Fueling IPOs and M&As:
The Power of Entrepreneurial Social Capital

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While investigating more than 2,750 serial entrepreneurs from around the world, including almost 1,500 from the US, with the help of the Crunchbase dataset, we found that the social capital of entrepreneurs positively influences the number of exits through both mergers and acquisitions (M&As) and initial public offerings (IPOs). The link between entrepreneurs' connectedness and their respective startups' exits is more pronounced in the US than internationally, showing that a 1% increase in social capital among American entrepreneurs is associated with a 6.82% increase in the number of M&A exits and a 2.98% increase in the number of IPO exits.

Keywords: social capital, startups, entrepreneurs, tech, gender, IPO, M&A

INTRODUCTION

Entrepreneurship is widely recognized as a driving force behind economic growth, technological advancement, and job creation, as well as facilitating the production of knowledge and the exchange of research (Doh and Zolnik, 2011). Startups generate novel ideas, introduce new technologies, and reshape established industries. Yet, despite their importance and economic significance, an estimated 90% of all startups fail in the long run (Adam, 2024). For the small percentage that succeeds in the industry, a key marker of success is often the firm's exit strategy, whether through an initial public offering (IPO) or a merger or acquisition (M&A) process. These events are not only financial milestones for founders and early investors, but also serve as a signal of maturity, scalability, and overall value of the firm.

However, while some startups manage to achieve very successful exits, many others fall short. Understanding what can explain this difference is a critical question in entrepreneurial research. Existing literature that seeks to contribute to findings on this disparity typically focuses on firm-level metrics, such as financial performance, product-market fit, or operational efficiency, all of which are used as predictors of exit success. While these factors are undoubtedly important, they do not offer a complete picture and leave out other influential elements that take part in this process. With this, recent studies start to explore how other, typically non

Financial factors, such as reputation, leadership qualities, and organizational culture, significantly influence the outcomes of new companies (Jandik et al., 2020; Amini et al., 2023).

Within this growing body of work, one concept that has gained special attention is social capital. Social capital refers to the value that derives from the structure and quality of an individual's networks and overall connectedness. It comprises the resources that individuals can access through their networks and their ability to further utilize those resources for the benefit of their companies (Jandik et al., 2020; Woolcock, 1998). For entrepreneurs and founders, these connections can serve as channels through which they access critical resources, such as human talent and strategic opportunities. In essence, a founder's social capital reflects not only who an entrepreneur knows but also how effectively they can utilize those connections to access resources, make informed decisions, and influence others in the industry.

In the context of startups, social capital can play a critical role in shaping the firm's exit strategy. Founders who are involved in strong personal and professional networks may have better access to financing, talent, strategic partnerships, and valuable market insights. They may also be better at signaling trust and legitimacy to outside investors, advisors, and underwriters, particularly during the times when the firm is going public or is being acquired. At the same time, the social environment in which a company operates, including degree of trust, employee participation, and collaborative norms embedded in the culture of the business, may also influence firm behavior and stakeholder perceptions, as well as facilitate the dissemination of shared information within the social network (Amini et al., 2023, Bae and Choi, 2023). Startups located in high-social-capital regions may also benefit from reduced information asymmetries, stronger reputational discipline, and broader support ecosystems. This study therefore analyzes not only U.S. data but also international markets to assess whether social capital dynamics are consistent globally.

Despite the relevance of social capital, its role in shaping exit outcomes remains underexplored and not entirely understood. Most of the existing literature focuses on the networks of boards and executives, rather than those of startup founders themselves, who play a central role in shaping a company's strategic direction and investor relationships, especially at the exit stage. As such, this study shifts the focus to serial entrepreneurs' social capital and analyzes how their personal and professional networks influence their startups' ability to achieve successful exits. This paper answers the question of whether and how the number of founder's network connections influence the number of startups' exits through both IPOs and M&As. As such, our research helps to understand how social relationships and networks, which are often difficult to measure, can affect some of the most important events in a startup's life cycle. For entrepreneurs, understanding the role of social capital can inform their approach to networking, mentorship, and strategic positioning in the industry, ultimately benefiting their company.

The paper proceeds as follows: we begin with a literature review that establishes a theoretical framework for the topic and introduces the main hypotheses of the study. Next, we discuss the data utilized in the paper and the key variables used in our analysis. The data section is then followed by the presentation of regression analyses results and a discussion of the key findings. Finally, we conduct a series of robustness tests to confirm the reliability of the findings and conclude with the key takeaways of this study.

LITERATURE REVIEW

Previous literature shows that social capital is one of the main drivers of organizational success, shaping not only a firm's performance but also enhancing industry capabilities and strengthening internal collaborations. For example, Amini et al. (2023) explore the connection between social capital and employee welfare, as well as the likelihood that such firms remain publicly traded on the stock market. They highlight that businesses embedded in cohesive and trustworthy environments tend to remain listed on public exchanges for longer periods of time. Similarly, Bae and Choi (2023) demonstrate that social capital enhances governance and fosters trust within the local community by increasing the knowledge shared within the social network. While these contributions underline the influence of social capital on a firm's strategy, they primarily examine its influence at the managerial level. The role of social capital of startup founders, especially concerning business outcomes in terms of exit strategies, receives little attention.

