

Course Literature

Organizational Heritage and Entrepreneurs (TR)

Entrepreneurship research is growingly giving more attention to the behaviours and practices installed in the newly started firms. Decisions about such management practicalities may or may not be taken consciously. Regardless of how these decisions are made, there is an underlying assumption that newly established firms are fonts of their parent firms. Entrepreneurs are assumed to draw heavily on their experience when deciding on the organizational practices that will be installed in their start-up.

Organizational heritage has implications for our understanding of why specific practices tend to be adopted broadly in a particular context and not so much in others, why the variations in organizational practices are relatively limited, and our knowledge on the operations and performances of startups. The session on organizational heritage will discuss the mechanisms that precipitate organizational heritage, provide an account of the theoretical contributions on the topic, list challenges in studying organizational heritage, and itemize the implications of the organizational heritage hypothesis.

Readings

- Alexy, O., Poetz, K., Puranam, P., & Reitzig, M. (2021). Adaptation or persistence? Emergence and revision of organization designs in new ventures. *Organization Science*, 32(6), 1439-1472.
- Dencker JC, Gruber M, Shah S (2009) Pre-entry knowledge, learning, and the survival of new firms. *Organ. Sci.* 20(3):516-537.
- Feldman, M. P., Ozcan, S., & Reichstein, T. (2019). Falling Not Far from the Tree: Entrepreneurs and Organizational Heritage. *Organization Science*, 30(2), 337-360.

Further Readings

- Agarwal R, Campbell BA, Franco AM, Ganco M (2016) What do I take with me? The mediating effect of spin-out team size and tenure on the founder-firm performance relationship. *Acad. Management J.* 59(3):1060-1087.
- Chatterji AK (2009) Spawned with a silver spoon. *Strategic Management J.* 30(2):185-206.
- Ruef M. (2005) Origins of organizations: The entrepreneurial process. *Res. Sociol. Work* 15:63-100.
- Sørensen, J. B., & Fassiotto, M. A. (2011). Organizations as fonts of entrepreneurship. *Organization Science*, 22(5), 1322-1331.

Experiments in Entrepreneurship (OG)

This session explores the intersection of experimental economics and entrepreneurship, using behavioral insights to examine the underlying factors that influence entrepreneurial decision-making. With a focus on both lab and field experiments, we investigate core questions about entrepreneurs' risk preferences, how individual traits shape entrepreneurial choices, and how these factors impact overall entrepreneurial outcomes. By leveraging experimental methods, this session provides a structured framework for understanding the cognitive and behavioral patterns that characterize entrepreneurial actions.

Readings

Amore, M. D., Garofalo, O., & Martin-Sanchez, V. (2021). Failing to learn from failure: How optimism impedes entrepreneurial innovation. *Organization Science*, 32(4), 940-964.

Koudstaal, M., Sloof, R., & Van Praag, M. (2016). Risk, uncertainty, and entrepreneurship: Evidence from a lab-in-the-field experiment. *Management Science*, 62(10), 2897-2915.

Camuffo, A., Cordova, A., Gambardella, A., & Spina, C. (2020). A scientific approach to entrepreneurial decision making: Evidence from a randomized control trial. *Management Science*, 66(2), 564-586.

Lee, D., Floyd, E., Hochberg, Y. V., Fehder, D. C., & Bailey-Rihawi, E. (2024). Learning to quit? a multi-year field experiment with innovation driven entrepreneurs. *Available at SSRN 4865251*.

Botelho, T. L., & Chang, M. (2023). The evaluation of founder failure and success by hiring firms: A field experiment. *Organization Science*, 34(1), 484-508.

Entrepreneurship and Personnel (VR)

Founders and startups get most of the coverage in academic, public, and policy debates. However, for every founder, one or several early employees often take nearly equal risks by joining an early-stage company. At the same time, hiring for startups is a particularly challenging process fraught with constraints and high uncertainty. This lecture will discuss some of the most recent research on the interplay between founders and joiners in new ventures, the selection of personnel for startups, and the career implications of working for a startup firm. Given the emergent nature of some of these questions, this session will also discuss potential research avenues in this area and the empirical challenges often faced when studying these questions, while having an overview of different methods that can tackle some of those issues.

Readings

- Brymer, R. A., Rocha, V. (2023), "Affiliation-based hiring in startups and the origins of organizational diversity", *Personnel Psychology*, <https://doi.org/10.1111/peps.12612>
- Lazar, M., Miron-Spektor, E., Chen, G., Goldfarb, B., Erez, M., Agarwal, R. (2022), "Forming entrepreneurial teams: Mixing business and friendship to create transactive memory systems for enhanced success", *Academy of Management Journal*, 65(4): 1083-1415.
- Roach, M., Sauermann, H. (2023), "Can technology startups hire talented early employees? Ability, preferences, and employee first job choice", *Management Science*, <https://doi.org/10.1287/mnsc.2023.4868>
- Sorenson, O., Dahl, M. S., Canales, R., Burton, M.D. (2021), "Do startup employees earn more in the long run?", *Organization Science*, 32(3): 587-604.

