



Practices of European and American venture capitalists: homogeneity and heterogeneity at work

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Abstract Driven by diverse institutional contexts, regional venture capital (VC) markets have expanded unevenly over the past decades, with the US market remaining the global leader. Although considerable attention has been devoted to understanding the institutional drivers of VC activity, scholars are only beginning to examine whether and how institutions shape VCs' investment decisions, particularly in non-US markets. Addressing this theoretically and practically relevant gap, we provide new insights based on

a comprehensive survey of 611 independent VC managers in Continental Europe. Comparing European VCs' practices with those of their US counterparts, we unveil both homogeneity and significant heterogeneity, particularly in investment selection, valuation methods, and the perceived drivers of investment performance. Our findings highlight the central role of institutions in shaping VC practices and provide valuable insights into this underexplored dimension of the global VC landscape, with implications for investors, entrepreneurs, and policymakers.

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Plain English Summary Venture capital plays a crucial role in financing innovative startups and supporting economic growth. The United States hosts the world's most developed venture capital market, and its practices are often treated as the global benchmark. But do venture capitalists in Continental Europe operate in the same way, or does the European institutional environment shape different approaches? To answer this question, we conducted a large-scale survey of 611 venture capital managers from 396 independent VC firms across Continental Europe. We compare their practices with those of US venture capitalists across the full investment cycle from deal sourcing and screening to valuation, contracting, syndication, and exits. We find both convergence and divergence. On the one hand, European and US VCs target similar returns, achieve comparable exit multiples, use similar contractual terms, and agree that the quality of the entrepreneurial team is central to both success and failure. On the other hand, European VCs screen fewer opportunities per investment, rely more on comparable based valuation methods, place relatively less weight on business models and markets, and differ in their syndication motives. Our study shows that venture capital practices have partly converged across continents, but national and regional institutional contexts still matter. Understanding these similarities and differences can help entrepreneurs better prepare for fundraising, investors refine their strategies, and policymakers design more effective innovation policies.

Keywords Venture capital · Investment practices · Decision-making · Institutions

JEL Classification G11 · G24 · G32 · G41

1 Introduction

Venture capital (VC) plays a pivotal role in providing early-stage equity financing to innovative, high-potential ventures (Gompers & Lerner, 2001). Scholars have comprehensively documented the positive effects of VC on ventures' innovation (Lerner & Nanda, 2020), survival rates (Manigart et al., 2002; Puri & Zarutskie, 2012), employment and sales growth (Bertoni et al., 2011; Puri & Zarutskie, 2012), productivity growth (Chemmanur et al., 2011; Croce et al., 2013),

and financial performance (Rosenbusch et al., 2013). VC also generates substantial knowledge spillovers (Schnitzer & Watzinger, 2022) and contributes positively to aggregate economic growth (Samila & Sorenson, 2011).

Hence, unsurprisingly, the practices, activities, and decision-making processes of VC investors have attracted scholarly attention since the seminal works by Tyebjee and Bruno (1984) and Gorman and Sahlman (1989). This literature has shown that VCs are highly selective in choosing their investment targets.¹ These studies have also emphasized that the quality of the entrepreneurial team (i.e., the “jockey”) and the market attractiveness of the business idea (i.e., the “horse”) are crucial drivers of VCs' investment decisions (Bernstein et al., 2017; Franke et al., 2008; Kaplan et al., 2009; Kaplan & Strömberg, 2004; MacMillan et al., 1985, 1987; Zacharakis & Meyer, 2000). A smaller number of studies have examined the material support VCs provide to portfolio companies (i.e., their “coaching”) in areas where entrepreneurial teams typically lack competencies, such as strategy, marketing, and finance (e.g., Hellman & Puri 2002; Kaplan & Strömberg 2004; Sapienza, 1992).

While most studies have considered specific investment activities (e.g., screening *or* coaching), focused on particular aspects of VCs' decision-making process (e.g., decision speed, Petty et al., 2023), or examined how VCs' decision-making process is influenced by contextual factors (e.g., “hot” or “cold” markets, Kleinert and Hildebrand, 2025), Gompers et al. (2020) deserves special mention. The authors rely on a survey administered to a large population of US VCs to comprehensively examine their practices across the full spectrum of their activities, including deal origination, investment screening, valuation, deal structuring, post-investment coaching, and exit.

Nonetheless, scholars in this stream have not devoted sufficient attention to examining whether

¹ For example, Petty and Gruber (2011) have analyzed the investment activity of a medium-sized European VC firm over 11 years and showed that it reviewed 3631 deals but made only 35 investments (around 1%). Gompers et al. (2020) have documented similar selectivity among a large sample of US investors. For each deal that sample VC investors closed, they examined 100 investment opportunities (and offered a term sheet to 1.7 of the examined firms).

and how VCs' practices and decision-making processes differ *across countries* (Sapienza et al., 1996, and Zacharakis et al., 2007 are noteworthy exceptions). This represents an important gap, as most available evidence focuses on US VCs. As we will explain in detail in Sect. 2, the VC industry originated in the USA, and (slowly) diffused first to the UK and Continental Europe (CE) countries, and then to other regions. The USA continues to enjoy worldwide leadership in the VC arena, and US VCs likely serve as a "role model" for VCs in other countries. At the same time, scholars have highlighted that the institutional characteristics of the US VC context—encompassing both "hard" institutions (e.g., the legal system, the functioning of the IPO, acquisition, and labor markets) and "soft" institutions (e.g., culture, social norms, and individuals' attitudes)—are unique and generally more favorable to VC investors than in other regions.² Whether these institutional differences lead VCs in other countries—particularly in CE (Bruton et al., 2005; Grilli et al., 2018; Li & Zahra, 2012)—to adopt different investment practices and decision-making processes, or whether VCs in these countries adhere to the "gold standard" established by their successful US counterparts, emulating their "best practices" to gain legitimacy (Manigart, 1994), remains an interesting and under-researched question.

In this study, we address this question and provide a deeper understanding of the similarities and differences between CE VCs' decision-making processes and investment practices and those of their US colleagues. Specifically, we offer new insights based on a comprehensive survey of 611 VC managers representing 396 distinct VC firms headquartered in CE. For the sake of comparability to the USA, we adhere closely to the survey design of Gompers et al. (2020) and cover areas including pre-investment practices (e.g., investment selection, valuation, deal structure, syndication), factors explaining successful and failed investments, and exits (i.e., required returns, exit routes, and realized multiples). Furthermore, we compare cross-sectional variation in VC practices by

investment stage, industry specialization, and fund size. This is important because we identify structural differences in CE and US VC market characteristics, which, if unaccounted for, could bias our explanation of the detected differences in investment practices and decision-making processes.³

Given the breadth of the issues and the limited prior research comparing CE and US VC practices and decision-making processes, our study is deliberately exploratory. We therefore refrain from formulating explicit hypotheses, instead using institutional theory as a guiding framework for interpreting similarities and differences between CE and US VCs. This approach aligns with recent calls to adopt more exploratory research in entrepreneurship, particularly when phenomena are new, underexplored, or not easily theorized in advance (e.g., Wennberg & Anderson, 2020).

Our findings provide new insights and important nuances to the VC literature. They show that many practices among CE VCs closely resemble those of US VCs. Required returns and realized exits, for instance, are remarkably alike. Regarding drivers of investment selection and performance, both CE and US VCs consider the entrepreneurial team the most important factor. VC contracting—both in terms of flexibility and the frequency of contractual terms applied—is also comparable.

Nevertheless, our findings reveal notable differences between CE and US VCs' practices and decision-making processes. CE VCs evaluate significantly fewer investment proposals per closed deal than their US counterparts. Moreover, in selecting target firms, they place relatively less emphasis on ventures' business models, products, and markets, and focus on different attributes of the entrepreneurial team (i.e., they give more weight to entrepreneurs' commitment and passion rather than to industry experience and teamwork as a team, as US VCs do). The criteria CE VCs primarily use to value investment opportunities (e.g.,

² The venture capital and private equity attractiveness index, developed at IESE (Groh et al., 2024), shows that on a scale where the score of the USA is 100, the scores of Germany and France—the two most attractive CE countries for VC/PE—are 84.6 and 81.5, respectively, while most other CE countries receive substantially lower scores.

³ We exclude UK VCs because the UK's VC environment aligns more closely with that of the US, not only in informal culture and social norms but notably in the formal institutional environment. Common-law jurisdictions in the USA and the UK provide stronger investor protection through adaptable fiduciary frameworks and judicial precedent than the civil-law systems found in CE (e.g., Armour & Cummings, 2006; La Porta et al., 2008; OECD, 2023).

multiples based on comparable transactions) also differ from those of US VCs (e.g., cash-on-cash multiples and time-to-exit). The same divergence applies to syndication strategies: while both CE and US VCs acknowledge the role of complementary skills in their syndication decisions, risk-sharing and capital constraints are less important for CE VCs than for their US peers.

In our discussion, we provide plausible explanations for these similarities and differences. In a nutshell, the fact that most investment practices CE VCs resemble those of US VCs can be interpreted as a result of the international diffusion of “best practices” (e.g., in deal structuring) initially developed by (successful) US VCs, which over time have become industry standards (a process highlighted by the literature on the diffusion of managerial practices, e.g. Subramony, 2008; Bloom et al., 2012). The differences in VC practices we have detected can partly be considered direct or indirect consequences of the different institutional contexts of VC in CE and the USA. However, while institutional theory offers a comprehensive framework for understanding differences in investment selection and value-adding activities, attributing differences in other VC practices to institutions proves challenging or, in some cases, contradicts institutional predictions.

The remainder of this paper proceeds as follows. The next section outlines the conceptual background and discusses institutional heterogeneity between the USA and CE. We then present our methodology and results, highlighting both similarities and differences in US and CE VC practices. Finally, we discuss the findings in the context of institutional differences between the USA and CE, acknowledge the study’s limitations, and offer suggestions for future research.

2 Conceptual background

2.1 VC and institutions

The USA has been the initiator of VC. Indeed, the VC industry originated in this country and slowly diffused first to the UK and CE countries (Manigart, 1994), and then, more recently (and more rapidly) spread to other countries such as China, India, Indonesia, and selected countries in South America (e.g., Chile) and Africa (e.g., Nigeria). The first modern VC firm in the USA was established in 1946, with the first limited

partnership created in 1958 (Gompers et al., 1998). In CE, pioneer VC firms emerged in the 1970s, with slow growth until the late 1990s (Bottazzi & Da Rin, 2002; Manigart, 1994; Ooghe et al., 1991). The US National Venture Capital Association was established in 1973, almost a decade before the European Venture Capital Association (now Invest Europe) in 1980.

Leveraging this initial lead, the USA continues to host the most developed VC industry and market worldwide. In 2025, the number of VC investments and the amount invested in the USA were 2.2 and 3.6 times greater than in CE.⁴ In 2025, the USA was home to 712 “unicorns” (i.e., unlisted VC-backed ventures with a valuation greater than \$1 billion), compared to only 113 in CE.⁵ The early development of the US VC market provided a substantial scale advantage to VC firms, which pioneered the adoption of high-performance investment practices, such as staging, syndication, and sophisticated deal structuring, leading to historic outperformance (Feider et al., 2014; Harris et al., 2014; Hege et al., 2009; Leleux, 2007; Lerner et al., 2011; Phalippou & Gottschalg, 2009). When US VC practices were introduced to Europe via the UK market and spread to other CE countries (Manigart, 1994), they contributed to a notable expansion in the size and success of the European VC industry as well. Indeed, recent data show a convergence in performance between US and CE VC investors (Invest Europe, 2022; State of European Tech, 2023). Nevertheless, the institutional context in the US is more favorable to VC than that in CE (see again footnote 2). These differences are considered crucial drivers of the greater VC supply and the greater development of the VC market in the USA (Grilli et al., 2019). They include formal institutions relating to the legal system (i.e., common versus civil law), intellectual property rights, tax and innovation policies, and financial and labor market developments (Black & Gilson, 1998; Da Rin et al., 2006; Groh et al., 2010; Guler & Guillén, 2010; La Porta et al., 2000). They also include informal institutions, such as culture and traditions, social norms, and individuals’ attitudes (Bruton et al., 2005; Grilli et al., 2018; Li & Zahra, 2012). As institutions, both formal and informal, influence the antecedents, processes, and outcomes of economic transactions (North, 1990,

⁴ Source: Pitchbook data.

⁵ Source: CB Insights market data.

1994), our initial assumption is that they possibly lead to divergence in VC investment practices and decision-making processes between CE and the USA.

