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From investor to entrepreneur – An explorative study of the entrepreneurial behaviour of investor-entrepreneurs

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Abstract

Research on entrepreneurial types argues that differences in decisions and actions of novice and habitual entrepreneurs can be attributed to prior experience and social ties. However, other forms of resource acquisition than business ownership experience are neglected in previous studies. This study investigates this research gap by exploring the entrepreneurial behavior of novice investor-entrepreneurs, first-time founders who have previously worked in venture capital or private equity. Drawing on a cross-sectional approach with 13 semi-structured interviews, this paper investigates whether investor-entrepreneurs have already acquired the necessary resources relevant for new venture foundations in their role as investors. This study reveals that investor-entrepreneurs differ from other first-time entrepreneurs in several aspects. It shows that the differences can mainly be attributed to skills and knowledge already acquired through the job as an investor. In fact, venture capital experience seems to be more helpful for a venture's early foundation than private equity experience. The study discusses the implications of these findings for the literature on entrepreneurial types and their differentiation, thereby challenging existing differentiation and classification approaches.

Keywords: Investor-entrepreneur; Entrepreneurial types; Novice; Habitual.

1. Introduction

Shane and Venkataraman (2000, p. 218) define entrepreneurship as a multi-layered framework comprising "sources of opportunities; the processes of discovering, evaluating and exploiting opportunities; and the group of individuals who discover, evaluate and exploit them". In line with this definition, the entrepreneurial literature traditionally has focused on examining successful founders, their characteristics, processes, and sources of information, in order to define successful entrepreneurship. MacMillan (1986, p. 242), in his ground-breaking call "To really learn about entrepreneurship, let's study habitual entrepreneurs" distinguishes between novice and habitual founders based on previous business ownership experience. He argues that habitual founders learn the necessary skills and knowledge for successful entrepreneurship from previous business foundations (MacMillan, 1986). Thus, by studying habitual entrepreneurs, essential skills and knowledge that make the entrepreneurial process more efficient could be identified (MacMillan, 1986). Following this invocation, multiple studies have taken up this pursuit and conducted generic comparisons between these two types of entrepreneurs, asking different research questions and using different units of analysis, theoretical perspectives and methods (Birley & Westhead, 1993, pp. 40-41; Donckels, Dupont, & Michel, 1987, pp. 48-49; Kolvereid & Bullvag, 1993, pp. 276-278; Mosey & Wright, 2007, pp. 911-917; Politis, 2008, pp. 476-479). Impelled by MacMillan (1986) focus on habitual founders, more refined studies followed, researching differences in performance and characteristics along habitual sub-groups (Westhead, Ucbasaran, & Wright, 2005a, 2005b, pp. 396-398; Westhead, Ucbasaran, & Wright, 2005b, pp. 75-77; Westhead & Wright, 1998a, p. 176). At the same time, respective studies continuously consider novice entrepreneurs as a homogeneous group of first-time founders as the basis for comparison (e.g., Westhead & Wright, 1998a, p. 176).

Yet, none of these studies finds that habitual founders run more successful businesses than inexperienced novice counterparts (e.g., Kolvereid & Bullvag, 1993, p. 280; Westhead & Wright, 1998a, p. 192). Following, scholars switch focus to founder-related differences between novice and habitual entrepreneurs rather than just exploring venture-level performance indicators. Today, novice and habitual entrepreneurs can be distinguished along their personal

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(e.g., age, gender, education) and entrepreneurial characteristics consisting of individual decisions and actions (e.g., opportunity identification, venture financing, motivation) (Birley & Westhead, 1993; Donckels et al., 1987; Kolvereid & Bullvag, 1993, pp. 278-281; Politis, 2008, pp. 480-485; Westhead, Ucbasaran, & Wright, 2005a, pp. 403-412; Westhead, Ucbasaran, & Wright, 2005b, pp. 86-89). Furthermore, differences in decisions and actions are attributed to differences in skills and knowledge (human capital) and social ties (social capital) (Mosey & Wright, 2007, p. 932; Westhead, Ucbasaran, & Wright, 2005a, pp. 413-414; Westhead, Ucbasaran, & Wright, 2005b, pp. 90-91). In line with the distinction of entrepreneurs according to prior business ownership experience, the stock of prior business ownership experience is also used as a proxy for the availability of entrepreneurial characteristics (e.g., Mosey & Wright, 2007, p. 912; Westhead, Ucbasaran, & Wright, 2005a, pp. 396-397; Westhead & Wright, 1998a, pp. 179-183).

But what about first-time founders who might have acquired the human and social capital necessary for a successful foundation other than through previous business ownership experience? Human capital theory suggests that HC useful for founding must be both process- and content-specific, not just the sum of experiences (Unger, Rauch, Frese, & Rosenbusch, 2011, p. 12; West & Noel, 2009, pp. 6-7). Thus, previous jobs with parallels to entrepreneurial tasks and a similar business model could compensate for the lack of previous entrepreneurial experience. Here, private equity investors might be a good example. By working in a venture capital (VC) or private equity (PE) fund and accompanying entrepreneurial tasks such as fundraising by sitting on the other side of the table, they might acquire superior task-related skills and knowledge compared to their "normal" novice counterparts. Furthermore, as they work together with many entrepreneurs, they may have learned useful characteristics from other entrepreneurs and build social ties that might be helpful for their own subsequent foundations. Thus, the following research question guides this study: *How do investor-entrepreneurs differ from novice and habitual entrepreneurs?* The aim is to compare the characteristics with what we know about established types (i.e., novice and habitual) and to identify the behaviour regarding entrepreneurial processes such as opportunity identification, network access, or knowledge resources. Furthermore, the goal is to integrate the investor-entrepreneur into the current theoretical perspective.

I conducted an explorative (qualitative) cross-sectional study with founders who have worked as investors in a venture capital or private equity firm before their foundation to answer the respective research question. To do so, I used 13 semi-structured interviews as the primary source of data that I conducted with relevant founders in Germany over a period of six weeks. My findings show that investor-entrepreneurs differ in several aspects from "normal" novice entrepreneurs with other backgrounds, investigated in prior studies, and therefore cannot be equated with other first-time founders. I also find that contrary to the original assumption, private equity investors (consisting of VC and PE investors) cannot be seen as a homogeneous group either. While they overall show differences, but also various similarities to "normal" novice entrepreneurs, particularly investor-entrepreneurs with previous VC experience differ in many ways such significantly in their respective characteristics that they cannot be assigned to existing types of entrepreneurs. Investor-entrepreneurs also tend to have operational and mindset shortcomings that help understand their entrepreneurial characteristics better. In a broader sense, shortcomings also represent a new influencing variable that previous studies have not considered. To put the investor-entrepreneur in a current theoretical perspective, first, this study calls for a more refined distinction of novice entrepreneurs on another level when applying the established classification based on prior business ownership experience. Second, the results of this study suggest a novel approach of differentiation based on a resource-based view. Thereby, it indicates that investor-entrepreneurs have a more advanced “technology of entrepreneurship” (MacMillan, 1986) compared to other first-time founders. Lastly, I also provide novel insights on the founder’s opportunity identification and evaluation process.

These findings contribute to our knowledge of entrepreneurial types, their distinction and entrepreneurship more broadly. First, previous research (e.g., Kolvereid & Bullvag, 1993; Mosey & Wright, 2007; Westhead, Ucbasaran, Wright, & Binks, 2005) has focused on classifying entrepreneurs based on previous business ownership experience to compare them. In contrast to a homogeneous view of novice entrepreneurs, this study shows that this cannot be the case. Furthermore, I suggest that the measurement of entrepreneurial skills and knowledge should no longer be on the stock of experience (e.g., Westhead & Wright, 1998a, pp. 179-183), but preferably on the task-relatedness of experience. The sum of implications extends existing models on intervariable linkages of distinguishing variables. Second, my side findings on entrepreneurial behaviour have broader implications on the entrepreneurial literature regarding opportunity perception (e.g., Baron & Ensley, 2006; Shane & Venkataraman, 2000; Venkataraman, 1997) by providing a new influencing variable in opportunity identification and novel insights into founders’ physical evaluation processes.

This paper is structured as follows: The theoretical and conceptual framework in chapter 2 aims to create a coherent knowledge base regarding key concepts and existing literature, forming the basis for analysing the investor-entrepreneur. Chapter 3 discusses the data collection and research methodology. Chapter 4 includes the presentation and discussion of the results. Here I also put my findings in relation to existing literature. The aim of Chapter 5 is to put the results on a deeper level of discussion, elaborate implications for academics and practitioners and discusses the limitations of this study.

2. Theoretical background

I base this study on two lines of literature. The first comprises entrepreneurship, i.e., the distinction between different types of entrepreneurs and the factors influencing their entrepreneurial behaviour and performance. The second focuses on private equity as well as its stakeholders and their job-specific characteristics. In the following chapter, I examine the necessary literature, review it critically and derive a necessary theoretical framework.

2.1. Types of entrepreneurs

For a long time now, entrepreneurial literature has distinguished between different types of entrepreneurs. Well known and frequently referred to examples are Smith (1967) with his definition of the craftsman and opportunistic entrepreneur, Schumpeter (1934), who distinguished the equilibrium-breaking entrepreneur and Kirzner (1973, pp. 72-73) with his antithetic equilibrium-restoring entrepreneur. The lack of consistent and pertinent definitions between different types of entrepreneurs primarily results from different perceptions of entrepreneurship due to a lack of general definition (Shane & Venkataraman, 2000, p. 217). Nevertheless, an established categorization in the entrepreneurial literature is the distinction between novice and habitual entrepreneurs, primarily based on previous business ownership experience (Birley & Westhead, 1993, p. 40; MacMillan, 1986; Mosey & Wright, 2007; Politis, 2008, p. 475). *Novice* founders thereby describe founders without prior minority or majority business ownership experience but who have founded or acquired a company and own it at the time of observation (e.g., Birley & Westhead, 1993, p. 40; Westhead & Wright, 1998a, p. 176). On the other hand, *habitual* entrepreneurs are founders with previous business experience who have started or owned at least one business prior to the current one (e.g., Westhead & Wright, 1998a, p. 176).

Based on MacMillan (1986) call to study habitual entrepreneurs in greater depth, various researchers have focused their studies on different types of repeated entrepreneurs. Despite extensive research since then, yet there is no unified definition of the term "habitual". Kolvereid and Bullvag (1993, p. 276) or Birley and Westhead (1993, p. 40), for example, define founders who have founded at least one company other than the current one as "habitual" founders. Other studies show that you cannot see them as a homogeneous group and distinguish respective entrepreneurs at a second level of depth, based on their prior venture exit. Here, entrepreneurs who have sold or exited their previous company before starting their current one are called "serial" founders. Entrepreneurs who continue to own all or parts of their previous company are called "portfolio" founders (P. Hall, 1995, p. 220; Westhead & Wright, 1998b, p. 65). Based on the delineation characteristics described above, it is evident that novice entrepreneurs who are repeatedly involved in new venture creation become habitual entrepreneurs (Westhead & Wright, 1998a, p. 176). Figure 1 summarises the classification into different types of entrepreneurs.

In contrast to the literature's extensive differentiation and consideration of habitual entrepreneurs, novice entrepreneurs are not further differentiated and viewed as a homogeneous group. For example, Westhead, Ucbasaran, and Wright (2005b, p. 77) cite lack of start-up experience as a consistent disadvantage of novice entrepreneurs, which causes them to be "overwhelmed by information and/or not know how to use the information". Kolvereid and Bullvag (1993, p. 275) use the words "average" and "typical" to describe novice entrepreneurs, thus highlighting a homogeneous perspective. Consequently, the distinction of habitual founders established in the 1990s is maintained in recent studies, while novice entrepreneurs are still considered homogeneous in more recent studies (e.g., Carbonara, Tran, & Santarelli, 2019, p. 123; Plehn-Dujowich, 2010, p. 377; St-Jean & Audet, 2012). Robbie and Wright (1996, pp. 71-81), with their distinction between buy-out and buy-in entrepreneurs, are in fact among the only researchers to consider differences in terms of character traits among initial entrepreneurs, even though they do not use the term "novice".

2.2. Entrepreneurial differentiation variables

In line with the classification of different types of entrepreneurs, researchers' interest regarding possible differentiating variables has increased. Donckels et al. (1987), for example, studied 400 repeated (i.e., habitual) and "other" founders in Belgium concerning their personal profile, strategic behaviour and characteristics. Kolvereid and Bullvag (1993) examine 250 Norwegian novice and habitual founders along multiple personal characteristics and test their findings on British entrepreneurs. In several studies, a group of authors around Paul Westhead examine founders from Great Britain (sometimes only Scotland) along various characteristics such as family background, work experience, skills, knowledge, cognitive abilities, motivation, and their business performance (Birley & Westhead, 1993; Westhead, Ucbasaran, & Wright, 2005a, Westhead, Ucbasaran, Wright, & Binks, 2005; Westhead & Wright, 1998b). Politis (2008) investigates whether previous business ownership experience impacts entrepreneurial characteristics (e.g., coping with liabilities of newness) using 231 entrepreneurs in Sweden. Zhang (2011) focuses on a specific entrepreneurial process, namely venture capital acquisition. Drawing upon statistical analysis of 10,000 entrepreneurs, she examines whether prior business ownership experience has impacts time and amount of venture capital acquisition. Mosey and Wright (2007) investigate 24 academic entrepreneurs and studied their ability to develop social contacts as well as their network usage.

