paper that is of interest to you and has been vetted by the Instructor. Your course grade will be determined as follows:

Your participation in class discussions	33%
Your effectiveness as a discussion leader	33%
Your reaction paper	34%

Other course features and resources

- There will be a dedicated eRoom for our course. Lecture notes, course materials that are not copyrighted by a third party and periodic announcements will be posted on this site. The eRoom can be accessed through WebCafé. The URL is:

<https://webcafe.wharton.upenn.edu/eRoom/mgmtb/937-fa11-1>

- All third party copyrighted readings are found on Study.net (you should receive an email with logon information from Study.net at the beginning of the semester). Please contact customerservice@study.net with any logon issues.

http://www.study.net/r_mat.asp?crs_id=30021252

The class readings have been split between two sites: Study.net and WebCafé. All third party copyrighted materials are found on Study.net, all other readings are found on the WebCafé. This is meant to minimize the cost of students obtaining reading materials. Please note that the readings are further divided between Required and Optional readings. The Required Readings are generally comprised of secondary source materials provided for background. The Supplemental Materials consist of optional reading materials and examples of legal or business documents included for the purpose of illustrating the themes discussed in class.

Update: August 2, 2011

The Course at a Glance

Session Number	Date	Topic / Faculty
1	Tuesday , September 13, 2011 at 1:30pm in Management Bowman Conference Room	<i>Overview & Classics</i>
2	Tuesday , September 20, 2011 at 1:30pm in Management Bowman Conference Room	<i>Sources of Entrepreneurship & Why Become An Entrepreneur</i>
3	Tuesday , September 27, 2011 at 1:30pm in Management Bowman Conference Room	<i>Entrepreneurship and Firm Dynamics ; Firm Design;</i>
4	Tuesday , October 4, 2011 at 1:30pm in Management Bowman Conference Room	<i>Entrepreneurial Finance</i>
5	Friday , October 21, 2011 at 1:30pm in Management Bowman Conference Room	<i>Sociology of Entrepreneurship</i>
6	Tuesday , October 25, 2011 at 1:30pm in Management Bowman Conference Room	<i>Introduction to Family Business research</i>

Detailed Course Outline

Notes: *Each week I will point you to the specific papers on which our discussion will center in the following class meeting. I will work with the discussion leader throughout the week to prepare the class.*

Minor changes to the reading list can be anticipated throughout the term.

I. Session 1: Tuesday, September 13, 2011 at 1:30pm

A. Overview and Classics

A. Readings

- a. Amit, R., Glosten, L. & Muller, E. (1993) „Challenges to Theory Development in Entrepreneurship Research,” *Journal of Management Studies*, 30(5): 815-834.
- b. Kirzner, I.M. (1997) “Entrepreneurial Discovery and the Competitive Market Process: An Austrian approach,” *Journal of Economic Literature*, 35: 60-85.
- c. Knight, F. (1921) *Risk Uncertainty and Profits*: Part II, Chapter 9. Boston: Houghton Mifflin.
- d. Schumpeter, J. (1966) *Capitalism, Socialism and Democracy*: Chapters VI – VIII. New York: Harper and Brothers.
- e. Schumpeter, J. (1947) “The Creative Response in Economic History,” *Journal of Economic Volume*, 7(2): 149-159.
- f. Shane, S. & Venkataraman, S. (2000) “The Promise of Entrepreneurship as a Field of Research,” *Academy of Management Review*, 25(1): 217-226.

B. Optional reading

- g. Casson, M. (1982) *The Entrepreneur*. 23-38, 364-383. Totowa, NJ: Barnes and Noble Books.

II. Session 2: Tuesday, September 20, 2011 at 1:30pm

A. The Sources of Entrepreneurship

A. Readings

- a. Anton, J. & Yao, D. (1995) “Start-up, Spin-offs and Internal Projects,” *Journal of Law, Economics and Organization*, 11: 362-378.
- b. Bhide, A. (2000) *The Origin and Evolution of New Business*: Chapters 1 and 2. New York: Oxford University Press.
- c. Drucker, P. (1985) *Innovation and Entrepreneurship*: 30-38. New York: Harper and Row.

