

Growth strategies of Venture-Capital backed firms: organic versus external growth

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Scholars agree that Venture Capital (VC) can kickstart firms' growth, however the mode of growth, either organic or external (i.e., through acquisitions), has yet to be explored. This paper aims to investigate the growth strategies pursued by VC-backed firms and their outcomes. We leverage a large dataset of 6,438 European VC-backed firms, observed over a sixteen-year period (2005-2020). Our preliminary results show that VC-backed firms pursuing acquisitions can further boost their growth both in terms of employee and turnover, with effects on the latter being larger in magnitude and more persistent.