

Public Abstract

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Title: Three Essays on Entrepreneurship: Theory, Measurement, and Environment

This dissertation consists of three essays which concern the economic theory, measurement, and institutional environment of entrepreneurship. In Essay One, by questioning the conventional wisdom that economic transactions are either governed by the market price mechanism or directed by the authority of the firm, I argue that the exchange of information and knowledge for innovative production, in many circumstances, does not totally conform to these alternatives for governing of economic transactions. I term such exchanges hidden transactions. Since innovative production takes place inside the mind, I maintain that individual entrepreneurship is the fundamental force that initializes hidden transactions. Other institutional and social factors that enhance the frequency and relevancy of hidden transactions are important for entrepreneurial and economic development. In Essay Two I consider two stages of entrepreneurship, conceiving entrepreneurship (creation of an entrepreneurial idea) and performing entrepreneurship (execution of an entrepreneurship idea), and argue that while conceiving entrepreneurship is largely unobservable performing entrepreneurship, as entrepreneurs carry out their ideas, can be measured by tracing the footsteps of entrepreneurs. I propose a confirmatory factor analysis under the framework of latent-variables modeling in which multiple indicators are used to manifest performing technology entrepreneurship. Indicators include technology patents, small business innovation rewards, venture capital investment, and technology establishments. Results show that the proposed model is plausible using U.S. state level data. In Essay Three, I argue that the performing entrepreneurship of a region depends on the entrepreneur's opportunity set which the region provides. Four components of the opportunity set include the availability of strategic resources, the ease of combining of resources, the ease of founding a firm, and the security of doing business. U.S. state level data, an OLS model results indicate that R&D investment, anchor firms, appropriate government size, and intellectual property law are important factors to these components respectively. Important policy implications are suggested.