

<b>School/Department:</b>	Rotterdam School of Management, Erasmus University Rotterdam Department of Strategic Management and Entrepreneurship
<b>Project Title:</b>	<i>The social costs and benefits of high-growth entrepreneurship: Chinese unicorns, economic development, and social externalities</i>
<b>Abstract:</b>	<p>In the past years, the number of unicorn companies (i.e. companies that are valued over \$1 billion) has grown tremendously from 119 companies in 2015 to almost 400 last month (CB Insights, 2019). After the U.S., China has experienced the greatest growth of number of unicorns reaching 89 unicorn companies in mid-2019. While their growth has spurred attention, we do not fully comprehend the lifecycle of these creatures and their impact on the business and social ecosystem.</p> <p>The aim of this research project is to provide a more solid understanding of unicorn companies, their characteristics and the effects of reaching unicorn status. In the past two decades, there has been numerous studies on entrepreneurial firms, focusing primarily on questions around what drives entrepreneurship, how do new ventures grow and which factors drive their performance. Another stream of literature has devoted attention to the role of venture capital in this respect, uncovering the role of different types of investors in the growth, survival and valuation of new ventures. However, the literature has been relatively silent on the specifics of unicorn companies.</p> <p>Recent studies on the topic have been primarily descriptive and, interestingly, often set in the Chinese context (e.g. Jinzi &amp; Carrick, 2019; Kerai, 2017; Simon, 2016; Urbinati et al., 2019). For example, Simon (2016) describes unicorn companies as rather young companies, that are primarily IT-centric and venture capital-dependent. Kerai (2017) adds to these insights that the “unicorn tag” indeed helps companies to maintain the traction among potential investors. Building on these early insights, there are at least three areas that require further scrutiny.</p> <p>First, we know very little about the effects of unicorns on their environments. How do unicorns shape the business and social environment they are in? Are there spill-over effects to other new ventures in the ecosystem? And what about their founders and investors? Given the high geographic concentration of unicorn companies in mega-cities like Beijing, Shanghai, Hangzhou, and Shenzhen in China, or San Francisco and New York in the U.S., what are the implications of these unicorn companies for these mega-cities? Aside from the apparent economic benefit, what are the possible social consequences? Specific to China, why are unicorn companies born in these cities and how do they influence the realization of Chinese policy objectives?</p> <p>Second, we lack a clear understanding of what makes a company a unicorn. Are there specific characteristics of nascent companies that could predict their</p>

	<p>unicorn metamorphosis? If yes, are those attributes related to internal factors such as business model or team composition, or to external factors such as investor pool or general business environment? Are they truly different from other ventures from the very beginning or are they merely socially constructed?</p> <p>Third, unicorn status explicitly entails a valuation of more than \$1 billion. Reaching this status leads to media coverage and public attention, which, in turn, might attract new investors and collaboration partners. However, this increased attention could also have negative consequences. Thus, what are the expectations associated with unicorn status? And do those expectations influence the behaviour of unicorn companies? Is it perhaps better to stay “under the radar” and keep the company valuation below \$1 billion?</p> <p>This project aims to provide an answer to these, and other related, questions.</p> <p>References:</p> <p>Jinzi, Z., &amp; Carrick, J. (2019). The Rise of the Chinese Unicorn: An Exploratory Study of Unicorn Companies in China. <i>Emerging Markets Finance and Trade</i>, 1-15.</p> <p>Kerai, A. (2017). Role of Unicorn tag in gaining legitimacy and accessing funds. <i>The Business &amp; Management Review</i>, 9(2), 119-127.</p> <p>Simon, J. P. (2016). <i>How to catch a Unicorn: An exploration of the universe of tech companies with high market capitalization</i> (No. JRC100719). Joint Research Centre (Seville site).</p> <p>Urbinati, A., Chiaroni, D., Chiesa, V., &amp; Frattini, F. (2019). The Role of Business Model Design in the Diffusion of Innovations: An Analysis of a Sample of Unicorn-Tech Companies. <i>International Journal of Innovation and Technology Management</i>, 16(01), 1950011.</p>
<p><b>Requirements of candidate:</b></p>	<p>To be considered for admission, the applicant should have:</p> <ol style="list-style-type: none"> <li>1. An MSc. or MPhil. Degree in management, economics, political science, or sociology, obtained with outstanding grades.</li> <li>2. IELTS Grade: 7.5 or higher / TOEFL: 100. The language test results should not be older than two year.</li> <li>3. GMAT: 85% (680) or higher</li> <li>4. Strong motivation for pursuing a high-quality PhD and interest in an academic career.</li> </ol> <p>See for more information: <a href="http://www.erim.eur.nl/doctoral-programme/phd-in-management/admissions/admission-requirements/">http://www.erim.eur.nl/doctoral-programme/phd-in-management/admissions/admission-requirements/</a></p>

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