



You are cordially invited to

UCLouvain Economics Seminar

**On Thursday November 24, 2016 from 12:45 to 14:00
Doyen 22, Place des Doyens, 1**

**Paolo Giordani
(LUISS "Guido Carli" University)**

Will give a presentation on

Market Frictions in Entrepreneurial Innovation: Theory and Evidence

Abstract: We propose a model of entrepreneurial innovation that explains its pattern of boom and bust. In the model, a successful entrepreneurial project is the result of a search and matching process between entrepreneurs and capitalists. The resulting strategic complementarity between them gives rise to a multiplier effect, whereby any exogenous shock has a magnified effect on the innovation process. Using data from the Global Entrepreneurship Monitor, and collecting data on the venture capital market of 21 developed countries for the period 2004-2012, we find evidence of a thick market externality across the two sides of the entrepreneurial finance market.

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