

**ON CAPITAL AND HABITUS:
SOCIAL CLASS AND ITS ROLE IN ENTREPRENEURSHIP**

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Abstract

Entrepreneurship is often heralded as a pathway to upward mobility, epitomizing the ideal of the "rags to riches" narrative. However, recent research on marginalized entrepreneurs suggests that social class may play a significant role in shaping entrepreneurial outcomes, challenging the notion that entrepreneurship offers equal opportunities to all. Although research explicitly linking entrepreneurship with social class theories remains limited, social class appears to influence access to various forms of capital and shape the habitus that guides entrepreneurial behavior. Consequently, understanding these dynamics is essential to addressing inequalities in entrepreneurship. This dissertation *explores how social class affects an individual's entrepreneurial journey*, with three studies included in this dissertation approaching the topic from different conceptual perspectives.

Study 1 provides an integrative review of the literature on social class origin and entrepreneurship by seeking to understand: *What is an entrepreneur's social class origin? How does social class origin influence entrepreneurial outcomes and social class destinations? How should future entrepreneurship research address social class origin?* In response, the study proposes a theoretical framework that outlines how entrepreneurs' social class origin impacts entrepreneurial outcomes through entrepreneurial resources at hand, entrepreneurial habitus formation, and access to external resources and opportunities, and how these themes facilitate upward mobility, downward mobility, or class maintenance. In addition, this review establishes the foundations for future empirical research by developing a comprehensive future research agenda on social class in entrepreneurship.

While Study 1 sets the broader theoretical context, Study 2 turns to the lived experiences of upwardly mobile entrepreneurs. Drawing on Lahire's reconceptualization of habitus, this study seeks to explore *how the internalized dispositions formed through social class origin and upward social mobility interact with the socio-cultural context of entrepreneurship and shape entrepreneurial behavior*. Through life history interviews with 36 entrepreneurs, the study identifies seven entrepreneurial archetypes that reflect varying degrees of (mis)alignment tied to classed socio-cultural contexts and internalized dispositions and display distinct entrepreneurial behaviors in response. These findings highlight the socio-cultural barriers faced by upwardly mobile entrepreneurs, which persist despite the accumulation of capital through social mobility, and raise questions about the inclusivity of entrepreneurship as a viable pathway across different social hierarchies.

In contrast to the focus on individual experiences of upward social mobility in Study 2, Study 3 examines *the effects of educational attainment as a social class signal and the intersection with gender and migration backgrounds on the likelihood of obtaining different types of external financial capital*. Analyzing 63,023 venture-year observations from Germany, this study shows that entrepreneurs without academic qualifications are less likely to secure equity capital but more likely to obtain debt financing. Additionally, the study underscores how intersectional factors, such as gender and migration background, interact with social class to influence financial capital acquisition. These results reveal the

complex ways in which social class signals shape entrepreneurial access to resources, offering a broader perspective on structural inequalities in entrepreneurship.

Overall, this dissertation provides a comprehensive examination of the role of social class in entrepreneurship, highlighting the intricate connections between class-based capital and habitus. By combining the broad theoretical perspectives of Study 1 with the personal life histories in Study 2 and the large-scale quantitative analysis in Study 3, this work offers a multidimensional understanding of how social class affects an individual's entrepreneurial journey. The findings contribute to the emerging field of research on social class and entrepreneurship by shedding light on the structural barriers faced by entrepreneurs from different social backgrounds, as well as the unique strengths they bring to the entrepreneurial process. While this thesis makes significant strides in advancing our understanding of the interplay between social class and entrepreneurship, there remains much to uncover. Consequently, it lays the groundwork for future research by outlining a comprehensive agenda that addresses the complex dynamics of social class along the Bourdieusian concepts of capital and habitus, ultimately aiming to promote a more inclusive understanding of entrepreneurship.

Zusammenfassung

Unternehmertum wird oft als Weg zum sozialem Aufstieg gepriesen und verkörpert das Ideal des „Vom-Tellerwäscher-zum-Millionär“. Jüngste Forschungen über marginalisierte Unternehmerinnen und Unternehmer deuten jedoch darauf hin, dass die soziale Klasse einen erheblichen Einfluss auf die unternehmerischen Ergebnisse haben kann, was die Vorstellung in Frage stellt, dass Unternehmertum allen Menschen die gleichen Chancen bietet. Obwohl die Forschung, die das Unternehmertum explizit mit Theorien zur sozialen Klasse verknüpft, nach wie vor begrenzt ist, scheint die soziale Klasse den Zugang zu verschiedenen Formen von Kapital zu beeinflussen und den Habitus zu formen, der das unternehmerische Verhalten leitet. Das Verständnis dieser Dynamiken ist daher unerlässlich, um Ungleichheiten im Unternehmertum zu adressieren. Diese Dissertation untersucht, *wie die soziale Klasse die unternehmerische Laufbahn einer Person beeinflusst*, wobei drei in dieser Arbeit enthaltene Studien das Thema aus verschiedenen konzeptionellen Perspektiven beleuchten.

Studie 1 bietet einen integrativen Überblick über die Literatur zu sozialer Herkunft und Unternehmertum und versucht zu verstehen: *Wie kann man die soziale Herkunft eines Entrepreneurs verstehen? Wie beeinflusst die soziale Herkunft die unternehmerischen Ergebnisse und soziale Destinationen? Wie sollte die künftige Entrepreneurship-Forschung die soziale Herkunft adressieren?* Als Antwort darauf schlägt die Studie einen theoretischen Rahmen vor, der beschreibt, wie sich die soziale Herkunft auf die unternehmerischen Ergebnisse auswirkt, und zwar durch die vorhandenen unternehmerischen Ressourcen, die Herausbildung eines unternehmerischen Habitus und den Zugang zu externen Ressourcen und Möglichkeiten, und wie diese Sujets die Auf- und Abwärtsmobilität oder den Klassenerhalt erleichtern. Darüber hinaus schafft dieser Literaturüberblick die Grundlagen für künftige empirische Forschung, indem eine umfassende Forschungsagenda zum Thema soziale Klasse im Unternehmertum entwickelt wird.

Während Studie 1 den breiteren theoretischen Kontext absteckt, wendet sich Studie 2 den gelebten Erfahrungen von aufwärtsmobilen Unternehmerinnen und Unternehmern zu. Auf der Grundlage von Lahires Rekonzeptualisierung des Habitus soll in dieser Studie untersucht werden, *wie die verinnerlichten Dispositionen, die durch die soziale Herkunft und die soziale Aufwärtsmobilität geprägt werden, mit dem soziokulturellen Kontext des Unternehmertums interagieren und das unternehmerische Verhalten beeinflussen*. Anhand von lebensgeschichtlichen Interviews mit 36 Unternehmerinnen und Unternehmern werden in der Studie sieben unternehmerische Archetypen identifiziert, die unterschiedliche Grade der (Fehl-)Anpassung an soziokulturelle Kontexte und verinnerlichte Dispositionen widerspiegeln und als Reaktion darauf unterschiedliche unternehmerische Verhaltensweisen zeigen. Diese Ergebnisse verdeutlichen die soziokulturellen Barrieren, mit denen sich aufwärts mobile Unternehmer konfrontiert sehen, die trotz der Kapitalakkumulation durch soziale Mobilität fortbestehen, und werfen die Frage nach der Inklusivität des Unternehmertums als gangbarer Weg über verschiedene soziale Hierarchien hinweg auf.

Im Gegensatz zur individuellen Perspektive des sozialen Aufstiegs in Studie 2 untersucht Studie 3 *die Auswirkungen von Bildungsabschlüssen als Signale der aktuellen sozialen Klasse sowie deren Schnittstellen mit Geschlecht und Migrationshintergrund auf die Wahrscheinlichkeit, unterschiedliche Formen von externem Finanzkapital zu erhalten*. Basierend auf der Analyse von 63,023 Unternehmensjahr-Datenpunkten aus Deutschland zeigt diese Studie, dass Unternehmerinnen und Unternehmer ohne akademische Abschlüsse seltener Beteiligungskapital, aber häufiger Fremdkapital erhalten. Zudem verdeutlicht die Studie, wie intersektionale Faktoren wie Geschlecht und Migrationshintergrund in Wechselwirkung mit der sozialen Herkunft den Zugang zu Finanzkapital beeinflussen. Diese Ergebnisse veranschaulichen die komplexen Zusammenhänge, in denen Signale der aktuellen sozialen Schicht den Zugang zu Ressourcen im Unternehmertum formen, und eröffnen eine breitere Perspektive auf strukturelle Ungleichheiten im Unternehmertum.

Insgesamt bietet diese Dissertation eine umfassende Untersuchung der Rolle sozialer Klasse im Unternehmertum und beleuchtet die komplexen Verbindungen zwischen klassengebundenem Kapital und Habitus. Durch die Kombination der breit angelegten theoretischen Perspektiven von Studie 1 mit den persönlichen Lebensgeschichten in Studie 2 und der groß angelegten quantitativen Analyse in Studie 3 bietet diese Arbeit ein mehrdimensionales Verständnis dafür, wie sich die soziale Klasse auf den unternehmerischen Werdegang einer Person auswirkt. Die Erkenntnisse leisten einen Beitrag zur wachsenden Forschung zu sozialer Klasse und Unternehmertum, indem sie sowohl auf die strukturellen Hürden hinweisen, denen Unternehmerinnen und Unternehmer aus verschiedenen sozialen Hintergründen begegnen, als auch die einzigartigen Stärken hervorheben, die diese in den unternehmerischen Prozess einbringen. Obwohl diese Arbeit wesentliche Fortschritte im Verständnis der Wechselwirkungen zwischen sozialer Klasse und Unternehmertum erzielt, besteht weiterhin ein beträchtliches Potenzial für weitere, vertiefende Forschung. Daher legt die Dissertation eine umfassende Forschungsagenda vor, die die komplexen Dynamiken der sozialen Klasse entlang der Bourdieuschen Konzepte von Kapital und Habitus adressiert, mit dem Ziel, zu einem inklusiveren Verständnis des Unternehmertums beizutragen.

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1 Introduction

“The most successful ideological effects are the ones that have no need of words, but only of laissez-faire and complicitous silence.”

— Pierre Bourdieu (1990, p. 133)

Entrepreneurship is often portrayed as a powerful engine of economic growth and individual success (Lazear, 2005), embodying narratives of individual and economic prosperity through hard work and ingenuity (Holtz-Eakin et al., 2000; Hundley, 2008). In many societies, particularly the promise of the “rags to riches” stories draws individuals into entrepreneurship (Alvarez & Barney, 2014; Bruton et al., 2013), offering the chance to transcend socio-economic constraints (Rindova et al., 2009) and forge prosperous futures (Blanchflower & Oswald, 1998; Cunningham & Fraser, 2022). However, this idealized narrative glosses over a more complex reality that challenges the notion of entrepreneurship as a universally accessible career choice. As such, a nascent body of research on marginalized entrepreneurs questions the realities of the “Horatio Alger” myth of the self-made entrepreneur (Ogbor, 2000) and foreshadows that the reality of entrepreneurship is rather complex. Instead—far from the promised meritocracy—entrepreneurial outcomes (e.g., entry, resource mobilization, success) are often predetermined and shaped by structural factors, with social class emerging as a particularly invisible yet significant factor (Bapuji et al., 2024). Defined as the “relative social rankings [...] based on differences in economic capital (i.e., wealth), social capital (i.e., networks and connections), and cultural capital (i.e., cultural tastes and practices) developed through education and personal experiences” (Gray & Kish-Gephart, 2013, p. 671), social class affects individuals' access to resources, networks, and opportunities that are crucial for entrepreneurial success. As such, and reflecting the opening quote of the French sociologist and social class thought leader Pierre Bourdieu (1990), social class functions as a silent barrier, shaping not only the opportunities available to individuals but also their very perceptions of what is achievable in the entrepreneurial landscape (Anderson et al., 2012; Anderson & Starnawska, 2008; Cunningham & Fraser, 2022), ultimately hindering inclusive access to success.

The fabric of society is intricately woven with hierarchies based on social class (Bourdieu, 1986), influencing the realities of entrepreneurs in accessing resources, social networks, and cultural dispositions. While mainstream narratives suggest that entrepreneurship is accessible to individuals from diverse backgrounds (Bakker & McMullen, 2023) and can serve as a means of escaping poverty (Sutter et al., 2019), these claims are often belied by the dominant archetype of the entrepreneur—academic individuals from entrepreneurial families (GEM, 2023). Equipped with greater economic capital, stronger social networks, and cultural knowledge that aligns with the expectations of investors, customers, and other resource providers, it can be assumed that entrepreneurs from privileged backgrounds can capitalize on more beneficial starting conditions (Hundley, 2008; Sørensen, 2007), particularly in innovative and high-growth forms of entrepreneurship (Vladasel et al., 2021). In contrast, entrepreneurs who

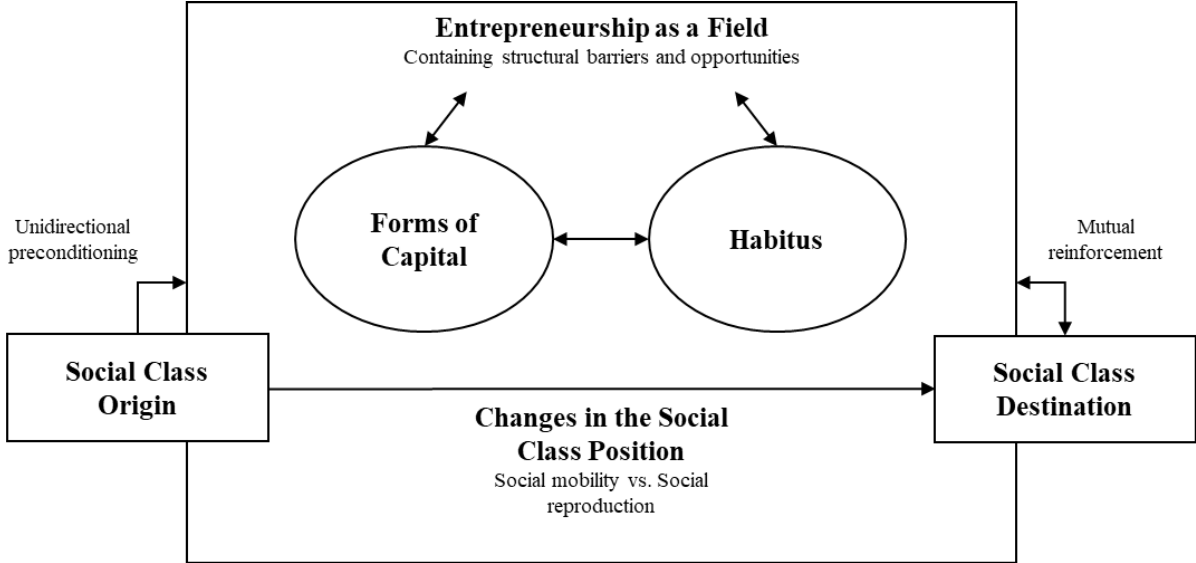
represent unconventional images in entrepreneurship (Bakker & McMullen, 2023; Miller & Le Breton-Miller, 2017; Pidduck & Clark, 2021), including those from a lower social class origin, frequently face barriers in acquiring these forms of capital (Hundley, 2008), limiting their ability to compete on an equal footing with their more socially accepted and idealized counterparts (Brattström & Wennberg, 2022; Muñoz & Kimmitt, 2018; Ogbor, 2000; Welter et al., 2017). This disparity raises critical questions about the inclusivity of successful entrepreneurship: Is it truly a meritocratic pursuit, accessible to individuals across social classes, or does it perpetuate social inequalities, as social class casts a long shadow that extends into the entrepreneurial endeavors of individuals?

Understanding the role of social class in entrepreneurship is critical amid ongoing debates surrounding inequality and access to opportunities in contemporary societies (Amis et al., 2021). Inequality, defined as the uneven distribution of resources and opportunities across a population, has become an increasingly significant issue in societies worldwide (Bapuji et al., 2020). Economic inequality, in particular, has surged globally over the past few decades, with wealth accumulating disproportionately at the top of the social hierarchy (Chetty et al., 2014; OECD, 2011; Piketty, 2014). This concentration of wealth and resources threatens social cohesion, undermining health outcomes, political participation, and democratic stability (Gilens & Page, 2014; Pickett & Wilkinson, 2015; Solt, 2008). As wealth and opportunities become increasingly concentrated among specific social groups (Chancel et al., 2021; Chetty et al., 2017), it is essential to identify the factors that either enable or hinder access to entrepreneurship as a career choice and pathway for changes in the social class position. As such, it is surprising that social class as a critical diversity dimension has lacked attention in entrepreneurship research. Despite a small yet growing research stream that explicitly addresses the role of social class in entrepreneurship (Audretsch et al., 2013; Brändle et al., 2023; Brändle & Kuckertz, 2023; Ge et al., 2022), it is still overshadowed by attention devoted to more visible diversity dimensions (Bapuji et al., 2024), including gender (Koch & Kuckertz, 2024) and ethnicity (Bruton et al., 2023). Furthermore, the implications of social mobility extend beyond individual outcomes to broader societal impacts, as entrepreneurship is linked to job creation and economic development (Guzman & Stern, 2020; Haltiwanger et al., 2013). Thus, understanding these dynamics is crucial for efforts aimed at making entrepreneurship more inclusive in an era of rising inequality.

In response to the issues raised, the core of this dissertation is a critical examination of the impact of social class on entrepreneurship, with a particular focus on examining this multidimensional concept (Côté, 2024) from multiple conceptual angles. The overarching research question driving this investigation is: *How does social class affect an individual's entrepreneurial journey?* Figure 1-1 represents the research framework, which illustrates the conceptual scope of this dissertation. It sets out to investigate how social class—through its multiple dimensions of origin, changes in social position, and destination—affects an individual's capital endowment and composition (Studies 1 and 3) and habitus (Studies 1 and 2) and their interplay in the field of entrepreneurship. This interplay, in turn, influences an

individual’s social class destination by affecting whether individuals experience social mobility or social reproduction.

Figure 1-1: Research Framework of the Role of Social Class in the Field of Entrepreneurship



Note: Own illustration. Based on Bourdieu’s capital forms (1986) and habitus (1984).

This dissertation thus aims to deepen the overall discussion of the inclusiveness of and inequalities in entrepreneurship by examining the mechanisms through which social class affects the entrepreneurial journey and social class destinations in entrepreneurship (Study 1), alignment with socio-cultural dispositions and entrepreneurial behavior (Study 2), and financial resource access (Study 3). In doing so, I provide evidence for how social class creates hurdles along the entrepreneurial trajectory and suggest how it fails to deliver on its promises. The remaining sections of Chapter 1 serve to provide a common theoretical introduction and to lay the groundwork for understanding research on social class in entrepreneurship.

1.1 The Multidimensionality of Social Class

The concept of social class has long been the subject of scholarly debate, marked by conceptual ambiguity and disciplinary fragmentation (Côté, 2011; Kish-Gephart et al., 2023; Loignon & Woehr, 2018). Although scholars from various fields have sought to define social class, no unified definition has been reached, as its complexity spans structural inequalities, identity formation, and power relations (Kish-Gephart et al., 2023). However, most agree on one fundamental point: individuals in society are stratified based on their access to different forms of capital, which include economic, cultural, and social resources (Bourdieu, 1986; Côté, 2011). While economic capital refers to material wealth such as income and property (Loignon & Woehr, 2018; Savage et al., 2013), cultural capital includes non-material assets such as knowledge, skills, and educational credentials, which shape how individuals navigate institutions and social fields (Bourdieu, 1984). Finally, social capital refers to networks and relationships that provide access to opportunities and resources (Savage et al., 2013). In addition, Bourdieu’s theory

emphasizes that capital is convertible across forms (Bourdieu & Passeron, 1977; Côté, 2011), meaning financial resources can unlock social connections, while cultural knowledge can facilitate access to better career paths (Stephens et al., 2012; Stephens, Hamedani, et al., 2014). However, as these resources are unevenly distributed, with individuals from privileged backgrounds more easily leveraging them to maintain or improve their positions, this framework highlights how social class operates beyond material wealth, illustrating how systemic inequalities are reproduced through the interplay of different forms of capital over time (Loignon & Woehr, 2018).

Social class is a multidimensional construct, typically studied through two temporal perspectives: social class origin and social class destination (Côté, 2024). Social class *origin* denotes the socioeconomic status of an individual in terms of their family during formative years, commonly assessed through indicators such as parental income, educational attainment, and occupational prestige (Côté, 2024; Fang & Tilcsik, 2022; Ingram & Oh, 2022). This concept is critical, as the social class into which one is born plays a pivotal role in shaping life trajectories and future opportunities (Stephens et al., 2012). The developmental stages of childhood and adolescence are particularly formative, functioning as a period of imprinting (cf. Marquis & Tilcsik, 2013). The socioeconomic conditions experienced during these formative years critically shape access to essential resources, such as high-quality healthcare (e.g., Christensen, 2011), educational opportunities (e.g., Johnson, 2014; Stephens et al., 2012), and a secure, supportive environment (Stephens, Hamedani, et al., 2014). However, these influences not only affect immediate well-being but also extend into adulthood, shaping long-term outcomes (Fang & Tilcsik, 2022; Friedman et al., 2017; Gray & Kish-Gephart, 2013). Social class *destination* refers to the social class an individual occupies in adulthood, shaped by their education, occupation, and income (Côté, 2011). Although the term “destination” often implies a singular, fixed endpoint, an individual may encounter multiple destinations throughout their lifetime, with no destination remaining permanent (Côté, 2024). Rather, individuals navigate a series of socioeconomic transitions as their occupational status, educational achievements, or personal circumstances evolve (Phillips et al., 2020; Rider et al., 2023).

The relationship between social class origin and destination is central to the concept of *social mobility*, which captures an individual’s ability to move up or down the social hierarchy (Martin & Côté, 2019), either within their lifetimes (*intragenerational* mobility) or across generations (*intergenerational* mobility). While upward mobility is often idealized as a marker of meritocratic and permeable societies (Kraus & Tan, 2015; Mijs et al., 2022), where individuals can transcend the social class they were born into through beliefs in education, hard work, or self-made entrepreneurship (Friedman et al., 2024), social reproduction demonstrates how class advantages or disadvantages tend to persist across generations (Aldrich et al., 1998; Flemmen et al., 2017; Sørensen, 2007; Western & Wright, 1994), limiting the scope for upward mobility.

