

## **Venture Capital Support and Entrepreneurial Autonomy**

*How Do Venture Capitalists and Business Angels affect Young Entrepreneurial (growth) strategies?*

*Master Thesis by Marijn de Baas*

### **Master Thesis Business Administration**

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## **Preface**

Dear reader,

Thank you for taking the time to read the final contribution to my study career. This thesis is written as the final product for my MSc Innovation & Entrepreneurship at the Radboud University in Nijmegen.

This thesis represents the work and effort I have made the past few years regarding learning and understanding the competencies of a master's degree. I would have never thought to make it this far when I started studying at the HAN in Nijmegen. Therefore, I am very grateful for the people around me that helped me to get where I am now: my mum, my dad, my girlfriend, and my fellow master students. Moreover, I want to thank Peter Vaessen, my thesis supervisor, for the helpful discussions, sparring sessions and adequate actions and recommendations. Without him, it would have been a mess.

Lastly, I want to thank all the participating organizations and respondents for their time and effort to help me to get the data and results for my master thesis.

I hope you enjoy reading this master thesis.

Marijn de Baas,

Nijmegen, April 2022

## Abstract

This explorative study aims to determine to what extent informal and formal venture capitalists influence the growth strategy of start-ups and if there is a difference in the degree of influence between informal and formal venture capitalists. Furthermore, entrepreneurs could use these results in their process when looking for external capital.

The objective of this research led us to the following research question: *“To what extent and if applicable, how do venture capital investors affect the growth strategies of start-ups?”* Semi-structured interviews have been held with 11 start-ups, all based in the Netherlands, to answer this research question. Six start-ups were funded by informal venture capitalists and five were by formal venture capitalists. The data has been coded per theme and analysed accordingly.

The results show that both informal- and formal venture capitalists influence the growth strategy of start-ups investigated in this research. However, informal- and formal investors do this in their own way. The results indicate that formal venture capitalists generally try to influence a start-up's growth strategy to a larger extent than informal venture capitalists. This is by co-developing the strategy with the entrepreneur or focusing on a specific industry. Additionally, start-ups funded by formal venture capitalists are very optimistic about their experiences with formal venture capitalists. Therefore, it contradicts some of many entrepreneurs' negative thoughts about them.

*Keywords: informal venture capitalists, formal venture capitalists, business angels, strategic influence, start-ups, risk capital, growth strategies*

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## 1. Introduction

Nowadays many start-ups arise. These small firms are important drivers of economic growth and create many jobs (Heirman & Clarysse, 2004; Kollmann, Stöckmann, Hensellek, & Kensbock, 2016; Storey & Tether, 1998; Van Osnabrugge, 2000). However, Storey (2016) also acknowledges that the high growth rate comprises a small portion of start-ups that proliferate, meaning the larger portion, which is about 90% (Patel, 2015), does not grow and might fail, partly because of financial constraints. This often happens within the first three years of existence (Robehmed, 2013).

Start-ups can be defined as being young firms with beginning operations, feature highly innovative technologies or business models, and have or strive for significant employee and/or sales growth (Slavik, Hanak, & Hudakova, 2020). The European Start-Up Monitor (ESM) adds that they should be younger than ten years (Kollmann et al., 2016). Aspects of this definition were also found in the paper from Cockayne (2019). This definition clearly distinguishes start-ups and small to medium-sized enterprises (SMEs) since SMEs' business models are not primarily focused on significant growth and innovative products or services.

It is well known that start-ups face difficulties with resources in their early growth stages (Sørheim, Widding, Oust, & Madsen, 2011). Due to the funding gap, they are limited to traditional financing sources (Davila, Foster, & Gupta, 2003). This funding gap has been studied often and many government agencies have tried to bridge the funding gap (Clarysse & Bruneel, 2007; Rasmussen & Sørheim, 2012). However, most start-ups experience these difficulties because of high uncertainty, transaction costs, lack of track records and information asymmetries (Berger & Udell, 1998; Fraser, Bhaumik, & Wright, 2015; Van Osnabrugge, 2000). Besides, these start-ups also often lack commercial and managerial competencies (Gans & Stern, 2003; Teece, 1986), limiting their growth and threatening their survival (Carpenter & Petersen, 2002). Therefore, to bridge this gap, start-ups need external resources and competencies.

There are several financing stages for a start-up (Politis, Gabrielsson, & Shveykina, 2012; Van Osnabrugge & Robinson, 2000): the seed phase, start-up phase, early growth phase and the established phase. In the seed phase, financing mostly comes from personal funds and friends &

family (internal) (Moore, 1993; Van Osnabrugge & Robinson, 2000). In the start-up phase, financing is needed to support product development and explore the market. Personal funds are often exhausted, making start-ups seek other financing options, such as personal loans and grants (Klofsten, 1999) but also risk financing, provided by firms such as informal- and formal venture capitalists (Hogan & Hutson, 2008; Van Osnabrugge & Robinson, 2000). The early growth face is mainly dominated by parties such as commercial banks and formal venture capitalists (Van Osnabrugge & Robinson, 2000).

After the seed phase, start-ups must look elsewhere for funding. Banks are often not willing to provide loans because of the high risks. That is where venture capital comes into play. Venture capital can be divided into informal, also known as Business Angels (from here on IVCs) and formal venture capital, known as Venture Capitalists (from here on FVCs). The ESM (Kollmann et al., 2016) named IVCs as the fourth most used for financing (23,8%) and FVCs as sixth in line (18,1%). Both are forms of risk capital, meaning that obtaining financing from either one brings risk or other sacrifices. However, besides the financial capital, both IVCs and FVCs also add value through human capital (knowledge and experience) and social capital (networks) (Bertoni, Colombo, & Grilli, 2011; Bock, Huber, & Jarchow, 2018; Macht & Robinson, 2009; Van Osnabrugge & Robinson, 2000), being able to bridge both the funding- and knowledge gap, as described earlier.

Both forms of risk capital have their own characteristics. IVCs tend to be private individuals who often have a successful firm and look for ways to invest their earned money and experience in other small but promising firms. They invest amounts below €500.000 (Freear, Sohl, & Wetzel, 1995; Van Osnabrugge, 2000). Above €500.000, FVCs become active. Those are primarily large investment companies that simultaneously fund many (small) firms. IVCs often work on the board of directors of their investee companies and provide consultancy services (Freear et al., 1995). According to Zider (1998), FVCs operate most of their time (25%) as directors and monitors, followed by recruiting management (20%) and (15%) providing consulting services. In contrast to FVCs, IVCs work more closely with their investee firms due to more personal involvement with their investment and interests. FVCs are more focused on earning money, growing the business, and adding value. On average, FVCs have more power over the start-ups than IVCs and might even take complete control of the company (Jiang, 2020).

Most IVCs are very involved; few prefer a hands-off approach (Prowse, 1998). IVCs invest relatively close to home because the start-ups and entrepreneurs they invest in mainly come out of their network, often operating in the same business (Prowse, 1998). FVCs tend to spread across different industries in their portfolios.

According to several authors, IVCs and FVCs provide certain advantages (Macht & Robinson, 2009; Politis, 2008); however, some researchers also emphasize the downsides, such as Myers (1984). In his Pecking Order Hypothesis, entrepreneurs rather choose different funding methods, such as personal loans or bank loans because they do not want to give up control of the firm, which is part of why they started their firm (Caird, 1991). Another downside of venture capital is that the investor wants a part of the company (Wiltbank, 2005). Therefore, they choose financing options that minimize the intrusion of outsiders (Holmes & Kent, 1991; Tucker & Lean, 2003), such as banks. However, banks do not invest in high-risk firms, giving many start-ups no other choice than venture capital.

FVCs are often involved in managerial practices and policies (Gomez-Mejia, Balkin, & Welbourne, 1990) which can cause agency problems between investor and entrepreneur (Jensen & Meckling 1976). Due to the separation of power, conflicts might arise because of different interests. Investors might try to alter or influence the company's strategic choices. Different interests within a firm from two parties can harm the firm and its environment (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008). It is also argued that FVCs use the board of directors to get more seats on the board to increase their strategic influence (Sapienza, Manigart, & Vermeir, 1996). Wiltbank, Read, Dew & Sarasvathy (2009) argue that the strategies of start-ups are to some extent determined by their investors, which is not always to the satisfaction of the entrepreneur. According to Appelhoff, Mauer, Collewaert and Brettel (2016), conflicts are caused by high investor involvement and financing decisions. These conflicts can damage venture success (Zacharakis, Erikson, & George, 2010). It might hinder the FVCs from adding value to the firm and the entrepreneur when both parties have low confidence in each other.

As mentioned earlier, start-ups have the ambition to grow rapidly; growth has many different indicators. To grow, an organization needs a strategy defined by Mintzberg (1978) as an explicit plan and an implicit pattern of behaviour. Burke and Jarratt (2004) add that the



entrepreneurs' attitudes and decisions regarding growth influence this growth. Moreover, the interference from external investors can also influence these decisions and as well as the organizational growth and strategy they claim.

As can be read above, VCs contribute more than financial support. However, the advantages of VCs are not always maximized due to possible misalignments between strategies and interests of the investors and the entrepreneurs, causing conflicts. This research aims to provide results that contribute to the literature about the functioning of the risk capital market by investigating if and what kind of influence informal and formal venture capital have on the growth strategies of new venture firms, and furthermore if the influence on growth strategies differs between informal- and formal venture capitalists.

The main research question in this study is: *“To what extent and if applicable, how do venture capital investors affect the growth strategies of start-ups”* To answer the main research question, the following sub questions will be answered:

- a) If applicable, how do venture capital providers affect growth and growth strategies of start-ups if compared to the initial growth and growth strategies of start-ups?
- b) If applicable, how do informal venture capitalists affect growth and growth strategies of start-ups differently than formal venture capitalists?

By conducting this study, the researcher hopes to fill a gap in the extant literature and contribute to the literature regarding start-up financing by focusing on informal or formal venture capital and the possible influence of these venture capitalists on entrepreneurs and their growth strategies. Literature on this topic exists but is primarily quantitative and does not shed light on differences between investors. Furthermore, literature investigating the resource problem does not exist, creating a research gap. By performing depth interviews with several entrepreneurs, this thesis aims to produce findings for start-ups and VCs to optimize the risk capital market and eventually increase the start-ups' survival rate. Additionally, this research will contribute to society by providing new information regarding informal and formal venture capital and their relationship with entrepreneurs, what barriers might exist, and how to overcome them. Moreover, it provides

insights for start-ups into what they can expect when doing business with informal- and formal venture capitalists.

The remainder of this research is structured as follows. Chapter two contains the literature review in which the definition of a start-up, the financing gap, growth strategy and venture capital are explained. In chapter three, the methodology of this research will be discussed; this entails the research strategy, methods of data collection, operationalization, analysis, and ethics. In chapter 4, the results of the interviews will be explained. The discussion of these results and the overall conclusion, answer to the research question, limitations, and improvements or suggestions for future research can be found in chapter 5. Finally, the references and appendixes can be found at the end of the document.

## **2. Theoretical background**

After reading chapter 1, it is clear that IVCs and FVCs are essential in the financing process of young start-up firms. They can increase growth and help the entrepreneur with his network and skills. However, an IVC or FVC brings the necessary risks, unwanted circumstances, firm control, or strategy changes. To understand what IVCs and FVCs do and what their impact is on firms, existing literature regarding those topics will be elaborated.

In the following paragraphs, several vital topics are discussed. First, start-ups and their financial growth barriers are explored. This is to understand why start-ups face difficulties with their financing and growth. Second, growth and growth strategy will be defined. Third, venture capital and its promises are discussed as to why entrepreneurs of firms would like to do business with venture capital firms, followed by the downsides of doing business with them. Fourth, the two different forms of venture capital, informal and formal, and the differences between these two are clarified. Fifth, the influence of informal and formal venture capital on the founders' strategy is explained. Finally, a comparison between the entrepreneur and the investors is given in which the different growth strategies both parties might have, including the conflicts caused by them, are presented. This paragraph gives a good overview of the existing literature to prepare the empirical research.

### **2.1. Start-ups and financial growth barriers**

First, we will elaborate on the start-ups themselves to understand what start-ups are, why they need financing and why they have difficulty finding it. Many of these small firms have launched during the last few decades. They are prevalent and seem to be fundamental drivers of economic growth and significant job-creators (Heirman & Clarysse, 2004; Kollmann et al., 2016; Storey & Tether, 1998; Van Osnabrugge, 2000). According to Slavik, Hanak, & Hudakova (2020), start-ups can be defined as young companies beginning their operations, featuring highly innovative technologies or business models, and having or striving for significant employee and/or sales growth. They carry out business which is less attractive for large and established companies. The undertakings might be too pioneering, innovative, unverified, and unconfirmed by the market, thus burdened with significant technical and business risks. Aspects of this definition also are being found in several published articles. Cockayne (2019), for example, researched the start-up definition and mentioned that start-ups face very high rates of growth and exist only for a small

number of years. However, some have existed for over five years and others for less than one year. The European Startup Monitor (Kollmann et al., 2016) handles the above definition and adds that start-ups should be younger than ten years. This definition clearly distinguishes start-ups and small to medium-sized enterprises (SMEs), where SME business models are not primarily focused on significant growth and innovative products or services.

There are several financing and development stages during the venture's life cycle. The first stage is the seed phase, followed by the start-up phase, the early growth phase (Politis et al., 2012; Van Osnabrugge & Robinson, 2000), and ended by the established phase. The seed phase is about research activities to assess and develop viable business concepts; financing mostly comes from personal funds and friends & family (internal) (Moore, 1993; Van Osnabrugge & Robinson, 2000). The start-up phase is about the actual forming of the organization. This phase needs financing to support product development and explore the market. However, the financial capital of the entrepreneurs is not unlimited. Hence, they will need to look elsewhere for financing. These can be personal loans, grants from the government (Klofsten, 1999) and more risky options such as IVCs and FVCs (Hogan & Hutson, 2008; Van Osnabrugge & Robinson, 2000). Commercial banks or FVCs mainly finance the later growth and financial stages.

The number of start-ups grows rapidly. However, several authors, including Storey (2016), found that the growth rate is concentrated in a small fraction of these start-ups. Most start-ups do not survive the first stage and fail; about 9 out of 10 start-ups fail (industry standard), also observed by Patel (2015) in the US; this may not be widely different in other countries. Robehmed (2013) also found that these failures occur in the first three years of existence; these years are crucial for growth. One of the most critical growth barriers found by many researchers is financing (Clarysse & Bruneel, 2007; Fraser et al., 2015; Kollmann et al., 2016; Van Osnabrugge & Robinson, 2000). Even though there are many different options for funding, not all are suited, caused by several barriers. These growth barriers occur because of the high risks these start-ups have. Start-ups are new in the market and do not possess a track record that can value them. Furthermore, the transaction costs approach argues that the costs of contracting an unlikely event outweigh the benefits and increases the risks or costs even more. Lastly, information asymmetry is present. This occurs when the entrepreneur has more or better information than the investor (Akerlof, 1970). Therefore, the entrepreneur has an advantage since he possesses more knowledge than the investor. This problem is generally named the most significant cause of financing problems in small firms (Landström, 2017). However, recent

studies found that information asymmetry is not one-sided but two-sided. Entrepreneurs often lack information regarding the FVC funding process, which puts them at a disadvantage as opposed to the investors (Glücksman, 2020).

## **2.2. Organizational growth, strategy, and ambition**

Growth has many definitions. In economic theory it is referred to as a phenomenon that occurs until profits are maximized. Pursuing growth can be seen as an individual's decision (Wiklund & Shepherd, 2003). Growth can be expressed in several different ways: authors Ardishvili, Cardozo, Harmon, & Vadakath (1998) came to the following growth indicators: assets, employment, market share, physical output, profits, and sales. These indicators can be pursued and measure company growth performance. However, to grow, organizations need a strategy. This strategy can lead to growth if successfully applied. In 1978, Henry Mintzberg came to the following definition of a strategy: "an explicit plan and an implicit pattern of behaviour". This definition has been used many times over. Later, in 2004, Burke and Jarratt examined the strategy formulation process within small firms and how other factors influence this strategy forming process. Entrepreneurs most often take advice from informal sources, such as Chambers of Commerce, business alliances, and industry groups more seriously than advice from traditional sources. The reason is that the informal sources often give advice more specific to the business context of the companies than the traditional sources. Furthermore, it also seems that the entrepreneurs' views, attitudes, and decisions regarding the growth (goals) influence the outcome of growth (Burke & Jarratt, 2004). Next to that, not only entrepreneurs are seen as actors in strategy creation, but also investors often determine the strategy to some extent (Wiltbank, Read, Dew, & Sarasvathy 2009).