2.2 Heterogeneity in formal institutions

Differences in legal systems and regulatory frameworks between the USA and CE have significant impacts on VC activity (Grilli et al., 2019; Groh et al., 2010). Robust property rights and effective enforcement in the USA foster innovation and R&D investments (Guler & Guillén, 2010). Stronger investor protection in common-law systems enhances corporate governance effectiveness (Aguilera & Jackson, 2010; La Porta et al., 2000). Elevated reporting and accounting standards streamline the screening process for potential investments in these countries, enabling US VCs to consider a larger number of proposals (Da Rin et al., 2006; Gompers et al., 1998). In contrast, civil law frameworks in CE emphasize employee rights, influencing labor market characteristics and VC selection criteria (Botero et al., 2004). The investor-friendly legal systems in the USA also support the development of financial markets, providing crucial visibility, liquidity, and reliability (La Porta et al., 2008). Well-developed financial markets, in turn, facilitate lucrative exit opportunities, a critical consideration for VC investments (Black & Gilson, 1998; Da Rin et al., 2006; Li & Zahra, 2012).

In CE, government intervention in VC markets is more prevalent, with government-backed VC funds often prioritizing economic development and job creation over shareholder value (Guerini & Quas, 2016; Leleux & Surlemont, 2003). Governments also influence VC investment selection and enhance value-adding potential by incentivizing R&D investments (Cumming & Li, 2013; Söderblom et al., 2015). Taken together, strong regulatory frameworks, supportive financial markets, and active entrepreneurial ecosystems collectively reduce uncertainty and minimize transaction costs (Li & Zahra, 2012; Liu & Maula, 2016).

2.3 Heterogeneity in informal institutions

Informal institutions, such as norms, traditions, and unwritten rules, can also significantly impact VC activity (Li & Zahra, 2012; North, 1990). Both

formal and informal institutional contexts help cultivate—or, conversely, impede—a culture of entrepreneurship (Bonini & Alkan, 2012; Li & Zahra, 2012). Cultural differences between CE countries and the USA are evident in variations in individualism, uncertainty avoidance, and long-term orientation (Hofstede & Minkov, 2010; Hofstede et al., 2010), which in turn influence entrepreneurship and VC investing (Grilli et al., 2018). For example, individualism is positively associated with risk-taking propensity (Li et al., 2013) and negatively with proactiveness (Kreiser et al., 2010), both key traits for VC investors and entrepreneurs (Li & Zahra, 2012). High uncertainty avoidance may impede ventures' innovative capacity and value-adding effectiveness (Li & Zahra, 2012), whereas long-term-oriented cultures may be more conducive to VC, which requires substantial long-term investments in innovation and human capital. Cognitive institutional contexts also shape the values of VC professionals and influence their practices (Bruton et al., 2005). In summary, we argue that institutional, economic, and historical variances yield heterogeneous VC decision-making in investment selection, post-investment monitoring, and the successful divestment of stakes in portfolio companies (Bruton et al., 2005; Vanacker et al., 2014).

3 Data and methods

Following a well-established tradition of surveys in financial economics and entrepreneurial finance (Bottazzi & Da Rin, 2002; Da Rin & Phalippou, 2017; Gompers et al., 2016, 2020; Graham & Harvey, 2001), we used a survey to understand VC practices in CE.

Our survey structure and questions are built on validated past surveys. It most closely follows the one used by Gompers et al. (2020), which provides a comprehensive illustration of US VC practices relating to expected returns and type of exit, investment selection, deal structuring, valuation, drivers of investment performance, and syndication strategies. Moreover, this study is cited as a “benchmark study” by other studies focusing on VC practices (e.g., Ambois et al., 2025; Bellavitis et al., 2022). In the first part of our survey, we asked questions to identify the respondents' responsibilities and the nature of the VC firms they work for. Next, we asked about

the investment strategies they follow, including sectoral specialization, geographical focus, and stage of investment. The survey then addressed incentives and internal organization. This was followed by questions on deal selection and subsequently on the deal structures employed by the VC investors. We also inquired about syndication practices and the relationships between VCs and portfolio entrepreneurs. In the final section, respondents were asked about deal outcomes, including factors contributing to successful and unsuccessful investments, exit routes, and the internal rate of return (IRR) of the last three closed funds. Like Gompers and colleagues, we analyze responses to gain a deeper understanding of how VC investors' practices differ and lead to different outcomes. The value creation channel begins with the investment selection process and decision-making practices within VC teams, extends to the portfolios they build, and continues through to exit routes and performance.

We tested a draft of this survey with six active VC investors from different European countries to ensure its relevance to the CE VC environment, and we made a few adjustments. This resulted in a few differences compared with the Gompers et al. (2020) survey, concerning respondents' data, the VC investment process, VCs' investments, opinions about valuations, and smaller differences about value-adding practices. In addition, we included questions that Gompers and colleagues reported in their online working paper but did not include in the final published paper. The final version of the survey is available in Appendix A. The complete list of differences is provided in Appendix B.

We collected survey data between March 2022 and November 2022⁶ using Qualtrics.

⁶ While the Gompers et al. (2020) survey was distributed in 2015–2016 (pre-COVID 19), we are confident that our results can be compared. We used Pitchbook data to compare investment and fundraising activity in the USA and CE before and after the COVID-19 pandemic (1 year before the burst of the pandemic, i.e., in 2019, and the post-COVID survey year, i.e., in 2022), but also with 2015 (the year in which Gompers and colleagues ran their survey). These statistics suggest that VC activity was significantly higher after the pandemic compared to before the pandemic (both 2015 and 2019), as well with respect to new funds raised, investment activity and exit activity, both in the USA and in CE. In addition to other market VC statistics, we argue that VC activity did not slow down due to the pandemic in the regions of interest. Beyond those statistics, later cited studies suggest no meaningful differences in how VCs operated pre- and post-pandemic.

We aimed to survey a representative sample of independent VC investors in CE.⁷ First, we retrieved VC contact information from Pitchbook, a leading private equity and VC database that includes contact details for VC managers. Second, we asked national and regional VC associations, as well as influential national and European organizations within the VC ecosystem, including Invest Europe, to promote our survey among their members. Third, we actively used our personal networks to solicit local VC respondents. Fourth, consistent with Gompers et al. (2020), we contacted alumni from our institutions working in the VC industry. Last, we also promoted the survey on professional social networks such as LinkedIn and Twitter (now X) and sent several reminders by e-mail. As such, our survey was distributed to the overwhelming majority of CE VCs, especially within the 10 largest CE countries.

We verified that only independent VC investors (not business angels, buyout investors, or other professionals such as consultants) completed our survey by asking about their investor type in the first survey question. We excluded 327 responses from non-VC investors and 226 responses from corporate VCs, government-owned VCs, or family offices, as our goal is to understand the investment practices of independent VC firms, consistent with Gompers et al. (2020).

Of the 611 unique respondents, 451 (73.8%) disclosed their identities and/or the names of the VC firm. This enabled us to identify 396 distinct VC firms headquartered in CE and to manually verify their investment activity using Pitchbook. We estimate that these VC firms invested €96 billion in 5639 deals involving 5105 unique companies in 2021–2022. This represents 40.5% of the total capital invested in CE over the same period. Applying the same average investment activity to the anonymous respondents, our sample represents an investment activity of €130 billion (= €96 billion/0.738) in 2021–2022, or 55% of the CE VC market. This percentage is close to the market coverage reported by Gompers et al. (2020), who collected responses from VCs covering 63% of US assets under management.⁸

⁷ Our sample includes responses by VCs from Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Lithuania, Luxembourg, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland, The Netherlands, and Ukraine.

⁸ We acknowledge that investment activity is not the same as assets under management, but the latter is missing in our data. Nevertheless, investment activity also represents an important indicator of the size of the VC industry.

Using Pitchbook data on the full population of VC investments in CE and the USA between 2021 and 2022, we find that the CE VC market is about 58% of the US VC market by number of deals (16,538 in CE vs. 28,363 in the USA), 62% by unique portfolio companies (14,727 in CE vs. 23,463 in the USA), and 64% by unique investors (8398 in CE vs. 12,954 in the USA). In terms of capital invested, the CE VC market amounts to roughly half the size of the US VC market (€237.14 billion in CE vs. \$474.24 billion in the USA) over the same period.

We present, hereafter, the first large-scale evidence of CE VC investors' investment practices and empirically analyze how they compare with those of US VCs using bivariate statistical tests. Given data limitations, we are unable to run multivariate analyses.

4 Results

In this section, we first describe our sample and then focus on similarities and differences between CE and US VC investment practices. Interestingly, we

find that similarities are related to both required and declared returns, as well as contracting practices and the importance of the management team. We observe, however, notable differences in the way those returns are obtained, which are mostly related to the investment strategy and to the perception of how VCs add value to their portfolio firms.

4.1 Sample description

Table 1 presents our sample and general summary statistics, and Fig. 1 illustrates our geographical coverage. Approximately 59% of the 611 respondents completed the entire survey (vs. 63% of US respondents in Gompers et al., 2020), with 55% identified as partners (75% in the US sample). The respondents are associated with 396 distinct VC firms (681 firms in the US sample). CE investors received, on average, 933 investment proposals in 2021 (median = 500) and closed 23 deals (median = 12). The self-reported yearly average return on CE VC investments, based on the IRR of the last three funds, is 14%.

Table 1 Sample description

	All		Stage		Industry		Size	
	CE	US	Early	Late	IT	Health	Small	Large
Number of CE observations	611		384	35	182	47	186	186
% of total	100%		63%	6%	30%	8%	30%	30%
Number of US observations		885	245	96	135	88		
% of total		100%	28%	11%	15%	10%		
Completed survey	59.2 (2.0)	63.4 (1.6)	74 (2.2)	74.3 (7.5)	74.2 (3.3)	74.5 (6.4)	73.1 (3.3)	72.6 (3.3)
Respondent is a partner	55.3 (2.0)	75.4 (1.4)	60.8 (2.5)	42.9 (8.5)	64.8 (3.5)	66 (7.0)	66.7 (3.5)	54.3 (3.7)
FTEs working at the firm	15.7 (1.3)	13.5 (0.9)	12.9 (0.9)	10.5 (1.5)	11.3 (0.6)	18.6 (3.9)	8.1 (0.4)	19.3 (1.5)
Most recent fund	2020 (0.1)	2012 (0.2)	2020 (0.1)	2020 (0.8)	2020 (0.2)	2020 (0.2)	2020 (0.1)	2020 (0.2)
Avg fund size (max 3 last funds)	98.5 (5.9)	286 (32.8)	86.2 (5.8)	139.5 (42.5)	75.3 (5.6)	173.9 (27.9)	32.7 (1.1)	164.3 (9.7)
No. Inv proposals last 12 months	933.6 (56.9)		1032 (67.0)	349.8 (85.4)	1005 (97.5)	539.2 (95.7)	765.8 (69.2)	1289.3 (110.6)
Closed deals last 12 months	23.3 (2.7)		24.7 (3.1)	10.9 (4.0)	27 (5.6)	13.2 (2.9)	19.8 (4.9)	30.3 (4.6)
% closed deals	3.8 (0.4)		3.7 (0.5)	3.8 (1.3)	4.3 (1.0)	3.3 (0.5)	2.9 (0.3)	3.9 (1.1)
Avg IRR (max 3 last funds)	14.1 (0.7)		14.3 (0.8)	16.7 (2.9)	16.5 (0.7)	6.1 (3.4)	14.1 (1.2)	14.1 (0.9)

Means and standard errors (in parentheses) are presented. *Avg fund size 3, last funds*, and *No. Inv proposals last 12 months* are win-sorized at the 1% level. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)

FTEs, full-time employees

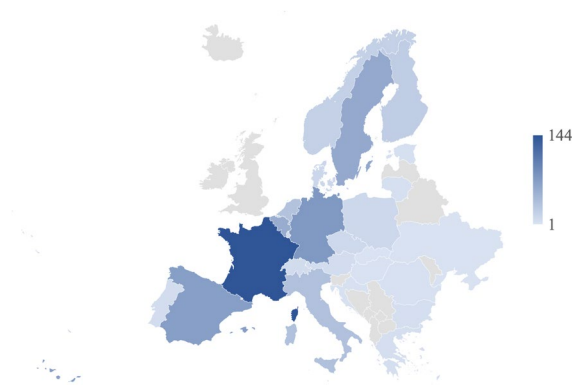


Fig. 1 Geographical coverage of CE

We adopt the categorization of Gompers et al. (2020) based on VC specialization. First, we categorize our sample by the investment stage, distinguishing among early-stage, late-stage, and stage-agnostic investors. Early-stage respondents constitute 63% (28%) of the CE (US) sample, 6% (11%) are late-stage investors, and the remaining 31% (61%) lack specialization in any specific stage. The high proportion of early-stage investors in CE is broadly consistent with fundraising activity by VC funds in CE in the period 2007–2022. However, stage-agnostic VC investors are less represented in our survey than in the population (Invest Europe annual market statistics⁹). Second, we differentiate investors by industry specialization: 30% (15%) of CE (US) respondents primarily focus on IT-oriented investments,¹⁰ while 8% (10%) concentrate on health-oriented investments.¹¹ Third, we split the sample by fund size, reporting separate statistics for funds below and above the median (i.e., €58 million in Europe and €110 million in the USA). Using this criterion, 30% of CE respondents operate in small funds and 30% in large funds; fund size information is missing for the remaining 40% of the respondents.¹²

Table 1 shows distinct differences in fund and firm sizes between US and CE VCs. The average US fund size is €263 million¹³ (median = €110 million),

significantly surpassing the average CE fund size of €99 million (median = €58 million). However, the average number of full-time employees working for a VC firm in the survey samples is lower in the USA (14 FTEs) than in CE (16 FTEs). CE investors also show a higher level of specialization. For example, the proportion of early-stage and IT-focused investors in the CE sample is twice that in the US sample.