Even when individuals achieve upward mobility, early socialization leaves lasting psychological imprints that bind them to their class of origin (Bourdieu, 2000, 2008; Friedman, 2016). Bourdieu's concept of habitus (1984) explains how deeply embedded dispositions, values, and worldviews, shaped during childhood through family and social environments, persist throughout life. These ingrained ways of being, referred to as "class specific schemata" (Strydom, 2006, p. 226), are internalized as normative within a particular social class and operate mostly beneath conscious awareness (Curl et al., 2018). As a result, even when individuals move to different social classes, their *primary habitus* influences their behavior, perceptions, and decision-making (Kish-Gephart & Campbell, 2015). For instance, individuals from working-class backgrounds often exhibit distinct approaches to authority and risk within their professional environments compared to those raised in more privileged contexts (Kish-Gephart, 2017; Martin et al., 2016). While individuals may cultivate a *secondary habitus* that aligns with their current class position through new experiences (Campbell & Kish-Gephart, 2024; Martin & Harrison, 2022), the psychological imprint of the primary habitus tends to remain "sticky," subtly influencing behavior over time (Savage et al., 2015). This interplay can generate tensions and contradictions as individuals strive to reconcile the internalized norms of their social class origin with the expectations of their new social context (Curl et al., 2018; Daenekindt & Roose, 2013; Lahire, 2003)—a theme that will be further examined in this dissertation (Study 2).

1.2 Social Class and Entrepreneurship

Entrepreneurship has often been touted as a potential solution to economic inequality, offering a pathway to upward social mobility, especially for individuals from disadvantaged backgrounds (Alvarez & Barney, 2014; Bruton et al., 2013; McMullen, 2011). From Silicon Valley tech founders in Western societies (Kuckertz et al., 2023) to promises of prosperity for necessity entrepreneurs (Dencker et al., 2021; Sutter et al., 2019), entrepreneurs are often idealized as individuals who, through innovation, hard work, and risk-taking, can overcome socio-economic barriers and accumulate wealth (Cunningham & Fraser, 2022; Holtz-Eakin et al., 2000). While the emancipatory perspective in entrepreneurship highlights the potential of entrepreneurial endeavors to serve as vehicles for empowerment (Rindova et al., 2009), studies have started to question the extent to which entrepreneurship truly functions as a mechanism of upward mobility (Keim et al., 2024). Critical research suggests that entrepreneurial success appears confined to a select few individuals and limited to certain types of entrepreneurial ventures (Hamilton, 2000; Shane, 2009). In addition, studies recognize that it is heavily influenced by access to various forms of capital—economic, social, and cultural—which are unevenly distributed across social classes (Bourdieu, 1986; De Clercq & Voronov, 2009). Particularly, entrepreneurs from lower social classes often face systemic disadvantages, including limited access to financial capital, education, social networks, and institutional support, that hinder their ability to succeed at the same level as their upper-class counterparts (Hundley, 2008; Sørensen, 2007).

Entrepreneurship as the context of this dissertation can be conceptualized as a “field” following Bourdieu’s theoretical framework (Bourdieu, 1984, 1990)—a structured social space with its own rules, norms, and power relations, where agents, in this case entrepreneurs, compete for specific forms of capital and social positions. However, as Bourdieu’s concept of the field suggests, this competition is not neutral; it is heavily shaped by prior advantages stemming from social class, habitus, and access to different forms of capital (De Clercq & Voronov, 2009). As such, social class plays a decisive role in positioning individuals within the entrepreneurial field, influencing not only how they enter the field but also their ability to navigate and succeed within it (Aldrich & Fiol, 1994). For example, research indicates that individuals from higher social classes are better positioned to enter and succeed in entrepreneurship through heightened resource access (Anderson & Miller, 2003; Kim et al., 2006) and alignment with socially accepted norms (e.g., high-growth tech startups) (Brattström & Wennberg, 2022; Muñoz & Kimmitt, 2018). In contrast, entrepreneurs from lower-class backgrounds face systemic barriers that hinder their ability to succeed at the same level as their upper-class counterparts. These barriers are not limited to resource scarcity but extend to cognitive and social differences shaped by class-based socialization (Côté, 2011; Kraus et al., 2011). For example, necessity entrepreneurs—those starting businesses out of economic need—often face skepticism and limited recognition, impeding their ability to scale their ventures (Dencker et al., 2021). Moreover, entrepreneurial habitus—the ingrained dispositions shaped by one’s social class—profoundly affects how individuals perceive risk, pursue opportunities, and interact within the entrepreneurial field. For instance, individuals from lower social classes, shaped by experiences of economic precarity, may exhibit a heightened aversion to risk (Kish-Gephart & Campbell, 2015), which influences the types of ventures they pursue. On the other hand, entrepreneurs from privileged backgrounds may have greater tolerance for risk and more room to fail, as they can draw on familial or institutional safety nets (Kish-Gephart, 2017).

While entrepreneurship offers opportunities for economic emancipation and social mobility, it operates as a social field shaped by existing class structures. Despite this reality, entrepreneurship research lacks an explicit theoretical lens that examines the role of social class in entrepreneurship. As a response, this dissertation aims to make a profound move toward closing this gap by systematically exploring the role of social class in shaping entrepreneurial processes, thereby advancing our understanding of how socio-economic backgrounds influence both entry into and success within entrepreneurial endeavors.

1.3 Thesis Structure

To address the previously discussed tensions—between perspectives of social class origin and destination, mechanisms of social mobility and reproduction, and a research field that has traditionally overlooked social class as a crucial diversity dimension—this dissertation investigates the overarching question of *how social class shapes an individual’s entrepreneurial journey*. Through three studies (see Table 1-1 for an overview), this dissertation examines the dimensions of social class along an individual’s social class outcomes, exploring the impact of social class origin (Studies 1 and 2), the experience

of upward social mobility (Study 2), and social class destination (Studies 1 and 3). Employing a multi-dimensional approach informed by the Bourdieusian concepts of capital and habitus, these studies collectively contribute to a more nuanced understanding of how structural, class-based (dis)advantages shape entrepreneurial opportunities and outcomes, while also underscoring the socio-cultural barriers faced by socially mobile individuals. Overall, this thesis challenges the conventional “rags to riches” narrative of entrepreneurship (Ge et al., 2022) as a universally accessible path.

Study 1 forms the base for research on social class in entrepreneurship by exploring how social class origin shapes entrepreneurial outcomes and destinations. It examines how multiple dimensions of an individual’s social class origin—through the lens of Bourdieu’s capital forms (i.e., economic, cultural, and social capital) and habitus formation—influence their entrepreneurial outcomes and social class destinations. While prior entrepreneurship research has significantly advanced our understanding of the role of individual early-life factors, such as parental income, education, and occupation, in entrepreneurship, it has yet to fully capture how the combination of these social class indicators shapes entrepreneurial outcomes throughout life. To address these complexities, we¹ conducted a systematic integrative review of 219 academic studies, which—implicitly or explicitly—examine the impact of the different dimensions of social class origin on entrepreneurial outcomes. As the first review to synthesize literature on social class in entrepreneurship, it highlights the multidimensional nature of social class origin (Côté, 2024) along capital forms (economic, cultural, social capital; Bourdieu, 1986), the dimensions of objective indicators (income, education, and occupation; Côté, 2011), subjective impressions (Jackman & Jackman, 1973), sources (family, neighborhood, school; Chetty et al., 2022; Côté, 2024; Stephens, Hamedani, et al., 2014), and the timing of the impact (childhood vs. current; Côté, 2024). In addition, it proposes a comprehensive framework that explains how an entrepreneur’s social class origin impacts entrepreneurial outcomes through mechanisms of entrepreneurial resources at hand, entrepreneurial habitus formation, and access to external resources and opportunities. Furthermore, the framework and analysis explain how these integrative themes facilitate upward mobility, downward mobility, or class maintenance through varying entrepreneurial outcomes (Mafico et al., 2024; Phillips et al., 2020; Rider et al., 2023). By synthesizing findings across the multiple dimensions of social class origin and sketching out a comprehensive future research agenda, Study 1 sets the stage for Study 2 in this dissertation by identifying key gaps in how social mobility interacts with entrepreneurship, particularly focusing on the dynamic interplay between social class origin and future destinations.

Study 2 builds upon the foundation laid in Study 1 by connecting the perspectives of social class origin and destinations to explore the experience of social mobility, particularly how upward social mobility from a lower-class origin impacts entrepreneurship. While Study 1 examines how social class origin shapes entrepreneurial outcomes and social class destinations, Study 2 delves deeper into the

¹ The plural pronouns refer to the author team in the study.

dynamic experience of upward social mobility and how the resulting impact on an individual's dispositions influences entrepreneurial behavior. Specifically, I investigate the experiences of upwardly mobile entrepreneurs, examining how socio-cultural contexts act as the "decentralized 'rules of the game'" (York & Lenox, 2014, p. 1930) that shape entrepreneurial activity. In this study, I build on Lahire's reconceptualization of the habitus concept (Lahire, 2003, 2011) to explore how the interplay between an entrepreneur's social class origin and their upward mobility influences their entrepreneurial behavior. Through life history interviews (e.g., Hytti et al., 2024; Marlow & McAdam, 2012; Terjesen & Elam, 2009) with 36 entrepreneurs from lower-class backgrounds and inductive analysis based on grounded theory (Gioia et al., 2013), I find seven distinct archetypes of upwardly mobile entrepreneurs, each experiencing varying degrees of alignment and misalignment with the entrepreneurial context. By connecting the predominantly separated social class origin and destination perspective in entrepreneurship through a focus on the social mobility experience, my study underscores the need to appreciate the complexity of how internalized dispositions inform entrepreneurial behavior. Additionally, my research raises critical questions about inclusivity in entrepreneurship, challenging the notion that entrepreneurship is universally accessible (Ahl, 2006). As such, I illustrate how socio-cultural forces profoundly influence the experiences of upwardly mobile entrepreneurs, leading to unique behavioral responses that reflect their diverse backgrounds and ability to navigate conflicting expectations (cf. Curl et al., 2018; Daenekindt & Roose, 2013). Furthermore, I highlight the role of unique strengths developed in a lower social class origin and transferred to the entrepreneurial context (Pidduck & Clark, 2021; Yu et al., 2022), which underscores the need to appreciate the plurality of actors and backgrounds in entrepreneurship (Brattström & Wennberg, 2022). By recognizing the diverse experiences and perspectives that individuals from various social class origins bring, the entrepreneurial landscape can benefit from a more inclusive understanding of entrepreneurial potential (Bakker & McMullen, 2023; Miller & Le Breton-Miller, 2017; Pidduck & Clark, 2021) that moves beyond a one-size-fits-all narrative (Brattström & Wennberg, 2022; Martinez Dy, 2020; Muñoz & Kimmitt, 2018), acknowledging that different socio-cultural trajectories can contribute valuable insights and innovations.

Study 3 further expands on the insights from Study 1 by shifting focus to the current social class, understanding it as an individual's social class destination, and its impact on resource mobilization in the entrepreneurial process. It builds on the concept introduced in Study 1—that access to capital tends to reinforce itself by influencing access to external resources—and examines how educational attainment serves as a signal of social class in the context of securing financial capital. As such, I examine the critical role of resource mobilization in the entrepreneurial process, focusing on how educational attainment acts as a signal of social class in the context of securing financial capital. Building on signaling theory (Spence, 1973), I argue that educational credentials, often interpreted as indicators of skill (Piva & Rossi-Lamastra, 2018), are deeply intertwined with socio-cultural dynamics that reflect an individual's social class (Lareau & Weininger, 2003). Through a longitudinal analysis of 63,023 venture-

year observations from German entrepreneurs, I investigate how educational attainment and its intersections with gender and migration background influence the likelihood of obtaining different types of external financial capital. The findings reveal that entrepreneurs lacking academic degrees are at a disadvantage in securing equity capital (i.e., business angel and venture capital) while being more likely to access debt capital (i.e., short- and long-term loans). Furthermore, I highlight the interplay of social class, gender, and migration in shaping these dynamics, underscoring the importance of understanding education as a broader social class signal rather than merely a skill-based indicator (Baum & Silverman, 2004; Piva & Rossi-Lamastra, 2018). This perspective illuminates the compounded challenges faced by marginalized entrepreneurs, whose educational achievements are often filtered through biases related to social class and intersecting identities (Alsos & Ljunggren, 2017; Crenshaw, 1991). Ultimately, my study contributes to the evolving discourse on social class in entrepreneurship by illustrating how intersectional factors shape capital access disparities, thereby reinforcing broader socio-economic inequalities in the entrepreneurial ecosystem (Bakker & McMullen, 2023).

Together, the three studies contribute to a deeper understanding of how social class affects an individual's entrepreneurial journey. While each study tackles different dimensions of social class—social class origin and destinations (Study 1), social mobility (Study 2), and current social class destinations (Study 3)—they collectively reveal common patterns in how class influences entrepreneurial outcomes through the lenses of capital and habitus. This cumulative approach not only advances theoretical perspectives on social class in entrepreneurship but also raises important questions about inclusivity and the barriers marginalized individuals face in the entrepreneurial landscape. Chapter 5 discusses the implications of these findings for theory and practice and outlines directions for future research on the role of social class in entrepreneurship.

Table 1-1: Structure of the Thesis

Study	Research question(s)	Dimension(s) of social class	Bourdieuian concept	Methods	Key findings and contributions
Study 1: Social Class Origin and Entrepreneurship: An Integrative Review and Research Agenda	<p>RQ1: What is an entrepreneur's social class origin?</p> <p>RQ2: How does social class origin influence entrepreneurial outcomes and social class destinations?</p> <p>RQ3: How should entrepreneurship research addressing social class origin move forward?</p>	<ul style="list-style-type: none"> • Origin • Destination 	<ul style="list-style-type: none"> • Capital • Habitus 	<p>Integrative literature review of 219 journal articles</p>	<ul style="list-style-type: none"> • Integration of fragmented literature on social class origin into a cohesive framework, illustrating how social class influences entrepreneurial outcomes and subsequent social class destinations • Three themes describe how social class origin affects entrepreneurial outcomes at different stages in the entrepreneurial process
Study 2: Navigating Socio-Cultural (Mis)Alignment: Social Mobility and Entrepreneurship	<p>How do the internalized dispositions formed through social class origin and upward social mobility interact with the socio-cultural context of entrepreneurship and shape entrepreneurial behavior?</p>	<ul style="list-style-type: none"> • Origin • Mobility 	<ul style="list-style-type: none"> • Habitus 	<p>Grounded theory based on 36 life history interviews with upward socially mobile entrepreneurs</p>	<ul style="list-style-type: none"> • Seven archetypes of upward socially mobile entrepreneurs that experience dispositional (mis)alignment in entrepreneurship (Mis)alignment differentially affects entrepreneurial behavior
Study 3: Beyond Skill: Education as a Social Class Signal in the Financial Capital Acquisition	<p>What are the effects of educational attainment as a social class signal and the intersection with gender and migration backgrounds on the likelihood of obtaining different types of external financial capital?</p>	<ul style="list-style-type: none"> • Destination 	<ul style="list-style-type: none"> • Capital 	<p>Multinomial regression analysis of 63,023 venture-year observations</p>	<ul style="list-style-type: none"> • Entrepreneurs who deviate from the entrepreneurial prototype are penalized differently in equity capital vs. debt capital • Effects of intersectionality can exacerbate or counteract inequalities in the resource acquisition

2 Study 1 - Social Class Origin and Entrepreneurship: An Integrative Review and Research Agenda²

Abstract

There has been an increasing interest in entrepreneurship research addressing social class origin. This research highlights the advantages and disadvantages entrepreneurs face based on their access to economic, social, and cultural capital during childhood—challenging the “rags to riches” narrative, which suggests that upward mobility is possible regardless of one’s starting point. To build a unified perspective, we develop a framework that explains the tie between entrepreneurs’ social class origin and destination, explicating the class-based mechanisms and associated entrepreneurial outcomes that drive this process. We then present three recommendations to advance research on social class origin in entrepreneurship.

Keywords: *Entrepreneurship, social class origins, social mobility, integrative review*

² Co-authored with Leif Brändle (University of Hohenheim), Kristie J.N. Moergen (Iowa State University), and Eric Yanfei Zhao (University of Oxford). Presented at the EGOS Colloquium 2023 in *Cagliari (Italy)*, the Academy of Management Annual Meeting in *Boston (United States)*, and the 26th Annual Interdisciplinary Conference on Entrepreneurship, Innovation and SMEs (G-Forum) 2023 in *Darmstadt (Germany)*. A revised version of this study is published in the *Journal of Business Venturing* (4* 2024 ABS AJG): Brändle, L., Rönnert, A.-L., Moergen, K. J. N., & Zhao, E. Y. (2025). Social class origin and entrepreneurship: An integrative review and research agenda. *Journal of Business Venturing*, 40(4), 106503. <https://doi.org/10.1016/j.jbusvent.2025.106503>.

2.1 Introduction

Research on social class origin—marked by access to economic, social, and cultural capital during childhood—has garnered increased attention within academic communities (Kish-Gephart et al., 2023). Building on this momentum, recent entrepreneurship studies that address social class origin (Brändle & Kuckertz, 2023; Ge et al., 2022; Rider et al., 2023) further highlight the topic’s potential. Interest in this area is partly fueled by the narrative of entrepreneurs transitioning from “rags to riches” (Ge et al., 2022), which presents entrepreneurship as a pathway to upward mobility regardless of one’s social class at birth (Rider et al., 2023).³ However, entrepreneurship research increasingly acknowledges that social class origin often creates persistent advantages or disadvantages for entrepreneurs (Hayward et al., 2022; Jayawarna, Rouse, et al., 2014). The growing interest in understanding social class origin and its varied impacts on entrepreneurship calls for a holistic and integrative review of the literature.

Prior literature reviews have explored themes such as the relationship between inequality and entrepreneurship (Bruton et al., 2021; Sutter et al., 2019) and entrepreneurship as a solution to poverty (Kimmitt et al., 2020), but they often lack explicit considerations of social class origin. Other reviews have focused specifically on family capital and entrepreneurship (Dyer et al., 2014) but fail to consider other relevant social class contexts (e.g., neighborhoods or schools). Similarly, while organizational review studies have incorporated social class origin research (Kish-Gephart et al., 2023; Loignon & Woehr, 2018; Pitesa & Pillutla, 2019), they omit critical insights from the entrepreneurship literature. Synthesizing the entrepreneurship literature on social class origin thus promises valuable insights.

Existing research on individual factors such as parental income, occupation, and education has substantially improved our understanding of how singular early-life conditions influence entrepreneurship. However, more explicit social class language and theories would open up new avenues for research. For instance, social-cognitive theories of social class (Kraus et al., 2012) could explain how individuals from a lower (vs. higher) social class origin handle uncertainty and resource constraints in an entrepreneurial setting. Socio-cultural class theories (Stephens et al., 2012) might help us explore how social class environments shape norms regarding orientations toward others, affecting the independent or interdependent behavior of entrepreneurs. A Bourdieusian perspective on social class (Bourdieu, 1984) could explain how entrepreneurs’ early access to capital and socialization can either restrict or facilitate social mobility. Therefore, delving into the multidimensional mechanisms by which social class origin influences entrepreneurship can significantly enhance our understanding of the inclusivity and accessibility of entrepreneurial opportunities (Bakker & McMullen, 2023).

However, the extensive history of social class research across disciplines such as psychology, sociology, and economics (e.g., Bourdieu, 1984; Goldthorpe, 2000; Wright, 2005) makes it challenging to

³ We employ a broad understanding of entrepreneurship that includes the creation of new ventures and self-employment (Bruton et al., 2021; Gartner, 1985).

navigate the body of literature on social class origin in entrepreneurship. To connect diverse understandings of social class origin in entrepreneurship—including Bourdieusian capital forms (Bourdieu, 1984), sociocultural and social cognitive models (Kraus et al., 2012; Stephens et al., 2012), and research relying on social class indicators without explicitly using the term—we conduct a systematic integrative review (Cronin & George, 2020). Specifically, this study aims to address the following research questions: *What is an entrepreneur’s social class origin? How does social class origin influence entrepreneurial outcomes and social class destinations? How should future entrepreneurship research address social class origin?*

To answer these questions, we conducted an inductive analysis of 219 articles. We organized and synthesized the literature on social class origin in entrepreneurship around different forms of capital (economic, cultural, social capital), objective indicators (income, education, and occupation), subjective impressions, sources (family, neighborhood, school), and the timing of their impact (childhood vs. current). Based on this analysis, we categorized the literature into three integrative themes: *entrepreneurial resources at hand*, *entrepreneurial habitus formation*, and *access to external resources and opportunities*. We then explained how these themes facilitate upward mobility, downward mobility, or class maintenance through varying entrepreneurial outcomes.

The first contribution of our review is to integrate fragmented literature on social class origin within entrepreneurship research into a cohesive framework that explains how entrepreneurs’ social class origin impacts entrepreneurial outcomes and, ultimately, class destinations (see Figure 2-2). Drawing on contemporary entrepreneurship literature and social class theories, our second contribution is to outline three key recommendations for advancing the study of social class origin in entrepreneurship. First, we advocate for research that explicitly uses social class terminology, social class theories, a multidimensional approach to addressing social class origin, and an intersectional lens. Second, we advocate for future research examining how social class origin can act as either a barrier or an enabler to accessing external resources. Finally, we encourage research to advance discussions on social mobility by promoting a more explicit examination of class destinations, using more nuanced consideration of mobility markers, and considering mobility experiences outside of entrepreneurship in conjunction with entrepreneurial processes.

2.2 Theoretical Background: Social Class Origin

Social class can be broadly defined as the “relative social rankings of organizational members based on differences in economic capital (i.e., wealth), social capital (i.e., networks and connections), and cultural capital (i.e., cultural tastes and practices) developed through education and personal experiences” (Gray & Kish-Gephart, 2013, p. 671).⁴ Social class has long been a subject of interest across

⁴ Throughout the paper, we often distinguish between those from a relatively lower social class and those from a relatively higher social class to help synthesize information and show overarching patterns. However, we recognize

various academic disciplines, including psychology, sociology, and economics (e.g., Bourdieu, 1984; Goldthorpe, 2000; Marx & Engels, 1978; Wright, 2005).⁵ Across these disciplines, social class is generally regarded as a multidimensional construct (Côté, 2024), which can be observed in two key aspects.