Besides the growth strategy, growth ambition is also an essential aspect for entrepreneurs because it influences the growth outcome. Verheul and van Mil (2011) found that entrepreneurs often strive for business growth and that the ambition to pursue this growth comes in many different measures. Davidson (1989), for example, measures growth willingness, which is the difference between the present and ideal size five years from now, also shared by Wiklund and Shepherd (2003), which means what the organization wants to accomplish. However, this willingness arises from the entrepreneurs' motivation and ambition.

## **2.3. Promises of venture capital**

Besides the financial growth barriers and willingness to grow, start-ups may not possess all the required resources (Gans & Stern, 2003; Teece, 1986). The latter threatens their survival and stops them from pursuing their growth strategies (Carpenter & Petersen, 2002). According to Heydebreck, Klofsten, & Maier (2000), start-ups need two other resources to survive: networking and coaching. Even though one of the most important reasons to bring on a venture capital firm is its funds, a venture capital firm also brings on a crucial network, operating services, moral support, and coaching (Fried & Hisrich, 1995). Examples are Apple and Amazon. Both were funded by a venture capital firm in their early stages and have now risen to two of the largest companies in the world (Munck & Saublens, 2006). An accomplishment they could not have made on their own. Furthermore, venture capital firms bring knowledge and resources to the firm and the entrepreneur (De Luca & Atuahene-Gima, 2007; Hagedoorn & Duysters, 2002). Entrepreneurs lack the experience that venture capitalists have built over the years. The above-mentioned added values can all be seen as directly added values. However, they also provide indirectly added values. Once a venture capital firm is on board, it also helps firms overcome their future funding rounds since the firm looks more reliable (Davila et al., 2003; Fried & Hisrich, 1995; Sørheim, 2005). This gives the firm more perspective and future investment options and thus potential to grow, so says Davila et al. (2003) in his study. Evidence from multiple countries clearly shows a positive relationship between venture capital-funded firms and firm performance (Fraser et al., 2015). These added values can also be seen as resources for the firm, as Wernerfelt (1984) described, following the Resource-based View of the Firm (RBV). Furthermore, traditional research shows that firms prefer debt over equity, following the Pecking Order Hypothesis from Meyers (1984). However, a recent study from Paul, Whittam and Wyper (2007) found that start-up firms might choose equity over debt because debt is a personal liability and equity has more added value.

#### **2.4. Counterforces against the use of venture capital**

Besides the advantages, there are also disadvantages a venture capital firm might bring to a firm. The main disadvantage is the equity investment. Meaning that the investors obtain shares of the firm in return for the investment. It is well known that many entrepreneurs start their firm because they want to be their own boss (Caird, 1991); bringing on a venture capital firm decreases their autonomy. Meaning entrepreneurs are not wholly in charge anymore. Specifically when the majority of shares are obtained by another party (Leech, 2013). Some authors argue that the venture capitalist can take over the entire firm in the worst case and put the entrepreneur

out of business (Jiang, 2020). As read in paragraph 2.2, there is a particular order in which a firm picks a specific financing option. This is called the Pecking Order Hypothesis (Meyers, 1984). Meyers (1984) invented this so-called POH in which firms prefer internal over external financing, but when external funds are necessary, they prefer debt over equity finance. This stems from the asymmetry between managers and investors, where investors face adverse selection problems in financing and require a premium which increases the cost of finance for the firms.

Also, when two parties have different interests, it might cause conflicts between the entrepreneurs and investors (Young et al., 2008). Most conflicts arise because of the so-called agency theory (Jensen & Meckling, 1976). This theory suggests that one party (the principal) delegates work to another (the agent) but that the principal's goal conflicts with that of the agent. These conflicts are called agency conflicts (Eisenhardt, 1989). Furthermore, information asymmetries between both parties make it difficult for the principal (the investor) to monitor the agent (the entrepreneur). As a result, the investor might use specific mechanisms such as contracts to get back in control (Fiet, 1995), leading to taking over the board of directors. Agency theory primarily applies to FVCs (Amit, Brander, & Zott, 1998; Fiet, 1995; Yitshaki, 2008). IVCs are trying to use their knowledge to help entrepreneurs (Freear et al., 1995); making a profit is not their primary motivation (Angels, 2004), whereas FVCs are willing to maximize returns. Therefore, the goals of IVCs might be closer to that of the entrepreneur than the goals of FVCs, expecting that conflicts between FVCs and entrepreneurs are more common. However, agency problems also occur between IVCs and entrepreneurs but less regarding goal conflicts.

## **2.5. Types of venture capital**

In the following two paragraphs, both forms of venture capital will be discussed. On the one hand, we have the *informal* venture capital market, also known as the Business Angels. On the other hand, we have the *formal* venture capital, consisting of the larger investment firms, also called Venture Capitalists.

### **2.5.1. Informal venture capital**

Business Angels is a term coming from Broadway. Wealthy investors funded directors to finance their plays. Besides their funds, they were motivated and shared their love for theatre. The funding was thus something more than just money (Ramadani, 2009). There are several

definitions of business angels, but they do not differ a lot. Business Angels are described as individuals, mostly well-compensated retired managers with the necessary financial means willing to invest in entrepreneurs (Fiti, Markovska, & Bateman, 2007). Other definitions entail that IVCs tend to be private individuals who often had their own successful start-up or firm and look for ways to invest their earned money and experience in other small but promising firms (Freear et al., 1995; Van Osnabrugge, 2000). Mason and Harrison (2008, p. 1) define a IVC as an individual, acting alone or in a formal or informal syndicate, who invests his own money directly in an unquoted business in which there is no family connection and who, after investing, takes an active involvement in the business, for example, as an advisor or member of the board of directors.

Business Angels invest primarily in firms needing an investment of less than \$500,000 (Van Osnabrugge, 2000) in return for an equity stake in the company (Wiltbank, 2005). The firms they invest in are relatively close to home because they mainly come out of their own network. The start-ups often are in the same business as the Angels were in themselves (Prowse, 1998). In a Business Angel Survey from 2003 (Angels, 2004), it appears that IVCs have many different motivations to invest. Their biggest motivation is adding value with 34,5%; second comes adventure and fun with 27%, followed by helping a new start-up (12,7%), contributing to local economic development (10,5%), and in fourth place comes profit with 7,8%. It is shown that IVCs work closely with their entrepreneurs and firms because they are more personally involved with their investments and interests. In addition to the financial investment, several authors argue that IVCs provide more than just financial capital (Bertoni et al., 2011; Bock et al., 2018; Macht & Robinson, 2009; Van Osnabrugge & Robinson, 2000). Munck and Saublens (2006) argue that IVCs benefit their investee companies in four different ways. First, by helping to overcome funding difficulties. IVCs are the oldest, largest, and most often used way of funding of outside funds. Second, because of their involvement in which they add value. Previous research showed two groups of IVCs, those with a hands-on and those with a hands-off approach (Prowse, 1998; Sapienza et al., 1996). Active involvement entails IVCs using their knowledge, skills, and experience to manage, control, and monitor the firm and investment. Passive involvement entails only providing funds and monitoring reports (Macht & Robinson, 2009). Looking at the different roles in their investment firm, about 60% of the Angels work on the board of directors (Van Osnabrugge & Robinson, 2000) and provide consultancy services (Freear et al., 1995). Furthermore, when not being on the Board of Directors, they can take on many other strategic roles (Politis & Landström, 2002). When the enterprise lacks a good



management team, IVCs might also be more involved in the operational business. The third benefit is IVCs' provision of contacts, meaning they share or use their network for business purposes and recruit new employees. The fourth and last benefit is the facilitation of further funding. Because of the investment, the firm might become more appealing to other investors; you could say a IVC investment has a leveraging effect (Sørheim, 2005).

### **2.5.2. Formal venture capital**

A formal venture capital firm is a group of investors called the general partners. The first FVC was formed in 1958 by three partners who obtained their assets through small funds or small business investments (Gompers & Lerner, 1999). They are wealthy people that want to grow their wealth even more. A FVC obtains most of its funds from limited partners (banks, pension funds, insurance companies, etc.), and only a tiny fraction of its funds come from the general partners themselves. The FVC uses that money to invest in several other firms. The money the investments generate is used to make more investments, primarily in riskier firms, as traditional banks do not want to make those investments. Hence the entrepreneur steps towards a FVC firm. The general partners within that firm are then compensated with management fees and payments according to the profitability of the investments (Guilhon, 2020). The limited partners expect a return on their investment of approximately 25%-30% per year (Zider, 1998).

In essence, a FVC firm puts in much effort to understand new technologies and markets to find promising start-ups in which they can invest. The FVC invests in an entrepreneur's firm or idea, helping them grow and develop it, hoping to make money (Davila et al., 2003). Later on, they exit the company and start the process again for another firm. For example, a typical start-up deal is where a FVC invests \$3 million in exchange for 40% equity ownership. According to Chesbrough (2002), there are two characteristics of a Corporate FVC investment. First, the investment is strategic to increase sales and profits of their own business. A FVC seeks to exploit synergies between the new venture and itself. It hopes that the investment benefits their other businesses by bundling strengths or even resources. The second objective is financial, where the company seeks attractive returns on its investments. The investors working at the FVC firm often monitor the firms' progress. Furthermore, previous research points out that FVCs have many added values. According to Fried & Hisrich (1995), a FVC adds a variety of inputs such as operating services, networks, image, and moral support. Financial support, also known as money, is what causes the FVC-entrepreneur relationship in the first place. Second, the operating

services can take on many different forms. However, the perception of operations is often differently interpreted between managers and FVCs. The operating services generally involve contact between the FVC firm and the top management of the venture. On the other hand, they are highly involved in financing because of their expertise and network. Besides, FVCs help to arrange corporate partnerships or acquisitions and serve as a sounding board for the entrepreneurs' decision-making. They also help with selecting top management, not perse in the search process, but they do participate in the interview. At the highest level of operations, an FVC can take over the firm's management. Third, a FVC adds a network to the firm, which is highly important, especially for raising money (Davila et al., 2003; Fried & Hisrich, 1995). It is also a major source of candidates for top management and can also locate service providers, such as law of financial services. Furthermore, the network finds corporate partners or even acquisitions and serves as a valuable source of strategic information for investments (Davila et al., 2003; Fried & Hisrich, 1995). The fourth added value is the image a FVC adds. It is proven that FVC-funded firms have a greater reputation that facilitates growth and attracts or increases the chances of further growth. The final added value from Fried & Hirsch (1995) is that an FVC also gives moral support to the entrepreneur. They can discuss issues as friends or serve as supporters in times of crisis.

In summary, many differences between IVCs and FVCs exist. The main difference is the motivation for investing; whereas IVCs find adding value, adventure, and fun the most important motivation, an FVCs' motivation is the return on investment. Furthermore, IVCs mainly invest in the same business as they were in themselves, whereas FVCs try to diversify their portfolio as much as they can to spread risks. IVCs also differ from FVCs in how they are involved with the firm. They are often closely involved with the day-to-day business because of their involvement. On the other hand, FVCs cannot be as involved as IVCs because of resource restrictions due to their many different investments. Apart from the differences, there are also some similarities between both. First, both IVCs and FVCs provide funding and add value through other sources such as knowledge and networks. Second, they fulfil the role of being on the board of directors, and third, they both use equity funding to get on this board of directors in the first place.

## **2.6. The nature of investor interference**

There are many strategic aspects on which investors can make an impact. In this paragraph, several aspects of this strategy on which investors have an impact are elaborated on.

According to several researchers (Fairchild, 2011; Prowse, 1998; Wong, Bhatia, & Freeman, 2009), there is considerable evidence that FVCs contribute more value than IVCs do. However, IVCs provide much more capital (in dollars) than FVCs (Freear et al., 1995). On the other hand, IVCs have closer and more trusting relationships with the entrepreneur. This could be because they manage fewer companies with more involvement (Leshchinskii, 2003). Hence, authors such as Fairchild (2011) tried to determine why entrepreneurs choose either an IVC or FVC. Many researchers have investigated this topic (Chemmanur & Chen, 2014; T. F. Hellmann, Schure, & Vo, 2015; Leshchinskii, 2003) since the outcomes of studies say that FVCs add more value even though the IVC market is much larger.

### **2.6.1. Influence on entrepreneurial objectives and control within the firm**

It is well known that entrepreneurs start their businesses because they wish to be their own bosses (Caird, 1991). They also have their view and perception of running the business and how they want it to grow. According to previous research, it has been shown that entrepreneurs choose financing options that minimize the intrusion of outsiders (Holmes & Kent, 1991; Tucker & Lean, 2003), following the POH from Meyers (1984). However, by bringing in a IVC or FVC, you give up a part of the control. Paul et al. (2007) conducted 20 in-depth interviews with Scotland-based entrepreneurs to find out the capital preferences of start-ups. They investigated the POH and if it also applied to smaller firms and start-ups. Results showed that entrepreneurs choose IVCs and FVCs above debt funding because it adds more value, in contrast to the POH. However, giving up control remains a problematic aspect for entrepreneurs. One of the main subjects in their study was “control and independence” and how the entrepreneurs felt about this. One of the respondents explained he could not find a good match because the investor thought the business should be going in another direction. In other words, IVCs or FVCs might have different ideas and growth strategies than the entrepreneurs themselves. IVCs invest in early stages but also demand less control than FVCs (Goldfarb, Triantis, Kirsch, & Hoberg, 2007). FVCs even could take complete control of the company (Jiang, 2020). Furthermore, Goldfarb et al. (2007) noted that IVCs have stronger relationships with the entrepreneurs they invest in. One could argue that the structure of a FVC deal puts entrepreneurs at a disadvantage (Zider, 1998). However, entrepreneurs still choose this option, and according to Paul et al. (2007), but in contrast to Meyers (1984), entrepreneurs instead choose FVCs over traditional banks. This is because of the added values. However, one of the reasons entrepreneurs are at a disadvantage is because FVCs are highly involved in formulating business strategies (Gorman & Sahlman, 1989;

Leshchinskii, 2003; Prowse, 1998) as well as IVCs (Wiltbank et al., 2009). Fredriksen, Olofsson, & Wahlbin (1997) found that both entrepreneurs and FVCs rate the impact on goals and business development as high. They score above 5 on a 7-point scale where 1 is low impact, and 7 is high impact on goals and development. The investor's perception of the goals might deviate from the entrepreneur's, and different interests within a firm from two parties can be harmful to the firm and its environment (Young et al., 2008). In a series of research papers, Hellman found that there are also certain circumstances in which entrepreneurs voluntarily give up control. This is when FVCs have better expertise in affecting firm value (Hellmann, 1994, 1998, 2002), which is mostly the case.

### **2.6.2. Influence on human resources**

One of the main aspects IVCs and FVCs are involved in is bringing on new talent or management. Zider (1998) found that FVCs dedicate 20% of their time to recruiting management, the second-largest task they fulfil. Out of a survey filled in by 49 different FVCs, Gorman & Sahlman (1989) found that FVCs claim that management recruitment is their third most frequently provided task and that 62,5% of the companies they fund receive this service. Macht (2009) found that IVCs also provide this service. However, they instead provide or recommend management contacts and connections to the entrepreneur, whereas FVCs actively recruit. Fredriksen et al. (1997) investigated several aspects on which a FVC has an influence, of which staffing is one. FVCs rate this with a 5,4 on a 7-point scale where 1 is low impact and 7 is high impact, whereas the firms themselves rate the influence on staffing with a 4,4, meaning both parties perceive the level of influence slightly differently. However, both are saying there is a significant influence on staffing.

### **2.6.3. Influence on networks**

Having access to an investor's network helps build ties with certain economic partners, which is vital for innovation (Ferrary, 2008). This can boost innovations. Investors can also help to reduce the period for product development and time to market (Busenitz, Fiet, & Moesel, 2004). Furthermore, an important measure of innovations within an organization is the number of patents it has or makes applications for. In their research, Kortum and Lerner (2001) found that a rise in venture capital also causes higher patenting rates.

## **2.7. The distinction between formal and informal investors on strategy**

As explained in paragraph 2.5, the goals of both parties (investor and entrepreneur) can be different from one another. As stated before, the primary goal of a FVC is maximizing returns for their entire portfolio, whereas the entrepreneur's primary goal is maximizing return for their venture (Arthurs & Busenitz, 2003; Van Osnabrugge, 2000). This causes agency problems (Eisenhardt, 1989). Because FVCs are involved in many firms, they cannot be involved in the daily operations of all ventures due to resource restrictions (Wright & Lockett, 2003). To manage those firms, they set (economic) milestones for the entrepreneur to meet (Gompers, 1995). If the entrepreneur does not meet these milestones, the FVC often declines the subsequent funding (Bergemann & Hege, 1998) or even replaces the current entrepreneur (Hellmann, 1998).

