APPENDIX

Figure A1A Distribution of Former Entrepreneurs in New Ventures – Individual-level

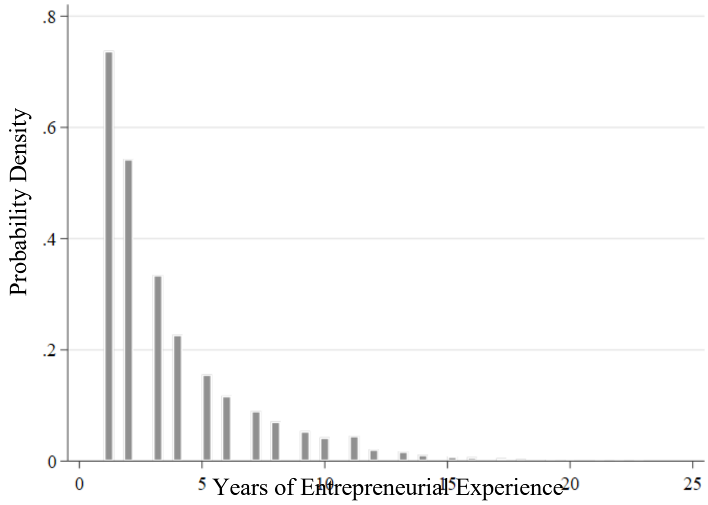
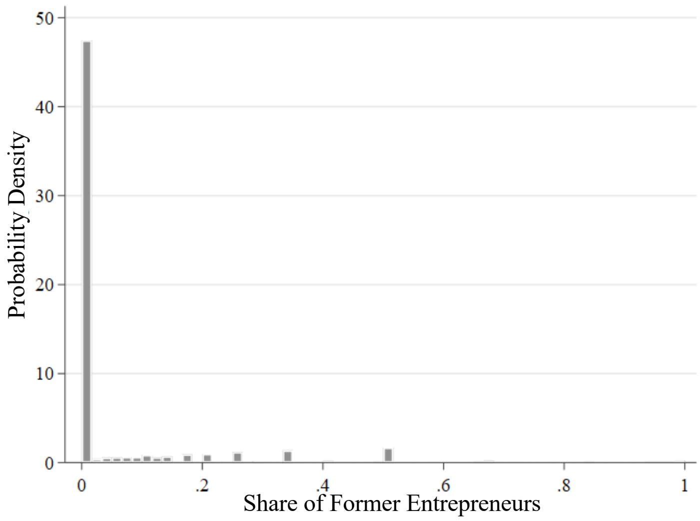


Figure A1B Distribution of Former Entrepreneurs in New Ventures – Firm-level



Notes: Distribution of EHC in figures. Figure A1.A shows the distribution of years of entrepreneurial experience at the individual level for the former entrepreneurs. Figure A1.B includes the distribution of the share of employees with prior entrepreneurial experience (EHC) at the firm level. Values are based private sector firms in the manufacturing and service sectors that have more than 1 employee.

Table A1. Correlation Matrix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(1) Share Former Entrepreneurs	1.000											
(2) Sales	-0.005	1.000										
(3) Capital (K)	-0.001	0.113	1.000									
(4) Labor (L)	-0.038	0.283	0.041	1.000								
(5) Share Higher Educated	0.087	0.038	0.061	0.053	1.000							
(6) Share Male	0.135	0.036	0.010	0.093	0.025	1.000						
(7) Share Foreign-born	-0.027	-0.004	-0.006	0.038	0.065	0.115	1.000					
(8) Firm Age	0.030	0.010	-0.000	-0.029	-0.014	-0.045	-0.092	1.000				
(9) Import/Export	0.046	0.086	0.016	0.107	0.094	0.078	-0.015	0.031	1.000			
(10) Metropolitan	0.001	0.019	0.011	0.032	0.159	0.002	0.171	-0.034	0.049	1.000		
(11) Share New hires	-0.020	-0.000	-0.003	0.007	0.008	0.020	0.030	0.311	-0.004	-0.001	1.000	
(12) Share Leavers	0.010	0.006	0.002	0.004	-0.005	0.017	0.013	0.188	0.009	-0.002	0.148	1.000

Notes: Sample of new ventures with 1,184,062 observations for 547,335 firms.