First, there is a distinction between the objective and subjective dimensions of social class. Most disciplines focus on the objective indicators of social class, which include quantifiable factors like income, education, and occupation (Côté, 2011). However, fields such as social psychology and management also consider subjective indicators. This subjective aspect pertains to an individual's perception of their relative position in the social hierarchy based on objective indicators (Adler et al., 2000). Second, social class can be conceptualized both in terms of one's current social class and social class origin. The former refers to an individual's social class at the time of the study (e.g., Ingram & Oh, 2022), while the latter refers to the social class of individuals during their upbringing (Côté, 2024).

In this review, we specifically focus on social class *origin*, which we define as an individual's access to economic, social, and cultural capital during childhood. We adopt a broad perspective that includes access to capital through family members (Côté, 2024), guardians (Martin & Côté, 2019), peers (Chetty et al., 2022), neighborhoods (Chetty et al., 2016), and gateway institutions (e.g., educational institutions; Stephens et al., 2014) during one's upbringing. This broader focus recognizes that individuals access capital not only through their families but also through their wider environment. For example, social capital at the community level—via interactions with teachers, other adults from a higher social class, or friendships with peers from different social backgrounds—is a crucial driver of social mobility outcomes (Chetty, 2021; Chetty et al., 2024).

We focus on social class origin for two primary reasons. First, foundational social class research (Bourdieu, 1984) demonstrates that social class during childhood is formative, creating lasting dispositions. Early life experiences of economic, social, and cultural capital contribute to forming a social class “habitus”—a psychological imprint or “cultural grammar” that influences how individuals think, feel, and behave (Bourdieu, 1984; Swartz, 1997). Studies show that individuals' social class origin impacts organizational behavior even if their current social class differs from their origin. For example, top management's social class origin influences their risk-taking attitudes (Kish-Gephart & Campbell, 2015) and leadership behavior (Martin et al., 2016). Second, an entrepreneur's starting point is crucial for resource mobilization, a central element in entrepreneurship (Clough et al., 2019). By focusing on social class origin, we can better understand disparities in entrepreneurial opportunities and outcomes stemming from different starting points in life and explore the extent to which entrepreneurship serves as a vehicle for social mobility (Rider et al., 2023).

that social class is not dichotomous; instead, individuals vary in their volume and composition of capital (Swartz, 1997), and we try to highlight its complexity when relevant to a specific study.

⁵ For a more comprehensive discussion of the multidisciplinary nature of social class, accompanying paradigms, and approaches, see Kish-Gephart et al. (2023).

2.3 Review Method

We conducted our review of the literature on social class origin and entrepreneurship using an integrative review method, which is particularly suited for emergent research areas, providing a comprehensive approach to reviewing, critiquing, and redirecting the literature (Torraco, 2005). By synthesizing fragmented conversations, integrative reviews help overcome research silos and generate meaningful research agendas (Bacq et al., 2021; Elsbach & van Knippenberg, 2020). While there are different ways to conduct integrative reviews, we follow recent recommendations by Cronin & George (2020) and model our approach on exemplary applications in the field (Radu-Lefebvre et al., 2021; Salvi et al., 2022).

2.3.1 Data Collection

Our review began with the process of defining our search terms, which involved four steps. First, we drew from prior literature reviews on social class across disciplines to identify an initial list of relevant search terms (e.g., Kish-Gephart et al., 2023; Loignon & Woehr, 2018). Second, we reviewed definitions of social class origin in neighboring disciplines, adding search terms not captured in previous reviews (e.g., “intergenerational mobility”). Third, we sought and incorporated feedback from five subject matter experts from different disciplines (management, sociology, and social psychology) and perspectives (both Western and non-Western views) to ensure robustness in our search terms. Fourth, we looked for references to social class origin using *explicit* social class-related terms (e.g., “socioeconomic origin” and “intergenerational mobility”) as well as *implicitly* through Bourdieusian capital forms or related indicators (i.e., “income,” “education,” and “occupation”).

In this review, we differentiate between implicit and explicit approaches to studying social class origin. The implicit approach measures social class origin using a form of capital (economic, social, cultural) or an objective indicator (occupation, education, income) without explicitly employing social class terminologies or theories, whereas the explicit approach uses the term “social class origin” or related synonyms. Considering the relative infancy of explicit social class research in entrepreneurship (e.g., Anderson & Miller, 2003) compared to the extensive body of implicit research (e.g., Aldrich & Kim, 2007; Dunn & Holtz-Eakin, 2000), we aim to integrate both approaches. Finally, we combined these search terms with entrepreneurship or related synonyms (e.g., “self-employment”, “entrepreneurship”).⁶

⁶ We added asterisks (*) to our search terms to allow for a search of variants of our search terms. We employed the Boolean operator “OR” to simultaneously search for synonyms. Lastly, we employed the Boolean operator “AND” to combine our search terms into sequences that reflect “social class origin” and “entrepreneurship.”

Table 2-1: Search String Construction

	Relation to self	Theoretical roots	Concept and dimensions	Search terms
Social Class Origins				
Core: Explicit (+ synonyms)			Core concept	“social background”, “parental background”, “family background”, “socioeconomic background”, “class background*”, “poor background*”, “wealthy background*”, “elite background*”, “academic background”, “class root*”, “socioeconomic origin*”, “class*origin*”, “social origin*”, “family*origin*”, “childhood socioeconomic status” “continuing generation*”, “first-gen*” “class context*”, “class culture*”, “class norm*”, “family environment”, “class environment”, “family upbringing” “economic mobility”, “intergenerational mobility”, “upward mobility”, “downward mobility”, “social mobility”, “class mobility”
Context			Context	
			Social Mobility	
Social Class				
Core: Explicit (+ synonyms)	Objective + Subjective		Social class	“social class”, “blue*collar”, “white*collar”, “social status” “pink*collar”, “working class”, “middle class”, “upper class”, “class schema”, “class structure”, “working poor”, “low*class”, “high*class” “class position”, “social position” “social stratification”, “class-based”, “class resource” “socio-economic status”, “social status”, “socioeconomic position” “*privilege*” “social ladder”, “rank*”, “underdog”, “elite”, “marginaliz*” “class identity”
	Objective		Socio-economic status	
	Subjective	Sociocultural / social cognitive model (Kraus et al., 2012; Stephens et al., 2012)	Perceptions of social rank Social class identity	
Core: Implicit (+ synonyms)	Objective	Sociocultural / social cognitive model (Kraus et al., 2012; Stephens et al., 2012)	Occupational prestige Education Income	“occupation*”, “career”, “job*”, “employment”, “work*” “education*”, “degree”, “college”, “school*”, “*graduate*”, “years of school” “wage*”, “*income*”, “salary”, “earning*” “social assistance”, “public assistance”, “social welfare”

Table 2-1: continued.

Relation to self	Theoretical roots	Concept and dimensions	Search terms
Extension: Implicit (+ synonyms)	Class as capital: Bourdieu (1984) Class as relationship to production (Marx): Wright (2005) Class via marketplace (Weber): Goldthorpe (2000) Social class as taste (Yodanis, 2002), cultural capital (i.e., habitus: Bourdieu, 1986)	Wealth (lack of resources/ markers of poverty) Capital Means of production Employment relationship Taste as class identity	“wealth*”, “inherit*”, “saving*”, “rent*”, “financ*”, “inequality*”, “*advantage*”, “resource*”, “safety net”, “poor”, “poverty”, “depriv*”, “impoverish*”, “resource access”, “disparity”, “resource scarc*”, “advers*”, “hardship”, “land ownership”, “home”, “residenc*” “capital”, “tastes”, “habit”, “omnivor*”, “highbrow” “capitalist”, “Bourgeoisie”, “worker*”, “owner*”, “manager*”, “Proletariat” “business exposure”, “firm exposure”, “startup exposure”, “business background” “employer”, “employee”, “self-employed”, entrepreneur*, “skilled”, “unskilled”, “routin*”, “autonomy*” “necessity”, “basic need*”, “unemploy*” “television”, “media”, “eating out”, “sport*”, “consumption”, “consuming”, “food”, “music”, “art”, “lifestyle”, “cinema”, “leisure”, “reading”, “film”, “museum*”, “interior décor”, “clothing”, “popular culture”, “hobbies”, “communication”, “language*”
Core: Explicit (+ synonyms) Core: Implicit (+ synonyms)		Family members	“origins”, “origin”, “background”, “born”, “born into”, “child*”, “adolesc*”, “life course”, “early life”, “youth*”, “upbringing” “famil*”, “parent*”, “mother*”, “father*”, “maternal”, “paternal”, “grandparent*”, “grandmother*”, “grandfather*”, “sibling*”, “sister*”, “brother*”, “transgeneration*”, “intergeneration*”, Koseki, “root*”, “kin”, “kinship”, “guanxi”
Extension: Implicit (+ synonyms)		Guardians Geographic origins Peers	“guardian*”, “custodian*”, “mentor*” “birthplace”, “place of birth”, “place of upbringing”, “neighbor*”, “rural”, “suburb*”, “segregate”, “urban”, “township”, “enclave”, “district”, “slum”, “diaspora”, “favela”, “colon*”, “post-colon*”, “gentrification”, “displace*”, hukou “peer*”, “friend*”, “mate*”

Note: We construct our search string to represent the sequence of: entrepreneurship + social class origins OR entrepreneurship + social class + origins. To reflect the fragmentation across explicit and implicit accounts of social class origins, we draw upon synonyms of the core concept and synonyms of extensions. We additionally integrate search terms that reflect the numerous disciplines and theories that the concept is rooted in.

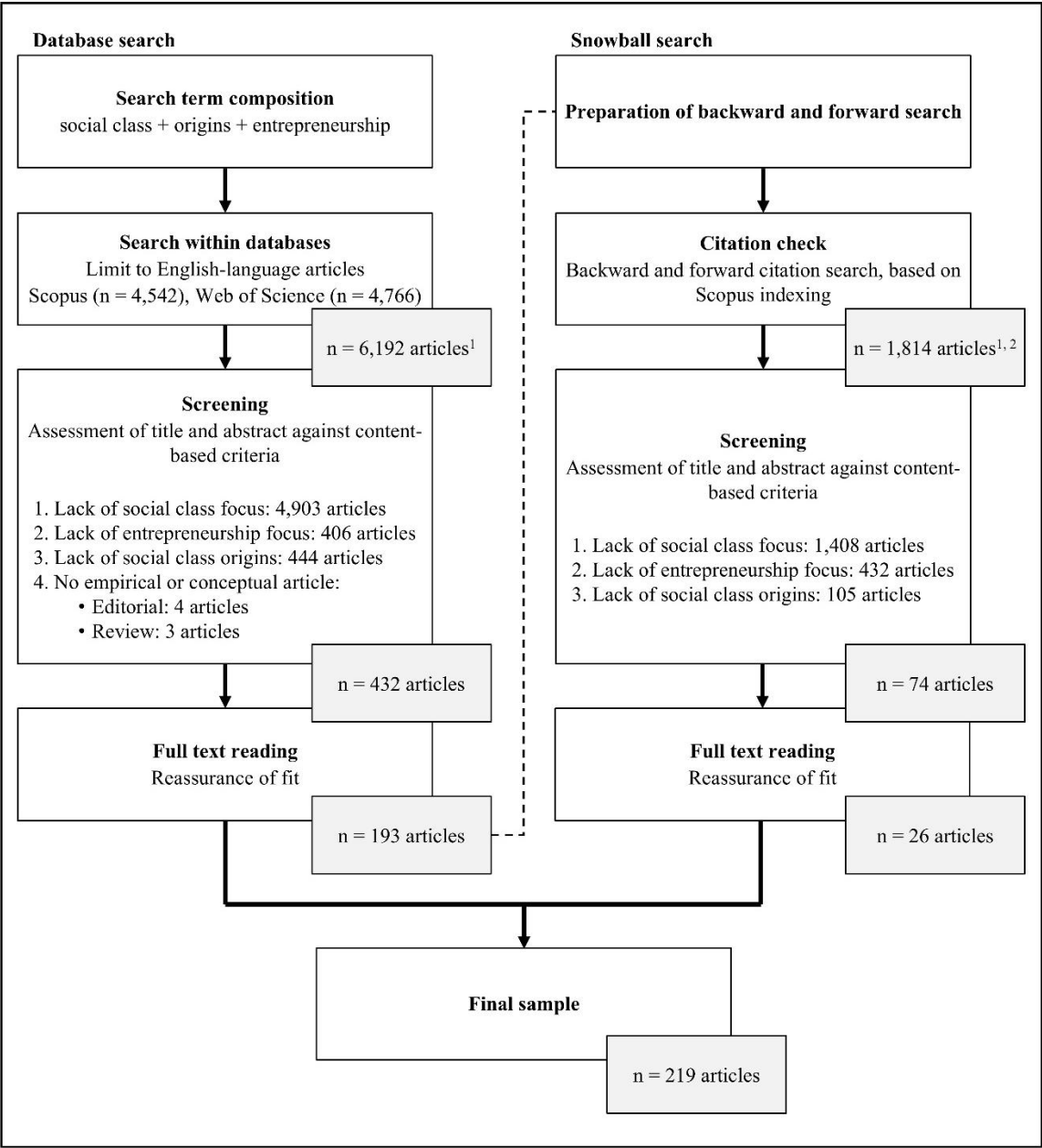
Based on the finalized list of search terms (see Table 2-1), we conducted a search using (a) search terms capturing explicit conceptualizations in all journal ranks from disciplines related to entrepreneurship (e.g., economics, finance, psychology, sociology) and (b) search terms capturing implicit conceptualizations in all 4*- , 4- and 3-ranked journals included in the 2021 ABS Academic Journal Guide. In total, we included 1,108 journals. This approach ensures a robust sample (cf. Radu-Lefebvre et al., 2021) representing the multidisciplinary nature of social class origin research. We followed Loignon and Woehr's (2018) approach to structure our search process. Specifically, we searched the title, abstract, and keywords of articles on *Scopus* and *Web of Science* without time restrictions (up until September 2024). Our search yielded 6,192 journal articles after removing duplicates.

Next, we applied exclusion criteria sequentially, removing articles not related to social class (e.g., those focused on other sources of identity like race or gender), (b) entrepreneurship (e.g., those focused on non-organizational outcomes or established organizations), or (c) social class origin (e.g., those focused on current social class). Since excluding articles is a sensitive step, the first two authors individually assessed 30% of articles and discussed any disagreements in the assessment (Campbell et al., 2013). After alignment, the second author assessed the remaining articles, referring to the full text when necessary. This step reduced our initial sample to 193 articles.

We then followed past reviews and conducted a snowball sampling (Hiebl, 2023; Wohlin et al., 2022), starting with articles that explicitly studied social class origin. Focusing on these articles allowed us to include emerging literature that explicitly references social class origin as a theoretical concept (Cronin & George, 2020). For the backward search, we retrieved all English-language references cited by our focal articles from *Scopus*. For the forward search, we retrieved all articles citing the focal articles.⁷ This snowball sampling generated 1,814 articles. After removing duplicates, the second author assessed the title and abstract—and, if needed, the full text—using the same exclusion criteria as before. This added 26 relevant articles to our final sample, resulting in 219 articles spanning from 1965 to 2024 (see Figure 2-1).

⁷ We restricted the articles from the forward search to the previously selected journals ranked 3 to 4* (2021 ABS AJG).

Figure 2-1: Search Funnel



¹ Excluding duplicates
² Only including English-language journal articles

2.3.2 Data Analysis

To understand the relationship between social class origin, entrepreneurial outcomes, and social class destinations, we analyzed the data in three steps. First, we captured descriptive categories central to our review theme: social class origin, entrepreneurial outcomes, and social class destinations (cf. Radu-Lefebvre et al., 2021). To do so, the second author extracted data on each article across several categories, including (a) focus and main findings, (b) social class origin dimensions (objective vs. subjective indicators), (c) whether articles addressed social class origin and destinations explicitly or implicitly, (d) the specific entrepreneurial outcome affected (such as entry, performance, behavior), and

(e) intersectionality (e.g., intersections of social class origin with gender, ethnicity, race, migration history, and/ or age). Additionally, we captured categories addressing the study context, which include the country, the sample, the type of article (quantitative, qualitative, or mixed methods), the particular method used, and the paradigmatic approach (positivist, interpretivist, critical).

In the second step, we focused on unraveling how social class origin impacts entrepreneurial outcomes, following Cronin & George's (2020) suggestions. Each of the 219 articles was coded inductively to identify integrative themes that form the basis of our theoretical framework (cf. Radu-Lefebvre et al., 2021; Salvi et al., 2022). In doing so, the second author inductively identified how social class origin influences entrepreneurial outcomes in each study, resulting in 187 first-order codes. To reach a higher level of abstraction (Gioia et al., 2013), the first and second authors independently assigned second-order themes. Disagreements, mainly due to different interpretations of the same codes, were resolved through discussions among the first three authors, leading to a coherent coding scheme (Grodal et al., 2021). The first-order codes were refined to seven second-order themes, capturing mechanisms through which social class origin impacts entrepreneurial outcomes. Finally, we identified and integrated high-order themes (Cronin & George, 2020), examined relationships among the second-order themes, and assigned new language to distinguish these relationships (Radu-Lefebvre et al., 2021). Through systematic examination, the second-order themes were collapsed into three main integrative themes: entrepreneurial resources at hand, entrepreneurial habitus formation, and access to external resources and opportunities. Each theme represents an integrative mechanism by which social class origin impacts entrepreneurial outcomes and, subsequently, social class destinations.

Similar to the process leading to the three integrative themes, the initial codes related to entrepreneurial outcomes were refined to form second-order themes and, through systematic examination, collapsed into three main categories: *initializing a business* (i.e., desirability and feasibility, entrepreneurial intentions), *starting a business* (i.e., becoming an entrepreneur, type of entry), and *advancing a business* (i.e., strategic orientation, resource acquisition, performance). To establish social class destinations, we reviewed the explicit and implicit connection between entrepreneurial outcomes (i.e., starting and advancing a business) and individual shifts in economic, cultural, and social capital in each study, leading to three types of mobility that entrepreneurs from different class origins experience: upward mobility (i.e., acquisition of new capital), class maintenance (i.e., persistence of capital, shifts in capital composition), and downward mobility (i.e., loss of capital).

2.4 What Is an Entrepreneur's Social Class Origin?

Our inductive analysis surfaced a framework that reflects Bourdieu's emphasis on social class origin being shaped by economic, cultural, and social capital (Table 2-3). Regarding the objective dimension of social class origin, entrepreneurs face advantages or disadvantages based on their access to

Table 2-2: Implicit and Explicit Entrepreneurship Research Along Multiple Dimensions of Social Class Origins

	Explicit	Implicit
	<i>Uses explicit social class theories and language to describe the relationship between social class origins and entrepreneurial outcomes.</i>	<i>Explore the impact of dimensions of social class origins on entrepreneurial outcomes without explicitly using terms and theories of social class origins.</i>
<i>Income</i>	Acemoglu, 2022; Bates, 1997; Constantinidis et al., 2019; Li & Song, 2024; Lindvert et al., 2017; Rouse & Jayawarna, 2011; Yoon, 1995	Arregle et al., 2015; Au & Kwan, 2009; Banchik, 2019; Birtch et al., 2018; Blanchflower & Oswald, 1998; Braun & Sieger, 2021; Burke et al., 2002; Chen et al., 2015; Edelman et al., 2016; Elston et al., 2016; Estrada-Robles et al., 2020, 2021; Gao & Qin, 2022; Hurst & Lusardi, 2004; Khayesi et al., 2014; Khayesi & George, 2011; Okolie, 2024; Pistrui et al., 2001; Sieger & Minola, 2017; Zaccaria, 2023; Zhang, 2020
<i>Education</i>	Trappmann et al., 2024	Andric et al., 2024; Awaworyi Churchill et al., 2021; Fairlie, 2005; Johansen & Clausen, 2011; Wang et al., 2022
<i>Occupation</i>	Campanella et al., 2013; Carroll & Mosakowski, 1987; Criaco et al., 2017; Duncan, 1965; Hayward et al., 2022; Honig, 1998; Patuelli et al., 2020; Yiu, 2013; Zhang et al., 2013	Aldrich & Kim, 2007; Aloulou et al., 2024; Åstebro & Bernhard, 2003; Athayde, 2009; Balasundaram et al., 2024; Banerjee et al., 2020; Bates, 1990; Bates & Bradford, 1992; Bellò et al., 2018; Bignotti & le Roux, 2020; Birch et al., 2017; Bloemen-Bekx et al., 2019; Bouhalleb, 2020; Carr & Sequeira, 2007; Chakraborty et al., 2016; Chen et al., 2024; Chlosta et al., 2012; Clark et al., 2008; Colombier & Masclet, 2008; Combs et al., 2023; Cooper et al., 1994; Cromie et al., 1992; Dagoudo et al., 2023; Dana & Light, 2011; Dou et al., 2021; Duchesneau & Gartner, 1990; Eesley & Wang, 2017; Egerová et al., 2017; Eijdenberg et al., 2015; Fairchild, 2010; Fairlie & Robb, 2007; Falck & Woessmann, 2013; Feldmann et al., 2022; Foley & O'Connor, 2013; Fragoso et al., 2020; Franco et al., 2010; Galvão et al., 2018; Greene et al., 2013; Haddoud et al., 2024; Hadjimanolis, 2016; Hahn et al., 2020, 2021, 2022; Han & Greene, 2016; Henley, 2005; Henley et al., 2017; Hoffmann et al., 2015; Hout & Rosen, 2000; Igwe et al., 2020; Jain & Ali, 2012; Jia et al., 2021; Jiang et al., 2017; Kazmi, 1999; Kim et al., 2006; Kirkwood, 2007; Krieger et al., 2022; Laouiti et al., 2024; Laspita et al., 2012; Lee & Battilana, 2020; Lee & Eesley, 2018; Krieger et al., 2022; Lee et al., 2021; Lentz & Laband, 1990; Lerner et al., 1997; Lindquist et al., 2015; Markussen & Røed, 2017; Matthews & Moser, 1995, 1996; Mishkin, 2021; Nafziger, 1969; Obschonka et al., 2011; Oggero et al., 2022; Olcina et al., 2020; Onjewu et al., 2022; Pablo-Lerchundi et al., 2015; Palmer et al., 2021; Parker & van Praag, 2012;

Table 2-2: continued.