In a US-based study by Hsu, Haynie, Simmons, & McKelvie (2014), 85 investors were investigated. Close to 42% were IVCs, and 58% were FVCs. They needed to evaluate a series of hypothetical venture deals. The researchers found that FVCs valued economic potential more important than IVCs. Furthermore, they also found that IVCs laid more importance on strategic readiness and passion than FVCs would. FVCs focus more on economic performance. If we compare the aspect of milestones and the findings above with that of IVCs, IVCs also perceive milestones and the deal's financial aspects as important (Landström, 1998). However, they argue that focusing solely on the economic potential may not reduce information asymmetry and agency problems (Hsu et al., 2014). Furthermore, many IVCs consider themselves co-entrepreneurs and act like one (Landström, 1998). This reduces information asymmetry issues because both parties work together closely (Kelly & Hay, 2003; Van Osnabrugge, 2000). The goals of IVCs are closer to those of the entrepreneur compared to the goals of FVCs (Arthurs & Busenitz, 2003). Argued is that conflicts are less but that conflicts still occur between entrepreneurs and IVCs (Collewaert, 2012; Fiet, 1995; Van Osnabrugge, 2000). IVCs perceive more information asymmetry risks, whereas FVCs perceive more goal conflicts.

Furthermore, Goldfarb et al. (2007) examined the impact of business angels on 182 Series A financings and subsequent company outcomes in the US. Their studied rounds had a varied mix of informal and formal venture capital investors. One of the essential characteristics of their data is variation in the informal and formal venture capital mix. Their research showed that entrepreneurs favour IVCs more than FVCs, mainly because IVCs demand less control and have more patience. Following the POH, where FVCs come after IVCs. Other researchers also claim IVCs are favoured above FVCs, even though FVCs add more value (Chemmanur & Chen, 2014; T. F. Hellmann et al., 2015; Leshchinskii, 2003). Following findings from several other

researchers, FVCs use the board of directors as a governance mechanism to seek a higher proportion of the seats on the board and increase influence over strategic decision making (Sapienza et al., 1996). Looking at the numbers, a study by Wong et al. (2009) analysed data from 215 investment rounds made by angel investors in 143 California-based companies between 1994 and 2001. Most of them operated in computer-related industries. The data showed that IVCs have smaller board sizes, on average 0,6 board seats, while FVCs typically have 1,1 seats added, found by Lerner (1995), who analysed 307 biotechnology firms between 1978 and 1989, all based in the US as well. Therefore, FVCs receive more control rights that allow them to obtain board control (Amit et al., 1998) and thus substantial power over the start-up, which can even replace the entrepreneur (Jiang, 2020).

The literature review above gives an overview of existing literature related to this topic. However, most research is quantitatively based. Therefore, a deeper understanding of investors' implications and interference on growth within start-ups is not known yet and corresponding literature is lacking.

### 3. Methodology

This study explores how informal and formal venture capital investors affect the growth strategies of client firms. There has been much research on venture capital and its relation to investors. However, much of it was quantitative, based on models, and lacked in-depth knowledge. This study aims to understand how entrepreneurs might have been affected by informal and formal venture capitalists and how this could be better aligned. Because of the explorative character of this study, a qualitative research method has been used. This is to get a deeper understanding and generate more knowledge about this subject.

#### 3.1. Research Design

In this research, a qualitative case study approach has been used to study if and how investors affect the growth strategies of client firms. Since this study has an explorative character, a qualitative design has been chosen. Explorative research favours a qualitative method over a quantitative method (Boeije, 2005). Furthermore, because this study aims to gain in-depth information on the influence of investors on their clients' growth strategies, qualitative research is very suitable (Bleijenbergh, 2013). That is not possible with a quantitative method. Knowledge must be gathered about to what extent investors influence start-ups and how they influence these start-ups. Some literature is available, but most is quantitative and lacks in-depth knowledge. Therefore, new research is needed to build theory, favouring qualitative over quantitative research methods. Besides, since this paper thoroughly investigates only a few cases, a qualitative research method is more suitable since quantitative research is meant for larger groups (Swanson & Holton, 2005). Furthermore, studies about people, events, and situations need a qualitative research method since they are characterized by more variables than anyone can identify, according to Peshkin (1993). This study relates to all three factors: people (investors and entrepreneurs), events (the process of obtaining finance), and situations (use of outside investors).

For this research, a multiple comparative case study approach has been chosen so we can compare several different cases (Bleijenbergh, 2013). Case studies try to explain specific patterns, similarities, and differences. Yin (2012) states that a multiple case study increases the

transferability of the results. As noted before, and also mentioned by Baxter & Jack (2008), a multiple case study enables to explore differences within and between cases. However, since the number of cases is limited, results cannot be generalized.

### **3.2. Case selection**

The cases used in this report were chosen out of many different start-ups in the Netherlands. The investigated start-ups were selected based on their age, which had to be 10 years or younger, and they needed to have experienced (high) growth. Furthermore, they also needed to have received funding from either an informal or formal venture capitalist. Finally, all start-ups operate in different sectors in the market to give a diversified overview of the results. These cases were found through Dealroom.co and the researchers' network.

The research is based on semi-structured interviews with several entrepreneurs or high-placed employees of young start-ups that have obtained informal or formal venture capital. The interviewees are directly involved or have detailed knowledge about the investments made by the informal and formal venture capital firms. Preferably the interviewees are the founders of the firm. If the entrepreneurs themselves were not available, high-placed employees were chosen.

The participating organizations and entrepreneurs are not mentioned by name or company. Their data is being used anonymously. Eleven companies were interviewed, of which six were funded by informal venture capitalists and five by formal venture capitalists. Due to restrictions in time, the venture capitalists themselves were not interviewed. Hence, we recommend addressing that aspect in future research to gather a multi-perspective overview of the results.

The description of the firms can be found in Chapter 4, paragraph 4.1.

### **3.3. Data Collection**

The conducted interviews are semi-structured. A semi-structured interview is a list of open-ended questions according to an outline of topics. This leaves space for new input or slightly adjusted questions for each situation (Brinkmann & Kvale, 2015). The interviewee was asked to



enter a score on a closed question before several open-ended questions. During the interview, the interviewee explained why he chose this score. The interview guide can be found in Appendix A: Interview guideline. Since the interview is a guideline, the researcher had the opportunity to deviate from this guideline to obtain more relevant and detailed information, especially for that situation (Bleijenbergh, 2013). The interviews were conducted in April/May 2021 through a video call or telephone. Usually, the interviews would have been face-to-face, but this was impossible due to the worldwide COVID-19 pandemic. According to Denscombe (2003), the quality of telephone- or video interviews is almost equal to face-to-face interviews.

### **3.4. Operationalization**

The concepts being measured are operationalized, as noted underneath. The closed questions and answers can be found in Appendix B, the interview guideline in Appendix A, and the answers in Appendix\_Interviews.xlsx.

Growth strategy is a broad definition; therefore, this research focuses only on a few elements of growth strategy. These elements are growth ambition and growth performance/development. These are incorporated in the questionnaire and interview. Furthermore, since the interviews are semi-structured, elements of the growth strategy which are not explicitly asked could surface during the interview. If so, these elements will also be used to measure and define investors' influence on the growth strategies of start-ups.

For measuring the influence on growth strategy, respondents are asked to answer on a scale of 1-7 (1 = low, 7 = very high) to what extent the investor influenced their growth strategy. Answers above 4 are classified as high influence from their investor. Respondents are also classified in the high category if they entered a score of 4 but illustrated in their interview that a higher influence from the investor was present. Furthermore, high influence entails that the investors made or attempted to make changes within the organization on a strategic level, either direct or indirect. On the other hand, low influence comes down to respondents that answered with 4 or lower on a 7-point scale, as described above. Investors that did not accomplish direct or indirect changes to the firm were also placed in this group. The influence of investors can then be

viewed from two perspectives. Either positive, by adding value (Resource-Based View), or negative, by taking power away from the entrepreneur and causing conflicts (Agency Theory).

The influence on human resources is measured according to the extent to which the investor influenced the recruitment policy within the organization.

Network and the influence therein are measured by asking the entrepreneurs about the investors' role in generating strategic- and business relationships.

Growth performance is measured according to how important the entrepreneur found the financial contribution for growth and development, how the investors broadened the growth opportunities and if the course of their organization would be different if they would not have used this external funding.

Furthermore, satisfaction is measured by asking the entrepreneurs if they would do business with such an investor again and how satisfied they were with the concepts shown in the first column in Table 1 below.

Table 1 below shows the questions, including their concepts and themes. The questions were equal for informal- and formal venture capital-funded firms.

Concept	Theme	Question number
Growth performance	Importance of financial contribution (for growth)	V20, V33
Growth strategy	Consultancy and advice	V21, V22, V34, V35
Networks	Investor role in strategic relations in innovation	V23, V24, V36, V37
Networks	Business contacts and network	V25, V26, V38, V39
Growth strategy	Financial influence on growth	V27, V40
Growth strategy	Influence of investor on strategy	V28, V41
Growth performance	Goal achievement and investors' influence	V29, V42
Human resources	Influence of investor on human resources	V30, V43
Satisfaction	Overall judgment	V45, V46

*Table 1 Question themes*

### **3.5. Data analysis**

All the interviews were recorded with audio and, if possible, with video. After conducting the interview, they were transcribed. The respondents approved these transcripts. This is to ensure

credibility. After approval, the interviews were analysed using inductive analysis. The researcher can derive key themes from the data and categorize them accordingly (Bleijenbergh, 2013). This allows the researcher to analyse the data as openly as possible. Abstract concepts, patterns, and connections will arise by labelling the data. Transcripts were analysed and categorized per theme (Miles & Huberman, 1994). By categorizing the data, labels are attached to text sections related to a specific theme (Symon & Cassell, 2012). The data analysis was done by using the closed-ended questions as codes and supplementing them with the open-ended questions. This ensured that all the data were clustered per theme and in the right place. This analysis places itself between the inductive and deductive ways of coding. Furthermore, for clustering and coding, an excel spreadsheet was used. Full results can be found in: Appendix\_Interviews.xlsx (external). The analysis of the coded data aimed to develop propositions for further research.

### **3.6. Reliability and validity**

There are several criteria to assess the quality of research. Reliability and validity are two well-known and essential criteria for qualitative research (Symon & Cassell, 2012). In this study obtaining high internal validity and high reliability is vital.

Reliability means minimizing errors and biases. It refers to the degree of stable and consistent results (Yin, 2014). Accomplishing reliability is generally done by operationalizing as many steps as possible. Hence, semi-structured interviews are used. The upside of this semi-structured interview is that it ensures that all respondents are more or less asked the same questions. This increases reliability (Bleijenbergh, 2013). Furthermore, prior to each open-ended question, each respondent is asked a closed-ended question or statement on which he must fill in a score on a 5-, 6- or 7-point scale, depending on the question. They are then asked to elaborate on their answer. That increases reliability.

The term validity refers to systematic errors that influence the research. Validity consists of internal and external validity. Internal validity is obtained if the researcher measures what is intended to be measured (Bleijenbergh, 2013). To improve the internal validity of this study, respondents are asked to explain why they filled in the score they marked. Furthermore, respondents were asked to check the interview transcripts after conducting the interviews to

ensure the answers were as precise as possible. Besides, a semi-structured interview also improves internal validity. Questions are derived from the literature, ensuring the right questions were asked with room for adjustments. However, a semi-structured interview also has its downsides. It might guide respondents in a particular direction due to the pre-specified structure of the interview. This affects the internal validity. Therefore a test interview is conducted to remove or adjust any flaws or limitations (Kvale, 2008). Furthermore, construct validity is optimized because of extensive literature study and clarifies the relevant topics. Construct validity helps identify correct operational measures (Yin, 2014). Finally, external validity applies when the research findings apply to other settings. A lack of external validity is often seen as a limitation of case studies. However, Buchanan (2012) argues differently: *“If characteristics point to particular structures in one situation, one can hypothesize that the existence of such structures in a further situation will lead to at least some similar characteristics”* (Buchanan, 2012, p. 365). External validity remains low because of the small number of interviews conducted due to time restrictions.

### **3.7. Research ethics**

When conducting research, one thinks about and reflects on how the outcomes affect those it touches (Holt, 2012). This study was conducted according to the ethical guidelines as described in the Master Thesis handbook of Business Administration of Nijmegen School of Management. Before the interview, every respondent was informed about the recordings and their use. They all gave permission to record their interview. The data from these interviews were safely stored offline on a recording device. All respondents have been handled anonymously in this research. Furthermore, respondents were allowed to change their transcribed interviews if needed or were allowed to withdraw statements.

## 4. Results

In this chapter, the results will be presented according to the different themes this research is focused on. Respondents funded by informal venture capital are indicated with “I-*numberX*” and respondents funded by formal venture capitalists with “F- *numberX*”. They are numbered according to the date of the interview. The results were gathered from questions asked during the interview. The results from the questionnaire can be found in Appendix B. In addition, the entire interview results can be found in an external document called *Appendix\_interviews.xlsx*. Paragraph 4.2 explains how the different entrepreneurs were approached, how many were approached, and how many participated, including several business characteristics to understand what type of start-ups are used in this research. After that, in paragraph 4.3, the questions and themes are discussed, and in the subsequent paragraphs, the results are explored and analysed. Finally, paragraph 4.4 shows the results of the two types of investors.

### 4.1. The participating start-ups

Several start-ups were questioned regarding their experiences with either informal or formal venture capital investments in their firm. Hence according to the definition of start-ups in chapter 2, we can call them start-ups. They feature highly innovative technologies or business models and have or strive for significant employee and/or sales growth.

In total, 11 start-ups participated. Of those, six were funded by informal venture capitalists and five by formal venture capitalists. Five start-ups were sourced through Dealroom.co, a “global data platform for intelligence on start-ups, innovation, high-growth companies, ecosystems, and investment strategies.” (*Dealroom.Co*, n.d.).

The start-ups operate in different sectors. I1 is an online internet retailer for home furniture. I2 designs a solution for medical personnel that prevents back injuries. I3 is in the business of producing electric vehicles for inside cities, such as delivering mail or groceries. I4 is in the data security business, ensuring all kinds of data are safely transferred between parties. I5 is a progressive start-up offering green energy solutions for building sites and festivals. I6 sells special work clothes and ensures that workers can work safely and are representative. F1 offers caregivers a solution to find a temporary replacement. F2 makes digital connections between

online and offline possible with the help of unique smart tags. F3 offers its customers the possibility to brew specialty beers at home. F4 is in the artificial intelligence business; they are applying AI for the greater good. The last respondent, F5, offers a service to buy public transportation tickets on the go. In Table 2, an overview of the different start-ups, including their funding year and industry type, is displayed.

*Table 2 Respondents' number, founding year, and industry*

Respondent number	Founding year	Industry	Respondent number	Founding year	Industry
I1	2016	Furniture retail	F1	2013	Medical staffing
I2	2019	Medical equipment	F2	2014	Digital solution
I3	2020	Electric vehicles	F3	2015	Food & Beverages
I4	2015	Data security	F4	2018	Artificial intelligence
I5	2018	Green energy	F5	2012	Travel tickets
I6	2014	Clothing retail			

Explanation: I=company funded by informal venture capital; F=company funded by formal venture capital

An indicator of high growth is the number of employees. In Table 3, an overview of the number of employees of the start-ups from a couple of years ago and at the time of interviewing can be found. Shown is that most start-ups had an increase of +100% in their employees, indicating substantial growth.

Time / Respondent #	I1	I2	I3	I4	I5	I6	F1	F2	F3	F4	F5
Employees 5-7 years ago (less when a start-up is younger)	1	0,2	1	4	2	12	4	4	3	1	3
Employees (on 04/2021)	17	2	5	12	10	100	8	2	25	3	30

*Table 3 Number of employees per company right now vs a couple of years ago*

Going to the financial aspects, entrepreneurs need to invest time and money to get an idea from the ground. Looking at the company's start-up capital in Table 4, you will see that most of the start-ups questioned had a start-up capital of €100.000 or more. Results (see Appendix B) show that a start-up with a relatively small start-up capital does not underperform a start-up with high start-up capital. For example, I1 performed beyond their expectations but only had 10-25 thousand start-up capital, while I2 also performed beyond expectations but had a start-up capital

of 100-250 thousand. Additionally, F3 and F4 had a start-up capital of 250 thousand or more and did not meet their growth ambitions.

	Respondents		Total
Start-up Capital (Q15)	<10.000	I5,6	2
	10.000 - 25.000	F1,2	2
	25.000 - 50.000	I1	1
	50.000 - 100.000		0
	100.000 - 250.000	I2,4	2
	> 250.000	I3; F3,4,5	4

Table 4 Start-up capital per firm in euros

The start-ups were also asked to what extent they had financial problems in the past few years. According to the data (Table 5), most start-ups had severe problems with financial capital. However, three of them did not. One of which did not exist before this year and was a non-profit with low expenses. The other was a personal project, thus not coping with high costs.