Further Readings

- Honoré, F., Ganco, M. (2020). "Entrepreneurial teams' acquisition of talent: Evidence from technology manufacturing industries using a two-sided approach", *Strategic Management Journal*, <https://doi.org/10.1002/smj.3127>
- Howell, T., Bingham, C., Hendricks, B. (2022), "Going alone or together? A configurational analysis of solo founding vs. cofounding", *Organization Science*, <https://doi.org/10.1287/orsc.2021.1548>.
- Rocha, V., Carneiro, A., Varum, C. (2018), "Leaving employment to entrepreneurship: The value of co-worker mobility in pushed and pulled-driven start-ups". *Journal of Management Studies*, 55(1): 60-85.
- Sauermann, H. (2018) "Fire in the belly? Employee motives and innovative performance in start-ups versus established firms." *Strategic Entrepreneurship Journal*, 12(4): 423-454.

Diversity in Entrepreneurship (JM and VR)

Entrepreneurship is often described as an engine of economic growth and innovation, and a source of job creation. However, not all ventures achieve the same impact and part of the reason for this inequality has to do with the type of founders launching these ventures and the different motivations and/or obstacles characterizing their entrepreneurial process. This lecture will focus on two groups of founders that, according to prior research, face distinct circumstances in different stages of the entrepreneurial process (pre-entry, during entry, and/or post-entry): women and immigrants. It will feature some of the latest entrepreneurship research on gender and immigration with focus on the different barriers and/or advantages associated with either of those minority groups.

Readings

- Bedi, J. and Mata, J. (2023) Standing in the Way: Barriers to Entry for Immigrants and Entrepreneurial Engagement, mimeo CBS
- Kacperczyk, O., Younkin, P., Rocha, V. (2022), "Do employees work less for female leaders? A multi-method study of entrepreneurial firms", *Organization Science*, doi: 10.1287/orsc.2022.1611.
- Mata, J. and Alves, C., (2018). The survival of firms founded by immigrants: Institutional distance between home and host country, and experience in the host country. *Strategic Management Journal*, 39(11), pp.2965-2991.
- Rocha, V., van Praag, M. (2020), "Mind the gap: The role of gender in entrepreneurial career choice and social influence by founders", *Strategic Management Journal*, 41(5), 841-866.

Further Readings

- Engel, Y., Lewis, T., Cardon, M. S., Hentschel, T. (2023), "Signaling diversity debt: Startup gender composition and the gender gap in joiners' interest", *Academy of Management Journal*, 66(5): 1469-1500.
- Kanze, D., Conley, M. A., Okimoto, T. G., Phillips, D. J., Merluzzi, J. (2020), "Evidence that investors penalize female founders for lack of industry fit", *Science*, 6(48). DOI: [10.1126/sciadv.abd7664](https://doi.org/10.1126/sciadv.abd7664)
- Snellman, K., Solal, I. (2023), "Does investor gender matter for the success of female entrepreneurs? Gender homophily and the stigma of incompetence in entrepreneurial finance", *Organization Science*, 34(2): 680-699.
- Yang, T., Kacperczyk, A., Naldi, L. (2023), "The motherhood wage penalty and female entrepreneurship", *Organization Science*, <https://doi.org/10.1287/orsc.2023.1657>

Entrepreneurial Finance-theories and supply (AM)

Start-ups face "financing constraints" and financial decisions may have a profound influence on the future options and choices. In this session, we first focus theoretical differences between entrepreneurial finance and corporate finance in general. We then dive into different sources of financing (i.e Venture capital and crowdfunding).

Readings

References

- Amit, Brander, Zott, 1998: "Why do Venture Capital Firms Exist? Theory and Canadian Evidence," *Journal of Business Venturing* 13, 441-466.
- Demir, Tolga and Mohammadi, Ali and Shafi, Kourosh, Crowdfunding as Gambling: Evidence from Repeated Natural Experiments (July 31, 2019). Swedish House of Finance Research Paper No. 19-7. Available at SSRN: <https://ssrn.com/abstract=3430744> or <http://dx.doi.org/10.2139/ssrn.3430744>
- Song Ma, The Life Cycle of Corporate Venture Capital, *The Review of Financial Studies*, , hhz042, <https://doi.org/10.1093/rfs/hhz042>
- Arthur Korteweg, Morten Sorensen, Risk and Return Characteristics of Venture Capital-Backed Entrepreneurial Companies, *The Review of Financial Studies*, Volume 23, Issue 10, October 2010, Pages 3738-3772, <https://doi.org/10.1093/rfs/hhq050>