	Explicit	Implicit
<i>Subjective Dimensions</i>	Brändle & Kuckertz, 2023; Wang et al., 2023*; Wolfe & Patel, 2017; Yu et al., 2022	Peterson, 1995; Rajchamaha & Prapojanasomboon, 2022; Rodríguez-Gutiérrez et al., 2020; Roe, 2015; Rosado-Cubero et al., 2021; Saeed et al., 2014; Saffu et al., 2008; Salavou et al., 2023; Scherer et al., 1991; Schindehutte et al., 2003; Schölin et al., 2016; Schröder et al., 2011; Scott & Twomey, 1988; Sentuti & Cesaroni, 2024; Simoes et al., 2016; Skuras et al., 2005; Slade Shantz et al., 2018; Soleimanof et al., 2021; Staniewski et al., 2024; Staniewski & Awruk, 2021; Tao et al., 2021; Tolentino et al., 2014; Valdez-Juárez & García Pérez-de-Lema, 2023; Waddell, 1983; White et al., 2007; Wixe, 2020; Wyrwich, 2015; Zapkau et al., 2015; Zellweger et al., 2011
<i>Use of multiple indicators</i>	Abada et al., 2014; Afutu-Kotey et al., 2017; Aldrich et al., 1998*; Anderson & Miller, 2003*; Brändle & Kuckertz, 2022, 2023; De Wit & Van Winden, 1989; Halaby, 2003*; Heilbrunn & Almor, 2014; Jayawarna, Jones, et al., 2014*; Li & Goetz, 2019; Li et al., 2023; Mafico et al., 2024*; Nungsari et al., 2023; Obschonka et al., 2013*; Randolph et al., 2022*; Robb & Fairlie, 2009; Salami, 2019; Schoon & Duckworth, 2012; Sørensen, 2007*; Torimiro & Dionco-Adetayo, 2005*; Valdez, 2016; Vlase & Croitoru, 2019*; Wang & Wong, 2004; Wang et al., 2021*; Yu et al., 2023*; Zhao & Li, 2022	Drennan et al., 2005; Jiang, 2024 Andersson & Hammarstedt, 2010; Aragon-Sanchez et al., 2017; Badghish et al., 2023; Barnir & McLaughlin, 2011; Basu & Parker, 2001; Berglann et al., 2011*; Bird & Wennberg, 2016; Blumberg & Pfann, 2016; Cheng et al., 2021*; Drennan et al., 2005; Dunn & Holtz-Eakin, 2000; Dyer et al., 2014; Ekesiobi & Dimnwobi, 2021; Fairlie, 1999; Fairlie & Robb, 2007; Falck et al., 2012; Fratoe, 1988; Greene & Saridakis, 2008; Guo & Leung, 2021; Holtz-Eakin et al., 1994; Huang et al., 2021*; Hulsink & Koek, 2014; Hundley, 2006; Kolstad & Wiig, 2013; Le, 1999; Lee et al., 2018; Levine & Rubinstein, 2017*; Mungai & Velamuri, 2011; Niittykangas & Tervo, 2005; Othman et al., 2005; Pittino et al., 2018; Shepherd et al., 2020*; Shore, 2011; Shrivastava & Acharya, 2021; Tang et al., 2022; Tervo, 2006; Thomas, 2009; Vladasel et al., 2021; Zozimo et al., 2017

Note: An asterisk (*) indicates if the multidimensional operationalization of social class origins functions as a composite measure. That is, as opposed to measuring multiple dimensions of social class origins in isolation and without considering the interrelationships to each other, they view the observed dimensions as jointly explaining an individual's social class origin.

these various forms of capital during childhood, specifically through family income, occupation, and education (Côté, 2024). For example, being born into a wealthy family provides financial gifts or inheritance that can be used to start or grow a business (Blanchflower & Oswald, 1998). When considering occupations, entrepreneurs have better starting conditions if their parents are successful entrepreneurs (Mungai & Velamuri, 2011; Soleimanof et al., 2021), hold political positions (Jia et al., 2021), or occupy higher occupational roles (Honig, 1998). Regarding education, factors such as the status of the school attended (Falck et al., 2012; Heilbrunn & Almor, 2014), parental educational attainment (Johansen & Clausen, 2011), and informal education of entrepreneurial skills during childhood (Lentz & Laband, 1990) influence subsequent entrepreneurial success.

These objective indicators also influence individuals' subjective perceptions of their social class origin (Brändle & Kuckertz, 2023), which refers to individuals' perceived position in the social hierarchy (Côté, 2011, 2024). Although the literature has predominantly focused on objective indicators, a few studies understand subjective social class as self-ranked (Brändle & Kuckertz, 2023; Wang et al., 2023; Wolfe & Patel, 2017) or as experiences of financial hardship during upbringing (Drennan et al., 2005; Jiang, 2024).⁸ Recognizing both objective and subjective dimensions of social class origin is crucial, as subjective perceptions can influence entrepreneurial behavior and outcomes in ways that objective measures alone cannot fully explain (Côté, 2024).

The multidimensionality of social class origin is also reflected in its source. While parents are often cited as the primary source of social class advantages or disadvantages (Aldrich et al., 1998; Jayawarna, Rouse, et al., 2014), other research highlights the importance of neighborhoods (Markussen & Røed, 2017; Wixe, 2020) and communities (Slade Shantz et al., 2018) in shaping social class origin. Additionally, the timing of when social class origin matters is relevant—for instance, during childhood versus adulthood. Some studies explore how early-life social class creates lasting influences on entrepreneurial behavior (Andric et al., 2024; Obschonka et al., 2013), while others examine how financial support, such as inheritance or gifts received during adulthood, influences entrepreneurship (Elston et al., 2016).

Our review of the literature found that implicit research often focused on a single objective indicator of social class origin without considering the interplay between different forms of capital (e.g., Hurst & Lusardi, 2004) (see Table 2-2). In contrast, explicit research adopted a more holistic approach, formally defining and theorizing about social class origin using multiple indicators in their measurement (e.g., Anderson & Miller, 2003; Brändle & Kuckertz, 2022). Explicit research also more often incorporates social class theories to explain focal relationships (e.g., Aldrich et al., 1998; Mafico et al., 2024), drawing on foundational works by Weber (1930), Goldthorpe (Goldthorpe et al., 1980), and Bourdieu (1984, 1986). There remain opportunities for further theorizing and integrating social class perspectives in entrepreneurship research—a theme we will elaborate on in our future research section.

⁸ Around 3% of articles in our sample utilize subjective indicators to conceptualize social class origin.

2.5 How Does Entrepreneurs' Social Class Origin Impact Entrepreneurial Outcomes?

This section examines the integrative themes and underlying mechanisms that explain how social class origin relates to entrepreneurial outcomes.⁹ Specifically, we focus on three integrative themes: entrepreneurial resources at hand, entrepreneurial habitus formation, and access to external resources and opportunities.

Table 2-3: Three Integrative Themes on Social Class Origin in Entrepreneurship

	Entrepreneurial Resources at Hand	Entrepreneurial Habitus Formation	Access to External Resources and Opportunities
<i>How is Social Class Origin understood?</i>	Resource	Cognition and Experience	Barrier / Enabler
<i>Forms of Capital</i>	Financial Capital, Human Capital	Cultural Capital	Social Capital
<i>Main focus</i>	Resource (dis)advantage of entrepreneurs	Imprints in entrepreneurial cognition and action	Uneven access to external resources and opportunities
<i>Main Theories</i>	<ul style="list-style-type: none"> • Family Embeddedness Perspective • Human Capital Theory • Liquidity constraints 	<ul style="list-style-type: none"> • Social Cognitive Career Theory • Social Learning Theory • Theory of Planned Behavior 	<ul style="list-style-type: none"> • Institutional Theory • Social Capital Theory • Social Similarity

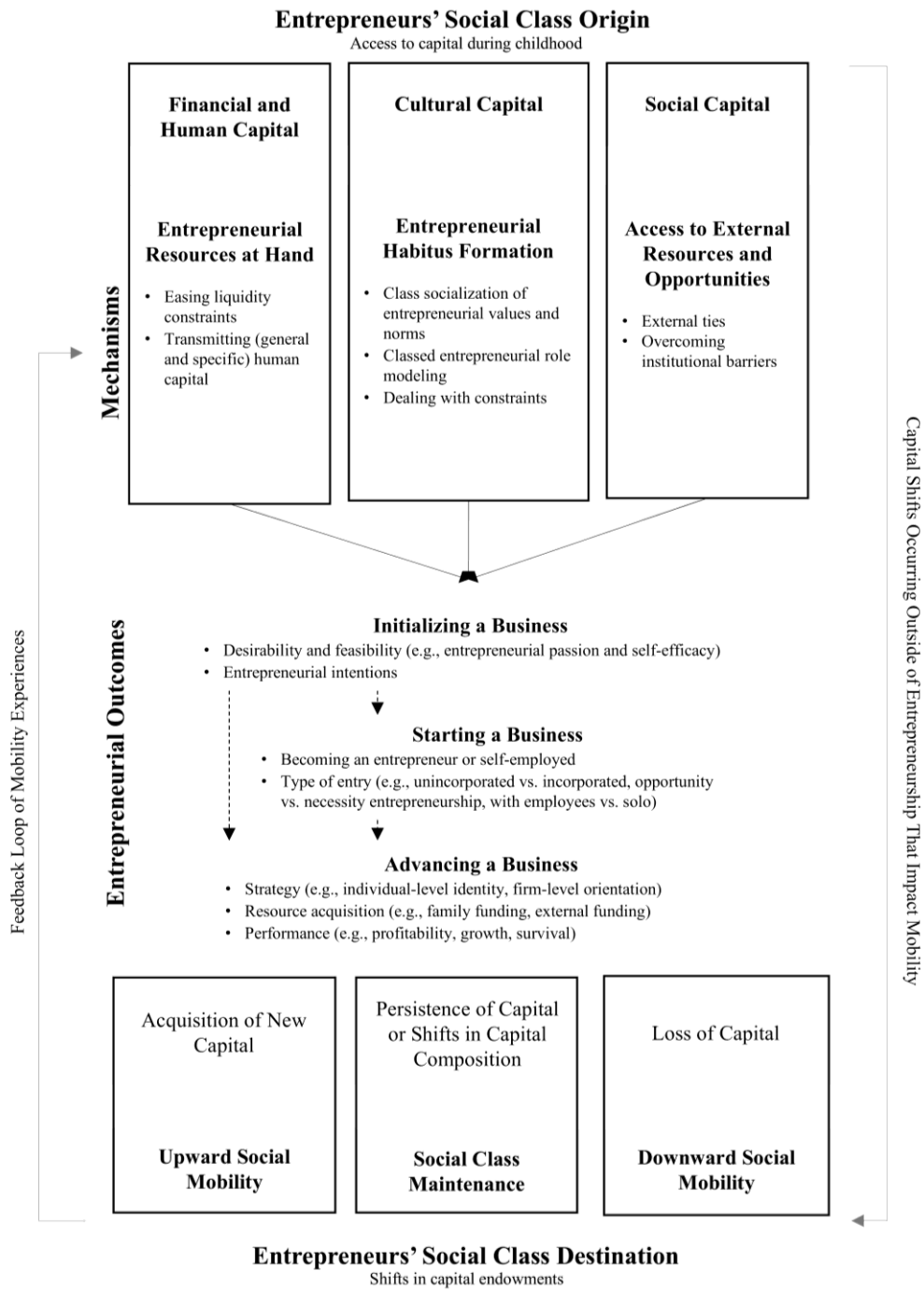
By explicating their mechanisms and interrelationships, we provide an understanding of the role of social class origin in how entrepreneurs initialize a business (i.e., desirability and feasibility, entrepreneurial intentions), start a business (i.e., becoming an entrepreneur, type of entry), and advance a business (i.e., strategic orientation, resource acquisition, performance). It is important to note that the timing of when social class origin matters differs across the reviewed articles. Some articles indicate that individuals occupy different class positions (e.g., through their education, occupation, and income) before initializing their business. Other articles emphasize that even for individuals with similar social class markers before starting a business (e.g., a similar level of educational attainment), social class origin continues to impact entrepreneurial outcomes. This aligns with broader organizational social class literature, suggesting the echoes of a lower social class origin still affect behavior, even among individuals who have climbed the social ladder (Kish-Gephart & Campbell, 2015).

In the overarching framework (see Figure 2-2), we capture how the integrative themes explain the relationships between social class origin and destinations via entrepreneurial outcomes. While the arrows in the visualization of our framework depict the broad process flow from social class origin to

⁹ We understand mechanisms as the explaining link “between input and output, or between explanans and explanandum.” (Hedström & Swedberg, 1996, p. 288). Our focus on mechanisms allows us to investigate the social “cogs and wheels” (Elster, 1989, p. 3) that explain the link between social class origin and entrepreneurial outcomes.

destinations, the following sections of the review delve into the specific relationships in each integrative theme in greater detail. Since our study aims to advance the field’s understanding of social class origin in entrepreneurship, we identify critical issues along each integrative theme and use these as a springboard for a comprehensive research agenda.

Figure 2-2: A Framework for How Social Class Origin Impacts Social Class Destination via Entrepreneurship



2.5.1 Entrepreneurial Resources at Hand

One of the primary themes in entrepreneurship is the challenge of resource constraints (Clough et al., 2019; Stinchcombe, 1965). This theme acknowledges that entrepreneurs often rely heavily on financial and human capital from family, friends, and neighbors, particularly in the early stages of venture creation (Levine & Rubinstein, 2017). Applying a social class lens to this discussion is particularly apt,

Table 2-4: An Overview of Entrepreneurial Resources at Hand

Topics	Mechanisms	Entrepreneurial Outcomes and Example Studies		
		Initializing a business	Starting a business	Advancing a business
<i>Transferring financial capital</i>	Easing liquidity constraints: Social class origin (e.g., through inheritance or gifts) offers financial resources needed for venture foundation and growth.	<i>Desirability and feasibility</i> Badghish et al. (2023), Balasundaram et al. (2024)	<i>Becoming an entrepreneur</i> Blanchflower & Oswald (1998), Holtz-Eakin et al. (1994)	<i>Strategic orientation</i> Braun & Sieger (2021)
		<i>Entrepreneurial intentions</i> Sieger & Minola (2017), Wang et al. (2021)	<i>Type of entry</i> Brändle & Kuckertz (2022), Vladasel et al. (2021)	<i>Resource acquisition</i> Au & Kwan (2009), Rouse & Jayawarna (2011)
<i>Transferring human capital</i>	Transmitting (general and specific) human capital: Social class origin (e.g., through parents' education and learning from successful business owners) fosters educational attainments and skills directly employable in entrepreneurship.	<i>Desirability and feasibility</i> Badghish et al. (2023), Heilbrunn & Almor (2014)	<i>Becoming an entrepreneur</i> Aldrich et al. (1998), Dunn & Holtz-Eakin (2000)	<i>Strategic orientation</i> Slade Shantz et al. (2018), Trappmann et al. (2024)
		<i>Entrepreneurial intentions</i> Krieger et al. (2022), Wang et al. (2023)	<i>Type of entry</i> Hayward et al. (2022), Yu et al. (2023)	<i>Resource acquisition</i> Jayawarna et al. (2014), Rouse & Jayawarna (2011)
				<i>Performance</i> Andric et al. (2024), Kolstad & Wiig (2013)

Note: 23 of the 103 articles on entrepreneurial resources at hand relate to how entrepreneurs initialize a business, 56 to how they start a business, and 39 to how they advance a business. Articles can simultaneously address multiple outcomes.

as Bourdieu's foundational social class theory posits that social classes are differentiated by capital volume—with upper classes possessing abundant capital and lower classes having minimal capital (Swartz, 1997). Compared to more intangible types of resources, such as cultural and social capital, entrepreneurs can more directly deploy financial resources and skills in the entrepreneurial process. The immediate

convertibility of capital into economic rewards is central to a Bourdieusian lens on social class.¹⁰ Thus, in our review, entrepreneurial resources at hand—which encompass financial and human capital transfers—emerged as a key mechanism through which social class origin influences entrepreneurial outcomes.¹¹

Studies on entrepreneurial resources at hand examine the immediate resource advantages or disadvantages that entrepreneurs face based on their social class origin. Under this theme, two underlying mechanisms were identified: the inheritance of financial resources, which eases liquidity constraints, and the shaping of general and specific human capital investments and outcomes. Table 2-4 presents each underlying topic and lists examples of studies that show how the corresponding mechanisms impact entrepreneurial outcomes.

2.5.1.1 *Transferring Financial Capital*

The issue of financial capital, particularly liquidity constraints, can be a major barrier for entrepreneurs (Holtz-Eakin et al., 1994). Capital markets often underfinance new ventures due to the risks involved, leading entrepreneurs to rely on personal sources like family and friends (Basu & Parker, 2001). Social class origin heavily influences the ability to overcome such liquidity constraints. Specifically, those from a higher class background are more likely to receive inheritances (Blanchflower & Oswald, 1998) or transfers of financial capital from their family (Blumberg & Pfann, 2016).

The transfer of financial capital mainly influences key outcomes at starting and advancing a business. Different types of entrepreneurship require varying levels of financial capital, so there are mixed findings on whether a wealthy class origin increases the likelihood of becoming an entrepreneur (e.g., Edelman et al., 2016; Sieger & Minola, 2017). Some studies argue that individuals become entrepreneurs either due to financial limitations (e.g., necessity entrepreneurs) or despite those limitations (e.g., underdog entrepreneurs). At the same time, the type of entrepreneurship individuals pursue at entry is clearly linked to their social class origin. Incorporated forms of entrepreneurship require an increased influx of financial capital, which is why those entrepreneurs, compared to their self-employed counterparts, particularly benefit from the financial support of their higher-class origin (Levine & Rubinstein, 2017). Furthermore, it becomes evident that the economic dimension of their social class origin affects whether entrepreneurs survive periods of liquidity constraints after entry (Åstebro & Bernhardt, 2003).

¹⁰ Bourdieu defined economic capital by its direct convertibility to financial rewards. Due to the inherent relationship between investments in human capital and economic profits in the labor market (G. S. Becker, 1964; Bourdieu, 1986), previous research has coalesced indicators of financial and human capital into one category and differentiated them from cultural and social capital (Loignon & Woehr, 2018). In Bourdieu's forms of capital, there is an overlap between what he understands as institutionalized cultural capital (i.e., academic degrees) and what Becker (1964) conceptualizes as general human capital. However, Bourdieu acknowledges the close relationship of educational degrees to economic capital. Specific forms of cultural capital, such as embodied norms and values, are part of our review's *Entrepreneurial Habitus* mechanism.

¹¹ Nearly half of the reviewed articles (n = 103: 78 implicit and 25 explicit) address entrepreneurial resources at hand.

While there is an informal alternative to external resource acquisition for those from a higher social class origin (Au & Kwan, 2009), financial family support might be detrimental to the propensity to acquire additional external resources (Zaccaria, 2023).

The mixed findings underscore the need to understand the boundary conditions under which class-based capital transfer eases liquidity constraints, such as family embeddedness (Au & Kwan, 2009), venture type (Jayawarna, Rouse, et al., 2014; Vladasel et al., 2021), and venture stage (Edelman et al., 2016). Drawing on an intersectionality lens (Crenshaw, 1991), class-based capital transfers may also be more or less effective depending on other sources of identity (e.g., gender, race, ethnicity, or migrant status) that confer advantage or disadvantage (Li & Song, 2024; Mafico et al., 2024).

2.5.1.2 Transferring Human Capital

Founders must master various tasks, making entrepreneurial skills central to their success (Lazear, 2005). Higher levels of human capital are often associated with greater success in entrepreneurship (Marvel et al., 2016). The uneven distribution of human capital is one of the most central explanations for economic inequality (Becker, 1964; Schultz, 1961). Social class research highlights how parents from higher social classes often take a more active role in cultivating human capital, influencing their children's educational achievements and skill development (Lareau, 2015). Furthermore, social class origin relates to entry into (Goldrick-Rab, 2006; Whiston & Keller, 2004) and graduation rates from (NCES, 2019) higher education institutes—a marker of human capital.

Our review found that literature on human capital transfer differentiates between class-based transmission and investments in general and specific human capital. First, the literature refers to the transmission of general human capital as parental support for high-quality education, which enables children to develop a broad palette of skills and knowledge. This transfer of general human capital mainly influences outcomes related to initializing and starting a business. Parents with higher levels of formal education (i.e., often those from a higher class) foster their children's academic achievements (Jayawarna, Jones, et al., 2014; Kolstad & Wiig, 2013). Higher levels of general human capital may, in turn, enhance the likelihood of initial entry (Parker & van Praag, 2012) and performance throughout the entrepreneurial process (Andric et al., 2024).

Second, current literature discusses the transmission of specific human capital in terms of skills directed toward entrepreneurship. Specific human capital transfers influence entrepreneurial outcomes related to initializing and advancing a business. Children often learn entrepreneurial skills (e.g., how to be a manager: Lentz & Laband, 1990) while growing up in families from a higher social class, primarily through exposure to parental occupations and experiences during childhood and adolescence (Badghish et al., 2023; Estrada-Robles et al., 2021). Learning specific entrepreneurial skills from parents or mentors during childhood influences not only the rate at which individuals become entrepreneurs (Eesley & Wang, 2017) but also the type of entrepreneurship they enter. For instance, individuals learn from

professional parents via “dinner table human capital” about attractive industries they could enter as entrepreneurs (Hvide & Oyer, 2018). In contrast, a lack of exposure to entrepreneurial human capital can lead to performance disadvantages throughout the entrepreneurial process, such as lower earnings (Lentz & Laband, 1990), particularly for marginalized entrepreneurs (Fairlie & Robb, 2007; Heilbrunn & Almor, 2014).

An issue in the current literature is its primary focus on human capital transfer from entrepreneurial parents while neglecting broader social class environments, such as schools or neighborhoods. Social class theory suggests that class transitioners (i.e., those who experience changes in social class status) possess unique skills, abilities, and insights gleaned from their experiences and interactions across broad social class contexts (Martin & Côté, 2019). Therefore, the class-based transfer of human capital may also come from sources outside the family context. For instance, relevant human capital can be gained from interacting with coworkers, customers, after-school programs, and extracurricular activities. In summary, current literature underscores the immediate financial and human capital advantages of being born into a higher social class, ultimately pointing to a need to focus on the broader class environment and other potential sources of critical capital.

