March 30, 2012

NBER Entrepreneurship Research Boot Camp
National Bureau of Economic Research

To Whom It May Concern:

I am pleased to submit this application for the NBER Entrepreneurship Research Boot Camp. Please find attached, my curriculum vitae and a personal statement which details how my participation in the ERBC will further my research program in employee entrepreneurship. A letter of recommendation from Professor Rajshree Agarwal, my dissertation adviser at the University of Maryland, will follow under separate cover.

My research interest revolves around employee entrepreneurship. I examine various hurdles an entrepreneur faces both at personal and at firm level to create a successful new venture. In my dissertation, I examine how employee entrepreneurs form network ties post formation of their new ventures and if their prior employment has any bearing on how these firm level networks evolve. On an individual level analysis, I examine how highly educated and skilled immigrant workers pursue entrepreneurship given the barrier to entry extends to immigration status, being changed from work visa to green card. Attending ERBC will give me an opportunity to interact with distinguished scholars on whose work I build on. Additionally, it gives me a unique opportunity to interact with other participants who share my research.

Thank you for your consideration.

Sincerely,

Shweta Gaonkar
University of Maryland- College Park,
3330 Van Munching Hall,
College park, MD 20740
PH: (217) 418 8105
gaonkar@rhsmith.umd.edu

UNIVERSITY OF MARYLAND
ROBERT H. SMITH SCHOOL OF BUSINESS

Dr. Rajshree Agarwal
ADVANCE Professor and Dean's Chair in Strategy and Entrepreneurship

March 29, 2012

LETTER OF RECOMMENDATION FOR MS. SHWETA GAONKAR

I am very pleased to write this letter to nominate Ms. Shweta Gaonkar for the NBER Entrepreneurship Research Boot Camp. I have worked closely with Shweta since she was admitted in the Illinois PhD program. Based on her promise, I invited her (and two other students) to move with me when I joined the University of Maryland. Shweta is currently in her 3rd/4th year of the PhD program, and is well on her way towards developing a dissertation proposal. She will benefit greatly from attending the NBER Workshop at this juncture, as she develops her ideas around the genesis and evolution of firms spawned due to employee entrepreneurship. Shweta is poised to meld her background in computer programming, work experience in a high technology industry, and her doctoral work to build an outstanding academic career that focuses on knowledge spillovers, employee and corporate entrepreneurship.

Regarding her doctoral coursework, Shweta is intelligent and analytically inclined, and these abilities stood her in very good stead as she undertook some of the most demanding doctoral courses in both economics and strategy. She had graduated with high honors in materials engineering, but had no prior knowledge or coursework in business or economics. Accordingly, she had to negotiate a very steep learning curve when taking courses relative to her peers, and I was very impressed by the positive and can-do attitude she demonstrated as she overcame these challenges. She has taken rigorous coursework to earn a minor in economics. Importantly, Shweta has also been involved from the onset in one of my most ambitious data compilation projects. In conjunction with Professor Samina Karim at Boston University, I am in the midst of developing a 40 year longitudinal history of the medical sector; the resultant dataset will contain rich qualitative and quantitative information at the level of industries, products, firms, divisions, and corporate executives. At the onset, I involved Shweta in the project, and I am happy to say that she has performed all duties exceedingly well. Shweta was single handedly in charge of managing seven graduate and undergraduate students who were working under her supervision simultaneously, and she has exhibited remarkable creativity, problem solving skills and overall excellence in time and resource management.

Importantly, she has used this research assistantship to her advantage. Being intimately familiar with the rich potential of the data she is developing, she has concurrently undertaken a study of the theoretical issues that could be examined with this data. Shweta is interested in melding the literature on employee entrepreneurship, which focuses on ties between parent and employee *prior* to the entrepreneurial venture creation, to the literature on new venture alliance management, which focuses on ties between established and entrepreneurial ventures *post* spawning of firms. In doing so, she can examine how competing or cooperative relationships with parent firms may impact the performance of spinouts. Her dissertation can map mobility of people within and across firms over multiple products and industries, thus shedding light on how diverse R&D projects may be capitalized by heterogeneous firms and individuals through entrepreneurial entry into new product markets. Shweta's research stands out from the rest of the literature in the area inasmuch as she has the *entire* universe of firms and individuals that can potentially enter new industries, thus she will be able to control for selection biases that plague existing studies.

