

## **Economics 631-01: Institutions and Entrepreneurial Decision-Making**

Day & Time: Online

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Required Texts: Institutional Economics: Property, Competition, Policies, 2<sup>nd</sup> Edition. Wolfgang

Kasper, Manfred E. Streit, and Peter J. Boettke, Edward Elgar Publishers, 2012.  
(KSB)

Markets for Managers: A Managerial Economics Primer. Anthony J. Evans,  
Wiley Publishers, 2014. (AE)

Final Exam: **TBD**

### **A. Catalog Entry**

ECON 631: Institutions and Entrepreneurial Decision-Making

Three hours lecture.

Prerequisites: MBA Status or permission of the instructor

Entrepreneurship is the product of cultural boundaries and institutional limitations that define the scale and scope of risk-taking and individual incentives to engage in creative activity. Small changes to institutional environments can produce dramatic changes in the nature and direction of innovation and entrepreneurship. This course assesses and analyzes the conditions that direct the emergence of entrepreneurial and innovative discoveries both at the macro (governmental) level and at the micro (firm) level.

### **B. Detailed Description of Content of the Course**

One can think of the institutional structure of a society as the rules of the game. These rules, both formal and informal, are the determinants of economic, political, and social outcomes. They define the context under which adaptation to the unknown takes place and the direction in which that adaptation flows. The Institutions and Entrepreneurial Decision-Making course provides insight into how entrepreneurial and innovative ideas are generated, under what institutional contexts these ideas emerge, and how these ideas both influence and are influenced by the adaptive process at both the micro and macro level of analysis. Students will critique institutional structures and compare and contrast their impact on the individual's incentive for entrepreneurial and innovative activity. Entrepreneurial decisions made within a market institution will differ from those made within an administrative institution. Under a market arrangement, activity is coordinated through the feedback mechanisms of prices, profit, and loss. These mechanisms empower individuals to engage in economic calculation based on revealed market value. In

institutional environments where the feedback is less available and more open to interpretation, entrepreneurial activity can become suppressed or distorted. The strength and clarity of the feedback signals determine the individual's ability to engage in coordinating and productive entrepreneurial activity as opposed to activity that is unproductive or even destructive. This is true at both the governmental and economic system level as well as at the level of business structure and organization. It is also true that entrepreneurial activity takes place not only within a given institutional framework but also with regard to the institutions themselves. Students will analyze these dynamics and explain how they relate to both micro and macro issues.

Topic Outline:

- 1 Linking and Differentiating Innovation and Entrepreneurship
- 2 Introduction to Comparative Institutional Analysis
- 3 Market Process Theory
- 4 Non-Market Decision Making
- 5 Productive, Unproductive, and Destructive Entrepreneurship
- 6 Decision Making by the Firm
- 7 Decision Making within the Firm

C. **Detailed Description of Conduct of the Course**

The following teaching strategies may be employed: lectures, video and/or audio presentations, discussions, in-class engagement activities, and Out-of-class writing assignments/position papers.

D. **Goals and Objectives of the Course**

After successfully completing this course, Radford University students will be able to:

1. Categorize the differing forms that entrepreneurial and innovative activity may take.
2. Critique institutional forms and compare and contrast their impact on the individual's incentive for entrepreneurial activity.
3. Integrate micro level analysis into macro level analysis and vice versa.

E. **Assessment Measures**

Grades will be determined as follows:

Question Response	10 %
Discussion Board	25%
Midterm Exam	15%
Final Exam	15%
Final Paper	35%

Grading Scale (in percentages)

A 90-100		
B- 80-82.9	B 83-86.9	B+ 87-89.9
C- 70-72.9	C 73-76.9	C+ 77-79.9
D- 60-62.9	D 63-66.9	D+ 67-69.9
F 0.0-59.9		

Tentative Schedule of Reading Assignments

May be subject to change during the semester

<b>Week</b>	<b>Date</b>	<b>Reading</b>
1		<i>Entrepreneurship and Innovation I</i> Kirzner 1999* Kirzner WP* Blaug 2000*
2		<i>Entrepreneurship and Innovation II</i> AACSB on Innovation* Nooteboom 1999* Kastelle* Clifton 2016*
3		<i>Institutions and Human Behavior I</i> KSB: Chapter 1, 2 AE: Chapter 1
4		<i>Institutions and Human Behavior II</i> KSB: Chapter 3, 5 AE: Chapter 2
5		<i>Institutions and Entrepreneurship I</i> KSB: Chapter 7, 8 Sobel 2008* Williamson 2013* <b>Paper Topic Due</b>
6		<i>The Market as a Process</i> AE: Chapter 4, 5 Kirzner 1997*
7		<b>Midterm 10/14</b> <i>Non-Market Decision Making I</i> Coase 1937* Hayek 1945* Tullock 1992* Boettke 2001*