2.5.2 Entrepreneurial Habitus Formation

The debate about whether entrepreneurs are born or made has long been a central theme in entrepreneurship research (Gartner, 1988), with a notable shift from focusing on innate personality traits to understanding entrepreneurial cognition and action (Mitchell et al., 2002; Shepherd et al., 2015). This shift highlights the importance of entrepreneurs’ socialization during formative periods, such as childhood, and its lasting imprints on their entrepreneurial actions (Obschonka, 2016). The concept of social class origin, as a critical component of early socialization and the transfer of cultural capital (Bourdieu, 1984), offers valuable insights into this area.

Our review identifies entrepreneurial habitus formation as an integrative theme explaining how entrepreneurs’ social class origin shapes entrepreneurial outcomes.¹² Broadly speaking, a person’s habitus can be considered their “deeply structured cultural grammar for action” (Swartz, 1997, p. 102), which shapes normatively appropriate ways of interacting with others and institutions. Drawing on this concept, the reviewed articles suggest that growing up in specific social class contexts facilitates the development of an entrepreneurial habitus, which includes a person’s dispositions, expectations, and actions specifically related to entrepreneurship. This habitus involves class-specific schemas that impact individuals’ thinking, feelings, and behavior in ways that ultimately shape the entrepreneurial process.

Specifically, the class environments in which individuals grow up may alter a person’s values and norms (e.g., autonomy, independence). First, these imprinted values and norms impact if and how

¹² Overall, sixty-eight percent (n = 149: 117 implicit and 32 explicit) of the reviewed articles addressed entrepreneurial habitus formation, and from these articles, three sub-mechanisms emerged.

Table 2-5: An Overview of Entrepreneurial Habitus Formation

Topics	Mechanisms	Entrepreneurial Outcomes and Example Studies		
		Initializing a business	Starting a business	Advancing a business
<i>Entrepreneurial values and norms</i>	Classed socialization of entrepreneurial values and norms: Individuals acquire cultural tastes and behavior relevant to entrepreneurship in their class environments of origin.	<i>Desirability and feasibility</i> Halaby (2003), Staniewski et al. (2024)	<i>Becoming an entrepreneur</i> Abada et al. (2014), Mungai & Velamuri (2011)	<i>Strategic orientation</i> Sentuti & Cesaroni (2024), Wyrwich (2015)
		<i>Entrepreneurial intentions</i> Laouiti et al. (2024), Tolentino et al. (2014)	<i>Type of entry</i> Carroll & Moskowsky (1987), Hoffmann et al. (2015)	<i>Resource acquisition</i> Bates (1997a), Jayawarna et al. (2014)
				<i>Performance</i> Randolph et al. (2022), Saffu et al. (2008)
<i>Classed entrepreneurial transmission</i>	Classed entrepreneurial role modeling: Individuals experience occupational attitudes relevant to entrepreneurship in their class environment of origin.	<i>Desirability and feasibility</i> Hahn et al. (2020), Soleimanof et al. (2021)	<i>Becoming an entrepreneur</i> Chlosta et al. (2012), Greene et al. (2013)	<i>Strategic orientation</i> N/A
		<i>Entrepreneurial intentions</i> Aloulou et al. (2024), Palmer et al. (2021)	<i>Type of entry</i> Dunn & Holtz-Eakin (2000), Vladas et al. (2021)	<i>Resource acquisition</i> Hulsink & Koek (2014), Jayawarna et al. (2014)
				<i>Performance</i> Cooper et al. (1994), Lerner et al. (1997)
<i>Entrepreneurial cognition</i>	Dealing with constraints: Experiences of threat, uncertainty, and resource scarcity in social class environments of origin imprint entrepreneurial cognition (such as risk-taking, resourcefulness, self-efficacy, or rule-breaking).	<i>Desirability and feasibility</i> Brändle & Kuckertz (2023), Onjewu et al. (2022)	<i>Becoming an entrepreneur</i> Li & Goetz (2019), Shepherd et al. (2020)	<i>Strategic orientation</i> Tang et al. (2022), Trappmann et al. (2024)
		<i>Entrepreneurial intentions</i> Drennan et al. (2005), Wang et al. (2021)	<i>Type of entry</i> Berglann et al. (2011), Hayward et al. (2022), Yu et al. (2023)	<i>Resource acquisition</i> Mafico et al. (2024), Zaccaria (2023)
				<i>Performance</i> Cooper et al. (1994), Yu et al. (2022)

Note: 58 of the 149 articles on entrepreneurial habitus formation relate to how entrepreneurs initialize a business, 65 to how they start a business, and 41 to how they advance a business. Articles can simultaneously address multiple outcomes.

individuals create new ventures. Second, depending on the social class environment, individuals grow up exposed to entrepreneurial role models and different understandings of entrepreneurship. Third, socialization in different class environments may enable individuals to develop entrepreneurship-relevant

cognitions, such as attitudes toward risk and agency. Table 2-5 explains the mechanisms associated with each underlying topic and lists studies that showcase how the mechanisms impact entrepreneurial entry and performance.

2.5.2.1 Entrepreneurial Values and Norms

Central to entrepreneurship are the personal values and social norms that operate as guiding principles in decision-making (Hemingway, 2005; Holland & Shepherd, 2013). For instance, entrepreneurs' mission is central to the characteristics of the new ventures they found (Fauchart & Gruber, 2011). Research in established organizations indicates that individuals' social class origin influences the development of values (Hout, 1984; Miller & Swanson, 1958; Snibbe & Markus, 2005) and, accordingly, that social class leads to variations in occupational choices (Fang & Tilcsik, 2022) and organizational behavior (Côté et al., 2021; Kish-Gephart et al., 2023; Martin et al., 2016).

Our review of the literature suggests that social class origin imprints relevant values and norms that heighten an individual's orientation toward entrepreneurship, particularly relevant for initializing and starting a business. For example, families from lower-class contexts stress the transmission of bureaucratic and obedient norms, while those from higher-class contexts emphasize entrepreneurial and autonomous norms (Halaby, 2003). This finding is consistent with social class theorizing that suggests that those who grow up in a lower social class context develop an interdependent model of self (i.e., individuals are more attuned to others' needs and social expectations). In contrast, those who grow up in a higher social class context develop an independent model of self (i.e., individuals operate as more independent and focus on personal control and influence) (Stephens et al., 2012). Such norms of self-direction (Li & Tong, 2023) are reinforced through parenting, communication styles, and verbal encouragement (Hahn et al., 2021; Staniewski et al., 2024).

Socialization with values and norms conducive to entrepreneurship translates into positive attitudes toward the desirability and feasibility of entrepreneurship (Wyrwich, 2015), which consequently results in heightened entrepreneurial intentions and entry (Haddoud et al., 2024; Sørensen, 2007; Su et al., 2021). Finally, the values and norms from one's social class background also shape the strategic orientation of ventures after entry, such as the degree of venture commercialization (Lee & Battilana, 2020).

2.5.2.2 Classed Entrepreneurial Transmission

Exposure to entrepreneurial role models in one's environment significantly influences whether individuals pursue entrepreneurship (Sørensen, 2007). Entrepreneurial transmission mainly influences the entrepreneurial process related to initializing and starting a business. In entrepreneurial role modeling, individuals emulate other exemplary persons in their career decisions and goals (Bosma et al., 2012). Children observe their parents and close contacts in their occupations and consider following their path (Carroll & Mosakowski, 1987). Social class literature suggests that exposure to role models in prestigious occupations is limited for those from a lower social class origin (Blau & Duncan, 1967). The lack

of access to these role models in higher-status occupations is one of the underlying mechanisms for an intergenerational occupational transmission that perpetuates social class stratification (Chan & Goldthorpe, 2004).

In line with the broader research on the intergenerational transmission of occupations, studies point to the significant impact of parental role modeling on their children's entrepreneurial aspirations (Chlosta et al., 2012; Palmer et al., 2021), particularly affecting starting a business. However, significant class-based differences exist in entrepreneurial role modeling. Increasing evidence shows that the more successful parents are in their businesses, the more likely they function as role models for entrepreneurship (Criaco et al., 2017; Mungai & Velamuri, 2011). However, children exposed to poorly performing parental businesses either dissociate from an entrepreneurial path or follow self-employment types that reproduce their parents' occupational class, such as in necessity-driven entrepreneurship transmitted across generations (Abada et al., 2014).

A critical issue in current research is that entrepreneurial role modeling is not differentiated along parental occupational classes, an indicator of social class. That is, the occupational prestige based on job requirements and rewards (cf. Rider et al., 2023) may vary across forms of entrepreneurship (i.e., necessity entrepreneurship and solo-self-employment vs. opportunity and growth-oriented entrepreneurship). Thus, it is necessary for further investigations to examine how having a parent in a VC-backed venture (reflecting perhaps a higher social class), for example, versus a small, family-owned food truck (reflecting perhaps a lower social class) impacts the transmission of entrepreneurial-related attitudes, expectations, and actions. Further, it may be that exposure to other types of role modeling (e.g., MLM endeavors, rule-breaking such as criminal activities) occurs at different rates or ways across social classes that are important to understand.

2.5.2.3 *Entrepreneurial Cognition*

Central to the entrepreneurship literature is entrepreneurial cognition, which focuses on how individuals think, act, and respond to entrepreneurial uncertainty (McMullen & Shepherd, 2006; Shepherd et al., 2015). Our review supports the idea that social class origin shapes entrepreneurial cognitions, influencing how individuals initialize, start, and advance a business. This is consistent with the broader social class research, which has shown that factors such as risk-taking, resourcefulness, and self-efficacy, crucial to entrepreneurial cognition, are influenced by the objective material resources available in one's immediate environment and subjective perceptions of these resources (Kish-Gephart et al., 2023).

As an example of entrepreneurial cognition in current literature, we highlight entrepreneurial agency, which is central to entrepreneurial behavior (McMullen et al., 2021). Several articles point to the relationship between the persistent experience of lower social class origin and correlating perceptions of the agency to initialize entrepreneurial behavior (e.g., Heilbrunn & Almor, 2014; Onjewu et al.,

2022). For instance, growing up in lower social class environments impedes the formation of self-efficacy beliefs, while upward mobility experiences and entrepreneurial success increase entrepreneurial self-efficacy, particularly for those from a lower social class origin (Brändle & Kuckertz, 2023). While this theme is also reflected in the organizational context (Martin & Harrison, 2022; Pitesa & Pillutla, 2019), there is a notable tension in the entrepreneurial context. Entrepreneurial action serves as a vehicle for upward mobility, yet it requires a sense of agency that individuals with persistent exposure to lower social class environments often lack. This dynamic deserves further attention.¹³

To this end, emerging research considers the impact of adverse childhood experiences on entrepreneurial cognition, indicating that childhood imprints like resourcefulness can influence the likelihood of starting a business (Cheng et al., 2021) and can shape strategies after entry, like resilience (Yu et al., 2022) and prosociality (Tang et al., 2022). However, growing up in challenging environments can also foster risk-averse strategies, potentially detrimental to entrepreneurial entry (Zhao & Li, 2022). While a higher social class origin may provide a safety net to cushion against potential losses, allowing for more risk-taking (Hurst & Lusardi, 2004), others have argued that individuals from a lower social class origin have less to lose and may engage in more risks than those from the middle class (Su et al., 2021)—again, a topic that requires further investigation.

Overall, our review suggests that entrepreneurs' social class origin impacts entrepreneurial outcomes by developing an entrepreneurial habitus. Growing up in different social class contexts influences values and norms that may or may not align with entrepreneurship, affects exposure to and interpretation of entrepreneurial role modeling, and fosters diverse cognitive patterns, particularly in response to resource constraints. However, entrepreneurship research has yet to fully harness the explanatory power of social class origin in understanding socio-cognitive patterns. These orientations influence an individual's goals, emotions, self-concept, and relationships with others and the environment (Kraus et al., 2012). Furthermore, social class origin affects how people interact with others in gateway contexts (e.g., schools or workplaces) and shapes their understanding of cultural norms, such as the “right” way to think or act (Stephens, Markus, et al., 2014). Incorporating these perspectives can provide deeper insights into entrepreneurial cognition.

2.5.3 Access to External Resources and Opportunities

Entrepreneurs often require access to ideas and resources from third parties to start and grow their ventures. However, prior research shows that such access is unevenly distributed, influenced mainly by the social groups entrepreneurs belong to and the associations resource holders ascribe to these groups (Bakker & McMullen, 2023). This issue becomes more complex when viewed through the lens of social class, as social class origin is inherently linked to access to social capital (Bourdieu, 1984). This access

¹³ We thank an anonymous reviewer for pointing us to make this interesting tension explicit in the review.

can be further limited by class-based homophily (Carey et al., 2022) and stereotypes associated with an entrepreneur's social class origin (Côté, 2024).

Our review identifies uneven access to external resources and opportunities based on entrepreneurs' social class origin as a key integrative theme.¹⁴ The main capital form relevant to the theme is social capital. Many of these studies adopt a critical lens on the social construction and perpetuation of inequality, often rooted in sociological traditions. Table 2-6 briefly explains two associated mechanisms and their impacts on entrepreneurial outcomes.

Table 2-6: An Overview of Access to External Resources and Opportunities

Topics	Mechanisms	Entrepreneurial Outcomes and Example Studies		
		Initializing a business	Starting a business	Advancing a business
<i>External ties</i>	Access to external resources or opportunities through ties: Individuals with greater social capital can more easily access external ties.	<i>Desirability and feasibility</i> Balasundaram et al. (2024) <i>Entrepreneurial intentions</i> Fragoso et al. (2020), Wang et al. (2021)	<i>Becoming an entrepreneur</i> Edelman et al. (2016), Wixe (2020) <i>Type of entry</i> Jayawarna et al. (2014), Jia et al. (2021)	<i>Strategic orientation</i> N/A <i>Resource acquisition</i> Chen et al. (2015), Estrada-Robles et al. (2021) <i>Performance</i> Anderson & Miller (2003), Constantinidis et al. (2019)
<i>Institutions as gatekeepers to external opportunities and resources</i>	Access to external entrepreneurial opportunities and resources through institutions: Individuals ability to access external opportunities and resources can be blocked or facilitated by institutional gatekeeping	<i>Desirability and feasibility</i> N/A <i>Entrepreneurial intentions</i> N/A	<i>Becoming an entrepreneur</i> Igwe et al. (2020), Shepherd et al. (2020) <i>Type of entry</i> Huang et al. (2021), Jia et al. (2021)	<i>Strategic orientation</i> Slade Shantz et al. (2018) <i>Resource acquisition</i> Lindvert et al. (2017), Rouse & Jayawarna (2011) <i>Performance</i> Bird & Wennberg (2016), Kolstadt & Wiig (2013)

Note: 4 of the 40 articles on access to external resources and opportunities relate to how entrepreneurs initialize a business, 18 to how they start a business, and 24 to how they advance a business. Articles can simultaneously address multiple outcomes.

¹⁴ Eighteen percent (n = 40: 27 implicit and 13 explicit) of the reviewed articles address access to external resources and opportunities.

2.5.3.1 *External Ties*

Access to entrepreneurial opportunities and resources is embedded in social structures (Jack & Anderson, 2002). Identifying entrepreneurial opportunities and acquiring resources heavily depend on the availability of social capital (Burt, 1992)—a resource influenced by one’s social class origin (Bourdieu, 1984). Our review suggests that external ties derived from social class origin play a significant role in accessing opportunities and resources, mainly impacting the entrepreneurial processes of starting and advancing a business. Access to resources beyond family boundaries relies on the existence and mobilization of external ties. Families often introduce entrepreneurs to valuable contacts in their network relevant to entrepreneurial activities (Edelman et al., 2016; Fragoso et al., 2020). Utilizing family contacts, especially those with prestigious and resourceful third parties, plays an important role in entrepreneurial resource acquisition (Chen et al., 2015). For instance, Anderson & Miller (2003) found that social class origin significantly impacts the networks entrepreneurs can draw upon for support and opportunities. In sum, an entrepreneur’s social class origin affects the resources they can access through their social networks.

2.5.3.2 *Institutions as Gatekeepers to External Opportunities and Resources*

Institutions often act as gatekeepers to entrepreneurial opportunities and resources, pushing individuals from lower social classes into informal forms of entrepreneurship (Salvi et al., 2022; Stephens et al., 2014). Exclusionary institutions tend to reproduce advantages and perpetuate inequality in entrepreneurship (Bruton et al., 2021). For instance, patriarchal social norms restrict access for women entrepreneurs from a lower social class origin (Lindvert et al., 2017). Perceptions of institutionalized inequalities in the potential for upward mobility lead individuals to pursue entrepreneurship as an alternative path outside the conventional labor market (Fairlie, 2005) or as an alternative to educational investments (Yiu, 2013). Children of politically connected parents may perform better (in terms of income) in geographic areas with greater government influence (Jia et al., 2021) and increase outside options in the formal labor market, reducing the need to enter self-employment (Li & Goetz, 2019).

While this topic is underexplored in entrepreneurship research, insights into how others perceive an entrepreneur’s social class origin are promising because social class origin likely acts as an evaluative criterion. For example, resource holders often try to reduce uncertainty and information asymmetry when deciding whether to support new ventures by evaluating what they perceive as quality signals (Bafera & Kleinert, 2023; Zott & Huy, 2007). A central stream in entrepreneurship research addresses biases of third parties based on (marginalized) group membership (Bengtsson & Hsu, 2015; Jennings & Brush, 2013), while research from other disciplines shows that social class perceptions shape expectations of resource capacities and competence (Belmi et al., 2020; Durante et al., 2017; Fiske et al., 2002). These biased evaluations can become institutional barriers for individuals from a lower social class origin (Huang et al., 2021; Slade Shantz et al., 2018)—a topic requiring further investigation in the entrepreneurial context.

2.6 Entrepreneurs' Social Class Destinations

So far, our integrative mechanisms explain how social class origin relates to entrepreneurial outcomes. In this section, we explain how entrepreneurs' accumulation, loss, or persistence of capital holdings through entrepreneurship impacts their social class destinations. While social class origin refers to the social class context experienced during childhood, social class destinations refer to changes in class position throughout one's life due to shifts in economic, cultural, and social capital.¹⁵ Entrepreneurship is often seen as a path to upward mobility, helping individuals improve their social class destination relative to their starting position. For instance, entrepreneurs who create highly profitable ventures can improve their position in terms of income and wealth (i.e., financial capital). As another example, successfully growing a business and transitioning it from modest beginnings to a successful exit can also increase exposure to a broad range of culturally-valued practices (i.e., cultural capital).

However, this isn't always the case (Duncan, 1965; Fairlie, 2005). The mechanisms of resources at hand, entrepreneurial habitus formation, and access to external resources and opportunities can also lead to a social reproduction of disadvantages in the entrepreneurial process based on the types of businesses individuals start and their advancements. Accordingly, entrepreneurship may also result in maintaining one's class position or even experiencing downward mobility. Based on the reviewed literature, then, we explore how entrepreneurship can lead to (a) *upward social mobility* through new capital acquisition, (b) *social class maintenance* through the persistence of capital holdings or shifts in the composition of capital holdings, or (c) *downward social mobility* through capital loss.¹⁶ In the following sections, we analyze these three types of mobility and discuss what these outcomes mean for entrepreneurs from a higher versus lower social class origin (for an overview, see Table 2-7).¹⁷

¹⁵ While scholars largely agree that individuals' social class can change over time, they disagree on how much change is possible. Some conceptualize social class in a way that accounts for gradual (and limited) changes over time, suggesting that one's starting position creates a limited "band of more or less probably trajectories" (Bourdieu, 1984, p. 114), which allows for short-range mobility (Friedman, 2015) but makes long-range mobility challenging for individuals (Bourdieu & Passeron, 1977). Others adopt a more dynamic view of social class, suggesting class positions are more malleable and "not only can social class change within individual lifespans, but individuals also can actively work to change it" (Phillips et al., 2020, p. 3).

¹⁶ We focus solely on entrepreneurs' changes in capital due to starting and advancing the business but exclude discussions on capital changes due to other mobility gateways outside entrepreneurship.

¹⁷ While only 5% of articles explicitly discuss social class mobility through entrepreneurship (e.g., Mafico et al., 2024; Shepherd et al., 2020; Wang et al., 2021), the outcomes of starting and advancing a business, such as personal income (e.g., Ekesiobi & Dimnwobi, 2021; Vladasel et al., 2021), explain entrepreneurs' class destinations through shifts or the maintenance of their capital endowments.

Table 2-7: An Overview of Social Class Origin and Social Class Destinations

Social Class Origin and Destinations	Low Social Class Origin	High Social Class Origin
Upward Social Mobility	<p><i>Capital emancipation</i></p> <p>Turning lower capital endowments into strengths, breaking free from capital constraints through entrepreneurship.</p>	<p><i>Capital reproduction</i></p> <p>Higher class origin predicts entry into growth-oriented types of entrepreneurship and higher levels of business advancements.</p>
Social Class Maintenance	<p><i>Capital stagnation</i></p> <p>Lower social class origin predicts entry into less growth-oriented types of entrepreneurship and lower levels of business advancements.</p>	<p><i>Capital shuffling</i></p> <p>Higher social class origin allows for enjoying non-pecuniary benefits of entrepreneurship, exchanging sacrifices of income for social status and work-life balance.</p>
Downward Social Mobility	<p><i>Capital deprivation</i></p> <p>Lower social class origin increases the likelihood of business failure with personal consequences for class positions.</p>	<p><i>Capital plunge</i></p> <p>Higher social class origin does not completely buffer from entrepreneurial risk of business failure.</p>

2.6.1 Upward Social Mobility

Upward social mobility occurs when individuals increase their capital holdings relative to their starting position through entrepreneurship. Several articles in our review highlight individuals' motivation to enter entrepreneurship because of its potential for upward mobility (Patuelli et al., 2020; Wang et al., 2021). However, the potential for upward mobility often depends on an entrepreneur's social class origin, as circumstances that lead to capital gains through entrepreneurship are often linked to higher social class origin.