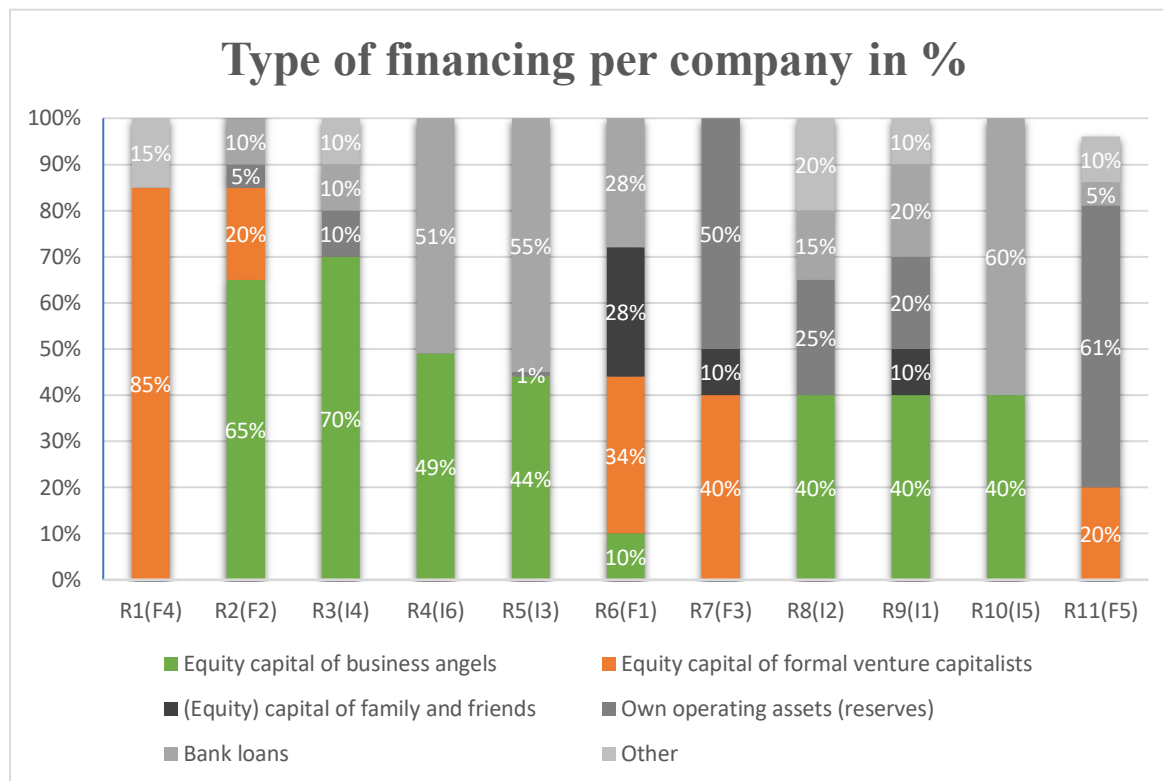
	Respondents		Total
Lack of financial capital (Q10)	To a very small extent	I2; F4	2
	To a fairly small extent	F5	1
	To a small extent		0
	Neutral		0
	Somewhat	I5	1
	To a fairly large extent	I3,4,6; F1,3	5
	To a very large extent	I1; F2	2

Table 5 Lack of financial capital

Moving forward to the investment details, Figure 1 below ranks the participating start-ups from the ones with the most equity capital, both formal and informal venture capital, to the start-ups with the least amount of equity capital, in percentages. As can be seen in the legend, the green and orange bars are the portions of equity venture capital, and the grey bars are other funding and will be disregarded.

The six start-ups funded by informal venture capitalists are funded for at least 40% external equity. The start-ups funded by formal venture capitalists are at least funded for 20% by external equity or more by formal venture capitalists. Looking at the overview below, you will see that three start-ups stand out. I4 is funded for 70% by informal venture capitalists, F4 is funded for 85% by formal venture capitalists and F2 is funded for 65% by informal venture capitalists and 20% by formal venture capitalists, making up 85% of venture capital. A

significantly higher proportion than all the other start-ups. Both I4 and F4 had a start-up capital of €100.000 or more, and F2 had a start-up capital between €10.000 and €25.000.



*Figure 1 Type of investments per company*

## 4.2. The influence of investors on young companies

In the following section, the results from the interview will be discussed.

According to Leech (2013), the more equity the investor acquires, the more power the investor obtains. Therefore, a distinction is made between the two groups of respondents because it can be expected that an investor's involvement in strategy is related to the size of their financial investment. On the one hand, the start-ups where the involvement of the capital providers is in accordance with their share of the investor's capital, and on the other hand the start-ups where this does not seem to correspond. This is to estimate the impact of venture capitalists, either formal or informal, considering the amount of their investment. After all, the research question concerns the autonomous impact of investors regardless of the size of their investment. The level of influence on the start-ups is determined according to the respondents'



answers from both the survey and interview. As mentioned in paragraph 3.4, answers above four are classified as high influence from their investor. Whenever the respondent scored a 4 but commented in the interview that the influence was high, they were also placed in the latter category. Low influence comes down to those respondents that answered with a four or lower on this 7-point scale. The answers can be found in Appendix 7 B.

The analysis will try to explore to what extent shareholding goes hand in hand with the external contribution to and interference with decision-making.

#### **4.2.1. Influence of investors on start-ups**

The first theme that will be brought to light is the influence of investors on growth strategy. The second theme is the involvement of investors in human resources. The third theme is regarding the access to the investors' network with important relations, contributing to the overall network of the organization but also adding strategic partners. Finally, results regarding the growth performance and satisfaction of the investment are discussed.

#### **The influence of investors on growth strategies**

The first group consists of respondents with a high investment and a high influence or low investment and low influence.

##### *High investment – High influence or Low investment – Low influence*

The first three respondents aimed for high growth or even wanted to become the largest player in the market, as can be seen in Appendix B. Three of those respondents obtained a high investment (more than 50% of the shares) to pursue this ambition and, at the same time, experienced high strategic influence from their investors on growth. For example, on the advice of their investors, F2 concentrated on a specific market segment instead of the market as a whole. F2 said it did not cause any conflicts and saw it as a positive shift: *“Want we moeten toch focussen en ik zie die markt wel zitten, dus daar hebben ze wel enigszins invloed in gehad.”* (F2, Founder, Digital Solution). Furthermore, the investors only in rare cases provided consultancy and support services, which helped him reach his organizational goals better. For respondent F4 and I4 the

investors effectuated changes in strategy, for F4 in finding the right strategy and the development itself, as illustrated by the following quote: *“Ze zijn wel van grote invloed geweest op de strategie, maar dan in het juist neerzetten van de strategie en het ontwikkelen ervan”* (F4, Founder, Artificial Intelligence). For I4 it was more the sophistication of the strategy and targets they had set: *“Er zijn zeker wel momenten geweest dat de stem van de aandeelhouders en hun mening ook mee is genomen en uiteindelijk ook invloed heeft gehad op keuzes die we hebben gemaakt of de route die we hebben gelopen.”* (I4, Manager, Data security). Also, I4 added that the investors sometimes put their foot on the break. That influenced the daily operations through complex decision-making, which negatively impacted operations. Comparable to F2, the investors of I4 did not often provide consultancy services since they stood far away from daily operations and only met during quarterly shareholder meetings. On the other hand, the investors of F4 were frequently involved. *“Zij zijn gespecialiseerd in het begeleiden van early staged startups ... Ze coachen best wel hands-on. Ze hebben hele waardevolle venture advisors.”* For both, the investors helped them reach the organizational goals, they claimed. F2 mentioned that the investors were sometimes demanding. Illustrated by the following quote: *“Dan had ik minder gezeik en doelloze vragen gehad van investeerders.”* (F2, Founder, Digital Solution).

For the following three respondents the growth ambition was also to grow strongly. However, they received a low investment (less than 50% of the shares) and experienced low influence on their growth strategy from the investors. For respondent I3, the investors helped optimize the strategy rather than alter it: *“Het is meer verfijnen en toetsen van de strategie.”* (I3, Founder, Electrical Vehicles). Even though there was not much influence, the investors often provided consultancy and support services. *“Daar geven ze dan adviesmatig hun mening [...] het is niet zo dat zij strategisch de koers bepalen of de doelstellingen zetten.”* Reaching the organizational goals was also better possible due to the investors. However, I3 said that without the investor, they could have made certain decisions regarding strategy and growth faster in the first few phases because of the investors’ interference. The other two respondents experienced a more hands-off approach from the investors. For I2, the investors were not very involved, he said: *“Het is redelijk hands-off vanuit die aandeelhouders gezien ... Ik ben samen met de founder het bestuur. Dus in de praktijk ben ik degene die alles beslist.”* (I2, Founder, Medical equipment). Respondent I1 said he let investors navigate him sometimes. *“Soms laat je je sturen,*

*als je dat zelf wilt*” (I1, Founder, Furniture retail). However, he did not accept any unwilling influence: *“Ik accepteer het gewoon niet.”* For I2, the investors fairly frequent offered advice and consulted on either financial or long-term decisions. He mentions that the investors add more than just money: *“Mooie van angels is dat het mensen zijn die niet alleen geld hebben maar ook input kunnen leveren.”* For I1, that was equal, but he adds that he does not want to work with an investor constantly breathing down his neck. They only need to serve as advisors. Both respondents I2 and I1 were convinced that their goals could be reached because of the investor. However, this was mainly due to the financial contribution: *“Zonder de angels droogt ons kapitaal gewoon op”*. (I2, Founder, Medical equipment).

In summary, the interviews above illustrate how an investor who possesses most of the shares might use their financial interest to support management, ranging from optimizing strategies to even changing marketing strategies. However, that does not alter that a majority shareholder could also disagree with management and interrupt decision-making. For some respondents, the investors caused delays. Others mentioned the investors caused disruptions and asked pointless questions.

In contrast with the above, in the interviews with the owner entrepreneurs backed by minority shareholders (I1, I2, I3), the autonomy of the entrepreneur in relation to the investor pops up. I2: *“So in practice, I am the one who decides everything.”* (I2, Founder, Medical equipment). I1 about unwilling interference: *“I just do not accept this.”* (I1, Founder, Furniture retail). Paraphrasing I3: ‘they do not determine the strategic course or set the objective.’ (I3, Founder, Electrical Vehicles).

Having said this, also minority shareholders might cause divergencies between management and investors, and the dependence on external shares is felt (see I3 above). At the same time, respondents I3 and I2, compared to externally owned firms, seem more moderate about the beneficial impact from a managerial point of view, paraphrasing I3: ‘investors give their opinion and advice without determining strategy. It is more refining and testing’. (I3, Founder, Electrical Vehicles). I2 gives a more ambiguous response. From I2, we learned that investors in terms of management, on the one hand, are relatively uninvolved but simultaneously

offer valuable advice: *“The great thing about Business Angels is that they are people who not only have money but can also provide input.”* (I2, Founder, Medical equipment).

So, while we recognize that the respondents’ answers regarding strategy matters are not always unambiguous and sometimes quite nuanced, the interviews suggest that, compared to the owner-managers, managers of externally owned firms receive more valuable or influential input from their investors at the cost of lesser managerial autonomy and sometimes more significant divergence between management and investors (however, note the response of I2). Consequently, regarding the firms investigated, the above evidence remains to a certain extent indecisive concerning the balance between benefits and costs of calling in external investors. Therefore, with a view to the research question - *To what extent and if applicable, how do venture capital investors affect the growth strategies of start-ups?* - in a second step, cases are analysed in which the impact of external investors on strategy looks uncorrelated to the amount of their financial interests.

#### *Low investment – High influence or High investment – Low influence*

The second group consists of respondents with either a low equity investment and a high strategic influence or respondents with a high investment and a low strategic influence. No respondent could be categorized in *“High investment – Low influence”* group.

Three respondents with a low investment experienced a high strategic influence from their investors. Following the previous groups, these respondents also had the ambition to grow stronger or become the largest player in the market. These were F3, I5 and F5. The other two, I6 and F1, also experienced strategic influence, but less than the first three mentioned. The investors of F3 influenced the strategy on different levels. However, he did say that his management always made the final decision since they hold most of the shares. *“Op moment van investeren, dan hebben ze daadwerkelijk wel invloed. Uiteindelijk is het management wel altijd degene die het bepaalt.”* (F3, Founder, Food & Beverages). For I5 the investors helped them think bigger, which altered their strategy since they were stuck in the day-to-day business structures *“Zeker als je dagelijks bezig bent met de bedrijfsvoering is het makkelijk om in details en structuren vast te komen zitten.”* (I5, Founder, Green Energy). For F5, their strategy changed

compared to their initial plans, but they also mentioned they had a lot of experience themselves. The other two respondents experienced less influence, but for F1 the business model was slightly adapted because of the investors: *“We hebben wel met de VC meerdere keren gesproken over wat is het verdienmodel.”* (F1, Founder, Medical staffing). However, the investors mostly helped optimize the strategy and product. Sometimes with a bit more urge than others, but without any conflicts, he added. *“Als je het echt wil afdwingen, kun je je beroepen op aandelen, daar kom je nooit, maar het kan wel.”* In the case of respondent I6, the influence came forward in (wanted and unwanted) advice from eight different investors, all with their own opinion *“Er is er altijd wel een van de 8 die nee zegt, dus eigenlijk kun je helemaal niks doen.”* (I6, Founder, Clothing retail). However, he also commented that the investor added value to the organization and that they could not have done it without them. Respondents often received consults and advice; they saw this as an added value and used these contributions to grow further. Some say they can call their investor at any time for advice: *“Buiten de normale vergaderingen kunnen we gewoon altijd bellen en over dingen hebben.”* (F5, Founder, Travel Tickets) while others say they expected more of the advisory involvement of the investors: *“dat is minder uit de verf gekomen dan ik in eerste instantie voor ogen had.”* (F1, Founder, Medical staffing). Respondent I5 highlights that the advice given is for their best interest and not something the investor wants to push through. The following quote illustrates this. *“Ze zit dus echt op de achterbank en kijkt over onze schouder mee. Maar nooit op een belerende of een onnodig kritische manier.”* (I5, Founder, Green Energy). This quote clearly shows the separation of both parties. Whereas respondent I6 adds that the advice from the investors is valuable at first but decreases in value as time passes, the ‘wow factor’ disappears. *“Ze blijven geen gouden eieren kunnen bieden. Dan gaat het om nuanceverschillen.”* (I6, Founder, Clothing retail). In the end, the investor did contribute to achieving their organizational goals, he said, as well as all other respondents in this section claimed.

Altogether, results show that investors who do not hold most shares also influence the start-ups’ growth strategy. However, majority shareholders more explicitly interfere with management, while minority shareholders are more on a distance and reserved advisory role. This through consults and working together to find the best and most optimal strategy, using their experience and knowledge. The entrepreneur keeps the final verdict on whether to

implement the change or not. Furthermore, an investment with a minority of shares also seems to avoid conflicts between the investor and entrepreneur, except when many different investors are involved. Last but not least, the value of venture capital decreases as time passes, but nevertheless, they are valuable resources contributing to the firm's overall performance.

Following the results above, we propose the following.

Proposition 1a: Informal and formal venture capitalists will stimulate the client company's initial growth strategy as well as contribute to the organizational goals when they hold the majority of the shares by implementing changes to the growth strategy and offering strategic advice, which causes conflicts regarding autonomy between the investor and entrepreneur.

Proposition 1b: Informal and formal venture capitalists will stimulate the start-ups' initial growth strategy and contribute to the organizational goals by cooperating with the entrepreneur when they hold the minority of the shares and thereby not causing severe conflicts between investor and entrepreneur.

### **The influence of investors on human resources**

#### *High investment – High influence or Low investment – Low influence*

Three respondents received a high investment and, at the same time, experienced high strategic influence from their investors on strategy. To illustrate, respondent F2 experienced influence from their investor on HR, but only in making contacts with new possible employees. However, he added that the current team was ok and that there was no money for new employees: *“Het waren vriendjes van. Maar er was ook geen geld. Dus het kostte alleen maar tijd.”* On the other hand, F4 did receive HR involvement, but it did not benefit. *“Ze hebben wel een paar mensen aangedragen maar daar hebben we niet per se echt veel aan gehad. Maar ik laat wel mensen met hen praten.”* (F4, Founder, Artificial Intelligence). Finally, in contrast to F2 and F4, respondent I4 experienced a minor influence on HR, but nevertheless, the investors brought in a new employee. *“[...] er gaat volgende maand iemand starten die hij heeft aangedragen.”* (I4, Manager, Data security).