- d. Gompers, P., Lerner, J., & Scharfstein, D. (2005) "Entrepreneurial Spawning: Public corporation and the genesis of new ventures," *Journal of Finance*, LX(2): 577- 614.
- e. Kirzner, I. (1997) "Entrepreneurial Discovery and the Competitive Market Process: An Austrian approach," *Journal of Economic Literature*, 35: 60-85.
- f. Schumpeter, J. (1934) *The Theory of Economic Development*. 65-74, 128-156. Oxford: Oxford University Press.

B. Why Become an Entrepreneur

A. Readings

- a. Amit, R., Muller, E. & Cockburn, I. (1995) "Opportunity Costs and Entrepreneurial Activity," *Journal of Business Venturing*, 10(2): 95-106.
- b. Amit, R., MacCrimmon, K.R., Zietsma, C. & Oesch, J. (2001) "Does Money Matter: Wealth attainment as the motive for initiating growth oriented technology ventures," *Journal of Business Venturing*, 16(2): 119-143.
- c. Evans, D. & Leighton, L. (1989) "Some Empirical Aspects of Entrepreneurship," *American Economic Review*, 79: 519-535.
- d. Gromb, D. & Scharfstein, D. (2003) "Entrepreneurship in Equilibrium," *Working Paper No. 9001, National Bureau of Economic Research*.
- e. Khilstrom, R. & Laffont, J. (1979) "A General Equilibrium Entrepreneurial Theory of Firm Formation Based on Risk Aversion," *Journal of Political Economy*, 87(4): 719-748.
- f. Vereshchagina, G. and Hopenhayn, H.A. (2009) "Risk Taking by Entrepreneurs," *American Economic Review*, 99 (5): 1808–1830.

III. Session 3: Tuesday, September 27, 2011 at 1:30pm

A. Entrepreneurship and Firm Dynamics

A. Reading

- g. Aldrich, H. (1990) "Using an Ecological Perspective to Study Organizational Founding Rates," *Entrepreneurship Theory and Practice*, 14(3): 7-24.
- h. Baumol, W. (1990) "Entrepreneurship: Productive, unproductive, and destructive," *Journal of Political Economy*, 98(5): 893-921.
- i. Brander, J., Hendricks, K., Amit, R. & Whistler, D. (1998) "The Engine of Growth Hypothesis: On the relationship between firm size and employment growth," *Working paper, The University of British Columbia*.
- j. Caves, R. (1998) "Industrial Organization and New Findings on the Turnover and Mobility of Firms," *Journal of Economic Literature*, 36: 1947-1982.
- k. Dunne, T., Roberts, M.J., & Samuelson, L. (1988) "Patterns of Firm Exit and the Entry in US Manufacturing Industries," *Rand Journal of Economics*, 19: 495-515.
- l. Jovanovic, B. (1982) "Selection and the Evolution of Industry," *Econometrica*, 50: 649-670.

B. Firm Design

A. Reading

- a. Amit R. & Zott, C. (2001) "Value Creation in e-business," ***Strategic Management Journal***, 22: 493-520.
- b. Siggelkow N. (2002) "Evolution Towards Fit," ***Administrative Science Quarterly***, 47: 125-159.
- c. Siggelkow N. (2002) "Misperceiving Interactions Among Complements and Substitutes: Organizational consequences," ***Management Science***, 48: 900-916.
- d. Siggelkow N. (2007) "Persuasion with Case Studies," ***Academy of Management Journal***, 50: 20-24.
- e. Zott, C & Amit R. (2009) "The Business Model as the Engine of Network-based Strategies," In P. Kleindorfer and Y. Wind (Eds.) ***The Network Challenge: Strategy, Profit, and Risk in an Interlinked World***. Philadelphia: Wharton School Publishing.
- f. Zott, C & Amit R. (2010) "Business Model Design: An activity system perspective," ***Long Range Planning***, 43(2-3): 216-226.
- g. Zott, C & Amit R. (2010) "Business Model Innovation: Creating Value in Times of Change," ***Working paper, The Wharton School***.
- h. Zott, C. & Amit, R. (2007) "Business Model Design and the Performance of Entrepreneurial Firms," ***Organization Science***, 18(2): 181-199.
- i. Zott, C. & Amit, R. (2008) "The Fit Between Product Market Strategy and Business Model: Implications for firm performance," ***Strategic Management Journal***, 29(1): 1-26.

