



# Research Meeting

Powered by **Nesta**...

## IGL Research Meeting

CosmoCaixa – 14 June 2017

Please note this agenda is subject to change

Time	Session
09:00 – 09:30	Check-in and refreshments
09:30 – 09:35	<b>Welcome</b> Albert Bravo-Biosca
09:35 – 10:20	<b>The Role of Informational Public Goods in Science: Evidence from a Randomized Control Trial of how Science is Shaped by Wikipedia</b>  Neil Thompson, MIT Sloan School of Management* Douglas Hanley, University of Pittsburgh
10:20 – 11:05	<b>How Corporate Nudges Affect Employee Idea Development</b>  Coen Rigtering, Utrecht University School of Economics* Utz Weitzel, Utrecht University School of Economics
11:05 – 11:30	Refreshment Break
11:30 – 12:15	<b>Promoting High-Impact Entrepreneurship in Mexico: An Impact Evaluation</b>  Eric Verhoogen, Columbia University* David Atkin, MIT Leonardo Iacovone, World Bank Alejandra Mendoza, World Bank
12:15 – 13:00	<b>The Effect of Risky Start-up Loans, Start-up Grants and Mentor Services on the Performance of Entrepreneurs (tbc)</b>  Erik Fjærli, Statistics Norway* Diana-Cristina Iancu, Statistics Norway Marte Tonbro, Oxford Research
13:00 – 14:00	Lunch

14:00 – 14:45	Dean Karlan, Yale University (tbc)
14:45 – 15:30	<b>Impact of a Minimum Income Scheme on Entrepreneurship</b>  Federico Todeschini, Institut Català d'Avaluació de Polítiques Públiques Ramon Sabes, Institut Català d'Avaluació de Polítiques Públiques Jaume Garcia, Universitat Pompeu Fabra Lluís Torrens, Barcelona City Council, IESE Fernando Barreiro, Barcelona City Council
15:30 – 16:00	<b>Break</b>
16:00 – 16:45	<b>Better to Flee from Freedom? Testing the Effects of Structured Accountability on New Venture Performance</b>  Michael Leatherbee, Pontificia Universidad Católica de Chile Sam Garg, the Hong Kong University of Science and Technology Juanita Gonzalez-Uribe, London School of Economics and Political Science Edgar Kausel, Pontificia Universidad Católica de Chile
16:45 – 17:30	<b>Risk-Aversion and Entrepreneurship</b>  Svetlana Chekmasova, London School of Economics and Political Science

## Abstracts

### IGL Research Meeting – 14 June 2017

09:35 – 10:20	<b>The Role of Informational Public Goods in Science: Evidence from a Randomized Control Trial of how Science is Shaped by Wikipedia</b>
<p>As the largest encyclopedia in the world, it is not surprising that Wikipedia reflects the state of scientific knowledge. However, as one of the most-accessed websites in the world, including by scientists, it also has the potential to shape science. This paper shows that it does. The introduction of concepts on Wikipedia, and the interconnection of those ideas to related topics, leads to increased usage (and interconnection) of those same ideas in the scientific literature. This paper demonstrates these using two natural language approaches on the Wikipedia corpus (20TB) and the full text of all Elsevier articles (0.4TB). First, we show that the addition of a scientific Wikipedia correlates strongly with increased usage of that topic in the scientific literature, and that this is true across a sample of thousands of articles. Secondly, to establish causality, we ran an experiment. For the experiment we commissioned 88 new scientific articles for Wikipedia on topics not previously covered. Randomly 50% of these were added to Wikipedia, while the remaining 50% were not. Afterwards the scientific literature is more similar to the articles added to the treatment group than it is to the control group, showing that Wikipedia causes changes in how these ideas are discussed in the scientific literature. These results speak to the power that informational public goods can have on science. They suggest that increased governmental intervention in the provision of informational</p>	

public goods in science could yield welfare gains.