The following three respondents received a low investment and experienced low influence on strategy from their investors. Respondent I3 said the investors were present during specific high-placed job interviews and negotiations, contributing with their experience. However, he made the decisions himself. The same applies to respondents I2 and I1. Both did not experience a considerable influence. For I2, the investors recommended hiring a new CTO for a better organizational structure, so they did. However, they sought the CTO themselves. That did not affect any HR policies. For I1, the investors sought new employees, but nothing came out.

To summarize, the results show a minor influence on human resources from the investors. Investors sometimes recommend new employees and or assist in job interviews. The entrepreneurs keep the last word in this process and do not need HR assistance. The influence on HR does not increase when the investors obtain a higher investment, nor are there conflicts.

#### *Low investment – High influence*

There were two respondents in this group where the investors influenced their human resources. The first is I5, where the investor brought in an HR specialist they will work with. *“Met dat contactpersoon gaan we wel verder om meer personeel aan te nemen. En daar zaten wel echt goede dingen tussen.”* (I5, Founder, Green Energy). The second respondent was F5; in the interview, he said the investors did not influence their HR practices. However, they did hire a new CFO because the investor wanted more grip on finance, which indicates they do influence HR. Furthermore, they let them talk to new candidates if needed, but there are no further consequences. *“[...] hebben we ze wel laten meekijken in interviews enzo.”* (I6, Founder, Clothing retail). For F6, the latter applies as well. F3 and F1 did not mention anything noteworthy.

All in all, and equal to the previous group, the influence from investors on HR is small. Nevertheless, recommendations still occur, and the investors also join the interviews. One exception is those that welcomed an HR specialist provided by the investor. However, the final verdict always remains in the entrepreneurs' hands.

Proposition 1c: Informal and formal venture capitalists offer services to strengthen the workforce (including the top management team). However, these services are provided without

obligations, independent of the size of the investment. These services entail advising new possible positions and candidates.

### **The influence of investors on networks**

#### *High investment – High influence or Low investment – Low influence*

Three respondents received a high investment and at the same time experienced high strategic influence from their investor. Respondent F2, e.g., was now and then provided with new strategic- and business relations from the investor. However, he expected more of it while still being satisfied with it. For F4 and I4, this was a different story. Their investors frequently proposed new strategic- and business contacts. This is due to the extensive network, helping the start-ups grow and expand in territories they would typically not get without these contacts. *“Ze hebben zelf best een groot netwerk .... Binnen Nederland, in de overheid en ook in internationals ... dat is heel waardevol.”* (F4, Founder, Artificial Intelligence). *“Zijn netwerk speelt nu een belangrijke rol waar we aan tafel komen. Denk dat hij vooral met het leggen van relaties en uitbreiden van het netwerk ons heel erg geholpen heeft.”* (I4, Manager, Data security).

The following three respondents received a low investment and experienced low influence on strategy from their investors. For the first two, I3 and I2, both investors, helped generate strategic relationships in rare cases. On the other hand, the business contacts were more frequently provided by the investors of I3 but barely for I2. It seems that less does not matter for him: *“Af en toe komt er wel eens een zakelijk contact, vanuit de aandeelhouders, uit het netwerk ... daar ben ik wel tevreden over.”* (I2, Founder, Medical equipment). For the other respondent, I1, the investor now and then helped expand the strategic network and his business contacts network. At the same time, the entrepreneur said he wanted to build a network himself, not lean on the investors' network. *“Ik vind het ook heel fijn om zelf een netwerk op te bouwen.”* and *“Ik heb al mijn tijd die ik had, gestopt in het bouwen van een internationaal partnernetwerk”* (I1, Founder, Furniture retail).

To summarize, the results above show that the respondents with a high investment and high influence experienced very frequent help from their investors regarding their business- and strategic network. This can be devoted to the enormous networks those investors make available



for the entrepreneurs, resulting in contacts they otherwise would not have. On the other hand, the respondents with a low equity investment and a low strategic influence from their investors show that their investors also less often helped them in networking. This might be due to these investors' more hands-off role, but it might also be related to entrepreneurs' willingness to stay independent and autonomous.

#### *Low investment – High influence*

The investors of F3 did not actively contribute to expanding his strategic relations because they were mostly financially skilled and oriented, missing other relevant contacts. However, they frequently contributed to his business network by finding financial contacts. This also applied for respondent F1; he therefore he expected more of the investors' commercial network: *“Ze zitten heel erg op de financiële kant, de zakelijke kant. Daar hebben ze een grotere bijdrage in geleverd dan de commerciële kant ... het commerciële netwerk had ik meer van verwacht.”* (F1, Founder, Medical staffing). Respondent I5 also mentioned that their investors were specialized in a different sector and barely provided any strategic relationships. On the other hand, many business contacts arose from their relationship, still satisfying them: *“Ze kent natuurlijk wel veel mensen en ondernemers kennis, dus op dat vlak kan ze ons wel ondersteunen.”* (I5, Founder, Green Energy). It seemed that respondent I6 said their investor did contribute to both strategic and business relationships but that he preferred to build his network. *“[...] dat moet toch ook wel heel erg vanuit jezelf komen”* (I6, Founder, Clothing retail). Last but not least, respondent F5 was very optimistic about the network contribution from their investors, mainly because their so-called ‘innovation program’ and thereby access to a worldwide network of important contacts. *“Ze hebben een groot netwerk met specialisten.”* (F5, Founder, Travel Tickets). It was helping them to find better contacts continuously.

To recap, almost all the investors contributed very little to the start-ups' strategic networks; it seems that the sector the investors are involved in is of large influence on the ties they have in such a network. However, one of the investors, possessing a so-called worldwide innovation program, helped their start-up with strategic relationships. Moreover, all start-ups profit from the select number of other (business) contacts they got from the investors' network.

Proposition 1d: Informal and formal venture capitalists will stimulate the start-ups' networks more as their equity investment is larger. They offer the entrepreneur their business network to gather new strategic and business contacts.

Proposition 1e: Informal and formal venture capitalists stimulate the start-ups' network in terms of strategic contacts less when their investment is smaller, also depending on the business sector the investor is anchored in. However, business contacts are shared widely, independent of the investment size.

### **The importance of the investors' investment on growth and satisfaction**

#### *High investment – High influence or Low investment – Low influence*

Three respondents received a high investment and at the same time experienced high strategic influence from their investor. The investment itself was necessary for the growth of the respondents where the investors had a majority share. However, arguments were widespread. Respondent F2 said it helped them grow, but his previous investment was more important because of the earlier phase. They also said their growth lagged behind their expectations. For F4, the money was crucial for their development. They needed it primarily for hiring good employees that could work on their product: *“Zodat we goede mensen kunnen aannemen zodat we eraan kunnen werken.”* (F4, Founder, Artificial Intelligence); however, they wanted to grow stronger. I4 said they were depended entirely on the investors' funding since they had no assets themselves. All three were unanimous about the fact that without the investors, their organization would have taken a different (strategic) course as well as that the added values, besides the financial investment, were worth a lot, illustrated by the following quote: *“Ik zou oprecht zeggen dat het evenveel, als niet meer, waard is, dan het geld.”* (F4, Founder, Artificial Intelligence). Respondent I4 even mentioned he thinks they would not exist anymore without the investors. *“Ik denk eigenlijk dat we dan niet bestaan hadden, of in elk geval niet in de huidige vorm.”* (I4, Manager, Data security), this was further substantiated by the fact that they grew harder than expected. However, F2 said he could have done it without the investor when the financial part would have been left out. He only went for the financial contribution, not the investors' knowledge; they already got that from the previous investors.

The following three respondents received a low investment and experienced low influence on strategy from their investors. For both I3 and I2, the investment seemed crucial for the growth and development of their product. I2 illustrated this by saying: *“we hebben geld nodig om ons werk te kunnen doen ... het gross van de kosten gaat zitten in het design en engineering gedeelte.”* (I2, Founder, Medical equipment). I2 also claimed that their growth was beyond expectations, which also applied to respondent I1. However, in contrast to I2, the investment was less important for I1's growth since he had multiple financing options. All respondents further agreed that they would use this type of funding once again. I1 and I3 also mentioned that the course of their organization would be different to a large extent without the investor. For I3, the informal investors were their only way of funding due to the lifecycle stage. I1 simply added that they would not be able to buy such large quantities of products without the investment. Only I2 thought the effects of the investors were small.

To recap, the investment seems vital to all respondents, both the financial investment and the other added values from the investor. Furthermore, those who experienced high strategic influence from their investor also claimed the course of their company would have been different without the investor. However, it brought a lot more hassle and unwanted advice in some cases. In other cases, the investors were even worth as much as, if not more, than the investment itself because of their expertise, the respondent mentioned. Highlighting the pros and cons. Moreover, found is that the type of investor can depend on the life cycle the start-ups are in. IVCs tend to invest sooner than FVCs. For those who experienced low influence from their investor, the investor influenced the company's course less, while results show the investment itself was crucial for growing the business.

#### *Low investment – High influence*

The investment was significant for all respondents and helped them broaden their growth possibilities. *“Dat was echt om de groei mogelijk te maken.”* (F1, Founder, Medical staffing). However, he also said their growth was slightly behind expectations but could also be because entrepreneurs often set their targets too high. I5 said it gave them a jump of about 8-years in growth and created an exceptional possibility in achieving the organizational objectives, which were above expectations, highlighting the advantage they got. *“Dat betekent eigenlijk dat we een*

*soort sprong hebben gemaakt in de groei. Ineens 8 jaar vooruit, overgeslagen.*” (I5, Founder, Green Energy). Others commented that they were depended on outside funding: *“Zonder kapitaal was het niet van de grond gekomen in de mate waar we nu zijn.”* (F1, Founder, Medical staffing). According to I6, they needed the investment to overcome specific periods of lower sales and to invest in high-quality personnel, but at the same time had to think about the percentage of shares they gave away, not willing to give up control. Growth was in line with their expectations, however. The most remarkable answer was from F5, mentioning that the formal venture capitalist itself was even, if not more important to them because of their network and contacts, emphasizing the importance of their resources. *“Als we niet met hun in zee waren gegaan, dan waren er andere opties geweest [...] geld is er in principe voldoende, alleen tegen welke voorwaarde ... wij zoeken welke partijen los van het geld ook ons netwerk kunnen meenemen.”* (F5, Founder, Travel Tickets). The contribution of the investors also made sure their growth was above expectations. However, on the other hand, respondent F3 was less optimistic about the investor, stating the money was important, but where it came from was not. He therefore claimed it barely contributed to their objectives, and growth stayed strongly behind expectations due to wrong assumptions in consumer demand. F3 admitted the course of his organization would be different without the investors, which the other respondents also said—illustrated by the following quote: *“Denk dat we veel minder hadden gefocust. Minder opportunistisch gehandeld. Minder vanuit een strategie.”* (I6, Founder, Clothing retail).

To close up, all five respondents said their investment was important and made it possible for them to grow further. Besides, several respondents said that without the investors, their organizations would have gone a different course due to the financial investment they needed and the added value of these investors. In particular, the investors’ network allows the entrepreneurs to gather a significant amount of intel and help. However, this depends on which investor you will bring in since not all investors are a perfect match. Moreover, some will bring more hassle than others.

Proposition 1f: Informal and formal venture capitalists will stimulate the start-ups’ growth possibilities through financial and non-financial investments that deviate from the start-ups’ (strategic) course. These deviations increase when the investment is high and decrease when it is low, without giving up the added values they offer for the start-ups’ growth.

### **4.3. Informal venture capital versus formal venture capital**

In paragraph 4.3, the first results are discussed. However, there has not been a distinction yet between the influence of informal- and formal venture capitalists. This paragraph makes the distinction between the two venture capitalists. Therefore, the investment size percentages deviate from paragraph 4.3, where informal and formal are summed up.

Since it again can be expected that the equity share of the investment is related to the extent of power the investors have, respondents with about the same equity size are grouped. The first group consists of respondents where the investors have the majority of shares in hand. The second group consists of those respondents where the investors have the minority of shares.

#### **4.3.1. Influence of informal venture capital vs formal venture capital**

In this paragraph, the two types of investors, informal and formal venture capitalists, are discussed regarding their influence on start-ups.

#### **Entrepreneurs that acquired an equity investment giving the investors the majority of shares**

The first results are regarding the respondents where the investors have the majority of shares. These are F4, with 85% investment, and I4, with 70% investment. Respondent F4 states the investor had a large influence; however, it had more to do with developing strategy rather than adjusting it. On the other hand, respondent I4 said the investor influenced their strategy; their opinions were valued and considered in developing the strategy. Also, some signs of conflict were seen at the start-up of I4: the investors slowed processes down, resulting in a slightly negative impact. Furthermore, F4 received consultancy service on a very frequent basis together with a hands-on approach, where the investors actively participated. For respondent I4, this was only now and then, during the quarterly shareholder meeting. On the aspect of HR, both experienced some influence on HR, and both their investors suggested several candidates. For F4, nothing came out, but for I4, they acquired a new employee last year. Regarding the strategic relations, both respondents claimed their investors on a frequent basis provided new strategic leads and business contacts. Both were very satisfied with this due to their valuable network.

Results also tell us that both respondents found the investment important. They said it was needed to acquire the realized growth. Last but not least, both respondents agree that their organization would be in a different place if the investors were not on board. Both the financial investments were important, but F4 also highlighted that knowledge was as, if not more important than the financial investment

To conclude, results show that both start-ups experienced influence from their investor on their growth strategy, slightly more for the start-up funded by the formal venture capitalist. Furthermore, the informal investor caused some minor conflicts by slowing down processes. Consultation services were given frequently but more frequently by formal venture capitalists. For human resources, the informal venture capitalist achieved slightly more. Moreover, both investors frequently proposed new strategic- and business contacts and ensured both start-ups grew. The start-up funded by the formal venture capitalist appeared to profit more from the added values.

We find the following two propositions:

Proposition 2a: When obtaining the majority of shares, the formal venture capitalists outpace informal investors to influence the start-ups' growth strategy, resulting in more intensive strategy consultation and decision-making advice. However, the informal venture capitalists show more signs of conflict than the formal venture capitalist, slowing down processes and decision making.

Proposition 2b: When obtaining the majority of shares, the informal venture capitalists show more influence on human resources than the formal venture capitalists, resulting in personnel hired on recommendation from the investors.

### **Entrepreneurs that acquired an equity investment whilst holding the majority of shares themselves**

The following paragraph consists of the respondents who hold most of the shares themselves. These are, in order according to the percentage of equity, for informal venture capitalists, I6, I3, I2, I1, I5, and for formal venture capitalists, F3, F1, F2 and F5. Since both groups are relatively large, the data is clustered per type of investor. Possible differences are described afterwards.

For the informal respondents, I6 says to have experienced somewhat an influence and explains the investors have given wanted and unwanted advice, also partly because there were eight investors involved, of which there was always one to say “no”. I3 said the investors did not influence their strategy, it was more about refinement than change: *“Het is meer verfijnen en toetsen.”* (I3, Founder, Electrical Vehicles). For I2, the investors also did not influence their strategy; they had a hands-off approach: *“Het is redelijk hands-off vanuit die aandeelhouders gezien ... Ik ben samen met de founder het bestuur.”* and *“Mooie van angels is dat het mensen zijn die niet alleen geld hebben maar ook input kunnen leveren.”* I1, on the other hand, experienced some small influence from the investor but made clear that he does not let the investors decide if he does not want to. I5, however, experienced a large influence from the investor, but according to his statements in the interview, the investor took on a consulting role: *“Ze zit dus echt op de achterbank en kijkt over onze schouder mee. Maar nooit op een bekerende of een onnodig kritische manier.”* On human resource aspect, I6 said the influence was small. Furthermore, I3 and I1 said there was somewhat influence on their human resources policy, as well as for I2. I5 said they experienced a big influence from their investor. Regarding the influence on network and innovation, two respondents state their investor now and then plays a role in strategic cooperation relationships, while three respondents state it happens in rare cases. One is even dissatisfied with their role; others are slightly satisfied. On the other hand, two out of five informal investors play a more active role in regular business contacts. The three others now and then provided business contacts; all were satisfied. The last section is about the growth performance and satisfaction. Results show that the financial investment was important to all, as well as that the investor broadened the growth possibilities. However, results about whether or not the organization would have been going a different course without the investor are mixed. Two respondents said their organization would have been different to a small extent, two said to a very large extent, and one respondent said it would be somewhat different. Nevertheless, all respondents would use this type of investor again in the future.

