

## **NBER Entrepreneurship Research Boot Camp**

**Summer 2011**

### **Reading List**

This reading list contains all the required and recommended readings for each of the sessions. “Required reading” means that every student is expected to have carefully read and analyzed these papers. “Recommended readings” means that students should have made an effort to have a look at these papers.

**Wednesday, July 27<sup>th</sup>**

**Morning session with Josh Lerner (HBS)**

**The Empirics of Entrepreneurial Venture Creation**

#### Required Readings

Bhide, Amar, 2000, The Origin and Evolution of New Business, New York: Oxford University Press. Chapter 1.

Giannetti, Mariassunta, and Andrei Simonov, 2009, Social interactions and entrepreneurial activity, *Journal of Economics and Management Strategy*, 18, 665-709.

Gompers, Paul, Josh Lerner, and David Scharfstein, 2005, Entrepreneurial spawning, *Journal of Finance* 60, 577-614.

Kaplan, Steven, Berk Sensoy, and Per Stromberg, 2009, What are firms? Evolution from birth to public companies, *Journal of Finance* 64:1, 75-115.

Lerner, Josh, and Ulrike Malmendier, 2011, With a little help from my (random) friends: success and failure in post-business school entrepreneurship, Working Paper 16918, National Bureau of Economic Research.

Nanda, Ramana, and Jesper Sorensen, 2010, Workplace peer effects and entrepreneurship, *Management Science*, forthcoming

**Wednesday, July 27<sup>th</sup>**

**Afternoon session with Alexander Ljungqvist (NYU Stern)**

**Privately versus publicly held companies**

Required Readings

Asker, John, Joan Farre-Mensa, and Alexander Ljungqvist, 2011, Does the stock market distort investment incentives?, Unpublished working paper, New York University. ([http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1603484](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1603484))

Asker, John, Joan Farre-Mensa, and Alexander Ljungqvist, 2010, What do private firms look like?, Unpublished working paper, New York University. ([http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1659926](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1659926))

Bharat, Sreedhar, Amy Dittmar, and Jagadeesh Sivadasan, 2010, Does capital market myopia affect plant productivity? Evidence from “going private” transactions, Unpublished working paper, University of Michigan.

Mortal, Sandra, and Natalia Reisel, 2009, The real benefits of being public: Evidence from public and private firms, Unpublished working paper, University of Memphis.

Sheen, Albert, 2009, Do public and private firms behave differently? An examination of investment in the chemical industry, Unpublished working paper, UCLA.

Recommended Readings

*“Some are quite finance-y”*

Papers using U.S. data:

Chemmanur, Thomas J., Shan He, and Debarshi K. Nandy, 2010, The Going-Public Decision and the Product Market, *Review of Financial Studies* 23, 1855-1908.

Edgerton, Jesse, 2010, Agency problems in public firms: Evidence from corporate jets in leveraged buyouts, Unpublished working paper, Federal Reserve Board.

Gao, Huasheng, Michael Lemmon, and Kai Li, 2010, A comparison of CEO pay in public and private U.S. firms, Unpublished working paper, University of British Columbia.

Wasserman, Noam, 2006, Stewards, Agents, and the Founder Discount: Executive Compensation in New Ventures, *Academy of Management Journal* 49, 960-976.

Papers using British data:

Brav, Omer, 2009, Access to capital, capital structure, and the funding of the firm, *Journal of Finance* 64, 263-208.

Michaely, Roni, and Michael R. Roberts, 2007, Corporate dividend policies: Lessons from private firms, Unpublished working paper, Cornell University.

Saunders, Anthony, and Sascha Steffen, 2009, The costs of being private: Evidence from the loan market, Unpublished working paper, New York University.

**Thursday, July 28<sup>th</sup>**

**Morning session with Thomas Hellmann (UBC Sauder)**

**Venture Capital Financing**

Required readings:

Bottazzi, Laura, Marco Da Rin and Thomas Hellmann (2008), "Who are the active investors? Evidence from venture capital" *Journal of Financial Economics*, 89(3), 488-512

Hsu, David, What Do Entrepreneurs Pay for Venture Capital Affiliation?, *Journal of Finance*, 59: 1805-1844, August 2004

Kaplan, Steven, and Per Strömberg, 2003, "Financial Contracting Theory Meets the Real World: Evidence from Venture Capital Contracts," *Review of Economic Studies* 70, 281–315.