8		<i>Non Market Decision Making II</i> Duncan and Coyne 2015b* Valve 2012* Stigler 1972*
9		<b>Paper Outline Due</b> <i>Changing Institutional Settings</i> KSB: Chapter 12 Hartley 2005* Roland 2004*
10		<i>Organizations and Incentives</i> KSB: Chapter 9 AE: Chapter 7 O'Sullivan 2000* Mumford et al 1997*
11		<i>Productive, Unproductive and Destructive Entrepreneurship</i> KSB: Chapter 10 Baumol 1990* Coyne et al 2010*
12		<b>Paper Draft Due</b> <i>Internal Influences on Decisions</i> Aghion and Tirole 1994* Schneider 1987* Manso 2011*
13		<b>No Class – Thanksgiving Break</b>
14		<i>External Influences on Decisions</i> AE: Chapter 8 Love and Roper 2004* Shadab 2008* Duncan and Coyne 2015a*
15		<i>Strategies for Innovation and Entrepreneurship</i> Sluis 2004* Sharman and Johnson 1997* Applebaum et al 2007* Netflix*
16		<b>Final Exam</b>

\*Articles can be found on D2L in “Articles from Syllabus” under Content tab

### *Discussion Board and Question Response*

Your Discussion Board grade is largely based on your contributions to online classroom discussion. You will be required, each week, to post a blog on the board that discusses the

reading assignment. **Your post will be due Wednesday of each week by 11:00 PM.** You will also be required, each week to post a response to **two other** posts either (your fellow students' or my own) regarding the reading. These responses will be due **Friday of each week by 11:00 PM.** One half of your Discussion Board grade will come from your initial post. One half of your grade will come from the combined scores on your responses to your peers. **The posts for Week 1 will be due Monday and Wednesday of Week 2.** This is a one-time allowance to give you time to adjust to the course.

**Write your posts having read the material** and prepared to answer questions and discuss the material with your colleagues and myself. You will be graded based on the clarity of your writing, your content, and your grasp of the subject matter. You are encouraged, though not required, to use **outside sources** beyond those assigned as well. Please be sure that you **cite material properly** in your posts regardless of what sources you use. I am not currently establishing a minimum word count, however, do not take these lightly. I reserve the right to impose minimums at a later date.

Your Question Response grade will be based on your responses to questions posed on D2L each week. These answers will be significantly briefer than your discussion blogs. These questions are meant to engage students in considering what the theme of the week's lecture is meant to be. **The will also be due Wednesdays by 11:00 PM.**

### *Final Paper*

Students will research an institutional and/or organizational arrangement and analyze whether that arrangement has reached or will reach the desired outcome. Institutional arrangements may include government organizations or structures at the federal, state, or local level or private institutions of a for-profit or non-profit business. Part of this analysis will address the economic soundness of the current strategies, paying particular attention to the feedback mechanisms. Students will assess the strengths and weaknesses of the incentive structure provided by the organization. Students will then offer suggested changes, if any are required or desired. The paper should demonstrate the student's command of the material covered in this class and their ability to apply the economic way of thinking to institutions and incentives in an original way.

The paper must be turned in by [DATE TBD] at 7:00 PM to [tduncan13@radford.edu](mailto:tduncan13@radford.edu). The subject line should read: **"Econ 631-01 Paper Submission"**. Late papers will not be accepted.

The paper must conform to these specifications:

Fifteen to 20 Pages in Length (Not including Cover Page, Appendices, or References)

12-pt Times New Roman font

1-inch margins

Separate cover page

Title, Name, Abstract (approximately 100 words)

## Citation Formatting

In Text Citations: (Last Name Date: Page Number). Ex: (Duncan 2015: 273).

### Separate Reference Page

Last Name, First Name (Year). "Article Title," *Journal Title*, Vol(No): Pages.

Last Name, First Name (Year). *Book Title*, Publishing Location: Publisher.

## *Stages of the Paper*

The overall grade for the final paper will be composed the following stages:

Research Topic:	10%
Paper Outline:	15%
Paper Draft:	20%
Completed Paper:	55%

## F. **Other Course Information**

### Enrollment

Students are responsible for verifying their enrollment in this class. Schedule adjustments should be made by the deadlines available on the Registrar's Website.

<http://www.radford.edu/content/registrar/home.html>

Last day to add/drop: TBD

Last day to withdraw with full tuition refund: TBD

Last day to withdraw with a grade of "W": TBD

### Academic Integrity

Radford University has an Honor Pledge, which requires all members of this community to uphold the values and ideals of the university. Cheating, plagiarism, lying, and stealing are all prohibited. Violations of the Honor Pledge will result in automatic failure of the course. For additional information on the Honor Pledge and Student Conduct, please see the Radford University Student Handbook.

(<http://www.radford.edu/content/radfordcore/home/student-life/student-handbook.html>)

### Radford University Disability Services

If you are seeking academic accommodations under the Americans with Disabilities Act at Radford University, you are required to register with the Disability Resource Office (DRO). To receive academic accommodations for this class, please submit your documentation to the DRO in the lower level of Tyler Hall Suites 54-69, by fax to [540-831-6525](tel:540-831-6525), by email to [dro@radford.edu](mailto:dro@radford.edu). After submitting documentation to our office, you will set up an interview with a Disability Services Specialist to discuss

accommodations. You will be notified via email once your accommodation package is complete and ready to be picked up. Once you have picked up your accommodation package, you will need to meet with each course professor during their office hours to review and discuss your package. For more information and/or for documentation guidelines, visit [www.radford.edu/dro](http://www.radford.edu/dro) or call [540-831-6350](tel:540-831-6350).