

# 1. Introduction

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Experience is not what happens to a man; it is what a man does with what happens to him.

Aldous Huxley (1932)

## THE HABITUAL ENTREPRENEUR PHENOMENON

Considerable debate continues to surround the notion of entrepreneurs and entrepreneurship. Numerous theories have been developed to explain the activities of entrepreneurs and the organizations they own (Cuevas, 1994; Westhead and Wright, 2000). It is very difficult to present an overarching theory of entrepreneurship, because there is no consensus surrounding the definition of entrepreneurs or the entrepreneurial process. Definitions have focused upon 'what the entrepreneur is' (that is, the entrepreneur as a particular type of person or the entrepreneur as the product of a particular environment) or 'what the entrepreneur does' (that is, the entrepreneur as the performer of a particular role in society; entrepreneurship as a specific input in the economy; entrepreneurial events or entrepreneurial processes) (Gartner, 1990). Beyond definitional problems, an additional source of difficulty in understanding entrepreneurship stems from the heterogeneity of entrepreneurs.

One notable source of heterogeneity is the variation in the level and nature of entrepreneurs' experience. The nature and impact of entrepreneurial experience is attracting increasing attention (Chandler and Jansen, 1992; Reuber and Fischer, 1999; Westhead et al., 2005a, b, c, d). This has led to the distinction between experienced ('habitual') entrepreneurs and first-time ('novice') entrepreneurs. Empirical evidence suggests habitual entrepreneurs are a widespread phenomenon. The proportion of habitual entrepreneurs identified in UK studies ranges from 12 per cent (Cross, 1981) to 52 per cent (Ucbasaran, 2004a). High proportions of habitual entrepreneurs have also been detected in the US (51 per cent to 63 per cent) (Schollhammer, 1991; Ronstadt, 1986); Australia (49 per cent) (Taylor, 1999), Malaysia (38 per cent) (Taylor, 1999); and Norway (34 per cent) (Kolvereid and Bullvåg, 1993). Practitioners (such as financial institutions and enterprise agencies) use information relating to the experience accumulated by an entrepreneur to screen applications for assistance (MacMillan et al., 1985). Further, the financial press has drawn attention to a number of

high profile entrepreneurs who have successfully owned several businesses (for example, Sir Richard Branson in a variety of sectors; biotech entrepreneur Sir Chris Evans; Dr Herman Hauser of Acorn Computers and Arm Holdings; and Stelios Haji-Ioannou of easyGroup) (Wheatley, 2004). These habitual entrepreneurs own more than one business, either sequentially (as serial entrepreneurs) or concurrently (as portfolio entrepreneurs).

While the above high profile habitual entrepreneurs have successfully started numerous businesses, success is not a necessary condition for habitual entrepreneurship. Less successfully Rachel Elnaugh's initial business Red Letter Days, which offered adults the opportunity to experience special events such as fast-car driving and helicopter flying, failed before she subsequently bought into and became CEO of Easyart.com (Parkhouse, 2005).

These contrasting experiences of habitual entrepreneurs highlight a number of major questions concerning the link between business ownership experience and entrepreneurial behaviour, such as: What do habitual entrepreneurs learn from their business ownership experiences? How do habitual entrepreneurs search for and identify new opportunities? What factors influence whether they pursue such opportunities? Do entrepreneurs with business ownership experience perform better than those without such experience?

Although habitual entrepreneurs are widespread and many have received media attention, there has been limited conceptual and theoretical understanding of this group. In this book we seek to address this void by utilizing human capital theory to provide a framework for studying habitual entrepreneurs. Due to their ownership of multiple businesses, habitual entrepreneurs may have had an opportunity to develop additional knowledge and skills resulting in potentially more diverse human capital (Becker, 1975) than novice entrepreneurs. With only one experience, novice entrepreneurs are unable to move down the experience curve with respect to the problems and processes of identifying and exploiting entrepreneurial opportunities (that is, to start or purchase a business) (MacMillan, 1986). As a result of their experience and associated human capital, habitual entrepreneurs need to be considered as an important sub-group of entrepreneurs who have the potential to make a fundamental contribution to the process of wealth creation in society (Scott and Rosa, 1996) and aid our understanding of entrepreneurship.