Kerr, William, Josh Lerner, and Antoinette Schoar, 2011, "The Consequences of Entrepreneurial Finance: Evidence from Angel Financings" Working Paper, Harvard University and MIT

Samila, Sampsa and Olav Sorenson "Venture Capital, Entrepreneurship, and Economic Growth" *Review of Economics and Statistics*, 93 (2011): 338-349

Tian, Xuan, "The Causes and Consequences of Venture Capital Stage Financing," *Journal of Financial Economics*, 2011, Forthcoming.

Recommended readings:

- Goldfarb, Brent Gerard Hoberg David Kirsch Alexander Triantis, 2009, “Does Angel Participation Matter? An Analysis of Early Venture Financing” Working Paper, University of Maryland
- Gompers, Paul A., and J. Lerner. "The Venture Capital Revolution." *Journal of Economic Perspectives* 15 (spring 2001).
- Hellmann, Thomas and Manju Puri, 2002, "Venture Capital and the Professionalization of Start-up Firms: Empirical Evidence" *The Journal of Finance*, 57(1), 169-197
- Hellmann, Thomas, 2006, “IPOs, Acquisitions and the Use of Convertible Securities in Venture Capital,” *Journal of Financial Economics*, 81(3), 649-679.
- Kaplan, Steven, and Per Strömberg, 2004, “Characteristics, Contracts, and Actions: Evidence from Venture Capital Analyses,” *Journal of Finance* 59, 2177-2210.
- Kortum, Samuel and Josh Lerner (2000) “Assessing the Contribution of Venture Capital to Innovation,” *Rand Journal of Economics* 31: 674-692.
- Lerner, Josh, and Antoinette Schoar, 2005, “Does Legal Enforcement Affect Financial Transactions?: The Contractual Channel in Private Equity”, *Quarterly Journal of Economics*, 120, 223-246.
- Sahlman, William, 1990, “The structure and governance of venture capital organizations,” *Journal of Financial Economics* 27, 473-521.
- Sorensen, Morten, 2007, “How smart is the smart money? A two-sided matching model of venture capital” *Journal of Finance* 62:6, 2725-62.

**Thursday, July 28<sup>th</sup>**

**Afternoon session with Scott Stern (MIT Sloan)**

**Start-Up Commercialization Strategy and the Market for Ideas**

Required readings

- Arora, A., A. Fosfuri and A. Gambardella (2001). “Markets for Technology and their Implications for Corporate Strategy,” *Industrial and Corporate Change*, 10(2): 419-451.

Gans, J.S., and S. Stern (2000). "Incumbency and R&D Incentives: Licensing the Gale of Creative Destruction," *Journal of Economics and Management Strategy*, 9(4): 485-511.

Gans, J.S., and S. Stern (2003). "The Product Market and the Market for Ideas: Commercialization Strategies for Technology Entrepreneurs," *Research Policy*, 32: 333-350

Gans, J.S., D. Hsu and S. Stern (2008). "The Impact of Uncertain Intellectual Property Rights on the Market for Ideas," *Management Science*, 54(5): 982-997.

Malmendier, U. and J. Lerner, "Contractibility and the Design of Research Agreements," *American Economic Review*, 100(1): 214-246.

### Recommended Readings

Anton, J.J. and D.A. Yao. 1994. "Expropriation and Inventions: Appropriable Rents in the Absence of Property Rights." *American Economic Rev.* 84 190-209.

Arora, A. 1995. "Licensing Tacit Knowledge: Intellectual Property Rights and the Market for Know-How", *Economics of Innovation and New Technology* 4 41-49.

Arora, A., A. Fosfuri, and A. Gambardella. 2001. *Markets for Technology: The Economics of Innovation and Corporate Strategy*. Cambridge, MA: MIT Press.