IV. Session 4: Tuesday, October 4, 2011 at 1:30pm

A. Entrepreneurial Finance

A. Readings

- a. Amit, R., Brander, J. & Antweiler, W. (2002) "Venture Capital Syndication: Improved venture selection versus the value added hypothesis," ***Journal of Economics and Management Strategy***, 11(3): 423-452.
- b. Amit, R., Brander, J. & Zott, C. (1997) "Rethinking Venture Capital Financing," ***Canadian Investment Review***, X(3): 19-22.
- c. Amit, R., Brander, J. & Zott, C. (1998) "Why Do Venture Capital Firms Exist? Theory and Canadian evidence," ***Journal of Business Venturing***, 13(6): 441-466.
- d. Amit, R., Glosten, L., & Muller, E. (1990) "Does Venture Capital Foster the Most Promising Entrepreneurial Firms?" ***California Management Review***, 32(3): 102-111.
- e. Amit, R., Glosten, L., & Muller, E. (1990) "Entrepreneurial Ability, Venture Investments, and Risk Sharing," ***Management Science***, 36(10): 1232-1245.

- f. Combs, J. G. and Castrogiovanni, G. J. (2009) "Institutional Influences on the Choice of Organizational Form: The case of franchising," *Journal of Management*, Vol. 35(5): 1268-1290.
- g. Gompers, P. (1995) "Optimal Investment, Monitoring, and the Staging of Venture Capital," *Journal of Finance*, 50: 1461-1490.
- h. Gompers, P., Kovner, A., Lerner, J., and Scharfstein D., (2005) "Venture Capital Investment Cycles: The impact of public markets," **NBER working paper # 11385**.
- i. Kaplan, S. & Stromberg, P. (2000) "Financial Contracting Theory Meets the Real World. An empirical analysis of venture capital contracts," *Review of Economic Studies*, 70: 281-315.
- j. Kaplan, S. & Schoar, A , (2004) "Private Equity Performance: Returns, persistence and capital flows," Working Paper. Forthcoming, *Journal of Finance*.
- k. Lerner, J., Schoar, A., and Wong W., (2004) "Smart Institutions, Foolish Choices? The limited Partner Performance puzzle," *Working paper, The Sloan School MIT*.
- l. Silveira, R., Amit, R., (2006) "Capital Flows and the Venture Financing Cycle," *Working paper, The Wharton School*.

V. Session 5: Friday, October 21, 2011 at 1:30pm

A. Sociology of Entrepreneurship: Industries and Populations: Ecology and Institutionalism

A. Readings

- a. Aldrich, H. & Fiol, M. (1994) "Fools Rush In? The institutional context of industry creation," *Academy of Management Review*, 19(4): 645-670.
- b. Khessina and Carroll (2005) "The ecology of entrepreneurship," pp. 167-200 in R. Agrawal, S.A. Alvarez and O. Sorenson (eds.). *Handbook of Entrepreneurship: Disciplinary Perspectives*, New York: Kluwer.
[http://forum.johnson.cornell.edu/faculty/khessina/Chapter12_Handbook%20Of%20Entrepreneurship.pdf].
- c. Carroll, Glenn R. and Swaminathan, A. (2000) "Why the Microbrewery Movement? Organizational Dynamics of Resource Partitioning in the American Brewery Industry after Prohibition," *American Journal of Sociology*, 106: 715-762.
- d. Hargadon, A. B. and Douglas, Y. (2001) "When innovations meet institutions: Edison and the design of the electric light," *Administrative Science Quarterly*, 46(3): 476.

B. Sociology of Entrepreneurship: Social Capital, Founding Teams, and the Role of Firms

A. Readings

- a. Stuart, T. E., H. Hoang, et al. (1999) "Interorganizational endorsements and the performance of entrepreneurial ventures," *Administrative Science Quarterly*, 44(2): 315-349.

