



EEE 6213
Entrepreneurship: Theory and History
Fall 2023

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Course description

This doctoral seminar course focuses on the theory and history of entrepreneurial value creation in a market setting. Our goal is not to study the entrepreneur (the agent) or entrepreneurship (the function) as distinct phenomena, that is ‘entrepreneurship *qua* entrepreneurship’, but rather to contextualize entrepreneurship and thus understand it as embedded within a broader economic context—as subject to, happening within, but being the primary driving force of the market process. We will as part of this aim cover classical and modern economic theories of value creation, from production and specialization under the division of labor via exchange and economic calculation to innovation and economic growth, and relate those theories with modern theories of entrepreneurship and organizational economics.

This course serves as both context to, expansion of, and elaboration on the main theories within the modern entrepreneurship literature. We will relate the contemporary discussions/literatures to historical theories, approaches in other disciplines, and differing perspectives on what entrepreneurship means for the market process, economic development/growth, and society.

The course has two parts, where the first seven weeks are used to discuss the workings of the market process. This discussion serves as a foundation and framework for the second, which introduces and makes the student familiar with core theoretical perspectives on entrepreneurship/the entrepreneur.

Learning goals

By the end of the course, the students are expected to be able to:

- Understand the debates and theoretical perspectives on value creation (from 1700 to the present)
- Understand the various views of the entrepreneur and the origins and context of those views
- Understand the implications and effects of entrepreneurship on the market process
- Understand the economics of entrepreneurship and organization

Readings

Students are responsible for finding and acquiring access to all assigned readings. Many of the readings are in the public domain and may be provided on the course web site, but *several are not*. Please consult the reading assignments in the detailed schedule below.

Grades

Grading will be based on the following components:

- Active participation in class discussions: 35%
- Research questions: 10%
- Discussion leader sessions: 10%
- Book review essay: 15%
- Term paper: 30%

Participation involves (1) reading assigned articles, chapters, and other materials in full, (2) active participation in class discussion of all articles, chapters, and materials, and (3) regular attendance.

Discussion leader sessions: Each student is responsible to lead the discussion on 2 theory areas and for providing the class with an in-depth analysis of the topic under study in the form of a *written handout* to be distributed in class. Your analysis should provide structure to organize the individual articles, within which key theoretical concepts, postulates, arguments and findings should be discussed, integrated, and critically evaluated. The overview should also address directions for further research. The student will also lead the in-class discussion for at least 60 minutes.

Research questions are well thought out and properly formatted research questions that the student derives from reading the materials assigned for each seminar. The research questions are due 24 hours before each seminar and the students are expected to consider and evaluate each other's questions.

Review essay involves writing a critical review essay (a longer and more argumentative discussion than a standard book review) on a book of your choice. You may choose from:

- Casson, *The Entrepreneur* (1982)
- Durkheim, *The Division of Labor in Society* (1893)
- Kirzner, *Perception, Opportunity, and Profit* (1979)
- Knight, *Risk, Uncertainty, and Profit* (1921)
- Shane, *A General Theory of Entrepreneurship: The Individual-Opportunity Nexus* (2003)
- Simon, *Administrative Behavior* (1947)

Other titles may be acceptable, especially if you are not a student in the School of Entrepreneurship, but must be pre-approved by the instructor.

The **term paper** involves writing a full-length journal article by producing, in order, (1) a paper idea, (2) an introduction per the ABCD method, (3) a complete draft, and (4) the final paper. Each item will have a separate deadline, after which the student receives constructive feedback from the perspective of an editor of a top-ranked journal in entrepreneurship/management. Items 1-3 will be graded on the basis of timeliness, quality of content, and progress. The final paper should be thought of as a regular journal article submission and *will be graded in the form of a journal peer review*.

Readings and schedule

All listed readings are *required* for the date stated. You should read each book/article more than once. (Note the page breaks.)

