

FEB13044: Introduction to Entrepreneurship and Strategy Economics (IESE) 2013

Assoc. Prof. Dr. Philipp Koellinger

Syllabus as of 8 January 2013

The course gives an introduction to the analysis of dynamic economic behavior at various levels of analysis, including individual entrepreneurs, firms, markets, and the macro economy. A particular focus of the course is on the relevance of innovation and its origins. Market entry games are used to analyze important strategic aspects of entrepreneurship and innovation. We will conduct an experiment in class that will illustrate the main issues. Important psychological sources of suboptimal decision making are discussed in this context. As an extension, Dr. van der Loos will discuss recent scientific developments that study the importance of genes on entrepreneurial behavior. The course combines an overview of key concepts with applications of these concepts in an experiment and in case studies, presented by the students. Throughout the course, students are introduced to a selection of topics covered in the International Master's Program in Entrepreneurship and Strategy at the School of Economics at Erasmus University Rotterdam.

Lecture 1: Introduction (Koellinger) – 10. Jan in C1-5

- 1) Introduction
 - a) What is IESE?
 - b) Organization of the course
 - c) Terminology and concepts
- 2) Micro level consequences of technological change
 - d) Innovation and firm performance
 - e) Innovation and employment

Selection of 1 group for the first student presentation in lecture 2

Reading: Schilling (ch. 1)

Lecture 2: Technological progress and economic growth (Koellinger) – 17. Jan in C1-5

- 1) Empirical evidence and motivation
- 2) Solow growth model

Student presentation: Comparing the rich and the poor, A tale of a growth disaster and a growth miracle

Reading: Solow model in Sørensen & Whitta-Jacobsen (ch. 5)

Lecture 3: Sources of economic growth and innovation (Koellinger) – 24. Jan in C1-5

- 1) Growth accounting
- 2) Different sources of innovation
 - a) Creativity
 - b) Different actors of innovation
 - c) Institutions
 - d) Innovation in collaborative networks
 - e) Why are some entrepreneurs more innovative than others?

Student presentation: The Segway human transporter, Getting an insight look with Imaging's camera pill

Reading: Schilling (ch. 2), Koellinger (2008)

Lecture 4: Types and patterns of innovation (Koellinger) – 31. Jan in C1-5

- 1) Types of innovation
- 2) Technology diffusion
- 3) Dominant designs and industry life cycles

Student presentation: The Innovator's dilemma, The rise and fall of Nokia

Reading: Schilling (ch. 3), Utterback and Suarez (1993)

Lecture 5: Market entry (Koellinger) – 07. Feb in C1-5

- 1) Entrepreneurship and innovation as a simultaneous market entry game
- 2) Equilibrium
- 3) Results of in-class experiment

Student presentations: Keeping time and capital constraints at bay, Crowd funding for the Mine Kafon

Reading: Rapoport et al. (1998), Camerer and Lovo (1999)

Lecture 6: The genetics of entrepreneurship: What we know and what we don't know (van der Loos) – 14. Feb in C1-3

- 1) Heritability
- 2) Challenges in identifying "entrepreneurial genes"
- 3) Most recent results
- 4) Can genes predict who will be an entrepreneur?

Student presentations: A Farewell to Alms, Raising and shielding a family's wealth

Reading: Nicolaou et al. (2008), Koellinger et al. (2010), van der Loos et al. (2011)

Lecture 7: Judgment, decision making, and entrepreneurial behavior (Koellinger) – 21. Feb in C1-5

- 1) Judgment and decision making
- 2) Biases and heuristics
- 3) Overconfidence among entrepreneurs

Student presentations: Overconfident innovators, The status quo bias
Reading: Koellinger et al. (2007)

Literature

[Camerer, C., & Lovallo, C. \(1999\). Overconfidence and excess entry: An experimental approach. *American Economic Review*, 89, 306–318.](#)

[Koellinger, P. \(2008\). Why are some entrepreneurs more innovative than others? *Small Business Economics*, 31, 21–37.](#)

[Koellinger, P., Minniti, M., & Schade, C. \(2007\). “I think I can, I think I can”: Overconfidence and entrepreneurial behavior. *Journal of Economic Psychology*, 28, 502–527.](#)

[Koellinger, P. van der Loos, M., Groenen, P., Thurik, R., Rivadeneira, F., van Rooij, F., Uitterlinden, A., & Hofman, A. \(2010\). Genome-wide association studies in economic and entrepreneurship research: promises and limitations. *Small Business Economics*, 35, 1–18.](#)

[Nicolaou, N., Shane, S., Cherkas, L., Hunkin, J., & Spector, T.D. \(2008\). Is the tendency to engage in entrepreneurship genetic? *Management Science*, 54, 167–179.](#)

[Rapoport, A., Seale, D., Erev, I., & Sundali, J. \(1998\). Equilibrium play in large group market entry games. *Management Science*, 44, 119–141.](#)

Schilling, M. (2013). *Strategic Management of Technological Innovation*. 4th International Edition. McGraw-Hill. Chapters 1–3.