Despite calls for studies to focus on the experience profiles of entrepreneurs (Wright et al., 1998; Reuber and Fischer, 1999), there remains a dearth of systematic evidence relating to the relationship between an entrepreneur's prior business ownership experience and their behaviour. Additional evidence relating to the habitual entrepreneur phenomenon warrants the stimulation of academic and practitioner debate relating to the allocation of resources to inexperienced novice entrepreneurs with no prior business ownership experience and to experienced habitual (serial and portfolio) entrepreneurs with prior business ownership experience. This book provides such evidence.

The remainder of this introductory chapter is structured as follows. First, we clarify and justify our definitions of novice and habitual (serial and portfolio) entrepreneurs. This is followed by an explanation of why a distinction between these groups of entrepreneurs is warranted. A theoretical and policy case for distinguishing between different types of entrepreneurs is made. The contributions to knowledge that this book seeks to make are then highlighted. Finally, an outline of the book is provided.

## DEFINING NOVICE AND HABITUAL (SERIAL AND PORTFOLIO) ENTREPRENEURS

Debate continues to surround the notion of entrepreneurs and entrepreneurship. In this book, we define entrepreneurs based on three well-established criteria: business ownership; a decision-making role; and an ability to identify and exploit opportunities.

Business ownership is recognized as an important dimension of entrepreneurship (Hawley, 1907; Fama and Jensen, 1983). Fama and Jensen (1983) argue that classic entrepreneurial firms are those that are owned by individuals who combine the roles of residual risk bearer and decision-maker. Ownership (that is, being the residual risk bearer) is seen as providing the incentive and right to earn entrepreneurial profits. Entrepreneurial profit is the reward for bearing the uncertainty associated with combining and coordinating the resources owned (Hawley, 1907). The decision-making role of the entrepreneur is also deemed important (Marshall, 1920). Further, given the prevalence of team-based entrepreneurship (Birley and Stockley, 2000; Ucbasaran et al., 2003a), ownership may involve minority or majority equity stakes. Finally, some entrepreneurship scholars suggest that entrepreneurship involves the identification and exploitation of at least one business opportunity (Venkataraman, 1997; Shane and Venkataraman, 2000; Ardichvili et al., 2003). A business opportunity can relate to new firm formation or the purchase of an existing private firm (Cooper and Dunkelberg, 1986). We therefore define entrepreneurs as having a minority or majority ownership stake in at least one business that they have either created or purchased, within which they are a key decision-maker.

A categorization of the nature of entrepreneurship by type of entrepreneur is summarized in Table 1.1. The entrepreneurs covered by cells 1, 2 and 3 are involved in the founding of a new independent business. Novice founders (cell 1) have only founded one business, while serial founders (cell 2) and portfolio founders (cell 3) have founded more than one business sequentially or concurrently/simultaneously, respectively. The entrepreneurs in cells 4, 5 and 6 have acquired an ownership stake in an established independent business. The term 'acquirer' is used to reflect the fact that ownership in the existing business is

*Table 1.1 A categorization of the nature of entrepreneurship by type of entrepreneur*

Nature of entrepreneurship	<i>Single activity</i>	<i>Multiple activity</i>	
	Novice entrepreneurs	Habitual entrepreneurs	
		Sequential	Simultaneous
		Serial entrepreneurs	Portfolio entrepreneurs
<b>Involving <i>new</i> business(es)</b>	Novice founders 1	Serial founders 2	Portfolio founders 3
<b>Involving <i>existing</i> business(es)</b>	Novice acquirers 4	Serial acquirers 5	Portfolio acquirers 6

acquired even though this may take a variety of forms. Acquirers include individuals from outside, who undertake a straight purchase or a management buy-in (MBI), and individuals from inside the firm who undertake a management buy-out (MBO). While novice acquirers (cell 4) may have only acquired a single business, serial acquirers (cell 5) and portfolio acquirers (cell 6) purchase more than one business sequentially or simultaneously, respectively. In the remainder of this book, while we include both founder and acquirer entrepreneurs, we do not make an explicit distinction between the two in our analysis.