Thus far, none of these studies finds evidence that habitual founders operate more successful businesses than inexperienced novice counterparts (e.g., Kolvereid & Bullvag, 1993, p. 280; Westhead & Wright, 1998a, p. 192). One possible explanation for this recurring finding is that

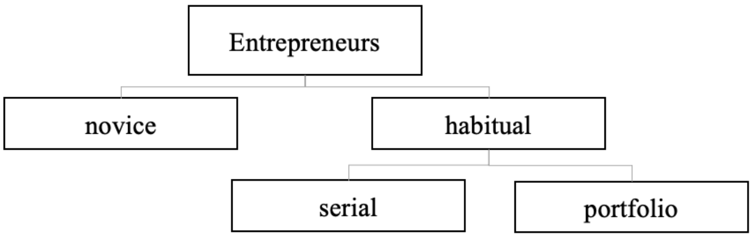

Figure 1: Types of entrepreneurs.

most studies use statistical tests of limited variables to find significant correlations of means between novice and habitual entrepreneurs venture performance while applying varying definitions of the individual founders (especially for habitual founders) and different definitions of performance and success factors. Moreover, in addition to the type of entrepreneur, other factors such as geographical location, industry or strategic market positioning influence ventures' performance (e.g., Sandberg & Hofer, 1987, pp. 16-21). Consequently, scholars switch focus to founder-related differences between novice and habitual entrepreneurs despite only searching for venture-level performance indicators. Today, novice and habitual entrepreneurs can be distinguished along their personal (e.g. age, gender, education) and entrepreneurial characteristics, including their decisions and actions regarding essential tasks (e.g., opportunity identification, venture financing) (Birley & Westhead, 1993, pp. 41-53; Kolvereid & Bullvag, 1993, pp. 278-281; Politis, 2008, pp. 480-485; Westhead, Ucbasaran, & Wright, 2005a, pp. 403-412; Westhead, Ucbasaran, & Wright, 2005b, pp. 86-89; Westhead, Ucbasaran, Wright, & Binks, 2005, pp. 114-126). Furthermore, differences in decisions and actions are attributed to differences in stock of experience and social ties (Mosey & Wright, 2007, p. 930; Westhead, Ucbasaran, & Wright, 2005a, pp. 412-413; Westhead, Ucbasaran, & Wright, 2005b, pp. 89-91).

2.2.1. Human Capital

Becker (1964, pp. 15-17) defines *human capital* as the sum of knowledge and skills individuals can acquire through investments in education, training, and other forms of experience. Becker's concept further distinguishes between human capital investments and human capital investment outcomes, as well as task-related HC and non-task-related HC (Becker, 1964, pp. 16-18). Human capital investments thereby comprise the actual experiences, i.e., training and work experience, whereas human capital outcomes describe the skills and knowledge that may arise through experiences (Unger et al., 2011, p. 7). Task-relatedness refers to whether the investment in human capital and the results are linked to a specific task, such as operating a venture (Unger et al., 2011, p. 11). Human capital (HC) represents an important field of research in the entrepreneurial literature, as there is an overall positive relationship between human capital and the success of new ventures (Unger et al., 2011, p. 23). Furthermore, Unger et al. (2011, p. 23) shows that the correlation of task-related HC and HC investment outcomes is higher than for their composites.

Resource-based theory perceives knowledge and skills (i.e., human capital outcomes) as a resource that influences entrepreneurial capabilities and ultimately a firm's competitive advantage (Grant, 1991, p. 115; West & Noel, 2009, pp. 1-2). In the process of starting a business, knowledge (i.e., resources) about the particular industry, the type of business and the process of starting a business is needed (Wiklund & Shepherd, 2003, pp. 1308-1310). Thereby, the respective knowledge influences essential entrepreneurial capabilities such as opportunity identification and exploitation, strategy formulation and planning (Chandler & Jansen, 1992, p. 225; Shane & Venkataraman, 2000, pp. 220-224). Thus, differences in entrepreneurial behaviour and characteristics can be attributed to differences in human capital.

To measure HC, or knowledge and skills more definite, experience can either be seen as "stock" or "stream" (Reuber & Fischer, 1999). Thereby, stock refers to the sum of an individual's experiences at a certain point in time. In contrast, when considered as stream, it refers to the entrepreneurial process of learning through experiencing, thus focusing on changes in what is usually done (Reuber & Fischer, 1999, p. 31). However, considering it as stock assumes a linear relationship between HC investments and HC investment outcomes, which may not be the case (Unger et al., 2011, p. 10; 26; West & Noel, 2009, p. 17). For example, school experience is often assumed to be a proxy for knowledge. Yet, what knowledge has really been acquired depends on the person himself and other circumstances such as the school characteristics and the genetic environment (Unger et al., 2011, p. 11). For this reason, stock of experience should not be considered the same as skills and knowledge (i.e., human capital). Measuring it as a stream emphasises the actual learning process by focusing on specific sequences of experiences. Yet, the problem with measuring experiences as a stream is that it is neither traceable nor easily comparable (Reuber & Fischer, 1999, p. 39). However, multiple studies use stock of business ownership experience as a proxy for important entrepreneurial HC (e.g., Politis, 2008, pp. 476-478; Westhead, Ucbasaran, & Wright, 2005a, p. 397; Zhang, 2011, p. 9).

Overall, differences in human capital exist, because (i) individuals have different initial resources (e.g., parental background, gender, education) which may influence the life experience and shape the basis for further HC investments and (ii) individuals expect compensation for their investments in their human capital and thus have different stocks of experience (Becker, 1964, pp. 85-89; Becker, 1993, p. 392). Differences in human capital between novice and habitual entrepreneurs can be identified across both grounds. (Cooper, Gimeno-Gascon, & Woo, 1994, p. 376) argue that initial resources such as gender and education (i.e., general human capital) influence an individual's life experience and thus contribute to the success of an entrepreneur. In general, novice and habitual founders are predominantly male, with habitual founders accounting for a larger share (Birley & Westhead, 1993, p. 44; Kolvereid & Bullvag, 1993, p. 279). While certain studies show that experienced founders have enjoyed higher education (Donckels et al., 1987, p. 52; Kolvereid & Bullvag, 1993, p. 278), others could not find significant differences (Birley & Westhead, 1993, p. 42; Westhead, Ucbasaran, Wright, & Binks, 2005, p. 114). This can be attributed to different perspectives on habitual entrepreneurs (habitual vs serial and portfolio) among researchers. The age of an entrepreneur is not inevitably decisive for the success of a venture but influences the knowledge of an entrepreneur (e.g., West & Noel, 2009, p. 6; Westhead, Ucbasaran, & Wright, 2005b, p. 74). Kolvereid and Bullvag (1993, pp. 278-279) found that habitual entrepreneurs start their first venture at a younger age.[1] In addition to supporting findings from other studies (Birley & Westhead, 1993, p. 42), Westhead and Wright report the same results in later studies with a refined differentiation of habitual entrepreneurs by serial and portfolio (Westhead & Wright, 1998b, p. 75; Westhead & Wright, 1998a, p. 186).

Regarding the stock of experience, habitual entrepreneurs tend to work for more organizations before becoming a founder themselves (Birley & Westhead, 1993, p. 43; Westhead, Ucbasaran, & Wright, 2005b, p. 79).[2] One explanation for this is that it is in the nature of the habitual entrepreneur to achieve a particular goal (e.g., successfully founding a company) and then seek a new challenge (MacMillan, 1986). In addition, novice entrepreneurs tend to have worked in a big company (>1.000 employees) before becoming a founder, while habitual are significantly more likely to have worked in a small company (<100 employees) (Birley & Westhead, 1993, p. 45).

2.2.2. Social capital

Social capital describes the existing and potential resources available from an individual's personal network of relationships (Stam, Arzlanian, & Elfring, 2014, p. 154). In this paper, a personal network defines an entrepreneur's family, friends and business contacts (e.g., colleagues, suppliers, customers) and their relations to each other (Dubini & Aldrich, 1991, p. 307; Witt, 2004, p. 392). Connections can be distinguished between strong and weak ties based on their strength which is influenced by emotional background, intimacy and amount of time spent (Granovetter, 1973, p. 1361). Unlike other forms of capital, SC is neither anchored in the actors themselves nor in their ties to each other (Coleman, 1988, p. 98), but rather is the outcome of investments in social relations and available to individuals as goodwill that can be used to achieve possible goals (Adler & Kwon, 2002, p. 18; 23).

Social capital matters in the entrepreneurial literature since prior studies find a positive correlation between social capital and entrepreneurial success (e.g., Stam et al., 2014, p. 163). Thereby, the personal network has an influence on the foundation ("network founding hypothesis") as well as on the subsequent organizational success ("network success hypothesis") of the new venture (Brüderl & Preisendörfer, 1998, p. 214). Thus, differences in entrepreneurial behaviour can be attributed to differences in social capital.

The literature argues that network connections enable an entrepreneur to identify new business opportunities (Ozgen & Baron, 2007, pp. 186-187), gain validation/legitimacy from external stakeholders in the entrepreneurial ecosystem (Elfring & Hulsink, 2003, p. 413) and grant them access to resources they would not be able to on the market (Witt, 2004, p. 392). Some examples: First, as mentioned earlier, information is important to identify opportunities. Further, Brüderl and Preisendörfer (1998, p. 214) argue that information from informal sources is more valuable, reliable and exclusive. Thus, a more extensive personal network including weak ties can provide more helpful information and thus more business opportunities. Second, entrepreneurs require different types of resources to be successful with their new venture, including physical, financial, and human resources (West & Noel, 2009, p. 1). However, due to the "liability of newness" and the associated information asymmetries between resource providers and new ventures at the beginning, resource providers are usually sceptical about the quality and legitimacy of the venture, which leads to the entrepreneurs lacking necessary resources (Shane, 2003, pp. 164-167). Strong ties and frequent interaction with one's network can help to overcome information asymmetries, as both the trust associated with strong ties and the finer exchange of information through regularity help to build legitimacy and exclude possible opportunistic behaviour by entrepreneurs (Uzzi, 1997, pp. 45-46). Third, Birley (1985, p. 113) shows that entrepreneurs mainly use their informal network, mostly business contacts, to acquire necessary resources for their business, e.g., the choice of location as well as the procurement of employees. In addition, research shows that entrepreneurs with greater social capital have superior access to financial resources (Shane & Cable, 2002, p. 374; Uzzi, 1999, p. 498; Zhang, 2011, p. 22). Fourth, because social capital provides access to resources, it can also be used to supplement missing or lacking HC (Aldrich & Zim-

[1] Kolvereid and Bullvag (1993): Age of founding first venture (mean): novice (35), habitual (30); Gender: novice: male (80%), habitual: male (97%); Birley and Westhead (1993): Age of founding first venture (mean): novice (36), habitual (30); Gender: novice: male (92%), habitual: male (94%).

[2] Novice entrepreneurs: 3 organisations before founding; habitual: 4 organisations before founding.

mer, 1986, p. 20; Birley, 1985, p. 115). Entrepreneurs can substitute industry, market or founding experience, which they do not have due to lack of experience, with knowledge gained through their network (e.g., founding partner) (West & Noel, 2009, p. 9).

Even though the influence of social capital on entrepreneurial tasks has been outlined in several studies, only a few researchers have studied differences in social capital between novice and habitual entrepreneurs. One possible reason for this is that compared to human capital, social capital it is less tangible and therefore harder to evaluate (Coleman, 1988, p. 100). Mosey and Wright (2007, p. 916) study is one of the few that examines and distinguishes nascent[3], novice and habitual entrepreneurs along their network structure, content, and governance. They present several characteristics in which novice and habitual entrepreneurs differ (Mosey & Wright, 2007, pp. 918-924). First, in terms of network structure, habitual founders typically have more network ties when starting their new business. Furthermore, experienced founders are keen to expand their network compared to their novice counterparts. However, both types of entrepreneurs focus on building relationships with large companies as well as with investors and smaller companies. Secondly, they differ in terms of network content. Habitual entrepreneurs typically seek equity and management knowledge to support their business growth. On the other hand, novice ones first try to engage in the next stage of business development, meaning they seek proof-of-concept financing and industry knowledge about potential customers and their unmet needs. Third, differences along network governance. Novice entrepreneurs build new ties mainly through networking events and broker activities where a third party introduces one another. Habitual entrepreneurs, on the other hand, are more strategic in choosing and establishing new contacts. For example, they use their social capital specifically to close resource gaps. They also strengthen existing relationships that could be helpful and replace less effective ones with more useful ones.

2.2.3. Differences in entrepreneurial characteristics and behaviour

The stock of experience (i.e., human capital) (Reuber & Fischer, 1999, p. 32) as well as the personal network (i.e., social capital) (Shane, 2003, p. 49) of a founder, have an impact on the decisions and actions of entrepreneurs. In this context, research shows that these variables have a particular impact on crucial initial steps in the entrepreneurial process, such as opportunity identification, strategy formulation and financing (e.g., Unger et al., 2011, p. 28; Westhead, Ucbasaran, & Wright, 2005a, pp. 403-412; Zhang, 2011, pp. 17-21). Reuber and Fischer (1999, p. 31) present the intermediary relationships of human capital in a conceptual model. Westhead, Ucbasaran, and Wright (2005a, p. 395) extended this model by distinguishing types of entrepreneurs as well as their respective decisions, actions, performance, and aspirations. Following this and taking into account studies on social capital and its influence on entrepreneurial processes (e.g., Ozgen & Baron, 2007, pp. 186-187; Shane & Cable, 2002, p. 377) and on differences between entrepreneurial types (Mosey & Wright, 2007, pp. 925-926), this model can be extended to include social capital influences. Figure 5 (Appendix A) shows the corresponding correlations. The following chapter describes the respective entrepreneurial processes and examines differences along these characteristics for novice and habitual entrepreneurs based on findings from prior studies.