An Initial Public Offering, commonly referred to as an IPO, is an exit strategy for businesses seeking to transition from private to public ownership. An IPO is the term meaning "the first time that a private

company sells shares of its stock to the public on a stock exchange" (Fernando, 2024). It is a lengthy process that provides the business with a significant opportunity to raise substantial capital (Ritter and Welch, 2002). A Merger and Acquisition (M&A), on the other hand, is also a desirable type of exit strategy for any new business. They are the most popular means of corporate restructuring (Hossain, 2021) and involve either the merger of two or more businesses or the acquisition of one by another. In a merger, two or more independent businesses combine to form a single new company. Mergers are intended to increase a business's value by combining the strengths of each company through a voluntary agreement. In an acquisition, a company takes ownership of some or all the shares of another company, thereby gaining control of the acquired company's assets, operations, and resources (Hayes, 2025).

These strategies involve multiple interactions, as well as high-stake and complex decisions, which often rely on the founder's ability to access key stakeholders, attract investors, and negotiate favorable terms. Given that social capital is a key to building trust and guiding towards new opportunities, a founder's network would significantly influence the success of these exit strategies.

Within the United States, many studies investigate the factors influencing IPO and M&A outcomes. However, much of this work focuses on financial and firm-level variables, including venture capital involvement, underwriter prestige, and sector specialization. For instance, Gompers (2004) finds that venture capital funding is directly associated with higher IPO valuations, better long-term performance, and increased returns, largely because venture capitalists bring legitimacy and discipline to the firm. Moreover, Khoury et al. (2013) argue that the legitimacy of new firms is shaped by their alliances and signaled relationships with established stakeholders. Such strategic partnerships increase investor confidence and usually lead to more successful IPOs. Haniffa et al. (2022) further discuss how reputational capital impacts SPAC IPO success, finding that firms backed by high-prestige sponsors or associated with elite networks are indeed more likely to have successful offerings. Most studies that examine the importance of social ties often focus solely on the connections of CEOs and underwriters, as seen in the works of Cooney et al. (2015) and Jandik et al. (2020). However, the role of founders, who critically shape early strategic direction and investor engagement, is less understood.

Other studies on IPOs and M&As often delve into the role of institutional quality, macroeconomic stability, and founder demographics on exit success. Schröder et al. (2021), for example, investigate IPO performance in Taiwan, focusing on firm-level governance and market maturity from a female perspective, while Pattanayak and Kakati (2023) analyze business outcomes in Northeast of India by examining firms'

success through an analysis of the entrepreneurs' personality traits, including emotions, willingness to bear risk, and ability to innovate. These findings offer valuable context for exit strategies in emerging markets, but they omit interpersonal factors such as connectedness. Moreover, the study of Prashantham and Dhanaraj (2010), which focuses on software businesses, finds that social capital enables small firms in different markets to grow their international reach by leveraging cross-border network ties. Their concept of "network reveal" emphasizes on how evolving relationships help entrepreneurs access global markets. Furthermore, Doh and Zolnik (2011) use international data to confirm that social capital is indeed associated with higher rates of employment and entrepreneurial activity.

Overall, while social capital has been extensively studied in terms of its impact on firms' performance, and while IPO and M&A outcomes have been explored from different perspectives as well, the intersection of founder-level social capital and the number of strategic exits has not been explored so far.

As such, this research aims to directly address this gap by examining how the personal and professional social capital of serial startup founders influence the number of entrepreneurial exits through Initial Public Offerings as well as Mergers and Acquisitions. By utilizing a specialized ranking of entrepreneurial connectedness derived from CrunchBase, we focus on the entrepreneur as the central agent of value creation, particularly at the exit stage.

HYPOTHESES

Building upon the prior literature in the field, this study formulates six key hypotheses that examine the relationship between founder-level social capital, measured by the extent of personal and professional

network relationships, and the number of IPOs and M&A exits. These hypotheses span both U.S.-based and international samples, aiming to uncover whether entrepreneurs' social capital has an impact on the number of startups' exits across different regions, industries, and individuals.

Prior research highlights the importance of social capital in enhancing a firm's visibility, legitimacy, and investor trust (Khoury et al., 2013), which are essential for facilitating effective exit strategies. Furthermore, social capital is directly linked with stronger organizational performance outcomes (Amini et al., 2023). Social ties can also reduce information asymmetries and signal reputational legitimacy to external stakeholders, which are critical in the process of a merger or acquisition. Those previous findings support

The idea that a greater number of founder-level connections is directly and positively related to the number of successful exits through mergers and acquisitions is investigated in the following Hypothesis 1.

