DO IMPRINTS LAST FOREVER? LONG-RUN EFFECTS OF FOUNDERS’ HUMAN CAPITAL ON FIRM GROWTH (SUMMARY)

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This paper explores whether and to what extent the ‘imprint’ left by firm founders continues to impact firms as they enter maturity. It is widely accepted that founders’ human capital ‘imprints’ on the structures, routines and practices of organisations, instituting path-dependent ways of working that subsequently impact on performance (Baron et al 1996, Heirman and Clarysse 2005; Bryant 2012). At the same time, entrepreneurs’ skills and experience have been found to impact positively on the growth and survival of firms (Colombo and Grilli 2005, 2010). As organisations change over time, older routines and structures may be changed, diluting the firm’s initial imprinted characteristics. This relationship has not been explored in detail in the literature, and this paper fills this gap by linking the entrepreneurial human capital literature with the imprinting hypotheses and examining these over the long term. In line with imprinting theory, we hypothesise that founders’ initial human capital (as manifested in education, work experience, and overseas experience) continues to impact long-run growth as firms reach maturity.

Our analysis draws upon a unique long-run dataset of UK high-technology firms over approximately twenty years. The sample consists of approximately 350 UK firms, founded in or near 1992, for which observations regarding human capital were collected at start-up and again in 1997 and 2003. We use log employment and sales growth as dependent variables, and use a number of human capital variables as independent variables. We control for other managerial factors including receipt of VC or other equity investment, international expansion, adoption of new technology strategies.

Our results suggest that in general the impact of initial human capital at founding does wane over time. However we find that these effects are not necessarily consistent: some factors decay slowly while others increase or vary over time. We also find that firms with a broad range of competences at founding are associated with growth over the long term.

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