- 1/13
- Klein & Bylund, “The Place of Austrian Economics in Contemporary Entrepreneurship Research”
 - Jacobson, “The ‘Austrian’ school of strategy”
 - Salerno, “The place of Mises’s *Human Action* in the development of modern economic thought”
 - Schulak & Unterkofler, *The Austrian School of Economics*, chapters 1, 5, 7-8, 17-18, 24

VALUE AND ECONOMIC GOODS

- 1/20
- Menger, *Principles of Economics*, chapters 1-3
 - Böhm-Bawerk, *Positive Theory of Capital*, Book III, chapters 1-2
 - Mises, *Human Action*, chapters 1, 4
 - Rothbard, *Man, Economy, and State*, chapter 1
 - Bylund & Packard, “Subjective Value in Entrepreneurship”
 - Packard & Bylund, “From *homo economicus* to *homo agens*: Toward a subjective rationality for entrepreneurship”

PRODUCTION AND THE DIVISION OF LABOR

- 1/27
- Mises, *Human Action*, chapters 4-8
 - Adam Smith, *Wealth of Nations*, Book I, chapters 1-3
 - Menger, *Principles of Economics*, chapter 4
 - Read, “I, Pencil”
 - Böhm-Bawerk, *Positive Theory of Capital*, Book III, chapter 4
 - Stigler, “The Division of Labor is Limited by the Extent of the Market”
 - Young, “Increasing returns and economic progress”
 - Bylund, *Problem of Production*, chapters 2-3

CAPITAL AND CAPITAL STRUCTURE

- 2/15
- Lachmann, *Capital and Its Structure*, chapters 1-4
 - Rothbard, *Man, Economy, and State*, chapters 5-9
 - Hayek, “The Mythology of Capital”
 - Hayek, “The Paradox of Saving”
 - Bylund, “The Realm of Entrepreneurship in the Market”
 - Bylund, “Explaining Firm Emergence: Specialization, Transaction Costs, and the Integration Process”

EXCHANGE AND PRICE

- 2/25
- Böhm-Bawerk, *Positive Theory of Capital*, Book IV, chapters 2-5
 - Rothbard, *Man, Economy, and State*, chapter 2
 - Bylund, *The Seen, the Unseen, and the Unrealized*, chapters 1-3
 - Bylund, “More Spending Does Not Drive More Employment”
 - Kates, *Classical Economic Theory and the Modern Economy*, chapters 3, 5
 - Mises, *Lord Keynes and Say’s Law* (entire pamphlet)
 - Hayek, “The Use of Knowledge in Society”
 - Hayek, “The Meaning of Competition”

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- Hayek, “Competition as a Discovery Procedure”

MONEY, PROFIT, AND ECONOMIC CALCULATION

- 3/3
- Menger, “On the Origin of Money”
 - Rothbard, *The Mystery of Banking*, chapter 3
 - Mises, “Economic Calculation in the Socialist Commonwealth”
 - Mises, *Human Action*, chapters 17, 26
 - Denis, “Economic Calculation: Private Property or Several Control?”
 - Bylund & Manish, “Private Property and Economic Calculation: A Reply to Andy Denis”
 - Bylund, “Management Is What’s Wrong with Socialism: Cost at the Expense of Value”

UNCERTAINTY AND INSTITUTIONS

- 4/21
- Knight, *Risk, Uncertainty, and Profit*, chapters 7-10
 - Bylund, “Toward a Value Framework for Understanding Uncertainty in Business”
 - Packard, Clark & Klein “Uncertainty Types and Transitions in the Entrepreneurial Process”
 - Packard & Clark, “On the Mitigability of Uncertainty and the Choice between Predictive and Non-predictive Strategy”
 - Holmes & Westgren, “Carving the Nature of Uncertainty at Its Joints”
 - Kirzner, “Uncertainty, Discovery, and Human Action”
 - Packard, Bylund & Clark, “Keynes and Knight on Uncertainty: Peas in a Pod or Chalk and Cheese?”
 - Elert & Henrekson, “Evasive Entrepreneurship”
 - Henrekson & Sanandaji, “The Interaction of Entrepreneurship and Institutions”
 - Douhan & Henrekson, “Entrepreneurship and Second-Best Institutions”
 - Bylund & McCaffrey, “A theory of entrepreneurship and institutional uncertainty”
 - Lucas & Fuller, “Entrepreneurship: Productive, unproductive, and destructive—Relative to what?”

