PASSION FOR ENTREPRENEURSHIP OR PASSION FOR THE VENTURE’S DOMAIN?: A CONJOINT ANALYSIS OF INVESTORS’ DECISION-MAKING (SUMMARY)

Benjamin J. Warnick  
*Indiana University, USA*, bwarnick@indiana.edu

Jeffery S. McMullen  
*Indiana University, USA*

Charles Y. Murnieks  
*Oregon State University, USA*

Wade T. Brooks  
*Willamette University, USA*

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PASSION FOR ENTREPRENEURSHIP OR PASSION FOR THE VENTURE’S DOMAIN?: A CONJOINT ANALYSIS OF INVESTORS’ DECISION-MAKING

Benjamin J. Warnick, Indiana University, USA
Jeffery S. McMullen, Indiana University, USA
Charles Y. Murnieks, Oregon State University, USA
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Principal Topics
Do start-up investors care about entrepreneurs’ passion? Their experience? Both? We investigate the role that an entrepreneur’s passion, experience, and humility play in angel investors’ assessment of whether to invest in the entrepreneur’s venture. In doing so, we unpack the passion construct, testing the importance that investors place not only on entrepreneurial passion, but also the entrepreneur’s passion for activities relevant to the venture’s domain. We also unpack experience, investigating the importance of both start-up experience and domain experience. Finally, we provide a better understanding of the role that an entrepreneur’s humility plays in the investment decision and how the investee characteristics of passion and experience interact with humility.

Method
With a sample of angel investors in the United States, we use conjoint analysis to decompose their decision criteria. We present the angel investors with a series of hypothetical investment opportunities based on five characteristics of the entrepreneur presenting the opportunity: (1) passion for starting and developing new businesses (entrepreneurial passion), (2) passion for activities relevant to the business’s domain (domain passion), (3) experience starting up and developing new businesses (entrepreneurial experience), (4) knowledge and experience in the industry or a related industry (domain knowledge), and (5) receptivity to feedback from investors, the market, and other stakeholders (humility). We also measure investor-level differences including start-up investment experience, personality, and the investors’ entrepreneurial passion.

CONTACT: Benjamin J. Warnick; bwarnick@indiana.edu; Kelley School of Business, Indiana University, 1309 E. Tenth Street, Bloomington, IN, 47405.