Venkataraman (1997, p. 120) defines entrepreneurship as the transformation of opportunities into future goods and services. Therefore, identifying and seizing opportunities is one of the most critical entrepreneurial skills (Shane, 2003, p. 18; Venkataraman, 1997, pp. 120-121). In literature, two common reasons why opportunities repeatedly arise are market imperfections (Kirzner, 1973, pp. 9-11) and environmental changes (e.g., technological, political, social, regulatory) (Schumpeter, 1934, pp. 66-67; Shane, 2003, pp. 23-28). To identify opportunities, one needs (i) information regarding the respective environment and (ii) a set of skills and insights to process this information in order to recognize the respective opportunities (Shane, 2003, pp. 45-50; Venkataraman, 1997, p. 124). Individuals obtain the respective knowledge in three ways: First, through active search. By actively searching for relevant information, rather than through random behaviour, the chance of finding information that leads to the identification of an entrepreneurial opportunity increases (Shane, 2003, p. 48). Second, through *knowledge corridors*. These are specific channels through which the individual can acquire idiosyncratic knowledge and are influenced through prior experience (Shane & Venkataraman, 2000, p. 222; Venkataraman, 1997, p. 122). Third, entrepreneurs seek and obtain information about opportunities from external sources, with social networks being one way of accessing information (e.g., Ozgen & Baron, 2007, p. 186; Shane, 2003, p. 49). The structure of the individual network is thereby decisive for the quality, quantity and speed with which information is received (cf. Chapter 2.2.2) (Shane, 2003, p. 49). With regard to the necessary recognition skills, particularly cognitive conditions play an important role (Shane & Venkataraman, 2000, p. 222). They help explain why some people can interpret information and recognise an underlying opportunity, while others cannot, given the same amount of information and are influenced by individual circumstances, including everyday life, internal knowledge (through work experience) and social relationships (Venkataraman, 1997, p. 122). This individual characteristic is also called *opportunity alertness* (Kirzner, 1973, pp. 39-42). The better this alertness is, the less information an entrepreneur needs to connect the dots and identify the respective opportunity.

After an opportunity is discovered, the entrepreneur has to evaluate it and decide whether to exploit it or not (Shane,

[3]Nascent entrepreneurs are individuals considering starting their own business but have not done so yet (Mosey & Wright, 2007, p. 910).

2003, p. 61). In general, entrepreneurs exploit opportunities when they believe they will earn back more than they invest (Venkataraman, 1997, pp. 132-133). Thereby, the individual opportunity value is influenced by non-psychological (e.g., education, age, social position) and psychological (e.g., motivation, cognitive traits) factors (Shane, 2003, p. 62). Thereby, different social types, for example, see different value creation in opportunities (Gruber & MacMillan, 2017, p. 280), thus see different paybacks. While Darwinian entrepreneurs pursue a private, economic self-interest, communitarian entrepreneurs want to support and be supported by their social community. Missionary entrepreneurs, however, pursue a mission, thus want to advance a cause (Gruber & MacMillan, 2017, p. 278). This can be condensed as the motivation of individual entrepreneurs influencing the decision. Furthermore, studies show that opportunity-specific (e.g. rarity, competition, age) (Haynie, Shepherd, & McMullen, 2009, p. 353) and entrepreneur-specific characteristics (e.g. human capital, emotions) (Haynie et al., 2009, p. 354; Welpe, Spörrle, Grichnik, Michl, & Audretsch, 2012, p. 17) influence the opportunity evaluation. However, yet little is known about the intrapersonal process of opportunity evaluation (Welpe et al., 2012, p. 2).

Novice and habitual entrepreneurs can be distinguished along the listed influencing variables. Westhead, Ucbasaran, and Wright (2005a, pp. 403-412) show that, habitual entrepreneurs use more sources of information than novice ones. More than two thirds, regardless of entrepreneurial type, use information from customers, other business owners and their personal network (friends and family). They also show that novice entrepreneurs are also less likely to use consultants, local enterprise development agencies and governmental sources. In addition, habitual founders make more use of information from bankers, VCs and business angels. These differences support earlier findings from Kolvereid and Bullvag (1993, p. 282), who found habitual entrepreneurs to be more "resourceful" and indicate that habitual entrepreneurs use additional sources they gained through prior business experience. Second, Westhead, Ucbasaran, and Wright (2005a, pp. 406-407) show that no significant difference exists between the acquisition of information (active search, knowledge corridor & social networks) and the types of entrepreneurs exist. Third, it is assumed that prior business ownership experience contributes positively to developing the knowledge corridor and the opportunity alertness (Westhead, Ucbasaran, & Wright, 2005a, p. 397). Thus, habitual entrepreneurs should identify more opportunities, what current research suggests is the case. Westhead, Ucbasaran, and Wright (2005a, p. 409) show that more novice entrepreneurs report having identified zero opportunities, while a significantly higher number of habitual entrepreneurs identified two or more opportunities, indicating higher opportunity alertness of habitual entrepreneurs. Indeed, more habitual than novice entrepreneurs agree with corresponding assessment affirmations[4] and the direct statement "I have a special alertness or sensitivity for spotting opportunities" (Westhead, Ucbasaran, & Wright, 2005a, p. 408). Fourth, concerning the exploitation of opportunities, differences in the individual motivation of entrepreneurs were researched. Westhead and Wright (1998a, p. 187), for example, show that "need for independence", "need for approval", and "perceive instrumentality of wealth" are the three most relatable motivations of the respective founders. The latter is mentioned more often by habitual founders, while novice founders more frequently mention the first two statements (Westhead & Wright, 1998a, p. 189). Findings by Donckels et al. (1987, pp. 53-54) suggest that new founders are driven by "job satisfaction", "personal independence", and the pursuit of "quality products", while habitual founders show similar characteristics but primarily seek "self-achievement". Both studies suggest a Darwinian social identity for both groups, putting themselves at the centre of interest and adhering to conventional business logic (Gruber & MacMillan, 2017, pp. 277-278).

Further behavioural distinctions can be found in the number of equity partners, the industry and the financing of the respective new business, depending on the type of entrepreneur. First, business partners can reduce risk and provide resources such as capital or management skills (Westhead, Ucbasaran, & Wright, 2005b, p. 76; 91); thus, most novice and habitual entrepreneurs tend not to start up their ventures alone (Birley & Westhead, 1993, p. 43; Kolvereid & Bullvag, 1993, p. 280; Westhead, Ucbasaran, & Wright, 2005b, p. 79). Second, Cooper (1985, pp. 84-85) shows that the employer can be an incubator for subsequent foundations with respect to geographical location, the nature of business, type of company (e.g., industrial firm, hospital or university) and the size of the respective venture. In line with this “incubator phenomenon” (Cooper, 1985, p. 84), more than one-third of each type of entrepreneur starts their business in the same industry as their last employer, whereby novice entrepreneurs are significantly more likely to do so (Birley & Westhead, 1993, p. 44; Politis, 2008, p. 479). Third, obtaining financial capital is an essential and challenging part of the entrepreneurial process (e.g., Birley, 1985, p. 115; West & Noel, 2009, p. 1; Westhead, Ucbasaran, & Wright, 2005a, p. 406). Personal savings and family and friends are the most frequently used source to do so (Birley & Westhead, 1993, p. 45; Donckels et al., 1987, p. 55). Further, it can be assumed that habitual entrepreneurs, through their previous business ownership experience, (i) have generated wealth that they can use to finance the subsequent venture (e.g., through an exit), or (ii) have a richer social network, and therefore better access to financial funds than novice entrepreneurs (Westhead & Wright, 1998a, pp.

[4]Habitual entrepreneurs agree more with the statements "One of my greatest strengths is identifying goods and services that people want", "I accurately identify unmet customer needs", "One of my greatest strengths is my ability to seize high-value business opportunities", "new business opportunities often arise in connection with a solution to a specific problem", "I enjoy thinking about and / or looking for new business opportunities", "the consideration of one opportunity often leads to other opportunities" (Westhead, Ucbasaran, Wright, & Binks, 2005, p. 121).

179-182). However, findings on using personal funds do not yield a definite result. While Birley and Westhead (1993, p. 45) find habitual entrepreneurs to use family friends and personal funds more, supporting the hypothesis that habitual founders use money from their prior ventures, findings from Donckels et al. (1987, p. 55) indicates the opposite. Habitual also take money from partners (Donckels et al., 1987, p. 55) as well as suppliers and customers (Birley & Westhead, 1993, p. 46) more often, which makes sense considering that novice founders do not e.g., have a network of suppliers at the time of the founding. In terms of subsequent funding from venture capital firms, research shows that habitual entrepreneurs with prior venture capital-backed start-up experience tend to receive higher funding and wait less time until the initial investment (e.g., Zhang, 2011, pp. 17-18). This, in turn, is attributed to differences in human and social capital (Zhang, 2011, pp. 22-23).

2.2.4. Shortcoming of current literature

The previous chapters identify the factors influencing entrepreneurial behaviour and compares novice and habitual entrepreneurs along these variables. However, one should bear in mind that the underlying studies are limited in terms of location and industry sector (see Chapter 2.2). For example, only a few of the findings on personal characteristics from Kolvereid and Bullvag (1993, p. 282) were consistent across different countries. The findings of Paul Westhead and co-authors, who are among the most active researchers in the field studying character traits and behavioural differences between different types of entrepreneurs, are based solely on entrepreneurs from Great Britain and sometimes Scotland only. The extent to which the results can be generalised cannot be assessed due to the lack of comparable studies from other countries.

Besides that, Shane and Venkataraman (2000, p. 218) define entrepreneurship as the interrelationship of "the exploration of the sources of opportunities; the processes of discovering, evaluating and exploiting opportunities; and the group of individuals who discover, evaluate and exploit them", thus highlighting a multifaceted conceptual framework. Moreover, entrepreneurship is emphasised as rather a process than a static state (MacMillan, 1986; Shane & Venkataraman, 2000, pp. 218-219). The classification of entrepreneurs based on prior business ownership experience, however, contradicts these characteristics. First, because focusing exclusively on the entrepreneur as distinguishing variable neglects the multi-layered nature of entrepreneurship (Shane & Venkataraman, 2000, p. 218) and second because classifications require homogeneous, overlap-free groups (Merz, 2008, p. 10), which is not possible considering a process characteristic. For example, considering that all novice founders include aspiring future habitual founders (Westhead & Wright, 1998a, p. 176), researched novice entrepreneurs may have stated habitual characteristics, thus leading to a bias in existing results. Hence, if new entrepreneurs also represent the preliminary stage of habitual entrepreneurs, they represent an unsuitable comparison group (Merz, 2008, p. 12). Consequently, overall, a business ownership-based classification is only of limited use for researching entrepreneurial characteristic differences and the corresponding influencing factors.

Lastly, studies researching differences between types of entrepreneurs focus on founding experience rather than on the necessary resources themselves. In fact: They use stock of business ownership experience as a proxy for entrepreneurial knowledge and skills (e.g., Politis, 2008, pp. 476-478; Westhead, Ucbasaran, & Wright, 2005a, p. 397; Zhang, 2011, p. 9). However, human capital (e.g., Unger et al., 2011, pp. 26-27) and resource-based theory (e.g., Wiklund & Shepherd, 2003, pp. 1308-1310) literature argue that entrepreneurs should have specific knowledge about the industry and business type as well as task-related human capital, that is related to important daily processes (e.g., environmental scanning, opportunity identification, strategy formulation as well as organization, management, and leadership) (Chandler & Jansen, 1992, p. 225; Shane & Venkataraman, 2000, pp. 220-224). The current classification of novice and habitual entrepreneurs based on prior business ownership experience, however, fails to distinguish between prior business ownership experience and other types of experience in which the same skills and knowledge (e.g., opportunity identification or managerial skills) and thus relevant knowledge resources may have been developed.

2.3. Investor-entrepreneur

Private equity refers to an asset class that is not publicly traded on a market (Cumming, 2012, p. 1). Thereby, in general linguistic usage and scientific literature, a distinction is made between venture capital and private equity based on the age of the respective company funded (e.g., Harris, Jenkinson, & Kaplan, 2014, p. 1; Metrick & Yasuda, 2010, pp. 2303-2304; Wright & Robbie, 1998, p. 522). Venture capital thereby includes capital for early-stage and growth projects, whereas private equity mainly includes later-stage growth capital, various types of mezzanine, buy-out investment and turnaround capital (Berk & DeMarzo, 2016, pp. 862-865; Cumming, 2012, p. 1; Wright & Robbie, 1998, pp. 521-522). In this paper, investor defines a decision taker in a venture capital or private equity firm who allocates money to specific investment opportunities.

The private equity investment process typically comprises the steps deal generation, initial screening, valuation, deal approval, execution, and exit (Fried & Hisrich, 1994, pp. 31-32; J. Hall & Hofer, 1993, pp. 27-29). Thereby, the sourcing of potential investment opportunities is an essential step in the investment process (Berk & DeMarzo, 2016, p. 536; Wright & Robbie, 1998), as only a fraction of opportunities meet the investment criteria, represent a potential investment and are therefore considered more closely (Teten & Farmer, 2010, pp. 34-35). In the subsequent valuation of opportunities, different valuation techniques are required for the individual projects, depending on the age of the company to be invested in (Wright & Robbie, 1998, pp. 526-527). Corporate finance literature, therefore, provides a variety of methods for valuing later-stage companies. Best known are the discounted cash flow (DCF) method, the asset value method and the multiple method (Berk & DeMarzo, 2016, pp. 322-338; Wright & Robbie, 1998, p. 539). However, historical sales figures are often unavailable for early-stage ventures, and statements on cash flows are characterized by uncertainty and potentially rapid growth (Wright & Robbie, 1998, p. 526). As a result, entrepreneurs have information about themselves and their company that is not available to potential investors, creating an information asymmetry between investor and entrepreneur (Shane & Cable, 2002, p. 365; Wright & Robbie, 1998, pp. 524-525). VC investors, therefore, often have to rely on evaluation variables of the founding team such as managerial capabilities, general traits or track record (MacMillan, Siegel, & Narasimha, 1985, pp. 121-123).

The social network is an essential variable for VC or PE investor performance. First, social ties largely contribute to the sourcing of possible deals. In a study analysing eighteen individual investment processes, Fried and Hisrich (1994, p. 31) showed that none of the deals examined were sourced "cold", but all had been entered into through recommendations. Teten and Farmer (2010, pp. 34-35) attribute 45% of deal origination to personal and professional contacts. Following, investors with an excellent social network perform better than those with a comparatively weak one (Hochberg, Ljungqvist, & Lu, 2007, p. 284), highlighting the importance of a good network for the day-to-day business and performance of PE firms. Second, information exchange between social ties is used to overcome the information asymmetries and thus influences the investment decision (Venkataraman, 1997, p. 127). Especially when no public data about the company or entrepreneur is available, investors turn to their social network to get information (Shane & Cable, 2002, p. 366).