Shweta is very congenial, and creates a strong sense of community among the fellow doctoral students. She is thoughtful and constructive in the feedback offered at the student and external speaker seminars, and provides great value added. For all these reasons, I believe that she will positively contribute to the learning environment of the NBER workshop. Please let me know if you have any questions.

Sincerely,



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SHWETA GAONKAR

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(217) 418 8105

EDUCATION

University of Maryland *PhD (currently pursuing)*
Department of Management & Organization, May 2014 (expected)
National Institute of Technology Karnataka *Bachelor of Engineering*
Department of Metallurgical and Material Science. June 2003

PHD COURSE LIST:

Strategy Management Courses
- Classics in Business Administration
- Corporate and Competitive Strategy Research
- Strategy Content Research: Economic Foundations of Strategy Research
- Current Strategy Research: Management of Innovation and Technology
- Seminar in Business Administration: Managing Innovation in the Global Context
- Seminar in Strategy Research: Theories of Strategy
- Philosophy of Science and Business Administration
- Seminar in Business Administration: Current Research in the Field
- Current Strategy Research: Theoretical Foundations of Strategy Research I
- Foundations of Strategy Research: Theoretical Foundations of Strategy Research II
- Strategy Process Research
- Current Strategy Research: Empirical Research Methods in Strategy

Economics Courses
- Economic Statistics
- Econometric Analysis
- Applied Econometrics
- General Microeconomic Theory
- Labor Economics I

RESEARCH

RESEARCH INTERESTS:

Knowledge diffusion and formation of formal ties between an incumbent and a new firm through employee entrepreneurship

Impact of immigration policy on an individual's compensation package and propensity to be an entrepreneur

WORKING PAPERS:

Shedding Non-Golden Handcuffs: The Impact of Immigration Status on Compensation Packages of High Skilled Immigrants

Shweta Gaonkar (University of Maryland), Rajshree Agarwal (University of Maryland) and Martin Ganco (University of Minnesota)

- Academy of Management as a *showcase symposium,* August 2010
- SMS Rome , Fall 2010
- Mid-Atlantic Strategy Colloquium, Fall 2011
- SMS IIMC Workshop, Spring 2011
- MERC Conference, Spring 2011

Does immigration status matter in determining the compensation package of a high skilled immigrant worker? Literature has two conflicting views wherein the immigration status is either beneficial or detrimental in determining the compensation package of a high skilled worker be it domestic or not. The management literature argues that the immigrants go through selection process in order to migrate, which ensures they are better quality than average domestic worker. This ensures a wage premium associated with immigration status. While labor economics argues that the high skilled immigrant workers create excess supply reducing the wages of domestic workers. In this study we examine the impact of immigration status change and find that a high skilled immigrant experience a wage loss when on work visa; since firms try to offset the cost of supporting their immigration status using SESTAT data for Scientists and Engineers. But on gaining permanent residency, overtime the high skilled immigrant overcomes the wage gap and gets the wage premium after becoming a citizen, after controlling for individual quality and mobility.

Small Firms as Sources of Entrepreneurship: The Moderating Effect of Immigration Status

Shweta Gaonkar (University of Maryland) and Martin Ganco (University of Minnesota)

- Accepted in ENT consortium at Academy of Management, August 2010
- Dingman Entrepreneurship Award for Research in Progress, Spring 2011

The entrepreneurship literature shows that employee entrepreneurs are more likely to originate from small relative to large firms and that such effect is stronger for higher ability individuals. The evidence, however, shows that a significant proportion of high skill individuals are immigrants and the anecdotal evidence suggests that immigrant entrepreneurs play a prominent role in the national economy. We ask the question of how does the immigration status affect the propensity of employee entrepreneurs to originate from small firms and what are the performance implications. Our central premise is that potential immigrant entrepreneurs may choose larger firms as their employment prior to transitioning to entrepreneurship due to immigration considerations – even though small firms may provide opportunities to acquire superior skills. Further, we examine whether such sub-optimal choice has implications in the form of entrepreneurial performance. We test our predictions using the SESTAT dataset of the U.S. scientists and engineers.

Impact of Formal Relationships and Knowledge Inheritance on the Performance of Spinouts.