Hypothesis 1: *A larger social capital of entrepreneurs leads to a greater number of startups' exits in the United States through M&As.*

A founder's social network plays a crucial role in determining access to underwriters, early investors, market exposure, and key industry players, all of which are important factors that shape IPO readiness and outcomes. Khoury et al. (2013) find that IPO legitimacy is significantly shaped by the firm's network alliances, which later contribute to investor confidence. Additionally, Cooney et al. (2015) demonstrate that interpersonal connections influence underwriter syndicate formation, reinforcing the value of a strong founder network in facilitating IPO readiness. Founders with a higher number of strategic relationships, and thus broader social capital, are more likely to complete multiple exits, since their perceived trustworthiness is greatly enhanced through the interactions in different networks. Those findings lead us to Hypothesis 2.

Hypothesis 2: *A larger social capital of entrepreneurs leads to a greater number of startups' exits in the United States through IPOs.*

In an international setting, M&As success requires specific skills to navigate through multiple legal systems, cultural dynamics, and different institutional environments. Founders with broader global networks are more likely to access cross-border partners, reduce risks associated with unfamiliar environments, and build trust with international partners, which is crucial for closing the deal. As such, countries with higher social capital show a greater entrepreneurial and acquisition activity (Doh and Zolnik, 2011). Similarly, Prashantham and Dhanaraj (2010) also emphasize that founders' ability to maintain and renew international ties increases access to external markets and transactional opportunities, further suggesting that founders with greater social capital are more likely to secure multiple M&A exits. That information leads to Hypothesis 3.

Hypothesis 3: *A larger social capital of entrepreneurs leads to a greater number of startups' exits in international markets through M&As.*

Global entrepreneurial research often focuses on regulatory, institutional, and personality determinants (Schröder et al., 2021; Pattanayak & Kakati, 2023). However, founder-level social capital might also play an important role. Entrepreneurs with strong international connections can more easily gain support from global underwriters, ensure regulatory compliance across borders, and appeal to different types of investors. These network advantages potentially increase the likelihood of IPO success in global settings leading us to Hypothesis 4.

Hypothesis 4: *A larger social capital of entrepreneurs leads to a greater number of startups' exits in international markets through IPOs.*

On the other hand, female entrepreneurs usually face multiple barriers in achieving successful startup exits. For example, Nelson et al. (2009) find that women often enter negotiations with investors at a disadvantage and also require more effort to gain access to the same opportunities available to their male counterparts. Similarly, gender-based challenges, such as underrepresentation in STEM fields and societal biases around credibility and access to funding (Ferreira et al., 2013), suggest that women face harsher challenges and greater obstacles in the field of entrepreneurship. Malinin (2024) finds that female-led startups receive almost 50% less funding than their male counterparts, while Schröder et al. (2021) also show that even when women have entrepreneurial networks, these ties may not be strong enough. As such,

In Hypothesis 5, we assume that female founders' social capital may not have a positive impact on the number of exit strategies for their businesses.

Hypothesis 5: *Female founders' social capital does not have a positive impact on the number of M&As and IPOs.*

With technology-based startups continuing to dominate the global entrepreneurial landscape, founders in the tech sector are typically positioned within fast-paced and innovation-driven environments, where access to information, capital, and partnerships can be crucial for the company's trajectory. Subrahmanya (2022) notes that technical fluency and the ability to engage with investors in specialized discussions can offer founders a competitive edge, especially given that three out of the top five startup sectors are tech-related. In such an environment, personal and professional networks play a vital role by providing access to mentorship and early-stage financing, which are all important resources for future exits. While non-tech ventures also rely on networking, the nature of the tech industry may make social capital more critical for accessing new opportunities in such a competitive landscape. With this, hypothesis 6 suggests that the effect of social capital on the number of M&A and IPO exits is more pronounced for tech founders than for non-tech entrepreneurs.

Hypothesis 6: *Tech entrepreneurs' social capital has a more pronounced effect on the number of M&As and IPOs than for their non-tech counterparts.*

DATA

For this paper, we utilize CrunchBase dataset that provides information about more than 2,750 entrepreneurs from sixty-eight countries in the world, together with their social capital as proxied by the variable CB Rank (Person) that takes into account the following information about the startups' founders: connections with other companies and investors, community engagement and funding events participation, all of which increase persons' and companies' visibility. Compared to other datasets, CrunchBase is considered the gold standard, and even professional sales managers often use it to connect with founders as well as potential investors. This ensures it's always up to date, a significant advantage over some other online sources.

To provide context for our analysis, we visualize the number of entrepreneurs by country of origin for international startup owners and by U.S. state for American entrepreneurs, shown in Figures 1 and 2 of this study.

Figure 1 shows the number of entrepreneurs by country. The United States clearly leads the global sample with 1,462 entrepreneurs, representing approximately 53% of all investigated entrepreneurs worldwide. The next most represented countries are India (7%), the United Kingdom (6%), and Germany (4%). Several other countries, including Singapore, China, Sweden, Italy, and Brazil, make up smaller proportions individually and are grouped into a consolidated "Others" category, accounting for 25%.

