

Psychology of innovation and entrepreneurship for MA and PhD students
Professor Michael Frese

Meeting Times: Mon, 17.05.- Thu, 20.05.2010

Mon- Wed: 09:00-11:00, 12:30-14:30, 15:00-17:00, Thu: 09:00-12:00

Venue: C11.320

Introduction: This course should allow you to get to know important parts of the literature on the psychology of innovation and entrepreneurship. Organizational Behavior and organizational psychology is incomplete without understanding, how organizations start, how they grow and develop, how they change and they die eventually – all of these are issues of entrepreneurship. The founders of an organization also determine the culture of the organization to a large extent (this is what is assumed in the literature). Moreover, business owners can be studied quite well on various dimensions of OB (motivation, cognition, emotion, learning, expertise, groups, leadership, etc.) and they have interesting dependent variables – such as performance of firm, strain, well-being of owner(s) and employees, etc. Finally, banks (and other capital providers) routinely select entrepreneurs; there is training for entrepreneurs. All of this makes it useful and even necessary to study and understand entrepreneurship in OB and management.

This seminar focuses on three objectives: First, develop a good set of thoughts on entrepreneurs (business owners) as a group that has been often neglected in OB and I/O psychology; second, understand the function of innovation in organizations and in entrepreneurship, and lastly and most importantly, I expect you to develop a study design during this course that you might want to perform and to publish.

The language of instruction and presentations is English.

Requirements: Students will be asked to do the following activities:

1. Read the assigned articles for each session. I shall determine one or two persona for each session to be the pro-person and one to be the contra-person. The latter is supposed to attack the theory, methodology, analysis, and conclusion of the study, the pro-person needs to defend the study as well as possible.
2. Each session one person will be responsible to provide a small demonstration of how innovation or entrepreneurship can be enhanced – this can be a demonstration of a creativity technique or an idea of how start-up group dynamics could function – anything goes, as long as it is practical and costs not more than 10 minutes of our time to participate in this exercise.
3. At the end of the course, you will be required to hand in a design for an empirical study. This project proposal should include theory and methods in the same way as an article in AMJ, JBV would do (in addition, it should also contain the limitation section). It should be creative, interesting, theoretically and practically useful, methodologically sophisticated and it should be doable (that is you should be able to actually put this study into effect). I will use the same criteria as a peer review to grade this paper. In other words, the more it is publishable (and doable), the better it is (of course, without the results). It may help here that you already have done a small pilot study within the first half semester. This may then give you better ideas for this paper.
4. You might want to look into two introductory books if you are interested: King, N., & Anderson, N. (2002). *Innovation and change: A critical guide for organizations*. London: Thomson. And Shane, S. (2003). *A*

general theory of entrepreneurship. Cheltenham, England: Elgar.

Course Outline and Readings

Session 1 — Introduction, creativity, opportunity, and innovation

- Farr, J. L., Sin, H.-P., & Tesluk, P. E. (2003). Knowledge management processes and work group innovation. In L. V. Shavinina (Ed.), *International handbook of innovation* (pp. 574-586): Elsevier.
- Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, *25*, 217-226.
- Mumford, M. D. (2003). Where have we been, where are we going? Taking stock in creativity research. *Creativity Research Journal*, *15*, 107 — 120.

Session 2 — Organizational culture/climate and creativity

- Matson, J. V. (1996). *Innovate or die: Personal perspective on the art of innovation*. Monroe, Wisconsin: Paradigm Press Ltd.
- Baer, M., & Frese, M. (2003). Innovation is not enough: Climates for initiative and psychological safety, process innovations, and firm performance. *Journal of Organizational Behavior*, *24*, 45-68.
- Huelsheger, U. R., Anderson, N. R., & Salgado, J. F. (2009). Team-level predictors of innovation at work: A comprehensive meta-analysis spanning three decades of research. *Journal of Applied Psychology*, *94*, 1128-1145.
- Anderson, N. R., & West, M. A. (1998). Measuring climate for work group innovation: Development and validation of the team climate inventory. *Journal of Organizational Behavior*, *19*, 235-258.