Shweta Gaonkar (University of Maryland)

- Presented in Students Presentation Seminar, UMD: Fall 2010 & Summer 2011
- TIM Doctoral Consortium, AOM 2011

Network ties between new firm and other organizations are crucial for the success of new venture. The literature on network ties of new firms has established that network ties between the organizations are important for the success since they allow the new firms to gain access to resources or capability which otherwise may be difficult for the firm to develop on its own. On the other hand, prior research on spinout has attributed the success of new venture founded by employee entrepreneurs to the inheritance of knowledge from the parent firm or the founder's previous employer. However, very little is known about how spinout form network ties with incumbents who may or may not be the parent firm. In this study, I examine how spinouts network with other firms and the performance implications of these ties. In the model, network formation is a matching process where the match between an incumbent and spinout is based on preferences as well as product characteristics of each firm. At each time period, firms meet and make a decision about forming a tie. In this study, I examine how spinout form network ties and how does knowledge inherited from the parent in the form of product influence the formation of strategic network ties. I use an unbalanced panel data of pharmaceuticals, medical devices and health care industry from 1986 to 2003. I find that a parent firm will form a tie with spinout in different product market or a spinout with a superior technology that is patented. If the spinout is able to signal quality through patent then the rival firms or other incumbent form a tie with the spinout to gain access to its technology that it inherited from its parent. A spinout with a patent has better opportunity to network with

either the parent or other incumbent and hence they prefer to form a non-equity tie with the partnering firm.

RESEARCH IN PROGRESS:

Spill in: Does parent have formal relationship with employee's entrepreneurial venture with anticipation of spill in on success?

Entrepreneurial venture at times have relationship with parent firms to have access to specialized complementary asset. Does this mean that in the long run, they are more likely to be a spill in? In this study, I examine what type of spinouts spill into an incumbent as opposed to continue existing as the successful independent firm? Is success a spill in or an independent existence?

Timing of Formal relationship Between Parent and Spinout

Does timing of forming a relationship matter and how it affects the performance of the spinout? A spinout can choose to form a formal relationship at the time of its inception or at any point of time later on. Having the access to the complementary specialized resources at the right time is crucial for the success of the new firm. As a result timing of having access to the right resources becomes crucial for the success of the firm; making the timing of formal relationship as an interesting factor in creation, survival and performance of a spinout. In this study, I plan to capture the tension of access to the right resources at the right time as determinant of the success of the spinout.

ACADEMIC SERVICE AND AFFILIATION

Reviewing

Ad hoc reviewer, Strategic Entrepreneurship Journal
Reviewer, Academy of Management Meeting 2011

Membership

Academy of Management
Strategic Management Society

PROFESSIONAL EXPERIENCE

Research Assistant Robert H. Smith School of Business, UMD, 2010 to present
Research Assistant College of Business, UIUC, 2008 to 2010
Software Engineer Infosys Technology Put Ltd, 2005 to 2008
Research Assistant Indian Institute of Science, Materials & Metallurgy Dept, 2003 to 2005.
Presented my research "Study of the effect of constraint on mechanical properties of metal foams" at "**Eighteenth annual symposium in Metallurgical and Materials Research**", Feb 2005

SOFTWARE SKILLS AND TRAINING

STATA and SAS, Proficient in programming using Java, J2EE, XML, Oracle 9i SQL, Perl, C++ and C

AWARDS

Dingman Entrepreneurship Award for Research in Progress, Spring 2011
Excellence award for coding at Infosys Technologies limited, Feb 2007
Excellence award for successfully delivering the project at Infosys Technologies limited, June 2007
Team excellence award at Infosys Technologies limited, Sep 2007

Personal Statement

My research interest is, examining how employees pursue entrepreneurial ventures. I examine two barriers faced by an individual while pursing an entrepreneurial venture: immigration status and resources. The "Entrepreneurship Research Boot Camp" workshop will be a great opportunity for me to develop and improve my research. In my dissertation, I examine how spinouts or new ventures founded by former employees form networks to gain access to resources. This work combines the insight of Prof Josh Lerner (Gompers et al, 2005) and Prof Scott Stern (Gans and Stern, 2003), in examining the impact of pre founding experience of the founders, on the ability of new firm to establish relationship to gain access to resources. A new firm differs in their access to resources and ability to establish relationships like alliance or collaboration, and these differences determine the success of firms (Fichman and Levinthal, 1991). The success of spinouts or entrepreneurial venture founded by former employees has been extensively examined from the perspective of knowledge inheritance from the parent firm they were previously employed at (Agarwal et al., 2004), or gaining access to resources (Chatterji, 2008; Hellman, 2007). However, while the employees learn valuable skills; they also gain social network through their experience in the parent firm (Gompers et al, 2005).