FIGURE 1
SERIAL ENTREPRENEURS AROUND THE WORLD

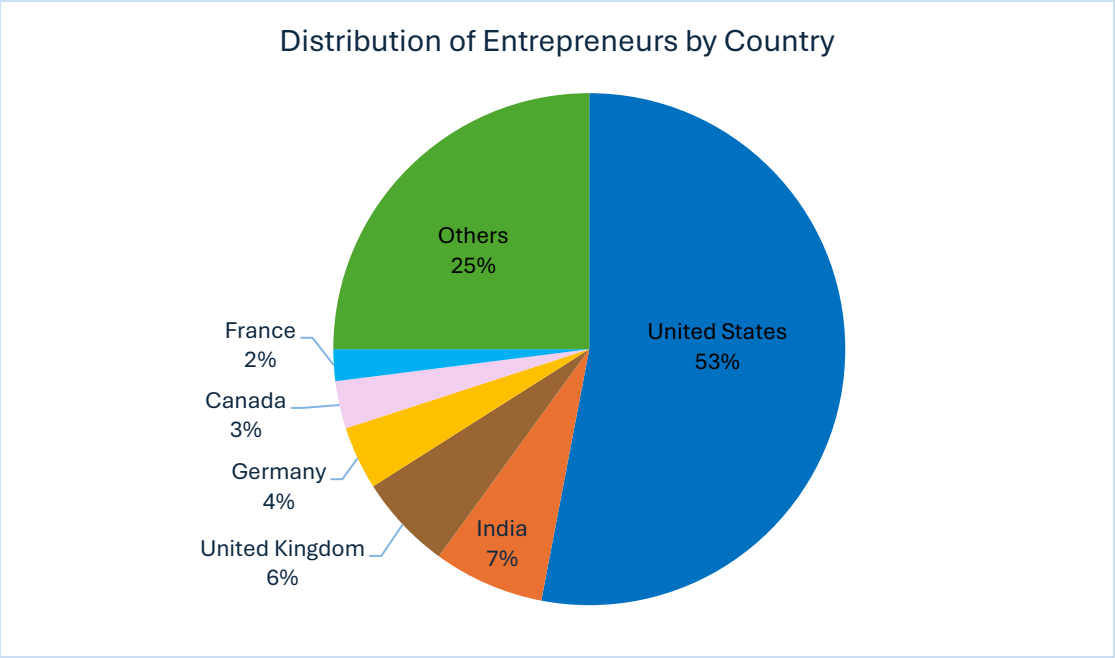
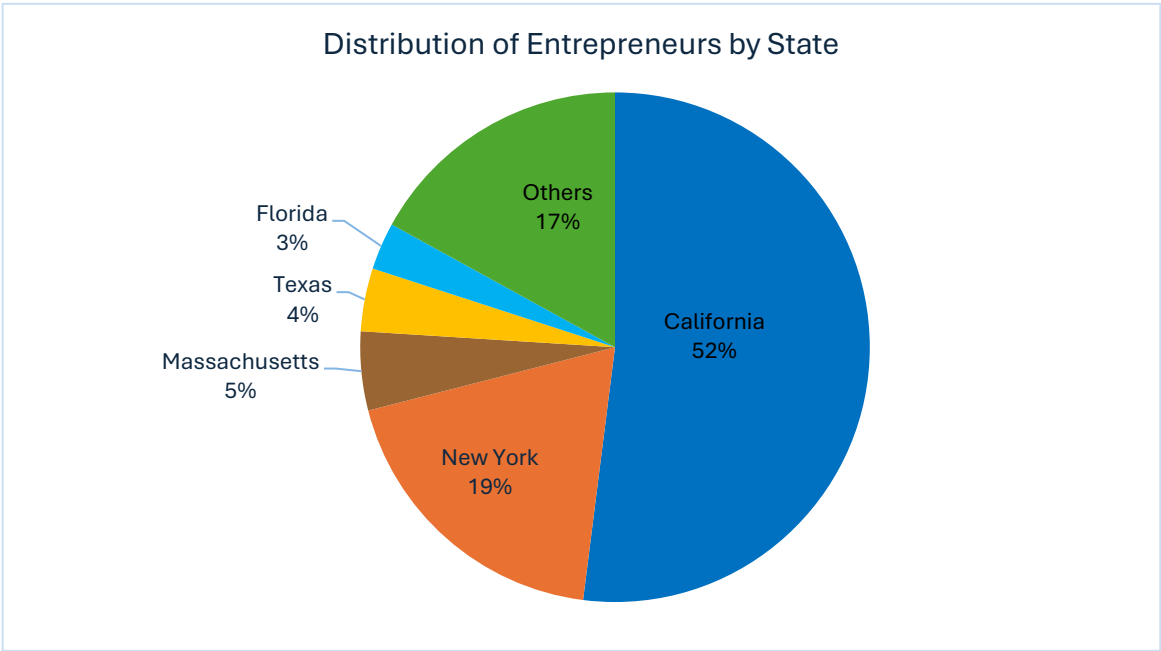


Figure 2 illustrates the distribution of entrepreneurs across the U.S. states. Not surprisingly, California dominates the sample with 52%, followed by New York State (19%) and Massachusetts (5%). Other states include Florida, Texas, Illinois, and Colorado, all with individual percentages ranging from 2% to 4%. Remaining states with smaller representation are combined under "Others" category, accounting for 17% of the total sample.