The formal venture capital-funded respondents have slightly different results. For F3, the influence was rather large since investors did influence their strategy at the moment of investing; he said: *“Op moment van investeren, dan hebben ze daadwerkelijk wel invloed.”* (F3, Founder, Food & Beverages). However, their management stayed in charge. Furthermore, F1 experienced

some influence from the investors; now and then they went into discussion with them about certain strategic aspects. However, it never came to the point where they had to enforce their control of the firm. Respondent F2 also experienced some influence from the investors; because of the investors he penetrated a specific industry they thought was profitable for his business: *“We moeten toch focussen en ik zie die markt wel zitten, dus daar hebben ze wel enigszins invloed in gehad.”*. He also added that the investors sometimes were a liability, causing unnecessary worries. Finally, F5 experienced strong influence from the investor. One of the aspects in which that was visible is that they have hired a new CFO because of them. The influence on human resources from the investors was, in all four cases, very small. Only respondent F5 said they let the investor talk to new candidates, but they do not decide. Furthermore, for respondent F3 the investor did not contribute to strategic relationships. However, he did contribute to generating normal business relations. For F1, it seems the investors, in rare cases, played a role in the strategic relationship aspect. The investor now and then assisted with business contacts, but not as much as the respondent expected. For respondent F2, both strategic relations and business contacts were offered only now and then, causing mixed satisfaction. F5, on the other hand, was the only respondent that was very satisfied with the role their investor played in strategic relationships. His investor also was very active in generating new business contacts. In terms of what the investment itself was worth, all respondents claimed it was important for their growth and development. Going further to what extent the investment has contributed to the growth opportunities, two respondents said it was excellent; one respondent found it good. However, respondent F3 said they barely broadened their growth possibilities. Second to last, three out of four respondents said the course of their organization would have been different without the investor. Only one respondent believed this would not be the case since another investor could provide the same. Finally, three of the four said they would do business again with this type of investor. Only F3 said he would not do business again with the same investor because of the single investment round they provided.

To summarize, the start-ups above, funded by informal venture capitalists, show that they experience less influence on their strategy than those funded by formal venture capitalists. The start-ups funded by informal venture capitalists also show they are in charge, even though the investors attempt to influence the start-up. However, these attempts can cause delays and other



disturbances. This also applied to the start-ups funded by formal venture capitalists. For HR, the start-ups funded by informal venture capitalists show more influence. When it comes to networks, it is found that the formal venture capitalists generate more contacts for the start-ups, both in strategic and business contacts. The investment was more important for the start-ups funded by informal venture capitalists; that group also claimed they got more out of the investment than those funded by formal venture capitalists, making them a vital resource.

The following propositions are derived from the results above:

Proposition 2c: Formal venture capitalists outpace informal investors to influence the start-ups' growth strategy, even when the start-up holds the majority of shares by changing the focus market and strategy.

Proposition 2d: Start-ups funded by either formal or informal venture capitalists and hold the majority of shares themselves do not accept unsolicited strategic interference from either one of the investors. However, when the investors try to do so, conflicts can arise and cause delays or other disturbances.

Proposition 2e: While the entrepreneur owns most shares, formal venture capitalists outperform informal venture capitalists when generating contacts on both strategic and business levels because of their more extensive network, which is mostly globally oriented.

Proposition 2f: Informal venture capitalists with a minority investment outperform formal venture capitalists in added value. Start-ups attach more value to the resources of an informal venture capitalist since they work more closely with the entrepreneur than the formal venture capitalist.

#### **4.3.2. Criticism towards formal venture capitalists**

Several respondents, funded by informal venture capitalists, commented that they did not want to do business with formal venture capitalists. They found the financial drive behind the formal venture capitalists too obvious. These critics were not present for informal venture

capitalists. This can be illustrated with the following quotes. (Angel = informal venture capitalist and VC = formal venture capitalist).

*“Ik heb het gevoel dat daar, en uiteindelijk zit er bij iedereen natuurlijk een financiële drijfveer achter, maar ik vind die bij de VC iets te obvious.”* (I2, Founder, Medical equipment)

*“Bij VC heb ik een bepaald beeld, dat ze met name vooral en alleen op zichzelf gericht zijn en niet zozeer de koers van de onderneming, en de ondernemer erachter zal ze echt een worst wezen om het alleen maar om de getallen gaat, en bij een angel heb je die persoonlijke band.”* (I1, Founder, Furniture retail).

*“Eigenlijk waren we nooit interessant genoeg voor VC's. ... maakt niet uit dat je geen winst hebt, maar je moet wel een bepaalde groei doormaken ... als je dat niet kan laten zien, ben je niet interessant en kom je bij Angels terecht. Die kijken ook meer naar het verhaal eromheen.”* (I4, Founder, Data security).

Furthermore, another important side note is that the investors you attract also depend on the life cycle stage.

*“Ik denk dat juist een ondernemer/angel heel erg betrokken is bij de eerste stappen, en naarmate een bedrijf groter wordt, een venture capitalist komt, die kijkt ook wat meer naar de kengetallen, en waar geld bij moet om te zorgen dat het harder gaat. Angel is meer startup fase en VC meer scale-up fase.”* (I3, Founder, Electrical Vehicles).

## 5. Conclusion and discussion

This chapter will start with a summary of the research. Second, the answers to the sub-questions are given, followed by the answer to the overall research question. After that, the findings will be interpreted and compared with what has been found earlier about the subject in the literature. Third, the results' theoretical, practical, and managerial implications are given. Finally, the opportunities for future research and the limitations will be stated.

### 5.1. Research summary

According to the literature, informal and formal investors are essential in the life cycle of start-ups to overcome their knowledge and financing gaps (Clarysse & Bruneel, 2007; Fraser et al., 2015; Kollmann et al., 2016; Van Osnabrugge & Robinson, 2000). Both informal and formal investors are equity investors. They offer several advantages to start-ups, such as a network with important connections, practical services, coaching abilities (Fried & Hisrich, 1995) and knowledge and experience (Gans & Stern, 2003; Teece, 1986). However, these formal and informal investors might also bring several disadvantages for the entrepreneur, especially regarding strategy and control (Angels, 2004; Fiet, 1995; Goldfarb et al., 2007; Jiang, 2020; Leech, 2013; Wiltbank et al., 2009).

To achieve more in-depth knowledge about this subject and the influence of IVCs and FVCs, the following research question needs to be answered: *To what extent and if applicable, how do venture capital investors affect the growth strategies of start-ups?*

The following two sub-questions have been derived from the main research question:

1. If applicable, how do venture capital providers affect growth and growth strategies from start-ups if compared to the initial growth and growth strategies of start-ups?;
2. If applicable, how do informal venture capitalists affect growth and growth strategies of start-ups differently than formal venture capitalists?

A qualitative study is performed with 11 interviews, containing both closed- and open-ended questions, involving respondents funded by either informal- or formal venture capitalists. The interviews were transcribed, sorted per theme, coded, and clustered. The results are shown in chapter 4, followed by the conclusion.

## **5.2. Answering the research question**

This paragraph will formulate the answer to the research question and is structured according to the two sub-questions in this research paper. In the first subparagraph, the first research question will be answered. Then, the second research question will be answered in the second subparagraph, and lastly, the main research question will be answered.

### **5.2.1. Influence from investors**

The first sub-question of this research is: *If applicable, how do venture capital providers affect growth and growth strategies of start-ups if compared to the initial growth and growth strategies of start-ups?*

All 11 cases suggest that the start-ups in this report, funded by informal and formal venture capitalists, experienced strategic influence within their organization from their investors. The investors influenced the growth strategy by implementing changes alongside giving strategic advice when holding the majority of the shares. This might cause conflicts between the investor and entrepreneur when they disagree. When the investors do not hold the majority of shares, entrepreneurs keep more autonomy. However, changes in the strategy still occur by influencing the entrepreneurs' decision-making processes through cooperating and following the advice of the investors. Most of the influence mentioned above comes from the fact that the investors want to develop and optimize the strategy. However, some investors use a more direct influence (e.g., industry focus). Furthermore, the investors offer services to improve the workforce but barely influence the human resource policies within the organization. The investors also contribute to the strategic and business network of the entrepreneurs by opening their network and making contacts across industries. Therefore, a higher investment also leads to more gains from the investors' strategic network. Compared to the strategy at the time of the founding, a higher investment (minority- vs majority shares) from an investor causes a more significant deviation in

the (strategic) course of the start-up. Furthermore, the investors contribute to expanding the growth possibilities of the start-ups because of their resources.

To conclude, results show that strategies from start-ups deviate from their original strategies due to the influence of informal and formal venture capitalists. In the most extreme cases, the influence of investors results in a change in industry focus. However, most of the changes are revising the current strategy and expanding the start-ups' network.

### **5.2.2. Difference in influence between both investors**

The second sub-question of this research is: *If applicable, how do informal venture capitalists affect growth and growth strategies of start-ups differently than formal venture capitalists?*

The results show that formal venture capitalists outpace informal investors in terms of strategic influence, regardless of the investment size. This influence translates into a more intensive strategy and decision-making process where the formal investor helps the entrepreneur develop the strategy. However, entrepreneurs do not accept unsolicited interference when holding the majority of shares themselves. The informal investor takes on more of an advisory role, being more in the background. Somehow, this causes more conflicts between entrepreneurs and investors than formal venture capitalists. Moreover, formal venture capitalists do not outpace informal investors regarding human resources. An unexpected finding is that informal investors suggest candidates and participate in job interviews to a greater extent than formal investors. Furthermore, formal investors play a more frequent role in generating strategic relationships and business contacts, resulting in higher satisfaction, probably because of their extensive network. The results also suggest that start-ups funded by informal venture capitalists find the financial investment slightly more important. This might be due to the earlier phase these investors invest in, which is a more crucial phase for survival. It is also found that the start-ups funded by informal venture capitalists profit more from the growth accelerating values of the investors than the start-ups funded by the formal venture capitalists, possibly because of the more personal relationship. Last but not least, compared to the strategy the start-ups had at the time of founding, formal venture capital-funded start-ups seem to experience a larger deviation in their growth strategy than the informal venture capital-funded start-ups.

To conclude, it can be said that in this research, start-ups funded by formal venture capitalists experience more strategic influence from investors than start-ups funded by informal venture capitalists. This difference can be explained by saying that formal venture capitalists play a more frequent role in generating strategic and business relations and are more involved in formulating the strategy. The formal investors influence the strategy by developing and optimizing it with the entrepreneurs. In contrast, informal investors take on more of an advisory role and help with many other aspects of business besides strategy. However, the added resources of the informal venture capitalist are seen as more important than those of the formal venture capitalist.

### **5.2.3. Venture capital providers impact growth strategies**

Now that the sub-questions are answered, the answer to the main research question can be formulated. The main research question is: *To what extent and if applicable, how do venture capital investors affect the growth strategies of start-ups?*

Investors, both informal and formal venture capitalists, influence the strategy of start-ups that participated in this research, and both influence the start-up in different ways. However, results pointed out that formal venture capitalists influence the start-ups' strategy to a higher extent than informal venture capitalists. This means the formal venture capitalist is in the driver's seat together with the entrepreneur to develop and optimize the strategy. The formal venture capitalist also offers strategic relations and business contacts more frequently and, in addition, helps to expand the start-up and brings on more knowledge and strategic expertise. At the same time, the informal venture capitalist might be more on the car's back seat, so to say.

It can be said that venture capital providers cause deviations in the strategies of their client firms. For the start-ups involved in this paper, strategies were not wholly altered. However, the start-ups tried to find the most optimal strategy for both parties together with the investors, even when the investors had the majority of the shares in hand. Therefore, the strategic influence from investors is less than expected beforehand but still exists.

Altogether, venture capitalists deviate client firms' growth strategies. This can be optimizing the strategy and increasing growth performance or, in the most striking case, shifting the focus to a particular industry.

### 5.3. Theoretical implications

This study contributes to the growing literature about start-ups and the influence of informal and formal venture capital financing on growth strategies from start-ups (Chemmanur & Chen, 2014; Fairchild, 2011; Goldfarb et al., 2007; T. F. Hellmann et al., 2015; Leshchinskii, 2003).

The literature (Clarysse & Bruneel, 2007; Fraser et al., 2015; Kollmann et al., 2016; Van Osnabrugge & Robinson, 2000) and the results of this research reveal that IVCs and FVCs are important ways of funding for start-ups. The results also show that both IVC and FVC offer more than just a financial investment (Fried & Hisrich, 1995), such as knowledge and a network. This is seen as a highly added value service by all respondents. However, evidence was found in the literature that these IVCs and FVCs also brought several disadvantages. These disadvantages were not found or perceived by the respondent as disadvantages. In the literature, authors argued that a venture capitalist might take over a firm because of the equity investment, which is only possible when the investor has more than 50% of the shares. Of the respondents who sold more than 50% of their shares, I4 and F4 said it was a good investment. Otherwise, they would not have been able to grow as they do now. This might also justify why the earlier research stated that start-ups chose equity over debt because of the added value from investors (Paul et al., 2007) instead of the traditional argument that start-ups prefer debt over equity (Meyers, 1984) because they do not want to give away control in their firm. Additionally, the results did not show any signs of conflicts with or hostile takeovers by investors as stated in theory (Fiet, 1995; Young et al., 2008). Furthermore, there are cases where the agency theory comes forward, as read in the previous chapter. However, the resource-based view overshadows the agency conflicts because it seems the entrepreneurs find the added value more vital since it helps their firm grow in a way they otherwise would not have achieved.

Moreover, results show that all respondents experienced some strategic influence. None of the respondents said that the investors had no influence. This influence can take place on several business aspects. For decision-making processes and management (Arthurs & Busenitz, 2006; T. Hellmann & Puri, 2000), the results align with the literature, and both investor groups are involved in decision making. Results also show that when the IVCs offer a specific service at a deficient level, the respondents are less satisfied than when FVCs offer a service at a deficient

level. This can indicate that start-ups funded by IVCs are also expecting more from their investor than start-ups funded by FVCs. In contrast to the literature that says there is a significant influence on human resources (e.g. recruiting and recommendations) (Fredriksen et al., 1997; Gorman & Sahlman, 1989; Macht & Robinson, 2009; Zider, 1998), the results point out that there was only a small influence from both investor groups, where the IVCs have the most influence, against expectations. Investors did nominate candidates, but they did not hire or fire anyone themselves. The results are somewhat in line with the literature on strategic relations and innovation (e.g. building ties for development) (Busenitz et al., 2004; Kortum & Lerner, 2001). However, the influence is fairly low. Both investors generate strategic relationships by introducing experts and specific innovation programs, contradicting the literature since the results show that FVCs contribute more to the start-up's network than IVCs. This might be because FVCs have a more extensive network and can therefore offer more connections. Moreover, IVCs are more frequently involved than the FVCs because they are more closely connected to the firm and entrepreneur than FVCs (Leshchinskii, 2003). However, this does not mean their network is also more valuable.

When looking into the possible differences between IVC and FVC, the differences found in the literature are substantial and mainly regarding their motivation to invest. Where IVCs want to add value, help other entrepreneurs, make a profit, and are closely connected and involved with the start-up, the FVCs are more guided by profits only and often join the management board. In the results differences are found, however, they are not as big as the literature described. Several respondents mentioned that their FVC is also closely involved and adds much value, which contradicts the literature, saying that FVCs do not actively participate. Moreover, these investors also influence the start-up. From the literature, it appears that both investors influence the strategies of start-ups but that IVCs demand less control than FVCs (Goldfarb et al., 2007). As stated earlier, formal venture capitalists are highly involved in formulating business strategies (Gorman & Sahlman, 1989; Leshchinskii, 2003; Sapienza et al., 1996). This is further supported by Fredriksen, Olofsson, & Wahlbin (1997). What stands out is that the respondents funded by the formal venture capitalists are not pessimistic about the venture capitalists. However, the respondents of the informal venture capitalists do have negative thoughts about formal venture capitalists. This means that agency theory is not as present as the



theory showed before in these cases and could mean that investor-entrepreneur relations became softer. The entrepreneurs' judgments about these formal venture capitalists are that they mainly focus on the financial- and growth numbers, are less involved with the (daily) business and have a more self-centred view. The assumption that informal venture capitalists are more personally involved is also found in the results. Even a respondent funded by formal venture capital endorsed this by saying he would go for the informal venture capitalists if they had the same investable financial resources because of their (higher) added values.

#### **5.4. Practical and managerial implications**

This study aims to determine the influence on growth strategies of informal and formal venture capitalists. Moreover, a better understanding of why start-ups choose a specific funding method is desirable to see if there are any misinterpretations about the venture capital funding options.

This study found that informal and formal investors influence strategies and other aspects of a start-up once they have invested. Indications are also found that formal venture capitalists have more influence than informal venture capitalists and that informal venture capitalists have a closer and more personal connection with the entrepreneur. However, literature pointed out that formal venture capitalists were not closely involved. Despite that, the results of this study show otherwise, in which the formal venture capitalists interfere more in other than strategy-related business, which means that instead of only the informal venture capitalists, the formal venture capitalists can also play an active role in their investment and offer advice to the entrepreneur. This is an essential finding that start-ups entrepreneurs should consider when choosing their venture financing option. Furthermore, the interviews showed that the informal venture capital-funded respondents had a negative image of the formal venture capitalists. Based on the findings from the formal venture capital-funded respondents, the opposite appears to be proven in some cases.