Session 3 — Creative idea and opportunity

- DeTienne, D. R., & Chandler, G. N. (2004). Opportunity identification and its role in the entrepreneurial classroom: A pedagogical approach and empirical test. *Academy of Management Learning and Education*, *3*, 242-257.
- Baron, R. A., & Ensley, M. D. (2006). Opportunity recognition as the detection of meaningful patterns: Evidence from comparisons of novice and experienced entrepreneurs. *Management Science*, *52*, 1331-1344.
- Shane, S. (2000). Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science*, *11*, 448-469.

Session 4 — Environmental factors

- Aldrich, H. E., & Martinez, M. A. (2001). Many are called, but few are chosen: An evolutionary perspective for the study of entrepreneurship. *Entrepreneurship: Theory & Practice*, *25*(4), 41-56.
- Covin, J. G., & Slevin, D. P. (1999). Pioneers and followers: Competitive tactics, environment, and firm growth. *Journal of Business Venturing*, *15*, 175.
- Kodithuwakku, S. S., & Rosa, P. (2002). The entrepreneurial process and economic success in a constrained environment. *Journal of Business Venturing*, *17*, 431-465.

Session 5 — Person Factors

- Rauch, A., & Frese, M. (2007). Let's put the person back into entrepreneurship research: A meta-analysis on the relationship between business owners' personality traits, business creation and success. *European Journal of Work and Organizational Psychology, 16*, 353-385.
- Baum, J. R., Locke, E. A., & Smith, K. G. (2001). A multi-dimensional model of venture growth. *Academy of Management Journal, 44*, 292-303.
- Hmieleski, K. M., & Baron, R. A. (2009). Entrepreneurs' optimism and new venture performance: A social cognitive perspective. *Academy of Management Journal, 52*, 473-488.
- Frese, M. (2009). Towards a psychology of entrepreneurship: An action theory perspective. *Foundations and Trends in Entrepreneurship, 5*, 435-494.

Session 6 — Assembling resources and planning for competitive advantage

- Winborg, J., & Landstrom, H. (2000). Financial bootstrapping in small businesses: Examining small business managers' resource acquisition behaviors. *Journal of Business Venturing, 16*, 235-254.
- Terpstra, D. E., & Olson, P. D. (1993). Entrepreneurial start-up and growth: A classification of problems. *Entrepreneurship: Theory & Practice, 17*(3), 5-19.
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: Cumulative empirical evidence. *Entrepreneurship Theory and Practice, 33*, 761-787.

Session 7 — Business plan vs. effectuation vs. experimentation

- Sarasvathy, S. D. (2001). Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of Management Review, 26*, 243-263.
- Frese, M., Krauss, S., Keith, N., Escher, S., Grabarkiewicz, R., Luneng, S. T., et al. (2007). Business Owners' Action Planning and Its Relationship to Business Success in Three African Countries. *Journal of Applied Psychology, 92*, 1481-1498.
- Baker, T., Miner, A., & Eesley, D. (2003). Improvising firms: Bricolage, account giving, and improvisational competency in the founding process. *Research Policy, 32*, 255-276.

Session 8 — Leadership and entrepreneurship

- Baum, J. R., Locke, E. A., & Kirkpatrick, S. A. (1998). A longitudinal study of vision and vision communication to venture growth in entrepreneurial firms. *Journal of Applied Psychology, 83*, 43-54.
- Ensley, M. D., Pearce, C. L., & Hmieleski, K. M. (2006). The moderating effect of environmental dynamism on the relationship between entrepreneur leadership behavior and new venture performance. *Journal of Business Venturing, 21*, 243-263.
- Ling, Z., Simsek, Z., Lubatkin, M. H., & Veiga, J. F. (2008). Transformational leadership's role in promoting corporate entrepreneurship: Examining the CEO-TMT interface. *Academy of Management Journal, 51*, 557-576.

Session 9 — Corporate Entrepreneurship: Ambidexterity

He and Wong, "Exploration vs. Exploitation: An Empirical Test of the Ambidexterity Hypothesis,"

Organization Science, Vol. 15, p. 481

Bledow, R., Frese, M., Anderson, N. R., Erez, M., & Farr, J. L. (2009). A dialectical perspective on innovation: Conflicting demands, multiple pathways, and ambidexterity. *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 2(3), 305-337.

Bledow, R., Frese, M., Anderson, N. R., Erez, M., & Farr, J. L. (2009). Extending and refining the dialectic perspective on innovation: There is nothing as practical as a good theory; nothing as theoretical as a good practice. *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 2(3), 363-373.

Session 10 — Presentation of Research Designs