

Human Capital, Fundraising Problems, and Business Performance: Evidence from Firm Circumstances Left Entrepreneurs

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Abstract

This paper examines the effects of human capital on fundraising situation and business performance of entrepreneurs who left their prior jobs due to workplace circumstances (i.e., firm circumstances left entrepreneurs), by using a survey of 8,607 new firms in Japan. The major findings of this paper are the following three points. First, entrepreneurs who experienced firm circumstances leaving tend to be inferior to those who did not experience it both in fundraising and business performance. Second, human capital contributes to solving fundraising problems and increasing business performance for both entrepreneurs who experienced firm circumstances leaving and those who did not it. Third, this tendency is observed the comparison between these types of entrepreneurs but is not observed the comparison between necessity- and opportunity-based entrepreneurs, on which is primarily focused in previous studies. This result suggests that it is also important to consider whether an entrepreneur is a firm circumstance left entrepreneur.

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