Baumol, W., "Entrepreneurship, Innovation and Growth: The David-Goliath Symbiosis," <http://www.econ.nyu.edu/user/baumolw/sfg.pdf>

Gans, J.S. (2009). "Negotiating for the Market," <http://ssrn.com/abstract=1407404>

Gans, J.S., and S. Stern. 2010. "Is there a market for ideas?" *Industrial and Corporate Change* (forthcoming). <http://works.bepress.com/joshuagans/23/>

Gans, J.S., D.H. Hsu and S. Stern. 2002. "When Does Start-up Innovation Spur the Gale of Creative Destruction?" *RAND Journal of Economics* 33: 571-86.

Hellmann, T. (2007). "The role of patents for bridging the science to market gap," *Journal of Economic Behavior and Organization*, 63(4): 624-657.

Hellmann, T, and M. Puri (2000). "The Interaction between Product Market and Financing Strategy: The Role of Venture Capital," *Review of Financial Studies*, 13(4): 959-984.

Henderson, R. (1993). "Underinvestment and Incompetence as Responses to Radical Innovation: Evidence from the Photolithographic Equipment Industry," 24(2): 248-270.

- Hsu, D. (2006). "Venture Capitalists and Cooperative Start-up Commercialization Strategy," *Management Science*, 52: 204-219
- Lerner, J. and R. Merges. 1998. "The Control of Technology Alliances: An Empirical Analysis of the Biotechnology Industry," *Journal of Industrial Economics*. 46 125-156.
- Lamoreaux, N. and K. Sokoloff (2001). "Market Trade in Patents and the Rise of a Class of Specialized Inventors in the 19th Century United States," *American Economic Review Papers and Proceedings*, 91(2): 39-44.
- Levine, A. (2007). "Licensing and Scale Economies in the Biotechnology Pharmaceutical Industry," *mimeo.*, Stanford University.
- Teece, D. 1986. "Profiting from Technological Innovation: Implications for Integration, Collaboration, Licensing and Public Policy." *Research Policy* 15: 285-305.

**Friday, July 29<sup>th</sup>**

**Morning session with Annamaria Lusardi (Dartmouth)**

**The decision to become an entrepreneur**

Required Readings:

Ardagna, Silvia and Annamaria Lusardi (2009), "Explaining International Differences in Entrepreneurship: The Role of Individual Characteristics and Regulatory Constraints," in Joshua Lerner and Antoinette Schoar (eds.), "International Differences in Entrepreneurship," Chicago: University of Chicago Press.

Blanchflower, David and Andrew Oswald (1998), "What Makes an Entrepreneur?," *Journal of Labor Economics*, 16, pp. 26-60.

Evans, David and Boyan Jovanovic (1989), "An Estimated Model of Entrepreneurial Choice under Liquidity Constraints," *Journal of Political Economy*, 97, pp. 808-827.

Evans, David and Linda Leighton (1989), "Some Empirical Aspects of Entrepreneurship," *American Economic Review*, 79, pp. 519-535.

Fairlie, Robert and Alicia Robb (2007), "Why Are Black-Owned Businesses Less Successful than White-Owned Businesses? The Role of Families, Inheritances, and Business Human Capital," *Journal of Labor Economics*, 25(2), pp. 289-323

Gentry, William and Glenn Hubbard (2004), "Entrepreneurship and Household Saving," *Advances in Economic Analysis and Policy*, 4.

Holtz-Eakin, Douglas, David Joulfaian and Harvey Rosen (1994a), "Sticking It Out: Entrepreneurial Survival and Liquidity Constraints," *Journal of Political Economy*, 102, pp. 53-75.

Hurst, Erik, and Annamaria Lusardi, 2004, "Liquidity Constraints, Household Wealth and Entrepreneurship," *Journal of Political Economy*, 112, pp. 319-47

Lusardi, Annamaria, Olivia Mitchell and Vilsa Curto (2010), "Financial Literacy among the Young." *Journal of Consumer Affairs*, Special Issue on Financial Literacy, 44, pp. 358-380.

#### Recommended Readings:

Bhidé, Amar (2000), *The Origin and Evolution of New Businesses*. New York: Oxford University Press.