Sørensen, P. B., & Whitta-Jacobsen, H.J. (2010). *Introducing Advanced Macroeconomics*. 2nd Edition. McGraw-Hill. Chapters 2 & 5.

[Utterbach, J., & Suarez, F. \(1993\). Innovation, competition, and industry structure. *Research Policy*, 22, 1–21.](#)

[Van der Loos, M., Koellinger, P., Groenen, P., Rietveld, C., Thurik, R., Rivadeneira, F., van Rooij, F., Uitterlinden, A., & Hofman, A. \(2011\). Candidate gene studies and the quest for the entrepreneurial gene. *Small Business Economics*, 37, 269–275.](#)

Case study materials

Lecture 2

[Temple, J. \(1999\). The new growth evidence. *Journal of Economic Literature*, 37, 112–156.](#)

Sørensen, P. B., & Whitta-Jacobsen, H.J. (2010). *Introducing Advanced Macroeconomics*. 2nd Edition. McGraw-Hill. Chapter 2.

Lecture 3

“The Segway human transporter”, in: Schilling (2005): *Strategic Management of Technological Innovation*. pp. 13–15.

“Getting an insight look: Given Imaging’s camera pill”, in: Schilling (2013): *Strategic Management of Technological Innovation*. 4th International Edition. McGraw-Hill. Chapter 2.

Lecture 4

Christensen, C.M. (1997). *The Innovator's Dilemma*. Harvard Business School Press. Introductory chapter.

[Harvard Business Review Blog Network \(2011, April\). *Why Nokia’s collapse should scare Apple*.](#)

[Harvard Business Review Blog Network \(2012, May\). *A sad lesson in collaborative innovation*.](#)

[The Economist, \(2011, February\). *Blazing platforms*.](#)

Lecture 5

[Blanchflower, D.G., & Oswald, A.J. \(1998\). What makes an entrepreneur? *Journal of Labor Economics*, 16, 26–60.](#)

[Kappel, T. \(2009\). Ex ante crowdfunding and the recording industry: A model for the U.S. *Loyola of Los Angeles Entertainment Law Review*, 29, 375.](#)

[Kickstarter.](#)

[Hassani, M. \(2011\). *Mine Kafon*. Focus Forward Films.](#)

[Omidyar, P. \(2008, March\). *Interview with the founder of eBay*. OnInnovation, The Henry Ford.](#)

[Sviokla, J. \(2009\). Forget Citibank – Borrow from Bob, *Harvard Business Review*.](#)

[The Economist, \(2005, June\). *Meg and the power of many*.](#)

[Wortham, J., \(2009, August\). A few dollars at a time, patrons support artists on the web, *New York Times*.](#)

[Villano, M. \(2010, March\). *Small donations in large numbers, with online help*, *New York Times*.](#)

Lecture 6

[Allen, R. \(2008\). A review of Gregory Clark’s *A Farewell to Alms: A Brief Economic History of the World*. *Journal of Economic Literature*, 46, 958–962. Section 5.](#)

Clark, G. (2007). *A Farewell to Alms: A Brief Economic History of the World*. Princeton, New Jersey: Princeton University Press. Chapter 9.

[Charlesworth, D., & Charlesworth, B. \(1987\). Inbreeding depression and its evolutionary consequences. *Annual Review of Ecology and Systematics*, 18, 237–268. Introduction.](#)

Ferguson, N. (1999). *The House of Rothschild: Volume 1*. Penguin Books.

Plomin, R., DeFries, J.C., Knopik, V.S., & Neiderhiser, J.M. (2012). *Behavioral Genetics* (6th ed.). Worth.

Lecture 7

[Åstebro, T., Jeffrey, S.A., & Adomdza, G.K. \(2007\). Inventor perseverance after being told to quit: the role of cognitive biases. *Journal of Behavioral Decision Making*, 20, 253–272.](#)

[Burmeister, K., & Schade, C. \(2007\). Are entrepreneurs' decisions more biased? An experimental investigation of the susceptibility to status quo bias. *Journal of Business Venturing*, 22, 340–362.](#)

Where to find the literature:

- 1) Titles marked in black are included in the **customized reader** by McGraw Hill (ISBN: 9781121780415 “Introduction to Entrepreneurship and Strategy Economics” by P. Koellinger) that can be purchased online at <https://create.mcgraw-hill.com/shop/#/catalog/details/?isbn=9781121780415> for 19.99USD. Note that you will need a credit card to purchase the reader. Alternatively, you can copy the respective book chapters at the library.
- 2) The articles marked in [blue](#) are available via the **electronic resources of the library**. You can access these resources from any computer registered in the EUR network (including the computer labs in the H-building) or by establishing a [VPN-connection](#) from your personal computer. Once you are connected, you can use the links above (press Ctrl + mouse click on link) to find the articles. Should those links not work you can try to find the articles on <http://www.eur.nl/ub/xenglish/> or <http://scholar.google.com>.
- 3) Articles marked in [green](#) can be downloaded from the Blackboard site of this course.