SERIAL VS. ONE-BUSINESS ENTREPRENEURS: A LONGITUDINAL INVESTIGATION OF ENTRY INTO SERIAL ENTREPRENEURSHIP (SUMMARY)

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SUMMARY

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Principal Topic

Previous literature has highlighted that habitual entrepreneurship can signal higher levels of “entrepreneurial human capital” (Westhead et al., 2005). Our main goal is to explore the determinants of the decision that separates entrepreneurs who leave their first business and do not re-enter entrepreneurship (novice) from entrepreneurs who leave their first business and re-enter entrepreneurship (serial entrepreneurs). Our study uses a longitudinal matched employer-employee data set to examine the relationship between the entrepreneurial human capital, organizational and environmental variables, including the mode of exit from the first firm, and the decision to re-enter entrepreneurship. We distinguish between serial entrepreneurs who switch directly into a second entrepreneurial experience after exiting the first one, and serial entrepreneurs who experience a different labor market status (paid-employment, non-employment) in-between the first and second entrepreneurial experiences, and may therefore be deemed latent, or even nascent serial entrepreneurs. A discrete choice model, similar to those proposed by Evans and Jovanovic (1989), and Taylor (1996) is used in our analysis.

Results and Implications

Results from model estimation highlight the importance of opportunity recognition and pursuit in generating serial entrepreneurship and, in particular, the role played by labor market experience in enhancing individuals’ abilities to recognize and pursue venture opportunities after exiting their first business. Variables such as age, experience in business ownership, experience in paid employment and professional qualification all significantly increase the probability that an individual will re-enter business ownership. Higher levels of education may contribute to increase willingness to re-enter business ownership.

A less successful first experience in entrepreneurship does not seem to contribute to deter individuals from re-entering business ownership. In fact, individuals who close their first firms are more likely to become serial entrepreneurs. Negative business cycles also do not have a deterring effect on serial entrepreneurship intentions and realizations.

Factors determining the choice to return to entrepreneurship are similar for starters and acquirers. While an individual who starts his/her first firm is more likely to also start the second, the motivations to re-enter entrepreneurship are no different than for acquirers.

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