

## The Economics of Entrepreneurship

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Entrepreneurship is an integral part of economic change and growth. Yet until recently it has been largely neglected by economists. In *The Economics of Entrepreneurship*, Simon C. Parker draws on theoretical insights and recent empirical findings to show how economics can contribute to our understanding of entrepreneurship. The book is based on an earlier work, *The Economics of Self-employment and Entrepreneurship* (Cambridge University Press, 2004), that has quickly become an essential reference for academics researching the economics of entrepreneurship. Written in a more accessible style, this book contains much that made this earlier work so successful and, in addition, includes improved pedagogical features and new material on the theory of the firm, spin-offs, nascent entrepreneurship, growth-enhancing knowledge spillovers and social entrepreneurship. It can be used both as a reference text for academics from a variety of disciplines and as a textbook for graduate students.

SIMON C. PARKER is Director of the Entrepreneurship Cross-Enterprise Leadership Centre at the Richard Ivey School of Business, University of Western Ontario. He is also a fellow of the IZA Research Institute for the Study of Labour in Germany and a fellow of the Amsterdam Centre for Entrepreneurship.

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*To Charlie, Lydia, Olivia and Julia*

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## *Preface*

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This book follows directly in the footsteps of its predecessor, *The Economics of Self-employment and Entrepreneurship* (referred to hereafter as Parker, 2004). That book was primarily a monograph for the specialist which could be used secondarily as a course text. By updating the post-2003 literature (to mid-2008) and covering more of the pre-2003 literature, the present book is more comprehensive than its predecessor. It has also been completely rewritten to facilitate its use as a course text for undergraduate and postgraduate courses in entrepreneurship, taught from an economics perspective. In addition, the emphasis of the present book is on entrepreneurship rather than self-employment. For all of these reasons, this book both is, and is not, a ‘second edition’.

To help enhance the appeal of this book as a course text I have made two presentational changes to Parker (2004). First, I have wherever possible removed mathematical formalism from the core text. When particular formal models are deemed to be of especial interest, they are discussed in footnotes or in chapter appendices. These can be skipped entirely by readers of a non-technical persuasion. Second, I have made greater efforts to explain economics ideas, terminology and jargon more clearly than before, to help readers not principally trained in economics. Both changes are designed to enhance the accessibility of the text, which I use to teach my Economics of Entrepreneurship students on the doctoral entrepreneurship programme at the University of Louisville, KY. No doubt some unexplained jargon remains, for which I apologise.

Compared with its predecessor, the book extends its coverage to discuss several important areas of literature, including social (not-for-profit) entrepreneurship; spin-offs and intrapreneurship; and nascent entrepreneurship. There is also a deeper treatment of several topics covered in Parker (2004), including venture capital, knowledge spillovers, female entrepreneurship, regulation and economic growth. Three areas which I lack the space to cover in detail in the present volume are academic entrepreneurship (including university spinoffs), family firms and entrepreneurship education.

Finally, I would like to thank the Social Sciences editor at Cambridge University Press, Chris Harrison, and his colleagues for ongoing support of this ‘economics of entrepreneurship’ project and help in bringing it to fruition.