Hamilton, Barton (2000), "Does Entrepreneurship Pay? An Empirical Analysis of the Returns to Self-Employment," *Journal of Political Economy*, 108, pp. 604-631

Holtz-Eakin, Douglas, David Joulfaian and Harvey Rosen (1994b), "Entrepreneurial Decisions and Liquidity Constraints," *Rand Journal of Economics*, 25, pp. 334-347.

Hout, Michael and Harvey Rosen (2000), "Self-Employment, Family Background, and Race," *Journal of Human Resources*, 35(4), pp. 670-692.

Hurst, Erik and Annamaria Lusardi (2008), "Liquidity Constraints and Entrepreneurship. Household Wealth, Parental Wealth, and the Transition In and Out of Entrepreneurship," in *Overcoming Barriers to Entrepreneurship*, Lexington Books, Lanham MD, pp. 47-68.

#### **Friday, July 29<sup>th</sup>**

#### **Afternoon session with John Haltiwanger (University of Maryland) Productivity and entrepreneurship**

The focus of the lecture will be on what we know about the contribution of entry and young firms to productivity and job growth. An overview of theoretical underpinnings as well as the empirical evidence will be presented. In addition, both discussion and material about data sources that can be used to study entry and the productivity and survival dynamics of young firms will be provided.

### Required Readings:

Foster, L., J. Haltiwanger and C.J. Krizan, "Market Selection, Reallocation, and Restructuring in the U.S. Retail Trade Sector in the 1990s, *Review of Economics and Statistics*, 2006.

Foster, L., J. Haltiwanger, and C. Syverson, "Reallocation, Firm Turnover and Efficiency: Selection on Productivity or Profitability," *American Economic Review*, March 2008.

Haltiwanger, J., "Job Creation and Firm Dynamics in the U.S." paper presented at the NBER Innovation and Economic Policy Conference, April 2011, link to paper can be found at NBER website:

[https://www.nber.org/confer/2011/IPEs11/Haltiwanger\\_NBER\\_2011\\_March25.pdf](https://www.nber.org/confer/2011/IPEs11/Haltiwanger_NBER_2011_March25.pdf)

Haltiwanger, J., R. Jarmin and J. Miranda, "Who Creates Job? Small vs. Large vs. Young" NBER Working Paper No. 16300, August 2010.

Syverson, C. "What Determines Productivity?" *Journal of Economic Literature*, (forthcoming). Link to paper:

<http://home.uchicago.edu/~syverson/productivitysurvey.pdf>

### Recommended Readings:

Asplund, M. and V. Nocker. "Firm Turnover in Imperfectly Competitive Markets." *Review of Economic Studies*, 73(2): 295-327, 2006.

Baily, M., C. Hulten, and D. Campbell. "Productivity Dynamics in Manufacturing Establishments." *Brookings Papers on Economic Activity: Microeconomics*, 187-249, 1992.

Bartelsman, E. and M. Doms. "Understanding Productivity: Lessons from Longitudinal Microdata." *Journal of Economic Literature*, 38(3): 569-595, 2000.

Davis, S., and J. Haltiwanger, "Gross Job Flows," in Ashenfelter and Card (eds.), *Handbook of Labor Economics*, North-Holland: Amsterdam, 1999.

Davis, S., J. Haltiwanger, R. Jarmin, C.J. Krizan, J. Miranda, A. Nucci, and K. Sandusky. "Measuring the Dynamics of Young and Small Businesses: Integrating the Employer and Nonemployer Universes." NBER Working paper. No. 13226. Forthcoming in Timothy Dunne, J. Bradford Jensen, and Mark J. Roberts (eds.), *Producer dynamics: new evidence from micro data*. 2009

Dunne, T. M. Roberts, and L. Samuelson. "Patterns of Firm Entry and Exit in U.S. Manufacturing Industries." *RAND Journal of Economics*, 19(4): 495-515, 1988.



Ericson, R. A. Pakes, “Markov Perfect Industry Dynamics: A Framework for Empirical Work,” *Review of Economic Studies*, Vol. 62(1), 1995, 53-82.

Hopenhayn, H. “Entry, Exit, and Firm Dynamics in Long Run Equilibrium.” *Econometrica*, 60(5): 1127-1150, 1992.