**10:20 – 11:05      How Corporate Nudges Affect Employee Idea Development**

Top managers play a key role in shaping the conditions for innovation and implementing new innovation practices. Yet, our understanding of the processes through which top managers affect innovation remains limited as studies typically neglect that managers communicate innovation practices in different ways. We develop an understanding of intra-organizational (corporate) communication as one that can entail different social norms and frames and examine how these can be used strategically (corporate nudging) to direct employee idea development and strategy implementation. We report the results of randomized controlled trial (RCT) on corporate nudging and idea development (Study 1). The results of the RCT show that nudging can successfully be applied in corporate settings to increase the percentage of employees that participate in an idea development challenge. We then conduct in-depth interviews to better understand the micro-level processes that affect idea development (Study 2). Combined, Study 1 and 2 provide insights into how subtle changes in communications can result in different rates, levels, and forms of innovation within firms.

**11:30 – 12:15      Promoting High-Impact Entrepreneurship in Mexico: An Impact Evaluation**

The Mexican government's High Impact Entrepreneurship Program aims to provide support to Mexican SMEs through a matching-grant scheme to support their development and increase their capabilities to succeed. The targeted firms are "start-up" and "scale-up" firms that offer an innovative product, service or business model with high potential to compete globally and generate high impact in economic, social and environmental outcomes. Through a randomized control trial, we will investigate the overall impact of the program on firms' performance measured by outcomes such as productivity, sales, job creation and innovation. We will also be able to compare two selection procedures: one selection panel composed of government employees who have no reason to be biased but do not have industry experience, and another panel composed of industry experts, who have more on-the-ground knowledge but also potentially more biases toward friends and business partners in the relevant industry. This will contribute to a better understanding of how to implement matching grants programs by improving selection criteria, procedures and targeting strategy.

**12:15 – 13:00      The Effect of Risky Start-up Loans, Start-up Grants and Mentor Services on the Performance of Entrepreneurs**

In this paper we propose two pilot studies designed to analyse effects of support to entrepreneurial firms from the government agency Innovation Norway (IN). Support from IN aims at promotion of firm growth and stimulation of entrepreneurship through grants, loans, advisory and mentor services and cluster programs. We address two research questions: (1) Does risk sharing through start-up loans from innovation Norway affect the propensity of start-ups to expand and the degree of risk taking by entrepreneurial firms? (2) Do businesses that receive both a start-up grant and mentor services show better performance than businesses that only receive a start-up grant? Loans from the government have a double effect on the financing of entrepreneurial firms: first, government loans can replace private capital, similar to a grant, i.e. an income effect. Second, a loan may change the risk characteristics of a business project, depending on the terms of the loan such as collateral requirements. In turn, this may affect the behavior of risk averse entrepreneurs and, importantly, affect the risk exposure of other (private) investors.

We present an identification strategy for separating the “income effect” and the risk-shifting effect of IN startup loans and propose a randomized control trial study to measure the effect of risky startup loans on private risk taking and on the scaling of entrepreneurial business projects. Start-up grants can be viewed as more effective and more acceptable if they are combined with mentor services. The objective of mentor services is to contribute to increased survival and growth among start-up enterprises, through strategic mentoring in the critical early stage of a start-up. The second research question aims at testing the effects of mentor services in Innovation Norway. To test the effect, we will make use of the start-up grant applicants as a pool to draw treatment and control groups for a randomized control trial.

14:00 – 14:45

TBC

14:45 – 15:30

**Impact of a Minimum Income Scheme on Entrepreneurship**

Ensuring that families reach a basic level of income as a means to poverty abatement has gained momentum since the last financial crisis. However, evidence on the impact of such policies is still scarce. The question of whether a guaranteed minimum income (GMI) provide a family with financial freedom, security to meet its basic needs, reduce economic marginalization, strengthen the incentive to work and encourage human capital formation and entrepreneurship in a more efficient and less intrusive and stigmatizing way is still unanswered. To address this issue, the city of Barcelona will test several GMI arrangements that on top of the monetary transfer will include activation policies focused on social entrepreneurship, labor and housing. The target population for this experiment is composed of families living in Barcelona for at least two years, whose per capita equivalent income is below 440 euros, currently living in the Besòs Area and with at least one member between 25 and 60 years. For administrative reasons, only current users of social services with manifested willingness to participate in the experiment will be considered.

