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## Do You Dare? The Effect of Economic Conditions on Entrepreneurship among College Graduates

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# Do You Dare?

## The Effect of Economic Conditions on Entrepreneurship among College Graduates

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### Abstract

I estimate the effect of economic conditions on the decision to enter entrepreneurship after graduation from college. I proxy for economic conditions at the field of study level, constructed from industry growth rates which I map to fields of study using the average industry - college major distribution. This setup allows controlling for unobserved differences between graduation cohorts such as technological change or shifts in cohort composition. Based on German survey data, I find that a one percentage point increase in field-specific employment growth in the year of graduation raises entry into entrepreneurship by about 30% in the first year after graduation. The effect halves in the second year and is close to zero in the third and fourth

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