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ENTREPRENEUR’S HUMAN CAPITAL – DOES IT ALSO TRANSLATE INTO SUCCESSFUL EXITS? (SUMMARY)

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SUMMARY

ENTREPRENEUR’S HUMAN CAPITAL – DOES IT ALSO TRANSLATE INTO SUCCESSFUL EXITS?

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Principal Topic

In previous entrepreneurship research, the effects of specific human capital (e.g., education, age, work experience), rather than general human capital (e.g., industry experience, task environment similarity), have been shown to be of superior significance for entrepreneurial pursuits (e.g., new venture performance–see Unger et al. (2011) for a review).

Regarding the research on entrepreneurial exit, existing studies have so far focused on the impact of human capital on the exit route. For instance, DeTienne & Cardon (2012) find that general as well as specific human capital have a significant impact on the intended exit route. Regarding realized exits, van Teeffelen & Uhlaner (2013) find evidence that only specific human capital is relevant for exit choice.

However, previous research has not considered the relationship between human capital and the success of the exit from the entrepreneur’s perspective. Our study aims at closing this gap by examining the influence of human capital on Entrepreneurial Exit Success (EES; Feierabend & Gebhard, 2015 BCERC).

Method

We base our study on a survey among European entrepreneurs who previously exited a venture they founded. Entrepreneurial Exit Success (EES) is measured with a newly developed scale, representing EES on four different dimensions: personal financial benefits, personal reputation, employee benefits, and firm mission persistence.

Human capital is operationalized with well-established measures from existing literature and we control for variables relevant for entrepreneurial exit (e.g., exit route, firm size, performance). To test the hypotheses, we apply linear regression analysis for each EES dimension.

Results and Implications

We find empirical support for our hypotheses which propose that the entrepreneur’s human capital has a differentiated effect on EES, depending on the type of human capital. Specifically, we show that specific human capital positively impacts EES, whereas the effect of general human capital remains largely insignificant. These findings extend existing knowledge on the role of human capital in entrepreneurship to the ultimate step of every entrepreneurial endeavor—the exit. They thereby stress the importance of specific rather than human capital for the outcome of entrepreneurial activities.

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