FIGURE 2
SERIAL ENTREPRENEURS IN THE US



In terms of the main dependent variable, we use the number of exits through M&As (NumberofMAs) and IPOs (NumberofExitsIPO) to show the difference in the impact of entrepreneurs' social capital on two different types of exit strategies typically utilized by startups and their founders. The main independent variable of interest in this paper is *logsoccap, which represents the modified, aggregated indicator of social capital or connectedness of the startup founders in our sample, originally received* from CrunchBase as a CB Rank (Person). Social capital variable has been transformed twice for easier interpretation - first, as in CrunchBase the lower rank, like for example 1, means the highest index of social capital and the most connections, it has been first transformed by the following formula: max(CB Rank in sample) minus CB Rank of each entrepreneur, to invert the variable and make sure that higher number indicates more connections available to founders and not the vice versa as before. The second transformation of this variable is achieved with the help of a logarithm, due to the large number of connections that some founders have at their disposal, and this facilitates a much easier interpretation of regression coefficients.

The following controls have also been utilized based on the previous literature; they are needed to isolate potential effect that entrepreneurial social capital variable might have on the dependent variables representing the number of M&As and IPOs mentioned above:

- The company's age or how long it has been in business because founders of older, more established firms are more likely to have multiple exits *(age)*;
- The number of investors into the startup as it shows how many people believe in the enterprise and its business model that could potentially lead to more exits as well *(NumberofInvestors)*; - How many funding rounds did the company have throughout its history to determine the probability of exit as well *(NumberofFundingRounds)*;
- The number of founders that the business has as to control for possible conflicting point of views on the future of the business and its exit strategy *(NumberofFounders)*.

Based on the dependent and independent variables as well as controls discussed above, we investigate the following main regression models (1) and (2), and are most interested in the sign and magnitude of the coefficient $\beta 1$:

$$\text{NumberofMAs} = \beta 0 + \beta 1 * \text{logsoccap} + \beta 2 * \text{Controls} + \varepsilon \quad (1)$$

$$\text{NumberofExitsIPO} = \beta 0 + \beta 1 * \text{logsoccap} + \beta 2 * \text{Controls} + \varepsilon \quad (2)$$

We run those regressions with country or industry fixed effects (FE) as well as both, depending on the sample we investigate – all countries, only the US, or split samples by industry, to name a few. Finally, we also use modifications of the regressions above in the robustness section.

RESULTS

To assess the relationship between founder-level social capital and the number of startups' exits through initial public offerings (IPOs) and mergers and acquisitions (M&As), our paper presents a series of regression models, combined into 8 separate tables with descriptive statistics being in Table 1, main results in Tables 2-4 as well as more detailed ones concerning gender and industry in Tables 5-6, while robustness tests are presented in Tables 7-8.

Table 1 presents summary statistics for the key variables used in this study's analysis. The sample includes 449 observations for IPO exits and 2,531 observations for M&A exits. On average, serial entrepreneurs in the dataset have around one exit through an IPO, ranging from 1 to a maximum of 6 exits in the sample, and close to two M&A exits, with a maximum of 14 in this category. Moreover, in our sample, the number of founders ranges from 1 to 7, with a mean value closer to 2, suggesting that most startups are launched by relatively small teams. On the other hand, the number of investors ranges from 1 to 56, with an average of 12, which suggests that different companies may rely on a larger investor presence to be successful. Companies' age ranges from 2 to 49 years, with a mean of 13, suggesting that the average startup takes over a decade to reach an exit.

TABLE 1
DESCRIPTIVE STATISTICS

Variable	Obs	Mean	Std. Dev.	Min	Max
NumberofExitsIPO	449	1.363	.954	1	6
NumberofMAs	2531	1.723	2.152	1	14
NumberofFounders	2474	2.254	1.263	1	7
NumberofFundingRounds	1904	4.706	3.661	1	18
NumberofInvestors	1833	12.218	11.607	1	56
age	2448	12.761	8.499	2	49
logsoccap	2531	14.369	.056	14.104	14.406
NumberofNewsArticles	1953	84.025	272.223	1	2081