On the basis of the above discussion, the following definitions of novice and habitual (serial and portfolio) entrepreneurs are operationalized in this book:

### **Novice entrepreneurs**

These are individuals with no prior minority or majority business ownership experience, either as a business founder or purchaser of an independent business, who currently own a minority or majority equity stake in an independent business that is either new or purchased.

### **Habitual entrepreneurs**

These are individuals who hold or have held a minority or majority ownership stake in two or more businesses, at least one of which was established or purchased. Habitual entrepreneurs are subdivided as follows:

*Serial entrepreneurs* Individuals who have sold or closed at least one business in which they had a minority or majority ownership stake, and currently have a minority or majority ownership stake in a single independent business; and

*Portfolio entrepreneurs* Individuals who currently have minority or majority ownership stakes in two or more independent businesses.

## THE THEORETICAL CASE FOR DISTINGUISHING BETWEEN DIFFERENT TYPES OF ENTREPRENEUR

### Differences in Mindset?

Just as managerial work experience is seen as a key empirical indicator of managerial human capital (Castanias and Helfat, 2001), business ownership experience can be viewed as a significant contributor to entrepreneurial human capital (Gimeno et al., 1997). Human capital includes achieved attributes, accumulated work experience and habits that may have a positive or negative effect on productivity (Becker, 1993). Business ownership experience may provide entrepreneurs with a variety of resources that can be utilized in identifying and exploiting subsequent ventures, such as direct entrepreneurial experience; additional managerial experience; an enhanced reputation; better access to and understanding of the requirements of finance institutions; and access to broader social and business networks (Shane and Khurana, 2003). As a result of these benefits accruing from business ownership experience, the development of subsequent businesses owned by habitual entrepreneurs can be enhanced by overcoming the liabilities of newness and attaining developmental milestones quicker (Starr and Bygrave, 1991). Habitual entrepreneurs can obtain financial resources for their subsequent ventures from a variety of sources such as banks, venture capitalists and informal investors, and possibly on better terms (Wright et al., 1997a). This discussion suggests that business ownership experience can lead to the accumulation/development of human capital as well as other types of capital (such as social and financial capital). It follows that habitual entrepreneurs who may have more diverse human capital and access to other resources need to be distinguished from novice entrepreneurs.

Alvarez and Busenitz (2001) argue that entrepreneurs' human capital should include an understanding of their cognitive characteristics. As a result of their business ownership experience, habitual entrepreneurs may display different cognitive characteristics (in terms of how they think, process information and learn) than novice entrepreneurs. Experience provides a framework for processing information and can allow experienced entrepreneurs with diverse skills and competencies (such as networks, knowledge, and so on) to foresee and take

advantage of disequilibrium profit opportunities, either proactively or reactively (Kaish and Gilad, 1991). Habitual entrepreneurs, who have multiple experiences to draw from, may be more likely to rely on information processing based on heuristics<sup>1</sup> than their novice counterparts (Ucbasaran et al., 2003c). Novice entrepreneurs may have fewer experience-related benchmarks or mental short cuts to draw upon.

The expertise literature also offers a potential theoretical basis for distinguishing between novice and habitual entrepreneurs. Expert information-processing literature suggests that there are differences in the cognition of novices and 'experts'. A large body of this research attributes differences between novices and 'experts' to the quantity and organization of knowledge gained through experience (Shanteau, 1992). 'Experts' are viewed as being able to manipulate incoming information into recognizable patterns, and then match the information to appropriate actions (Lord and Maher, 1990). This capacity reduces the burden of cognitive processing, which can allow the 'expert' to concentrate on novel or unique material (Hillerbrand, 1989). It is possible that entrepreneurs who have the benefit of additional entrepreneurial experience (habitual entrepreneurs) are more reliant on information processing methods that resemble those of an expert.