With respect to entrepreneurship and considering the above-described characteristics of private equity investing, founders who have previously worked as investors in private equity may have acquired (i) substantial task-related human capital and (ii) the necessary social capital that is important for the foundation and operation of a venture. For example, Wright and Robbie (1998, p. 552) argue that VC investors can have deeper conversations with experienced founders from the beginning on than with their inexperienced novice counterparts. Vice versa, inexperienced entrepreneurs who have previously worked in VC or PE and thus already know the investment process should have, at least in terms of obtaining financial capital, a knowledge advantage over entrepreneurs with other backgrounds. In addition, investors are presented with a multitude of potential investment opportunities on a daily basis and have to assess the feasibility and novelty, growth and potential exit as well as the capabilities of the management team based on the available information (Wright & Robbie, 1998, p. 539). This might positively influence the individual's perception of opportunities and thus the identification of their own business idea. Lastly, because of the high deal flow, PE investors also have above-average contact with founders and other investors with whom they may co-invest (e.g., club deals), which could lead to helpful learnings as well as direct and indirect connections and a resulting rich social network which might help *investor-entrepreneurs* to establish their own venture.

3. Research Method

The entrepreneurial literature has long examined different types of entrepreneurs. So far, differences in decisions and actions between novice and habitual founders are ascribed to differences in human and social capital. However, although the influence and thus the importance of human capital on entrepreneurial processes has been extensively studied and the consideration of task-related human capital is suggested (e.g., Unger et al., 2011, pp. 26-27; West & Noel, 2009, p. 17; Westhead, Ucbasaran, & Wright, 2005a, p. 414), to date only stock of prior (business ownership) experience is considered when comparing different types of entrepreneurs. Different possibilities to acquire the necessary task-related skills and knowledge are entirely neglected. In fact, a distinction between novice and habitual founders based on previous business ownership experience has been established. But what about first-time entrepreneurs who may have acquired the necessary skills, knowledge, and social capital in a profession other than business ownership? Venture capital and private equity investors could be an example. By working a lot with entrepreneurs and experiencing many of the day-2-day tasks from the other side of the table, entrepreneurs might have acquired the necessary human and social capital for a venture foundation. Given the limitations regarding the differentiations along entrepreneurial types and behavioural influencing variables in previous literature, as well as the promising characteristics of private equity investors, I employed an explorative (qualitative), cross-sectional research design to examine my research question: *How do investor-entrepreneurs differ from novice and habitual entrepreneurs?* Thereby, a cross-sectional design represents the data collection from a subset of a population at a single point in time (Bell, Bryman, & Harley, 2018, pp. 53-54). As such, this approach is a commonly used approach in social science research (Bryman, 2006, p. 104) and is particularly applicable for examining gaps in existing literature and identifying new patterns (Bell et al., 2018, p. 53; Edmondson & McManus, 2007, pp. 1160-1162). In doing so, multiple cases are used to achieve variation, examine relationships between variables, and derive general findings with little focus on the unique context of each case (Bell et al., 2018, pp. 53, 63).

3.1. Sample selection

My study included founders who worked in private equity or venture capital before their own founding. Thereby, I only considered private companies that offer innovative goods and services (Venkataraman, 1997, p. 120). I did not include entrepreneurs who subsequently set up their own investment fund or financial advisory company, as they do not represent a new product or service but rather a new source of existing business.

To identify particular founders, I used Pitchbook, which is one of the most comprehensive and accurate platforms for private companies (Retterath & Braun, 2020, p. 39) and is frequently used for research in the field of VC and PE investments (e.g., Block, Fisch, Vismara, & Andres, 2019, p. 331). In comparison to alternative data sources, the advantage of Pitchbook is that it provides sufficient information about the respective founders in addition to information about the companies (Retterath & Braun, 2020, p. 23). To double-check and expand the information gained from Pitchbook, I also used Crunchbase, which is another comprehensive online database. I first filtered Pitchbook under the category "People" according to the necessary criteria[5]. This search resulted in 760 hits. Second, I only considered products and services that are not in the investment sector (e.g., investment funds, financial advisory firms, money lenders), resulting in a long list of 64 founders. Finally, I conducted the same procedure at Crunchbase[6] and compared the results with the long list from Pitchbook. Through the comparison, I identified another 16 founders.

Since nothing is known about investor-entrepreneurs yet, extensive, detailed, and meaningful data was needed to shed light on the phenomenon (Edmondson & McManus, 2007, p. 1162). Therefore, to identify a manageable number of cases while having sufficiently rich information to investigate key variables and detect patterns, I took a criterion sample (Miles & Huberman, 1994, p. 28) of 12 founders from the population; a number which is recommended for inductive theory building (Eisenhardt, 1989, S.545) and which was feasible considering time and effort. To draw the sample from my population gathered through Pitchbook and Crunchbase, I prioritised the respective founders into three prioritisation groups (A, B, C) according to their time as an investor and the order of decisive career milestones[7]. Even though my focus was on novice founders, I did not exclude habitual investor-entrepreneurs, as the focus of this study was on their first foundation. The founders were contacted successively via LinkedIn and email, starting with group A, until the threshold of 12 was reached based on their feedback.

3.2. Data collection

Consistent with other studies applying an explorative (qualitative) cross-sectional approach (e.g., Charles & Gherman, 2013; Chong, 2008; Durst & Wilhelm, 2012) and recommendations for qualitative research (Bell et al., 2018, p. 57; Edmondson & McManus, 2007, p. 1160), I conducted semi-structured interviews. This type of data collection allowed for flexibility and a smooth, intuitive flow of questions during the interviews (Bell et al., 2018, p. 467). In advance to the respective interviews, I developed an interview guide (Bell et al., 2018, p. 473), including important aspects identified in the theory section (e.g., human capital, social capital, entrepreneurial behaviour). Together with some background information about the study, the guide was sent to the participants before the interview (see Appendix B). All interviews were conducted within a six-week period between May and July 2021. Interviews usually lasted 30-50 minutes with exceptions upwards (60 minutes) and downwards (15 minutes) and were conducted by telephone or video conference. The availability of the interview partners primarily determined the length of each interview. All interviews were recorded, subsequently transcribed, and used as the primary source of information for this study. Thereby, interviews were conducted and transcribed either in German or English, the native language of the respective participants.

To mitigate biases from imperfection recall and to triangulate the information from the interviews (Yin, 2009, p. 102), I collected additional founder-related information about e.g., the age or the previous employers, from the internet, company websites, and LinkedIn.

3.3. Data analysis

To analyse the data obtained through the interviews, I followed a *quasi-inductive*, mixed-method coding approach (Perry & Jensen, 2001, p. 4). This type of coding is a modified form of inductive coding (Corbin & Strauss, 2008, p. 104) often applied in the context of explorative research (e.g., Preller, Patzelt, & Breugst, 2020, p. 5). It allowed me to establish pre-categories in advance based on existing literature, which helped me to first become aware of several important dimensions of the phenomenon to be researched. However, the pre-categories were not meant to test the existing theory, but to "re-test" it in a real-empirical setting, to re-specify, refine, or eliminate it contextually. This allowed me to link the specific principles of grounded theory directly to the existing literature (Perry & Jensen, 2001, p. 4).

In line with this approach, I fist created an initial coding scheme (Bell et al., 2018, p. 299) based on findings from previous studies at the beginning of the coding. The original scheme consisted of three main distinguishing elements, eight first- and eight second-order codes that I thought were important to distinguish the entrepreneurial types (see Figure 2). In the actual analysis process, I first compiled general information on each case in a tabular overview (Miles & Huberman, 1994, p. 90). Next, I applied open coding (Corbin & Strauss, 2008, pp. 222-223) and assigned data segments to existing and emerging categories (e.g., fundraising, social capital, opportunity identification), using the MaxQDA software to manage my data. Although I had pre-determined codes, I approached the individual cases with an open mind (without any foreseen propositions already in place) and thus allowed the data to speak for themselves (Suddaby, 2006,

[5] Pitchbook criteria: company type (investors: PE/Buyout & Venture Capital) position status (active & former) main position (founders & co-founders) and location (Germany).

[6] Crunchbase criteria: location (Germany), primary job title (founder), past job (includes any: venture capital)

[7] E.g., assuming that the influence of learnings from a previous job is greatest when directly applied in the next job, founding directly after the job as an investor was seen as more valuable (Reuber and Fischer (1999, p. 39) argue that knowledge only has a certain shelf time), while stints apart were seen as less valuable; a minimum of two years as an investor was required to assume a certain amount of knowledge and skills acquired.

p. 634). In this way I was able to discover new codes and the coding scheme was continually adapted. In doing so, I constantly compared the codes to all the cases and reviewed them to see which codes matched multiple cases and which were unique (Glaser & Strauss, 2017, pp. 105-113). Subsequently, I applied axial coding (Corbin & Strauss, 2008, p. 165) where I compressed the categories and started to seek suitable literature for the preparation of my data and to compare initial results with theory. Thereby I also considered constructs from existing literature to condense codes (e.g., task-related HC). As a final step, I assigned the resulting codes to the main distinguishing elements and dropped codes for which I did not have efficient enough information, thus applying selective coding (Vollstedt & Rezat, 2019, p. 89).

Lastly, I created quotation tables for each of the relevant first and second order codes, consisting of short blocks of text with respective relevant statements from the interviewees (Miles & Huberman, 1994, p. 93). These were primarily intended to help structure the answers of the individual founders and to conduct cross-case comparisons (Eisenhardt, 1989, p. 540; Miles & Huberman, 1994, pp. 172-177). My aim was to identify possible relationships between the distinguishing characteristics (Eisenhardt, 1989, p. 541) and to derive clusters or groups that have these characteristics in common (Miles & Huberman, 1994, p. 174). In doing so, I observed multiple similarities and differences between cases. I grouped the similarities into categories and compared them with the existing literature. Focusing on differences, I examined the respective cases in more detail and found a link between deviating cases and specific case dimensions. As a result of comparing the respective results with existing research and compare emerging theory with all cases in multiple iterations, I developed propositions with regard to differences of the investor-entrepreneur and the respective variables influencing them (Miles & Huberman, 1994, pp. 75-76).

4. Results and discussion

To reach the sample of twelve founders, I had to contact a total of 52 founders. Reasons for this were mainly refusals and non-responses of prioritised founders. The most common reasons for rejection were lack of time, general unwillingness to participate in academic studies and no follow-up response after initial commitment. Finally, one interview turned out to be not very rich in information. Therefore, I conducted an additional interview (in sum 13).

My final coding scheme comprises eight first- and fourteen second-order codes and only includes variables that I consider potentially relevant to answer the research question of this study (see Figure 2). In the course of coding, I dropped three first-order codes and two second-order codes (dashed lines) because I was not able to gather enough information from the interviews to gain meaningful insights into the respective topic. The corresponding insights from the interviews are explained below, summarised under the individual main distinguishing elements.

4.1. Findings with regards to human capital

> *"I think that was a warm start compared to a founder who has never had anything to do with VCs." – David, V3*

Since human capital is supposed to have significant effects on the performance of a founder and thus his company (Unger et al., 2011, p. 23), I was mainly interested in the founder's initial resources and stock of experience as well as on specific HC while analysing possible differences between investor-entrepreneurs and other types of entrepreneurs. Thereby I was especially interested in possible task-related HC necessary for founding a venture. This leads to the following findings.

First, based on descriptive statistics (see Table 1), insights about the initial resources (age, gender, education) of the founders in this study were obtained. Thereby, the average age at the time of founding is 30 across the sample, while investor-entrepreneurs with a VC background (avg. 28) appear to be significantly younger compared to their PE counterparts (avg. 32). Compared to earlier findings from Kolvereid and Bullvag (1993, p. 279) or Birley and Westhead (1993, p. 43), the investor-entrepreneur characteristic do not match with other types of entrepreneurs. Overall, investor-entrepreneurs tend to be significantly younger than "normal" novice ones. In terms of gender, a clear dominance of male investor-entrepreneurs can be observed (Table 1). Twelve out of the thirteen founders interviewed were men (92%), showing similarities to findings from earlier studies (Birley & Westhead, 1993, p. 44; Kolvereid & Bullvag, 1993, pp. 278-279). Even beyond the sample, the number of female founders with corresponding criteria was deficient. Of the total 52 founders contacted, only three were female. A possible explanation for this is the generally low proportion of women in the venture capital and private equity industry (Cassala, 2018). Thus, the basic population of potential female investor-entrepreneurs is inherently small. Examining the educational background shows that eleven out of thirteen founders, regardless of their background, have a master's degree (or comparable e.g., diploma). Even though previous studies are not consistent in finding significant differences between novice and habitual entrepreneurs, the data from this study suggests that investor-entrepreneurs have a higher level of education than other novice and habitual counterparts (cf., Birley & Westhead, 1993, p. 44; Donckels et al., 1987, p. 52; Kolvereid & Bullvag, 1993, p. 279).

Second, regardless of whether the founders in this study have VC or PE experience, on average, they work for three organisations before founding a company themselves (Table 1), thus showing the same stock of experience as novice founders in other studies (cf., Birley & Westhead, 1993, p. 43; Westhead, Ucbasaran, Wright, & Binks, 2005, p. 112). On the other hand, all founders, except of Nate (P4), were employed in companies with <1,000 employees. For founders with a VC background, it is even mostly companies with less than 100 employees; thus, with regards to that, they tend to show habitual characteristics (cf., Birley & Westhead, 1993, p. 45).