4.2 Similarities and differences in VCs' practices

The data confirm the similarities in required returns between CE and US VC investors (see Invest Europe, 2022; State of European Tech, 2023). As Table 2 shows, both groups target an IRR of approximately 30% and cash-on-cash multiples between six and seven. This suggests a high convergence in industry norms regarding payback expectations across US and CE VC firms. This similarity persists across different stages, industries, and fund sizes.

Next, Table 3 shows that not only ex ante required returns but also ex post exit routes and multiples of investments made over the past decade are similar between US and CE VCs. This table presents the results of the investments, whereas the preliminary steps (important factors for investment selection and the most important factors contributing to successful investments) are presented in Tables 4 and 5.

While the more active US public equity markets likely explain the higher frequency of initial public offering (IPO) exits for US VCs (15% in the USA vs. 8% in CE), a similar percentage of trade sales—the more common exit route—is observed between the two regions (53% in the USA vs. 59% in CE). The failure rate for VC investments is comparable as well, with around one-third failing in both markets (32% in the USA vs. 34% in CE).

We further asked respondents about their exit multiples over the past decade and found striking parallels. Home runs—exit multiples of 10× or higher—are achieved in 9% of VC investments in both CE and the USA. Still, around three-fourths of the investments in both regions exit at less than five times the amount invested. This uniformity in failures and lower exit multiples is particularly noteworthy given the reputation of US VC investors for their longer track records, more profound expertise, and alleged outperformance compared with CE investors,

⁹ <https://www.investeurope.eu/research/activity-data/>.

¹⁰ This includes consumer internet/mobile, IT infrastructure/systems, software and services, and deep tech.

¹¹ This includes healthcare, life science, biotech, med tech, and digital health.

¹² Gompers et al. (2020) do not report these statistics.

¹³ To make comparisons in the same currencies, we used exchange rates in March 2016, when Gompers et al.'s (2020) survey was administered.

who are often portrayed as still “catching up.”¹⁴ Our findings provide valuable nuance to these claims and align with more recent industry statistics, which suggest that the long-term returns realized by CE VCs are now comparable to those of their US counterparts (Invest Europe, 2022; State of European Tech, 2023).

To achieve these outcomes, both CE and US VC investors assign equally high importance to the entrepreneurial team when making investment decisions. As Table 4 shows, while investment preferences differ considerably between CE and US investors, both groups overwhelmingly agree (95%) that the team is one of the most, if not the most, crucial factor in the decision to invest. Moreover, Tables 5 and 6 show that both US and CE VCs regard the entrepreneurial team as one of the most critical factors influencing ex post venture performance. Notably, both groups concur that the entrepreneurial team plays a crucial role in the success (96% of CE and US investors) but also the failure (92% of CE and US investors) of investment outcomes. The importance of the team in both success and failure is apparent to all fund types in both regions.

Furthermore, contracting practices are strikingly similar in the USA and CE despite differences in the legal environment. First, Appendix C details various contractual terms VCs frequently use. Although a statistical comparison between CE and US investors is practically infeasible due to the lack of detailed information on distributional properties for the US sample, the differences appear to be modest. Approximately 80% of both investor groups apply pro-rata rights, and just over half include participation liquidation preferences.¹⁵ Between 45 (US VCs) and 49% (CE VCs) apply redemption rights, and one of four VCs uses cumulative dividends. In addition, CE VCs often use anti-dilution protection (70% of VCs), liquidation preferences greater than or equal to 1 (67% of VCs), and veto rights (64% of VCs). Compared with health-focused funds, IT-focused funds more frequently include pro-rata and veto rights in their investment contracts but use participation liquidation preferences and cumulative dividends less regularly.

¹⁴ Early studies document a US performance advantage (Hege et al., 2009), consistent with lighter monitoring by CE VCs (Schwienbacher, 2008). More recent evidence points to a smaller and more fragmented CE VC market, with substantial intra-CE heterogeneity (IMF, 2024).

¹⁵ See also Appendix B for an overview and explanation of the various contractual terms included in VC contracts.

Second, on average, both CE and US VCs demonstrate moderate contract inflexibility (−13 for CE and −11 for US VCs, on a scale from −100 to 100, where 100 signifies high flexibility). Figure 2 (based on Appendix D) illustrates the average flexibility of CE investors on the *x*-axis compared with US investors on the *y*-axis for various contractual terms, revealing a strong correlation between the two. This alignment is particularly evident in pro-rata rights (both highly inflexible), board control and board rights (both somewhat inflexible), and redemption rights (both somewhat flexible). The similarities in contractual practices between CE and the USA are striking. Despite different legal and regulatory environments, with the USA having more vigorous legal enforcement and enhanced investor protection, their contracts are not significantly different in practice. Therefore, our findings provide initial evidence of a global convergence in VC contracting practices.

4.3 Differences in investment strategies and drivers of performance

Despite the many similarities we observe between CE and US VC practices and investment performance, we find that CE and US VCs achieve this comparable performance using different investment strategies. In particular, we find that CE VCs pursue different investment selection, valuation, and syndication behavior, and show differences in the identification of the main drivers of investment performance between CE and US VCs.

4.4 Investment selection

Table 7 presents the different stages of the investment selection process by the number of investments that reached each stage of the deal funnel per closed deal. The selection process consists of the following steps: meeting the venture’s management, reviewing deal opportunities with the partner group or investment committee, performing due diligence, and offering a term sheet or negotiating detailed terms. Significant differences emerge throughout the deal funnel. CE VCs meet with only 17 management teams for each closed deal, whereas US VCs meet with 28. Hence, CE VCs are either more selective from the beginning (i.e., before engaging with entrepreneurs) or have

Table 2 Required returns

	Stage						Industry						Size					
	All			Early			Late			IT			Health			Small		
	CE	US	CE	CE	US	CE	CE	US	CE	CE	US	CE	CE	US	CE	CE	US	CE
Required IRR (%)	29.9 (1.5)	31.0 (1.0)	31.3 (1.9)	33.0 (2.0)	24.0 (1.3)	29.0 (1.0)	29.6 (1.4)	34.0 (2.0)	33 (2.0)	30.1 (1.7)	33.0 (1.0)	32.8 (3.5)	28.0 (1.0)					
Required cash-on-cash multiple	6.8 (0.5)	5.5 (0.3)	7.3 (0.6)	7.5 (0.8)	4.8 (1.7)	3.2 (0.1)	6.4 (0.6)	7.0 (1.3)	5.1 (0.4)	7.5 (0.9)	6.2 (0.6)	7.0 (0.7)	4.9 (0.2)					
Number of responses	313	346	245	127	22	63	125	73	31	61	127	119	165					

Means and standard errors (in parentheses) are presented on required returns in terms of IRR and cash-on-cash multiples. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)

access to a more limited deal flow.¹⁶ The CE and US selection process remains statistically significantly different, with US VCs processing more opportunities in each stage, except for the final stage, in which both groups offer term sheets to 1.7 investments per closed deal. The lower selectivity of CE investors is noteworthy, despite employing relatively more investment professionals and, hence, their allegedly higher ability to screen more deals.

Table 4 (Important factors) presents the factors influencing the ultimate investment decision. The most important aspect is the entrepreneurial team for both CE and US VCs, as discussed previously. CE and US VCs differ in all other aspects, however. In general, compared to US VCs, CE VCs attribute significantly less importance to the business model (83% of US vs. only 43% of CE VCs), the product (74% of US vs. 61% of CE VCs), and the market (68% of US vs. 59% of CE VCs). US VCs also consider the industry, valuation, ability to add value, and the company fit with the VC strategy to be of greater importance. These differences remain—and are often even larger—when considering only early-stage funds (except for valuation and fit, which now become statistically non-significant). Accounting for other sources of fund-based heterogeneity, such as industry focus or fund size, emphasizes the robustness of these differences, particularly regarding the ventures' industry, business model, product, and market. The observed differences are therefore not attributable to specific firm or fund characteristics among CE and US investors, which suggests that CE and US VCs prioritize different factors in their investment selection processes, besides the entrepreneurial team.

Table 4 (Most important factors) presents *the* single most important factor that VC investors consider when deciding to invest. While both CE and US VCs put high value on the entrepreneurial team, CE investors (55% of VCs) are significantly more likely than their US counterparts (47% of VCs) to view the entrepreneurial team as the single most

¹⁶ Gompers et al. (2020) do not report the yearly number of investment proposals VCs receive, which prevents us from distinguishing between these explanations. The role of deal sourcing in the success of VCs has been highlighted (Ewens and Rhodes-Kropf, 2015; Petty et al., 2023; Sorensen, 2007, among others), but we did not ask about the source of the deals to limit the time needed to complete the questionnaire and improve the response rate.

Table 3 Exit routes and multiples

	Stage				Industry				Size					
	Early		Late		IT		Health		Small		Large			
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US		
Exit routes														
IPO	7.8 (0.8)	15 (1)	7.5 (1.0)	12 (1)	7.3 (2.5)	19 (2)	7.5 (1.1)	13 (2)	13.9 (3.2)	23 (2)	3.6 (0.7)	12 (1)	10 (1.2)	20 (1)
Sales (M&A)	58.7 (1.6)	53 (1)	56.4 (1.8)	50 (2)	78 (4.6)	60 (3)	62.6 (2.2)	55 (2)	52.1 (5.7)	48 (3)	60.5 (2.6)	54 (2)	56.4 (2.4)	51 (1)
with a > 1 × value														
Failure	33.5 (1.5)	32 (1)	36.1 (1.7)	38 (2)	14.8 (3.1)	21 (2)	29.9 (2.1)	32 (2)	34 (4.5)	29 (2)	35.9 (2.6)	34 (2)	33.6 (2.3)	29 (1)
Number of responses	272	426	211	187	20	69	103	98	28	72	100	231	111	198
Exit multiples														
> 10 ×	9.4 (1.0)	9 (1)	10.2 (1.2)	12 (1)	4.9 (1.1)	7 (2)	11.9 (1.7)	13 (2)	5.3 (2.2)	9 (2)	8.1 (1.5)	9 (1)	9.6 (1.6)	9 (1)
5–10 ×	15.4 (1.2)	12 (1)	15.6 (1.4)	13 (1)	11.8 (2.8)	8 (1)	14.4 (1.6)	12 (2)	18.3 (4.4)	16 (3)	14.6 (1.9)	12 (1)	16.3 (2.1)	13 (1)
2–5 ×	28.9 (1.5)	36 (2)	27.6 (1.8)	30 (3)	38.4 (5.9)	47 (6)	26.8 (2.4)	34 (5)	38.3 (6.2)	36 (6)	29 (2.6)	36 (3)	26.6 (2.4)	35 (3)
1–2 ×	23.7 (1.3)	19 (1)	22.9 (1.5)	18 (1)	25.5 (3.9)	18 (2)	25.3 (2.2)	15 (1)	15.9 (2.6)	19 (2)	26.6 (2.5)	19 (1)	21.8 (1.8)	18 (1)
< 1 ×	22.3 (1.3)	24 (1)	23.2 (1.6)	27 (2)	19.4 (5.0)	20 (2)	21.5 (2.0)	26 (2)	22.1 (4.7)	20 (2)	21.7 (2.3)	24 (1)	24.7 (2.2)	25 (1)
Number of responses	255	410	197	179	20	70	93	96	27	67	97	221	100	189

Means and standard errors (in parentheses) are presented on the proportion of investments made during the past decade that were exited through the respective route (Exit routes) and the proportion of investments during the past decade that reached the respective exit multiple (Exit multiples). Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)M&A, mergers and acquisitions

