Private Equity Fund Investing

Private equity investing (PE) has experienced rapid growth on a global scale over the last few decades to become a significant industry. While scholars have devoted considerable effort to studying the area of risk capital investing into businesses, research about private equity as an asset class is surprisingly scarce. This dissertation addresses this gap by enhancing understanding of PE fund investing in general, and specifically about how heterogeneity in investor-specific characteristics and entry order strategies may impact performance.

Based on a comprehensive set of interviews with PE fund invested, in-depth insights about variances in motives for investing in the asset class, ways of working, and investment strategies across investors were acquired. Findings that are elaborated upon in the dissertation. In addition, to facilitate a thorough investigation of the links between organizational characteristics, entry order and performance, hypotheses were tested through the statistical analysis of unique data covering PE funds raised in Sweden over a twenty-year period. Among several novel results, this study indicates that the level of environmental uncertainty has a clear impact on which organization-specific factors explain entry order, as well as which factors impact the ability of an organization to take advantage of a chosen entry order. Furthermore, the study points at organizational reputation as an especially valuable asset in situations of uncertainty. While a good reputation does not directly lead to superior performance, it may be used in exchange for favorable entry order positions.

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