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Module 4 The financing of innovation (PhD Program in Economics and Statistics – track in Data Science for Business)

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This module deals with important aspects of financing the start, the orderly development and the growth of an innovation in established companies or innovative enterprises. The goal of the course is to introduce participants into the field of entrepreneurial finance research and the problems, theories and methods that are

prevalent in (empirical) research on financing entrepreneurship. Lectures will offer a perspective on entrepreneurial finance as a scholarly field, the main topics and approaches associated, and the most established research designs and methodologies adopted by scholars in the field.

Readings

Part 1. Introduction to Entrepreneurship/ Overview and Classics

- Shane, S. & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), pp. 217-226. (*)
- Simon, M., Houghton, S. M., & Aquino, K. (2000). Cognitive biases, risk perception, and venture formation: How individuals decide to start companies. *Journal of business venturing*, 15(2), 113-134. (*)

- Alvarez, S. A., & Barney, J. B. (2007). Discovery and creation: alternative theories of entrepreneurial action. *Strategic Entrepreneurship Journal*, 1(1-2): 11–26. (*)

- Baker, T., & Nelson, R. E. (2005). Creating Something from Nothing: Resource Construction through Entrepreneurial Bricolage. *Administrative Science Quarterly*, 50: 329–366. (*)

- Shane, S. (2000). Prior Knowledge and the Discovery of Entrepreneurial Opportunities. *Organization Science*, 11(4): 448-469. (*)

- Sarasvathy, S. D. (2001). Causation and Effectuation: Toward a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency. *Academy of Management Review*, 26(2): 243-263(*)

Part 2 . Central concepts in entrepreneurial finance

a)

- Spence, M. (1978). Job market signaling. In *Uncertainty in economics* (pp. 281-306). Academic Press.
- Karasek III, R., & Bryant, P. (2012). Signaling theory: Past, present, and future. *Academy of Strategic Management Journal*, 11(1), 91.
- Connelly, B. L., Certo, S. T., Ireland, R. D., Reutzel, C. R. 2011. Signaling theory: A review and assessment. *Journal of Management*, 37: 39-67 (*)
- Frank, M. Z., & Goyal, V. K. (2003). Testing the pecking order theory of capital structure. *Journal of financial economics*, 67(2), 217-248. (*)
- Lerner, J., Nanda, R., 2020. Venture Capital's Role in Financing Innovation: What We Know and How Much We Still Need to Learn, *Journal of Economic Perspectives* 34 (3), 237–261 (*)
- Gompers P. A., Gornall W., Kaplan S. N., Strebulaev I. A. 2020. How do venture capitalists make decisions? *Journal of Financial Economics* 135 (2020) 169–190. (*)

b)

- Chemmanur, T.J., Krishnan, K., Nandy, D. (2011). "How Does Venture Capital Financing Improve Efficiency in Private Firms? A Look Beneath the Surface". *The Review of Financial Studies* 24, 4037-4090
- Croce, A., Martí, J., Murtinu, S. 2013. The impact of venture capital on the productivity growth of European entrepreneurial firms: 'Screening' or 'value added' effect?. *Journal of Business Venturing* 28(4), 489-510 (*)
- Colombo, M.G., Murtinu, S., 2017. Venture Capital Investments in Europe and Portfolio Firms' Economic Performance: Independent versus Corporate Investors. *Journal of Economics & Management Strategy*, 26(1), 35-66
- Colombo, M.G., Cumming, D., Vismara, S., 2016. Governmental venture capital for innovative young firms. *Journal of Technology Transfer*, 2016, 41(1), 10-24 (*)
- Capizzi, V., Croce, A., & Tenca, F. (2022). Do Business Angels' Investments Make It Easier to Raise Follow-on Venture Capital Financing? An Analysis of the Relevance of Business Angels' Investment Practices. *British journal of management*, 33(1), 306-326. (*)

Additional readings:

- Myers, Stewart C. "Capital structure puzzle." NBER Working Paper w1393 (1984).

Part 3. New financing tools for innovation

- Drover, W., Busenitz, L., Matusik, S., Townsend, D., Anglin, A., Dushnitsky, G. 2017. A review and road map of entrepreneurial equity financing research: Venture capital, corporate venture capital, angel investment, crowdfunding, and accelerators. *Journal of Management*, 43: 1820-1853(*)
- Colombo, O. (2021). The use of signals in new-venture financing: A review and research agenda. *Journal of Management*, 47(1), 237-259. (*)
- Mollick, E. (2014). The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing*, 29(1), 1–16. <https://doi.org/10.1016/J.JBUSVENT.2013.06.005>(*)
- Colombo, M.G., Franzoni, C., Rossi Lamasra, C. 2015. Internal social capital and the attraction of early contributions in crowdfunding, *Entrepreneurship Theory & Practice*, 2015, 39 (1), pp. 75-100.
- Buttice, Vincenzo, Francesca Di Pietro, and Francesca Tenca. "Is equity crowdfunding always good? Deal structure and the attraction of venture capital investors." *Journal of Corporate Finance* 65 (2020): 101773. (*)
- Di Pietro, F., Grilli, L., & Masciarelli, F. (2020). Talking about a revolution? Costly and costless signals and the role of innovativeness in equity crowdfunding. *Journal of Small Business Management*, 1-32. (*)

Additional readings:

Di Pietro, F. (2020). *Crowdfunding for Entrepreneurs: Developing Strategic Advantage Through Entrepreneurial Finance*. New York: Routledge.