Table A2. Summary of CEM Matching

CEM New Ventures

Before Matching: Multivariate L1 distance 0.498

Univariate Imbalance:

	Mean	L1	min	25%	50%	75%	max
Year	1.065	0.000	0	1.0	1	1	0
Firm Age	0.019	0.004	0	0	0	0	0
Employees	7.556	0.289	0	2.0	4	7	2,187
Metropolitan	0.011	0.011	0	0	0	0	0
Multinational	0.018	0.018	0	0	0	0	0
Value-Added	434,544	0.000	-2.736 e+09	665,420	1.540 e+06	3.723 e+06	5.337e+09
Share High-Educated	0.046	0.187	0	0	0	0.167	0
High-tech	0.044	0.044	0	0	0	0	0

After Matching: Multivariate L1 Distance: 0.474

	0	1
All	935,841	252,192
Matched	933,452	250,610
Unmatched	2,389	1,582

Univariate Imbalance:

	Mean	L1	min	25%	50%	75%	max
Year	0.000	0.000	0	0	0	0	0
Firm Age	0.000	0.000	0	0	0	0	0
Employees	1.140	0.086	0	1	1	1	1,337
Metropolitan	-0.020	0.002	0	0	0	0	0
Multinational	0.000	0.000	0	0	0	0	0
Value-Added	102,406	0.000	-1.78 4e+08	82,948	69,529	158,234	-1.429e+08
Share High-Educated	0.000	0.003	0	0	0	0.001	0
High-tech	0.002	0.002	0	0	0	0	0

Table A3. Full Set of Main Results, Alternative Estimation Methods

Dependent Variable: $Exit_{t+1}$	Linear Probability: CEM-Matching (from Table 4) (1)	Linear Probability: CEM-Matching with growth control (2)	Linear Probability: Firm FE (3)	Linear Probability: k-2-k matching (4)	Logit (5)	Cox-Hazard Survival Model (6)
EHC	-0.043***	-0.017***	-0.002	-0.044***	-0.275***	-0.042***
	(0.003)	(0.003)	(0.004)	(0.003)	(0.020)	(0.006)
LnK	0.001*	0.001**	-0.004***	0.001***	0.010***	0.006***
	(0.000)	(0.000)	(0.001)	(0.000)	(0.001)	(0.000)
LnL	-0.003***	-0.028***	0.016***	-0.005***	0.042***	0.085***
	(0.001)	(0.001)	(0.003)	(0.001)	(0.005)	(0.001)
LnSales	-0.010***	-0.002***	0.003***	-0.009***	-0.067***	-0.014***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.003)	(0.001)
Share Highly Educated	0.013***	0.018***	0.002	0.014***	0.117***	-0.011***
	(0.003)	(0.003)	(0.005)	(0.003)	(0.015)	(0.004)
Share Male	0.058***	0.045***	0.025***	0.054***	0.457***	0.145***
	(0.002)	(0.002)	(0.003)	(0.002)	(0.009)	(0.003)
Share Foreign Born	0.026***	0.018***	0.018***	0.031***	0.168***	-0.008***
	(0.003)	(0.003)	(0.005)	(0.003)	(0.011)	(0.003)
Firm Age	-0.054***	-0.020***	0.057***	-0.053***	-0.429***	-0.604***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.002)	(0.006)
Import/Export	-0.007***	-0.004**	-0.006***	-0.007***	-0.075***	-0.040***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.008)	(0.002)
Metropolitan	0.021***	0.010***	0.008	0.020***	0.129***	0.016***
	(0.001)	(0.001)	(0.007)	(0.001)	(0.005)	(0.001)
Share New hires	-0.011***	0.158***	0.117***	0.006**	0.331***	0.092***
	(0.002)	(0.003)	(0.002)	(0.003)	(0.013)	(0.004)
Share Leavers	0.022***	0.076***	0.097***	0.026***	0.279***	0.050***
	(0.002)	(0.004)	(0.004)	(0.002)	(0.011)	(0.004)
Growth		0.000				
		(0.000)				
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Observations	1,184,062	709,332	1,184,062	435,502	1,184,061	866,509
Firms	547,335	323,189	547,335	268,926	547,335	484,371
R2	0.086	0.043	0.117	0.074		

Notes: Standard errors clustered at the firm-level in parentheses. The constant is omitted from the table. Column 2 includes sales growth between *t-1* and *t* as an additional control variable which means that the firms in the sample have to survive at least 2 consecutive years. *** p<0.01, ** p<0.05, * p<0.1.

Table A4. Descriptive Statistics for different EHC measures for New Ventures

VARIABLES	Mean	Sd.	Min	Max
EHC	0.051	0.133	0.000	1.000
$EHC_{Long\ Experience}$	0.014	0.068	0.000	1.000
$EHC_{Short\ Experience}$	0.038	0.114	0.000	1.000
$Total_{EHC\ years}$	1.057	3.185	0.000	155
$Total_{EHC\ Years\ per\ Former\ Entrepreneur}$	0.748	1.992	0.000	23
$EHC_{High\text{-}Tech}$	0.011	0.065	0.000	1.000
$EHC_{Low\text{-}Tech}$	0.043	0.121	0.000	1.000
$EHC_{Related}$	0.027	0.099	0.000	1.000
$EHC_{Unrelated}$	0.002	0.023	0.000	0.750
$EHC_{Higher\ educated}$	0.008	0.052	0.000	1.000
$EHC_{Less\ educated}$	0.043	0.121	0.000	1.000
EHC_{Recent}	0.030	0.101	0.000	1.000
$EHC_{Employer}$	0.043	0.123	0.000	1.000
$EHC_{Solo\text{-}entrepreneur}$	0.012	0.063	0.000	1.000
EHC_{Pushed}	0.003	0.030	0.000	1.000
EHC_{Pulled}	0.032	0.104	0.000	1.000
EHC_{Other}	0.021	0.086	0.000	1.000
EHC_{Closed}	0.017	0.075	0.000	1.000
$EHC_{Success}$	0.012	0.060	0.000	1.000
$EHC_{Missing}$	0.036	0.113	0.000	1.000
Number of firm-year observations	1,184,062			
Number of firms	547,335			

Notes: EHC is our main variable used int he empirical models.

