

COLLECTIVE INFLUENCE OF STARTUP FINANCIALS AND LIFE CYCLE STAGES ON FIRM VALUE: EXAMINING MODERATED EFFECT OF SERIAL ENTREPRENEURSHIP AS A STRATEGIC SIGNAL FOR VENTURE CAPITALIST

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Abstract

This paper intends to examine the moderated effect of serial entrepreneurship and financial factors on venture capitalists'(VC) valuation among technology start-up firms in India. We used financial and non-financial data of 2166 Indian technology startups which received venture capital funding for the period of 2008 -2021. The result of the study revealed that serial entrepreneurship of the founder significantly moderated the relationship between financial variables and valuation. Furthermore, findings implied that start-up experienced entrepreneurs add more value in venture capital valuation than inexperienced ones. Among the entrepreneur groups, considerable differences were found in the relationship between stages and the value of the firm. The present study delivers an indication that the simultaneous effect of serial entrepreneurship on financial variables and stages proposes a higher valuation and growth potential. This study is pioneering in conceptualising and testing the link between financial variables, stages, and serial entrepreneurship on value, particularly in the context of a new venture, which is crucial for an emerging country like India. It contributes to researchers by reiterating the relevance of serial entrepreneurship in various stages and verifies the continuous importance of entrepreneurial experience for entrepreneurial success in today's competitive environment. The practical implication of the study shows that startup experience equips entrepreneurs to enhance their authenticity to acquire financial resources and thereby improve financial performance, which can significantly increase the chances of survival. It reinforces startup experience as a valid criterion for VCs to consider before investing in technology startups.

Keywords: Startup valuation, Serial entrepreneurship, Venture capital, Firm value