

# **Is Entrepreneurship more about Sticking with a Firm, or about Running several of Them? Evidence from Novice and Serial Entrepreneurs**

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## **Abstract:**

Empirical evidence shows that serial entrepreneurs, individuals who own more than one firm in succession, account for a significant share of entrepreneurial activity. Yet, no difference in firm's performance between business owned by novice and serial entrepreneurs has been found. This suggests that entrepreneurship may be more about running several firms, rather than sticking to a single one. The results of this paper support this thesis. We model the decision by an individual who is running a firm of whether to stay with it, or close down and start a new one, or close down and go to employment. From this model we obtain predictions that are tested empirically. Using information for entrepreneurs and small firms in the UK, we find that the survival spells of small firms are not different for business headed by serial or novice entrepreneurs. However, if the small firm does not survive, serial entrepreneurs are more likely to start or buy a new firm than novice entrepreneurs. Interestingly, we find that novice and serial entrepreneurs are equally encouraged to start a new firm after having closed one, yet serial entrepreneurs are more likely to accomplish this. Our results suggest the following: i) entrepreneurs are more likely to stay in entrepreneurship not by sticking to a single firm, but by running several of them. Thus, entrepreneurship may be more about moving from being a novice entrepreneur, into a serial entrepreneur. ii) However, novice entrepreneurs, unlike serial entrepreneurs, face barriers to survive in entrepreneurship, hence making them a potential target for policies aimed at the promotion and encouragement of start-ups and entrepreneurial activity.

**Keywords:** Survival of Small Firms, Survival in Entrepreneurship, Serial Entrepreneurs, Skills.