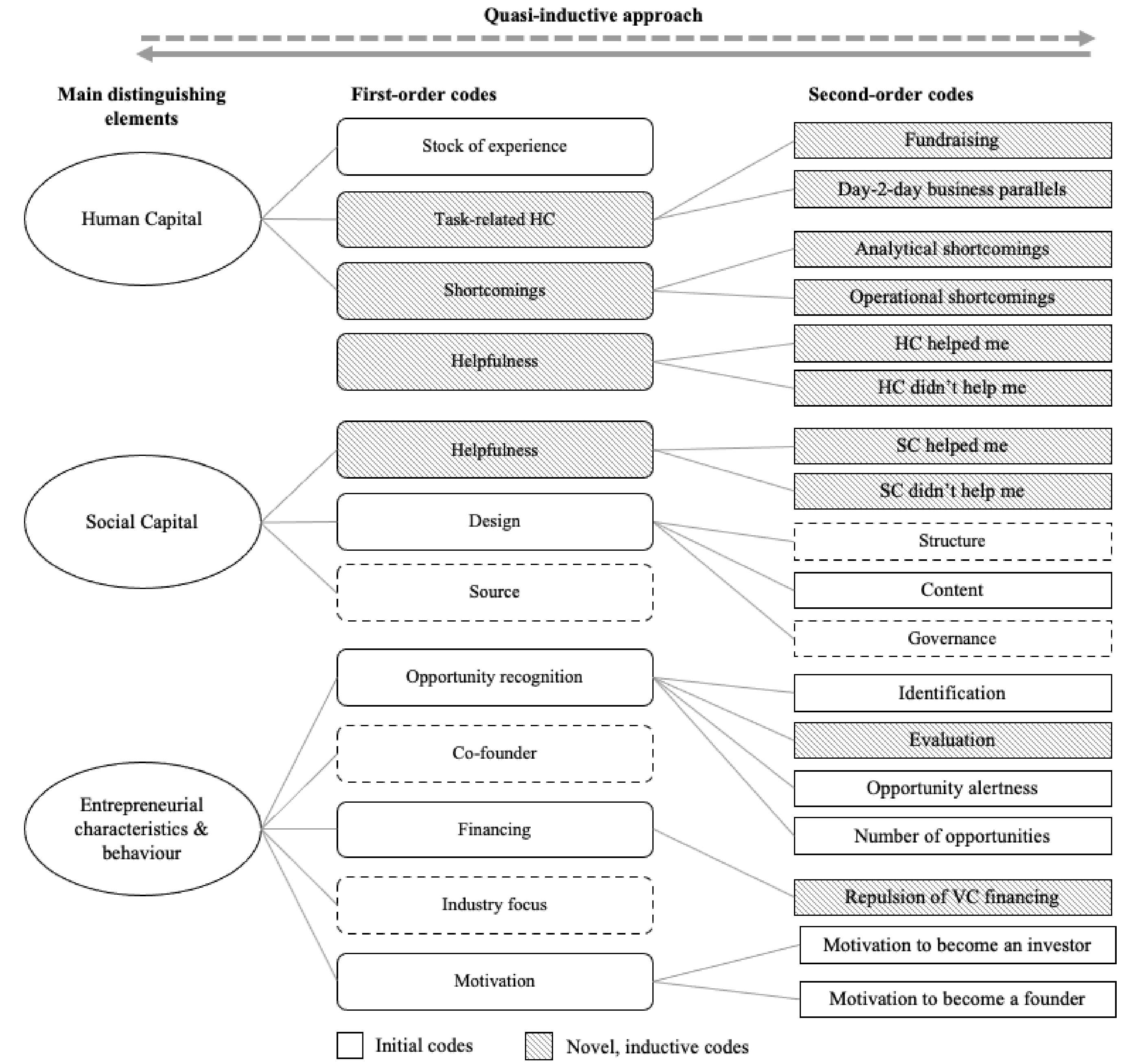

Figure 2: Coding scheme.

Third, regarding acquired skills and knowledge (HC investment outcomes), the results of this study suggest two main findings: On the one hand, acquired skills between VC and PE investors differ in terms of their type and usefulness for a subsequent founding process. On the other hand, previous experience as an investor has a generally positive effect on the skills and knowledge required for the acquisition of external capital. Table 3 (Appendix C) summarises the relevant passages concerning key skills and knowledge acquired as an investor. While VC founders emphasise "define business model", "learn dos and don'ts", and "general early-stage venture understanding", PE founders tend to mention "financial modelling", "entrepreneurial understanding", and "opportunity evaluation". Interestingly, the statements reflect a particular phase commitment of the individual founders. The statements from VC founders clearly indicate helpful HC in the early phase of venture creation (e.g., business definition and general process understanding at the beginning), while PE founders emphasise necessary HC for later stages of a company (e.g., financial modelling or entrepreneurial understanding). These statements align with the previous job focus, i.e., VC equals early-stage investments, PE equals growth investments. However, the respective founders see these acquired skills as differently helpful for founding a ven-

Table 1: Overview of interview partners.

Founder		Age	Gender	Entrepreneurial type	Education		Prior job				Industry focus of first venture	Year founded first business	Age at first foundation	Stock of experience*
					Highest degree	background	type	number of years	number of employees	Industry focus				
Anton	V1	31	male	portfolio	M.Sc.	Management	VC	3,5	5-10	Fintech, Insurtech, Regtech, Mobility	Fintech	2019	29	1
Charly	V2	32	male	serial	B.Sc.	Corporate Finance, Computer Science	VC	2	5-10	Medtech, Industry 4.0, IoT	Medtech	2016	27	5
David	V3	32	male	novice	M.Sc.	Mechanical engineering & Business Administration	VC	3,5	10-15	Medtech, Biotech, Pharma, Software, Mobility	Legaltech	2018	29	2
Justus	V4	27	male	novice	M.Sc.	Computer Science	VC	2,75	10-15	Tech, Cloud, Semiconductor	Development automation	2020	26	4
Leo	V5	29	male	novice	M.Sc.	International management & Financial management	VC	2,5	40-50	Industry 4.0	Proptech	2020	28	3
Mike	V6	37	male	portfolio	M.Sc.	Finance & Marketing	VC	4,5	100-150	multiple	Wholesale	2013	29	2
Robby	V7	28	male	serial	M.Sc.	Business Administration, Analytics & Big Data	VC	2	100-150	multiple	Gambling	2020	27	4
Steven	V8	31	male	serial	M.Sc.	Business Administration	VC	2	25-30	Fintech & B2B Software	Building management	2021	31	2
Felix	P1	36	male	novice	M.Sc.	Mechanical engineering	PE	6	20-30	Consumer, Technology & Software, Service	E-Commerce	2020	35	2
Ida	P2	29	female	novice	B.Sc.	Mechanical engineering & Finance	PE	2	400-500	multiple	Procurement software	2020	28	1
Max	P3	39	male	serial	M.Sc.	Business Administration	PE	2,5	230-240	Small & Mid Cap (all industires)	Marketing automation	2014	32	2
Nate	P4	31	male	novice	M.Sc.	Mathematics & Finance	PE	5	1,200-1,300	multiple	Fintech	2018	28	4
Peter	P5	41	male	novice	M.Sc.	Management	PE	7	130-140	Industrials, Consumers, Services	Financial services	2019	39	4
Average		33						3					30	3
Average VC		31						3					28	3
Average PE		35						5					32	3

*Number of companies before founding venture; inchuding PE/VC companies

ture. While David (V3) considers it generally helpful ("I think that was a good basis for taking on this role at [...]"), Anton (V1) limits it more to the non-operational activities ("If I negotiate a participation agreement with the investors now, then I have done that before. But the operational things; those are rather necessary administrative things to finance the operational business."). Peter (P5), however, does not consider it helpful at all: "So for the foundation it didn't help me." Overall, six interview partners (V2, V3, V4, V5, V6, P1) stated that it was very helpful (high), three (V7, V8, P2) that it had an impact (medium) and three (V1, P4, P5) that it was not helpful (see Table 5, Appendix C). Interestingly, only one of the interviewees with a PE background stated that it was very helpful, while five out of eight founders with VC background did so.

Further, the results of this study suggest that prior work experience as an investor can positively affect the skills and knowledge related to the acquisition of external capital. All interview partners reported relevant learnings they had acquired as investors, summarised under "general process understanding" and "key evaluation criteria". Table 4 (Appendix C) shows the respective statements. "General process understanding" thereby covers the process of a private equity or venture capital investment process, whereas "key evaluation criteria" describe the points of reference in the evaluation step of the funds. For example, David (V3) shares his learnings regarding what early-stage investors look for: "[. . .] i.e., what kind of people do you have to have, what is a good team, what is a good sales development, what is a good vision, what is an exciting technology" and that this knowledge helped him in with his own venture: "That helped me especially when I did fundraising". He further backs this up by describing the fundraising process as a "warm start compared to a founder who has never dealt with VCs before", while Leo (V5) describes the process without prior experience as a "black box". Overall, while previous studies only consider prior venture capital-backed business ownership experience as an influencing variable for venture capital acquisition (e.g., Zhang, 2011, p. 15), the results of this study suggest that work experience as an investor can have similar effects on necessary skills and knowledge (task-related human capital).

Fourth, although the founders in this study emphasize that previous experience in VC or PE does imply helpful HC (e.g., fundraising), they also point out possible shortcomings that go hand in hand with the job as an investor. Justus (V4) and Paul (P4), for example, mention a lack of people management ("The steps are less clear and you have to learn how to develop people, how to manage people and that is not taught in PE as well as VC." – Justus, V4; "Where you definitely have shortcomings is the topic of team management, that whole management topic." – Peter, P5), while Mike (V6), Robby (V7) and Steven (V8) mention more general shortcomings in operational skills ("I think you sometimes underestimate the operational complexity of setting up a company." – Mike, V6; "So I think [. . .] that if you come from VC, you might not be as good operationally" – Robby, V7; "I think what is underestimated a bit is the switch from investor to operator." – Steven, V8). The founders cite different reasons for this (see Table 2). Thereby, since it was mentioned twice, "high performance environment" refers to the working culture of the previous job as an investor. Here, the main focus of respective funds is on independent working styles and individual independence, which does not necessarily require structured personnel management (e.g., "[You're] working with "high potentials" all the time and sometimes it doesn't matter how they're handled" - Peter, P5). Thus, the respective potential founders learn nothing in the area of person-

Table 2: Reasons for entrepreneurial shortcomings.

Investor	Reason for shortcomings	Statements regarding the reason why investor entrepreneurs have shortcomings
V5	High performance environment	In PE or consulting, you're only surrounded by really great high performers all the time. Hopefully in your start-up too, but that's just something different.
V7	Lack of thematic deep dives	[...] you might not be so good operationally, because you're looking at things at a very "high level", which is often just a herd game. They are always chasing the latest trends and it is very rare that you do a real "deep dive".
V8	Lack of value creation	As an investor, you don't actually produce any output and you don't actually do anything, if we're being honest. You're like an information machine, you kind of sit there, listen to pitches all day and then make a lot of decisions about what you're going to do. [...]. And that's just something completely different as an operator. It's actually about doing things and doing things somehow quickly and testing things and somehow producing output.
P5	High performance environment	Because in PE or investment banking, you're always dealing with high potentials, and sometimes dealing with them doesn't matter, but when you have a company with 20 or 30 people, you don't just have these extremely high potentials, but also normal people, and you need structures and weekly meetings; one-to-one meetings, and dealing with these profiles is important, and you simply don't learn that in PE.

nel management, which ultimately leads to shortcomings in their own later founding. Second, "lack of thematic depth" and "lack of value creation" can be summarised in terms of content: The job as an investor has no relation to operational tasks. This consequently leads to operational shortcomings. Third, Mike (V6) and Steven (V8) point out that former professional investors sometimes approach entrepreneurial tasks too analytically: "I think the flip side of it is that you almost think too much because as an investor, especially as a VC, your job is to find reasons why something might not work and that's just the opposite of the entrepreneurial mindset. Whereas an entrepreneur often just; yes, often it's just people do it and change the business model along the way or it just doesn't work or they're lucky and it works very well. And you just don't have that." – Steven, V8; „I would say in the negative that they then must learn that not everything can be done by analysis, but that sometimes you have to force your luck. There is often too much emphasis on analysis and not so much on doing." – Mike, V6. Thus, according to Mike (V6), the job as an investor might cause a "paralysis through analysis". These statements indicate a contradiction with the focus on execution that is considered necessary in the entrepreneurial mindset literature (e.g., McGrath & MacMillan, 2000, pp. 3-6).

Considering the insights regarding human capital and the respective characteristics, I propose:

Proposition 1a: Investor-entrepreneurs acquire business ownership relevant skills and knowledge (e.g., fundraising, or helpful dos and don'ts) through their job as investor, thus mitigating a lack of business ownership experience.

Proposition 1b: Only human capital acquired as a venture capital investor is helpful for a subsequent venture foundation.

Proposition 1c: Prior experience as an investor causes shortcomings in the areas of people management as well as in the entrepreneurial mindset.

4.2. Findings with regard to social capital

> *"So, what definitely helps a lot is the network you build." – Justus, V4*

In examining the individual founder's social capital, I was interested in the personal network of the individual founders and its usefulness. The aim was to determine whether the previous job as an investor impacted the subsequent venture and the founding process more precisely. Following Mosey and Wright (2007), I was mainly interested in the network's structure, the content acquired through the network and the individual network maintenance. However, not all aspects yielded enough information or significant insights. Thus, only the network content (cf., Mosey & Wright, 2007, p. 912) could be evaluated. In addition, helpfulness proved to be an often-mentioned code. The following three points summarise the resulting insights.

First, individual statements regarding the helpfulness of the network acquired as an investor for founding one's venture reveal significant differences between VC and PE founders. Table 5 (Appendix C) summarises the corresponding statements. While eight of the founders describe it as very helpful ("high"), four founders say it is not helpful ("low"). Thus, no significant tendency can be observed, and no general statement for all investor-entrepreneurs can be made. However, looking at the individual sub-groups, six of the eight VC founders (V2, V4, V5, V6, V7 and V8) consider their acquired network very helpful, while only one out of five founders with a PE background (P5) consider it helpful. In conclusion, VC experience contributes to a more helpful network development for a subsequent venture foundation. This is further illustrated by founders with PE backgrounds who directly address the difference. For example, Max (P3) says: “I say VC would have been more relevant than PE” or Felix (P1), who refers to his co-founder: „I notice this a lot; [Name of co-founder] worked in VC all the time, and his network is of course super helpful for everything we do here.“ Again one possible explanation could be the stage focus of the individual founders in their previous job. While VC founders deal a lot with early-stage companies and thus also with possible contacts in this area, PE founders tend to build up a network with contacts relevant for later stages of a company (e.g., Felix (P1): "You have a relatively strong network in the direction of M&A advisors, lawyers, banks and so on").

