Foreign Investors and Domestic Company Growth: Evidence from US Venture Capital Investments in Sweden

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Do foreign venture capitalists help the domestic economy, or hamper it by slowing down growth, potentially moving economic activity away? This paper addresses this long-standing policy question by examining the differential effects of US venture capital investments on the growth of Swedish start-up companies. It finds that US venture capital results in more employment, not less. These findings continue to hold after controlling for endogenous selection effects. US investments are also accompanied by increases in local employment and start-up rates. The paper also examines effect on wages, sales, earnings, foreign subsidiaries, subsequent funding rounds, and exits. Overall there is no evidence that US venture capital investments hamper the domestic growth of Swedish companies.

Introduction

There is a long-standing debate about the advantages and disadvantages of foreign investors. Advocates emphasize the benefits of foreign capital, expertise and networks, whereas critics worry about hollowing out domestic economic activities. This debate also pertains to the financing of start-ups by venture capitalists (VCs). The US is the epicentre of the venture capital (VC) industry, and in recent decades US VCs have taken an increased interested in global investment opportunities (Aizenman and Kendall, 2012). Policy makers in many countries therefore face the question of whether or not to encourage foreign VC investments, especially from the US (Bradley et al., 2011).

Of primary concern to most policy makers is the question of employment creation, which is typically the main reason of looking at VC in the first place (Davis et al., 2014; Samila and Sorenson, 2011). In addition, there is also an interest in business activity, typically measured through sales growth. Finally, there is a concern about exit, especially whether acquirers are domestic or foreign. All these policy issues ultimately come down to some factual questions: whether foreign VCs have a different impact than domestic VCs? In this paper we set out to provide empirical evidence about the differential effects of foreign VC investments. We specifically evaluate the main criticism about foreign VCs, that they care less about the domestic growth of the companies they invest in.

To focus our research question, we consider the investments of US VCs in Sweden. We focus on US investors, because the US has the largest and most mature VC market and is the most powerful source of foreign VC investments. We have several reasons for looking at Sweden. First, it is one of the most developed VC markets, always ranked among the top 10 countries in terms of VC to GDP ratio (OECD, 2017). We are therefore dealing with an institutional environment that is mature and has credible domestic VCs as an alternative to US VCs. Second, Sweden has high-quality data, including detailed data on employment and sales of all private companies. We are therefore able to measure the effect of US VCs with great precision. Lerner and Tåg (2013) provide a detailed description of institutional details of the Swedish VC market.

It should be mentioned upfront that our analysis only looks at the activities of Swedish start-up companies in Sweden. Our data sources cannot measure their activities outside of Sweden, so we cannot observe employment creation in the US (or elsewhere outside Sweden). We may well be underestimating the total growth effect of US VCs on Swedish companies. However, our interest here is specifically on the domestic growth of Swedish start-ups, which is the

central concern for policy makers, and which our data covers accurately. Note also that our data contains one indirect measure of moving activity abroad, namely whether Swedish companies establish foreign subsidiaries or not.

All employment and sales data come from the Swedish Companies Registrations Office. The VC data on investments and exits come from Thompson One. Our sample covers the period 1998 to 2012. The main regression models consider the effect of US VC investments on company growth (such as employment and sales) over the subsequent five years. The analysis naturally controls for other factors, such as company industry, location, and stage, as well as calendar time and economic cycles. We also consider the effect of US VC investments on subsequent fundraising and exit.

Endogeneity is a central concern, as the investments of US VCs should not be treated as exogenous. Our analysis combines two well-established instrumental variable approaches. First, we consider supply shocks to the VC industry in the US. From the perspective of Sweden these are exogenous, as investment opportunities in Sweden are unlikely to drive US VC fundraising. Moreover, we control for US and Swedish GDP growth, so as to account for relevant macro-economic shocks. This approach is similar to Nanda and Rhodes-Kropf (2013). Second, we consider local market conditions, using the instrumental variable methods of Ackerberg and Botticini (2002). This approach leverages VC supply shocks to local markets, defined by industries and local geographies. Our instruments are highly significant in the first-stage regression that predict the presence of US VCs and pass all the standard specification tests.

Our main results are as follows. We find a strong positive employment effect for companies backed by US VCs, both in the simple OLS and in the instrumented 2SLS regressions. The effects are economically large and increase over time. We obtain a similar set of results for company sales. There is evidence for an increase in profitability and the presence of foreign subsidiaries in the long-run. We also find receiving funding from a US VC increases the likelihood of raising additional rounds of financing. However, we do not find any statistically significant effect of US VC on the probability of exit. Most surprising, we do not find that having US VCs increases the likelihood of US exits, such as getting acquired by a US company or listing on a US stock exchange. We perform a variety of robustness checks and find that our core results are very stable.

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This paper adds to the growing literature on the role of VC for economic growth. The work of Decker et al. (2014) establishes the importance of young high-growth companies for economy-wide employment creation. The work of Chemmanur et al. (2011), Puri and Zarutskie (2012), and Samila and Sorenson (2011) relate VC financing to economic growth. Our contribution here is to ask whether domestic versus foreign VCs have differential growth impacts. This provides a link to the literature on cross-border VC investing. Prior work looks at the determinants and consequences of foreign VC investments, notable contributions include Bottazzi et al. (2016), Chemmanur et al. (2016), Dai et al. (2012), Devigne et al. (2016, 2018), Humphery-Jenner and Suchard (2013), and Nahata et al. (2014). Our contribution to this literature is two-fold. First, we focus on the aspect of employment creation using census-level data, which is the most reliable data source for this purpose. Second, we pay close attention to endogeneity and propose a novel set of instruments that has not been used in this context before.

The remainder of the paper is structured as follows. Section 1 introduces the data, Section 2 the empirical approach. Section 3 reports the main results from the VC sample, whereas Section 4 features several extensions and robustness checks. Section 5 concludes.

1. Data

1.1 Sources and variable construction

The data set comprises a panel of all Swedish limited liability companies between 1998 and 2012. Our focus is on a subset that tracks companies from their first VC investment until exit, which we refer to as VC sample. For more on the institutional details of the Swedish VC market, see Lerner and Tåg (2013) for a comprehensive description. The data comes from the following sources.

Swedish Companies Registrations Office. Company level data for the period 1998 to 2012 comes from the Swedish Companies Registrations Office (SCRO). The SCRO is a government entity that keeps track of all limited liability companies in Sweden, both public and private. Swedish law requires all limited-liability companies to submit annual accounts to the SCRO[1]. Companies with majority ownership of subsidiaries are required to file information on the corporate group structure. Company level data is therefore adjusted to account for subsidiaries, when they are present. In addition to accounting information, the SCRO has data on mergers,

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[1] Årsredovisningslag [1995:1554] 8 sec. 3 and Bokföringslag [1999:1078] 6 sec. 2.

bankruptcies, location changes, and industry changes. To ensure the quality of the data, external auditors check the filed accounts of all companies. Non-compliance or submitting incorrect information results in liquidation and unlimited liability for board members.

Thompson One. Data on VC investments from Thompson One is matched to the SCRO data using company names. Information on exits is collected from M&A data on Thomson One, web pages of the VC funds, and mandatory filings to the SCRO (such as liquidations, mergers, or bankruptcies).

Bloomberg. Nasdaq returns, OMX30 returns, Swedish GDP growth, and US GDP growth data comes from Bloomberg.

