Syllabus: Theoretical and Empirical Perspectives on Entrepreneurship: Finance

Spring 2021

Wednesday 5:30-8:30
Remote via Zoom
Harvard Business School

TEPE explores scholarly work from economics and finance disciplines regarding entrepreneurship—the formation and growth of new firms. While work on this topic dates back to Schumpeter and earlier, academic research regarding entrepreneurship has exploded over the last decade. Reflecting the complex nature of the entrepreneurship, TEPE touches on multiple academic disciplines and research methodologies.

There are two complementary doctoral classes, each taught every other year, with the Spring 2021 course focusing on the entrepreneurship research about corporate finance, including entrepreneurial finance and behavioral economics. The Spring 2022 course focuses on entrepreneurship and its relationship to economics fields like industrial organization, labor economics, and economic growth.

Papers are provided via Canvas, the course platform. All students should have access to Canvas. Students who cannot access the course materials should contact Eric Dunn (edunn@hbs.edu) to arrange for an alternative way to access the course materials.

There will be some updates to the syllabus and papers as the semester unfolds. An email list maintained by Eric will provide alerts and materials as appropriate.

Three referee reports will be due over the course of the semester. These are indicated in bold italics. Each referee report is a recent, unpublished academic paper that is receiving lots of attention (and is often a recent job market paper). In addition, there will be a final paper proposal, which can build off work you are doing for another class or your thesis.

Shai Bernstein, Bill Kerr and Josh Lerner will teach all sessions, with guest lectures by Ray Kluender, Josh Krieger, and Christopher Stanton. The TA for the course is Botir Kobilov (bkobilov@hbs.edu).
Outline

Class 1: Bernstein (January 27)
Course Introduction: What is entrepreneurial finance and why?
The real effects of entrepreneurial finance

Class 2: Kerr (February 3)
Returns from entrepreneurship

Class 3: Kerr (February 10)
Capital constraints

Class 4: Lerner (February 17)
Banks

Class 5: Kerr (February 24)
Trade credit
Home equity and collateral

Class 6: Bernstein (March 3)
Additional forms of credit
Bankruptcy

Class 7: Lerner (March 10)
Venture capital

Class 8: Lerner/Stanton+Kluender (March 17)
Entrepreneurial finance and market/macro cycles
COVID-19 and Entrepreneurship

Class 9: Lerner (March 24)
Angel investors
Impact investment

3/31: Wellness day (no classes)

Class 10: Bernstein (April 7)
Private equity
Initial public offerings

Class 11: Lerner (April 14)
Behavioral entrepreneurship
Gender, race, and entrepreneurial finance
Class 12: Lerner/Krieger (April 21)
Corporate venturing

Class 13: Lerner (April 28)
Student presentations
Preview of TEPE 2021 – Key topics and lessons
Class 1: Lerner (January 27)

Course Introduction

Real effects of entrepreneurial finance


Class 2: Kerr (February 3)

*Returns from entrepreneurship*


Sarada, 2016, The unobserved returns from entrepreneurship, Working paper. [Skim]
Class 3: Kerr (February 10)

Capital constraints: theory


Capital constraints: empirics


Banks


Class 5: Kerr (February 24)

Trade credit


Home equity, collateral, and entry


Class 6: Bernstein (March 3)

Additional forms of credit


Davis, Jesse, Adair Morse, and Xinxin Wang, 2020, The leveraging of Silicon Valley: Venture debt in the innovation economy, Paper No. 18-16, Kenan Institute of Private Enterprise Research.


Bankruptcy


Class 7: Lerner (March 10)

Venture capital


Kaplan, Steven, Berk Sensoy, and Per Strömberg, 2009, Should investors bet on the jockey or the horse: Evidence from the evolution of firms from early business plans to public companies, *Journal of Finance* 64:1, 75-115.


Entrepreneurship and Market/Macro Cycles


Manso, Gustavo, Benjamin Balsmeier, and Lee Fleming, 2019, Heterogeneous innovation and the antifragile economy, Unpublished working paper.


COVID-19 and Entrepreneurship


Class 9: Lerner (March 24)

Angel investors


Impact investing


Class 10: Bernstein (April 7)

Private equity


Initial public offerings


Class 11: Lerner/Krieger (April 14)

Corporate venturing (1)


Chemmanur, Thomas, Elena Loutskina, and Xuan Tian, 2014, Corporate venture capital, value creation, and innovation, Review of Financial Studies 27:8, 2434-2473.


Corporate venturing (2)


Class 12: Lerner (April 21)

Behavioral entrepreneurship


Gender, race, and entrepreneurship


Gornall, Will, and Ilya A. Strebulaev, 2019, Gender, race, and entrepreneurship: A randomized field experiment on venture capitalists and angels
Class 13: Lerner (April 28)

Paper presentations

Preview of TEPE 2022 – key topics and lessons