Second, investor-entrepreneurs show similarities with "normal" novice founders in terms of network content, although the focus is somewhat different. To discover possible differences, I summarised and analysed the individual statements of the founders and then clustered them (see Table 6 – Appendix C). In contrast to the different statements of the founders regarding the influence of social capital on the founding of a venture, statements regarding the content acquired through the network were more aligned. Thereby, obtaining “feedback on the initial idea during the beginning of the entrepreneurial process” is the most frequently mentioned reason (six founders), followed by “hiring” (five founders) and “personal introductions to third parties” (four founders). “Funding”, “market knowledge”, and “customer acquisition” were mentioned twice by the founders, while “co-founder” and “further opportunities” represent unique cases. Hence, if investor-entrepreneurs must be classified based on previous studies, these entrepreneurs show similarities to their "normal" novice counterparts who mainly use their network to engage in the next stage of business development, to seek proof-of-concept financing, industry knowledge and potential customers, even if these use cases correspond to the rather less frequently mentioned statements of the investor-entrepreneurs (cf., Mosey & Wright, 2007, p. 927). Further, "personal introduction to third parties" shows parallels to other novice academic entrepreneurs. For example, Mosey and Wright (2007, p. 928) show, that novice entrepreneurs use the university’s TTO (technology transfer officer) as a broker to build new relationships, thus using a third party to build new ties. However, one should bear in mind that the study by Mosey and Wright (2007) only considers academic entrepreneurs. Even though “feedback on the initial idea during the beginning of the venture process” is not mentioned in their study and thus a direct comparison is not possible for this point, it can be assumed that this represents a typical process that founders with other backgrounds and thus "normal" novice entrepreneurs also do. For example, Leo (V5) comments as follows: “I think everyone uses their network, so if you’re not starting up straight out of university, then no matter what you’ve done before, you’re going to activate your network as much as you can.” Accordingly, even if the acquisition of initial feedback can be observed among other types of entrepreneurs, it represents a unique feature of investor-entrepreneurs until proven otherwise. Overall, however, investor-entrepreneurs show similar characteristics to their “normal” novice counterparts.

Third, although several founders report shortcomings in the area of team leadership and operational skills in Chapter 4.1, only Leo (V5) states that he has obtained missing human capital through his network („[. . .] that also helped me enormously to exchange ideas with other founders [...] and they opened many doors for me to others, and I have to say that I had almost no real estate experience before, so I first had to build up a bit of experience myself“). Indeed, investor-entrepreneurs seem to use their network less to replace missing human capital (cf., West & Noel, 2009, p. 9). One reason for this may be that all founders have co-founders, thus they may have already replaced missing HC with their co-founders before launching. Although this does not indicate “normal” novice characteristics, it contradicts typical habitual ones (i.e., habitual entrepreneurs specifically use their network to fill resource gaps – cf. Mosey and Wright (2007, p. 929)) and therefore highlights that investor-entrepreneurs cannot be clearly assigned to existing types of entrepreneurs.

Considering the insights regarding human capital and the respective characteristics, I propose:

Proposition 2a: Venture capital experience contributes more positively to the development of social ties necessary for a subsequent foundation of a venture than PE experience.

4.3. Findings on entrepreneurial characteristics and behaviour

> *“Well, I mean, I think it’s clear why you found a company: First, because it’s fun. Second, because I think it’s cool to build something yourself, to build a team, to really be responsible for something, and third, there’s clearly the monetary aspect.” – Robby, V7*

In examining the entrepreneurial characteristics of investor-entrepreneurs, I followed prior studies (e.g., Birley & Westhead, 1993; Donckels et al., 1987) on differences between novice and habitual entrepreneurs and focused on the topics of opportunity identification, opportunity alertness, motivation and financing. Nevertheless, during the course of coding also new sub-topics emerged which are considered in the respective sub-chapters. Cognition as a heavily studied topic in the field of entrepreneurial behaviour (e.g., Baron, 2006; Reuber & Fischer, 1999; Westhead, Ucbasaran, & Wright, 2005b) was not explored due to the scope of this thesis and the difficulty of measuring it in a qualitative study. Overall, the findings of this study indicate that investor-entrepreneurs differ from "normal" novice entrepreneurs in terms of entrepreneurial traits. The corresponding characteristics and behaviours are discussed in the following section.

4.3.1. Opportunity identification, evaluation & alertness

By analysing how the individual founders identified their idea, I quickly noticed that they mentioned typical characteristics in terms of opportunity identification and “investor specific” ones. Moreover, when asked about the origin of their business idea, the respective founders were happy to elaborate a little further. Therefore, I summarised the corresponding statements, analysed them and condensed them to essential key take-aways (see Table 7 – Appendix C). From the respective statements, I was able to derive insights about the sources of information used for identification and was accordingly able to compare the founders with characteristics of other types of entrepreneurs. Hence, four main patterns could be observed: "Topic viewed as an investor", "Pain point in daily business", "Being approached as co-founder", and "actively looking".

First, typical characteristics including "pain point in daily business" and "active looking" reflect "classical" patterns in connection with identification (cf. Westhead, Ucbasaran, Wright, & Binks, 2005, p. 121). Here, the founders state that their idea for the respective venture was based on a problem in their (professional) everyday life or a structured analysis process. David (V3), for example, says "We were very frustrated by it as clients", while Steven (V8) indicates a conscious "top-down" process: "And now this story here with [...] that is "top-down" analysis, so to speak." The corresponding sources of information also match the typical sources used by founders of different entrepreneurial types. David (V3), for example, had a "talk with [his] co-founder", while Felix (P1) says he "chatted with a buddy", thus obtaining necessary information through family and friends. Ida (P2), on the other hand, talked to other business professionals about the perceived problem or opportunity, thus using "customers" and "other business owners", which is also used by other types of entrepreneurs: "Then I talked to a lot of people from the industry - so about 40-50 actually" (cf., Westhead, Ucbasaran, & Wright, 2005a, pp. 403-412).

Second, special characteristics including "topic viewed as an investor" and "being approached as a co-founder during the investor time" represent identification processes that do not fit into patterns of previous studies and partly represent a unique identification process of investors. "Topic viewed as an investor" thereby indicates that the respective founders acquired the idea for their own venture in the course of their work as an investor. While Anton (V1) and Justus (V4) identified the idea in the screening process, Charly (V2) mentions the complete VC process and the sector focus of the fund. Thus, it seems that the job as an investor gives access to superior information regarding technologies and markets. Following research in the area of opportunity identification, the ability to identify entrepreneurial opportunities is influenced by information, know-how and skills that contribute to the processing of such information (Shane, 2003, pp. 45-50; Venkataraman, 1997, p. 124). Interestingly, all founders who expressed this opinion founded their company with the same industry focus as their previous fund (see Table 1). Therefore, we can assume that the respective founders had the necessary information and the corresponding skills, insights, and expertise to identify the corresponding opportunities. Justus (V4), for example, responds to the question where he sees parallels between the job as an investor and entrepreneurship: „That's where you learn to assess market opportunities, rate market opportunities [. . .]". Thus, the previous employer, namely investment fund, provides the founders with the information, skills, and experience necessary to identify entrepreneurial opportunities. Interestingly, however, it is only founders with VC experience who describe this type of opportunity identification, indicating a VC-specific phenomenon.

Further, "being approached as co-founder" describes the fact that friends, business contacts or even other entrepreneurs approached the respective founders and asked if they would like to implement the other person's idea as a co-founder. While Robby (V7) says very openly and directly: "I didn't have much to do with it. It all came from [name of co-founder]", Max (P3) describes it more impartially "But then [name of co-founder] said 'Hey, I'm going to found this now' and I found it exciting and joined in". Leo (V5), however, got in touch with his co-founders because they were looking for funding from his previous fund. Eventually, they took him on board as co-founder for the new idea in Germany. Thus, this type of identification does not use any specific information but rather refers to opportunities that arise from the job as an investor or the network that comes along with it. This corresponds to the view that socially provided information and thus social capital is indeed helpful in identifying business opportunities (cf., Ozgen & Baron, 2007, p. 186), and indicates that investor-entrepreneurs have superior social capital. However, while five out of seven VC founders mention these methods of opportunity identification, only one with PE background does. This highlights the assumption already made in Chapter 4.2 that only venture capital experience positively impacts social ties necessary for a business foundation.

The suggested superior human (Chapter 4.1) and social capital (Chapter 4.3.1) is also reflected in the perception of opportunities. Regardless of the approaches and information used to identify the respective business idea, most founders claim to have an opportunity alertness. Seven out of nine founders who were asked the question claim to have this characteristic (see Table 8 – Appendix C). Since this quality is influenced by human as well as social capital (cf. Venkataraman, 1997, p. 122) and comparatively "normal" novice founders identify themselves only partially or not at all with an opportunity alertness (cf. Westhead, Ucbasaran, Wright, & Binks, 2005, p.121), this indicates once again superior human as well as the social capital of investor-entrepreneurs. However, a closer look at the sub-groups again reveals a difference between PE and VC investors. While all the interviewed investors with a VC background state that they have an opportunity alertness, only two out of four investors with a PE background claim this (P2, P3). This is in line with earlier findings of this study regarding the helpfulness of social capital acquisition as a VC investor (cf. Chapter 4.2) and supports that previous experience as a VC investor contributes positively to the development of beneficial founder-related characteristics. Moreover, given answers to the question of further identified opportunities further support this assumption (see Table 9 – Appendix C). While four of the seven founders with a VC background stated that they had identified more than two further opportunities, there were zero among the founders with a PE background. Furthermore, none of the VC founders stated they had not identified any further opportunities, whereas Felix (P1) and Peter (P5) had. Overall, compared to findings from Westhead, Ucbasaran, and Wright (2005a, p. 408), most VC investor-entrepreneurs thus show habitual characteristics in terms of opportunity alertness and number of opportunities identified.

In the course of opportunity identification, the respective founders also repeatedly mentioned the subsequent evaluation process. Thereby I could observe that this process is usually described as very structured and well-thought-out. Table 10 (Appendix C) summarised respective statements. Especially "validation with other market participants", and "precise analysis of the market environment" were referred to several times. However, also "cost-benefit analysis", "validation through known patterns" or "hypothesis driven" describe rather structured than intuitive evaluation processes. Robby (V7) even describes it as a highly structured process with predefined metrics, which he adopted from his time as an investor: "You have various metrics, such as the business model, the fit to the fund, the team, the product-market fit, the timing, and [...] they are always ranked from one to five". Although previous studies researching decisions and action (e.g., Westhead, Ucbasaran, & Wright, 2005a) do not consider the evaluation process and therefore a direct comparison with other types of entrepreneurs is not possible, these findings suggest that former professional investors analyse their own opportunities more genuinely and in a more structured way than their counterparts, reflecting their former evaluation process. This is supported by Steven (V8) who notes that former professional investors are better at "[thinking] in advance about exactly what kind of business model you are doing". Further, these insights reinforce findings from Chapter 4.1 that investor-entrepreneurs somewhat infringe on the entrepreneurial mindset when accessing opportunities.

Considering the insights regarding human capital and the respective characteristics, I propose:

Proposition 3a: Human and more specifically social capital acquired as venture capital investor positively influences the opportunity perception and alertness.

Proposition 3b: Venture capital funds provide necessary information as well as skills and knowledge to discover entrepreneurial opportunities, thus providing potential founders with their subsequent business ideas.

Proposition 3c: Investor-entrepreneurs evaluate their entrepreneurial opportunities using market and information-based valuation variables they acquired through their job as investor.

4.3.2. Motivation

To better understand the behaviour of investor-entrepreneurs and to work out possible differences compared to other types of entrepreneurs, I researched their motivation in a broader sense. Therefore, I was interested in the motivation to become a professional investor first before I also researched the motivation to start one's own business. The broader scope of the study enabled me to conclude the characteristics of the respective founders.

By analysing the motivation to become a professional investor, I was able to identify six core motivations (see Table 11 – Appendix C). Thereby, the individual motivations differ along each other. For example, some founders mentioned the desire to have a more entrepreneurial working style (e.g., Max – P3: "I had the hope that there would be less financial engineering and more really operational work with the portfolio companies."), other emphasized the need to work on more innovative topics (e.g., David – V3: "I wanted to be on the road where innovation really takes off in the market"). For others (e.g., Leo (V5) and Mike (V6)), no specific core motivation could be identified. Overall, no generalisable statements can be made for investor-entrepreneurs regarding their motivation when looking at the complete sample. However, when looking at the respective sub-groups, four individual motivation patterns can be observed for individual investor jobs. First, the reason "work on innovative topics" is stated exclusively by founders who have chosen a job as a VC investor. Here, a possible reason for this could again be the stage focus of the individual funds. While PE mainly deals with established companies, VC covers early-stage ventures and thus novel topics. Therefore, this motivation distribution is not surprising but rather confirms the right job choice of the individual founders. Second, three VC investors (V1, V3, V8) say they chose the job as an investor as an intermediate step on the way to their own venture. Steven (V8) for example says: "I've always wanted to do something on my own and have seen all the steps up to this point only as intermediate steps". Reasons given for this intermediate step included the additional time and the learning curve, which help in "maturing" one's own skillset (Anton, V1) as well as one's own idea (David, V3). Hence, some investor-entrepreneurs choose a job in a VC firm as a precursor to starting their own business, as they do not feel confident enough right after university (e.g., Anton (V1): "I just didn't want to do it straight after my studies. Sure, you could have done that, but your just unexperienced"). Third, almost all PE founders (except Ida, P2) name entrepreneurial working style as a core motivation for becoming an investor. This is interesting because becoming an investor in the first place means deal generation, evaluation and execution (cf. Chapter 2.3) and not operational business tasks. However, founders cite small funds (P3), flat hierarchical structures (P1) and investing their own money (P5) as important factors in the decision to become a PE investor, underlining the founders' desire to be involved in influencing things themselves. Fourth, all PE founders state "university interest in finance" or "learn about finance/investing" as core motivation to become an investor. This is interesting, as only one founder with a VC background states that he chose the job as an investor in order to work in finance and thus learn more in this area. This illustrates a general financial affinity of PE founders and concludes that

PE founders choose the job as an investor because of the opportunity to deepen their financial skills.

