

The impact of entrepreneur human capital on start-up financing[†]

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Abstract

This paper investigates the impact of entrepreneur human capital on start-up financing. Using data on Japanese firms, I examine whether entrepreneur human capital affects the sources of finance at start-up. It is found that highly educated entrepreneurs are more likely to raise funds from banks. While younger entrepreneurs tend to rely on funds from family and friends, older experienced entrepreneurs are found to raise funds from individuals and corporations that have approved the business plans. Furthermore, the findings indicate that entrepreneurs who raise funds through personal savings tend to obtain more bank loans and investments.

JEL Classification: G21, G31, M13

Keywords: Entrepreneur; Human capital; Source of finance; Start-up

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