Table 4 Important factors for investment selection

NB	All	Stage				Industry				Size			
		Early		Late		IT		Health		Small		Large	
		CE	US	CE	US	CE	US	CE	US	CE	US	CE	US
Important factors													
Management team	93.5 (1.2)	95 (0.9)	94.6 (1.2)	95.9 (1.3)	84.8 (6.3)	93.3 (2.6)	93.5 (1.9)	96.1 (1.7)	92.9 (4)	90.7 (3.2)	94.2 (1.8)	95.2 (1.2)	93.6* (1.9)
Product	61.4*** (2.3)	74*** (1.9)	65.1*** (2.5)	80.9*** (2.5)	51.5 (8.8)	60 (5.2)	70 (3.5)	75.2 (3.8)	54.8*** (7.8)	81.4*** (4.2)	61.8*** (3.7)	77.1*** (2.4)	68 (3.6)
Market	58.6*** (2.3)	67.9*** (2)	62*** (2.6)	73.9*** (2.8)	39.4*** (8.6)	68.9*** (4.9)	66.5*** (3.6)	79.8*** (3.5)	31*** (7.2)	55.8*** (5.4)	61.8* (3.7)	70* (2.6)	65.7 (3.6)
Valuation	45.5*** (2.3)	55.9*** (2.1)	42.5 (2.6)	46.9 (3.2)	54.5*** (8.8)	74.4*** (4.6)	44.1* (3.8)	54.3* (4.4)	47.6 (7.8)	41.9 (5.4)	43.4* (3.8)	51.9* (2.8)	49.4*** (3.1)
Business model	43.4*** (2.3)	83*** (1.6)	41.1*** (2.6)	83.8*** (2.4)	69.7*** (8.1)	85.6*** (3.7)	40.6*** (3.8)	85.3*** (3.1)	28.6*** (7.1)	75.6*** (4.7)	45.1*** (3.8)	81.9*** (2.2)	36.6*** (3.7)
Fit	43.4*** (2.3)	50*** (2.1)	44.2 (2.6)	48.1 (3.2)	30.3*** (8.1)	54.4*** (5.3)	51.2 (3.8)	48.8 (4.4)	50 (7.8)	39.5 (5.3)	48.6 (3.8)	53.9 (2.8)	45.9 (3.8)
Ability to add value	35.1*** (2.2)	46.1*** (2.1)	34.4*** (2.5)	44*** (3.2)	33.3*** (8.3)	54.4*** (5.3)	35.3 (3.7)	41.1 (4.3)	31 (7.2)	45.3 (5.4)	33.5*** (3.6)	51*** (2.8)	34.3 (3.6)
Industry	19.6*** (1.9)	31*** (2)	19.7*** (2.1)	29.9*** (3)	15.2*** (6.3)	36.7*** (5.1)	18.2*** (3)	33.3*** (4.2)	14.3 (5.5)	18.6 (4.2)	20.8*** (3.1)	31*** (2.6)	20.9*** (3.1)
Most important factors													
Management team	55.1*** (2.3)	47*** (2.1)	58.3 (2.6)	53.1 (3.2)	36.4 (8.5)	38.9 (5.2)	61.2* (3.7)	50.4* (4.4)	33.3 (7.4)	32.6 (5.1)	55.5 (3.8)	50 (2.8)	54.1* (3.8)
Business model	10.7 (1.4)	10 (1.3)	1.4*** (0.6)	7.1*** (1.7)	12.1 (5.8)	18.9 (4.1)	2.9*** (1.3)	10.1*** (2.7)	0.0 (0)	5.8 (2.5)	0.6*** (0.6)	10*** (1.7)	2.9*** (1.3)
Product	9.8 (1.4)	13.1 (1.4)	9 (1.5)	12 (2.1)	15.2 (6.3)	7.8 (2.8)	7.6 (2)	11.6 (2.8)	21.4 (6.4)	33.7 (5.1)	8.1 (2.1)	10 (1.7)	10.5 (2.3)
Market	8.7 (1.3)	8.1 (1.2)	9.3 (1.5)	7.1 (1.7)	3 (3)	11.1 (3.3)	10.6 (2.4)	13.2 (3)	4.8 (3.3)	5.8 (2.5)	10.4*** (2.3)	5.2*** (1.3)	9.3 (2.2)
Industry	4.1 (0.9)	5.9 (1)	3.1 (0.9)	5.8 (1.5)	0.0 (0)	4.4 (2.2)	0** (0)	3.1*** (1.5)	4.8 (3.3)	9.3 (3.2)	4 (1.5)	3.9 (1.1)	1.7** (1)
Ability to add value	2.8 (0.8)	2 (0.6)	0.3*** (0.3)	2.1*** (0.9)	6.1 (4.2)	2.2 (1.6)	0.6 (0.6)	0.8 (0.8)	0.0 (0)	1.2 (1.2)	0* (0)	1.9* (0.8)	0.0 (0)
Valuation	2.6* (0.7)	1.1* (0.4)	0.0 (0)	0.0 (0)	12.1* (5.8)	3.3* (1.9)	0.6 (0.6)	0.0 (0)	2.4 (2.4)	2.3 (1.6)	0.6 (0.6)	1 (0.6)	1.7 (1)

Table 4 (continued)

NB	All		Stage		Industry				Size					
			Early		Late		IT		Health		Small			
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US		
Fit	1.1**** (0.5)	14**** (1.5)	11 (1.7)	12.9 (2.2)	9.1 (5.1)	13.3 (3.6)	11.8 (2.5)	9.3 (2.6)	16.7 (5.8)	9.3 (3.2)	12.7 (2.5)	17.1 (2.1)	12.8 (2.6)	10.1 (1.9)
Number of responses	459	558	355	241	33	90	170	129	42	86	173	310	172	248

Means and standard errors (in parentheses) are presented on the percentage of VC investors who report each attribute as important or the most important factor when deciding whether to invest. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

important factor. The second most important factor for US VCs is the fit between the investor and the venture (14% of US VCs), which significantly surpasses the 1% of CE investors indicating fit as the most important factor. Like 10% of US VCs, 11% of CE investors view the business model to be the most critical factor. Combining these findings with those from Table 4 (Important factors), CE investors seem to focus predominantly on the management team when deciding to invest, and US VCs more on a combination of factors, particularly the management team and market-related factors, and this also at early investment stages.

What aspects of the entrepreneurial team are important when selecting investments? Table 8 zooms in on the attributes of entrepreneurs and their teams, highlighting further differences between CE and US investors. In general, CE investors put greater importance on managerial ability, competence, and knowledge (77% of CE vs. 67% of US VCs), commitment or passion (75% of CE vs. 54% of US VCs), and entrepreneurial experience (64% of CE vs. 50% of US VCs). The industry experience of managers is equally essential to CE and US investors (60 vs. 62%). However, CE VCs find teamwork and cohesiveness of the team less critical than US VCs (39% of CE vs. 50% of US VCs). These differences remain statistically robust when we consider fund-based heterogeneity, suggesting that the different composition of the sample cannot explain these differences.

4.5 Valuation

While CE and US investors share similar required returns of around 30% (see Table 2), initial valuation methods differ. Note that our survey included a broader set of valuation methods than that of Gompers et al. (2020). The vast majority of CE VC investors determine venture valuation using comparable transactions or multiples (69% of VCs), followed by the consequence of round size and target ownership (63% of VCs). Cash-on-cash multiples (27% of CE VCs compared with 63% of US VCs), IRR (25% of CE VCs compared with 42% of US VCs), and net present value or discounted cash flow methods (15% of VCs) are less frequently used in CE than in the USA. Most VCs—be it in CE or in the USA—employ multiple valuation metrics when assessing investment opportunities.

Table 5 Important factors contributing to successful investments

	Stage						Industry						Size					
	Early			Late			IT			Health			Small			Large		
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US	CE	CE	US	US
Important factors																		
Management team	95.5 (1.1)	95.9 (0.9)	96.4 (1.1)	96 (1.3)	92.6 (5.1)	94 (2.6)	95.5 (1.8)	94.2 (2.2)	91.2 (4.9)	96.2 (2.2)	97.8 (1.3)	96.1 (1.2)	93.3* (2.2)	97* (1.1)				
Offering: product/service/tech	74.4*** (2.3)	59.1*** (2.2)	76.5*** (2.6)	60*** (3.3)	63 (9.5)	52.4 (5.5)	80.6*** (3.4)	53.3*** (4.6)	67.6 (8.1)	79.5 (4.6)	77*** (3.6)	59.1*** (2.9)	79.1*** (3.5)	58.1*** (3.2)				
Timing	56.9*** (2.6)	67.1*** (2.1)	57.8 (3)	64 (3.2)	48.1 (9.8)	61.9 (5.3)	56** (4.3)	69.2** (4.2)	52.9 (8.7)	55.1 (5.7)	56.3* (4.3)	65.8* (2.8)	56** (4.3)	66.9** (3.1)				
Industry conditions	42.3*** (2.6)	59.1*** (2.2)	42.2*** (3)	54.2*** (3.3)	40.7** (9.6)	67.9** (5.1)	38.8*** (4.2)	59.2*** (4.5)	41.2 (8.6)	47.4 (5.7)	43*** (4.3)	60.1*** (2.9)	47.8* (4.3)	58.1* (3.2)				
Business model	34.4*** (2.5)	60*** (2.2)	31.8*** (2.8)	55.1*** (3.3)	63 (9.5)	72.6 (4.9)	38.1*** (4.2)	63.3*** (4.4)	8.8*** (4.9)	32.1*** (5.3)	29.6*** (3.9)	58*** (2.9)	32.1*** (4)	63.1*** (3.1)				
Good luck	33.8*** (2.5)	55.9*** (2.2)	33.9*** (2.9)	60.9*** (3.3)	25.9 (8.6)	38.1 (5.3)	38.8*** (4.2)	63.3*** (4.4)	14.7*** (6.2)	51.3*** (5.7)	29.6*** (3.9)	58*** (2.9)	35.8*** (4.2)	53*** (3.3)				
Board of directors	22** (2.2)	29** (2)	21.3*** (2.5)	32*** (3.1)	22.2 (8.2)	23.8 (4.7)	19.4 (3.4)	25.8 (4)	32.4 (8.1)	26.9 (5.1)	24.4** (3.7)	34.2** (2.8)	23.9 (3.7)	25 (2.8)				
Capital market conditions	18.3*** (2.1)	33.9*** (2.1)	19.1*** (2.4)	34.2*** (3.2)	18.5** (7.6)	44** (5.4)	20.9*** (3.5)	41.7*** (4.5)	11.8*** (5.6)	35.9*** (5.5)	17.8*** (3.3)	33.1*** (2.8)	23.9** (3.7)	36** (3.1)				
My contribution	11.5*** (1.7)	25.9*** (1.9)	11.9*** (1.9)	24.9*** (2.9)	14.8 (7)	25 (4.8)	11.2*** (2.7)	25*** (4)	8.8* (4.9)	23.1* (4.8)	13.3*** (2.9)	29.9*** (2.7)	9.7** (2.6)	19.9** (2.6)				
Most important factors																		
Management team	71.5*** (2.4)	55.9*** (2.2)	74.4** (2.6)	64** (3.2)	63* (9.5)	41.7* (5.4)	77.6*** (3.6)	55*** (4.6)	52.9*** (8.7)	19.2*** (4.5)	74.1*** (3.8)	59.1*** (2.9)	70.1*** (4)	52.1*** (3.3)				
Offering: product/service/tech	16.6*** (2)	9*** (1.3)	17*** (2.3)	6.2*** (1.6)	7.4 (5.1)	10.7 (3.4)	13.4* (3)	6.7* (2.3)	38.2 (8.5)	30.8 (5.3)	16.3** (3.2)	8.9** (1.7)	17.9** (3.3)	10.2** (2)				
Timing	2.5*** (0.8)	12.1*** (1.4)	1.8*** (0.8)	11.1*** (2.1)	3.7 (3.7)	10.7 (3.4)	2.2*** (1.3)	15.8*** (3.3)	0 (0)	6.4 (2.8)	1.5*** (1)	13.2*** (2)	3.7** (1.6)	10.2** (2)				
Industry conditions	2.5*** (0.8)	7*** (1.1)	0.7** (0.5)	4** (1.3)	14.8 (7)	17.9 (4.2)	1.5** (1.1)	8.3** (2.5)	2.9 (2.9)	2.6 (1.8)	0*** (0)	7.1*** (1.5)	2.2** (1.3)	8.1** (1.8)				
Business model	2.3*** (0.8)	6*** (1.1)	2.2*** (0.9)	7.1*** (1.7)	0 (0)	4.8 (2.3)	0.7** (0.7)	5.8** (2.1)	2.9 (2.9)	2.6 (1.8)	2.2 (1.3)	5 (1.3)	2.2** (1.3)	7.2** (1.7)				
Good luck	1.7 (0.7)	1 (0.4)	1.4* (0.7)	0* (0)	3.7 (3.7)	2.4 (1.7)	1.5 (1.1)	0.8 (0.8)	2.9 (2.9)	3.8 (2.2)	3 (1.5)	1.1 (0.6)	1.5 (1.1)	0.8 (0.6)				