#### **5.5. Limitations and opportunities for further research**

This paragraph describes the research's limitations and several future research options.

A limitation of this research is that the start-ups operate in different business sectors and are also in different life cycle stages. Therefore, their growth, need for financing etc. are different. Furthermore, investors also might behave differently in the different sectors/life cycle stages. Therefore, future research should investigate start-ups in the same industry and life cycle stage with likewise investors to exclude other variables that might affect the results.

Another significant limitation is that research has only been carried out from the start-ups' perspective. Perspective and motives from investors are thus not considered. The reason why investors exercise influence might also have something to do with their motivation to invest and their background and experience. It might be worthwhile to conduct a study where both entrepreneur and investors' perspectives are considered.

Furthermore, future research might want to test the results on a larger scale by conducting a quantitative study. The findings of this study can be used as a basis for further research to strengthen the results and contribute to the theory about investors and start-ups.

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## 7. Appendices

### Appendix A: Interview guideline

#### Inleiding interview

Hartelijk dank dat u wilt deelnemen aan mijn onderzoek. In het kader van mijn masterscriptie Innovation & Entrepreneurship aan de Radboud Universiteit doe ik een onderzoek naar de invloeden van Venture Capital op de (groei)strategieën van start-ups en jonge ondernemingen.

Heeft u op voorhand nog vragen over het betreffende onderwerp?

In het onderzoek richt ik mij op start-ups, business angels en venture capital financiering; wat de mogelijke invloeden zijn van deze Venture Capital bedrijven op de koers die start-ups varen. Hier zal ik u dus een X tal vragen over stellen.

Het interview duurt naar verwachting zo'n 45 minuten. Ik zal de antwoorden die u geeft uitsluitend gebruiken voor onderzoeksdoeleinden, deze zullen absoluut niet verder verspreid worden. Mocht u willen, dan zal uw naam volledig geanonimiseerd worden. Na afloop van het interview wordt deze getranscribeerd en nogmaals toegestuurd ter controle, tenzij u aangeeft dit niet nodig te vinden.

De hoofdvraag van dit onderzoek luidt:

*“To what extent and if applicable how venture capital investors affect growth strategies of client firms”*

*Of*

*“Als er sprake van is, in hoeverre venture capital investeerders de groeistrategieën van cliënt bedrijven beïnvloeden”*

## **Interviewvragen ondernemers:**

### **Interview**

- Nogmaals korte inleiding geven
- Dank voor medewerking en tijd
- Op voorhand nog vragen?

### **Inleiding**

1. Wat is uw naam?
2. Kunt u een korte omschrijving geven van de kernactiviteiten van dit bedrijf?
3. In welk jaar is dit bedrijf opgericht?
4. Door hoeveel personen is het bedrijf opgericht?
5. Bent u oprichter of mede-oprichter van dit bedrijf?
6. Wat was uw werkstatus voorafgaand aan de oprichting van dit bedrijf? Was u werkzaam in loondienst, zonder werk, zelfstandig, studerend?
7. Indien werkzaam in loondienst, wat was de kernactiviteit van de organisatie waarbij u werkzaam was?
8. Wat was de aanleiding of reden voor de oprichting van dit bedrijf?

### **Vragenlijst**

# **Startups en Venture Capital**

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#### **Start of Block: Inleiding**

V1 Beste lezer,

Hartelijk dank dat u wilt deelnemen aan mijn onderzoek. In het kader van mijn masterscriptie Innovation & Entrepreneurship aan de Radboud Universiteit doe ik een onderzoek naar de



Venture Capital voor start-ups en jonge ondernemingen.

Het invullen van deze vragenlijst duurt ongeveer 10 minuten. Tijdens het interview zal ik wat dieper ingaan op de antwoorden die u gegeven heeft.

Alle gegevens worden uitsluitend gebruikt voor onderzoeksdoeleinden en zullen niet verder verspreid worden. Tevens wordt alle data geanonimiseerd. Uw naam en bedrijf zullen dus niet terugkomen in het rapport.

Nogmaals dank voor uw deelname.

Mocht u vragen hebben naar aanleiding van deze vragenlijst, dan ben ik te bereiken op: Email: [marijndebaas@outlook.com](mailto:marijndebaas@outlook.com) Telefoon: +31 (0) 6 422 97 308

Met vriendelijke groet, Marijn de Baas

End of Block: Inleiding

---

Start of Block: Inleidende vragen

V2 Allereerst wil ik u vragen om uw naam en onderneming hieronder in te vullen. Dit om de juiste antwoorden bij de juiste onderneming te kunnen plaatsen.

Gegevens zullen uitsluitend voor dit onderzoek gebruikt worden en worden niet verder verspreid. Ze worden daarnaast geanonimiseerd in het eindrapport.

---

V3 Wat is uw naam?

---

---

V4 Tot welke deelnemende onderneming behoort u?

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End of Block: Inleidende vragen

---

Start of Block: Ontwikkeling van het bedrijf

V5 In dit blok stel ik u een aantal vragen over de ontwikkeling van uw bedrijf.

---

V6 Hoe groot was ten tijde van de oprichting van het bedrijf het streven van uw bedrijf om de daaropvolgende jaren te groeien? *(kruis het meest toepasselijke antwoord aan)*

- ☐ Ons streven was om de grootste speler worden (1)
- ☐ Ons streven was om sterk te groeien (2)
- ☐ Ons streven is groei (3)
- ☐ Ons streven is een gezonde bedrijfsvoering, eventueel met groei (4)
- ☐ We streven niet naar groei (5)

Kunt u dit toelichten?

---

V7 Hoeveel medewerkers zijn er werkzaam in dit bedrijf op dit moment, uzelf inbegrepen?

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V8 Hoeveel waren dat er vijf (indien uw organisatie langer bestaat, 7-10) jaar geleden?

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---

V9 Hoe oordeelt u over de groei van dit bedrijf in vergelijking met uw ambitie ten tijde van de start?

In vergelijking met onze ambitie en verwachtingen ten tijde van de oprichting is de groei en ontwikkeling van het bedrijf

- ☐ Sterk achtergebleven (1)
  - ☐ Tamelijk sterk achtergebleven (2)
  - ☐ In geringe mate achtergebleven (3)
  - ☐ Overeenkomstig onze verwachtingen (4)
  - ☐ In geringe mate boven verwachting (5)
  - ☐ Sterk boven verwachting (6)
  - ☐ Kunt u dit toelichten?
-

V10 In welke mate heeft uw bedrijf de voorbije vijf (indien uw organisatie langer bestaat, 7-10) jaar op enig moment te kampen gehad met een gebrek aan de beschikking over financieel kapitaal?

- ☐ In zeer geringe mate (1)
  - ☐ In tamelijk geringe mate (2)
  - ☐ In geringe mate (3)
  - ☐ Neutraal (4)
  - ☐ Enigszins (5)
  - ☐ In tamelijk grote mate (6)
  - ☐ In zeer grote mate (7)
  - ☐ Kunt u dit toelichten?
-

V11 Hoe oordeelt u over de ontwikkeling van het aantal potentiële klanten en afnemers van uw bedrijf in de voorbije vijf (indien uw organisatie langer bestaat, 7-10) jaar?

- ☐ Zeer ontevreden (1)
  - ☐ Tamelijk ontevreden (2)
  - ☐ In geringe mate ontevreden (3)
  - ☐ Neutraal (4)
  - ☐ In geringe mate tevreden (5)
  - ☐ Tamelijk tevreden (6)
  - ☐ Zeer tevreden (7)
  - ☐ Kunt u dit toelichten?
-

V12 In welke mate zijn de zakelijke contacten van uw bedrijf met afnemers of potentiële afnemers in de voorbije vijf (indien uw organisatie langer bestaat 7-10) jaar toegenomen?

- ☐ Niet of nauwelijks toegenomen (1)
  - ☐ In geringe mate toegenomen (2)
  - ☐ Enigszins toegenomen (3)
  - ☐ Tamelijk sterk toegenomen (4)
  - ☐ Zeer sterk toegenomen (5)
  - ☐ Kunt u dit toelichten?
-

V13 In welke mate bent u het eens met de volgende stelling: Contacten van ons bedrijf met afnemers of potentiële afnemers zijn zeer sterk gegroeid in de voorbije vijf (indien uw organisatie langer bestaat 7-10) jaar?

- ☐ Volledig oneens (1) (1)
- ☐ 2 (2)
- ☐ 3 (3)
- ☐ Neutraal (4) (4)
- ☐ 5 (5)
- ☐ 6 (6)
- ☐ Zeer sterk mee eens (7) (7)
- ☐ Kunt u dit toelichten?

End of Block: Ontwikkeling van het bedrijf

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Start of Block: Financiering

V14 De volgende drie vragen gaan over de financiële aspecten van uw organisatie.

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V15 Kunt u aangeven hoeveel euro het startkapitaal van dit bedrijf bedroeg?

- ☐ < 10.000 (1)
- ☐ 10.000 - 25.000 (2)
- ☐ 25.000 - 50.000 (3)
- ☐ 50.000 - 100.000 (4)
- ☐ 100.000 - 250.000 (5)
- ☐ > 250.000 (6)
- ☐ Kunt u dit toelichten?

---

V16 De volgende vraag heeft betrekking op de **huidige** situatie:

V17 Kunt u in onderstaande tabel aangeven op welke wijze uw bedrijf gefinancierd is op dit moment en daarbij ook aangeven wat het geschatte percentage hiervan is? (totaal van gebruikte middelen = 100%)

*(U kunt de balken van hetgeen van toepassing is zelf verschuiven, meerdere antwoorden zijn mogelijk)*

0	10	20	30	40	50	60	70	80	90	100
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Eigen bedrijfsmiddelen (reserves) (1)	
Aandelenkapitaal van familie en vrienden (2)	
Aandelenkapitaal van business angels (3)	
Aandelenkapitaal van formele venture capitalists (4)	
Bankleningen (5)	
Overig (6)	

End of Block: Financiering

Start of Block: Business Angel en toegevoegde waarde

V18 Wordt uw bedrijf op dit moment mede gefinancierd door een of meerdere Business Angels?

☐ Ja (1)

☐ Nee (2)

*Skip To: End of Block If Wordt uw bedrijf op dit moment mede gefinancierd door een of meerdere Business Angels? = Nee*

Page

Brea

V19 De komende 14 vragen gaan over Business Angels en hun toegevoegde waarde en de invloed binnen uw onderneming.

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Page \_\_\_\_\_

Break

V20 Hoe belangrijk vindt u de financiële bijdrage van de Business Angel(s) voor de groei- en ontwikkelingsmogelijkheden van uw bedrijf?

- ☐ Niet belangrijk (1)
- ☐ Weinig belangrijk (2)
- ☐ Enigszins belangrijk (3)
- ☐ Tamelijk belangrijk (4)
- ☐ Zeer belangrijk (5)
- ☐ Cruciaal (6)
- ☐ Kunt u dit toelichten?

---

Page \_\_\_\_\_

Break

V21 Hoe vaak levert de Business Angel behalve financiële ondersteuning ook advies of ondersteuning bij de besluitvorming in uw bedrijf?

- ☐ Niet (1)
  - ☐ In zeldzame gevallen (2)
  - ☐ Af en toe (3)
  - ☐ Tamelijk frequent (4)
  - ☐ Zeer frequent (5)
  - ☐ Kunt u dit toelichten?
-

V22 Hoe tevreden bent u over de rol en opstelling van de Business Angel bij de besluitvormingsprocessen in uw bedrijf?

- ☐ Zeer ontevreden (1)
- ☐ Tamelijk ontevreden (2)
- ☐ In geringe mate ontevreden (3)
- ☐ Neutraal (4)
- ☐ In geringe mate tevreden (5)
- ☐ Tamelijk tevreden (6)
- ☐ Zeer tevreden (7)
- ☐ Kunt u dit toelichten?

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Page  
Break

V23 Hoe vaak heeft de Business Angel naast financiële ondersteuning een rol gespeeld in strategische samenwerkingsrelaties ten behoeve van innovatie?

- ☐ Niet (1)
  - ☐ In zeldzame gevallen (2)
  - ☐ Af en toe (3)
  - ☐ Tamelijk frequent (4)
  - ☐ Zeer frequent (5)
  - ☐ Kunt u dit toelichten?
-

V24 Hoe tevreden bent u over de Business Angel wat betreft de rol in het aangaan en werven van strategische samenwerkingsrelaties?

- ☐ Zeer ontevreden (1)
- ☐ Tamelijk ontevreden (2)
- ☐ In geringe mate ontevreden (3)
- ☐ Neutraal (4)
- ☐ In geringe mate tevreden (5)
- ☐ Tamelijk tevreden (6)
- ☐ Zeer tevreden (7)
- ☐ Kunt u dit toelichten?

---

Page  
Break

V25 Hoe vaak heeft de Business Angel naast financiële ondersteuning een rol gespeeld bij het genereren van zakelijke contacten?

- ☐ Niet (1)
- ☐ In zeldzame gevallen (2)
- ☐ Af en toe (3)
- ☐ Tamelijk frequent (4)
- ☐ Zeer frequent (5)
- ☐ Kunt u dit toelichten?

---

V26 Hoe oordeelt u over de toegevoegde waarde van het netwerk zakelijke contacten van de Business Angel? (juridisch, financieel, logistiek etc.)

- ☐ Zeer ontevreden (1)
- ☐ Tamelijk ontevreden (2)
- ☐ In geringe mate ontevreden (3)
- ☐ Neutraal (4)
- ☐ In geringe mate tevreden (5)
- ☐ Tamelijk tevreden (6)
- ☐ Zeer tevreden (7)
- ☐ Kunt u dit toelichten?



---

V27 Vanuit financieel oogpunt gezien: in hoeverre heeft de Business Angel de  
groeimogelijkheden verruimd binnen uw organisatie?

- ☐ Niet (1)
- ☐ Nauwelijks (2)
- ☐ Goed (3)
- ☐ Zeer goed (4)
- ☐ Uitstekend (5)
- ☐ Exceptioneel (6)
- ☐ Kunt u dit toelichten?

---

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Break

V28 In hoeverre zijn de strategische doelen beïnvloed door de Business Angel ten opzichte van de initiële strategie gevormd bij de oprichting van de onderneming?

- ☐ In zeer geringe mate (1)
  - ☐ In tamelijk geringe mate (2)
  - ☐ In geringe mate (3)
  - ☐ Neutraal (4)
  - ☐ Enigszins (5)
  - ☐ In tamelijk grote mate (6)
  - ☐ In zeer grote mate (7)
  - ☐ Kunt u dit toelichten?
-

V29 In hoeverre had u het idee dat de gestelde doelstellingen van uw organisatie beter behaald konden worden door de samenwerking met een Business Angel?

- ☐ Zeer ontevreden (1)
  - ☐ Tamelijk ontevreden (2)
  - ☐ In geringe mate ontevreden (3)
  - ☐ Neutraal (4)
  - ☐ In geringe mate tevreden (5)
  - ☐ Tamelijk tevreden (6)
  - ☐ Zeer tevreden (7)
  - ☐ Kunt u dit toelichten?
-

V30 In hoeverre heeft de Business Angel binnen uw organisatie invloed gehad op het beleid rondom personeelswerving?

- ☐ In zeer geringe mate (1)
- ☐ In tamelijk geringe mate (2)
- ☐ In geringe mate (3)
- ☐ Neutraal (4)
- ☐ Enigszins (5)
- ☐ In tamelijk grote mate (6)
- ☐ In zeer grote mate (7)
- ☐ Kunt u dit toelichten?

End of Block: Business Angel en toegevoegde waarde

---

Start of Block: Venture Capitalist en toegevoegde waarde

V31 Wordt uw bedrijf op dit moment mede gefinancierd door een of meerdere Venture Capitalists?

- ☐ Ja (1)
- ☐ Nee (2)

*Skip To: End of Block If Wordt uw bedrijf op dit moment mede gefinancierd door een of meerdere Venture Capitalists? = Nee*

V32 De komende 14 vragen gaan over Venture Capitalists en hun toegevoegde waarde en invloed binnen de onderneming.

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V33 Hoe belangrijk vindt u de financiële bijdrage van de Venture Capitalist(s) voor de groei- en ontwikkelingsmogelijkheden van uw bedrijf?

- ☐ Niet belangrijk (1)
- ☐ Weinig belangrijk (2)
- ☐ Enigszins belangrijk (3)
- ☐ Tamelijk belangrijk (4)
- ☐ Zeer belangrijk (5)
- ☐ Cruciaal (6)
- ☐ Kunt u dit toelichten?