In contrast, results from analysing statements regarding the motivation to become a founder reveal that investor-entrepreneurs mostly choose to become a founder for monetary reasons and the desire for self-determination as well as to create values (see Table 12 – Appendix C). Indeed, eight out of ten founders throughout the whole sample cite monetary incentives as a core motivation to become a founder. Although financial motivations have been identified as important in previous studies, the respective statements related more to "financial independence" or "give myself, my spouse, and children security" (Donckels et al., 1987, p. 53; Westhead & Wright, 1998a, p. 189). More specifically, "high income" was rated as not so important in earlier studies (Donckels et al., 1987, p. 53). Therefore, this motivation represents a rather unique characteristic of investor-entrepreneurs. "Self-determination" as the second most frequent motivation is mentioned by both PE and VC founders and can be equated with "need for independence" (Westhead & Wright, 1998a, p. 189) and "personal independence" (Donckels et al., 1987, p. 53) due to adjectives such as "independently, freely, on my own" (David, V3). Therefore, these core motivations do not represent unique characteristics. "Create values" is also mentioned by PE and VC founders, but with a majority of PE founders (three out of four founders with PE background). Besides the fact that "create values" is not included as a criterion in previous studies and hence a comparison with other types of entrepreneurs is not possible, these findings support the insights already gained from the reasons why founders choose the job as a PE investor - namely the urge to be entrepreneurial. Finally, "flattening learning curve" is only mentioned by Anton (V1) and David (V3), thus indicating a typical phenomenon for venture capital investors, and is also reflected in shorter retention periods as investors compared to founders from PE (see Table 1). Interestingly, when asked about the reason for becoming an investor, the respective VC founders (i.e., Anton and David) stated, among other things, "intermediate step towards own founding". Thus, the flattening learning curve can be seen as a starting signal for the active search or special awareness of opportunities and thus as a motivation to become a founder (e.g., Anton (V1): "But at some point, after two years, the learning curve flattened out and then I thought about doing something of my own.")

Overall, investor-entrepreneurs name core motivations comparable with other types of entrepreneurs (e.g., need for independence), and unique ones (e.g., monetary incentives). Based on these findings I propose:

Proposition 4a: Venture capital experience can help potential founders prepare for the tasks as entrepreneurs and mature possible business ideas.

Proposition 4b: Investor-entrepreneurs have an above-average desire for financial compensation. Thus, financial incentives are one of their core motivations to become a founder.

4.3.3. Financing

While asking the individual founders how they financed their respective businesses in the beginning, business angels, family and friends and own funds turned out to be the most frequently used forms of venture financing (see Table 13 – Appendix C). In total, six different types of financing could be identified, with subsidies (V3), bootstrapping (V4) and family offices (V8) representing unique cases. "Family and friends" as a frequently used form of financing thereby is in line with the sources used by "normal" novice and habitual founders (cf., Birley & Westhead, 1993, p. 45; Donckels et al., 1987, p. 55). "Own funds" also represent a type of financing frequently mentioned by other types of entrepreneurs (cf., Birley & Westhead, 1993, p. 45; Donckels et al., 1987, p. 55). The literature argues that habitual state this more often due to possible financial resources from an earlier exit (cf., Westhead & Wright, 1998a, p. 181). Although this cannot be the case for novice investor-entrepreneurs in this sample, the still very high statement rate suggests that the respective founders earned enough in their previous profession to build up savings that they subsequently used for their own venture. This once more highlights the above-average salaries mentioned in Chapter 4.3.2.

Interestingly, business angels as the most common form of financing are not directly considered in prior studies, making a direct comparison impossible. However, this type of business financing could be included under "other sources" in previous studies (Birley & Westhead, 1993, p. 46; Donckels et al., 1987, p. 55). However, since only 5% of founders rely on such "other sources", business angels do not represent a significant source of financing in previous studies (Birley & Westhead, 1993, p. 46; Donckels et al., 1987, p. 55). Besides that, it is notable how early the individual founders in this study had access to business angel financing. Max (P3), for example, says he had the respective angel with him "from day one", while Charly (V2) with "it came pretty quickly" and Peter (P5) with "in the very beginning" both suggest a very early point in time of angel financing. This in turn suggests that investor-entrepreneurs have good contacts to necessary sources of finance, which in turn again indicates superior social capital.

When asked about their venture financing, several founders expressed reluctance towards venture capital funding. For example, when asked if VC funding was already available, Anton (V1) and Ida (P2) respectively said: "It was already turned down for [name of venture]. I would always avoid it if possible" and "So we cancelled several term sheets because we didn't want to have huge VCs in there". Possible reasons given are the associated information and reporting obligations (V1, V7, P2) and loss of independence (V1, V2, V7). Even though three of the founders (V2, V7 and P2) did not mention self-determination when asked about their motivation, the statements regarding venture capital funding support the assumption in the previous sub-chapter that one of the core motivations of investor-entrepreneurs is "need for independence". Whether this negative attitude towards venture capital financing is because the respective founders were previously active as investors themselves and therefore have superior information about the associated reporting obligations and the apparent loss of independence cannot be answered at this point. However, since founders with a PE background also mention it, the reason seems to be due to the desire for independence.

Considering the insights regarding human capital and the respective characteristics, I propose:

Proposition 5a: Investor-entrepreneurs, have better access to business angels as a source of funding for their venture than their novice and habitual counterparts.

Proposition 5b: Investor-entrepreneurs use savings for their foundation that they created during their time as an investor.

Proposition 5c: Investor-entrepreneurs are less likely to use venture capital financing as a result of their desire for independence.

5. Further discussion & conclusion

This study reveals several findings about investor-entrepreneurs and how they differ from their “normal” novice and habitual counterparties. Novel insights or extreme differences were condensed into propositions. Although the focus was on identifying type-specific characteristics, findings with broader regard to opportunity perceptions could also be identified. The meaning of the results, their implications, and limitations of this study and suggestions for further research are elaborated in this chapter.

5.1. The investor-entrepreneur

While previous studies (i) categorise entrepreneurs based on prior business ownership experience and (ii) consider novice founders as a homogeneous group when looking for statistical differences between the different types of entrepreneurs, the results of this study challenges both approaches. More precisely this study reveals three significant findings considering the results from the interviews and the resulting propositions. First, investor-entrepreneurs differ in multiple aspects from their "normal" novice counterparts and thus cannot be equated with other first-time founders (see Chapter 4 & Proposition 1a, 4b, 5a, b, c). For example: Investor-entrepreneurs tend to show novice as well as habitual characteristics in terms of their personal characteristics (age, gender, education). Furthermore, respective statements indicate that investor-entrepreneurs have acquired skills and knowledge such as "definition of the business model", "opportunity evaluation", or knowledge about helpful "dos and don’ts in the entrepreneurial process", that provide them with superior skills and knowledge compared to "normal" novice counterparts. This can compensate for a lack of experience as business owner, which is considered helpful in the entrepreneurial process (e.g., MacMillan, 1986; Westhead, Ucbasaran, & Wright, 2005a, pp. 396-397; Zhang, 2011, p. 5). Finally, character and behavioural differences, especially in venture financing, can be attributed to the context of the previous job as an investor. In conclusion, investor-entrepreneurs can neither be compared to novice nor habitual founders on the basis of their characteristics; however, they can by no means be considered "conventional" first-time founders.

Second, the study shows that contrary to the initial assumption, private equity investors (consisting of VC and PE) cannot be seen as a homogeneous group either (see Chapter 4 & Proposition 1b, 2a, 3a, 4a). In this study especially investor-entrepreneurs with previous VC experience represent the individuals who mainly show differences from other novice entrepreneurs and existing entrepreneur types more generally. For example, only founders with VC background tend to be significant younger than other first-time founders in terms of their age when they founded their own venture. Further, even though all founders in this study claim to have acquired necessary human capital as part of their job as an investor, there are significant differences between VC and PE in the usefulness of these skills and know-how. Similar, while most founders with a VC background say that the social network contacts and thus the social capital from their time as an investor helped them in founding their venture, only a small fraction of PE investors do so. In line with these differences in human and social capital, it is not surprising that significant differences in entrepreneurial behaviour also mostly apply only to founders with a VC background (e.g., opportunity alertness; see Chapter 4.3.1). The significant differences between these two sub-groups make it impossible to consider investor-entrepreneurs as a homogeneous group and call for a refined definition between *venture capital investor-entrepreneurs* and *private equity investor-entrepreneurs*. However, if one does so, only the venture capital investor-entrepreneur shows significant differences to existing types of entrepreneurs.

Third, this study also reveals that investor-entrepreneurs have shortcomings in operational tasks as well as their entrepreneurial mindset (Proposition 1c). So far, a comparison of this characteristic to other types of entrepreneurs is not possible since prior studies either only consider stock of experience and not task-related HC (e.g., Birley & Westhead, 1993, pp. 44-45; Westhead & Wright, 1998a, pp. 186-187) or do not take the relevant characteristics into account when examining strengths and weaknesses (e.g., Westhead, Ucbasaran, & Wright, 2005a, pp. 405-408). However, this characteristic is important for the assessment of investor-entrepreneurs and different types of entrepreneurs in general. First, it shows that previous experience (e.g., as an investor) not only brings advantages (e.g., fundraising) but also disadvantages. Second, it shows that respective shortcomings can influence entrepreneurial behaviour. For example: entrepreneurs might use their network to compensate these knowledge lacks (e.g., Leo, V5) or they might work together with other co-founders to close these gaps (cf., Westhead, Ucbasaran, & Wright, 2005b, p. 76; 91).

To integrate the investor-entrepreneur into current theoretical perspective, two different approaches exist: First, if one continues to apply the limited useful classification of entrepreneurs based on previous (business ownership) experience (e.g., Birley & Westhead, 1993, p. 40; Kolvereid & Bullvag, 1993, p. 276) this study calls for a more refined distinction of novice entrepreneurs on another level, similar to what is already the case for habitual entrepreneurs (i.e., serial and portfolio entrepreneurs) (e.g., Westhead & Wright, 1998a, p. 176). This refined classification allows to distinguish the private equity and venture capital investor-entrepreneur from other novice, and habitual anyway, entrepreneurs and would appropriately consider the results of this study (see Figure 3). However, the distinction of such sub-groups would be based on the previous job(s) rather than the type of exit, leading to an inconsistency in the distinction of founders and making the overall distinction of entrepreneurial types more complex.

Second, considering the results of this and shortcomings of previous studies (see Chapter 2.2.4), the established classification of entrepreneurs is unsuitable for researching differences in knowledge and skills, which in turn form the basis for entrepreneurial decisions and actions (see Appendix A). The knowledge and skills necessary for a successful foundation can be obtained through several sources such as start-up experience, previous job or general life experiences (West & Noel, 2009, pp. 6-7), as demonstrated in this study. Thus, entrepreneurs should be distinguished along their road to acquiring the "technology of entrepreneurship" (MacMillan, 1986), depending on the skills they already have and still lack, much like a to-do list for necessary resources for starting a business. Investor-entrepreneurs (and venture capital / private equity investor-entrepreneurs more accurately) with their advantages (e.g., knowledge about fundraising, dos and don'ts) and shortcomings (e.g., operational, entrepreneurial mindset) could be perfectly classified along these differentiation criteria in relation to other novice and habitual founders. However, due to the novelty of this approach as well as the absence of task-related HC and shortcomings in previous studies, a more precise positioning compared to other types of entrepreneurs is not possible at this point.

5.1.1. Additional findings on opportunity perception

In the course of studying investor-entrepreneurs, two propositions could be derived that relate to research around opportunity perception and thus to entrepreneurial behaviour more general.

First, this study suggests that venture capital funds can provide potential founders with their venture ideas by providing the necessary information and skills to identify entrepreneurial opportunities (Proposition 3b). On the one hand this supports Cooper (1985, p.84) findings that the previous employer can be an incubator and calls for an extension of existing influencing factors (geographical location, nature of business, type of company, venture size) by the variable "identify business idea". On the other hand, these findings are partly in line with earlier findings from Jarchow and Röhm (2020, p. 38) who found that intellectual property venturing funds can take on core entrepreneurial tasks such as opportunity recognition. Thereby, two things are particularly interesting: First, providing business opportunities seems to be a VC fund phenomenon only. The reason for this may again be the stage focus. VC funds, unlike PE funds for example, deal with early-stage companies and thus with innovative topics. Schumpeter (1934, pp. 66-67) argues that opportunities arise where changes in the market, technology, etc. happen. Thus, VC funds work where entrepreneurial opportunities arise. Considering that VC funds have extensive market and technology knowledge due to their investment focus, they create information asymmetries against other market participants, which makes opportunities transparent while for others not visible (Shane & Venkataraman, 2000, p. 220). Even if the opportunities still have to be identified and then exploited by the individual investors/founders themselves, VC funds act as a kind of incubator for the identification of entrepreneurial opportunities.

Second, I concluded that investor-entrepreneurs evaluate their entrepreneurial opportunities using market- and information-based valuation variables they acquired through their job as investor (Proposition 3c). This is particularly interesting as in previous studies the evaluation processes were not considered but give additional insights into the opportunity perception of the respective entrepreneurs. Further, these findings support previous research arguing that both opportunity-specific characteristics and entrepreneur-specific characteristics influence the evaluation process (e.g., Haynie et al., 2009; Welpe et al., 2012). First, „Precise evaluation of market environment" for example comprises the analysis of the competitive landscape, thus checking for rarity of the opportunity (cf., Haynie et al., 2009, p. 353). Second, with regards to the influence of entrepreneur-specific characteristics in the evaluation process, one can see that e.g., Leo (V5) clearly uses his acquired skills, knowledge, and techniques (thus HC) to evaluate his business opportunities (cf., Table 10; Appendix C).