Table 5 (continued)

	Stage						Industry						Size					
	All			Early			Late			IT			Health			Small		
	CE	US		CE	US		CE	US		CE	US		CE	US		CE	US	
Board of directors	1.7**** (0.7)	7**** (1.1)		1.4**** (0.7)	6.2**** (1.6)		7.4 (5.1)	9.5 (3.2)		2.2 (1.3)	5.8 (2.1)		0 (0)	6.4 (2.8)		0.7** (0.7)	6** (1.4)	8.1*** (1.8)
Capital market conditions	0.6* (0.4)	1.9* (0.6)		0.7 (0.5)	0.9 (0.6)		0 (0)	3.6 (2)		0.7 (0.7)	0 (0)		0 (0)	2.6 (1.8)		0.7 (0.7)	1.1 (0.6)	3 (1.1)
My contribution	0.3 (0.3)	0 (0)		0.4 (0.4)	0 (0)		0 (0)	0 (0)		0 (0)	0 (0)		0 (0)	1.3 (1.3)		0.7 (0.7)	0 (0)	0 (0)
Number of responses	355	513		277	225		27	84		134	120		34	78		135	281	236

Means and standard errors (in parentheses) are presented on the percentage of VC investors who marked a respective factor as important or the most important factor to their successful investments. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Our study reveals that VCs often adjust their required returns given idiosyncratic and contextual factors, as shown in Table 9. A majority of VCs (59% of CE and 64% of US VCs) adjust their target returns, and thus valuation, to account for risk. US VC valuations are significantly less affected by industry (26% of US vs. 41% of CE VCs) and financial market conditions (19% of US vs. 28% of CE VCs). Conversely, US VCs are more likely to adjust valuations depending on the expected time to the liquidity event (56% of US vs. 30% of CE VCs). Approximately one out of five VCs in both regions do not adjust their valuation for risk, industry, time to liquidity, or market conditions.

The underlying drivers of venture valuations also differ between CE and US VC investors. Table 10 (Important factors) presents factors that VC investors consider important when deciding on the value of a venture, and Table 10 (Most important factors) highlights the most critical drivers of valuation.¹⁷ US investors put significantly greater emphasis on the valuation of comparable investments (80% of US vs. 72% of CE VCs), anticipated exit (86% of US vs. 67% of CE VCs), and competitive pressure from other VCs (43% of US vs. 27% of CE VCs) when determining venture valuations. Conversely, the desired ownership fraction is equally important in both groups (63% of US vs. 59% of CE VCs). Notably, 37% of CE VCs indicate that the negotiation power of the entrepreneur influences valuation (a factor not surveyed by Gompers et al., 2020).

4.6 Drivers of investment performance

Tables 5 and 6 report the factors that VCs attribute to their past successful and failed investments, respectively. While CE and US investors similarly emphasize the role of the entrepreneurial team in both successful and failed investments, their consideration of nearly all other contributing factors differs. Regarding successful investments, significantly more CE investors (74% of CE vs. 59% of US VCs) highlight the importance of

¹⁷ Unfortunately, the statistics in Table 5 (Most important factors) do not permit significance testing because of an additional factor in our survey (i.e., negotiation power of the entrepreneur) compared with the survey by Gompers et al. (2020), which precludes the independence of irrelevant alternatives. CE and US VCs, however, share a similar order of most important factors for portfolio company valuation.

Table 6 Important factors contributing to failed investments

	Stage				Industry				Size			
	Early		Late		IT		Health		Small		Large	
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US
Important factors												
Management team	91.3 (1.5)	92 (1.2)	91.9 (1.7)	91.2 (1.9)	88.5 (6.4)	91.5 (3.1)	90.9 (2.5)	93.3 (2.3)	77.4 (7.6)	84.6 (4.1)	93.1 (2.2)	91 (1.7)
Offering: product/service/tech	53.6** (2.7)	45** (2.2)	54.1* (3)	46* (3.3)	38.5 (9.7)	36.6 (5.4)	53.8** (4.4)	40.8** (4.5)	64.5 (8.7)	64.1 (5.5)	49.6 (4.4)	45.2 (3)
Industry conditions	46.4*** (2.7)	57.9*** (2.2)	45.9** (3)	57.1** (3.3)	42.3 (9.9)	59.8 (5.4)	43.2** (4.3)	59.2** (4.5)	45.2 (9.1)	46.2 (5.7)	47.3** (4.4)	59.1** (2.9)
Timing	41.7** (2.7)	48.9** (2.2)	44.4 (3)	50 (3.3)	19.2** (7.9)	41.5** (5.5)	45.5* (4.4)	56.7* (4.5)	22.6* (7.6)	41* (5.6)	41.2* (4.3)	50.2* (3)
Business model	37.7*** (2.6)	56.9*** (2.2)	37.4*** (3)	54*** (3.3)	53.8 (10)	59.8 (5.4)	47*** (4.4)	63.3*** (4.4)	22.6 (7.6)	38.5 (5.5)	38.9*** (4.3)	57*** (3)
Bad luck	21.7*** (2.2)	29.9*** (2)	20.4** (2.5)	30.1** (3.1)	30.8 (9.2)	24.4 (4.8)	21.2* (3.6)	31.7* (4.3)	19.4 (7.2)	32.1 (5.3)	18.3*** (3.4)	31.9*** (2.8)
Capital market conditions	19.1*** (2.1)	30.9*** (2)	19.6*** (2.4)	35*** (3.2)	23.1 (8.4)	25.6 (4.8)	22 (3.6)	25.8 (4)	19.4* (7.2)	37.2* (5.5)	16*** (3.2)	33*** (2.8)
Board of directors	14.8*** (1.9)	33.1*** (2.1)	14.4*** (2.1)	27.9*** (3)	11.5** (6.4)	32.9** (5.2)	15.2* (3.1)	25* (4)	12.9* (6.1)	29.5* (5.2)	11.5*** (2.8)	35.1*** (2.9)
My contribution	3.2*** (0.9)	9*** (1.3)	3.3** (1.1)	8** (1.8)	7.7 (5.3)	6.1 (2.7)	3** (1.5)	10** (2.8)	0 (0)	6.4 (2.8)	3.1*** (1.5)	11.1*** (1.9)
Most important factors												
Management team	63.5** (2.6)	55** (2.2)	65.9 (2.9)	60.2 (3.3)	61.5 (9.7)	47.6 (5.5)	67.4* (4.1)	56.7* (4.5)	35.5 (8.7)	34.6 (5.4)	62.6 (4.2)	57.8 (3)
Offering: product/service/tech	10.7 (1.7)	8 (1.2)	10.7* (1.9)	6.2* (1.6)	0 (0)	7.3 (2.9)	12.1*** (2.9)	3.3*** (1.6)	35.5 (8.7)	35.9 (5.5)	9.9* (2.6)	5* (1.3)
Industry conditions	7.5 (1.4)	10 (1.3)	7 (1.6)	10.2 (2)	7.7 (5.3)	15.9 (4.1)	6.1** (2.1)	13.3** (3.1)	6.5 (4.5)	6.4 (2.8)	7.6 (2.3)	7.9 (1.6)
Timing	6.7 (1.3)	9 (1.3)	5.6 (1.4)	8 (1.8)	7.7 (5.3)	9.8 (3.3)	4.5 (1.8)	9.2 (2.6)	6.5 (4.5)	5.1 (2.5)	6.9 (2.2)	7.9 (1.6)
Business model	5.8** (1.3)	10** (1.3)	4.8 (1.3)	7.1 (1.7)	19.2 (7.9)	15.9 (4.1)	3.8*** (1.7)	13.3*** (3.1)	3.2 (3.2)	10.3 (3.5)	6.9 (2.2)	11.8 (1.9)
Bad luck	2.6 (0.9)	2.9 (0.7)	2.6 (1)	3.1 (1.2)	3.8 (3.8)	1.2 (1.2)	3.8 (1.7)	3.3 (1.6)	6.5 (4.5)	2.6 (1.8)	0.8* (0.8)	3.9* (1.2)
												0*** (0)

Table 6 (continued)

	Stage				Industry				Size			
	All		Early		Late		IT		Health		Small	
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US
Capital market conditions	1.2* (0.6)	2.9* (0.7)	1.1** (0.6)	4** (1.3)	0 (0)	1.2 (1.2)	0.8 (0.8)	1.7 (1.2)	0 (0)	1.3 (1.3)	1.5 (1.1)	2.2 (0.9)
Board of directors	1.4 (0.6)	2.9 (0.7)	1.9 (0.8)	2.2 (1)	0 (0)	1.2 (1.2)	1.5 (1.1)	1.7 (1.2)	3.2 (3.2)	3.8 (2.2)	2.3 (1.3)	2.9 (1)
My contribution	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Number of responses	345	511	277	225	27	84	134	120	34	78	135	281

Means and standard errors (in parentheses) are reported on the percentage of VC investors who marked a respective factor as important or the most important factor to their failed investments. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

the portfolio company's offering to investment success. Conversely, the investment's timing (67% of CE vs. 57% of US VCs), industry conditions (59% of CE vs. 42% of US VCs), business model (60% of CE vs. 34% of US VCs), and capital market conditions (34% of CE vs. 18% of US VCs) are considered more important for US VC investment success. Interestingly, US VCs are less likely to attribute success to luck (56% of CE vs. 34% of US VCs) and to their own contribution (26% of US vs. 12% of CE VCs).

Despite no significant difference in the importance attributed to the entrepreneurial team, Table 5 (Most important factors) shows that 72% of CE VCs view the management team as the most important factor contributing to successful investments, significantly more than the 56% of US VCs. Most of the differences observed in Table 5 (Important factors) also align statistically with those of Table 5 (Most important factors), except for the role of the board of directors, which shows a notable divergence between CE and US VCs: 7% of US VCs consider the board the most important factor to investment success, compared to only 2% of CE VCs. All but one difference (i.e., Timing in Table 5 (Most important factors)) between CE and US VCs remain statistically significant—even when we consider only early-stage investors. Considering the heterogeneous fund structures between the two regions further strengthens the relevance and robustness of these findings.

Regarding failed investments, the findings shown in Table 6 (Important factors) are largely aligned with those for successful investments. The company's offering plays a larger role in CE VC investments (54%) than in US investments (45%). In contrast, all other contributing factors, including industry conditions, timing, business model, and capital market conditions, have a greater impact on failed US VC investments. In addition, bad luck (30% of US vs. 22% of CE VCs) and the investor's own contribution (9% of US vs. 3% of CE VCs) are more influential for failed US VC investments. Table 6 (Most important factors) reveals that the most important contributors to failed investments are largely similar between CE and US VCs, though the management team is somewhat more critical to CE VCs (64% of CE vs. 55% of US VCs). This difference, however, becomes statistically non-significant when we account for investment stage-based heterogeneity or consider only health-focused or small funds.