While the above discussion suggests that habitual entrepreneurs have an advantage over novice entrepreneurs in terms of their human capital and cognitive skills, assuming that all habitual entrepreneurs will outperform novice entrepreneurs because of their experience may be too simplistic (Ucbasaran et al., 2003c). In the context of habitual entrepreneurs, there is an understanding that business ownership experience may result in the acquisition of assets and liabilities (Starr and Bygrave, 1991). While business ownership experience can result in the acquisition of human capital enhancing assets as discussed above, it may also lead to the acquisition of several liabilities. These liabilities can include hubris and staleness, whereby the entrepreneur becomes either overconfident and/or relies on routines that appeared to work well in his or her previous venture even though the circumstances may have changed (Starr and Bygrave, 1991; Wright et al., 1997b). Further, some of the more traditional views on the value of entrepreneurial experience (for example, Jovanovic, 1982) are based on the assumption that experience is associated with learning. While individuals generally adjust their judgement by learning from feedback based on experience, due to delays in feedback individuals may be prone to errors and biases (Bazerman, 1990).

There appears to be a theoretical case for distinguishing between habitual and novice entrepreneurs on the grounds that they have different human capital endowments and think differently. As highlighted above, habitual entrepreneurs themselves can also be heterogeneous. A distinction has been made between serial and portfolio entrepreneurs. Schein (1978) found that self-employed in-

dividuals fell into one of two career anchors. A career anchor is defined as 'the pattern of self-perceived talents, motives, and values [which] serves to guide, constrain, stabilise and integrate the person's career' (Schein, 1978: 127). The first anchor is that of autonomy/independence, which represents a desire for freedom from rules and the control of others. The second is the entrepreneurship anchor, which focuses on the creation of something new, involving the motivation to overcome obstacles, the willingness to run risks, and the desire for personal prominence (Schein, 1978). The autonomy-oriented individual is more likely to be driven by the desire to have freedom from control by others and is likely to be involved in ventures one at a time (Katz, 1994). Serial entrepreneurs are often motivated by autonomy, independence and an interest in gaining and maintaining control (Wright et al., 1997a, b). To maintain a position of control, serial entrepreneurs may feel a greater need for information and, therefore, be less reliant on heuristic-based thinking. In contrast, those with an entrepreneurship anchor are driven by the opportunity-recognition process and/or wealth creation (Katz, 1994). These entrepreneurs tend to be involved in multiple ventures simultaneously. These characteristics resemble more closely those of portfolio entrepreneurs. The fact that they are involved in multiple ventures suggests that they do not require complete information to the same extent as serial entrepreneurs. Portfolio entrepreneurs may be associated more strongly with a heuristic mode of cognition.

The above discussion suggests that scholars may benefit from distinguishing between novice and experienced habitual entrepreneurs on the grounds that their human capital and cognitive profiles are different, which in turn may explain differences in behaviour and performance. Furthermore it is suggested that among habitual entrepreneurs there are differences in the mindset, attitudes and motives of serial entrepreneurs and portfolio entrepreneurs. The next section explores the implications of these differences in mindset by exploring potential differences in entrepreneurial behaviour.

### **Differences in Behaviour?**

Numerous theoretical approaches to entrepreneurship have been proposed with the purpose of explaining what entrepreneurs do, how they behave and the outcomes of their actions (Ucbasaran et al., 2001). These approaches have had limited success in explaining entrepreneurial behaviour and processes. For example, the psychological 'trait' approach sought to distinguish entrepreneurs from non-entrepreneurs in terms of dispositional character traits such as need for achievement, locus of control and risk-taking propensity. This approach met with considerable criticism partly due to the limited evidence that entrepreneurs were associated with distinct traits and partly due to insufficient explanation of entrepreneurial behaviour (Gartner, 1988; Robinson et al, 1991). In contrast to

the trait approach, the economic approach focused on the outcomes of entrepreneurship. However, this approach was criticized on grounds that too much emphasis was placed on the economic outcomes of entrepreneurship at the expense of explaining how those outcomes were achieved. Finally, the sociological and environmental approaches have sought to explain entrepreneurship by focusing on the context (economic and social) within which entrepreneurship takes place. Once again, these approaches failed to explain what it is that the entrepreneur does and how the entrepreneur acts.