Table 2 reports regression estimates for the impact of entrepreneurial social capital and other control variables on the number of exits through M&As and IPOs for all countries in our sample. The key independent variable, logsoccap, is highly significant and has a positive impact on both M&A and IPO exits. For mergers and acquisitions, the coefficient is 7.7654, which is statistically significant at the 1% level. This indicates that increased social connectedness is strongly associated with a higher number of mergers and acquisitions. Specifically, a 1% increase in the founder's social capital leads to an estimated 3.36% increase in the number of M&A exits. For IPOs, the pattern is repeated with a coefficient of 2.9212, significant at the 5% level. This suggests that a 1% increase in social capital is associated with a 1.26% increase in the number of IPO exits, implying that founders' networks play a key role in the process of their firms going public. Among the control variables, *age* variable has a small positive coefficient for both exits and is statistically significant for IPOs at the 10% level. This may indicate a relationship that more mature startups may have more credibility, improving the likelihood of IPO exits. *The Number of Investors variable is positive and highly significant in both models, with a larger effect observed for M&A exits, which may support the idea that more investors can enhance the startup's visibility and facilitate* potential buyer access. However, the control variable *NumberofFundingRounds* shows a negative effect on the number of M&As but is not statistically significant for IPOs. The negative sign may suggest that firms requiring more funding rounds are viewed as riskier or less attractive targets for potential acquisitions.

TABLE 2
EFFECT OF FOUNDERS' SOCIAL CAPITAL ON NUMBER OF M&A AND IPO EXITS – FULL SAMPLE

	(1) NumberofMAs	(2) NumberofExitsIPO
logsoccap	7.7654***	2.9212**
	(1.826)	(1.424)
age	0.0161	0.0114*
	(0.012)	(0.007)
NumberofInvestors	0.0569***	0.0153**
	(0.010)	(0.007)
NumberofFundingRounds	-0.0950***	-0.0211
	(0.032)	(0.022)
NumberofFounders	0.0628	0.0083
	(0.064)	(0.042)
_cons	-110.2671***	-41.2026**
	(26.232)	(20.443)

N	1814	312
R^2	0.076	0.137
Country FE	*Yes*	*Yes*
Industry FE	*Yes*	*Yes*

Standard errors in parentheses
$^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 3 concentrates only on the U.S. data and illustrates the effect of startup owners' social capital on the number of exits through M&As and IPOs in this country. The coefficient for *logsoccap* variable is strongly positive and highly significant in both models. For M&A exits, the coefficient is 15.7740 and statistically significant at the 1% confidence level. This suggests that a 1% increase in social capital is associated with a 6.82% increase in the number of M&A exits. For IPOs, the coefficient is 6.8912 and significant at the 5% confidence level, meaning that a 1% increase in founder social capital corresponds to a 2.98% increase in the number of IPO exits. Compared to Table 2 above with the whole sample results, the effect of social capital on the number of exits in the U.S. is much more pronounced. This highlights that social capital plays a more crucial role in driving exit activity in the U.S. startup ecosystem. Regarding the control variables, age is positively associated with M&A outcomes and is significant at the 5% level, suggesting that more experienced startups may be better equipped to navigate through this exit strategy process. However, age is not significant for IPOs, underlining the more complex nature of this type of exit. All other control variables show a similar tendency to the ones mentioned in Table 2.

TABLE 3
EFFECT OF FOUNDERS' SOCIAL CAPITAL ON NUMBER OF M&A AND IPO EXITS – US SAMPLE

	(1) NumberofMAs	(2) NumberofExitsIPO
logsoccap	15.7740***	6.8912**
	(3.744)	(2.859)
age	0.0441**	0.0102
	(0.021)	(0.012)
NumberofInvestors	0.0704***	0.0173*
	(0.014)	(0.009)
NumberofFundingRounds	-0.1494***	-0.0257
	(0.052)	(0.032)
NumberofFounders	0.0849	0.0398
	(0.106)	(0.067)
_cons	-225.5111***	-97.9519**
	(53.843)	(41.115)
N	1061	182
R^2	0.049	0.077
Industry FE	*Yes*	*Yes*

Standard errors in parentheses
$^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 4 focuses only on non-U.S. startups' founders and shows how their social capital influences the number of exits via M&As and IPOs in international markets. The coefficient for *logsoccap* variable is still positive and highly significant for M&A outcomes, with a value of 5.0308. This indicates that a 1% increase in founder social capital is associated with a 2.17% increase in the number of M&A exits in countries other than the US. For IPOs, the coefficient is 2.7814 and statistically significant at the 10% level. This suggests

that a 1% increase in social capital corresponds to a 1.20% increase in the number of IPO exits. While still statistically significant, these effects are much smaller than those observed in the U.S. sample and Table 3, highlighting that while social capital is a valuable resource for founders globally, it plays a more dominant role in enabling exits within the United States. On the other hand, the variable *NumberofInvestors* has a negative coefficient of -0.0346 for IPOs, suggesting possible disagreement with the founder's course as the number of investors increases and as such a longer road to exit.