Jovanovic, B., “Selection and the Evolution of Industry,” *Econometrica*, 50(3), 649-670, 1982.

Melitz, M. and G. Ottaviano “Market Size, Trade, and Productivity”, *Review of Economic Studies*, January 2008.

**Saturday, July 30<sup>th</sup>**  
**Morning session with Antoinette Schoar (MIT Sloan)**  
**Development and entrepreneurship**

Required Readings

TBD

Recommended Readings

TBD

**Saturday, July 30<sup>th</sup>**  
**Afternoon session with Olav Sorenson (Yale SOM)**  
**Sociological approaches to entrepreneurship**

Though the topic has gained prominence recently, sociologists have been studying entrepreneurs for at least forty years. Any attempt to cover this large body of research comprehensively in three hours would be doomed to fail. Instead, I have organized the reading list below as a sampling of some of the more important articles in – or relevant to – some of the broad themes found in the sociology of entrepreneurship (particularly those that have been active arenas for research over the past decade).

Please note that the idea is not for you to read everything. Within each theme, I have selected one exemplary article for you to read in advance (denoted by an \*) – this is the one that you can also find in the required readings list. Those of you potentially interested in pursuing one of these themes further may find the other listed articles useful as places to look next.

### Required Readings:

Nanda, Ramana, and Jesper Sørensen (2010) "Workplace peers and entrepreneurship." *Management Science*, 56: 1116-1126

Ruef, Martin (2002) "Strong ties, weak ties and islands: Structural and cultural predictors of organizational innovation." *Industrial and Corporate Change*, 11: 427-449

Shane, Scott, and Toby E. Stuart (2002) "Organizational endowments and the performance of university startups." *Management Science*, 48: 154-170

Dahl, Michael S., and Olav Sorenson (2011) *Home sweet home: Entrepreneurs' location choices and the performance of their ventures.*

Stuart, Toby E., Ha Hoang and Ralph C. Hybels (1999) "Interorganizational endorsements and the performance of entrepreneurial ventures." *Administrative Science Quarterly*, 44: 315-349

Leung, Ming D., and Amanda J. Sharkey (2009) *Out of sight, out of mind: The mere labeling effect of multi-category membership in markets.*

### Suggested additional readings

This is a much longer reading list than for the other sections. Only those students that are particularly interested should have a look at those.

#### **1.1 Overviews**

Thornton, Patricia H. (1999) "The sociology of entrepreneurship." *Annual Review of Sociology*, 25: 19-46

Stuart, Toby E., and Olav Sorenson (2005) "Social networks and entrepreneurship." Pp 211-228 in Alvarez, Agrawal and Sorenson (Eds.), *Handbook of Entrepreneurship Research: Interdisciplinary Perspectives*, Springer

#### **1.2 Social relationships**

Burt, Ronald S. (1992) *Structural Holes: The Social Structure of Competition*. Harvard University Press

Stuart, Toby E., and Olav Sorenson (2007) "Strategic networks and entrepreneurial ventures." *Strategic Entrepreneurship Journal*, 1: 211-227

##### **1.2.1 Influence**

Stuart, Toby E., and Waverly W. Ding (2006) "Why do scientists become entrepreneurs? The social structural antecedents of commercial activity in the academic life sciences." *American Journal of Sociology*, 112: 97-144

\* Nanda, Ramana, and Jesper Sørensen (2010) "Workplace peers and entrepreneurship." *Management Science*, 56: 1116-1126

### **1.2.2 Opportunity recognition**

Burt, Ronald S. (2004) "Structural holes and good ideas." *American Journal of Sociology*, 110: 349-399

Renzulli, Lisa A., Howard E. Aldrich and James Moody (2000). "Family matters: Gender, networks, and entrepreneurial outcomes." *Social Forces*, 79: 523-546

\* Ruef, Martin (2002) "Strong ties, weak ties and islands: Structural and cultural predictors of organizational innovation." *Industrial and Corporate Change*, 11: 427-449

Ryall, Michael and Olav Sorenson (2007) "Brokers and competitive advantage." *Management Science*, 53: 566-583

Lee, Jeongsik (2010) "Heterogeneity, Brokerage, and Innovative Performance: Endogenous formation of collaborative inventor networks." *Organization Science*, 21: 804-822