Opportunity-based conceptualizations of entrepreneurship (Hitt et al., 2001; Shane and Venkataraman, 2000) have been presented more recently to address the limitations of previous approaches. Accordingly, it has been argued that entrepreneurship research should focus on explaining the entrepreneurial process, which is largely viewed as involving the identification and exploitation of opportunities (Venkataraman, 1997; Shane and Venkataraman, 2000). Explanations of opportunity identification and exploitation have focused on the role of knowledge and the acquisition and processing of information by the entrepreneur (Venkataraman, 1997; Fiet, 1996). Given differences in the human capital and mindset of novice and habitual entrepreneurs proposed in the previous section, it is reasonable to expect differences in the behaviour of these two groups of entrepreneur, in terms of opportunity identification and exploitation. Further, given differences in the endowment of knowledge, novice and habitual entrepreneurs may search for different quantities and types of information with a view to identifying opportunities. If novice and habitual entrepreneurs behave differently in the way they utilize information and identify opportunities, this may have implications for the performance of the ventures they own.

## THE 'POLICY' CASE FOR DISTINGUISHING BETWEEN DIFFERENT TYPES OF ENTREPRENEUR

Policymakers have increasingly recognized that the entrepreneurial function is a vital component in the process of economic growth (Baumol, 1968; Casson, 1982; Reynolds et al., 1994; OECD, 1998; DTI, 2004) and a means of combating unemployment and poverty (Storey, 1982, 1994). This viewpoint is supported in the OECD (1998) document entitled 'Fostering Entrepreneurship', which stated that:

Entrepreneurship is central to the functioning of market economies. Entrepreneurs are agents of change and growth in a market economy and they can act to accelerate the generation, dissemination and application of innovative ideas. In doing so, they not only ensure that efficient use is made of resources, but also expand the boundaries of economic activity. (p. 12)

Support for entrepreneurship has manifested itself in various forms. During the late 1970s and 1980s the British government, for example, encouraged new firm formation (Westhead and Moyes, 1992), and the growth of self-employment (Storey, 1994). This policy shifted during the 1990s, however, toward supporting growth firms (Storey, 1994; Westhead, 1995). To maximize returns on public policy investments, attempts have been made to 'target' external support to 'winning businesses' (that is businesses with significant wealth-creation potential) (Storey, 1994). In response to a slowdown in business start-ups, the British government realized the need for a balanced policy agenda (Gavron et al., 1998; DTI, 2004), and continues to encourage business formation (Reynolds, 1997), as well as supporting the growth of some 'types' of existing firms (Reynolds et al., 1994).

Policy-makers and practitioners need to appreciate that the processes of enterprise are much broader than the processes associated with enterprise formation (Taylor, 1999). The entrepreneurial process can be explored in relation to the skills of practising (and potential) entrepreneurs with reference to imagination and creativity, idea generation, opportunity identification, pursuit and exploitation, as well as resource assemblage and utilization. The accumulation and utilization of 'entrepreneur/entrepreneurial team' resources and capabilities, rather than solely 'business' resources and capabilities, can provide fresh insights into the entrepreneurial process and entrepreneurial events relating to the creation of new private ventures, and the development of purchased and inherited private ventures. However, the 'firm' rather than 'entrepreneur' still appears to be the focus of much policy seeking to achieve sustainable increases in prosperity. In 2004 the Department of Trade and Industry (DTI) in the UK published a report entitled *A Government Action Plan for Small Business: Making the UK the Best Place in the World to Start and Grow a Business: The Evidence Base*. As intimated above, it is assumed that if an enterprise culture is fostered, this policy choice will be associated with several beneficial outcomes. Entrepreneurs and the new or established (smaller) private firms they have equity stakes in may, however, face internal and external environmental obstacles. The latter obstacles may retard the realization of the economic and social outcomes and benefits assumed to be associated with entrepreneurship. The DTI's (2004) action plan for small businesses does, however, appear to show some recognition of the importance of the individual entrepreneur.