From the eligible population, 1000 families will be selected using a stratified random sampling to be in the treatment group while all the remaining will constitute the control group. A similar procedure will be used in order to select among the different alternatives of the GMI within the treatment group. Under minimum assumptions, the only significant difference between the group of families receiving a certain GMI and those in the control group will be the treatment itself. Therefore, any difference in the outcomes between these groups will be directly attributable to the GMI.

As outcomes to test the impact of the different GMI schemes we will focus on poverty (monetary poverty, energy poverty, food security, use of municipal services, access to other types of government aids), health (self-reported health status, hospitalization rates, primary care visits, acute emergency visits, prescription drug use, weight at birth), education (high school graduation, continuation beyond compulsory education and course repetition), labor (work behavior, job search and employment status), social entrepreneurship (desirability of becoming self-employed, aversion to risk of business failure, nascent entrepreneur and intrapreneur), life and career choices (training, family formation, fertility decisions, parenting time, living arrangements), and other aspects such as happiness, leisure activities, engagement in neighborhood networks. This evaluation will contribute to establish a base of knowledge related to GMI schemes.

16:00 – 16:45

**Better to Flee from Freedom? Testing the Effects of Structured Accountability on New Venture Performance**

Recent research about the effects of business accelerators on new venture performance has speculated that entrepreneurs may benefit from the existence of

"structured accountability", a process by which founders are required to periodically express their strategic plans and progress in front of others. This idea is based on anecdotal evidence from observing business accelerator participants, who have perceived value from the hierarchical structure imposed by the program. Of particular interest is the idea that, perhaps, the appeal towards job independence that drives entrepreneurs may actually work against the achievement of performance. To test this theory, we will conduct an experiment on a balanced sample of 360 early stage business accelerator participant startups. Treated participants are randomly chosen and provided with monthly structured accountability sessions during six months. After the end of the intervention we will quantify the performance of startups measured by survival, jobs created, capital raised and market traction.

16:45 – 17:30

### **Risk-Aversion and Entrepreneurship**

This project aims to identify the importance of risk aversion in the decision to become an entrepreneur, as well as its role in later success as an entrepreneur. Previous literature has analysed the non-cognitive characteristics of existing self-employed individuals, for example comparing their level of risk aversion to that of managers or salaried workers. However, the activities of the self-employed may vary widely, from offering a plumbing service to running a corner shop to establishing a law firm to founding a tech start-up. Arguably, the latter are the closest to embodying Schumpeter's idea of the innovative and disruptive entrepreneur, and this is the group on which I focus. Additionally, most papers observe individuals who have self-selected into entrepreneurship due to any number of circumstances, and who have varying experiences when starting their own business. I can control for this in my setting. I am working with an incubator in London, which offers a 6-month full-time paid programme to highly-trained science and engineering PhDs, post-docs, or researchers, with the intent that participants find co-founders, develop an idea, and begin the process of taking their technology to market. The incubator also offers a potential funding opportunity to promising ideas 3 months into the incubation. I propose to test two different treatments at the recruitment stage - one would present the opportunity minimizing any risks involved, whereas the other treatment would emphasize them. A potential alternative approach that I am discussing with the incubator founders is to randomize the stipend amount that participants receive, to make applying a riskier choice in one treatment. My aim is to present the same opportunity in two different ways, randomizing at the individual level, intending to attract two different types of individuals, similar to Ashraf, et al (2016). As in that study, I focus on the selection margin and allow different types to self-select in, afterwards treating them identically. I plan to measure outcomes over the following 6 months, tracking measures of productivity as well as measures of success (e.g. receiving funding) to test the extent to which risk aversion affects the decision to enter and to what degree it affects success conditional on having entered. The next cohort starts in July, and the recruitment period begins soon.