Starting a business by itself does not guarantee upward mobility—the type of entrepreneurship pursued plays a significant role in occupational upward mobility. Those from a higher social class origin are more likely to engage in prestigious, growth-oriented types of entrepreneurship, such as starting incorporated businesses (Levine & Rubinstein, 2017), larger ventures with employees (Robb & Fairlie, 2009), and opportunity-based entrepreneurship (Berglann et al., 2011). These types of businesses are more likely to lead to advancements in economic, social, and cultural capital and, additionally, often provide a path to higher occupational prestige (Vladasel et al., 2021). For example, entrepreneurs who start incorporated businesses are significantly more likely to experience upward income mobility than their parent's generation (Lindquist & Vladasel, 2022).

Advancing a business can also directly influence upward mobility. Many articles in our review report higher profitability (Anderson & Miller, 2003; Honig, 1998) and business growth (Elston et al., 2016; Lerner et al., 1997) among entrepreneurs from a higher social class origin. Entrepreneurial resources at hand through family wealth can ease liquidity constraints and enable business growth, leading to upward mobility by increasing financial capital (Rouse & Jayawarna, 2011). Additionally, access to external opportunities inherited through social networks gives entrepreneurs from a higher social class origin the ability to leverage these contacts for business growth, leading to further social and financial capital gains (Anderson & Miller, 2003).

In contrast, only a few articles support the “rags to riches” narrative for individuals from a lower social class origin. These articles, mainly investigating the relationship between social class origin and advancing the business, suggest that some entrepreneurs can turn their experiences of constraints into strengths (Cheng et al., 2021; Yu et al., 2022) or find innovative ways to overcome them (Chatterjee et al., 2022), ultimately leading to an entrepreneurial habitus formation that supports upward mobility. For instance, growing up in challenging environments can strengthen an entrepreneur’s mission toward pro-sociality (Hans & Vissa, 2022; Tang et al., 2022), helping them better serve clients and create profitable products or services that can help elevate their social class position.

2.6.2 Social Class Maintenance

Social class maintenance occurs when entrepreneurs either (a) do not see any significant shifts in their capital holdings or (b) experience changes in the composition of capital holdings that ultimately keep them in their original social class. Many articles implicitly link lower social class origin with the reproduction of disadvantages in the entrepreneurial process, hindering upward mobility and leading to class maintenance.

Some articles suggest that starting a business and becoming an entrepreneur can serve as a buffer against unemployment (Patuelli et al., 2020). However, entrepreneurs from a lower social class origin often maintain their class position by entering less prestigious types of entrepreneurship. For instance, the lower financial (Levine & Rubinstein, 2017), human (Yu et al., 2023), and social capital (Jia et al., 2021) of their social class origin increases the likelihood of entry into unincorporated entrepreneurship, solo self-employment (Henley, 2005; Huang et al., 2021), and less prestigious business sectors, reproducing their parents' occupational prestige and opportunities (Andersson & Hammarstedt, 2010).

These decisions to enter specific types of entrepreneurship prevent business advancement and capital growth (Jia et al., 2021). Entrepreneurs from a lower social class origin often face barriers to accessing external resources and opportunities (Anderson & Miller, 2003; Constantinidis et al., 2019) and lack entrepreneurial resources at hand (Fairlie & Robb, 2007; Robb & Fairlie, 2009), both preventing their businesses from profitability and growth (Honig, 1998). Seen together, entrepreneurs from a lower

social class origin are thus often unable to break the cycle of disadvantage, ultimately maintaining their class position.

Conversely, some entrepreneurs intentionally shift and recombine their capital holdings while maintaining their class position. For instance, financial safety nets through resources at hand allow individuals from a higher social class origin to focus less on financial capital and more on non-monetary benefits, such as forming a meaningful entrepreneurial identity (Sentuti & Cesaroni, 2024; Trappmann et al., 2024), pursuing a passion (Lee et al., 2021), or adopting a preferred lifestyle (Vlase & Croitoru, 2019). As such, some entrepreneurs even accept downward mobility in terms of their income in exchange for the non-pecuniary benefits of entrepreneurship.

2.6.3 Downward Social Mobility

Downward mobility occurs when an entrepreneur's capital holdings decline due to their entrepreneurial activities. Business failure is one of the most common outcomes linked to downward mobility, especially among entrepreneurs from a lower social class origin.

Articles focusing on the advancement of businesses suggest that entrepreneurs from a lower social class origin choosing unincorporated forms of entrepreneurship are more likely to close their businesses (Vladasel et al., 2021) and experience downward mobility (Lindquist & Vladasel, 2022). A lack of financial resources at hand leads to liquidity constraints, increasing the risk of business failure (Åstebro & Bernhardt, 2003) and debt, further exacerbating the downward effects (Kazmi, 1999). The lack of specific human capital for those from a lower social class origin makes business failure and, hence, capital loss more likely (Cooper et al., 1994). Additionally, downward mobility through unemployment outside entrepreneurship is more common for entrepreneurs from lower social class origin (Berglann et al., 2011; Tervo, 2006).

Entrepreneurs from a higher social class origin are not entirely immune to downward mobility (Lindquist & Vladasel, 2022) because of the high failure rates in entrepreneurship. For instance, while some entrepreneurs from a lower social class origin turn their childhood challenges into strengths, those from a higher social class origin may be more likely to abandon their ventures when faced with difficulties (Randolph et al., 2022). Further, wage penalties after exiting entrepreneurship can also lead to persistent downward mobility, even for those from a higher social class origin (Mahieu et al., 2022).

2.6.4 Feedback Loop of Social Mobility Experiences on Entrepreneurial Outcomes

In the previous sections, we discussed how social class origin impacts social class destinations through entrepreneurial outcomes. Beyond this, the broader literature on social class tells us that mobility experiences themselves can impact key cognitive processes in organizational behavior (Campbell & Kish-Gephart, 2023; Martin & Harrison, 2022). For instance, CEOs from a lower social class origin often make prosocial decisions because their experiences of hardship make them more sensitive to others' struggles and overcoming barriers (Campbell & Kish-Gephart, 2023). Similarly, employees who

experience upward mobility often gain a heightened sense of their abilities and are more willing to speak up within organizations (Martin & Harrison, 2022). Organizational scholars have suggested that mobility experiences—even those involving previous downward mobility—may benefit individuals and their ventures by providing them with new cultural tools (Martin & Côté, 2019).

While the entrepreneurship literature has rarely focused explicitly on downward or upwardly mobile individuals, some notable exceptions among the studies we reviewed focus on the consequences of mobility experiences on entrepreneurial habitus formation. For instance, although entrepreneurs from a lower social class origin often report lower levels of entrepreneurial self-efficacy, their experiences of upward mobility can significantly enhance their sense of entrepreneurial skills (Brändle & Kuckertz, 2022). Upward mobility has also been identified as a motivator for entering entrepreneurship (e.g., Wang et al., 2021). However, social comparisons with successful parents can deter individuals from entrepreneurship, as they fear the risk of intergenerational downward mobility (Criaco et al., 2017). Moreover, experiences of downward or upward mobility during transitions between countries can lead to distinct strategies in transnational entrepreneurship (Mafico et al., 2024). There are ample opportunities for research to explore these topics—an area we address in the next section.

2.7 Future Research Agenda

To this point, we have highlighted critical issues related to what constitutes entrepreneurs' social class origin, as well as its impact on entrepreneurial outcomes and social class destinations. Based on these issues, we propose recommendations structured in line with our review's main sections: understanding social class origin, investigating access to external resources and opportunities, and advancing research on social mobility.

2.7.1 Understanding of Social Class Origin

2.7.1.1 The Potential of Explicit Social Class Origin Research

Despite the growing number of articles addressing entrepreneurs' social class origin, relatively few studies have directly engaged with the concept in an explicit and cohesive manner. To overcome fragmented conversations and create a unified body of research, we recommend that future studies adopt consistent terminologies and social class theories. While different disciplines may vary in their definitions of social class origin, researchers can use the terminologies and conceptual boundaries outlined in this review to pursue new research that explicitly addresses social class origin. Consistent use of terms related to objective indicators, subjective impressions, forms of capital, sources, and timing will help entrepreneurship scholars contribute to broader conversations around social class research within organizational contexts (Côté, 2024).

Drawing on class-specific theories can further enhance understanding of the class-related mechanisms and contexts that influence entrepreneurship for individuals from various social class origins. For example, the social-cognitive theory of social class explains how cognitive patterns emerge in response

to social class environments, shaping individuals' psychological functioning and behavior (Kraus et al., 2012). This is especially relevant because the challenges faced by those with a lower social class origin—such as resource constraints and uncertainty—are similar to those in entrepreneurial settings. In particular, the social-cognitive theory of social class indicates that a lower (vs. higher) social class origin leads to an individual orientation of contextualism (vs. solipsism) (Kraus et al., 2012). A compelling research question would be whether individuals from a lower (vs. higher) social class origin are better equipped to cope with environmental adversity, demonstrating resilience and persistence. Alternatively, future studies could investigate whether the external orientation developed by those with a lower (vs. higher) social class origin hinders (vs. fosters) entrepreneurial agency (Brändle & Kuckertz, 2023) and if this effect varies by the type of entrepreneurship.

Sociocultural theory also explains how individuals' social class shapes their understanding of themselves related to others and their social context, leading to the development of different psychological orientations and behaviors (Stephens et al., 2012). For instance, individuals growing up in lower social class contexts are likely to develop a more interdependent model of the self, leading to prosocial behaviors and occupational choices (Fang & Tilcsik, 2022). Future research could explore whether individuals from a lower social class origin are more drawn to social entrepreneurship than commercial entrepreneurship. It could also investigate if the prosocial cultural orientation acquired through upbringing leads to increased social impact due to greater empathic accuracy (Kraus et al., 2010).

Furthermore, sociocultural theory emphasizes that social class differences manifest at four different levels: individual, interpersonal, institutional, and societal (Stephens et al., in press). Future studies could examine whether an entrepreneurial habitus oriented toward others aligns well with the cultural norms of independence versus interdependence when interacting with institutions or engaging in entrepreneurial networking (Brändle et al., 2023). Understanding which entrepreneurship-related institutions (e.g., governmental agencies, crowdsourcing platforms) align with interdependent versus independent models of self—and the types of interventions needed—would further contribute to understanding these dynamics.

Finally, scholars may use Bourdieu's foundational perspective on social class, which focuses on how social class is reproduced through the interplay of societal structures and social constructions (Bourdieu, 1984). This approach can be particularly useful in understanding whether individuals adapt their habitus as they move up or down the social hierarchy (Campbell & Kish-Gephart, 2023) and how the cultural toolkit acquired by traveling through social classes (Martin & Côté, 2019) influences their entrepreneurial practices. For instance, do socially mobile entrepreneurs leverage a broader cultural toolkit when interacting with venture capitalists from elite backgrounds versus collaborating with team members from a similar lower-class origin? How do these individuals use their cultural toolkit when entrepreneurship responds to downward mobility (e.g., long-term job loss or failed investments)?

2.7.1.2 *Exploring the Multidimensional Nature of Social Class Origin*

We encourage scholars to fully appreciate the multidimensional nature of social class by theorizing about the unique additive or interactive effects of Bourdieusian capital forms (i.e., economic, social, cultural capital), their underlying objective indicators (i.e., education, income, and occupation), and subjective impressions of entrepreneurs' social class origin. We also recommend examining the connection between social class origin and current social class (Côté, 2024).¹⁸ More detailed theorizing around the multidimensional nature of social class origin promises more nuanced insights. For example, implicit research that uses parental occupation to indicate social class has often overlooked additional objective indicators, such as income (cf. Rider et al., 2023). Studies researching the intergenerational transmission of entrepreneurship also have yielded a limited understanding of the types transmitted, (e.g., incorporated vs. unincorporated), while exceptions like Vladasel et al. (2021) offer an orientation for a more holistic perspective.

The subjective dimension of social class origin may also offer valuable insights, as entrepreneurs often compare themselves to their peers. Even though individuals may misjudge (Morin & Motel, 2012) or downplay (Friedman et al., 2021) their actual class position, subjective social class perceptions can have a stronger influence on psychological outcomes than objective measures (Adler et al., 2000; Oesch & Vigna, 2023). For example, subjective impressions are particularly significant in social settings, like networking events for entrepreneurs (Côté, 2024). Notably, people can assess others' social class with relative accuracy using modest cues, such as sixty-second interactions, brief speech recordings, or online photos (Becker et al., 2017; Kraus & Keltner, 2009). Building on social comparison theories, future research could explore how subjective impressions of class origin influence entrepreneurial outcomes, particularly in contexts where entrepreneurs compare themselves to others in the ecosystem (e.g., see Bakker & McMullen, 2023 for interactions between majority and minority groups). It could also be beneficial to study objective and subjective dimensions of social class origin together to mitigate the potential pitfalls of focusing on only one dimension. For example, does subjective social class origin predict outcomes (e.g., performance, well-being) above and beyond objective indicators, especially in peer comparison scenarios?

Another crucial aspect of understanding the multidimensional nature of social class in entrepreneurship is differentiating between social class origin and current social class. The reviewed literature primarily examines the influence of social class origin during upbringing. However, research on current social class emphasizes the role of entrepreneurs' present social class position (e.g., Audretsch et al., 2013; Ge et al., 2022) or the impact of current class indicators (e.g., Åstebro & Bernhardt, 2003; Frid et al., 2016). That is, current social class can also serve as an antecedent to entrepreneurship—affecting access to resources and networks—and, as primarily discussed in this review, as an outcome, reflecting

¹⁸ For a detailed review of the multidimensional nature of social class, including other critical topics (i.e., current social class and class transitions), we point readers to Côté's 2024 review.

social mobility (Brändle et al., 2023; Tucker & Croom, 2021). Further, current social class may moderate the effects of social class origin (Côté, 2024), leading individuals with similar origin to experience different trajectories depending on their present status (Zhang et al., 2013). Thus, incorporating both social class origin and current social class provides a more comprehensive understanding of the challenges and opportunities entrepreneurs face.

2.7.1.3 Integrating Intersectionality

Social class experience is shaped by, and shapes, other intersecting identities such as gender, race, and sexual orientation (Crenshaw, 1991). To fully understand how social class origin impacts the entrepreneurial process, it is essential to consider these other social identities. Although some studies reviewed do consider gender, ethnicity, and immigration status alongside social class origin (e.g., Abada et al., 2014; Constantinidis et al., 2019), there remains significant room to explore other sources of identity and adopt an intersectional perspective. Building on inclusive entrepreneurship (Bakker & McMullen, 2023) and transitional entrepreneurship (Pidduck & Clark, 2021), we encourage future research to explicitly consider social class origin alongside a broad set of group memberships and demographic identities, such as disability status, neurodivergence, sexual orientation, immigrant status, ethnicity, and religion. However, adopting an intersectional lens means not only considering multiple identities in parallel but also examining how power and privilege operate across intersecting identities. Like the interplay between multiple dimensions of social class origin, intersecting identities—based on visible and invisible cues—may produce additive and interactive effects on entrepreneurial outcomes (cf. Belmi et al., 2024).

2.7.2 Investigating Access to External Opportunities and Resources

Among the integrative themes identified in the literature, the theme of access to external resources and opportunities has been relatively under-researched. This is surprising, given the broader inclusive entrepreneurship literature's focus on social evaluations and access to external financing, especially concerning gender (Jennings & Brush, 2013) and ethnicity (Bengtsson & Hsu, 2015). When interacting with entrepreneurs, people often make quick judgments to classify their social class origin. Research shows that even with minimal information (e.g., social media posts, short videos, speeches), people can reasonably detect others' social class (Becker et al., 2017; Kraus & Keltner, 2009). These snap judgments about entrepreneurs' social class origin are often associated with stereotypes—higher social classes are often perceived as harder working, healthier, more intelligent, and thus more competent, while those from lower social classes are seen as warmer (Durante et al., 2017).

Given the importance of third-party evaluations throughout the entrepreneurial process, future research should account for how social class origin plays a role in critical evaluations, especially in resource mobilization—a crucial part of the entrepreneurial journey (Clough et al., 2019). Building on literature that emphasizes homophily in venture financing decisions (e.g., Claes & Vissa, 2020), future research should investigate how social class origin influences access to external resources and

opportunities. Specifically, it is important to understand how a lack of transferred capital and the imprints of cognition and behavior translate into external social evaluations and subsequent access to resources. Considering that resource holders are likely to come from a higher social class origin, future research could explore whether homophily based on social class origin affects entrepreneurial resource mobilization (cf. Ertug et al., 2022). For example, how do similarities or differences in social class origin impact the interpersonal interactions critical to the entrepreneurial process?

Furthermore, cultural entrepreneurship research that examines storytelling (Lounsbury & Glynn, 2001) could benefit from assessing the “rags to riches” stories and signals of merit (Fisher et al., 2021). There is also an opportunity to explore how entrepreneurs from a disadvantaged social class origin can frame their origin and mobility experiences as strengths, emphasizing the many positive traits and skills they bring to the entrepreneurial process (Pidduck & Clark, 2021; Yu et al., 2022). These questions offer promising insights into how social class origin shapes entrepreneurial pathways and outcomes.

2.7.3 Advancing Social Mobility Research

Our framework on social class origin and destination offers several opportunities for future research on entrepreneurs' social mobility. First, a notable gap in existing research is the limited focus on explicitly conceptualizing and measuring social class destinations. While our review has highlighted the implicit link between entrepreneurial outcomes at different stages of the entrepreneurial process and established markers of social class destinations, future research could benefit from systematically comparing entrepreneurs' social class origin and destinations over time. There are different ways to approach this task. One method is to conceptualize social mobility through the occupational prestige or status an occupation brings (Rider et al., 2023). While subjective evaluations of the standing of different occupations have been relatively stable across time and contexts (Song & Xie, 2023), defining and measuring occupational prestige for entrepreneurship poses challenges and research opportunities. Given the various forms entrepreneurship can take—from solo self-employment to founding large high-tech ventures (Bögenhold, 2019)—and the different social standings associated with entrepreneurial activities across societies and time, ranking entrepreneurial occupations within the broader occupational hierarchy is limiting and opens the door for a more nuanced look at the status pay-offs. Another approach to conceptualizing social mobility is using objective measures of average educational requirements and earnings associated with specific occupations (Duncan, 1961). Again, because entrepreneurship has fewer formal educational requirements and earnings vary enormously within entrepreneurship (Hamilton, 2000; Shane, 2009), limiting its classification to a singular occupation is oversimplistic. Future research that takes a more fine-grained or dynamic approach (Phillips et al., 2020) promises better insight into what class-based mechanisms (e.g., barriers to funding and potential losses) and associated entrepreneurial outcomes (e.g., selection into a type of entrepreneurship or venture failures) yield different patterns of mobility from start to finish.

Second, we encourage research to examine entrepreneurs' social mobility trajectories more closely—especially those that facilitate upward mobility for entrepreneurs from a lower social class origin. This includes exploring the boundary conditions under which individuals from a lower social class origin start with less prestigious forms of entrepreneurship (e.g., unincorporated or necessity-driven) but manage to break free from social reproduction over time (e.g., Kimmitt et al., 2020). Current research emphasizes the deficits (strengths) tied to coming from a lower (higher) social class origin (Morris & Tucker, 2023), mainly explaining mobility patterns that reproduce social privilege. We encourage researchers to focus on the unique strengths, skills, and tools derived from a lower social class origin (Belmi et al., 2024; Martin & Côté, 2019). While structural constraints restrict human agency and pose serious challenges to entrepreneurs, future research could adopt a strengths-based perspective (Miller & Le Breton-Miller, 2017; Yu et al., 2022) to identify the extraordinary achievements and potential of entrepreneurs from a lower social class origin. For example, how does an interdependent model of self—commonly found in lower-class contexts (Stephens et al., 2012)—help entrepreneurs support one another and face challenges? Does this influence how they build or use social network ties? What implications does social class origin have for founding teams, especially given that teams with higher proportions of members from lower-class origin have been shown to outperform those with lower proportions (Dittmann et al., 2020)?

Third, another important yet under-researched aspect involves investigating the consequences of different forms of social mobility on the entrepreneurial process. Entrepreneurship is one gateway to social mobility, but how mobility within or outside entrepreneurship influences entrepreneurs' self-understanding, motivation, and decisions has rarely been explored. For instance, are first-generation college students more inclined to become entrepreneurs because they see entrepreneurship as a way to exert control over their circumstances (Belmi et al., 2024)? Alternatively, are upwardly mobile individuals particularly sensitive to the risks of business failure as they want to avoid capital losses? When and why do individuals transition from high-status, resource-abundant occupations to types of entrepreneurship that entail downward mobility (Rider et al., 2023)? While there has been extensive discussion on the consequences of entrepreneurial failure, less attention has been given to how the experience of downward mobility shapes the entrepreneurial journey.

2.7.4 Practical Implications

Our integrative review carries several practical implications. First, it highlights the experiences of entrepreneurs from diverse social class backgrounds, raising awareness of social class origin as a distinct source of inequality in entrepreneurship. This insight encourages policymakers to adopt more inclusive strategies and programs while also applying an intersectional approach when appropriate (cf. Henry et al., 2024). Recognizing social class origin as a dimension of diversity could serve as a basis for future interventions by entrepreneurship educators. For instance, research in higher education has shown that

simple interventions, like reframing challenges, can improve engagement and persistence for students of a lower social class origin (Dittmann et al., 2020; Stephens et al., 2019).

The focus of this study on the integrative themes explaining class-based differences in entrepreneurship could guide policymakers and practitioners in designing targeted interventions. First, regarding entrepreneurial resources at hand, there is a clear need to ease liquidity constraints for individuals from a lower social class origin by improving their early access to capital, such as through face-to-face opportunities with investors and funding. This could involve providing funding or creating accelerator programs specifically for those from a lower social class origin. Additionally, all accelerator programs and entrepreneurship education should aim to fill general or specific human capital gaps linked to different social class origins. Designing these programs with a social class perspective could shift the emphasis or learning objectives to better serve diverse strengths and needs.

Second, with respect to entrepreneurial habitus formation, we recommend that practitioners include mentors, advisors, and funders from diverse social class backgrounds in their programming to expose up-and-coming founders to different perspectives and approaches to entrepreneurship. A practical intervention could include self-reflection activities in which founders reflect on how their class backgrounds have shaped their values and norms. Such reflection can help entrepreneurs recognize their strengths and understand when new tools or skills might be necessary for success. This activity could also boost self-efficacy as participants reflect on how their class backgrounds have served as sources of strength in the past.