Policy-makers, practitioners, enterprise and development agencies and local government must understand their 'target' groups (Westhead and Wright, 1999; Westhead et al., 2003b, 2005a). If support for entrepreneurship is to be effective, it is vital that issues relating to the entrepreneurial process are well understood (Ucbasaran et al., 2001). The refocusing of external support away from the entrepreneur, towards the more visible business, fails to fully appreciate the crucial role played by the entrepreneur (or the entrepreneurial team) in relation to the

entrepreneurial process. While both research and policy have hitherto tended to focus on the business, it may be more appropriate to consider the entrepreneur as the unit of analysis (Birley and Westhead, 1993b; Scott and Rosa, 1996). Entrepreneurs and entrepreneurial teams establish, purchase and inherit private firms. Their aspirations, resources, strategies and capabilities may impact on business development. Concern has therefore been raised surrounding whether the firm alone should be the unit of policy and academic analysis (Westhead and Wright, 1998a, b, 1999).

In considering the entrepreneur as a unit of policy analysis, however, it is necessary to appreciate that entrepreneurs are not a homogeneous entity (Woo et al., 1991) with regard to their characteristics, resources, motivations, behaviour and performance. An increase in the number (stock) of businesses in an economy may not necessarily be a reliable indicator of the development of entrepreneurship since both new and established businesses are owned by different types of entrepreneur. Policymakers and practitioners monitoring the growth in the supply of new firms need to be aware that habitual (serial and portfolio) entrepreneurs with business ownership experience own a sizeable proportion of new firms. Studies which judge the scale of entrepreneurship in terms of the number of new firms but ignore the scale of serial and portfolio entrepreneur activity may overestimate the gross number of entrepreneurs, and underestimate the contribution made by particular types of entrepreneur.

A shift in the allocation of resources towards experienced habitual entrepreneurs, instead of the provision of initiatives solely to increase the pool of first-time entrepreneurs may yield greater returns. An unresolved question remains: should policy support be directed to 'winning entrepreneurs'? If experienced habitual entrepreneurs are found to report superior entrepreneur and/or firm performance than inexperienced novice entrepreneurs, there is a case to target assistance to habitual entrepreneurs to maximize returns from public policy investments. Moreover, if inexperienced novice entrepreneurs report poorer entrepreneur and/or firm performance, there is a case to encourage them to adopt some of the skills and the behavioural characteristics of experienced habitual entrepreneurs.

Policymakers and practitioners also need to understand the resource profiles and objectives of different types of entrepreneurs. An understanding of habitual entrepreneurs has implications for the investment behaviour of financial institutions. Financial institutions and professional advisers (for example, accountants, lawyers, management consultants, and so on) are aware that they have different types of customers and some customers may be more 'risky' than others. Moreover they may be prepared to provide additional advantage to customers (such as habitual entrepreneurs) who have a proven track record of success. Nevertheless, as will be discussed below, prior entrepreneurial success (that is, number and quality of businesses previously and currently owned and wealth accumu-

lated) may not be an appropriate indicator of higher current entrepreneurial performance, as previous entrepreneurial experience may be associated with a set of liabilities and biases. Assuming that all habitual entrepreneurs will outperform novice entrepreneurs (for example, with regard to a variety of entrepreneur and firm outcome indicators) because of their experience may be too simplistic (Ucbasaran, et al., 2003c). There may also be a downside to prior business ownership experience; some habitual entrepreneurs may become overconfident in their abilities and less attentive to the venture-creation process. In addition, some serial entrepreneurs may be unable to accumulate the financial (and non-financial) resources required to exploit a business opportunity. Further, some serial entrepreneurs may have failed to learn from previous entrepreneurial experiences and are unable to adapt to changing environmental conditions with regard to their subsequent ventures. Examination of habitual entrepreneurs in relation to other less experienced novice entrepreneurs may, therefore, aid insights into entrepreneurship and the process of wealth creation (Rosa, 1998; Westhead and Wright, 1999). Analysis of the heterogeneity of entrepreneurs may contribute towards the development of policies tailored to different types of entrepreneur, rather than provide broad 'blanket' policies to all types of entrepreneur, irrespective of need or ability (Westhead et al., 2003a, 2003b, 2005a).

Evaluations seeking to monitor the 'success in building an enterprise culture' need to monitor more clearly the contributions made by different types of entrepreneurs. Most notably, habitual entrepreneurs with prior business ownership experience may distort 'headline measures' relating to new firm formation rates and self-employment and business ownership stock data. In our concluding chapter we revisit these issues to assess the implications of the findings presented in this book for the policymaker and practitioner audience.