The entrepreneurship research booth camp will give me an opportunity to interact with scholars on whose work my dissertation and other research papers builds on. New ventures cooperate in order to gain access to the complementary assets (Gans and Stern, 2003). Incumbents cooperate as an alternative for internal development (Rothaermel, 1991) or to control competition. Superior performance of spawns in medical device industry is not driven by just the technical spillovers from parent to spawn, but rather by non technical knowledge related to regulatory strategy and marketing (Chatterji, 2009). Given the empirical context of health care industry a spinout needs access to resources beyond just those required for manufacturing the product. The startups network ties allows the firm to access to resources for research or commercialization, which may be difficult for a small firm to develop on its own. A startups network is determined by founders prior network connections (Hallen, 2008). A founder can leverage their prior experience and network in parent firm to gain access to the right resources by creating a joint venture; equity or non-equity ties with established firms. The composition of the network for a startup is strongly influenced by their founding team's pre founding experience. This network structure in turn impacts the financial performance of the firm, since it ensure the access to the right resources at the right time. In my dissertation, I plan to examine how the founding team inherits knowledge and form network ties as a result of their prior experience, to successfully create a startup. I use the data from health care industry spanning three industries; medical devices, pharmaceutical and medical services from 1986

to 2003. This is an ideal empirical setting given that these industries are highly competitive and success in this industry involves more than just technical knowledge.

Additionally, I examine how immigration status impacts the propensity of a high skilled worker to be an entrepreneur. A high skilled worker has to change their immigration status to green card or naturalized citizen to pursue entrepreneurship. I use the National Science Foundation's comprehensive and longitudinal *Scientists and Engineers Statistical Data System* (SESTAT) restricted use micro data from 1995-2006, for this study. I find that the immigrant high skilled workers make different choices of employment as compared to domestic workers and these choices have long-term impact on their lifetime earnings (Gaonkar, Agarwal and Ganco, 2012) as well as their performance as an entrepreneur(Gaonkar and Ganco, 2012).

The entrepreneurship research boot camp is a unique opportunity for me to learn and improve my research on employee entrepreneurship through interacting with distinguished scholars and other researches that share my research interest in entrepreneurship. I want to participate in the ERBC, since I believe that my research will benefit from the in depth discussions and rich exchange of ideas between myself and other participants.

Reference

Agarwal, R., Echambadi, R., Franco, A.M. & M.B. Sarkar (2004), Knowledge transfer through inheritance: spin-out generation, development and survival. ***The Academy of Management Journal***, vol. 47 (4): 500-521.

Chatterji, Aaron K., 2008. Spawned with a Silver Spoon: Entrepreneurial Performance and Innovation in the Medical Device Industry. ***Strategic Management Journal*** 30, 185–206.

Fichman, M. and D. A. Levinthal 1991. 'Honeymoons and the Liability of Adolescence: A new Perspective on Duration Dependence in Social and Organizational Relationships', ***Academy of Management Review***, 16, pp. 442-468.

Gans, J., & Stern, S. 2003. The Product Market and the Market for Ideas. Research Policy, 32(2): 333-350.

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Gaonkar, S.,Ganco, M., 2012. Small Firms as Sources of Entrepreneurship: The Moderating Effect of Immigration Status. ***Working Paper***

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Hallen, B. 2008. The Causes and Consequences of the Initial Network Positions of New Organizations: From Whom do Entrepreneurs Receive Investments" Administrative Science Quarterly 53: 685–718.

Hellmann, T. 2007. Entrepreneurs and the process of obtaining resources. ***Journal of Economics & Management Strategy***, 16(1): 81-109.

Hellmann, T. 2007. When do employees become entrepreneurs? ***Management Science***, 53(6): 919-933.

Rothaermel, F.T. 2001. Complementary assets, strategic alliances, and the incumbent's advantage: An empirical study of industry and firm effects in the biopharmaceutical industry. ***Research Policy***, 30 (8): 1235-1251.