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SBA researches entrepreneurship to help boost economy

By Karen Hildebrandt

How do we rein in overconfidence and risky behavior and spin it into entrepreneurial success? How does innovation transfer into business growth? Two professors at OU's School of Business Administration (SBA) are using data-based research to help answer these questions in hopes of spurring more innovation, entrepreneurship and business growth during these economically troubled times.

Associate Professor of Management Mark Simon is working with colleagues in Indiana and North Carolina, as well as **SBA student Research Scholars**, on several independent studies which analyze entrepreneurs' decision process and how it influences their choice of action and chances of success. Specifically, he examines the paradox that entrepreneurs need to develop enough confidence to act on their ideas, yet remain open minded enough to make needed adjustments in order to be truly successful in business.

Jonathan Silberman, professor of economics, and Nivedita Mukherji, associate professor of economics, are determining how initial innovation, as represented and measured by patents, can be translated from idea formation into knowledge sharing and then converted into business growth and success.

Success perceptions vs. reality

Simon became interested in his topic because as a past entrepreneur himself, he recognizes that overconfidence plays a big role in beginning a new venture.

"Many entrepreneurs are overconfident and start out with the facts wrong when they start up a business," Simon explains. "The question is, 'does that matter when things will change over time?' Obstacles are huge for entrepreneurs so they need some overconfidence initially. I am particularly interested in how they perceive risk and what gives them the courage to start. Are their perceptions accurate and how do they adapt along the way if they find they are inaccurate?"

He is also conducting a five-state study, including Michigan, which examines how small established firms can plan for innovation and remain entrepreneurial by launching into new areas. In addition, he has involved an SBA Research Scholar in one case study of a social entrepreneur who started an organic food delivery business.

Simon believes his research is particularly critical during this time and within this Midwestern region. "Many people are considering entrepreneurship, not because they want to but because of their circumstances. They have lost a guaranteed job. We hope to find out how these people build up courage to start and what they can do to increase their success," he says. "It will be tougher for entrepreneurs in this environment, but we know that an economy like this can turn around when entrepreneurs successfully start up high potential new ventures."

Taking the leap from innovation to success

"Michigan is the number two state, after California, for industry-funded research and development so a lot goes on here in terms of idea generation and innovation. However, Michigan is not leading in new products, increased jobs or economic growth," explains Silberman. "I believe if we study the connection between innovation and entrepreneurship, we can revitalize areas like Michigan and Detroit."

Silberman and Mukherji are working on four different research projects using patent data. They are measuring the production of knowledge through patent data, the diffusion of that knowledge, and how that is used and converted by others into business growth by analyzing patent citations, information attached to patents which describe how patents were used to create new products.

The team has also initiated an **Applied Technology in Business (ATiB)** project where SBA students are developing a very large data base of 16 million patent records for future study.

"We're at the early stages so we're only beginning to understand the data. We're not always aware of all the benefits research will provide over time, but it adds to the stock of knowledge," he says. "Eventually we want to see how innovation is directly related to creating jobs. We could make policy recommendations to build an infrastructure to support this connection which could have a positive impact on helping Michigan."

Entrepreneurial research benefits all

The professors believe this type of research generates many benefits to students, faculty, the university and the community at large. They also agree that the SBA's **Center for Integrated Business Research and Education (CIBRE)** will serve as an excellent umbrella organization to promote this type of research.

"It will increase our exposure and credibility," says Silberman. "People will take notice, want to learn more or help us by providing new ideas or refining our concepts."

SUMMARY

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