THE ENTREPRENEUR IN ECONOMICS

- 2/3
- Discussion leader:
- Hébert & Link, “The Place of the Entrepreneur in Economics”
 - Baumol, “Entrepreneurship in Economic Theory”
 - Demsetz, “The Neglect of the Entrepreneur”
 - Lazear, “Balanced Skills and Entrepreneurship”
 - Lazear, “Entrepreneurship”
 - Klein & Cook, “T.W. Schultz and the Human-Capital Approach to Entrepreneurship”
 - Kates, “The Scandalous Neglect of the Entrepreneur in Economic Theory”
 - Bylund, “What the Entrepreneurial Problem Reveals about Keynesian Macroeconomics”

CANTILLON’S ENTREPRENEUR

- 2/10
- Discussion leader:
- Cantillon, *Essai sur la Nature du Commerce en Général* (entire book)
 - Thornton, “Why Did Cantillon Change the Meaning of Entrepreneurship?”
 - Thornton, “Turning the Word Upside Down: How Cantillon Redefined the Entrepreneur”

KIRZNER’S ENTREPRENEUR

- 3/10
- Discussion leader:
- Kirzner, *Competition and Entrepreneurship* (entire book)

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- Kirzner, “Economics and Error”
 - Foss & Klein, “Alertness, Action, and the Antecedents of Entrepreneurship”
 - Foss & Klein, “Entrepreneurial Alertness and Opportunity Discovery: Origins, Attributes, Critique”
 - Kirzner, “The Ethics of Pure Entrepreneurship”
 - Bylund, “The Austrian Free Enterprise Ethic”

SCHUMPETER’S ENTREPRENEUR

3/31

Discussion leader:

- Schumpeter, *The Theory of Economic Development* (entire book)
- Becker, Knudsen & Swedberg, “Schumpeter’s Theory of Economic Development: 100 years of development”
- Knudsen & Becker, “The Entrepreneur at a Crucial Juncture in Schumpeter’s Work”
- Schumpeter, “Unternehmer”
- Kirzner, “Creativity and/or Alertness: A Reconsideration of the Schumpeterian Entrepreneur”
- Kirzner, “The alert and creative entrepreneur: a clarification”

MISES’S ENTREPRENEUR

4/14

Discussion leader:

- Mises, *Human Action*, chapter 15
- Mises, *Profit and Loss* (entire book)
- Salerno, “Mises and Hayek Dehomogenized”
- Salerno, “The Entrepreneur: Real and Imagined”
- Lachmann, “From Mises to Shackle”
- Bylund, “Finding the Entrepreneur-Promoter: A Praxeological Inquiry”
- Bylund, “Entrepreneurship and the Market Process”

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ENTREPRENEURIAL JUDGMENT

Discussion leader:

- Foss & Klein, *Organizing Entrepreneurial Judgment* (entire book)
- Packard & Bylund, “What Is Judgment, Anyway?”
- Foss, Foss & Klein, “Original and Derived Judgment”
- McMullen, “Entrepreneurial Judgment as Empathic Accuracy”
- Sarasvathy & Dew, “Without judgment: An empirically-based entrepreneurial theory of the firm”

CHANGE AND ECONOMIC GROWTH

4/7

Discussion leader:

- Nelson & Winter, “Neoclassical vs. Evolutionary Theories of Economic Growth”
- Nelson, “Recent Evolutionary Theorizing About Economic Change”
- Baumol & Strom, “Entrepreneurship and Economic Growth”
- Spulber, “The Economic Role of the Entrepreneur in Economic Growth”
- High, “Entrepreneurship and Economic Growth”
- Holcombe, “Entrepreneurship and Economic Growth”
- Sautet, “Local and Systemic Entrepreneurship”
- Wennekers & Thurik, “Linking Entrepreneurship and Economic Growth”
- Braunerhjelm, Acs, Audretsch & Carlsson, “The missing link: knowledge diffusion and entrepreneurship in endogenous growth”

ENTREPRENEURSHIP AND THE FIRM

4/25

Discussion leader:

- Bylund, *Problem of Production* (entire book)

For University Policies and Important Dates, Please See Separate Syllabus Attachment File.