## THE STRUCTURE OF THE BOOK

Previous studies focusing upon habitual entrepreneurs have generally been conducted in a theoretical vacuum. In Chapter 2 an integrative human capital framework is presented to explore the human capital of the entrepreneur, the entrepreneurial process and outcomes. This framework is then used to develop hypotheses suggesting differences between inexperienced novice entrepreneurs and experienced habitual (serial and portfolio) entrepreneurs in relation to general and specific human capital resource profiles, motivations, behaviour (that is, information search, opportunity identification and exploitation) and financial and non-financial outcomes.

Chapter 3 details the data and methodology utilized to examine the differences between novice and habitual (serial and portfolio) entrepreneurs. The measures

operationalized are reported; data quality issues (such as representativeness, validity and reliability) are discussed; and the profiles of the respondents and their surveyed businesses are reported.

In Chapters 4, 5 and 6 the hypotheses developed in Chapter 2 are tested using a variety of bivariate and multivariate statistical techniques. In Chapter 4 hypotheses relating to human capital based differences between the groups of entrepreneurs are tested. The extent to which novice and habitual entrepreneurs display different profiles in terms of their general and specific human capital is established. Specific human capital is explored with reference to entrepreneurship-specific and venture-specific human capital. Among the habitual entrepreneurs, the human capital profiles of serial and portfolio entrepreneurs are also identified.

Following a similar pattern, Chapter 5 presents the results of the hypothesis testing relating to behavioural differences between the groups of entrepreneur. Despite recent consensus amongst scholars that the study of entrepreneurship should focus on the identification and exploitation of opportunities (Venkataraman, 1997; Shane and Venkataraman, 2000; Hitt et al., 2001; Ardichvili et al., 2003), there has been limited empirical work in this area. To address this gap, differences between novice and habitual (and then serial and portfolio) entrepreneurs with regard to their information search patterns, their attitudes towards opportunity identification and extent of their opportunity identification are presented. Novice and habitual (serial and portfolio) entrepreneurs are also compared in terms of the extent to which they pursued business opportunities (that is, the time and effort invested into evaluating the feasibility of the identified opportunity) and the mode of exploitation they selected for the surveyed business (such as a start-up or the purchase of an existing business).

Differences between the groups of entrepreneurs in terms of entrepreneur-level and firm-level performance are presented in Chapter 6. Most previous studies focusing upon the entrepreneur have solely focused on 'firm' rather than 'entrepreneur' outcomes. Several objective and subjective performance indicators were selected. A key objective was to explore whether experienced habitual entrepreneurs reported superior levels of performance than novice entrepreneurs. Here the refinement of some of the definitions relating to habitual entrepreneurs was deemed necessary. Novice entrepreneurs were compared with those habitual entrepreneurs who had consistently failed or were consistently successful. This feeds into an emerging debate surrounding whether the barriers to subsequent business ownership imposed on people whose earlier business(es) had failed should be relaxed to encourage the supply of experienced habitual entrepreneurs (Enterprise Act, 2002). Though arguments to the contrary exist, it has been suggested that those entrepreneurs who have failed may have an advantage over others because they are forced to reflect on what went wrong and modify their subsequent actions (Sitkin, 1992). It

would, therefore, make sense to explore if prior business failure had implications for subsequent venture performance.

In the final chapter (Chapter 7) the key findings of our study are summarized. Presented empirical evidence may enable policymakers to understand the aspirations and needs of different types of entrepreneurs. It may also allow practitioners to better understand the strengths and weakness of novice, serial and portfolio entrepreneurs. The implications of our findings for policymakers and practitioners are discussed at length. Further, while the research presented in this book seeks to draw attention to the importance of examining different types of entrepreneurs, it is not possible to examine all aspects of the habitual entrepreneurship phenomenon in one study. In our final chapter we conclude by mapping out an agenda for further research.

## NOTE

1. Heuristics are simplifying strategies that individuals use to make strategic decisions, especially in complex situations where less complete information is available.