Table A5. Robustness: Results for 1-digit Industry Codes

Dependent Variable:	Manufacturing Sector			Service Sector					
$Exit_{t+1}$	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
EHC	-0.026	-0.023**	-0.051***	-0.046***	-0.039***	-0.046***	-0.040***	-0.061***	-0.024
	(0.016)	(0.012)	(0.016)	(0.004)	(0.010)	(0.007)	(0.007)	(0.010)	(0.015)
Control Variables	YES	YES	YES	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Observations	30,005	36,714	30,806	499,595	181,215	98,083	130,294	112,348	65,002
Firms	12,727	13,429	13,989	220,246	99,376	45,504	62,245	54,188	34,005
R^2	0.066	0.055	0.058	0.048	0.093	0.046	0.127	0.085	0.080

Notes: Control variables include the natural logarithm of capital, labor and sales of the firm, the share of highly educated employees, the share of male employees, the share of foreign-born employees, firm age, an indicator of whether the firm imports or exports, an indicator whether the firm is located in a metropolitan area, the share of newly hires and the share of leavers. 2-digit industry and year fixed effects are also included. The estimation method is the linear probability model with the matching weights. Standard errors clustered at the firm-level in parentheses. The column number indicates the 1-digit industry code where Columns 1 to 3 belongs to the manufacturing and Columns 4 to 9 are to the service sector. The Swedish Standard Industrial classification (SNI) codes follow the NACE Rev.2 industry classifications. *** p<0.01, ** p<0.05, * p<0.1.

Table A6. Robustness: Around the Cutoff Points to Firm Age

Dependent Variable: $Exit_{t+1}$	Age ≤3 (1)	Age ≤5 (2)
EHC	-0.048***	-0.036***
	(0.003)	(0.003)
Control Variables	YES	YES
Industry FE	YES	YES
Year FE	YES	YES
Observations	1,037,423	1,309,487
Firms	530,114	560,101
R^2	0.084	0.086

Notes: Control variables include the natural logarithm of capital, labor and sales of the firm, the share of highly educated employees, the share of male employees, the share of foreign-born employees, firm age, an indicator of whether the firm imports or exports, an indicator whether the firm is located in a metropolitan area, the share of newly hires and the share of leavers. 2-digit industry and year fixed effects are also included. The estimation method is the linear probability model with the matching weights. Standard errors clustered at the firm-level in parentheses. *** p<0.01, ** p<0.05, * p<0.1.

Table A7. Robustness: Alternative Definitions, Entry and Exits Reasons

Dependent Variable: $Exit_{t+1}$	(1)	(2)	(3)	(4)	(5)	(6)
EHC_{Recent}	-0.051***					
	(0.003)					
EHC_{Employer}		-0.045***				
		(0.003)				
EHC_{Solo}		-0.012**				
		(0.006)				
EHC_{Pulled}			-0.027***			
			(0.003)			
EHC_{Pushed}			0.018			
			(0.012)			
EHC_{Other}			-0.061***			
			(0.004)			
EHC_{Closed}				0.003		
				(0.005)		
EHC_{Success}				-0.040***		
				(0.006)		
$EHC_{\text{Non-Closed}}$				-0.043***		
				(0.003)		
$EHC_{\text{Sole proprietor}}$					-0.019***	
					(0.003)	
EHC_{All}						-0.028***
						(0.002)
Control Variables	YES	YES	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Observations	1,184,062	1,184,062	1,184,062	1,184,062	1,184,062	1,184,062
Firms	547,335	547,335	547,335	547,335	547,335	547,335
R^2	0.086	0.086	0.086	0.086	0.086	0.086

Notes: Control variables include the natural logarithm of capital, labor and sales of the firm, the share of highly educated employees, the share of male employees, the share of foreign-born employees, firm age, an indicator of whether the firm imports or exports, an indicator whether the firm is located in a metropolitan area, the share of newly hires and the share of leavers. 2-digit industry and year fixed effects are also included. The estimation method is the linear probability model with the matching weights. Standard errors are clustered at the firm-level in parentheses. EHC_{All} includes both sole proprietorship and incorporated entrepreneurial experiences (Column 6). *** p<0.01, ** p<0.05, * p<0.1.