Potential elective sections and/or for further study and depth

	<hr/> BEYOND KIRZNER AND SCHUMPETER <hr/>
n/a	<ul style="list-style-type: none">• McMullen, Plummer & Acs, "What is an Entrepreneurial Opportunity?"• Chiles, Bluedorn & Gupta, "Beyond creative destruction and entrepreneurial discovery"• Chiles, Tuggle, McMullen, Bierman & Greening, "Dynamic Creation: Extending the Radical Austrian Approach to Entrepreneurship"• Chiles, Vultee, Gupta, Greening & Tuggle, "The Philosophical Foundations of a Radical Austrian Approach to Entrepreneurship"• Foss & Klein, "Alertness, Action, and the Antecedents of Entrepreneurship"• Davidsson, "Entrepreneurial opportunities and the entrepreneurship nexus: A reconceptualization"• Klein, "Opportunity discovery, entrepreneurial action, and economic organization"• DiLorenzo, "Competition and political entrepreneurship"• Casson & Wadeson, "The Discovery of Opportunities: Extending the Economic Theory of the Entrepreneur"• McMullen & Dimov, "Time and the entrepreneurial journey: The problems and promise of studying entrepreneurship as a process"
	<hr/> TRANSACTION COSTS AND THE FIRM <hr/>
n/a	<ul style="list-style-type: none">• Coase, "The Nature of the Firm"• Coase, "The Problem of Social Cost"• Coase, "The Institutional Structure of Production"• Williamson, "Transaction-Cost Economics: The Governance of Contractual Relations"• Williamson, "Vertical Integration: Theory and Policy," The Economic Institutions of Capitalism, 1985, chapter 4• Williamson, "The Limits of Firms: Incentive and Bureaucratic Features," The Economic Institutions of Capitalism, 1985, chapter 6.• Williamson, "The Logic of Economic Organization"• Comparative Economic Organization: The Analysis of Discrete Structural Alternatives"• North, "Transaction Costs, Institutions, and Economic History"• North, "Institutions and a Transaction-Cost Theory of Exchange"• North, "Institutions"• North, "Economic performance through time"• Bylund, "Ronald Coase's 'Nature of the Firm' and the Argument for Economic Planning"• Bylund, "Signifying Williamson's Contribution to the Transaction Cost Approach: An Agent-Based Simulation of Coasean Transaction Costs and Specialization"• Bylund, "The Firm vs. the Market: Dehomogenizing the Transaction Cost Theories of Coase and Williamson"• Zajac & Olsen, "From Transaction Cost to Transactional Value Analysis"
	<hr/> INSTITUTIONS, INEQUALITY, AND INNOVATION <hr/>
3/24	<p>Discussion leader: Ryan</p> <ul style="list-style-type: none">• Rothbard, "Freedom, Inequality, Primitivism, and the Division of Labor"• Packard & Bylund, "On the relationship between inequality and entrepreneurship"• Baumol, "Entrepreneurship: Productive, Unproductive, and Destructive"• Sobel, "Testing Baumol: Institutional Quality and the Productivity of Entrepreneurship"• Elert & Henrekson, "Evasive Entrepreneurship"• Henrekson & Sanandaji, "The Interaction of Entrepreneurship and Institutions"

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- Douhan & Henrekson, “Entrepreneurship and Second-Best Institutions”
 - Bylund & McCaffrey, “A theory of entrepreneurship and institutional uncertainty”
 - Bjørnskov C., Foss N.J. “How Institutions of Liberty Promote Entrepreneurship and Growth”
 - Hall & Sobel, “Institutions, Entrepreneurship, and Regional Differences in Econ. Growth”
 - Lucas & Fuller, “Entrepreneurship: Productive, unproductive, and destructive—Relative to what?”

MARKETING AND VALUE CREATION

n/a

- Levitt, “Marketing Myopia”
- Grönroos & Voima, “Critical Service Logic: Making Sense of Value Creation and Co-Creation”
- Grönroos, “Adopting a service logic for marketing”
- Hastings, D’Andrea & Bylund, “Towards A Value-Dominant Logic of Marketing”
- Ehret & Wirtz, “Ownership of Co-creation Assets: Driving B2B Value Propositions in the Service Economy”
- Lindhult, Chirumalla, Oghazi & Parida, “Value logics for service innovation: practice-driven implications for service-dominant logic”
- Gummerus, “Value creation processes and value outcomes in marketing theory: Strangers or siblings?”
- Vargo & Lusch, “Institutions and axioms: an extension and update of service-dominant logic”
- Gummerus & von Koskull, “The Nordic School”