### **1.2.3 Resource mobilization**

Uzzi, Brian (1996) "The sources and consequences of embeddedness for economic performance of organizations." *American Sociological Review*, 61: 674-698

Sorenson, Olav, and David M. Waguespack (2006) "Social networks and exchange: Self-confirming dynamics in Hollywood." *Administrative Science Quarterly*, 51: 560-589

Sorenson, Olav, and Toby E. Stuart (2001) "Syndication networks and the spatial distribution of venture capital investments." *American Journal of Sociology*, 106: 156-1588

\* Shane, Scott, and Toby E. Stuart (2002) "Organizational endowments and the performance of university startups." *Management Science*, 48: 154-170

Hallen, Benjamin L. (2008) "The causes and consequences of the initial network positions of new organizations: From whom do entrepreneurs receive investments?"

Ruef, Martin, Howard E. Aldrich and Nancy M. Carter (2003) "The structure of founding teams: Homophily, strong ties, and isolation among U.S. entrepreneurs." *American Sociological Review*, 68: 195-222

Ruef, Martin (2010) *The Entrepreneurial Group: Social Identities, Relations, and Collective Action*. Princeton University Press

### **1.2.4 Consequences**

Sorenson, Olav and Pino G. Audia (2000) "The social structure of entrepreneurial activity: Geographic concentration of footwear production in the United States, 1940-1989." *American Journal of Sociology*, 106: 424-462

Hochberg, Yael V., Alexander Ljungqvist and Yang Lu (2007) "Whom you know matters: Venture capital networks and investment performance." *Journal of Finance*, 62:251-301

\* Dahl, Michael S., and Olav Sorenson (2011) *Home sweet home: Entrepreneurs' location choices and the performance of their ventures*.

### **1.3 Status**

Podolny, Joel M. (1993) "A status-based model of market competition." *American Journal of Sociology*, 98: 829-872

\* Stuart, Toby E., Ha Hoang and Ralph C. Hybels (1999) "Interorganizational endorsements and the performance of entrepreneurial ventures." *Administrative Science Quarterly*, 44: 315-349  
Hsu, David (2004) "What do entrepreneurs pay for venture capital affiliation?" *Journal of Finance*, 59: 1805-1844  
Roberts, Peter W., Mukti Khaire and Christopher Rider (2011) "Isolating the symbolic implications of employee mobility: Price increases after hiring winemakers from prominent wineries." *American Economic Review*, 101: in press

#### **1.4 Categories**

Zuckerman, Ezra W. (1999) "The categorical imperative: Securities analysts and the illegitimacy discount." *American Journal of Sociology*, 104: 1346-1397  
Zuckerman, Ezra W., Tai-Young Kim, Kalinda Ukanwa and James von Rittmann (2003) "Robust identities or non-entities? Typecasting in the feature film labor market." *American Journal of Sociology*, 108: 1018-1075

##### **1.4.1 Industry emergence**

Ruef, Martin (2000) "The emergence of organizational forms: A community ecology approach." *American Journal of Sociology*, 106: 658-714  
McKendrick, David G., Jonathan Jaffee, Glenn R. Carroll and Olga M. Khessina (2003) "In the bud? Disk array producers as a (possibly) emergent organizational form." *Administrative Science Quarterly*, 48: 60-93  
Navis, Chad, and Mary Ann Glynn (2010) "How new market categories emerge: Temporal dynamics of legitimacy, identity, and entrepreneurship in satellite radio, 1990-2005." *Administrative Science Quarterly*, 55: 439-471

##### **1.4.2 Legitimacy**

Baron, James N., Michael T. Hannan and M. Diane Burton (2001) "Labor pains: Change in organizational models and employee turnover in young, high-tech firms." *American Journal of Sociology*, 106: 960-1012  
Ruef, Martin, and Kelly Patterson (2009) "Credit and classification: The impact of industry boundaries on nineteenth-century America." *Administrative Science Quarterly*, 54: 486-520  
\* Leung, Ming D., and Amanda J. Sharkey (2009) *Out of sight, out of mind: The mere labeling effect of multi-category membership in markets.*