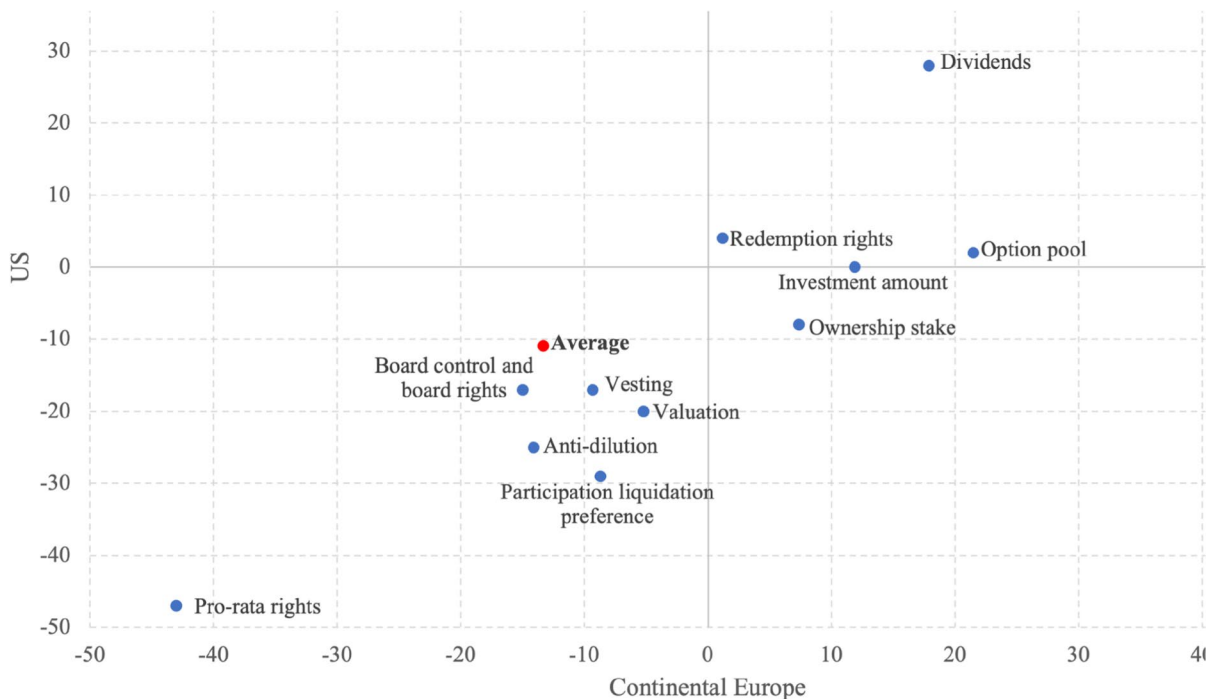


Fig. 2 Flexibility on contractual terms. Note: This figure presents CE and US VCs' flexibility on various contractual terms on a scale from -100 to 100 , where not at all flexible and

investor-friendly is -100 , not very flexible is -50 , somewhat flexible is 0 , very flexible is 50 , and extremely flexible and founder-friendly is 100 . See Appendix C for the full data

4.7 Syndication behavior

VC investors often engage in syndicated investments, co-investing with other VCs (Lerner, 1994; Manigart et al., 2006). Table 11 (Important factors) shows that approximately 62% of CE investments and 65% of US investments are syndicated, highlighting the importance of understanding VC decision-making, including their access to syndication and to their syndication partners. The presence of complementary skills matters for both CE (78%) and US (77%) VCs in the decision to syndicate and is the most important driver of CE VCs' syndication decisions (for 40% of CE VCs; see Table 11 (Most important factors)). Nevertheless, risk sharing and capital constraints hold greater importance for US VCs (72 and 75%, respectively) than CE VCs (26 and 60%, respectively), a noteworthy finding given the generally larger US fund sizes, which would suggest lower capital constraints, but which is consistent with round sizes being larger in the US than in CE. US VCs consider capital constraints to be the single most important reason to syndicate (39%). Finally, 39% of CE VCs report that an

invitation by a lead investor is an important factor in the decision to syndicate.¹⁸

In terms of factors influencing the choice of syndication partner, Table 12 (Important factors) indicates that industry expertise is equally crucial for more than 70% of both CE and US VCs and is the single most crucial factor for CE investors (see Table 12 (Most important factors)), in line with the emphasis on complementary skills in the initial syndication decision (see also Table 1). This is interesting, as entrepreneurial industry experience was deemed less important by CE VCs than by US VCs. CE investors assign greater importance to a partner's reputation (70% of CE vs. 60% of US VCs) and mutual social connections (29% of CE vs. 20% of US VCs), while

¹⁸ We include the item "Invitation by lead investor" (absent in Gompers et al., 2020) to capture a salient formation mechanism, namely lead-driven invitations. Prior research shows that lead investors set terms and governance and take on most monitoring and value-adding (e.g., Gorman and Sahlman, 1989; Wright and Lockett, 2003); their characteristics also shape syndication decisions (Hopp, 2010; Plagmann and Lutz, 2019; Sorenson and Stuart, 2008).

Table 7 Potential investments reaching each stage per closed deal

	Stage				Industry				Size					
	Early		Late		IT		Health		Small		Large			
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US		
Meet man- agement	16.8*** (0.9)	28*** (3)	17.3** (1.0)	34*** (7)	8.8*** (2.0)	24*** (3)	16.1** (1.2)	50** (13)	14.1 (2.4)	20 (3)	18.5 (1.5)	21 (2)	17.9*** (1.6)	37*** (6)
Review with partner group/ investment comm	6.9** (0.4)	10** (1)	7.2 (0.4)	11 (3)	4.2** (0.6)	10** (2)	6.9 (0.6)	13 (5)	7.6 (1.5)	11 (3)	8.1 (0.7)	10 (2)	6.7*** (0.6)	11** (1)
Due dili- gence	3.3*** (0.2)	4.8*** (0.3)	3.3*** (0.2)	4.6*** (0.4)	2.0*** (0.2)	4.4*** (0.4)	3.3*** (0.3)	5.3*** (0.6)	3.9 (0.7)	5.3 (0.6)	3.3 (0.3)	4.4 (1.4)	3.7 (0.4)	5.3 (1.4)
Offer term sheet/ negotiate detailed terms	1.7 (0.1)	1.7 (0.1)	1.7* (0.1)	1.5* (0.0)	1.6** (0.2)	2.3** (0.2)	1.7 (0.1)	1.6 (0.1)	1.7*** (0.1)	1.3*** (0.1)	1.7 (0.1)	1.7 (0.1)	1.7 (0.1)	1.7 (0.1)
Number of responses	270	442	219	195	14	76	103	106	20	64	110	238	92	205
No. Inv proposals received last 12 months	933.6 (56.9)		1031.7 (67.0)		349.8 (85.4)		1005.0 (97.5)		539.2 (95.7)		765.8 (69.2)		1289.3 (110.6)	
Number of responses	283		229		15		111		21		115		100	

Means and standard errors (in parentheses) are presented for the number of investments reaching each stage of the deal funnel per closed deal. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020). We do not report differences in the number of proposals considered (i.e., the very first selection stage) as there might be structural differences in the interpretation of a “considered deal” that cloud the comparison. These statistics are, however, available upon request

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Table 8 Important team management qualities

	All			Stage			Late			Industry			Health			Size		
				Early						IT						Small		
	CE	US		CE	US		CE	US		CE	US		CE	US		CE	US	
Ability/ competence/ knowledge	76.4*** (2.0)	67*** (2)		75.8*** (2.3)	64.9*** (3.1)		78.1 (7.4)	75.8 (4.5)		79.4** (3.1)	68.9** (4)		78.6** (6.4)	58.6** (5.3)		79.2*** (3.1)	64*** (2.7)	
Commitment/pas-sion	75.3*** (2.0)	54*** (2)		77.7*** (2.2)	59.1*** (3.2)		65.6 (8.5)	52.7 (5.3)		74.1*** (3.4)	59.8*** (4.3)		59.5* (7.7)	42.5* (5.3)		77.5*** (3.2)	56.1*** (2.8)	
Entrepre-neurial experience	63.5*** (2.3)	50.1*** (2)		62.5*** (2.6)	47.9*** (3.2)		68.8** (8.3)	44** (5.2)		61.2** (3.7)	49.2** (4.4)		69 (7.2)	55.2 (5.4)		61.3** (3.7)	51.9** (2.8)	
Industry experience	62.4 (2.3)	60.1 (2)		61.1 (2.6)	59.1 (3.2)		59.4 (8.8)	54.9 (5.2)		61.8 (3.7)	53.8 (4.4)		71.4 (7.1)	77 (4.5)		67.1 (3.6)	59.9 (2.8)	
Teamwork/ cohesive-ness	38.6*** (2.3)	50.1*** (2)		41.1*** (2.6)	52.1*** (3.2)		31.3* (8.3)	50.5* (5.3)		40 (3.8)	47 (4.4)		26.2** (6.9)	49.4** (5.4)		38.2*** (3.7)	51*** (2.8)	
Number of responses	458	561		355	242		32	91		170	132		42	87		173	314	

Means and standard errors (in parentheses) are presented on the percentage of VC investors who report each attribute as an important team management quality. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Table 9 Adjustments to required financial valuation metrics

	All						Industry						Size					
	Stage			Late			IT			Health			Small			Large		
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US	CE	CE	US	US
Investment's riskiness	58.7 (2.5)	64.1 (2.2)	59.8* (2.8)	52.1* (3.6)	46.7** (9.3)	68.5** (5)	57.9 (4.1)	53.2 (4.8)	69.4 (7.8)	66.7 (5.4)	58.3 (4.1)	60.7 (3)	59.6* (4.1)	68.2* (3.1)				
Industry conditions	41.3*** (2.5)	25.9*** (2)	40.5*** (2.8)	26*** (3.2)	40** (9.1)	19.1** (4.2)	44.1*** (4.1)	21.1*** (3.9)	38.9 (8.2)	25.6 (5)	45.8*** (4.2)	27*** (2.7)	36.3** (4)	25.1** (2.9)				
Expected time to liquidity event	29.8*** (2.3)	55.9*** (2.2)	29.9*** (2.6)	56.8*** (3.6)	16.7*** (6.9)	46.1*** (5.3)	29.7*** (3.8)	48.6*** (4.8)	36.1*** (8.1)	73.1*** (5.1)	27.8*** (3.7)	53.9*** (3.1)	34.2*** (3.9)	59.2*** (3.3)				
Financial market conditions	27.9*** (2.3)	19*** (1.8)	26.9*** (2.6)	16.1*** (2.7)	30 (8.5)	16.9 (4)	34.5*** (4)	19.3*** (3.8)	27.8 (7.6)	19.2 (4.5)	26.4 (3.7)	19.9 (2.4)	31.5*** (3.9)	17** (2.5)				
Nothing, the req. metric same for all investment-ments	21.4 (2.1)	23.1 (1.9)	21.3 (2.4)	26 (3.2)	26.7 (8.2)	30.3 (4.9)	20.7 (3.4)	26.6 (4.3)	13.9 (5.8)	20.5 (4.6)	22.2 (3.5)	27 (2.7)	23.3 (3.5)	19.3 (2.6)				
Number of responses	383	490	301	192	30	89	145	109	36	78	144	267	146	224				

Means and standard errors (in parentheses) are presented on the percentage of VC investors who report that their required financial valuation metrics vary with a specific factor. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Table 10 Important factors for portfolio company valuation

	Stage				Industry				Size					
	Early		Late		IT		Health		Small		Large			
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US		
Important factors														
Valuation of comp. inv	71.9*** (2.3)	80*** (1.7)	69.1** (2.7)	77.1** (2.7)	83.9 (6.7)	83.9 (4)	67.3** (3.8)	81** (3.5)	83.3 (6.3)	78.8 (4.5)	68** (3.9)	78.1** (2.4)	73.6** (3.6)	82.9** (2.4)
Anticipated exit	67*** (2.4)	86*** (1.5)	65.1*** (2.7)	80.9*** (2.6)	67.7*** (8.5)	91.9*** (3)	66.7** (3.9)	80.2** (3.6)	66.7*** (8)	92.9*** (2.8)	65.3*** (3.9)	84.1*** (2.1)	71.6*** (3.7)	86.9*** (2.2)
Desired owner-ship fraction	59 (2.5)	63.1 (2.1)	64.5*** (2.7)	75*** (2.8)	29 (8.3)	46 (5.4)	64 (3.9)	69.8 (4.1)	58.3 (8.3)	67.1 (5.1)	66 (3.9)	64.9 (2.8)	62.8 (4)	62 (3.1)
Negotiation power of the entrepreneur ^a	37.0 (2.4)		40.8 (2.7)		28.6 (7.7)		38 (3.7)		23.7 (7.0)		38.9 (3.8)		37.0 (3.9)	
Competitive pressure from other VCs	27.3*** (2.3)	43*** (2.1)	29.6*** (2.6)	47*** (3.3)	19.4** (7.2)	39.1** (5.3)	29.3*** (3.7)	54.8*** (4.5)	16.7 (6.3)	27.1 (4.8)	25.9** (3.6)	37.1** (2.8)	32.4*** (3.9)	51.8*** (3.2)
Most important factors														
Anticipated exit	35.1 (2.4)	46 (2.1)	32.6 (2.7)	38 (3)	48.4 (9.1)	58 (5)	34.7 (3.9)	34 (4)	33.3 (8.0)	50 (5)	34.7 (3.9)	47 (3)	36.5 (4.0)	45 (3)
Valuation of comp. inv	28.6 (2.3)	29 (1.9)	26.3 (2.5)	30 (3)	41.9 (9.0)	31 (5)	24.0 (3.5)	35 (4)	36.1 (8.1)	29 (5)	26.5 (3.7)	27 (2)	23 (3.5)	31 (3)
Desired owner-ship fraction	24.2 (2.2)	18 (1.6)	28.3 (2.6)	27 (3)	3.2 (3.2)	5 (2)	28.7 (3.7)	24 (4)	19.4 (6.7)	15 (4)	27.9 (3.7)	19 (1)	29.7 (3.8)	16 (2)
Negotiation power of the entrepreneur ^a	7.1 (1.3)		7.9 (1.5)		5.7 (4.0)		5.8 (1.8)		7.9 (4.4)		6.0 (1.8)		7.8 (2.2)	
Competitive pressure from other VCs	2.6 (0.8)	2.9 (0.7)	3.0 (1.0)	2 (1)	0.0 (0.0)	2 (1)	4.0 (1.6)	2 (1)	0.0 (0.0)	1 (1)	3.4 (1.5)	1 (1)	2 (1.2)	4 (1)
Number of responses	388	544	304	236	31	87	150	126	36	85	147	302	148	245

Means and standard errors (in parentheses) are presented on the percentage of VC investors who marked a specific factor as important or the most important factor for setting a valuation. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)

* $p < 0.10$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

^aData were not surveyed by Gompers et al. (2020)

US VCs prioritize past shared successes (65% of US vs. 41% of CE VCs), even identifying them as the most important factor in their choice of syndication partner. However, despite US VCs assigning greater importance to capital constraints in the initial syndication decision than CE VCs (see Table 1), almost twice as many CE VCs identify a syndication partner's capital or size as the most critical driver in their choice of syndication partner (17% of CE vs. 9% of US VCs). A partner's track record and location are equally important for both CE and US VCs.