Further Readings

- Cochrane, J. H. 2005. The risk and return of venture capital. *Journal of Financial Economics*, 75(1): 3-52.
- Kaplan, S. N., & Stromberg, P. 2003. Financial contracting theory meets the real world: An empirical analysis of venture capital contracts. *Review of Economic Studies*, 70(2): 281-315.
- Mohammadi, Ali and Shafi, Kourosh, How Wise Are Crowds? A Comparative Study of Crowds and Institutions in Peer-to-Business Online Lending Markets (August 15, 2016). Swedish House of Finance Research Paper No. 17-10; Available at SSRN: <https://ssrn.com/abstract=2752085>

- Zhelyazkov, P. I., & Gulati, R. 2016. After the break-up: the relational and reputational consequences of withdrawals from venture capital syndicates. *Academy of Management Journal*, 59(1): 277-301.

Entrepreneurial Finance - demand (AM)

The choice of financing and behaviour of investors have an impact on performance and success of start-ups. In this section, we focus on how different investors select their investment portfolios and what are impact of ties with investors on performance of entrepreneurial ventures.

References

- Shai Bernstein, Xavier Giroud, Richard R. Townsend, 2016. The Impact of Venture Capital Monitoring, *Journal of Finance*. 71(4): 1591-1622.
- Shafi, K, Mohammadi, A. and Johan, S. A. (forthcoming): [Investment Ties Gone Awry](https://doi.org/10.5465/amj.2017.0103). *Academy of Management Journal*, <https://doi.org/10.5465/amj.2017.0103>.
- Chemmanur TJ, Loutskina E, Tian, X. 2014. Corporate venture capital, value creation, and innovation. *Review of Financial Studies* 27(8):2434 – 2473.
- Xavier Walthoff-Borm, Armin Schwiendbacher, Tom Vanacker, 2018, Equity crowdfunding: First resort or last resort?, *Journal of Business Venturing*, Volume 33, Issue 4, 2018.

Further Readings

- KAPLAN, S. N., SENSOY, B. A. and STRÖMBERG, P. (2009), Should Investors Bet on the Jockey or the Horse? Evidence from the Evolution of Firms from Early Business Plans to Public Companies. *The Journal of Finance*, 64: 75-115. doi:[10.1111/j.1540-6261.2008.01429.x](https://doi.org/10.1111/j.1540-6261.2008.01429.x)
- Sorensen, M. 2007. How smart is smart money? A two-sided matching model of venture capital. *The Journal of Finance*, 62(6): 2725-2762.
- Gompers, P. A. 1996. Grandstanding in the venture capital industry. *Journal of Financial Economics*, 42(1): 133-156.

Corporates-Startups interactions (FdL)

Corporates are crucial for ventures' access to resources and co-specialized complementary assets, which ultimately impact their performance. In this session, we focus on the several aspects that characterized the corporates-startups relationships, and the performance implication both for innovation and commercialization outcomes.

References

- Alvarez-Garrido E, Dushnitsky G. 2016. Are entrepreneurial venture's innovation rates sensitive to investor complementary assets? Comparing biotech ventures backed by corporate and independent VCs. *Strategic Management Journal* 37(5): 819–834.
- Di Lorenzo F, van de Vrande V. 2019. Tapping into the knowledge of incumbents: The role of corporate venture capital investments and inventor mobility. *Strategic Entrepreneurship Journal* 13(1): 24–46.
- Kim JY (Rose), Park HD. 2017. Two Faces of Early Corporate Venture Capital Funding: Promoting Innovation and Inhibiting IPOs. *Strategy Science* 2(3): 161–175.
- Paik Y, Woo H. 2017. The Effects of Corporate Venture Capital, Founder Incumbency, and Their Interaction on Entrepreneurial Firms' R&D Investment Strategies. *Organization Science* 28(4): 670–689.

- Polidoro F, Yang W. 2021. Corporate Investment Relationships and the Search for Innovations: An Examination of Startups' Search Shift Toward Incumbents. *Organization Science*. INFORMS 32(4): 909–939.
- Wadhwa A, Kotha S. 2006. Knowledge Creation Through External Venturing: Evidence from the Telecommunications Equipment Manufacturing Industry. *Academy of Management Journal* 49(4): 819–835.