Finally, regarding access to external resources and opportunities, targeted interventions should connect individuals from a lower social class origin, who might lack external contacts, with key players like investors. Whether they judge small pitch competitions or manage venture capital funds, investors could benefit from training on social class stereotypes, which could improve access to opportunities for entrepreneurs from a lower social class origin. Across all of these areas, when designing targeted interventions, policymakers and practitioners should consider the unique strengths that individuals develop as a result of growing up in diverse social class contexts.

Ultimately, our call to ensure upward social mobility is accessible to all in entrepreneurship, no matter their starting point, has further implications for practitioners and policymakers. Institutions should consider how they might unintentionally perpetuate class positions by framing entrepreneurship in certain ways through discourse or promoting certain norms. This emphasizes the importance of reflecting on “unwritten rules” and institutional expectations that may inadvertently favor individuals from higher social classes. Overall, the insights from our integrative review highlight the need for policymakers to find practical solutions to overcome institutional barriers and provide equitable opportunities for upward social mobility through entrepreneurship, regardless of one’s social class origin.

3 Study 2 - Navigating Socio-Cultural (Mis)Alignment: Social Mobility and Entrepreneurship¹⁹

Abstract

The socio-cultural contexts an individual navigates, encompassing both social class origin and destination, imprint deeply internalized dispositions that profoundly shape entrepreneurial behavior. However, current literature often treats these contexts separately, overlooking their interconnectedness through upward social mobility. In response, this study draws on Lahire’s reconceptualization of habitus to examine how internalized dispositions among upwardly mobile individuals shape entrepreneurial behavior. Through life history interviews with 36 entrepreneurs from lower social class origins, I identify seven entrepreneurial archetypes, each uniquely experiencing and navigating dispositional (mis)alignment. The findings challenge the notion of universal entrepreneurship accessibility and highlight socio-cultural barriers for upwardly mobile individuals.

Keywords: *Social mobility, social class, entrepreneurship, habitus, Lahire*

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3.1 Introduction

Socio-cultural contexts, as the “decentralized ‘rules of the game’” (York & Lenox, 2014, p. 1930), affect entrepreneurial activity by impacting how individuals engage in entrepreneurial practices and shape organizational structures (Terjesen & Elam, 2009). In such an “ongoing cycle of mutual constitution” (Markus & Kitayama, 2010, p. 428), prior entrepreneurship literature explored this dualism in how marginalized (McAdam et al., 2019; Yeröz, 2019) and geographically mobile entrepreneurs (Drori et al., 2006; Terjesen & Elam, 2009) shape and are shaped by socio-cultural contexts. Cultural distance to institutional expectations through marginalization, however, can also emerge based on an entrepreneur’s social class *origin* (i.e., the social class of an individual’s parents, marked by income, education, and occupational prestige Fang & Tilcsik, 2022) or an entrepreneur’s social class *destination* (i.e., an individual’s current social class Côté, 2024; Martin & Côté, 2019). To date, the emerging research topic of social class has been fragmented into literature studying either the social class origin, for example how imprints during upbringing affect entrepreneurial entry (Aldrich & Kim, 2007), or the social class destination of an entrepreneur, exploring how an individual’s access to resources affects their attitudes toward entrepreneurial careers (Audretsch et al., 2013; Su et al., 2021) and behavior in entrepreneurship (Ge et al., 2022).

However, this separation jeopardizes an understanding of the combined dispositions that individuals internalize both in the socio-cultural contexts of their origin and their destination and how these jointly affect entrepreneurship. In particular, individuals are indeed able to transcend their social class origin and move up (vs. down) the social ladder via upward (vs. downward) social mobility through improvements (vs. deteriorations) in education, occupational prestige, and/ or income, thereby traveling through distinct socio-cultural contexts. Accordingly, while individuals emancipating from their social class origins (i.e., social mobility) demonstrate adaptability in new environments (Phillips et al., 2020), they do not entirely detach from their upbringing (Rivera & Tilcsik, 2016). The interplay of internalized dispositions to believe and act, absorbed in the different socio-cultural contexts that individuals travel through (Lahire, 2003), can lead to conflicting attitudes and behavior (Campbell & Kish-Gephart, 2024). While a growing account of qualitative studies in the socio-cultural contexts of higher education and management has illuminated how upward social mobility and the adaptation to new contexts often do not occur as seamlessly as proclaimed by “rags to riches” narratives (Friedman, 2016; Friedman et al., 2021; Ingram, 2011), we still lack a nuanced understanding of how dispositions internalized in the distinct socio-cultural contexts that an individual travels through can induce varying behavioral responses in the entrepreneurial context. In addition, upward social mobility has been primarily considered as an outcome of entrepreneurship, that is the ascent in social class through entrepreneurship. For example, a research stream has considered how entrepreneurship can help alleviate poverty for individuals engaging in entrepreneurial activities (Kimmitt et al., 2020; Shepherd et al., 2021). However, upward social mobility can also be an *antecedent* for entrepreneurial entry. That is, individuals may also experience

upward social mobility by attaining higher education credentials, entering white-collar jobs, and accumulating personal funds before opting for an entrepreneurial career (Brändle & Kuckertz, 2022). As such, however, it is yet unclear how social mobility as an antecedent to entrepreneurial entry shapes entrepreneurial behavior.

The current separation of social class literature fails to capture the intricate interplay between social class origin and destination in forming attitudes and behaviors for entrepreneurship and thereby overlooks the nuanced ways in which individuals experiencing various socio-cultural contexts navigate the entrepreneurial context. As an occupation, entrepreneurship in itself can be considered a classed socio-cultural context with “socially constructed categories of work which include the practices and actors involved” (Slade Shantz et al., 2018, p. 419). Specifically, incorporated forms of entrepreneurship, which have higher entry barriers compared to forms of “everyday entrepreneurship” (Welter et al., 2017), can be viewed as a higher class context that places additional dispositional demands on upwardly mobile entrepreneurs which may be at odds with what was previously internalized.

Accordingly, I draw upon Lahire’s reconceptualization of the habitus concept and his sociology of the individual (Lahire, 2003, 2011) to understand how upwardly socially mobile individuals’ configuration of internalized dispositions affects their experience in entrepreneurship. In particular, I explore: *How do the internalized dispositions formed through social class origin and upward social mobility interact with the socio-cultural context of entrepreneurship and shape entrepreneurial behavior?* To explore this phenomenon, I conduct life history interviews (Charmaz & Belgrave, 2012; Lahire, 2019) with 36 upward socially mobile entrepreneurs from lower social class origins. Based on a total of 28.75 hours of interview data, the emergent theoretical framework (Gioia et al., 2013) reveals that upward socially mobile entrepreneurs differ in their configurations of internalized dispositions and experience (mis)alignment of dispositions to believe and act, which affects their entrepreneurial behavior. As such, I find seven different archetypes of upward socially mobile entrepreneurs that either experience dispositional alignment or misalignment in entrepreneurship and react to this (mis)alignment through different behavioral patterns.

Lending a voice to upward socially mobile entrepreneurs who navigate different socio-cultural contexts, my main contribution adds to the emerging literature on social class in entrepreneurship (Audretsch et al., 2013; Ge et al., 2022; Su et al., 2021) and connects the separated origin and destination perspectives. By investigating the role of upward social mobility as an antecedent to entrepreneurial entry, I show how upward socially mobile entrepreneurs’ internalized dispositions can (mis)align with the prevalent dispositions in the socio-cultural context of entrepreneurship and how this, in turn, affects the subsequent behavior in entrepreneurship. In addition, I contribute to the emerging literature on inclusive entrepreneurship (Bakker & McMullen, 2023; Miller & Le Breton-Miller, 2017; Pidduck & Clark, 2021) by challenging the prevalent discourse of entrepreneurship being open to individuals from marginalized social groups. In particular, I show that innovative types of entrepreneurship are governed

by strong socio-cultural forces that may impede a seamless entrepreneurial entry, cause dispositional misalignment, and induce distinct behavioral patterns.

3.2 Theoretical Background

As socially mobile individuals transition from their social class origin to their destination, they travel through different socio-cultural contexts that are governed by distinct and, at times, opposing cultural norms. Being exposed to these contexts shapes individuals' specific attitudes, norms, and beliefs concerning the "rules of the game" (Lareau, 2015). The French sociologist Pierre Bourdieu has, in his seminal work (1984), captured this phenomenon in the concept of "habitus" as a system of lasting dispositions, formed and imprinted in the primary context of socialization (Lahire, 2019). Over time, Bourdieu acknowledged that an individual's habitus could undergo transformations through significant life events, such as upward social mobility, resulting in what he termed a secondary habitus. This secondary habitus allows for some adaptation to new contexts while retaining much of the imprint from an individual's social origins (Bourdieu, 2000). When an individual faces significant tension between the primary and secondary habitus, a fragmented or "habitus clivé" may emerge, representing a deep-seated feeling of not fully belonging in either the origin or the destination context (Bourdieu, 2008; Bourdieu & Passeron, 1977). Studies exploring this concept in the context of higher education (Ingram, 2011) and elite professions (Belmi et al., 2024; Campbell & Kish-Gephart, 2024; Friedman et al., 2017) show that entering higher-class contexts often enables individuals to accumulate different forms of capital but simultaneously imposes substantial pressure, evoking tension and a sense of displacement from both contexts (Friedman, 2016; Ingram, 2011; Keane, 2024).

Yet Bourdieu's framework has been critiqued as oversimplified in its tendency to portray habitus as a singular, monolithic construct, divided into primary, secondary, or cleft states, each rigidly fixed. Particularly in the study of social mobility, Bourdieusian concepts, though foundational, have been regarded as under-theorized and lacking the sophistication necessary to capture the multifaceted reality of such transitions (Friedman, 2016). As Friedman (2014) argues, a more nuanced interpretation of the "habitus clivé" may illuminate how elements of the body—such as accent, pronunciation, posture, and taste—serve as indelible markers of one's origins, even when an individual's conscious self-presentation aligns with new social norms. The resulting dissonance underscores how habitus, rather than a single coherent structure, is often fragmented and pluralized by the competing demands of social contexts. As such, a deeper interrogation of the "habitus clivé," beyond its designation as merely cleft, offers significant value in understanding the lived tensions and contradictions embedded in social mobility experiences.

In response, sociologist Bernard Lahire (2003, 2011) addresses this limitation by advancing a more nuanced perspective that shifts the focus to the level of the individual, who, in his view, carries multiple and sometimes conflicting dispositions shaped by diverse socio-cultural influences. Lahire's model

challenges the notion of a unified habitus, proposing instead that individuals should be understood as “plural actors” and carriers of multiple, sometimes contradictory dispositions to believe and act (Lahire, 2011)—each shaped by various socio-cultural contexts they have encountered. For example, according to Lahire (2011), socially mobile individuals are often caught between contradicting poles of socialization, such as a working-class family and an educational institution, each of which contributes significantly to socialization and creates internalized tensions. These poles, which Lahire considers equally important, do not necessarily coexist peacefully; instead, their clash can disrupt the individual’s sense of personal coherence, leading to feelings of “discomfort,” “paralysis,” and “suffering” (Friedman, 2014). Ethnographic studies of socially mobile individuals reinforce this view, revealing how dispositions instilled during childhood may often clash with the cultural codes of new social spheres, fostering experiences of “cultural homelessness” (Friedman, 2014), “cultural chameleons” (Daenekindt & Roose, 2013), or “hidden injuries” (Lehmann, 2014). By thus shifting from a predominant focus of the habitus in the context of primary socialization within an individual’s social class origin to a sociological analysis of the individual actor in different contexts, Lahire allows for a more detailed understanding of how people navigate and integrate conflicting norms, values, and expectations encountered throughout life (Friedman, 2014; Lahire, 2011; Mallman, 2015). In Lahire’s framework, dispositions are not monolithic but flexible and layered; they are shaped in response to diverse socio-cultural contexts that individuals encounter over time (Lahire, 2003). This pluralized view of the habitus better captures the subtleties of social mobility, where individuals may retain aspects of their primary socialization while simultaneously adopting and adapting to the norms of new contexts. For socially mobile individuals, this pluralized habitus enables a more complex configuration of dispositions that respond in nuanced ways to each socio-cultural environment they encounter.

Turning to the socio-cultural context of entrepreneurship and following Lahire, individuals from lower social class origins who experience upward social mobility and later enter entrepreneurship encounter three distinct socio-cultural contexts that impact an individual’s dispositions. First, their dispositions to believe and act are primarily shaped by the socio-cultural context of their social class origin. In a lower-class context, individuals, for example, have been found to internalize dispositions of interdependence (Kraus et al., 2012; Stephens et al., 2012). Second, as they experience upward social mobility, they find themselves in the second context of their higher-class destination which puts substantial pressure on the previously internalized dispositions. For example, higher-class contexts that value norms of independence challenge the interdependence dispositions of individuals from a lower social class (Dittmann et al., 2020). The strength of dispositions from the origin, the extent, intensity, and duration of travel through their second socio-cultural context (Carlson & Schneickert, 2021), and the individual's subjective experience of these factors will determine whether or not they will shake off internalized dispositions from their origin, which they may come to feel estranged (Lahire, 2003). This will lead to negotiation and re-configuration of the internalized dispositions to believe and act, which individuals

carry with them to different contexts. Third, as upwardly mobile individuals enter the socio-cultural context of entrepreneurship, they are confronted yet again with novel cultural norms and requirements. In particular, incorporated and innovative types of entrepreneurship are governed by processes of social closure that favor higher-class contexts (Martinez Dy et al., 2018; Murray et al., 2024). For example, individuals from higher social classes are more destined to enter and succeed in entrepreneurship due to larger safety nets (Su et al., 2021), exposure to entrepreneurial role models (Vladasel et al., 2021), and access to high-quality networks (Brändle et al., 2023). As a result, some internalized dispositions may be more entrepreneurial than others (cf. Carlson & Schneickert, 2021) and align better with the dispositions prevalent in entrepreneurship. In entrepreneurship, dispositions to believe encompass attitudes towards entrepreneurial identity, beliefs in one's self-efficacy or resilience, and alignment with entrepreneurial cultural norms. Dispositions to act, on the other hand, involve practices and behaviors such as risk-taking, networking, pitching, and resource acquisition.

The unique configuration of internalized dispositions—shaped by both origin and destination contexts—affects how well an individual's beliefs and actions align with entrepreneurial norms, subsequently influencing their behavior and success in entrepreneurship. Navigating these socio-cultural transitions can lead to diverse forms of alignment or misalignment between an individual's internalized dispositions and those dominant in entrepreneurship. Following Lahire (2003), this alignment can manifest in three dimensions: (1) alignment or misalignment between internalized beliefs and entrepreneurial belief norms, (2) alignment or misalignment between internalized actions and entrepreneurial action norms, and (3) an overall alignment or misalignment with the entrepreneurial context itself.

Taken together, I argue that as upward socially mobile individuals from lower social class origins navigate through the socio-cultural contexts of their origin and their destination they form a unique set of internalized dispositions to believe and to act that differ in their configuration (i.e., the proportion of dispositions from the origin vs. the destination) and strength (i.e., strong vs. weak dispositions). As these individuals enter entrepreneurship as an additional socio-cultural context, they may experience dispositional (mis)alignment in response to the prevalent dispositions in entrepreneurship.

3.3 Methods

Given the paucity of understanding of social mobility in entrepreneurship studies, I choose an exploratory qualitative research design (Fauchart & Gruber, 2011; Strauss & Corbin, 1998) to capture the subjective experience of individuals within distinct socio-cultural contexts.

3.3.1 Sampling Approach

To ensure the comparability of cases across types of entrepreneurship pursued and objective experiences of social mobility, I deployed a theoretical sampling approach (cf. Foy & Gruber, 2022). First, I focused the data collection on the German context as an example of rigid social class persistence (Legewie & Bohmann, 2018). The country's stratification system, based on early selection into

educational tracks (Kerckhoff, 2001), strict entry requirements into tertiary education (Protsch & Solga, 2016), and strong links between education and vocational outcomes (OECD, 2021), creates distinct social mobility patterns. Second, to understand the development of distinct dispositions across socio-cultural contexts, I focused the sample on individuals from lower social class origins, which I define through the education, occupation, and income of parents during childhood (Fang & Tilcsik, 2022; Martin & Côté, 2019). Against the prevailing discourse of social mobility in entrepreneurship research viewing entrepreneurship as a driver of social mobility, I aim to explore upward social mobility as an antecedent of entrepreneurship. Thus, I restricted the sample to individuals who have achieved upward social mobility (i.e., the improvement of social class vis-à-vis their origins through education, occupation, or income; Martin & Côté, 2019) before entering entrepreneurship. Third, I concentrated on early-stage entrepreneurs of incorporated new ventures. As this type of entrepreneurship is characterized by a large dependence on institutions for resource mobilization (Clough et al., 2019), it represents a social class context that confronts the marginalized with higher structural barriers than present in unincorporated forms of entrepreneurship (Vladasel et al., 2021).

To identify entrepreneurs from lower-class origins, I drew upon the *Startupdetector* database, which systematically captures novel incorporated startups from the German commercial register (*Startupdetector*, 2023). As this database does not include personal data regarding individuals' socioeconomic origins, it serves solely as a tool to identify entrepreneurs from recent ventures across all social strata. I focused on entries from August 2022 to May 2023 and initiated outreach by sending cold emails to 344 entrepreneurs, outlining the research objectives and sampling criteria while inviting them to participate in interviews. This yielded 18 responses (a 5% response rate) from entrepreneurs meeting the study criteria and willing to engage. Additionally, I expanded my recruitment through LinkedIn (securing 11 participants), outreach to prior contacts in my professional network (5 participants), and referrals from initial interviewees (2 participants). Table 3-1 provides a summary of key characteristics of the sampled participants.

Table 3-1: Overview of Interview Participants

ID	Pseudo-nym	Age	Gender (M/F/D)	Ethnic Background	Intersectionality	Entrepreneur Type	Father's occupation (during interviewee childhood)	Mother's occupation (during interviewee childhood)	Transition Distance	Year of Startup Founding	Startup Industry
1	Henry	20s	M	German	No	Value Pre-server	Insurance salesman	Naturopath	Short	2021	Finance
2	Lars	30s	M	German	No	Smooth Transitioner	Tram driver	Nurse	Short	2021	Tourism
3	Lejla	30s	F	Bosnian/Croatian	Yes	Tension Re-solver	Machine technician	Shop keeper	Medium	2022	Energy
4	Hermína	30s	F	Chilean	Yes	Insecurity Struggler	Welder/ unemployed	Pre-school teacher	Medium	2021	Energy
5	Linus	30s	M	Russian	Yes	Tension Re-solver	Engineer	Cleaner/ Pre-school teacher	Large	2022	IT
6	Luca	20s	M	German	No	Tension Re-solver	Radiation protection specialist	Dental assistant	Medium	2022	Mobility
7	Her-mann	40s	M	German	No	Value Pre-server	Radio producer	Shop keeper	Short	2022	Media
8	Heiko	40s	M	German	No	Value Pre-server	Technical drafter	Office clerk	Short	2022	E-Commerce
9	Heidi	30s	F	German	Yes	Value Pre-server	Viticulture technician	Housekeeper	Short	2022	IT
10	Horst	30s	M	German	No	Culturally Alienated	Packaging mechanic	Pre-school teacher	Large	2021	Energy
17	Helena	20s	F	German	Yes	Value Pre-server	Machine technician	Administrative employee	Short	2020	IT
19	Hannes	20s	M	German	No	Value Pre-server	Agricultural machine technician	Geriatric nurse	Short	2022	Agriculture
20	Hauke	30s	M	German	No	Access Struggler	N/A (no contact)	Unemployed	Large	Formal founding tbd.	IT
21	Hagen	20s	M	German	No	Insecurity Struggler	N/A (no contact)	Unemployed	Medium	2021	Legal

Table 3-1: continued.

ID	Pseudonym	Age	Gender (M/F/D)	Ethnic Background	Intersectionality	Entrepreneur Type	Father's occupation (during interviewee childhood)	Mother's occupation (during interviewee childhood)	Transition Distance	Year of Startup Founding	Startup Industry
23	Levent	30s	M	Turkish	Yes	Tension Resolver	Petrol station attendant	Petrol station attendant	Medium	2023	E-Commerce
24	Helga	20s	F	Russian	Yes	Access Struggler	N/A (no contact)	Nurse	Large	Formal founding tbd.	Health/Social
26	Henrike	20s	F	German	Yes	Access Struggler	N/A (no contact)	Cosmetician	Medium	Formal founding tbd.	Fashion
27	Hilda	30s	F	German	Yes	Value Pre-server	Electrician	Office clerk	Short	2023	Health/Social
28	Louis	20s	M	German	No	Smooth Transitioner	Warehouse clerk	Dental assistant	Short	2022	IT
29	Lena	20s	F	German	Yes	Smooth Transitioner	Dental assistant	Pre-school teacher	Short	Formal founding tbd.	Health/Social
30	Latif	30s	M	Turkish	Yes	Adaptive Switcher	Production employee	Cleaner	Large	2021	IT
31	Hugo	30s	M	Italian	Yes	Insecurity Struggler	Hairdresser	Nurse	Medium	2019	IT
32	Hinrich	20s	M	German	No	Value Pre-server	Electrical machine builder	Nurse	Short	Formal founding tbd.	Education
33	Heiner	30s	M	German	No	Culturally Alienated	Petrol station attendant/unemployed	Pre-school teacher	Medium	2023	Health/Social
34	Hannah	20s	F	German	Yes	Insecurity Struggler	Shop keeper	Hotel clerk	Short	2022	Agriculture
35	Leon	20s	M	German	No	Smooth Transitioner	Car mechanic	Pediatric nurse	Short	2021	IT
36	Lukas	20s	M	German	No	Smooth Transitioner	Automation technician	Dental assistant	Short	Formal founding tbd.	Health/Social

Table 3-1: continued.