5 Discussion

5.1 Interpretation of results and theoretical implications

In this study, we have examined the investment practices and decision-making processes related to investment selection, valuation, deal structuring, syndication behavior, factors influencing investment performance, and exits of a large sample of CE VC investors and have compared them with those of their US colleagues. The data we have collected from CE VCs through an ad hoc survey allow a rather precise comparison with the practices of US VCs, as illustrated by Gompers et al. (2020).

Despite the distinct historical foundations and development of VC in the USA and CE, and the notable differences in institutional context across these two geographic areas, our analysis highlights important similarities. Even though VC funds are smaller (and younger) in CE countries than in the USA, the reported percentages of successful exits—i.e., through IPO or acquisitions—the exit multiples, and the required rate of returns, as reflected in the target IRR (around 30%) and cash-on-cash multiples (around 6), are similar.¹⁹ The provisions CE VCs include in their contracts are also strikingly similar to those used by their US counterparts, with pro-rata rights, anti-dilution provisions, and board and control rights being the most frequently used by both CE and US VCs. Notwithstanding the different legal and

regulatory environments, with common law providing greater investor protection in the USA (La Porta et al., 2008), our findings indicate that CE VCs adopt the standardized contracts used by US VCs. Lastly, in selecting investments, both CE and US VCs consider the entrepreneurial team (i.e., the “jockey”) as the most important factor.

There are different possible explanations for these findings. First, CE VCs likely have imitated the professional practices of their successful US VC colleagues, using various channels for learning. A fundamental channel for the international diffusion of US best practices is the formation of international syndicates. Indeed, syndication is an important forum for knowledge exchange (Devigne et al., 2018; Verbouw et al., 2025). European VC professionals may also have relocated to the US to learn best practices and then returned to Europe to set up their own funds, applying these practices (De Prijcker et al., 2012). Alternatively, the similarities illustrated above may also result from isomorphic pressures that drive mimetic behavior among CE VCs (DiMaggio & Powell, 1983; Verbouw et al., 2025).²⁰ US VCs are recognized as the worldwide industry leaders, and CE VCs may regard US VC firms, especially the most reputable ones, such as Kleiner Perkins or Sequoia, as their reference group. Hence, CE VCs may have “followed the leader” and adopted the more easily observable and better-advertised investment practices of US VCs (see, e.g., Lee & Pennings, 2002, for examples of this mechanism in other fields).

Nevertheless, in other domains, our study revealed substantial differences between CE and US VCs' practices and behavior. First, even though performance indicators were similar, the average number of startup management teams that CE VCs met each year (17) was considerably lower than that of US VCs (28). Given that the number of active VC investors in CE is approximately 60% of that in the USA, we deduce that the number of startups offered the opportunity to meet a CE VC is roughly one-third of the corresponding number in the USA. This evidence may signal that CE VCs are more selective in the initial screening stage of the investment process, possibly due to their greater risk aversion and greater reliance on referrals than their US colleagues, and/or to

¹⁹ The greater percentage of successful exits through IPO in the USA is coherent with the greater size and liquidity of US stock markets, but was balanced by a greater percentage of exits through acquisitions in CE countries.

²⁰ We thank an anonymous reviewer for raising this point.

Table 11 Important factors affecting syndication behavior

	Stage				Industry				Size			
	Early		Late		IT		Health		Small		Large	
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US
Important factors												
Complementary expertise	77.5 (2.4)	76.9 (2)	79.8 (2.6)	80 (3)	60 (11.2)	70.4 (5)	76.9 (3.9)	84 (3)	73.5 (7.7)	73 (5)	78.3 (3.9)	75.9 (3)
Capital constraints	59.5*** (2.8)	74.9*** (2)	63.6*** (3.1)	76.1*** (3)	35*** (10.9)	73.2*** (5)	51.3*** (4.6)	76.4*** (4)	73.5 (7.7)	75.7 (5)	62.6*** (4.5)	81.1*** (2)
Invitation by the lead investor ^a	38.9 (2.8)		38.4 (3.1)		35.0 (10.9)		47.0 (4.6)		23.5 (7.4)		38.3 (4.6)	
Risk sharing	26.4*** (2.7)	71.9*** (2)	68.2** (2.8)	77.1** (3)	65 (11.4)	53.5 (6)	63.2 (4.2)	66 (5)	67.6 (7.7)	75.7 (5)	67 (4.1)	71.1 (3)
Invitation to the future rounds	23.2* (2.4)	29* (2)	23.1* (2.7)	30.2* (3)	10 (6.9)	16.9 (4)	27.4 (4.1)	29.2 (4)	17.6 (6.6)	21.6 (5)	23.5* (4.0)	32.9* (3)
Most important factors												
Complementary expertise	39.5 (2.8)	33 (2)	40.1 (3.2)	27 (3)	25.0 (9.9)	34 (6)	41.9 (4.6)	36 (5)	29.4 (7.9)	22 (5)	36.5 (4.5)	31 (3)
Risk sharing	26.4 (2.5)	24 (2)	26.4 (2.8)	27 (3)	45.0 (11.4)	20 (5)	28.2 (4.2)	21 (4)	26.5 (7.7)	34 (5)	26.1 (4.1)	22 (3)
Capital constraints	23.8 (2.4)	39 (2)	23.6 (2.7)	42 (3)	25.0 (9.9)	43 (6)	17.9 (3.6)	37 (5)	35.3 (8.3)	41 (6)	26.1 (4.1)	43 (3)
Invitation by the lead investor ^a	6.4 (1.4)		5.4 (1.5)		5.0 (5.0)		5.1 (2.0)		8.8 (4.9)		7.8 (2.5)	
Invitation to the future rounds	2.9 (1.0)	3 (1)	3.3 (1.2)	3 (1)	0.0 (0.0)	0 (0)	4.3 (1.9)	3 (2)	0.0 (0.0)	3 (2)	2.6 (1.5)	4 (1)
Number of responses	311	459	242	205	20	71	117	106	34	74	115	249
Avg % syndicated investments	62.2 (1.8)	65 (1)	63.7 (2.0)	73 (2)	35.8 (6.3)	49 (3)	60.3 (2.8)	64 (3)	81.9 (4.2)	79 (2)	61.0 (3.0)	68 (2)
Number of responses	356	410	274	177	28	65	132	99	35	65	132	220
											138	193

This table presents means and standard errors (between parentheses) on the percentage of VC respondents who marked each factor as important (Panel A) and most important (Panel B) for choosing to syndicate investments. Avg % *syndicated investments* is the average proportion of syndicated investments per VC investor. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020). ^aWas not surveyed by Gompers et al. (2020). + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

the greater time and effort they need to spend evaluating proposals, in a context where market information is scarcer or less reliable than in the USA (Zacharakis et al., 2007). CE VCs' greater selectivity may also be the result of a lack of demand for VC from CE startups (Vanacker et al., 2014) or, more plausibly, of a worrisome mismatch between demand and supply in the thinner and quite fragmented CE VC market (Bertoni et al., 2019; Colombo et al., 2019).

Second, in the investment selection process, CE VCs give much less attention to the “horse,” including startups' products, markets, and business models, than their US counterparts. The same holds for the fit between startups and investors, as well as investors' ability to add value to portfolio companies. This evidence is puzzling. While ventures' business models, VCs' contribution, and that of the board of directors (in addition to the timing of the investment and industry conditions), are coherently considered an important or the most important factor by fewer CE VCs than US VCs, ventures' offering is considered a highly important factor for their success by more CE VCs than US VCs. As to the “jockey,” CE VCs consider entrepreneurial traits such as passion, commitment, and entrepreneurial experience key selection criteria for identifying strong entrepreneurial management teams, while US VCs give relatively greater weight to the ability of the entrepreneurial team members to collaborate effectively with each other. These differences may be traced to a lower appreciation of entrepreneurship in the cultures of CE countries compared to that of the USA (Bruton et al., 2005). They may also signal the difficulties CE VCs encounter in imitating the best practices of US VCs when these practices are less easily observable and based on tacit knowledge and soft skills, a popular argument in the literature on the international diffusion of management practices (e.g., Subramony, 2008; Bloom et al., 2012). In accordance with this latter interpretation, CE VCs rely more on comparable transactions in determining the valuation of target startups than US VCs, or, simply, determine it based on the target ownership and the amount invested in the round. Conversely, they are less inclined to adopt the more sophisticated valuation practices typical of the VC method, which are instead widely used in the USA.

Third, while investment syndication is as popular in CE as in the USA, and the search for investors with complementary expertise is the most important

driver of syndication decisions in both geographical areas, other drivers differ. US VCs are more concerned with capital constraints and risk sharing than CE VCs, possibly because of the larger round sizes in the USA, especially in late-stage rounds, which can again be regarded as an indirect consequence of the institutional differences we have illustrated earlier.²¹ Indeed, the difficulties of obtaining large VC rounds can be regarded as one of the key constraints that prevent scaling of CE startups (Somaya & You, 2024) and favor entrepreneurs' and scale-ups' migration to regions with deeper pools of VC, like the USA (De Prijcker et al., 2019; Weik et al., 2024).

5.2 Limitations and avenues for future research

Despite our concerted efforts to extract valuable insights from extensive survey data, our study unavoidably has some limitations. First, we have statistically analyzed VC decision-making in CE and the USA using data reported by Gompers et al. (2020). As we mentioned, most disparities between the two geographical areas may arise, directly or indirectly, from their distinct institutional contexts, even if we found exceptions. Yet we acknowledge the potential influence of different survey time frames. In particular, the Gompers et al. paper surveyed VC respondents in 2015, while we did our own data collection after the COVID-19 crisis. Several studies have examined how VC trends and practices were challenged by COVID-19, including reports by trade associations and policy institutions (notably Godard & Kraemer-Eis 2021, for EIF/Invest Europe), academic papers (Ambrois et al., 2025; Bellavitis et al., 2022), and especially Gompers et al. (2021), who explicitly compared the pre-COVID findings of their 2020 study with responses from surveys administered during COVID and in the post-COVID period. While these studies documented a sharp decline in investments during the first COVID wave, they also showed that activity remained highly dynamic afterward. Unsurprisingly, “COVID-friendly” sectors attracted more capital than

²¹ In 2025, the average (median) VC round size in the USA was US\$59.5 million (US\$5.2 million), while it was only US\$40.42 million (US\$2.79 million) in CE. The difference is even larger in later rounds. For instance, from the third round onward, the average US VC investment amounted to US\$86.9 million compared to US\$23.2 million for the average CE VC investment (source: Pitchbook).

