



Entrepreneurship

Who starts a business, who succeeds, and why
Sociology 159

Fall 2011

Class Meetings: Wednesday, Friday 10:05-11:20
Office hours: Wednesday 11:30-12:30
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Entrepreneurship – the deliberate formation of new organizations – is a central driving force in creating new economies and keeping existing economies moving. Entrepreneurship involves innovation and job creation, and the importance of these is seldom debated. Rather, encouraging and facilitating business start-up has been a central feature of developed and developing economies alike during both economic booms and more challenging economic times.

Workers are drawn to entrepreneurship in large numbers and for a wide range of reasons. One estimate suggests that more than 57% of American workers claim they want to try starting a business at some point in their lives. The prospects of greater job autonomy, wealth generation, self-promotion, and creation and dissemination of ideas, products, and services combine to make business start-up an appealing adventure despite its many risks and challenges.

Although we have some ideas about what drives people to start businesses and the factors that contribute to business success, neither issue has been resolved with certainty. Academics, business writers, and the media pay a good deal of attention to these questions. Despite their efforts, however, there are many unanswered questions and puzzles that still need to be worked out.

In this class, we will consider previous answers to questions about the origins and success of business startups. We will also do a good deal of our own data exploration to adjudicate competing claims and to feel more confident about the real social and economic processes that explain entrepreneurship. The class will focus on three questions:

1. Who attempts to start a business? How do various influences vary across people?
2. How do new organizations behave?
3. What factors affect the success of business start ups?

WHO WILL BENEFIT FROM THE CLASS?

Anyone who has even a basic curiosity about entrepreneurship will benefit! If you find the process of business start-up fascinating from a basic research perspective, you will benefit.

Likewise, if you are thinking about starting a business, you will benefit. This is not a how-to class, but entrepreneurial success depends on understanding how and why businesses succeed and fail. A thorough understanding of these processes is about as much insurance as you can get in starting a successful business!

READINGS

We will use three books; please buy a copy of each. Check out adall.com for cheap, used versions. You don't need to spend a ton. We will give you electronic copies of other readings.

Martin Ruef. 2010. *The Entrepreneurial Group: Social Identities, Relations, and Collective Action*. Kauffman Foundation.

Jessica Livingston. 2008. *Founders at Work: Stories of Startups' Early Days*. Apress.

Peter J. Denning and Robert Dunham. 2010. *The Innovator's Way: Essential Practices for Successful Innovation*. MIT Press.

LET ME HELP WITH YOUR WORK. I AM HERE!

I check my email frequently and will reply as quickly as possible. I am always happy to help with projects for this class and others if I can. Run your ideas past me! There are no silly ideas, and most start off half-baked. I am good at giving feedback on papers, too. Send me drafts, partial drafts, half-written junk that doesn't seem fit to share. I really am happy to read a sentence or two, an outline, or a more developed set of paragraphs. I can usually tell you if you are headed in the right direction or, if not, how to get back on track.

REQUIREMENTS

- **Participate in class!** This is critical for working on oral presentation skills that will serve you well forever. Much of the learning is going to happen in class, and assignments build on each other. You can get behind quickly if you are not here.
- **Complete data assignments and participate in discussing them in class.** This will hone your skills using social science methods to answer important questions. During many class periods, we will hand you a question or a list of questions that are related to the topic of the next class. The question or questions can usually be answered with data and statistical methods you have learned in this class. Occasionally, the questions will require other research (e.g., looking up an article or two) rather than using data. Your job is to answer the questions and turn in the answers in the following class.

You must be in class to receive the questions, and you must turn in a hard copy of the answers. No emails!

I realize that you are taking other classes and have other commitments. This requirement is not intended to take all of your time this semester, but you will find that you will benefit much more from the class if you take this seriously!

- **Write four short papers.** This will help you improve your ability to convey ideas in writing. The first three papers focus on different aspects of the same issue; paper 4 brings the first three topics together into a final, coherent paper.
- A. **Topics:** These are not overly complicated, but I want you to have detailed descriptions to make sure my expectations are clear!
1. **Paper 1:** identify a factor that affects either entrepreneurial start-up or success. This can be a personal, social, economic, or contextual (environmental) trait. In the paper:
 - a. Identify which outcome you are studying: start-up or success?
 - b. Describe the trait you think matters (e.g., having lots of wealth)
 - c. Use two pieces of published literature to defend your claim that this trait matters. The sources should be from academic sources or other sources that are professionally vetted. The literature does **not** have to explicitly identify your trait as important for entrepreneurship. In fact, it would be better and more original if it does not. **BUT** the literature you cite must help you defend that this trait matters for other, related outcomes. E.g., there is very little evidence that wealth matters or not for business start-up, but we know that wealth is important for lots of other reasons.
 - d. Provide a theoretical explanation for why this trait should matter. A theoretical explanation is a series of related statements that explain why $X \rightarrow Y$. E.g., wealth \rightarrow ample finance resources, lower need to other employment, and rich friends \rightarrow increased likelihood of business success.
 2. **Paper 2:** use quantitative data to provide some evidence regarding the relationship between the trait you identified in paper 1 and the outcome you are studying. E.g., use the PSED (the data you will use in class) to show whether personal wealth is related to business success.
 3. **Paper 3:** use qualitative data to provide evidence regarding the relationship between your trait and the outcome you are studying. Incorporate two sources of information:
 - a. At least one personal interview with an expert or entrepreneur
 - b. An example of an entrepreneur from the public record.
 4. **Paper 4:** synthesize papers 1-3 into a single, coherent paper proposing a relationship between your trait, identifying a theoretical explanation for that relationship, and providing both quantitative and qualitative evidence for the relationship. This paper should
 - a. Synthesize the writing you did in the first 3 pages. ****cut and paste your text from papers 1-3!****
 - b. Add two new external sources
 - c. Add a conclusion that summarizes your findings and discusses limitations of the research.