The full sample contains 3,197,337 company-year observations for 403,794 companies between 1998 and 2012. We mainly focus on the subset of companies that receive VC investments to study the differential impact of US VC investments. This VC sample consists of 4,028 company-year observations for 868 companies. We observe annual data on the number of employees, wage costs, sales, profitability (EBIT scaled by average total assets), and subsidiaries (domestic and foreign) for each company. To minimise the effect of outliers, we winsorize the employment, wage costs, sales, profitability and subsidiary variables at the 95th percentile each year. Profitability is also winsorized at the 5th percentile each year. In the VC sample, there is a total of 1,143 funding rounds, with an average of 1.3 (76) funding rounds per company (year). 10% of rounds (113) include a US VC investor. Exit events are classified as exit, alive, or failure. An Exit occurs if the company has an IPO or is acquired.[2] Alive means that the company is still a portfolio company of VC investors at the end of the sample period. A company with a secondary sale is treated as alive if there are further funding rounds after the secondary sale. If there are no subsequent funding rounds, the secondary sale is treated as an acquisition. A US exit is an IPO in the US or an acquisition by a US acquirer. If the acquirer's location is missing, the acquisition is treated as non-US. US acquisitions should therefore be interpreted as 'known' US acquisitions. The IPO location is always known. Failure means bankruptcy, liquidation, or write-off. If there is no exit information for a company, it is treated as a failure. The last observation in the sample is then used as the failure date. The rationale is that if there is no information, the company has most likely failed. We include various control variables. Company age, industry, location, highest achieved funding round and stage, and

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[2] The sample contains one reverse takeover. After manual inspection of company filings and press reports, this observation is coded as an IPO.

lagged employment and sales account for differences in companies. Because one of the instruments used in the 2SLS regressions varies at the year level, we use non-overlapping three-year period fixed effects to control for calendar time. Swedish and US GDP growth and stock market returns account for economic cycles. Table 1 reports definitions for all variables used in the empirical analysis.

1.2 Descriptive statistics

Table 2 reports descriptive statistics. In addition to the VC sample we report the statistics for two subsamples of interests. One is the sample involving US VC investments (involving 496 observations, or 12.3% of the VC sample), the other is the sample involving Swedish VC investments (involving 2189 observations, or 54.3% of the VC sample). Panel A shows that US VCs are associated with more employees, higher managerial pay, higher sales, lower profitability, more foreign subsidiaries, and more funding rounds. All these differences are highly significant, only the average pay is not statistically different. Panel B shows that US VCs have more exits, also more US and foreign exits, but no statistically significant difference in failures. On average, companies funded by US VCs are about 2.5 years younger at the time of their first VC investment.

Table 3 reports pairwise correlations for the VC sample. Having a new funding round is associated with lower levels of employment, sales, and profitability as well as a lower likelihood of having foreign subsidiaries. It is also associated with higher managerial pay, but unrelated to average pay. New funding round is also positively correlated with OMX30 returns and Swedish as well as US GDP growth. A new funding round with at least one US investor is negatively correlated with Nasdaq returns and positively correlated with US GDP growth, but neither correlated with OMX30 returns nor with Swedish GDP growth. This seems to suggest that new funding rounds, in general, are more likely when the Swedish and US economies are doing better, and that funding rounds with US VC participation are correlated with poor US stock returns but not Swedish stock returns.

2. Empirical approach

The empirical analysis uses two panel regression models to study the effect of US VC investment on Swedish companies. The following is the base line OLS model specification:

$$Y_{i,t+n} = \alpha + \beta USVC_{i,t} + \gamma X_i + \delta Z_t + \zeta_i + \theta_\tau + \varepsilon_{i,t+n} \tag{1}$$

$Y_{i,t+n}$ is the dependent variable for company i in year t+n where n=[1,5]. The dependent variable is shifted forward in time to examine whether there are short-term or long-term effects. $USVC_{i,t}$ is the variable of interest. It is a dummy variable that equals 1 if a company has a funding round with at least one US VC investor in a year. Because the data is a panel, USVC equals 0 if there is either no funding round or a funding round without a USVC investor in that year. X_i is a vector of company level control variables. Z_t is a vector of macroeconomic control variables. ζ_i consists of industry, county, age, round, and stage fixed effects, respectively. θ_τ comprises non-overlapping three-year period fixed effects (denoted by τ instead of *t*). Definitions for all variables are reported in Table 1.

We are interested in the causal effect of US VC investment and note that receiving US VC investment is likely endogenous. US VC investors might invest in Sweden when economic conditions are favourable. For example, when valuations of Swedish companies are low relative to valuations of US companies. In addition, US VC investors might target specific companies, for instance, companies in certain industries. Both selection effects can bias the coefficient of USVC. To address this formally, we use a 2SLS regression in which USVC is instrumented with US VC fundraising in year t-1 and industry-period fixed effects in year t. The lagged US VC fundraising instrument captures exogenous capital flows from the US to Sweden and is in the spirit of Nanda and Rhodes-Kropf (2013). The rationale is that if US VC funds have more capital available, they will invest it according to their investment strategies. An increase in US VC fundraising should therefore only be related to the future performance of Swedish companies through the investment of US VCs. The exclusion restriction is reasonable as it is hard to image how an increase in US VC funds would directly impact employment in Swedish companies.

Furthermore, consider a US VC fund which invests in Swedish start-ups. If this fund experiences an increase in available capital, it needs to decide which companies to invest in. Following Ackerberg and Botticini (2002), we use interaction terms as instruments to capture these endogenous choices. This recognizes that the attractiveness of individual companies to US VC investors may vary over time and across industries. We call these the Submarkets instruments.

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Table 4 reports the first stage of the 2SLS regressions. We find that our instruments are highly relevant. Aggregate USVC is significant at the 1% level, and the Submarkets dummies are jointly significant at the 1% level (joint F-test). The coefficient on Aggregate USVC implies that an increase in total prior-year US VC fundraising of USD 1 billion increases the probability that a Swedish company receives US VC investment by 0.1%. In addition, we note that the F-statistic from the test for all excluded instruments is well above the conventional threshold of 10, alleviating concerns about weak instruments. The test of overidentifying restrictions reveals that the instruments identify the same set of parameters (Parente and Santos Silva, 2012), and hence we are unable to reject the null of all instruments being exogenous (P-value of 0.38) conditional on our observable controls (in particular, conditional on joint macroeconomic conditions).

3. Main Results from the VC sample

3.1 Employment and pay results

Panel A of Table 5 shows that there is a strong positive employment effect in the base line OLS model.[3] Coefficients for USVC over one- to four-year horizons are all highly statistically significant (p-values < 0.01), with effects ranging from 28% to 35% (columns 1 to 4). The median number of employees is 13, which implies an increase of 4 to 5 employees. The effect becomes marginally insignificant at the five-year horizon. Controlling for endogeneity, the effect sizes are significantly larger in the 2SLS model. All coefficients are highly significant (p-values < 0.01), and the coefficients are larger. This might be partly due to any remaining weaknesses in the instruments, but also suggests that not controlling for endogeneity risks understates the effect of USVC on employment. Interestingly, the coefficient of USVC grows over in time, implying that USVC investment builds over time.

Panel B of Table 5 shows a negative average pay effect in the base line OLS model. Coefficients on USVC are significant on one- to three-year horizons (p-value < 0.05), with the effect becoming weaker over a four-year horizon (p-value < 0.1) and insignificant over a five-year horizon. This seems to suggest that average pay decreases following USVC investment.

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[3] For brevity, we refrain from reporting coefficients on all control variables. However, Tables A1 and A2 report full regression outputs for an OLS and a 2SLS model, respectively.

However, all coefficients on USVC are insignificant in the 2SLS specification. There is no effect of USVC on average pay after controlling for endogeneity.

Panel C of Table 5 suggests that unlike with average pay, there is no effect on managerial pay in the OLS model. All coefficients on USVC are insignificant. In the 2SLS model, however, there is a positive effect over three- to five-year horizons. It should be noted that the managerial pay variable captures total salaries (excluding bonuses) to the board and CEO. The effect of USVC on managerial pay could therefore be caused by an increase in salaries to individual managers and board members or an increase in the number of managers and board members, or a combination of both. For example, it is conceivable that US VC investors strive to replace individual board members or the CEO and increase the position's salary to attract better talent. It is also possible that US VC investors increase the board size by demanding representation on the board or by bringing in additional outside directors. Unfortunately, we do not observe the number of managers and board members and are therefore unable to disentangle these effects.

3.2 Sales, profitability, and foreign subsidiaries results

Panel A of Table 6 shows that there are no significant effects of US VC investments on sales. The OLS regressions yield a weak positive effect with a marginally significant coefficient (p-value < 0.1) over a three-year horizon. However, after instrumentation we find a positive and statistically significant effect. Panel B of Table 6 looks at profitability. The OLS model suggests a negative short-term effect, however, the 2SLS specification yields a positive long-term effect. Following US VC investment, there is a significant increase in profitability over a three- to five-year horizon. Panel C of Table 6 finds evidence for a positive long-term effect on the presence of foreign subsidiaries. In the OLS model, companies are 10% more likely to have a foreign subsidiary over a four-year horizon (p-values < 0.1). The 2SLS model reveals similar results.[4]

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[4] Re-running the foreign subsidiary regressions using the natural logarithm of the number of foreign subsidiaries (instead of a dummy variable indicating the presence of foreign subsidiaries) yields similar results (Table A3). There is a strong positive association in the OLS model and a strong, long-term effect of USVC on the number of foreign subsidiaries in the long-term.

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3.3 New funding round, exit, and failure results

Panel A of Table 7 finds a weak positive effect on new funding round in the OLS model. Companies that receive US VC investment are 8-10% more likely to have an additional funding round over the next five years. With an unconditional probability of having a new funding round of 28.4%, this implies an increase of 31.7%. However, the effect disappears when controlling for endogeneity. This seems to suggest that funding rounds cluster in time for endogenous reasons. Panel B of Table 7 shows no exit effects. Neither the OLS nor the 2SLS regressions yield significant results. Thus, receiving US VC investment does not affect the probability of an exit over a five-year horizon. Panel C of Table 7 provides some evidence for a negative effect of receiving US VC investment on failure. The OLS model shows that companies that receive US VC investment are 3.7% less likely to fail over the next four years. This effect is economically large considering the unconditional probability of failure is 0.25%. This result holds when controlling for endogeneity in the 2SLS specification, which suggests that US VCs do not merely invest in companies that are less likely to fail ex ante.

Public policy makers are often particularly concerned about foreign exits, i.e., the possibility that foreign investors eventually sell the companies to foreign acquirers or list them on foreign exchanges. We therefore reran Panel B using only foreign exits as the dependent variable. Again, we find no positive significant effects of USVC on the probability of foreign exit (Table A4), in fact some of the coefficients are negative and significant. For completeness we also reran Panel A using only foreign new investments as the dependent variable and found very similar results.

To summarize, we do not find evidence for the null hypothesis of a negative impact of US VC investment on Swedish companies' performance. In fact, there are positive employment, sales, profitability, and foreign subsidiary effects, even after controlling for endogeneity. There is no effect on average pay, however, managerial pay increases in the long-term. There is no causal impact of US VC investment on exits or new funding rounds. Overall, these findings suggest that foreign VC investments benefit domestic companies' growth.

4. Further results

4.1 Results from the full sample

So far, our analysis compares US VC investments to non-US VC investments conditional on the companies receiving some VC investment. There is also an argument to compare companies that receive US VC investments against companies not funded by VCs. For this we use the full power of the SCRO data which contains all Swedish companies, what we call the full sample. We thus examine the impact of receiving investments either from US VCs or non-US VCs, against the default case of not receiving any investments from VCs. One limitation of this approach is that we can only run OLS regressions. This is because our instruments are only valid for receiving US VC investment, but not for non-US VC investment.

Table 8 reports results from company level OLS regressions. In addition to the usual USVC dummy, we now include a non-USVC dummy variable indicating VC investment from non-US VCs. Again, we find a strong positive association of USVC and employment over a five-year horizon, with an implied effect size between 34% and 50% (Panel A). Coefficients for non-USVC are smaller with an implied effect size between 20% and 22%, and significant only over a one- to two-year horizon. The coefficients for sales are again much higher for USVC than non-USVC, although the USVC coefficient is only significant for the 2- and 3-year horizon, and the non-USVC variable is never significant (Panel B). The coefficients for profitability are very similar for USVC and non-USVC, all negative, and many of them significant (Panel C). Panel D shows results for foreign subsidiaries. The USVC coefficients are invariably higher and more significant. We caution once more that since we cannot control for endogeneity, these results should not be interpreted in a causal manner.

4.2 Results for local spill-overs

The public policy debate about foreign capital is not merely concerned with the effect of foreign investments on target companies, but also with their effect on local economic growth. To examine such spill-over effects, we consider all other companies operating in the same area and industry that do not receive VC investments. For this we can collapse the full sample from the company-year to the municipality-industry-year level and calculate dependent and control variables using only companies that never receive VC investments during our sample period.

The USVC variable now captures whether at least one company in a municipality-industry received US VC investment in a given year. Similarly, non-USVC now indicates whether companies in a municipality-industry received any non-US VC investment in a given year.

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Table 9 reports the results from OLS regressions.[5] A similar picture emerges as in the company level regressions. There is a strong positive association of VC with employment (Panel A), with effect sizes being roughly twice as large for US VC investment compared to non-USVC. In addition, we find a strong positive association with the number of new start-ups (Panel B). The effect is roughly two-and-a-half as large for USVC. These results suggest that non-US VC investments are associated with stronger local employment growth and entrepreneurship, and that the effects are even bigger for USVCs.

We repeat the local spill-overs analysis in the VC sample. Specifically, we examine the effect of at least on company receiving US VC investments on other companies in the same area and industry that never receive VC investments during our sample period. The results are similar to the ones from the spill-over analysis in the full sample. There is positive, albeit weaker, association with employment (Panel C) and a strong positive association with the number of new start-ups (Panel D).

Overall, these results suggest a positive relationship between VC investments and other companies that operate in the same geography and industry, most notably other companies' employment and the number of new start-ups. Again, we note that in the absence of an instrument, we cannot not infer causality here.

4.3 Further robustness

In addition to the various robustness tests already mentioned, we now address several additional robustness checks.

First, we ask whether there are differences between US and other foreign investors. In the appendix we report results from regressions that distinguish three types of foreign investors: US VCs, Nordic VCs, and rest-of-world (ROW) VCs. We re-run all VC sample regressions and only report OLS regression as the instruments are not suitable for the additional types of foreign investors (Tables A5 – A8). The inclusion of these other foreign VCs does not have a material effect on the US VC coefficients. The effect of Nordic and ROW VCs on employment is weaker. Many of their coefficients are in fact insignificant, although there are a few

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[5] The regression specification is analogous to the company level regressions with the exception that the control variable 'age at first round' and fixed effects other than period fixed effects could not be included.

interesting findings. ROW VCs are associated with more sales, Nordic VCs with more foreign subsidiaries, more new funding rounds, and a lower likelihood of failure.

Our main specification compares US VC investments against a default of observations where companies either received no investments, or investments from non-US VCs. As a robustness we consider narrowing down our sample to the round level, so that the default is only observations where companies received investments from non-US VCs. The advantage of such a round-to-round sample is a sharper comparison of the impact of receiving VC investments with and without US VC investors. The disadvantage is a reduction of the sample size by almost 75%, potentially weakening the statistical significance of the results. Again, our instruments are highly relevant, and we fail to reject the null of all instruments being exogenous (Table A9). Similarly, the F-statistic from the test for excluded instruments is well above the conventional threshold of 10 and alleviates any weak instrument concerns. Results for the company level regressions using the VC sample hold with significance and effect sizes of similar magnitude (Tables A10 – A12).

5. Conclusion

This paper provides empirical evidence to a long-standing policy debate about whether foreign investors benefit the local economy. We specially look at the role of US VC investors in Swedish start-up companies. We find that US VC investments result in higher employment, both at the company level and the level of the local economy. The empirical model controls for endogenous selection using well-established instrumental variable approaches. Overall the evidence rejects the notion that US VCs stunt the domestic growth of Swedish start-ups.

Our paper invites several avenues for further research. We are only able to measure the domestic growth of companies, so an interesting outstanding question is whether there are systematic differences in their non-domestic growth. A natural conjecture is that US VC investments would lead to growth in the US activities of the investment companies. Finding reliable data for tracking this remains a challenge for future research. Another interesting question for future research concerns the quality of the jobs created by domestic versus foreign VCs. Finally, there is a question about the broader impact of US VCs on the development of the domestic VC market. The theoretical work of Hellmann and Thiele (2018) suggests that

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foreign VCs can play a catalytic role in the development of a domestic VC market and entrepreneurial ecosystem. Future work might examine this hypothesis empirically.

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Table 1
Variable definitions

Panel A: Dependent variables

Variable	Description
Employment	The natural logarithm of one plus the number of employees of a company in a given year. To limit the effect of outliers the variable is winsorized at the 95% percentile. Data comes from the Swedish Companies Registrations Office (SCRO) which keeps track of all limited liability companies in Sweden, both public and private.
Average pay	Total wage costs divided by the number of employees of a company in a given year. To limit the effect of outliers the variable is winsorized at the 5% and 95% percentiles. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.
Managerial pay	The natural logarithm of board and CEO salary of a company in a given year. To limit the effect of outliers the variable is winsorized at the 95% percentile. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.
Sales	The natural logarithm of one plus sales of a company in a given year. To limit the effect of outliers the variable is winsorized at the 95% percentile. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.
Profitability	EBIT scaled by the average of beginning- and end-of-period total assets of a company in a given year. To limit the effect of outliers the variable is winsorized at the 5% and 95% percentiles. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.
Foreign subsidiaries	A dummy variable that equals one if a company has foreign subsidiaries in a given year. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.
New funding round	A dummy variable that equals one if a company has a funding round in a given year. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.
Exit	A dummy variable that equals one if a company has an exit (IPO or acquisition) in a given year. Data comes from M&A data on Thomson One, web pages of the VC funds, and mandatory filings to the SCRO (such as liquidations, mergers, or bankruptcies).
Failure	A dummy variable that equals one if a company fails. Failure means bankruptcy, liquidation, or write-off. If there is no exit information for a company, it is treated as a failure. Data comes from M&A data on Thomson One, web pages of the VC funds, and mandatory filings to the SCRO (such as liquidations, mergers, or bankruptcies).
New start-ups	The natural logarithm of one plus the number of new start-ups in a municipality in a given year. To limit the effect of outliers the variable is winsorized at the 95% percentile. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.

Panel B: Independent variables

Variable	Description
USVC	A dummy variable that indicates whether a company receives US VC investment in a given year. It equals one in years in which a company has a funding round with at least one US VC investor. It equals zero in years without a funding round, and in years with a funding round without a US VC investor.
Non-USVC	A dummy variable that indicates whether a company receives non-US VC investment in a given year. It equals one in years in which a company has a funding round without a US VC investor. It equals zero in years without a funding round, and in years with a funding round with at least one US VC investor.
Instruments	
Aggregate USVC	Total VC fundraising in the US in the previous year (used to instrument for USVC in the 2SLS regressions). Data comes from Thompson One.
Submarkets	Period-industry fixed effects (used to instrument for USVC in the 2SLS regressions). Period fixed effects are non-overlapping three-year period fixed effects.

Panel C: Control variables

Variable	Description
Firm level	
Age at first round	The natural logarithm of the age of the company at the time of the first financing round. To limit the effect of outliers the variable is winsorized at the 95% percentile. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.
Macroeconomic	
OMX30	Annual return of the OMX30 index. Data comes from Bloomberg.
Nasdaq	Annual return of the Nasdaq index. Data comes from Bloomberg.
Swedish GDP growth	Annual real GDP growth in Sweden. Data comes from Bloomberg.
US GDP growth	Annual real GDP growth in the US. Data comes from Bloomberg.
Fixed effects	
Industry	Dummy variables that indicate the industry a company operates in. There are 6 industries in our sample. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.
County	Dummy variables that indicate the county a company is located in. There are 21 counties in our sample. Data comes from the SCRO which keeps track of all limited liability companies in Sweden, both public and private.
Age	Dummy variables that indicate how many years have passed since the first funding round. Data on investment rounds comes from Thompson One.
Round	Dummy variables that indicate the highest achieved funding round. Data on investment rounds comes from Thompson One.

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| Stage | Dummy variables that indicate the highest achieved stage. Data on investment rounds comes from Thompson One. |
| Period | Dummy variables for non-overlapping three-year periods. |

This table reports variable definitions. Panels A, B, and C report descriptions for dependent, independent, and control variables, respectively.

Table 2
Descriptive statistics

Panel A: Company-year level

	Total mean	USVC=1	Only SWE	Diff	T stat
Employees	14.655	19.349	13.565	5.784***	(11.192)
Average pay	508759	505149	511842	-6693	(-0.406)
Managerial pay [million]	0.732	0.868	0.702	0.166***	(7.133)
Sales [million]	25.850	31.213	24.892	6.320***	(4.468)
Profitability	-0.127	-0.174	-0.118	-0.056***	(-5.035)
Foreign subsidiaries	0.283	0.391	0.239	0.152***	(6.408)
New funding round	0.284	0.389	0.294	0.095***	(3.977)
Observations	*4,028*	*496*	*2,189*	*2,685*	

Panel B: Company level

	Total mean	USVC=1	Only SWE	Diff	T stat
Exit	0.259	0.333	0.228	0.105*	(1.939)
US exit	0.035	0.092	0.016	0.076**	(2.408)
Foreign exit	0.106	0.172	0.083	0.090**	(2.110)
Failure	0.012	0.023	0.012	0.011	(0.663)
Age at first round	8.893	6.448	9.904	-3.456***	(-3.548)
Observations	*868*	*87*	*508*	*595*	

This table reports descriptive statistics. Panel A reports these at the company-year level and Panel B at the company level. In Panel A, Only SWE and USVC=1 refer to companies that have only Swedish VC investors and companies that have at least one US VC investor in any funding round, respectively. In Panel B, Only SWE and USVC=1 refer to companies that have only Swedish VC investors in all funding rounds and companies that have at least one US VC investor in any funding round, respectively. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table 3
Correlations

	USVC	Employment	Average pay	Managerial pay	Sales	Profitability	Foreign subsidiaries	New funding round	Age at first round	OMX30	Nasdaq	Swedish GDP growth	US GDP growth
USVC	1												
Employment	0.08***	1											
Average pay	-0.05***	-0.03	1										
Managerial pay	0.04**	0.30***	0.07***	1									
Sales	-0.02	0.57***	0.02	0.13***	1								
Profitability	-0.10***	0.22***	-0.16***	0.00	0.35***	1							
Foreign subsidiaries	0.05***	0.42***	-0.06***	0.12***	0.31***	0.16***	1						
New funding round	0.27***	-0.03*	0.00	0.04**	-0.11***	-0.22***	-0.05***	1					
Age at first round	-0.03**	0.36***	-0.10***	0.07***	0.29***	0.24***	0.20***	0.03	1				
OMX30	-0.03	-0.02	0.00	0.05***	0.02	0.06***	0.00	0.08***	0.04**	1			
Nasdaq	-0.05***	-0.03*	0.01	0.00	0.02	0.04***	-0.01	0.00	0.01	0.87***	1		
Swedish GDP growth	0.02	0.03	-0.04**	-0.01	0.01	0.04**	0.02	0.12***	0.04**	-0.02	-0.11***	1	
US GDP growth	0.04**	0.07***	-0.07***	0.03*	0.03*	0.02	0.04***	0.19***	0.05***	0.08***	-0.05***	0.91***	1

This table reports correlations. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table 4
2SLS: First stage

	USVC
Aggregate USVC	0.001***
	(3.316)
Submarkets	Yes
Controls	Yes
Observations	*4,028*
Adj. R	*0.08*
IV F-stat	*252.62*
Only Sub markets F-stat	*257.98*
Test of overidentifying restrictions P-val	*0.38*

This table reports the results of the first stage of the company level 2SLS regressions using the VC sample. USVC, a dummy variable indicating the presence of a US VC investor, is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table 5

VC sample: Employment and pay regressions

Panel A: Employment

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.300***	0.284***	0.352***	0.321**	0.206
	(2.928)	(2.678)	(3.017)	(2.411)	(1.281)
Adj. R (OLS)	*0.63*	*0.52*	*0.43*	*0.37*	*0.32*
USVC (2SLS)	2.443***	2.107***	2.293***	2.913***	3.017***
	(4.570)	(3.361)	(3.529)	(3.827)	(3.170)
Adj. R (2SLS)	*0.55*	*0.46*	*0.36*	*0.24*	*0.16*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

Panel B: Average pay

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	-85,151**	-89,550**	-116,456**	-80,994*	-71,717
	(-2.161)	(-2.022)	(-2.355)	(-1.725)	(-1.480)
Adj. R (OLS)	*0.08*	*0.08*	*0.08*	*0.08*	*0.09*
USVC (2SLS)	-7,370	-163,894	-300,364	-351,207	-61,232
	(-0.040)	(-0.820)	(-1.247)	(-1.245)	(-0.304)
Adj. R (2SLS)	*0.08*	*0.08*	*0.07*	*0.05*	*0.09*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*3,493*	*2,896*	*2,382*	*1,938*	*1,549*

Panel C: Managerial pay

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.408	0.232	-0.264	0.506	0.223
	(0.815)	(0.390)	(-0.406)	(0.675)	(0.257)
Adj. R (OLS)	*0.29*	*0.24*	*0.21*	*0.2*	*0.18*
USVC (2SLS)	3.529	4.258	7.324**	9.603**	7.596*
	(1.136)	(1.211)	(2.091)	(2.526)	(1.832)
Adj. R (2SLS)	*0.28*	*0.22*	*0.17*	*0.13*	*0.13*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the results of company level regressions using the VC sample. Panels A, B, and C report employment, average pay, and managerial pay regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. Each panel reports results from OLS and 2SLS regressions. In the 2SLS regressions USVC is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table 6

VC sample: Sales, profitability, and foreign subsidiaries regressions

Panel A: Sales

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.565	0.877	1.211*	0.475	0.068
	(1.075)	(1.493)	(1.957)	(0.669)	(0.072)
Adj. R (OLS)	*0.52*	*0.43*	*0.35*	*0.31*	*0.27*
USVC (2SLS)	7.738**	6.785*	10.317***	11.939***	12.966***
	(2.336)	(1.729)	(2.869)	(2.892)	(2.665)
Adj. R (2SLS)	*0.48*	*0.4*	*0.29*	*0.2*	*0.13*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

Panel B: Profitability

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	-0.042**	-0.014	0.012	0.001	0.001
	(-2.117)	(-0.721)	(0.458)	(0.053)	(0.022)
Adj. R (OLS)	*0.21*	*0.18*	*0.15*	*0.12*	*0.11*
USVC (2SLS)	0.028	0.164	0.318**	0.246	0.447***
	(0.217)	(1.270)	(2.226)	(1.634)	(2.976)
Adj. R (2SLS)	*0.21*	*0.16*	*0.11*	*0.08*	*-0.03*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,024*	*3,403*	*2,848*	*2,354*	*1,908*

Panel C: Foreign subsidiaries

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.08	0.075	0.088	0.102*	0.08
	(1.511)	(1.369)	(1.468)	(1.696)	(1.146)
Adj. R (OLS)	*0.2*	*0.2*	*0.18*	*0.18*	*0.18*
USVC (2SLS)	0.486	0.426	0.302	0.546*	0.455
	(1.357)	(1.076)	(0.702)	(1.963)	(1.600)
Adj. R (2SLS)	*0.18*	*0.18*	*0.18*	*0.15*	*0.15*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the results of company level regressions using the VC sample. Panels A, B, and C report sales, profitability, and foreign subsidiary regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. Each panel reports results from OLS and 2SLS regressions. In the 2SLS regressions USVC is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table 7
VC sample: New funding round, exit, and failure regressions

Panel A: New funding round

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.077*	0.061	0.098**	0.092*	0.091*
	(1.689)	(1.389)	(2.189)	(1.681)	(1.656)
Adj. R (OLS)	*0.15*	*0.11*	*0.12*	*0.1*	*0.1*
USVC (2SLS)	-0.294	-0.168	-0.261	0.136	-0.084
	(-1.361)	(-0.771)	(-1.139)	(0.546)	(-0.370)
Adj. R (2SLS)	*0.12*	*0.1*	*0.08*	*0.1*	*0.08*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

Panel B: Exit

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.03	-0.023	-0.004	0.034	-0.008
	(1.155)	(-1.262)	(-0.169)	(1.009)	(-0.259)
Adj. R (OLS)	*0.02*	*0.02*	*0.01*	*0.02*	*0.01*
USVC (2SLS)	0.142	0.09	-0.223	0.007	-0.054
	(1.175)	(0.760)	(-1.627)	(0.054)	(-0.301)
Adj. R (2SLS)	*0.02*	*0.01*	*-0.02*	*0.02*	*0.01*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

Panel C: Failure

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	-0.011	0.011	-0.006	-0.037***	-0.005
	(-0.713)	(0.494)	(-0.398)	(-4.367)	(-0.297)
Adj. R (OLS)	*0.03*	*0.04*	*0.04*	*0.03*	*0.03*
USVC (2SLS)	0.021	0.009	-0.153*	-0.256**	-0.088
	(0.197)	(0.091)	(-1.823)	(-2.111)	(-0.976)
Adj. R (2SLS)	*0.03*	*0.04*	*0.02*	*-0.01*	*0.02*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the results of company level regressions using the VC sample. Panels A, B, and C report new funding round, exit, and failure regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. Each panel reports results from OLS and 2SLS regressions. In the 2SLS regressions USVC is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table 8

Full sample: Company level regressions

Panel A: Employment

	t+1	t+2	t+3	t+4	t+5
USVC	0.503***	0.458***	0.470***	0.444***	0.339**
	(4.515)	(3.832)	(3.452)	(3.050)	(1.962)
Non-USVC	0.219***	0.200***	0.12	0.112	0.084
	(4.617)	(3.218)	(1.603)	(1.450)	(1.057)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.75*	*0.68*	*0.62*	*0.57*	*0.52*
Observations	*3,197,337*	*2,797,972*	*2,431,286*	*2,093,973*	*1,788,386*

Panel B: Sales

	t+1	t+2	t+3	t+4	t+5
USVC	0.905	1.210*	1.513**	1.081	0.708
	(1.525)	(1.700)	(1.963)	(1.350)	(0.698)
Non-USVC	0.193	0.176	0.253	0.56	0.178
	(0.719)	(0.520)	(0.639)	(1.349)	(0.415)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.49*	*0.4*	*0.33*	*0.28*	*0.24*
Observations	*3,197,337*	*2,797,972*	*2,431,286*	*2,093,973*	*1,788,386*

Panel C: Profitability

	t+1	t+2	t+3	t+4	t+5
USVC	-0.125***	-0.098***	-0.041	-0.02	-0.051*
	(-5.529)	(-4.352)	(-1.462)	(-0.668)	(-1.757)
Non-USVC	-0.083***	-0.082***	-0.047***	-0.016	-0.055***
	(-6.129)	(-5.391)	(-2.951)	(-0.946)	(-3.120)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.04*	*0.03*	*0.03*	*0.02*	*0.02*
Observations	*3,183,511*	*2,790,040*	*2,424,560*	*2,087,911*	*1,783,029*

Panel D: Foreign subsidiaries

	t+1	t+2	t+3	t+4	t+5
USVC	0.167***	0.148***	0.139**	0.127**	0.096
	(2.887)	(2.616)	(2.199)	(2.017)	(1.345)
Non-USVC	0.068**	0.062**	0.04	0.026	0.01
	(2.344)	(2.111)	(1.246)	(0.793)	(0.281)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.05*	*0.05*	*0.05*	*0.05*	*0.05*
Observations	*3,197,337*	*2,797,972*	*2,431,286*	*2,093,973*	*1,788,386*

This table reports the results of company level regressions using the full sample. Panels A, B, C, and D report employment, sales, profitability, and foreign subsidiary regressions, respectively. The

dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a US VC investor. In addition, we include non-USVC, which indicates a funding round without US VC investment. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table 9
Municipality-industry level regressions

Panel A: Employment in full sample

	t+1	t+2	t+3	t+4	t+5
USVC	0.069***	0.097***	0.127***	0.150***	0.168***
	(6.267)	(6.055)	(6.214)	(6.095)	(5.716)
Non-USVC	0.039***	0.049***	0.064***	0.081***	0.094***
	(3.872)	(3.304)	(3.439)	(3.756)	(3.794)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.95*	*0.93*	*0.91*	*0.9*	*0.88*
Observations	*22,721*	*20,828*	*18,961*	*17,113*	*15,295*

Panel B: New start-ups in full sample

	t+1	t+2	t+3	t+4	t+5
USVC	0.802***	0.790***	0.785***	0.782***	0.789***
	(9.072)	(8.375)	(8.212)	(7.755)	(7.780)
Non-USVC	0.288***	0.280***	0.275***	0.271***	0.274***
	(5.149)	(4.826)	(4.615)	(4.414)	(4.302)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.53*	*0.53*	*0.52*	*0.52*	*0.51*
Observations	*22,721*	*20,828*	*18,961*	*17,113*	*15,295*

Panel C: Employment in VC sample

	t+1	t+2	t+3	t+4	t+5
USVC	0.022*	0.034*	0.041	0.047	0.062
	1.751	1.712	1.589	1.41	1.431
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.98*	*0.98*	*0.97*	*0.97*	*0.96*
Observations	*546*	*504*	*462*	*420*	*378*

Panel D: New start-ups in VC sample

	t+1	t+2	t+3	t+4	t+5
USVC	0.366**	0.380**	0.397**	0.414**	0.424**
	2.299	2.327	2.392	2.489	2.476
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.65*	*0.65*	*0.64*	*0.65*	*0.64*
Observations	*546*	*504*	*462*	*420*	*378*

This table reports the results of municipality-industry level regressions. Panels A and B report employment and new start-up regressions in the full sample, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variables of interest are USVC (dummy variable indicating the presence of a US VC investor) and non-USVC (dummy variable indicating a funding round without US VC investors). Panels C and D report employment and new start-up regressions in the VC sample, respectively. The variable of interest is USVC. In all specifications, we include the macroeconomic and period fixed effects control variables listed in Panel C of Table 1 as well

as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Appendix

Table A1
VC sample: Full output for OLS employment regression

	t+1	t+2	t+3	t+4	t+5
USVC	0.300***	0.284***	0.352***	0.321**	0.206
	(2.928)	(2.678)	(3.017)	(2.411)	(1.281)
Lagged employment	0.749***	0.688***	0.620***	0.542***	0.458***
	(29.692)	(21.677)	(15.192)	(10.961)	(7.655)
Lagged sales	0.003	0.003	0.003	0.008	0.013
	(0.857)	(0.632)	(0.460)	(0.964)	(1.271)
Age at first round	0.036	0.070**	0.101**	0.125**	0.162***
	(1.646)	(2.263)	(2.523)	(2.492)	(2.745)
OMX30	0.212*	0.149	0.123	-0.177	-0.439
	(1.824)	(0.445)	(0.380)	(-0.501)	(-0.991)
Nasdaq	-0.197*	-0.058	-0.047	0.202	0.402
	(-1.854)	(-0.218)	(-0.182)	(0.737)	(1.110)
Swedish GDP growth	2.290*	2.651	2.585	2.122	-2.119
	(1.769)	(1.135)	(1.122)	(0.849)	(-0.502)
US GDP growth	-3.149	-3.401	-2.617	-4.588	-9.730*
	(-1.270)	(-1.122)	(-0.834)	(-1.157)	(-1.913)
Industry FE	Yes	Yes	Yes	Yes	Yes
County FE	Yes	Yes	Yes	Yes	Yes
Age FE	Yes	Yes	Yes	Yes	Yes
Round FE	Yes	Yes	Yes	Yes	Yes
Stage FE	Yes	Yes	Yes	Yes	Yes
Period FE	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.63*	*0.52*	*0.43*	*0.37*	*0.32*
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the full OLS employment regression output of company level regressions using the VC sample. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A2
VC sample: Full 2nd stage for 2SLS employment regression

	t+1	t+2	t+3	t+4	t+5
USVC	2.513***	2.137***	2.237***	3.095***	3.556***
	(4.700)	(3.327)	(3.400)	(3.880)	(3.097)
Lagged employment	0.730***	0.667***	0.602***	0.526***	0.440***
	(27.863)	(19.767)	(14.192)	(10.172)	(6.910)
Lagged sales	0.006	0.007	0.006	0.011	0.016
	(1.552)	(1.200)	(0.826)	(1.254)	(1.477)
Age at first round	0.053**	0.090***	0.123***	0.151***	0.202***
	(2.259)	(2.809)	(2.972)	(2.903)	(3.164)
OMX30	0.144	-0.23	-0.272	-0.711	-0.232
	(1.026)	(-0.573)	(-0.671)	(-1.489)	(-0.319)
Nasdaq	-0.101	0.251	0.269	0.653*	0.234
	(-0.760)	(0.777)	(0.828)	(1.679)	(0.371)
Swedish GDP growth	1.201	-0.144	-0.152	-1.674	4.474
	(0.839)	(-0.055)	(-0.058)	(-0.549)	(0.586)
US GDP growth	-1.026	-0.069	0.563	-0.795	0.396
	(-0.368)	(-0.021)	(0.163)	(-0.172)	(0.053)
Industry FE	Yes	Yes	Yes	Yes	Yes
County FE	Yes	Yes	Yes	Yes	Yes
Age FE	Yes	Yes	Yes	Yes	Yes
Round FE	Yes	Yes	Yes	Yes	Yes
Stage FE	Yes	Yes	Yes	Yes	Yes
Period FE	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.54*	*0.46*	*0.36*	*0.22*	*0.08*
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the full 2SLS second stage employment regression output of company level regressions using the VC sample. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. USVC is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A3
VC sample: Foreign subsidiaries (log)

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.145***	0.120**	0.114**	0.155***	0.087
	(2.761)	(2.356)	(2.151)	(3.093)	(1.516)
Adj. R (OLS)	*0.28*	*0.25*	*0.24*	*0.23*	*0.22*
USVC (2SLS)	0.354	0.1	-0.156	0.765***	0.661*
	(0.889)	(0.257)	(-0.423)	(2.652)	(1.871)
Adj. R (2SLS)	*0.27*	*0.25*	*0.23*	*0.19*	*0.18*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the results of company level regressions for the log of the number of foreign subsidiaries using the VC sample. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. Each panel reports results from OLS and 2SLS regressions. In the 2SLS regressions USVC is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A4

VC sample: New US funding round and US exit regressions

Panel A: New US funding round

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.109***	0.069***	0.067**	0.087**	0.087***
	(3.156)	(2.912)	(2.347)	(2.540)	(2.843)
Adj. R (OLS)	*0.05*	*0.03*	*0.04*	*0.03*	*0.03*
USVC (2SLS)	0.054	0.005	-0.084	-0.059	0.061
	(0.507)	(0.050)	(-0.641)	(-0.864)	(0.944)
Adj. R (2SLS)	*0.04*	*0.02*	*-0.02*	*-0.05*	*0.03*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

Panel B: US exit

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.017	-0.010***	0.024	-0.015***	-0.007
	(1.116)	(-2.763)	(1.194)	(-3.193)	(-0.465)
Adj. R (OLS)	*0.00*	*0.00*	*0.01*	*0.01*	*0.01*
USVC (2SLS)	0.009	0.019	-0.008	-0.059	-0.054
	(0.145)	(0.468)	(-0.190)	(-0.764)	(-0.500)
Adj. R (2SLS)	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the results of company level regressions using the VC sample. Panels A and B report new US funding round and US exit regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. Each panel reports results from OLS and 2SLS regressions. In the 2SLS regressions USVC is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A5

VC sample: Employment and pay regressions

Panel A: Employment

	t+1	t+2	t+3	t+4	t+5
USVC	0.241**	0.230**	0.321***	0.299**	0.198
	(2.269)	(2.119)	(2.732)	(2.269)	(1.235)
Nordic VC	0.149***	0.129*	0.04	0.082	0.181
	(2.935)	(1.725)	(0.367)	(0.713)	(1.464)
ROW VC	0.218***	0.190**	0.144	0.103	-0.013
	(3.220)	(2.450)	(1.511)	(0.965)	(-0.102)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.63*	*0.52*	*0.43*	*0.37*	*0.32*
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

Panel B: Average pay

	t+1	t+2	t+3	t+4	t+5
USVC	-87,510**	-89,516**	-113,894**	-81,137*	-70,511
	(-2.152)	(-1.965)	(-2.252)	(-1.703)	(-1.433)
Nordic VC	3,360	7,772	-14,438	25,564	17,449
	(0.105)	(0.240)	(-0.400)	(0.643)	(0.394)
ROW VC	11,075	-6,268	-5,261	-9,215	-14,308
	(0.323)	(-0.175)	(-0.134)	(-0.223)	(-0.313)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.08*	*0.08*	*0.08*	*0.08*	*0.09*
Observations	*3,493*	*2,896*	*2,382*	*1,938*	*1,549*

Panel C: Managerial pay

	t+1	t+2	t+3	t+4	t+5
USVC	0.337	0.126	-0.33	0.453	0.222
	(0.671)	(0.210)	(-0.504)	(0.601)	(0.252)
Nordic VC	-0.174	0.279	0.028	0.442	0.7
	(-0.429)	(0.662)	(0.053)	(0.729)	(0.970)
ROW VC	0.523	0.356	0.341	0.162	-0.235
	(1.331)	(0.787)	(0.647)	(0.270)	(-0.323)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.29*	*0.24*	*0.21*	*0.2*	*0.18*
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the results of company level regressions using the VC sample. Panels A, B, and C report employment, average pay, and managerial pay regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. In addition, we include Nordic VC and ROW VC, which are dummy variables indicating the presence of Nordic and ROW VC investors, respectively. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A6

VC sample: Sales, profitability, and foreign subsidiaries regressions

Panel A: Sales

	t+1	t+2	t+3	t+4	t+5
USVC	0.368	0.683	1.028*	0.4	0.000
	(0.704)	(1.153)	(1.676)	(0.569)	(0.000)
Nordic VC	0.154	-0.134	-0.13	0.065	-0.156
	(0.425)	(-0.326)	(-0.236)	(0.114)	(-0.238)
ROW VC	0.981***	1.081***	1.076***	0.449	0.446
	(3.014)	(2.862)	(2.590)	(0.760)	(0.568)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.52*	*0.43*	*0.35*	*0.31*	*0.27*
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

Panel B: Profitability

	t+1	t+2	t+3	t+4	t+5
USVC	-0.031	-0.006	0.02	0.000	-0.002
	(-1.537)	(-0.309)	(0.760)	(0.014)	(-0.086)
Nordic VC	-0.035*	-0.03	-0.052**	0.006	-0.024
	(-1.897)	(-1.464)	(-2.552)	(0.253)	(-1.082)
ROW VC	-0.034**	-0.021	-0.011	0.005	0.024
	(-2.176)	(-1.139)	(-0.527)	(0.200)	(1.042)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.21*	*0.18*	*0.16*	*0.12*	*0.11*
Observations	*4,024*	*3,403*	*2,848*	*2,354*	*1,908*

Panel C: Foreign subsidiaries

	t+1	t+2	t+3	t+4	t+5
USVC	0.055	0.052	0.062	0.088	0.067
	(1.018)	(0.919)	(1.011)	(1.405)	(0.945)
Nordic VC	0.089*	0.094*	0.101*	0.070	0.048
	(1.932)	(1.858)	(1.829)	(1.232)	(0.805)
ROW VC	0.073	0.056	0.077	0.064	0.057
	(1.491)	(1.109)	(1.435)	(1.125)	(0.929)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.21*	*0.2*	*0.19*	*0.18*	*0.18*
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the results of company level regressions using the VC sample. Panels A, B, and C report sales, profitability, and foreign subsidiary regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. In addition, we include Nordic VC and ROW VC, which are dummy variables indicating the presence of Nordic and ROW VC investors, respectively. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A7

VC sample: New funding round, exit, and failure regressions

Panel A: New funding round

	t+1	t+2	t+3	t+4	t+5
USVC	0.049	0.035	0.088*	0.09	0.088
	(1.002)	(0.725)	(1.892)	(1.613)	(1.557)
Nordic VC	0.145***	0.123***	0.033	0.017	0.054*
	(4.171)	(3.735)	(1.070)	(0.570)	(1.790)
ROW VC	0.052	0.055	0.033	0.003	-0.004
	(1.472)	(1.486)	(0.860)	(0.093)	(-0.141)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.16*	*0.12*	*0.12*	*0.1*	*0.1*
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

Panel B: Exit

	t+1	t+2	t+3	t+4	t+5
USVC	0.031	-0.034*	-0.017	0.027	-0.01
	(1.203)	(-1.817)	(-0.615)	(0.826)	(-0.326)
Nordic VC	-0.008	0.018	0.019	-0.007	0.01
	(-0.463)	(0.936)	(0.931)	(-0.333)	(0.446)
ROW VC	0.005	0.046**	0.055**	0.044	0.009
	(0.297)	(1.992)	(2.096)	(1.526)	(0.342)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.02*	*0.02*	*0.01*	*0.02*	*0.01*
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

Panel C: Failure

	t+1	t+2	t+3	t+4	t+5
USVC	-0.006	0.016	-0.003	-0.039***	-0.001
	(-0.368)	(0.761)	(-0.200)	(-4.142)	(-0.043)
Nordic VC	-0.013	-0.037***	0.004	0.026	-0.019
	(-1.185)	(-4.379)	(0.249)	(1.294)	(-1.235)
ROW VC	-0.019	-0.004	-0.020*	0.003	-0.021*
	(-1.529)	(-0.246)	(-1.930)	(0.146)	(-1.898)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.03*	*0.04*	*0.04*	*0.03*	*0.03*
Observations	*4,028*	*3,405*	*2,849*	*2,355*	*1,908*

This table reports the results of company level regressions using the VC sample. Panels A, B, and C report new funding round, exit, and failure regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. In addition, we include Nordic VC and ROW VC, which are dummy variables indicating the presence of Nordic and ROW VC investors, respectively. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A8
VC sample: Municipality-industry level regressions
Panel A: Employment

	t+1	t+2	t+3	t+4	t+5
USVC	0.021	0.027	0.03	0.039	0.06
	(1.075)	(0.969)	(0.910)	(0.969)	(1.127)
Nordic VC	0.003	0.004	0.003	-0.001	-0.01
	(0.143)	(0.118)	(0.073)	(-0.026)	(-0.152)
ROW VC	0.000	0.015	0.028	0.028	0.021
	(0.003)	(0.612)	(0.885)	(0.786)	(0.528)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.98*	*0.98*	*0.97*	*0.97*	*0.96*
Observations	*546*	*504*	*462*	*420*	*378*

Panel D: New start-ups

	t+1	t+2	t+3	t+4	t+5
USVC	0.289	0.314	0.337*	0.351*	0.353*
	(1.629)	(1.670)	(1.761)	(1.828)	(1.811)
Nordic VC	0.23	0.23	0.219	0.199	0.211
	(1.064)	(1.038)	(0.967)	(0.853)	(0.912)
ROW VC	-0.076	-0.101	-0.098	-0.058	-0.048
	(-0.412)	(-0.542)	(-0.524)	(-0.308)	(-0.249)
Controls	Yes	Yes	Yes	Yes	Yes
Adj. R	*0.66*	*0.66*	*0.65*	*0.65*	*0.65*
Observations	*546*	*504*	*462*	*420*	*378*

This table reports the results of municipality-industry level regressions using the VC sample. Panels A and B report employment and new start-up regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. In addition, we include Nordic VC and ROW VC, which are dummy variables indicating the presence of Nordic and ROW VC investors, respectively. We include the macroeconomic and period fixed effects control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%,

Table A9
2SLS: First stage

	USVC
Aggregate USVC	0.002***
	(3.253)
Submarkets	Yes
Controls	Yes
Observations	*1,140*
Adj. R	*0.09*
IV F-stat	*22.73*
Only Sub markets F-stat	*24.05*
Test of overidentifying restrictions P-val	*0.39*

This table reports the results of the first stage of the company level 2SLS regressions using the R2R sample. USVC, a dummy variable indicating the presence of a US VC investor, is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A10

R2R sample: Employment and pay regressions

Panel A: Employment

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.198**	0.211*	0.319***	0.303**	0.157
	(2.017)	(1.959)	(2.604)	(2.213)	(0.955)
Adj. R (OLS)	*0.52*	*0.35*	*0.25*	*0.23*	*0.19*
USVC (2SLS)	0.906**	0.692	1.149**	1.386**	2.111**
	(2.150)	(1.426)	(1.988)	(2.261)	(2.134)
Adj. R (2SLS)	*0.48*	*0.33*	*0.2*	*0.15*	*-0.03*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*1,140*	*1,016*	*898*	*800*	*701*

Panel B: Average pay

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	-94,508**	-110,729**	-137,925***	-95,081**	-86,416*
	(-2.376)	(-2.384)	(-2.695)	(-2.001)	(-1.695)
Adj. R (OLS)	*0.05*	*0.08*	*0.08*	*0.07*	*0.06*
USVC (2SLS)	-143,182	-242,501*	-520,036***	-486,924**	-285,345
	(-1.061)	(-1.655)	(-2.669)	(-2.564)	(-1.328)
Adj. R (2SLS)	*0.05*	*0.06*	*-0.06*	*-0.07*	*0.03*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*1,073*	*930*	*793*	*684*	*581*

Panel C: Managerial pay

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.022	-0.251	-0.521	0.351	0.006
	(0.041)	(-0.400)	(-0.755)	(0.445)	(0.007)
Adj. R (OLS)	*0.2*	*0.14*	*0.09*	*0.08*	*0.08*
USVC (2SLS)	1.892	2.354	2.821	2.619	-1.288
	(0.787)	(0.918)	(0.932)	(0.831)	(-0.323)
Adj. R (2SLS)	*0.19*	*0.12*	*0.06*	*0.07*	*0.08*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*1,140*	*1,016*	*898*	*800*	*701*

This table reports the results of company level regressions using the R2R sample. Panels A, B, and C report employment, average pay, and managerial pay regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. Each panel reports results from OLS and 2SLS regressions. In the 2SLS regressions USVC is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A11

R2R sample: Sales, profitability, and foreign subsidiaries regressions

Panel A: Sales

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.234	0.464	0.886	0.167	-0.309
	(0.440)	(0.807)	(1.455)	(0.231)	(-0.333)
Adj. R (OLS)	*0.44*	*0.33*	*0.24*	*0.18*	*0.18*
USVC (2SLS)	6.255**	2.708	4.044	5.601*	7.074
	(2.243)	(0.963)	(1.310)	(1.704)	(1.536)
Adj. R (2SLS)	*0.34*	*0.31*	*0.21*	*0.1*	*0.06*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*1,140*	*1,016*	*898*	*800*	*701*

Panel B: Profitability

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	-0.014	0.02	0.03	0.000	0.007
	(-0.636)	(0.946)	(1.055)	(0.004)	(0.234)
Adj. R (OLS)	*0.18*	*0.18*	*0.14*	*0.08*	*0.15*
USVC (2SLS)	0.086	0.093	0.198	0.164	0.280*
	(0.939)	(0.914)	(1.529)	(1.247)	(1.949)
Adj. R (2SLS)	*0.16*	*0.17*	*0.09*	*0.04*	*0.01*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*1,138*	*1,014*	*897*	*799*	*701*

Panel C: Foreign subsidiaries

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.077	0.083	0.101	0.127*	0.109
	(1.397)	(1.414)	(1.576)	(1.932)	(1.462)
Adj. R (OLS)	*0.15*	*0.14*	*0.12*	*0.11*	*0.1*
USVC (2SLS)	0.432*	0.496**	0.517**	0.577**	0.657*
	(1.960)	(2.124)	(1.991)	(2.291)	(1.874)
Adj. R (2SLS)	*0.1*	*0.07*	*0.05*	*0.03*	*-0.03*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*1,140*	*1,016*	*898*	*800*	*701*

This table reports the results of company level regressions using the R2R sample. Panels A, B, and C report sales, profitability, and foreign subsidiary regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. Each panel reports results from OLS and 2SLS regressions. In the 2SLS regressions USVC is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.

Table A12

R2R sample: New funding round, exit, and failure regressions

Panel A: New funding round

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.01	0.008	0.075	0.082	0.087
	(0.224)	(0.172)	(1.607)	(1.428)	(1.567)
Adj. R (OLS)	*0.21*	*0.11*	*0.13*	*0.08*	*0.09*
USVC (2SLS)	-0.414**	-0.184	-0.112	0.069	-0.256
	(-2.308)	(-0.894)	(-0.516)	(0.376)	(-1.131)
Adj. R (2SLS)	*0.13*	*0.09*	*0.11*	*0.08*	*-0.03*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*1,140*	*1,016*	*898*	*800*	*701*

Panel B: Exit

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	0.04	-0.027	-0.009	0.025	-0.021
	(1.478)	(-1.448)	(-0.314)	(0.661)	(-0.659)
Adj. R (OLS)	*0.03*	*0.04*	*-0.01*	*-0.01*	*0.00*
USVC (2SLS)	0.114	0.068	-0.119	-0.049	0.087
	(1.078)	(0.514)	(-1.081)	(-0.315)	(0.499)
Adj. R (2SLS)	*0.02*	*0.03*	*-0.03*	*-0.01*	*-0.02*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*1,140*	*1,016*	*898*	*800*	*701*

Panel C: Failure

	t+1	t+2	t+3	t+4	t+5
USVC (OLS)	-0.001	0.022	-0.011	-0.043***	0.001
	(-0.050)	(0.976)	(-0.758)	(-3.375)	(0.075)
Adj. R (OLS)	*0.03*	*0.03*	*0.07*	*0.01*	*0.00*
USVC (2SLS)	0.033	0.084	-0.034	-0.066	-0.044
	(0.461)	(0.878)	(-0.478)	(-0.735)	(-0.591)
Adj. R (2SLS)	*0.03*	*0.02*	*0.07*	*0.01*	*-0.01*
Controls	Yes	Yes	Yes	Yes	Yes
Observations	*1,140*	*1,016*	*898*	*800*	*701*

This table reports the results of company level regressions using the R2R sample. Panels A, B, and C report new funding round, exit, and failure regressions, respectively. The dependent variable is shifted forward in time in columns 1 to 5, respectively. The variable of interest is USVC, which is a dummy variable indicating the presence of a USVC investor. Each panel reports results from OLS and 2SLS regressions. In the 2SLS regressions USVC is instrumented with the variables listed in Panel B of Table 1. We include all control variables listed in Panel C of Table 1 as well as lagged employment and sales. Definitions for all variables are reported in Table 1. T statistics are reported in parentheses. ***, **, and * indicate significance at 1%, 5%, and 10%, respectively.