Table 12 Important factors affecting the choice of syndication partner

	Stage				Industry				Size			
	Early		Late		IT		Health		Small		Large	
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US
Important factors												
Partner's industry expertise	70.9 (2.4)	73.1 (2.1)	70.6 (2.7)	74 (3)	64.3 (9.2)	64.4 (5.6)	67.9 (4.6)	69.4 (7.8)	82.4 (4.5)	70.9 (3.8)	72.1 (2.8)	73.7 (3.8)
Partner's reputation	69.8*** (2.4)	59.9*** (2.3)	70.3** (2.7)	59.1** (3.4)	64.3 (9.2)	56.2 (5.8)	63.2 (4.7)	75*** (7.3)	48.6*** (5.8)	69.5 (3.9)	62.9 (3.1)	75.9*** (3.7)
Partner's capital/size	59.9 (2.6)	59.1 (2.3)	62.6 (2.9)	60.1 (3.4)	46.4 (9.6)	50.7 (5.9)	53.8 (4.9)	77.8 (7)	63.5 (5.6)	58.9 (4.2)	62.9 (3.1)	63.5* (4.1)
Partner's track record	56 (2.6)	61 (2.3)	58 (2.9)	63 (3.4)	50 (9.6)	61.6 (5.7)	66 (4.6)	41.7* (8.3)	59.5* (5.7)	57.4 (4.2)	62.9 (3.1)	55.5 (4.3)
Past successes together	40.7*** (2.6)	65.1*** (2.2)	41.3*** (2.9)	66.8*** (3.3)	28.6*** (8.7)	72.6*** (5.3)	65.1*** (4.7)	27.8*** (7.6)	78.4*** (4.8)	40.4*** (4.1)	64.9*** (3)	40.1*** (4.2)
Mutual social connection	29.1*** (2.4)	20*** (1.9)	29.7** (2.7)	21.2** (2.8)	35.7*** (9.2)	9.6*** (3.5)	22.6 (4.1)	19.4 (6.7)	10.8 (3.6)	27.7 (3.8)	23.1 (2.7)	23.4* (3.6)
Partner's location	28.3 (2.4)	23.9 (2)	30.1 (2.7)	24 (3)	14.3 (6.7)	16.4 (4.4)	39 (4.2)	31.1 (4.5)	22.2* (7)	9.5* (3.4)	31.9 (3.9)	32.1* (4)
Most important factors												
Partner's industry expertise	30.8* (2.4)	25* (0.1)	19.2* (2.3)	26* (3)	25 (8.3)	20.5 (4.8)	18.9 (3.2)	22.2 (7)	32.4 (5.5)	19.9 (3.4)	23.9 (2.7)	19.7 (3.4)
Partner's reputation	20.3 (2.1)	15.9 (0.1)	33.2*** (2.8)	13.9*** (2.4)	14.3 (6.7)	20.5 (4.8)	36*** (4.1)	27.8** (7.6)	12.2** (3.8)	38.3*** (4.1)	15.9*** (2.3)	30.7*** (4)
Partner's capital/size	16.8*** (2.0)	9.1*** (0)	16.4** (2.2)	10.1** (2.1)	25*** (8.3)	2.7*** (1.9)	11.8 (2.8)	30.6*** (7.8)	8.1*** (3.2)	18.4** (3.3)	11.2** (2)	14.6** (3)
Partner's track record	13.7 (1.8)	15.9 (0.4)	14.3 (2.1)	14.9 (2.5)	14.3 (6.7)	20.5 (4.8)	11.8** (2.8)	8.3 (4.7)	12.2 (3.8)	10.6* (2.6)	17.1* (2.4)	18.2 (3.3)
Past successes together	7.1*** (1.4)	28*** (0)	6.3*** (1.4)	28.8*** (3.1)	3.6*** (3.6)	31.5*** (5.5)	9.6*** (2.5)	5.6*** (3.9)	33.8*** (5.5)	3.5*** (1.6)	27.9*** (2.8)	8.8*** (2.4)
												29.1*** (3.1)

Table 12 (continued)

	All		Stage		Industry				Size					
			Early		Late		IT		Health		Small		Large	
	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US	CE	US
Partner's location	6.6**** (1.3)	1.9**** (0)	3.1 (1)	1.9 (1)	3.6 (3.6)	0 (0)	5.9 (2)	2.8 (1.6)	2.8 (2.8)	0 (0)	2.8 (1.4)	1.2 (0.7)	3.6 (1.6)	2.8 (1.1)
	3.8 (1.0)	3 (0.5)	7*** (1.5)	1.9*** (1)	10.7*** (6)	0*** (0)	8.1* (2.3)	2.8* (1.6)	2.8 (2.8)	1.4 (1.4)	5.7 (2)	4 (1.2)	3.6* (1.6)	0.9* (0.7)
Mutual social connection														
Number of responses	364	464	286	208	28	73	136	106	36	74	141	251	137	213

Means and standard errors (in parentheses) are presented on the percentage of VC respondents who marked each factor as important (A) and most important (B) a syndicate partner. Separate statistics are reported on the basis of VC stage (early or late), industry focus (IT or health), and fund size (below- or above-median fund sizes for the average last three funds). US data are from Gompers et al. (2020)

$$^*p<0.10; ^**p<0.05; ^***p<0.01; ^****p<0.001$$

before, and larger, more experienced VC firms weathered the crisis better than smaller and less experienced ones. In more mature VC ecosystems, the impact of COVID was less pronounced (Bellavitis et al., 2022). In terms of practices, Gompers et al. (2021) found that they remained largely unchanged: “they (VC investors) devoted more time to guiding portfolio companies through the pandemic,” and “they expected only a small negative effect on fund IRRs (−1.6%) and MOICs (−0.07).” Even contractual terms did not shift dramatically in favor of investors. More importantly, results from a subsequent survey the authors administered to the same VCs in 2021 showed that these (minor) differences compared to the 2016 survey almost vanished. Ambrois et al. (2025) also found only modest changes in VC practices, with more pronounced adjustments in less observable practices compared to observable ones. Furthermore, to our knowledge, no publications have yet examined the potential persistence of these changes in VC practices beyond the COVID period. For all these reasons, we believe that our insights have not been materially influenced by the COVID-19 crisis. Nevertheless, repeating our survey would allow us to assess any persistent difference generated by the COVID-19 pandemic. More generally, a multi-wave survey spanning over several years and across different institutional contexts could provide valuable insights into the convergence or divergence of VC practices.

Second, our summary statistics revealed notable heterogeneity in VC fund typologies between the USA and CE, particularly as regards specialization and fund size. To ensure unbiased interpretations, we reported statistical analyses at the subgroup level (based on investment stage, industry focus, and fund size), thereby enhancing the robustness of our conclusions. In addition, given the inherent limitations of survey responses, our results might be prone to response bias and social desirability bias (e.g., respondents might have felt pressured to present VC investing in a more positive light). However, our cross-referencing of survey data on exit routes and multiples with industry reports and Pitchbook data reveals that our survey adequately captured performance data—arguably most prone to response bias. For example, Pitchbook reports 571 IPO exits (7.8%), 5095 acquisitions (70%), and 1617 failures (22.2%) by CE VCs between 2012 and 2022 (as we categorize acquisition exits that return less than the money invested as failures, our sample contains a slightly higher proportion of failures).

Third, our findings highlight that the startups' management team crucially influences the investment decisions of CE VCs, as is the case for US VCs. However, scholars have highlighted that US VCs frequently replace startups' CEOs in the immediate post-investment period (Bruton et al., 2000; Conti & Graham, 2020; Kaplan et al., 2009; Khanin et al., 2009; Pollock et al., 2009; Wasserman, 2003) and change and complete portfolio startups' top management teams (Boeker & Wiltbank, 2005). For example, Hellman & Puri 2002 show that after receiving VC, US startups are more likely to appoint a Chief Financial Officer and a Chief Marketing and Sales Officer. It would be interesting to assess whether similar changes occur in the top management teams of startups affiliated with CE VCs.

Fourth, while our survey clearly highlights differences between the practices of CE and US VCs, we traced them back to the institutional differences and associated differences in the development of the VC markets in these two geographical areas; the precise mechanisms underlying these differences remained unobserved. For example, as VC investments are often syndicated and fund managers frequently transition between VC firms throughout their careers, studying how syndication and the movement of investment managers contribute to the changes in VC investment practices could provide valuable insights. Additionally, the lower selectivity of CE investors (despite employing more VC managers) questions the CE VC's capacities for screening, managing, and providing smart money to the portfolio companies.

Fifth, in this study, we have focused attention on independent VCs, the most prevalent VC type in the USA and CE. Nonetheless, VCs have different ownership and governance, which influence their objectives and behavior (Dimov & Gedajlovic, 2010). For example, corporate VCs are owned by corporations, and governmental VCs by public (i.e., governmental) bodies, and their ultimate owners have their own agenda. It would be interesting to investigate how the ownership and governance of VCs affect their investment practices and decision-making processes.

Finally, our survey covers multiple CE countries, each with its own economic history and country-specific characteristics. Like the USA, the European continent does not represent a uniform VC market,

and this heterogeneity constrains our study. Moreover, there may be heterogeneity in the practices of (US and CE) VCs located in VC hubs, such as Silicon Valley and the Boston-Cambridge area in the USA, and Paris and Berlin in CE. Indeed, most VC activity is concentrated in these hubs, and in these areas, diffusion of best investment practices likely proceeds more rapidly than in more peripheral areas. In some cases, our survey responses, like those of Gompers et al. (2020), aggregate heterogeneous situations. Understanding heterogeneity in VC investment practices and decision-making processes across CE countries and across geographical areas within countries figures high in our research agenda. In addition, the analysis could be extended to other regions, such as Asia, which has been studied to some extent (e.g., Ahlstrom & Bruton, 2006; Bruton et al., 2005; Zacharakis et al., 2007), and Africa, which remains largely unexplored.

5.3 Practical implications

Despite the limitations illustrated above, our findings carry important implications for VC investors, entrepreneurs, and policymakers. First, for VCs, our results suggest that CE VCs have adopted the best practices of US VCs in some areas (e.g., target multiples, deal structuring and contractual provisions, emphasis on the "jockey"), but not in others. Cross-continental syndication with reputable US VCs is a powerful learning mechanism that facilitates the diffusion of less easily observable practices, such as evaluating target industries and business models, which rely more on tacit knowledge. Younger, less experienced CE VC firms may also want to hire more expert investment managers who could coach their less expert colleagues and help them learn these practices (e.g., through investment co-leadership).

Second, for entrepreneurs, our findings show that despite the similarities in how CE and US VCs evaluate startups, there are also important differences. For example, CE VCs give less consideration to startups' products, markets, and business models. US VCs favor entrepreneurs' industry experience, while CE VCs focus more on their entrepreneurial experience. Hence, entrepreneurs should carefully consider their own strengths and the insights our study provided on the differences between VC investors,

to tailor their signaling strategies better and more deliberately select the type of VC partner that best fits their needs.

Finally, for policymakers, our results offer a more granular understanding of how VC practices interact with institutional contexts. They clearly indicate that for CE policy makers, simply imitating the US regulatory context and support schemes would be inappropriate. First, our findings suggest that because of the smaller size of the CE VC industry and the specific working of the deal funnel of CE VCs, startups that are offered the opportunity to meet CE VCs are around one third than the corresponding number in the US. This is a worrisome constraint for CE startups that CE policy makers should struggle to remove, by supporting the entry of new players in the CE VC industry and the increase of the size, in terms of committed capital, of incumbent VCs (e.g., by making CE pension funds and insurance companies more inclined to invest in this asset class as LPs). An additional benefit of this latter measure would be to improve the capacity of CE VCs to fund larger rounds for scaling startups. Indeed, our findings on CE VCs' syndication strategies indirectly suggest that this capacity is presently limited (which would explain CE VCs' limited concerns about risk sharing and capital constraints in forming syndicates). Second, CE policymakers interested in improving the match between entrepreneurs and CE VC investors should design policy schemes that directly support entrepreneurial team development (e.g., training programs, mentorship networks), given the importance of the quality of the "jockey" in influencing CE VCs' investment decisions. They should also foster an increase in the deal flow pipelines, e.g., by promoting angel-VC co-investment schemes and university student entrepreneurial initiatives, that compensate for the weaker institutional support. In the longer term, CE VCs syndicated investments with (prominent) US VCs, or the relocation of CE VC managers from the USA to Europe, should be favored, as they are an important channel for the more rapid diffusion of best practices. In sum, recognizing the contextual differences between the CE and US VC markets would allow CE policymakers to design regionally tailored support mechanisms rather than adopting "one-size-fits-all" policies, which, according to our results, would be inappropriate.

6 Conclusions

This study comprehensively examines the decision-making and investment practices of CE VC managers and draws comparisons with their US counterparts. By surveying 611 VC managers across 396 unique CE VC firms, we reveal key similarities and differences that underscore the role of institutional contexts in shaping VC practices. While US and CE VCs show convergence in some areas, such as their emphasis on the entrepreneurial team, the flexibility of contractual terms, and investment performance, we uncover notable divergences in investment selection criteria, valuation methods, perceived drivers of performance, and syndication practices.

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Data availability The data will not be deposited.

Declarations

Ethical statements The authors follow, for this paper, the guidelines of the Committee on Publication Ethics, with the SBE policy. This research did not directly involve humans or animals. The survey data collected strictly follow the GDPR guidelines.

Conflict of interest Most of the authors are used to work for free or not with practitioners and policy-makers in the European Venture Capital ecosystem (private VCs, public institutions, UE bodies, entrepreneurs, etc.), but they do not declare any conflict of interests with potential biases for this study.

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