- B. *Due dates: September 30, October 21, November 11, and December 9.*
- C. *Co-authors:* It is okay to co-author the papers with up to three authors; this can be fun and productive. Co-authorship can work well for some people, but be sure this is the route you want to take. You will have to do all the papers together given that they build on each other. All authors will share a single paper grade.
- D. *Format:* please bring me a hard copy in class at the start of class. Please do not email the papers! Emailing drafts is great, but I need a hard copy and cannot print all of the papers.
- E. *Length:* each paper should be 1,500 words or less. Fewer than 1,500 words is fine, but make sure you cover all the important points.
- F. *Citations:* use any citation format you prefer, but be consistent throughout each essay.
- G. *When to start?* Now. Seriously. Work ahead! These are much harder than they look!!
- **Present your final paper in class.** This will help you improve your ability to convey ideas orally. We will assign dates for presentations and talk about details later in the semester. This is a chance to share your findings and to learn about other people's work.

GRADES

In-class data projects	100 points
Four papers	200 points (50 points each)
Presentation	100 points
Total	400 points

SCHEDULE

PART I. INTRODUCTION AND BASICS

- | | |
|--|---------------------------------------|
| 1. August 31 | Introduction and welcome! |
| 2. September 2
Ruef chapters 1-2
Livingston chapters 1-2 | Who becomes an entrepreneur? |
| 3. September 7
Ruef chapter 3
Keister and Southgate. 2011. Textbook chapter 3. We will make this available. | Empirical puzzles and methods |
| 4. September 9
Read Panel Study of Entrepreneurial Dynamics (PSED) documentation | Using data to answer questions |

PART II. ENTREPRENEURIAL PROCESSES

5. September 14

Ruef chapters 4-5

Livingston chapters 3-4

Entrepreneurs and groups

September 16

No class!

Work on paper 1!

6. September 21

Ruef chapters 6-7

Livingston chapters 5-6

Control and rewards

7. September 23

Ruef chapters 8-10

Livingston chapters 7-8

Innovation and group dynamics: Network measures
Guest lecturer: James Moody, Robert O. Keohane
Professor of Sociology and Director of Networks
Center, Duke University

8. September 28

Livingston chapters 9-10

Data day!

September 30

Paper #1 due!

9. September 30

Livingston chapters 11-12

Film

No class October 5-12

Fall Break!

Work on paper 2!

10. October 14

Livingston chapters 13-14

Speaker:

Jose Buenaga, President and founder Biohealth
Technologies and IBC group

PART III. SUCCESSFUL ENTREPRENEURSHIP

11. October 19

Denning and Dunham chapters 1-2

Livingston chapters 15-16

Invention, innovation, and beyond

**October 21
Paper #2 due!**

12. October 21

Denning and Dunham chapters 3-4

Livingston chapters 17-18

Observing: Qualitative approaches

Guest lecturer: Rose Buckelew

13. October 26

Denning and Dunham chapters 5-6

Livingston chapters 19-20

**Denning and Dunham's (D&D's) practices:
sensing and envisioning**

14. October 28

Denning and Dunham chapters 7-8

Livingston chapters 21-22

D&D's practices: offering and adopting

15. November 2

Denning and Dunham chapters 9-10

Livingston chapters 23-24

D&D's practices: sustaining and executing

16. November 4

Denning and Dunham chapters 11-12

Livingston chapters 25-26

Speaker:

Al Bender, CEO Bender Business Associates

17. November 9

Denning and Dunham chapters 13-14

Livingston chapters 27-28

D&D's practices: leading and embodying

**November 11
Paper #3 due!**

18. November 11

Speaker:

**Martin Ruef, Professor of Sociology,
Princeton University**

PART IV. BRINGING IT ALL TOGETHER

19. November 16

**Speaker: Karen LeVert,
Southeast TechInventures, Inc. (STI)**

Denning and Dunham chapters 15-16
Livingston chapters 29-33



**No Class November 18-25!
Work on presentations!
Happy Thanksgiving!**

20. November 30

Presentations

21. December 2

Presentations

22. December 7

Presentations

23. December 9

Presentations, conclusions, celebration!

**December 9
Paper #4 due!**