TABLE 4
EFFECT OF FOUNDERS' SOCIAL CAPITAL ON NUMBER OF M&A AND IPO EXITS – INTERNATIONAL SAMPLE

	(1) NumberofMAs	(2) NumberofExitsIPO
logsoccap	5.0308***	2.7814*
	(1.061)	(1.527)
age	-0.0120	0.0126*
	(0.008)	(0.007)
NumberofInvestors	-0.008	-0.0346*
	(0.009)	(0.018)
NumberofFundingRounds	0.0217	0.0364
	(0.023)	(0.032)
NumberofFounders	0.0401	-0.0108
	(0.044)	(0.052)
_cons	-71.1271***	-38.7289*
	(15.217)	(21.802)
N	753	130
R^2	0.090	0.285
Country FE	*Yes*	*Yes*
Industry FE	*Yes*	*Yes*

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 5 examines whether the effect of founder's social capital on the number of exits differs by gender. Two additional variables are included: *Gendercode*, which is a binary variable equal to 1 for female founders and 0 for male founders, and *socgender*, an interaction term between variables *Gendercode* and *logsoccap*. The *socgender* variable is designed to test whether the relationship between social capital and number of exits varies by gender. The coefficient for *logsoccap* remains positive and statistically significant at the 1% level and 5% level for M&As and IPOs, with values of 8.0890 and 2.9175, respectively. A 1% increase in social capital is associated with a 3.5% increase in the number of M&A exits and a 1.26% increase in exits through IPOs. These findings reinforce the central result that social capital has a meaningful and positive effect on the number of exits. The interaction term *socgender*, on the other hand, is not statistically significant, which implies that the effect of social capital on the number of exits does not differ meaningfully between male and female entrepreneurs. In this case, social capital is equally useful in driving exits for both groups.

TABLE 5
EFFECT OF FOUNDERS' GENDER ON SOCIAL CAPITAL IMPORTANCE DURING EXITS

	(1) NumberofMAs	(2) NumberofExitsIPO
logsoccap	8.0890***	2.9175**
	(1.842)	(1.431)
Gendercode	132.2047	6.7937
	(126.535)	(113.476)
socgender	-9.2494	-0.4683
	(8.801)	(7.890)
age	0.0150	0.0115*
	(0.012)	(0.007)
NumberofInvestors	0.0577***	0.0153**
	(0.010)	(0.007)
NumberofFundingRounds	-0.0982***	-0.0209
	(0.032)	(0.022)
NumberofFounders	0.0602	0.0084
	(0.064)	(0.042)
_cons	-114.7801***	-41.1604**
	(26.463)	(20.547)
N	1814	312
R^2	0.079	0.138
Country FE	*Yes*	*Yes*
Industry FE	*Yes*	*Yes*

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 6 further presents the analysis performed by industry sector for all countries in the sample, splitting it into tech and non-tech startups. This highlights the significance of founder-level social capital in various sectors worldwide. In the tech industry, the coefficient of *logsoccap* variable is 8.2514, indicating that a 1% increase in social capital corresponds to a 3.57% increase in the number of M&A exits. In the non-tech sector, the coefficient is slightly higher at 8.4425, which then translates to a 3.65% increase in M&A exits for the same 1% increase in social capital. While both coefficients are highly significant at the 1% level, the slightly higher effect in non-tech companies may suggest that connections and networks have more weight in industries that are more traditional and where exit paths may rely even more on those whom the founders know. In the case of IPO exits, the relationship between social capital and number of exits differs more sharply across the two sectors. For tech startups, the coefficient of *logsoccap* variable is 2.5575, which implies a 1.11% increase in the number of IPOs for a 1% increase in founder's social capital. In contrast, the non-tech IPO coefficient is 4.3580 but not statistically significant, suggesting no measurable impact. The lack of significance may reflect higher variability in how non-tech startups reach IPO stages or increased dependency on financial fundamentals rather than networks alone. Finally, within the tech industry, social capital has a stronger influence on M&A outcomes, with a coefficient of 8.2514, than on IPOs, which show a coefficient of 2.5575. This suggests that tech founders may use their networks more effectively to reach an acquisition agreement rather than an IPO. Within the non-tech industry, a similar situation is also observed: social capital's impact is statistically significant only for M&A exits. Those findings underscore the complexity of the IPO process for entrepreneurs in both tech and non-tech industries once more.

TABLE 6
ROLE OF FOUNDERS' SOCIAL CAPITAL IN TECH VS. NON-TECH STARTUPS

	(1) NumberofMAs		(2) NumberofExitsIPO	
	Tech industry	Non-tech industry	Tech industry	Non-tech industry
logsoccap	8.2514***	8.4425***	2.5575*	4.3580
	(2.481)	(2.713)	(1.534)	(3.326)
age	0.0055	0.0232	-0.0008	0.0364**
	(0.015)	(0.022)	(0.006)	(0.015)
NumberofInvestors	0.0627***	0.0345	0.0189**	0.0177
	(0.011)	(0.022)	(0.007)	(0.018)
NumberofFundingRounds	-0.0814**	-0.0965	-0.0229	-0.0581
	(0.037)	(0.061)	(0.022)	(0.052)
NumberofFounders	0.0990	-0.0441	0.0014	0.0947
	(0.077)	(0.125)	(0.041)	(0.155)
_cons	-117.4070***	-119.5040***	-35.5075	-61.8874
	(35.647)	(38.963)	(22.031)	(47.722)
N	1273	541	220	92
R^2	0.048	0.024	0.060	0.114
Country FE	*Yes*	*Yes*	*Yes*	*Yes*