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V34 Hoe vaak levert de Venture Capitalist behalve financiële ondersteuning ook advies of ondersteuning bij de besluitvorming in uw bedrijf?

- ☐ Niet (1)
  - ☐ In zeldzame gevallen (2)
  - ☐ Af en toe (3)
  - ☐ Tamelijk frequent (4)
  - ☐ Zeer frequent (5)
  - ☐ Kunt u dit toelichten?
- 

V35 Hoe tevreden bent u over de rol en opstelling van de Venture Capitalist bij de besluitvormingsprocessen in uw bedrijf?

- ☐ Zeer ontevreden (1)
- ☐ Tamelijk ontevreden (2)
- ☐ In geringe mate ontevreden (3)
- ☐ Neutraal (4)
- ☐ In geringe mate tevreden (5)
- ☐ Tamelijk tevreden (6)
- ☐ Zeer tevreden (7)
- ☐ Kunt u dit toelichten?

V36 Hoe vaak heeft de Venture Capitalist naast financiële ondersteuning een rol gespeeld in strategische samenwerkingsrelaties ten behoeve van innovatie?

- ☐ Niet (1)
  - ☐ In zeldzame gevallen (2)
  - ☐ Af en toe (3)
  - ☐ Tamelijk frequent (4)
  - ☐ Zeer frequent (5)
  - ☐ Kunt u dit toelichten?
-

V37 Hoe tevreden bent u over de Venture Capitalist wat betreft de rol in het aangaan en werven van strategische samenwerkingsrelaties?

- ☐ Zeer ontevreden (1)
- ☐ Tamelijk ontevreden (2)
- ☐ In geringe mate ontevreden (3)
- ☐ neutraal (4)
- ☐ In geringe mate tevreden (5)
- ☐ Tamelijk tevreden (6)
- ☐ Zeer tevreden (7)
- ☐ Kunt u dit toelichten?

V38 Hoe vaak heeft de Venture Capitalist naast financiële ondersteuning een rol gespeeld bij het genereren van zakelijke contacten?

- ☐ Niet (1)
- ☐ In zeldzame gevallen (2)
- ☐ Af en toe (3)
- ☐ Tamelijk frequent (4)
- ☐ Zeer frequent (5)
- ☐ Kunt u dit toelichten?



---

V39 Hoe oordeelt u over de toegevoegde waarde van het netwerk zakelijke contacten van de Venture Capitalist? (juridisch, financieel, logistiek etc.)

- ☐ Zeer ontevreden (1)
- ☐ Tamelijk ontevreden (2)
- ☐ In geringe mate ontevreden (3)
- ☐ Neutraal (4)
- ☐ In geringe mate tevreden (5)
- ☐ Tamelijk tevreden (6)
- ☐ Zeer tevreden (7)
- ☐ Kunt u dit toelichten?
  - ☐ Kunt u dit toelichten?

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V40 Vanuit financieel oogpunt gezien, in hoeverre heeft de Venture Capitalist de  
groeimogelijkheden verruimd binnen uw organisatie?

- ☐ Niet (1)
- ☐ Nauwelijks (2)
- ☐ Goed (3)
- ☐ Zeer goed (4)
- ☐ Uitstekend (5)
- ☐ Exceptioneel (6)
- ☐ Kunt u dit toelichten?

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V41 In hoeverre zijn de strategische doelen beïnvloed door de Venture Capitalist ten opzichte van de initiële strategie gevormd bij de oprichting van de onderneming?

- ☐ In zeer geringe mate (1)
  - ☐ In tamelijk geringe mate (2)
  - ☐ In geringe mate (3)
  - ☐ Neutraal (4)
  - ☐ Enigszins (5)
  - ☐ In tamelijk grote mate (6)
  - ☐ In zeer grote mate (7)
  - ☐ Kunt u dit toelichten?
-

V42 In hoeverre had u het idee dat de gestelde doelstellingen van uw organisatie beter behaald konden worden door de samenwerking met een Venture Capitalist?

- ☐ Zeer ontevreden (1)
  - ☐ Tamelijk ontevreden (2)
  - ☐ In geringe mate ontevreden (3)
  - ☐ Neutraal (4)
  - ☐ In geringe mate tevreden (5)
  - ☐ Tamelijk tevreden (6)
  - ☐ Zeer tevreden (7)
  - ☐ Kunt u dit toelichten?
-

V43 In hoeverre heeft de Venture Capitalist binnen uw organisatie invloed gehad op het beleid rondom personeelswerving?

- ☐ In zeer geringe mate (1)
- ☐ In tamelijk geringe mate (2)
- ☐ In geringe mate (3)
- ☐ Neutraal (4)
- ☐ Enigszins (5)
- ☐ In tamelijk grote mate (6)
- ☐ In zeer grote mate (7)
- ☐ Kunt u dit toelichten?

End of Block: Venture Capitalist en toegevoegde waarde

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Start of Block: Afsluiting

V44 Als laatste nog twee afsluitende vragen over uw algehele ervaring en mening omtrent Business Angels en Venture Capitalists

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V45 In hoeverre denkt u dat als u niet van deze externe financiering gebruik had gemaakt, de koers die uw organisatie had gevaren, anders was geweest dan dat deze nu is?

- ☐ In zeer geringe mate (1)
- ☐ In tamelijk geringe mate (2)
- ☐ In geringe mate (3)
- ☐ Neutraal (4)
- ☐ Enigszins (5)
- ☐ In tamelijk grote mate (6)
- ☐ In zeer grote mate (7)
- ☐ Kunt u dit toelichten?

---

V46 Als u toen, met de kennis van nu over Business Angels en Venture Capitalists, nogmaals deze onderneming zou oprichten, zou u dan weer een Business Angel of Venture Capital partij erbij halen voor de financiering?

- ☐ Ja (1)
- ☐ Nee (2)
- ☐ Kunt u dit toelichten?

**End of Block: Afsluiting**

---

**Afsluiting**

9. Heeft u nog overige opmerkingen over het betreffende onderwerp?
10. Heeft u opmerkingen of vragen naar aanleiding van dit interview?
11. Wilt u het transcript ontvangen om eventuele veranderingen en of aanvullingen te maken?

## Appendix B: Survey answers (tables)

Growth Ambition (Q6)		Respondents	Total
	Our aim was to become the largest player	I1,6; F1,3,4,5	6
	Our aim was to grow strongly	I3,4,5; F2	4
	Our aim is growth		0
	Our aim is healthy business operations, possibly with growth		0
	We do not strive for growth	I2	1

Table 6 Growth Ambitions

Growth ambition and development of the company (Q9)		Respondents	Total
	Strongly lagged behind	F2,3	2
	Fairly lagged behind		0
	Slightly behind	F1,4	2
	In line with our expectations	I3,6	2
	Slightly above expectations	I4,5; F5	3
	Strongly beyond expectations	I1,2	2

Table 7 Company growth rating

Table 8 Questions regarding influence on growth strategies

Question nr.	Questions / Respondents										
	R1 F4	R2 F2	R3 I4	R4 I6	R5 I3	R6 F1	R7 F3	R8 I1	R9 I2	R10 I5	R11 F5
% equity	85	85	70	49	44	44	40	40	40	40	20
V21 V34	In addition to financial support, how often does the IVC/FVC also provide advice or support in decision-making in your company?										
	Very frequent	In rare cases	Now and then	Fairly frequent	Fairly frequent	Now and then	Fairly frequent	Fairly frequent	Fairly frequent	Fairly frequent	Fairly frequent
V22 V35	How satisfied are you with the role and attitude of the IVC/FVC in the decision-making processes in your company?										
	Very satisfied	Slightly satisfied	Fairly satisfied	Slightly satisfied	Very satisfied	Slightly satisfied	Neutral	Fairly satisfied	Very satisfied	Fairly satisfied	Very satisfied
V28 V41	To what extent are the strategic goals influenced by the IVC/FVC compared to the initial strategy formed when the company was founded?										



	Neutral	Somewhat	Somewhat	Somewhat	Neutral	Somewhat	To a fairly large extent	To a small extent	Neutral	To a fairly large extent	To a fairly large extent
V29 V42	To what extent did you feel that the stated objectives of your organization could be better achieved by working with a IVC/FVC?										
	Very satisfied	Slightly satisfied	Slightly satisfied	Slightly satisfied	Fairly satisfied	Fairly satisfied	Fairly satisfied	Fairly satisfied	Neutral	Very satisfied	Fairly satisfied

For V28/V41 the scales are as follows: 1= to a very small extent, 2= to a fairly small extent, 3= to a small extent, 4= neutral, 5= somewhat, 6= to a fairly large extend, 7= to a large extend. Other scales can be found in Appendix A in the Appendices.

*Table 9 Questions regarding influence on human resources*

Question nr.	Questions / Respondents										
	R1 F4	R2 F2	R3 I4	R4 I6	R5 I3	R6 F1	R7 F3	R8 I1	R9 I2	R10 I5	R11 F5
% equity	85	85	70	49	44	44	40	40	40	40	20
V30 V43	To what extent has the IVC/FVC influenced the recruitment policy within your organization?										
	Somewhat	To a very small extent	To a fairly small extent	To a small extent	Somewhat	To a very small extent	To a very small extent	Somewhat	Neutral	To a fairly large extent	To a small extent

*Table 10 Questions regarding influence on networks and innovation*

Question nr.	Questions / Respondents										
	R1 F4	R2 F2	R3 I4	R4 I6	R5 I3	R6 F1	R7 F3	R8 I1	R9 I2	R10 I5	R11 F5
% equity	85	85	70	49	44	44	40	40	40	40	20
V23 V36	How often has the IVC/FVC played a role in strategic cooperation relationships for innovation in addition to financial support?										
	Very frequent	Now and then	Fairly frequent	Now and then	In rare cases	In rare cases	Not	Now and then	In rare cases	In rare cases	Very frequent
V24 V37	How satisfied are you with the IVC/FVC regarding its role in establishing and recruiting strategic partnerships?										

	Very satisfied	Slightly satisfied	Fairly satisfied	Slightly satisfied	Fairly satisfied	Neutral	Neutral	Slightly dissatisfied	Neutral	Neutral	Very satisfied
V25 V38	How often has the IVC/FVC played a role in generating business contacts in addition to financial support?										
	Fairly frequent	Now and then	Fairly frequent	Now and then	Now and then	Now and then	Fairly frequent	Fairly frequent	Not	Fairly frequent	Very frequent
V26 V39	How do you judge the added value of the IVC/FVC network of business contacts? (legal, financial, logistics, etc.)										
	Very satisfied	Neutral	Very satisfied	Slightly satisfied	Fairly satisfied	Slightly satisfied	Fairly satisfied	Fairly satisfied	Fairly dissatisfied	Fairly satisfied	Very satisfied

Table 11 Questions regarding the overall influence and satisfaction

Question nr.	Questions / Respondents										
	R1 F4	R2 F2	R3 I4	R4 I6	R5 I3	R6 F1	R7 F3	R8 I1	R9 I2	R10 I5	R11 F5
% equity	85	85	70	49	44	44	40	40	40	40	20
V20 V33	How important do you think the financial contribution of the IVC/FVC is for the growth and development opportunities of your company?										
	Fairly important	Fairly important	Crucial	Very important	Crucial	Very important	Fairly important	Fairly important	Very important	Very important	Very important
V27 V40	From a financial point of view: to what extent has the IVC/FVC broadened the growth opportunities within your organization?										
	Exceptional	Good	Very good	Excellent	Exceptional	Excellent	Barely	Very good	Very good	Exceptional	Excellent
V45	How do you think that had you not taken advantage of this external funding, the course your organization would have taken would have been different from what it is today?										
	To a very large extent	To a very large extent	To a very large extent	Somewhat	To a very large extent	To a very large extent	To a very large extent	To a very large extent	To a small extent	To a very small extent	Neutral
V46	If then, with today's knowledge of Business Angels and Venture Capitalists, you were to set up this company again, would you bring in another Business Angel or Venture Capital party for the financing?										
	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes

Table 12 Questions regarding influence on growth strategies

Quest nr.	Questions / Respondents										
	R1 F4	R2 I4	R3 I6	R4 I3	R5 F3	R6 I2	R7 I1	R8 I5	R9 F1	R10 F2	R11 F5
% equity	85	70	49	44	40	40	40	40	34	20	20
V21 V34	In addition to financial support, how often does the IVC/FVC also provide advice or support in decision-making in your company?										
	Very frequent	Now and then	Fairly frequent	Fairly frequent	Fairly frequent	Fairly frequent	Fairly frequent	Fairly frequent	Now and then	In rare cases	Fairly frequent
V22 V35	How satisfied are you with the role and attitude of the IVC/FVC in the decision-making processes in your company?										
	Very satisfied	Fairly satisfied	Slightly satisfied	Very satisfied	Neutral	Very satisfied	Fairly satisfied	Fairly satisfied	Slightly satisfied	Slightly satisfied	Very satisfied
V28 V41	To what extent are the strategic goals influenced by the IVC/FVC compared to the initial strategy formed when the company was founded?										
	Neutral	Somewhat	Somewhat	Neutral	To a fairly large extent	Neutral	To a small extent	To a fairly large extent	Somewhat	Somewhat	To a fairly large extent
V29 V42	To what extent did you feel that the stated objectives of your organization could be better achieved by working with a IVC/FVC?										
	Very satisfied	Slightly satisfied	Slightly satisfied	Fairly satisfied	Fairly satisfied	Neutral	Fairly satisfied	Very satisfied	Fairly satisfied	Slightly satisfied	Fairly satisfied

Table 13 Questions regarding influence on human resources

Quest nr.	Questions / Respondents										
	R1 F4	R2 I4	R3 I6	R4 I3	R5 F3	R6 I2	R7 I1	R8 I5	R9 F1	R10F2	R11F5
% equity	85	70	49	44	40	40	40	40	34	20	20
V30 V43	To what extent has the IVC/FVC influenced the recruitment policy within your organization?										
	Somewhat	To a fairly small extent	To a small extent	Somewhat	To a very small extent	Neutral	Somewhat	To a fairly large extent	To a very small extent	To a very small extent	To a small extent

Table 14 Questions regarding influence on networks and innovation

Quest nr.	Questions / Respondents										
	R1 F4	R2 I4	R3 I6	R4 I3	R5 F3	R6 I2	R7 I1	R8 I5	R9 F1	R10F2	R11F5
% equity	85	70	49	44	40	40	40	40	34	20	20
V23 V36	How often has the IVC/FVC played a role in strategic cooperation relationships for innovation in addition to financial support?										
	Very frequent	Fairly frequent	Now and then	In rare cases	Not	In rare cases	Now and then	In rare cases	In rare cases	Now and then	Very frequent
V24 V37	How satisfied are you with the IVC/FVC regarding its role in establishing and recruiting strategic partnerships?										
	Very satisfied	Fairly satisfied	Slightly satisfied	Fairly satisfied	Neutral	Neutral	Slightly dissatisfied	Neutral	Neutral	Slightly satisfied	Very satisfied
V25 V38	How often has the IVC/FVC played a role in generating business contacts in addition to financial support?										
	Fairly frequent	Fairly frequent	Now and then	Now and then	Fairly frequent	Not	Fairly frequent	Fairly frequent	Now and then	Now and then	Very frequent
V26 V39	How do you judge the added value of the IVC/FVC network of business contacts? (legal, financial, logistics, etc.)										
	Very satisfied	Very satisfied	Fairly satisfied	Slightly satisfied	Fairly satisfied	Fairly dissatisfied	Fairly satisfied	Fairly satisfied	Slightly satisfied	Neutral	Very satisfied

Table 15 Questions regarding the overall influence and satisfaction

Quest nr.	Questions / Respondents										
	R1 F4	R2 I4	R3 I6	R4 I3	R5 F3	R6 I2	R7 I1	R8 I5	R9 F1	R10F2	R11F5
% equity	85	70	49	44	40	40	40	40	34	20	20
V20 V33	How important do you think the financial contribution of the IVC/FVC is for the growth and development opportunities of your company?										
	Fairly important	Crucial	Very important	Crucial	Fairly important	Very important	Fairly important	Very important	Very important	Fairly important	Very important
V27 V40	From a financial point of view: to what extent has the IVC/FVC broadened the growth opportunities within your organization?										
	Exceptional	Very good	Excellent	Exceptional	Barely	Very good	Very good	Exceptional	Excellent	Good	Excellent
V45	How do you think that had you not taken advantage of this external funding, the course your organization would have taken would have been different from what it is today?										
	To a very large extent	To a very large extent	Somewhat	To a very large extent	To a very large extent	To a small extent	To a very large extent	To a very small extent	To a very large extent	To a very large extent	Neutral
V46	If then, with today's knowledge of Business Angels and Venture Capitalists, you were to set up this company again, would you bring in another Business Angel or Venture Capital party for the financing?										
	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes