

Nature or Nurture? The Importance of Sorting in Matching Startups with Business Accelerators

Junnan HE

Abstract :

Business accelerators are important players in the venture financing market. On one hand, they work like intermediaries connect startups and venture investors. Similar to other intermediaries (e.g., bank), accelerators create value by reducing market information asymmetry through sorting during admission. On the other, accelerators also provide training that can directly improve the human capital of startups. Literature has shown that the two value creation channels have very different implications. Leveraging a three-stage two-sided matching framework, we examine the importance of sorting during the accelerator admission decisions.