5.2. Theoretical and practical implications

My findings contribute to two literature streams: Types of entrepreneurs and their distinction as well as on opportunity perception. Also, this study offers implications for practicians.

First and foremost, the results on investor-entrepreneurs and the refined consideration of the venture capital and private equity investor-entrepreneur challenge existing literature on types of entrepreneurs and their distinction. One the one hand, because this study proves that novice founders are not "average" (Kolvereid & Bullvag, 1993, p. 275) or lack of business ownership experience constitutes a disadvantage (Westhead, Ucbasaran, & Wright, 2005b, p. 77), thus questioning the homogeneity of first-time founders presumed over many years and studies. With the private equity and venture capital investor-entrepreneur, this study adds a first suggestion of further sub-category of novice entrepreneurs to the entrepreneurial literature. On the other hand, because the results challenge differences of entrepreneurial types along their decisions and actions

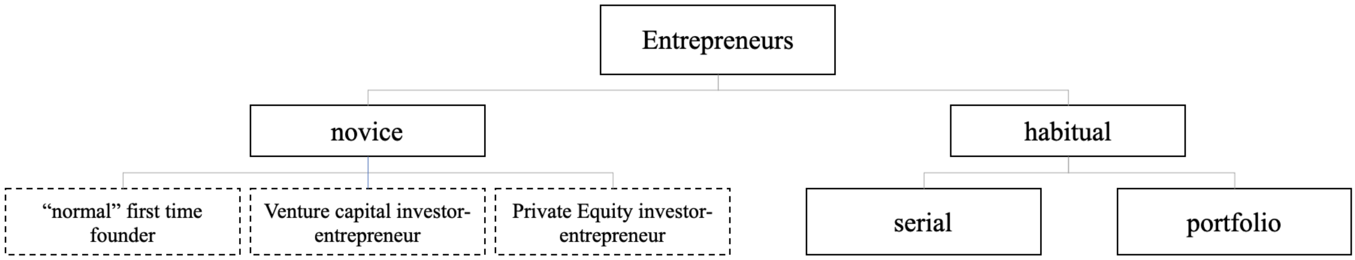

Figure 3: Entrepreneurial types (extended).

fundamentally. While academic researchers and practitioners in the area of human and social capital frequently benchmark entrepreneurial skills, knowledge and network ties against stock of prior business ownership experience (e.g., MacMillan et al., 1985, pp. 121-122; Westhead, Ucbasaran, & Wright, 2005a, pp. 395-396; Zhang, 2011, pp. 8-9) the results of this study show that relevant skills, such as those necessary for fundraising, can be acquired even without prior business ownership experience. Furthermore, I emphasize a new important consideration variable when comparing entrepreneurs along their characteristics by highlighting the importance of taking shortcomings into account. Overall, this study suggests that the availability of skills, knowledge and social ties should no longer be measured/assumed in terms of the stock of (business ownership) experience, but rather in terms of the task-relatedness of the previous job, adding to supporting conclusions from previous studies on human capital (Unger et al., 2011, pp. 26-27; West & Noel, 2009, p. 17; Westhead, Ucbasaran, & Wright, 2005a, p. 414).

Considering the results and associated implications, this study adds to existing intervariable linkages of entrepreneurial types and the relevant distinguishing variables. For illustrative purposes, I draw on the conceptual framework from Reuber and Fischer (1999, p. 31), adapted by Westhead, Ucbasaran, and Wright (2005a, p. 395) and extended by me with results from Mosey and Wright (2007) (see Figure 4).

The model comprises five new components (dashed lines). First, the investor-entrepreneur was added. Both perspectives from Chapter 5.1 have been considered: (i) The investor-entrepreneur has been included as a sub-group of novice entrepreneurs. (ii) The “road to technology of entrepreneurship” (MacMillan, 1986) was added, as proposed in Chapter 5.1. This allows the differentiation along the necessary skills and knowledge and thus a more refined distinction of diverse founders. In this context, the previous job was included, as it can impact skills and knowledge, as shown in this study. The investor-entrepreneur is positioned separately from the other novice founders because he already has important knowledge about e.g., fundraising and is therefore already more "advanced" than "normal" novice entrepreneurs. Further, as shown in this study human capital does not only comprises stock of experience, prior business ownership experience and cognitive abilities (cf., Westhead, Ucbasaran, & Wright, 2005a, p. 395) but rather includes multiple characteristics like task-related HC and individual shortcomings. Task-related HC and shortcomings represent the fourth and fifth adjustment of the model.

Second, my two side findings on entrepreneurial behaviour have broader implications on the entrepreneurial literature regarding opportunity perception (e.g., Baron & Ensley, 2006; Shane & Venkataraman, 2000; Venkataraman, 1997). First, my results and the corresponding propositions on venture capital funds show that the employer plays an important entrepreneurial role, e.g., in providing opportunities. In particular, it shows that the employer not only influences the necessary characteristics for opportunity identification (e.g., Shane, 2003, pp. 45-58), but can also be actively involved in the provision of opportunities. Second, the findings on opportunity evaluation contribute to the under-researched field of opportunity evaluation insofar as this study is one of the first to shed light on applied methods and processes rather than examining character traits of the opportunity and the entrepreneur (e.g., Haynie et al., 2009, pp. 342-346; Welpe et al., 2012, pp. 3-6). As previous studies did not address differences in opportunity evaluation between different types of entrepreneurs, this study lays the foundation for future comparisons with other types of entrepreneurs.

Lastly, the insights of this study also have implications for practitioners. First, they may influence potential future founders. This study shows that investor-, and especially venture capital investor-entrepreneurs, have advantages over their "normal" counterparts at many points necessary for setting up a venture themself. Moreover, venture capital funds seem to function as incubators for identifying entrepreneurial opportunities. Thus, similar to what some founders mentioned when asked about their motivation to become an investor (e.g., Anton (V1), David (V3) or Steven (V8)), people who feel the desire to start their own business but do not feel ready or do not have the right idea yet may decide to become a VC investor as an intermediate step to founding. Second, prior studies show that venture capital funds rely heavily on the founding team in their assessment of investment opportunities and pay particular attention to the background and relevant experience. However, studies examining VC criteria in evaluating investment opportunities do not further

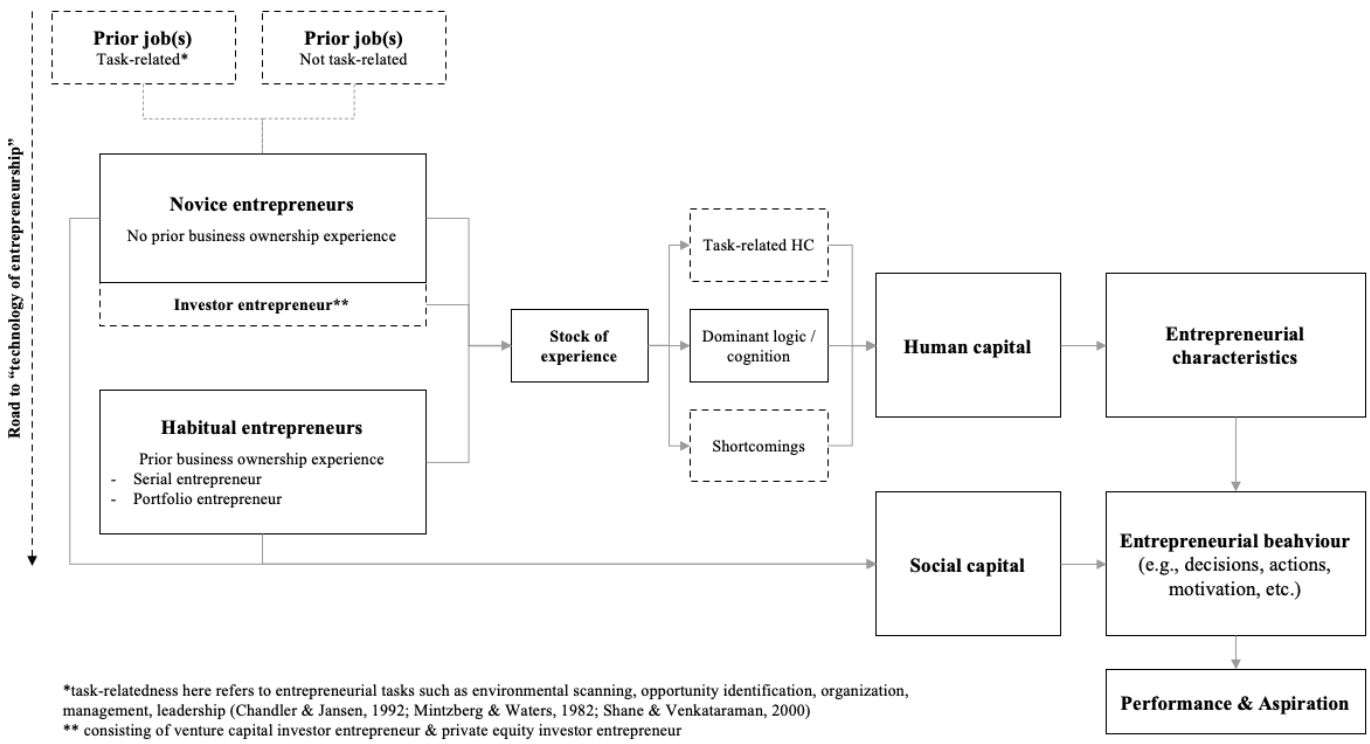

Figure 4: Visualisation of the results and extensions of existing intervariable relations (based on Westhead, Ucbasaran, and Wright (2005b)).

specify "background/experience" (J. Hall & Hofer, 1993, p. 27) or "track record relevant to venture" (MacMillan et al., 1985, p. 121), thus encompassing the complete pool of available human capital. The results of this study may encourage practitioners to focus more on the task-relatedness of experience and thus the contextual requirements when evaluating founding teams in the future and thus to create more specified evaluation processes.

5.3. Limitations and further research

Before I conclude, it should be noted that this study is not free of limitations. First, this study uses a cross-sectional design to explore the research question. Therefore, the findings only provide a snapshot of the current situation. Moreover, the focus was primarily on the foundation and early-stage of the respective ventures. A longitudinal study would provide a better understanding of the characteristics, shortcomings, their relevance, and impact on mid- and long-term venture creation.

Second, the study is limited to 13 cases and only considers founders in Germany that were investigated. Thus, as for much qualitative research, the results are limited in their generalizability. Further research should therefore test the proposed definition of the investor-entrepreneur and its refined sub-groups as well as the newly introduced relationships regarding founder-related differentiation variables in a quantitative study consisting of a broader range of cases. In selecting the sample, they should consider more geographical diversity. In addition, a quantitative research method should be chosen, in order to enable statistical rather than qualitative generalisability (Eisenhardt, 1989, p. 547).

Third, this study does not explore cognitive differences because of the limited scope and time available for this study and the challenge of exploring these attributes qualitatively. However, cognitive abilities represent an important component in the entrepreneurial literature (e.g., Alvarez & Busenitz, 2001, p. 764; Shane, 2003, p. 54) and more specifically in distinguishing different types of entrepreneurs (Westhead, Ucbasaran, & Wright, 2005b, pp. 86-89). Therefore, future research should take these into account when validating and comparing venture capital/private equity investor-entrepreneurs and investor-entrepreneurs more broadly.

Fourth, the transcripts were submitted to the respective interview participants for approval. Thereby, multiple interviewees returned the transcript adjusted. As a result, some initial statements were changed and thus distorted, which could have led to deleted important findings and thus not being considered in the analysis.

Finally, although much is already known about different traits and characteristics that are helpful for entrepreneurship (e.g., Ozgen & Baron, 2007; Shane, 2003; Unger et al., 2011), to the best of my knowledge there is no summary literature of the influencing variables. Therefore, further research should explore and define the proposed to-do list (Chapter 5.1) consisting of necessary skills and knowledge for the "technology of entrepreneurship" (MacMillan, 1986). Besides that, this study provides the basis for further research around a refined definition of novice entrepreneurs. In addition to a proposed possible differentiation approach and a first suggested sub-group (venture capital and private equity investor-entrepreneur), interview partners like Robby (V7), Felix (P1) or Max (P3) mention founders with previous consulting experience and their characteristics and shortcomings, thus already suggesting another possible subgroup of novice entrepreneurs. For example, Max (P3) says: "Accordingly, you are definitely more likely to have consultants who have taken the path [of becoming an entrepreneur] because, depending on the consultancy, that is also your mindset; they are a dime a dozen." A further research question would therefore be: *How do consulting entrepreneurs differ from other (e.g., "normal" or investor) entrepreneurs?* In addition to this sub-group, further research should look at which professional/industrial fields parallel helpful entrepreneurial tasks and thus possible task-related HC can be obtained. The corresponding founders could form further entrepreneurial groups with significant entrepreneurial differences.

5.4. Conclusion

This explorative study aimed to compare the investor-entrepreneur with existing types of entrepreneurs (i.e., novice and habitual) regarding their personal and entrepreneurial characteristics. Guided by the research question: "*How do investor-entrepreneurs differ from novice and habitual entrepreneurs?*" I interviewed 13 founders from Germany with previous experience in venture capital and private equity. The results of this study reveal that first investor-entrepreneurs differ from previously defined novice entrepreneurs in many ways. More specifically, they show characteristics of novice and habitual entrepreneurs as well as entirely new traits. Second, investor-entrepreneurs (consisting of VC and PE investors) cannot be seen as a homogeneous group and third, besides some superior knowledge (e.g., fundraising), they also have shortcomings in the areas of personal management and entrepreneurial mindset. Considering these results, investor-entrepreneurs cannot be assigned to existing types of entrepreneurs. Thus, to integrate the investor-entrepreneur into current theoretical perspective, this study either suggests a more refined differentiation of first-time founders, in contrast to the so far homogeneous approach in previous studies or suggests a distinction of entrepreneurs along necessary skills they already have and still lack, following a resource-based view. I hope these findings motivate future research to adapt the suggested novel differentiation approach and investigate the investor-entrepreneur as well as other types of fist-time founder (e.g., consulting-entrepreneur) in more depth.

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