

Preface

An important feature of the response to increasingly turbulent market conditions is a renewed focus on entrepreneurs and entrepreneurship as central drivers of economic development. Entrepreneurs, however, are not a homogeneous entity. A distinction can be made between entrepreneurs with regard to their prior business ownership experience. Entrepreneurs with prior business ownership experience who have started or acquired two or more independent businesses can be labelled habitual entrepreneurs. Some have successfully owned several businesses (such as Sir Richard Branson, the founder of the Virgin group and Stelios Haji-Ioannou, the founder of Easyjet). While habitual entrepreneurs have been able to move down the experience curve with respect to the problems and processes of owning a business, not all are consistently successful. There is a need, therefore, to understand the contributions and potential liabilities that prior entrepreneurial experience can bring. This book represents the first systematic study of habitual entrepreneurs. We use a blend of theoretical perspectives to explore the behaviour and contribution of habitual entrepreneurs relative to novice entrepreneurs who have no prior business ownership to draw upon. Evidence from a large representative sample of entrepreneurs is used to highlight similarities and differences between habitual and novice entrepreneurs.

If habitual entrepreneurs are distinctive in their behaviour and performance there may be important implications for advisers, providers of finance, policy-makers seeking to stimulate economic growth, and other newer entrepreneurs seeking to identify opportunities and develop their ventures. If on the other hand, habitual entrepreneurs do not outperform their novice counterparts, it is important to understand why and address potential barriers to learning from experience.

We view business ownership experience as one component of an entrepreneur's human capital, that is, the achieved attributes, accumulated work experience and habits of individuals that affect their productivity (Becker, 1993). Habitual entrepreneurs' experience may mean they have had opportunity to develop other aspects of their human capital to a greater extent than novice entrepreneurs. The evidence from our study shows that while similarities exist, habitual entrepreneurs do indeed display different human capital characteristics from novice entrepreneurs.

The evidence presented indicates that habitual entrepreneurs use different sources of information as well as identifying and pursuing a significantly greater number of opportunities. However, habitual entrepreneurs do not appear to outperform their novice counterparts. Neither those habitual entrepreneurs who had been consistently successful, nor those who had previously failed, report superior performance to novice entrepreneurs. In seeking to explain this result, we highlight the heterogeneity of habitual entrepreneurs by distinguishing between portfolio entrepreneurs (those who own multiple businesses simultaneously) and serial entrepreneurs (those who have owned multiple businesses sequentially). Empirical evidence is presented, highlighting the similarities and differences in attitudes, behaviour and contributions reported by serial and portfolio entrepreneurs as well as between novice entrepreneurs.

Our findings of differences in the human capital and behavioural profile of novice and habitual (serial and portfolio) entrepreneurs, suggest a need for tailored policy support for different types of entrepreneur. The implications of the analysis contained in this book are not confined to the policy arena. In our view, the distinctiveness that we identify in relation to habitual entrepreneurs is worthy of further research attention. To this end we outline an agenda for future research in the concluding chapter.