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

ROBUSTNESS TESTS

This study incorporates two robustness tests to strengthen the validity of the main findings. First, we substitute the primary independent variable *logsoccap*, which is based on personal and professional entrepreneurial connectedness, with an alternative proxy, named *NumberofNewsArticles*, reflecting the public visibility and media exposure of their startups. Secondly, we also analyze the variable *logsoccap*'s effect on the number of exits through IPOs and M&As while excluding the two overrepresented states from the U.S. sample, New York and California to show that even without them the main result will still hold.

Table 7 demonstrates results of a robustness test while using the independent variable *NumberofNewsArticles* as an alternative proxy for founders' social capital. The coefficient for *NumberofNewsArticles* variable is statistically significant and positive in both models. For M&A exits, the coefficient is 0.0024 and highly significant at the 1% level. For IPO exits, the coefficient is 0.0004, also significant at the 1% level. These results suggest that greater media exposure is associated with more exits, reaffirming the relevance of social capital and public attention in shaping successful exit outcomes. For the control variables, *NumberofInvestors* variable again shows a strong positive and significant impact on both M&As and IPOs.

TABLE 7
ROBUSTNESS TEST: USING MEDIA EXPOSURE AS PROXY FOR SOCIAL CAPITAL

	(1) NumberofMAs	(2) NumberofExitsIPO
NumberofNewArticles	0.0024***	0.0004***
	(0.000)	(0.000)
age	0.0037	0.0159
	(0.016)	(0.010)
NumberofInvestors	0.0646***	0.0218***
	(0.011)	(0.008)
NumberofFundingRounds	-0.1109***	-0.0431*
	(0.037)	(0.026)
NumberofFounders	0.0506	-0.0168
	(0.080)	(0.061)
_cons	1.4711**	0.5422
	(0.713)	(0.443)
N	1458	243
R^2	0.113	0.220
Country FE	*Yes*	*Yes*

Standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 8 presents a robustness test that excludes entrepreneurs based in the states of New York and California, which are the two most represented states in the US sample, to ensure that the study's core findings are not driven solely by owners from these key entrepreneurial hubs. The results confirm that even after excluding the two states, the coefficient for *logsoccap* variable remains positive and statistically significant at the 5% level for M&As, indicating that social capital continues to be an important factor in this type of exit. This robustness test reinforces the reliability of our main findings and highlights a regional concentration of IPO activity in the US.

TABLE 8
ROBUSTNESS TEST: EXCLUDING STATES OF NEW YORK AND CALIFORNIA FROM U.S. SAMPLE

	(1) NumberofMAs	(2) NumberofExitsIPO
logsoccap	7.4239**	2.0444
	(3.570)	(3.488)
age	0.0182	0.0003
	(0.025)	(0.023)
NumberofInvestors	0.0166	-0.0014
	(0.026)	(0.023)
NumberofFundingRounds	-0.0704	-0.0260
	(0.076)	(0.055)
NumberofFounders	0.1038	-0.1779
	(0.144)	(0.178)
_cons	-105.2119**	-27.4283
	(51.290)	(50.123)

N	278	53
R^2	0.27	0.058
Industry FE	*Yes*	*Yes*

Standard errors in parentheses
$^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

CONCLUSION

It is very rare for everything to work out for entrepreneurs from the first try, or even the first startup, for that matter. As a result, many entrepreneurs become serial startup owners, whether that was their initial idea or not. That's why the research question we investigate in this paper is very important for all entrepreneurs – those who are just starting their own enterprise and seasoned startup owners alike. The question is how to increase the number of successful exits from their startups, either through IPO or M&A routes.

In this paper, we find that social capital, or the connectedness of the person who starts the business, is a very important part of a startup's identity that can help with future exits, something that previous literature has overlooked. As such, more socially connected serial entrepreneurs have more exits through both IPOs and M&As. We find such a positive impact of entrepreneurial social capital while analyzing more than 2,750 entrepreneurs from 68 countries around the globe, with the most pronounced effect being uncovered in the US.

We also demonstrate that the effect of social connectedness on the number of exits through IPOs and M&As is universal and doesn't depend on gender; female entrepreneurs, like their male colleagues, enjoy a positive impact from their increased social capital. Interestingly, entrepreneurs working in non-tech industries enjoy a larger positive impact from their social capital than startup owners working in tech, if they exit through M&As.

Finally, our results are confirmed through a series of robustness tests, including one where we exclude entrepreneurs from overrepresented states in the US sample, specifically NY and CA. In another version of the regression, we utilize an alternative proxy for social capital, namely the number of published articles about the company.

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