Further Readings

- Cirillo B, Brusoni S, Valentini G. 2013. The Rejuvenation of Inventors Through Corporate Spinouts. *Organization Science* 25(6): 1764–1784.
- Di Lorenzo F, Sabel CA. 2023. Corporate Venture Capital and Startup Outcomes: The Roles of Investment Timing and Multiple Corporate Investors. *Industry and Innovation*. Routledge 31(5): 638–665.
- Gutmann T. 2019. Harmonizing corporate venturing modes: an integrative review and research agenda. *Management Review Quarterly* 69(2): 121–157.
- Huang P, Madhavan R. 2021. Dumb money or smart money? Meta-analytically unpacking corporate venture capital. *Strategic Entrepreneurship Journal* 15(3): 403–429.
- Sabel CA, Sasson A. 2023. Different people, different pathways: Human capital redeployment in multi-business firms. *Strategic Management Journal* 44(13): 3185–3216.
- Balachandran S. 2024. The inside track: Entrepreneurs' corporate experience and startups' access to incumbent partners' resources. *Strategic Management Journal* 45(6): 1117–1150.

High-frequency data and entrepreneurship research (UK)

This session will discuss recent advances in exploiting publicly available, real-time, high-frequency business register data for entrepreneurship research. Relatedly, we will discuss what the availability of such data implies for economic policy and strategic management. The work of Scott Stern's group will be our point of departure and our journey will take us to three main applications: (i) the geography of entrepreneurship, (ii) performance forecasting and (iii) the Covid19 pandemic. In addition, ongoing research based on both Danish and Swiss business register data will be discussed in this session.

Readings

High-frequency data and entrepreneurship research

- Guzman, J and S Stern. 2015. Where is Silicon Valley? *Science*. 347(6222): 606-609; <https://science.sciencemag.org/content/347/6222/606>

Application (i): High-frequency data and the geography of entrepreneurship

- Andrews, RJ, C Fazio, Y Liu, J Guzman, and S Stern. 2020. The Startup Cartography Project: Measuring and Mapping Entrepreneurial Ecosystems; <https://tinyurl.com/ddzmn8zx>.

Application (ii): High-frequency data and performance forecasting

- Kaiser, U and Kuhn, JM. 2020. The value of publicly available, textual and non-textual information for startup performance prediction, *Journal of Business Venturing Insights* 14; <https://doi.org/10.1016/j.jbvi.2020.e00179>.

Application (iii): High-frequency data and the Covid19 pandemic

- Dinlersoz, E, Dunne, T, Haltiwanger, J and Penciakova, V. 2021. Business Formation: A Tale of Two Recessions. AEA Papers and Proceedings, 111: 253-57; <https://www.aeaweb.org/articles?id=10.1257/pandp.20211055>.

Further readings

High-frequency data and entrepreneurship research

- Bayard, K, Dinlersoz, E, Dunne, T, Haltiwanger, J, Miranda, J and Stevens, J. 2018. Early-Stage Business Formation: An Analysis of Applications for Employer Identification Numbers, NBER working paper; <https://www.nber.org/papers/w24364>.
- Guzman, J and Stern, S. 2017. Nowcasting and Placecasting Entrepreneurial Quality and Performance; <http://www.nber.org/chapters/c13493>.

Application (i): High-frequency data and the geography of entrepreneurship

- Guzman, J. 2018. Go West Young Firm: The Benefits of Startup Relocation to Silicon Valley; <https://tinyurl.com/fxmp87xx>.
- Guzman, J and S Stern. 2020. The State of American Entrepreneurship? New Estimates of the Quantity and Quality of Entrepreneurship for 32 US States, 1988-2014, American Economic Journal: Economic Policy. 12 (4): 212-43; <https://tinyurl.com/wd9fzwxr>.

Application (ii): High-frequency data and performance forecasting

- Guzman, J and Stern, S. 2019. Passive versus active growth: evidence from founder choices and venture capital investment; <http://www.nber.org/papers/w26073>.

Application (iii): High-frequency data and the Covid19 pandemic

- Crane, LD, Decker, RA, Flaaen, A, Hamins-Puertolas, A and Kurz, C. 2021. Business Exit During the COVID-19 Pandemic: Non-Traditional Measures in Historical Context, Federal Reserve Bank discussion paper; <https://www.federalreserve.gov/econres/feds/files/2020089r1pap.pdf>.
- Fazio, C, J Guzman, Y Liu, and S Stern. 2021. How is COVID Changing the Geography of Entrepreneurship? Evidence from the Startup Cartography Project; <https://www.nber.org/papers/w28787>.
- Zahra, SA. 2021. International entrepreneurship in the postCovid world, Journal of World Business 56(1); <https://doi.org/10.1016/j.jwb.2020.101143>.

Workshop for paper development (TBD)

This last lecture will be run in parallel sessions with three students and a faculty member and will be devoted to discussing term papers/proposals. Papers/proposals are due on March 13. During the workshop, each student will make a 20-minute presentation of his/her own paper/proposal. On March 14 each student will receive the other papers to be presented in the same session and should be prepared to make a 5-minute discussion of each paper/proposal during the session. The faculty member will also provide feedback on the different papers. Depending on students preferences, some of the sessions may be held on line and others on site.