- b. Sorenson, O. and T. E. Stuart (2001) "Syndication networks and the spatial distribution of venture capital investments," *The American Journal of Sociology*, **106**(6): 1546-1588.
- c. Ruef, M., Aldrich, H.E., & Carter, N.M. (2003) "The structure of founding teams: Homophily, strong ties, and isolation among U.S. entrepreneurs," *American Sociological Review*, **68**, 195-222.
- d. Mollick, E. (2010) "People and Process, Suits and Innovators: The role of individuals in firm performance," (**Working Paper**)

C. Sociology of Entrepreneurship: Founders and genealogy

A. Readings

- a. Beckman, C. (2006) "The Influence of Founding Team Company Affiliations on Firm Behavior," *Academy of Management Journal*, **49**(4): 741-758.
- b. Burton, M. D., J. B. Sørensen, and C. M. Beckman (2002) "Coming from good stock: Career histories and new venture formation," *Research in the Sociology of Organizations*, **19**: 229–262.
- c. Klepper, S. (2001) "Employee startups in high-tech industries," *Industrial and Corporate Change*, **10**(3): 639-674.
- d. Phillips, D. J., (2002) "A genealogical approach to life chances: The parent-progeny transfer among Silicon Valley law firms, 1946-1996," *Administrative Science Quarterly*, **47**: 474-506.
- e. Mollick, E. (2010) "In the Blood: Organizational History and the Heritability of New Venture Performance," (**Working Paper**).

B. Optional reading

- a. Hannan, M. and J. Freeman (1984) "Structural inertia and organizational change." *American Sociological Review*, **49**: 149-164.
- b. Henderson, R. and K. B. Clark (1990) "Architectural Innovation: The Reconfiguration of Existing Product Technologies and the Failure of Established Firms," *Administrative Science Quarterly*, **35**(1): 9-30.
- c. Podolny, J. M., (2001) "Networks As the Pipes and Prisms of the Market," *American Journal of Sociology*, **107** (1): 33-60.
- d. Stinchcombe, A. (1965) "Social structure and organizations," in **Handbook of Organizations**. J. March, ed., Chicago: Rand McNally.

VI. Session 6: Tuesday, October 25, 2011 at 1:30pm**A. Introduction to Family Business research**

A. Readings

- a. Bertrand, M. and Schoar, A. (2006) "The role of family in family firms," *Journal of Economic Perspectives*, 20(2), 73–96.
- b. Burkart, Mike, Fausto Panunzi, and Andrei Shleifer (2003) "Family firms," *Journal of Finance*, 58(5), 2167–2202.
- c. Gomez-Mejia, L. R., Larraza-Kintana, M., & Makri, M. (2003) "The Determinants of Executive Compensation in Family-Controlled Public Corporations," *Academy of Management Journal*, 46(2), 226-237.
- d. Gomez-Mejia, L. R., Haynes, K. T., Nunez-Nickel, M., Jacobson, K. J. L., & Moyano-Fuentes, J. (2007) "Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills," *Administrative Science Quarterly*, 52(1), 106-137.
- e. Gomez-Mejia, L. R., Nunez-Nickel, M., & Gutierrez, I. (2001) "The Role of Family Ties in Agency Contracts," *Academy of Management Journal*, 44(1), 81-95.
- f. Hughes, James (2004), *Family Wealth: Keeping it in the family*. Bloomberg Press, Princeton, NJ.
- g. Morck, Randall, David Stangeland, and Bernard Yeung (2000), "Inherited wealth, corporate control, and economic growth. The Canadian disease?" In: Morck, Randall (Ed.), *Concentrated Corporate Ownership*. University of Chicago Press, Chicago, IL, 319–369.
- h. Schulze, W. S., Lubatkin, M. H., & Dino, R. N. (2003), "Exploring the agency consequences of ownership dispersion among inside directors at family firms," *Academy of Management Journal*, 46(2), 179-194.
- i. Schulze, W. S., Lubatkin, M. H., Dino, R. N., & Buchholtz, A. K. (2001), "Agency Relationships in Family Firms: Theory and evidence," *Organization Science*, 12(2), 99.
- j. Shanker, Melissa, and Joseph Astrachan (1996) "Myths and realities: Family businesses' contribution to the U.S. economy—A framework for assessing family business statistics," *Family Business Review*, 9(2), 107–123.
- k. Shleifer, Andrei, and Robert Vishny (1997) "A survey of corporate governance," *Journal of Finance*, 52(2), 737–784.
- l. Villalonga, Belén, and Raphael Amit (2010) "Family control of firms and industries," *Financial Management*, 39(3): 863-905, Autumn.