

MTEI SEMINARS

Prof. Veroniek Collewaert
Vlerick Business School

An Interdependence Theory of Entrepreneurial over Optimism: Evidence from vc-Backed Firms

Veroniek Collewaert, Vlerick Business School
Gavin Cassar, INSEAD
Tom Vanacker, Ghent University

Drawing on interdependence theory, this study examines to what extent and under which conditions entrepreneurs provide more optimistic forecasts to their investors. For this purpose, we use a unique longitudinal dataset of 350 firm revenue forecasts provided to a venture capitalist. Results indicate that entrepreneurs provide less overoptimistic forecasts towards their investors the longer they work together. Further, entrepreneurs are more overoptimistic when there is a greater need to serve their own interests (when they are about to raise a new round of financing) and there is more opportunity to do so (when investor monitoring is low). Overall, we theoretically advance the literature beyond the portrayal of entrepreneurs as naive optimists and show that there is a time-varying and strategic component in the “optimism” provided to stakeholders.

When:
28 February 2013, 10h-12h

Where:
EPFL, Odyssea 4.03, VIP room