**Paper Proposal: “Innovation and Entrepreneurship”**

**Due: March 15, 2016**

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The specific question I would like to investigate is “In 2014 in the US, did IT professionals engage in a higher rate of entrepreneurship compared to other individuals?”

A reader would find this paper interesting for perhaps two or more reasons. Many readers would consider the information technology industry to be an operationalization of innovation in the economy. As such, this paper could provide interesting evidence on a possible relationship between innovation and entrepreneurship. Secondly, IT is considered by some to be a market which is particularly difficult to regulate. Whether the economy should pursue more or less regulation is always an interesting question.

The testable null hypothesis is that IT professionals in the US did not engage in a rate of entrepreneurship which is significantly different compared to other individuals in the year 2014. The source data used to address this question is the 2014 ACS PUMS data set provided by the US Census Bureau. The variable of explanation is the rate at which individuals are self-employed. The variable of interest is whether or not an individual works in the information industry.

I expect that working in the IT industry will actually make a person less likely to be an entrepreneur. That is, I expect the coefficient of the variable of interest to be negative. While this expectation might seem counterintuitive, I arrived at it after I viewed some aggregate data. Prior to viewing that data I would not have formed such an expectation. It is possible that correction variables might result in a finding opposite this current expectation.

Three papers which have addressed related questions include:

1. Thurik, Roy, and Wennekers, Sander. “Linking Entrepreneurship and Economic Growth.” *Small Business Economics* (1999): 27-56. Web.
   1. This article was more a literature review than a well-defined model. Even so, it generally concluded that entrepreneurship is a factor of economic growth, and one way entrepreneurs grow the economy is through technological progress.
2. Miller, Danny. “The Correlates of Entrepreneurship in Three Types of Firms.” *Management Science* (1983): 770-791. Web.
   1. This article occurred earlier in the literature on entrepreneurship. The paper focused on the determinants of entrepreneurship. The paper distinguished three types of firms and anticipated important behavioral differences in the propensity to engage in entrepreneurship. For example, entrepreneurship in simple firms was more potently influenced by the traits of firm leadership.
3. Covin, Jeffrey G., and Dennis P. Slevin. "Corporate Entrepeneurship in High and Low Technology Industries." *Journal of Euromarketing* (1994): 99-127. Web.
   1. This article noted that entrepreneurship has an importantly different relationship with firm performance in the context of a high technology industry when compared to a low technology industry. The article also argued that technological sophistication has a moderating effect on the relationship between certain other factors and firm performance.