ID	Pseudonym	Age	Gender (M/F/D)	Ethnic Background	Intersectionality	Entrepreneur Type	Father's occupation (during interviewee childhood)	Mother's occupation (during interviewee childhood)	Transition Distance	Year of Startup Founding	Startup Industry
37	Henryk	20s	M	Polish	Yes	Access Struggler	Foreign trade clerk	Pre-school teacher	Large	2022	IT
38	Horațiu	20s	M	Romanian	Yes	Insecurity Struggler	Electrician	Technical drafter/ housewife	Medium	2021	Legal
39	Ljubomir	20s	M	Bosnian	Yes	Adaptive Switcher	Scaffolder/ unable to work	Casual jobs	Large	2022	IT
40	Ludwig	30s	M	German	No	Smooth Transitioner	Stagehand	Make-up artist	Short	2022	Event
41	Holger	30s	M	German	No	Insecurity Struggler	Chef	Medical-technical employee	Medium	2022	Food
42	Lennard	20s	M	German	No	Tension Re-solver	Carpenter	Pediatric nurse	Medium	2022	IT
43	Laura	30s	F	German	Yes	Tension Re-solver	Car mechanic	Nurse	Medium	2018	IT
44	Leopold	30s	M	Polish	Yes	Tension Re-solver	Electrician	Housewife	Medium	2017	Consulting
45	Henning	30s	M	German	No	Culturally Alienated	Welder	Hairdresser	Medium	2017	Mobility

3.3.2 Data Collection

The primary data source lies in the semi-structured interviews with all 36 entrepreneurs of 32 new ventures. Guided by a semi-structured interview questionnaire, the interview utilized a life history approach, asking the participants to tell their life stories and reflect on how their social class origins impacted important milestones from childhood to the transition into entrepreneurship (Destin et al., 2017; Lahire, 2019). As life history interviews, or sociological biographies (Lahire, 2019), may be utilized to “reconstruct all the links that connect or that have connected a given individual to [...] institutions” (p. 379), they are particularly suited to address the research questions. In past entrepreneurship studies (e.g., Hytti et al., 2024; Marlow & McAdam, 2012; Terjesen & Elam, 2009), life history approaches have been utilized to enable a reflective sensemaking detached from pre-defined themes set by the researcher. Based on the life history narration, the author posed clarifying and follow-up questions. As the number of interviews progressed and the contextual understanding unfolded, these follow-up questions evolved from broad and exploratory (e.g., perceived strengths and barriers due to social class origins) to more specific topics (e.g., internalized dispositions concerning dealing with resources, cross-class interactions with resource providers, and coping strategies). Given the sensitive topic of a lower social class origin and potential power distances arising between the researchers and the interview participants in the data process, I paid particular attention to reflecting on how my social class origin has shaped my implicit assumptions (Harvey, 2005; Mao & Feldman, 2019). Coming from a middle-class origin, I was aware of this perspective's potential pitfalls and benefits. To reduce status barriers and class-based bias in the interviews, I thus employed status-neutral phrasings and utilized participants' terms, where possible.

Interviews were conducted in German as the primary language of the participants and the native language of the author as the interviewer. After receiving the consent to audio-record the interviews, each audio file was transcribed verbatim. The length of the interviews ranged from 24 to 73 minutes with a total of 28.75 hours. The transcriptions were kept in German for later analysis to capture all nuances of the participant's language use. All direct quotations presented in the results section were later translated for presentation purposes. To triangulate the primary interview data, I collected secondary data from additional data sources, covering the entrepreneurs' LinkedIn profiles, entrepreneur representations on company websites, publicly published interviews and newspaper articles of the entrepreneurs about their new ventures, and podcasts. To enrich my understanding of the context, I immersed myself in multiple newspaper articles, verbal exchanges with organizations supporting upward social mobility, LinkedIn posts, podcasts, and books on lower social class origins.

3.3.3 Data Analysis

Following instructions from constructivist grounded theory (Charmaz & Belgrave, 2012), I engaged in my data analysis alongside data collection. As I noticed how each entrepreneur differed substantially concerning their life histories and attitudes toward cultural norms in entrepreneurship, I treated each entrepreneur as an individual case (Eisenhardt, 1989) and conducted the case analysis in two steps.

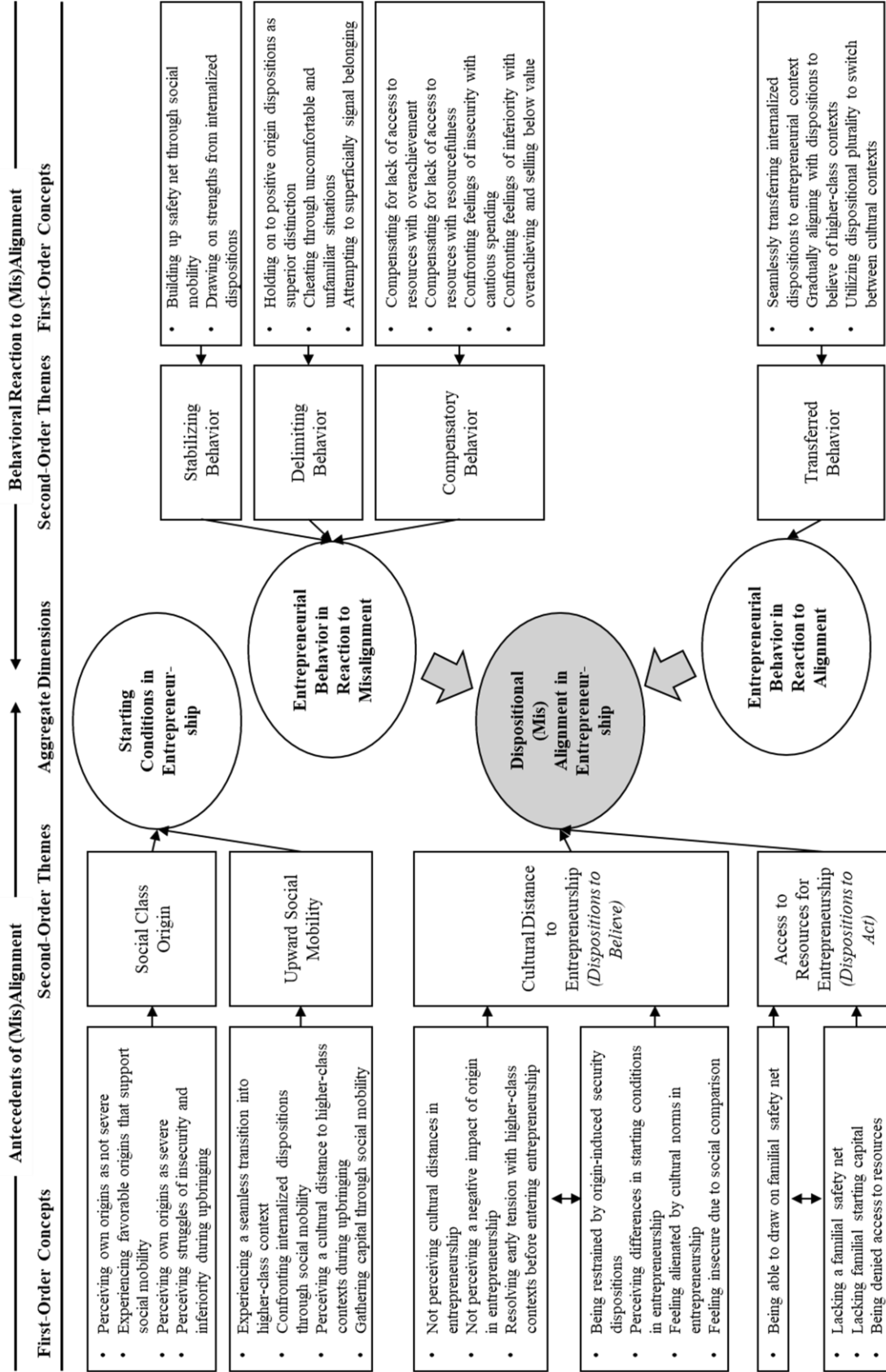
First, to engage in within-case coding, I created entrepreneur profiles for each case, noting down key life stations and peculiarities that stood out. In addition, I inductively created first-order codes of themes within each case to highlight distinct patterns related to an entrepreneur's social class origin, their experience of upward social mobility (e.g., transition distance²⁰, career stations before entrepreneurship), and experienced struggles in entrepreneurship (cf. Foy & Gruber, 2022; Terjesen & Elam, 2009).

Second, to explore variations across cases, I engaged in cross-case comparisons. I noticed differences in the entrepreneurs' configurations of dispositions (i.e., different strong or weak dispositions from origin and destination) that may be the source of tension experienced in the new socio-cultural context of entrepreneurship. I classify this observation as dispositional (mis)alignment in entrepreneurship, which I define as arising when an individual's internalized dispositions to believe and to act, shaped by their origin and destination contexts, do not align with the dispositions prevalent or expected in entrepreneurship.

Following Lahire (2003), this (mis)alignment can manifest in various ways: (1) as (mis)alignment between internalized dispositions to believe and prevalent dispositions to believe in entrepreneurship (i.e., "believe" dimension), (2) as (mis)alignment between internalized dispositions to act and prevalent dispositions to act in entrepreneurship (i.e., "act" dimension), and (3) a resulting overall (mis)alignment between internalized dispositions and prevalent dispositions in entrepreneurship. As such, I define entrepreneurs as experiencing dispositional misalignment in entrepreneurship if they either experience misalignment in the believe dimension, the act dimension, or both. In turn, I define entrepreneurs as experiencing dispositional alignment in entrepreneurship if they experience alignment in both the "believe" and the "act" dimensions.

²⁰ I define the transition distance as the distance traveled between social class origin and destination through upward social mobility. I define a short (vs. large) transition distance if individuals moved from a comparably "affluent" (vs. "severe") lower social class origin to their current higher social class destination.

Figure 3-1: Data Structure



To highlight this (mis)alignment in the data, I aggregated the first-order codes of each entrepreneur case to second-order themes that reflect the (mis)alignment in dispositions to believe and dispositions to act (Figure 3-1). Table 3-2 additionally summarizes illustrative quotes of the derived themes.

Table 3-2: Evidence Table of Aggregated Codes and Quotes

Aggregated Dimension	Second-Order Theme	First-Order Code with Quote
Starting Conditions in Entrepreneurship	Social Class Origin	<p><i>Perceiving own origins as not severe</i> I think you always have to differentiate very strongly between people from working-class families [...] as more privileged people from a socially weaker background, like me, have been given almost every opportunity by their parents. [Entrepreneur #28 – Louis]</p> <p><i>Experiencing favorable origins that support social mobility</i> [...] our parents, [...] they also supported me a lot during my studies, so my [own social background] is not such that money played such a big role. [Entrepreneur #29 – Lena]</p>
		<p><i>Perceiving own origins as severe</i> I only realized late on that we didn't have much money. My mum sometimes tells me that she has had difficulties with grocery shopping or something. And then there were three days of pasta and ketchup. But we didn't notice that as children. [Entrepreneur #26 – Henrike]</p>
		<p><i>Perceiving struggles of insecurity and inferiority during upbringing</i> [...] I started vocational training, which started purely out of my social background because my mother made it clear to me that I should look for a job that has a future, that offers security, but where I also have opportunities for advancement. [Entrepreneur #27 – Hilda]</p>
	Upward Social Mobility	<p><i>Confronting internalized dispositions through social mobility</i> [...] because I'm not that security-conscious. [...] My parents are the classic 'savings account generation' [...] whereas I invest my money [...] and my parents, for example, would never do that because it would be far too risky for them. [Entrepreneur #36 – Lukas]</p>
		<p><i>Perceiving a cultural distance to higher-class contexts during upbringing</i> I had no idea what a wine list was, or how to order wine, or what a tartare was [...]. So there were always moments when I thought, okay, where am I here? [...] I often felt a bit like an outsider, like the circle, they know it all, they know exactly how it works, they know how to be abroad or something and I'm sitting next to them and I just feel out of place. [Entrepreneur #33 – Heiner]</p>
		<p><i>Gathering capital through social mobility</i> [...] I've built a career that I can come back to if it doesn't work out. [Entrepreneur #9 – Heidi]</p>
Dispositional (Mis)Alignment in Entrepreneurship	Cultural Distance to Entrepreneurship (<i>Dispositions to Believe</i>)	<p><i>Not perceiving cultural distances in entrepreneurship</i> But that's where the analogy to the PhD comes up again. I think you also learn a lot in science about studies not working out. [You get] rejected and whatnot, and then you do it again and differently and at some point, it just works. [...] There always is a certain factor [...] of uncertainty. [Entrepreneur #2 – Lars]</p>
		<p><i>Not perceiving a negative impact of origin in entrepreneurship</i> I tend to believe that start-ups or the whole business, entrepreneur, entrepreneurship corner are very honest, very honest, and that social background actually counts for very little. [Entrepreneur #2 – Lars]</p>
		<p><i>Resolving early tension with higher-class context before entering entrepreneurship</i> To this day, I [...] don't need much [...], no luxury things. Rather, it was extremely difficult for me, especially during the consultancy period, because I knew how much people there were earning. [...] When I did go out, I bought two or three pairs of shoes, which was very rarely the case, because I had a stark feeling of guilt afterward, because I just knew [...] that there are people [...] who work the whole month for what is a daily rate in consulting. [Entrepreneur #23 – Levent]</p>

Table 3-2: continued.

Aggregated Dimension	Second-Order Theme	First-Order Code with Quote	
Entrepreneurial Behavior in Reaction to Misalignment	Access to Resources for Entrepreneurship (<i>Dispositions to Act</i>)	<p><i>Being restrained by origin-induced security dispositions</i> It took a lot of courage for me to pull it together and say I'm founding a company now. Even though I'm actually still working part-time, it was a big step for me. [Entrepreneur # 9 – Heidi]</p>	
		<p><i>Perceiving differences in starting conditions in entrepreneurship</i> I always realize [...] what kind of social background they [other entrepreneurs] have, what kind of financial situation they come from, and that they deal with such figures in a completely different way [...] I get shivers down my spine when they talk about such large sums of money. [Entrepreneur #34 – Hannah]</p>	
		<p><i>Feeling alienated by cultural norms in entrepreneurship</i> I never felt comfortable there [...]. I think that also stems from my social background, that I thought that the way money is handled and people are handled, [...] was awful. Because in the end, it's turbo-capitalism, which is what start-ups are, nothing else. [Entrepreneur #10 – Horst]</p>	
		<p><i>Feeling insecure due to social comparison</i> It makes me feel so inferior and that's such a paradox. [...] I just don't have the know-how to found a software startup or something that's more, let's say, economic or mechanical engineering or tech-related because I have a completely different background and just don't have the education. [Entrepreneur #34 – Hannah]</p>	
		<p><i>Being able to draw on familial safety net</i> [...] I already have the security of having my dad backing me, [...] that if I [...] don't have any support or funding for three months, then I know A, that I would be able to finance it myself, and B, I know that my parents would support me again in the worst case. [Entrepreneur #36 – Lukas]</p>	
		<p><i>Lacking a familial safety net</i> [A]t the beginning it was a really tight squeeze and we did not have big safety nets. [Entrepreneur #1 – Henry]</p>	
		<p><i>Lacking familial starting capital</i> Normally the first time is bootstrapped. So you finance it yourself, ask friends and family. [...] They didn't have that much money in my family. [...] That's where you notice a lot of problems because most of them start with 'vitamin B' [<i>good connections</i>]. [Entrepreneur #26 – Henrike]</p>	
		<p><i>Being denied access to resources</i> I wanted to create my startup in my home town and then I went to our local bank. And of course, they also knew my mum and my brother. [...] But my mum's work came up briefly in this conversation. [...] Unfortunately, you are treated much differently in such conversations. [...] And I was naive to think that I'm slowly getting out of this bubble from my past. [Entrepreneur #26 – Henrike]</p>	
		Stabilizing Behavior	<p><i>Building up safety net through social mobility</i> But where is the real risk? If everything goes wrong, then I could have gone back to the company, to my old boss. It would have taken a week and then I would have had an employment contract there again or somewhere else. [Entrepreneur #1 – Henry]</p>
		Delimiting Behavior	<p><i>Drawing on strengths from internalized dispositions</i> But that also gives you a basic trust in yourself. You know that things always look impossible at first [...], but you know you'll always find a way to solve them [...] because you know that you can navigate through it yourself. [Entrepreneur #1 – Henry]</p> <p><i>Holding on to positive origin dispositions as superior distinction</i> I think if you've had to work hard for a lot of things, then you still have that burning inside you. [...] You never really get fed up. You just keep saying, now I have one company, now I have a second company [...] and yet you don't stop. [...] You get used to having this drive. [Entrepreneur #7 – Hermann]</p>

Table 3-2: continued.

Aggregated Dimension	Second-Order Theme	First-Order Code with Quote
Entrepreneurial Behavior in Reaction to Alignment	Compensatory Behavior	<p><i>Cheating through uncomfortable and unfamiliar situations</i> And I think you can find your way around quite well in groups because you can function well by looking at others and imitating them. And so you can cheat your way through situations that might make you a bit uncomfortable, where others, who are more often in their comfort zone, have problems. [Entrepreneur #10 – Horst]</p> <p><i>Attempting to superficially signal belonging</i> I specifically bought a suit as clothes make people, [...] that makes a difference, so people talk to you differently. [Entrepreneur #37 – Henryk]</p> <p><i>Compensating for lack of access to resources with overachievement</i> And you still have to really fight to belong or to get in. [Entrepreneur #26 – Henrike]</p> <p><i>Compensating for lack of access to resources with resourcefulness</i> I became extremely solution-orientated because I always tried to find a way to achieve my goals anyway. For example, when I really wanted a certain fabric but it was far too expensive, then I spent ages researching where I could perhaps find someone who no longer uses it. [Entrepreneur #26 – Henrike]</p> <p><i>Confronting feelings of insecurity with cautious spending</i> Last week, my co-founder asked me to go back to the numbers and tell me next week how much we need, whether it's 50k, 100k, or 200k. Then I realized, because he said 100k or 200k, there was a voice inside me that told me we could do it with 50k. [Entrepreneur #41 – Holger]</p> <p><i>Confronting feelings of insecurity with overachieving and selling below value</i> I have very, very high expectations of myself [...]. [I've also noticed that in jobs like this, I sell myself short, that is to say, I don't batch enough and then deliver more than is required. And I don't know whether there's more of an insecurity behind it so that it has to be perfect because then I'm not vulnerable. [Entrepreneur #41 – Holger]</p>
	Transferred Behavior	<p><i>Gradually aligning with dispositions to believe of higher-class contexts</i> I've been shaped in that direction and know what they [<i>investors</i>] want to hear. I mean, it's also this school of management consulting that I now know what they [<i>investors</i>] want, how to convince them, and what questions they ask. [Entrepreneur #42 – Lennard]</p> <p><i>Utilizing dispositional plurality to switch between cultural contexts</i> [...] I remember these things, where I can use my qualifications, my academic side, and the things I have achieved so far, let's say, professionally and career-wise when it comes to talking to investors [...] but this side is not enough because there are a lot of, let's say, I'll call them soft skills that [...] you learn on the "street". [...] These soft skills that you learn there, if you know how to transfer them sensibly to the other side, so to speak, and play them off as a strength, I've often seen in the past that I've benefited a lot from that. [Entrepreneur #30 – Latif]</p>

Next, I grouped entrepreneur cases based on their forms of (mis)alignment and reactions to this (mis)alignment in entrepreneurship through the practices of “constant comparison” and through “stacking comparable cases” (Miles et al., 2013) into seven types of upward socially mobile entrepreneurs, which I present along with key characteristics in Table 3-3. To further zoom into the differences in how (mis)alignment is experienced and resolved in entrepreneurship, I aggregated the reactions to this (mis)alignment into second-order themes. Ultimately, this aggregation led to the generation of aggregate dimensions, which form the building blocks of the inductive framework (Figure 3-2) that illustrates how upward socially mobile entrepreneurs resolve their dispositional (mis)alignment in entrepreneurship.

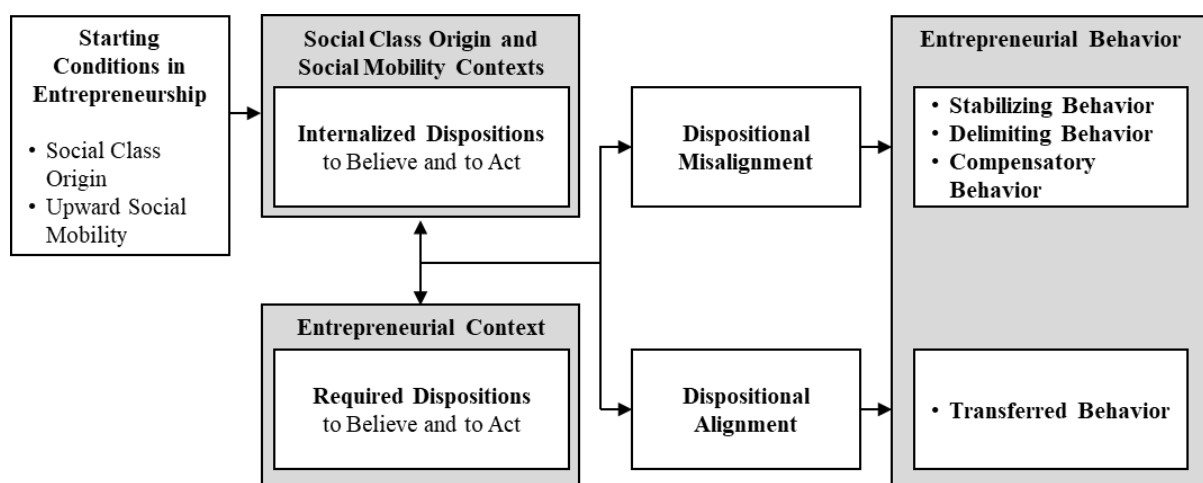
Table 3-3: Overview of Types of Upward Socially Mobile Entrepreneurs in the Socio-Cultural Context of Entrepreneurship

Types of Upward Socially Mobile Entrepreneurs							
	Smooth Transitioner	Value Preserver	Insecurity Struggler	Access Struggler	Tension Resolver	Culturally Alienated	Adaptive Switcher
<i>Description</i>	No difficulties in adapting to entrepreneurship due to high similarities between internalized and required dispositions	Overcoming restraining internalized dispositions to adjust to entrepreneurship, but reinforcement of positive origin dispositions as a distinction	Inadequate internalized dispositions to believe affect dispositions to act	Inadequate internalized dispositions to act through limited access to resources hindering entrepreneurial behavior	Initial tension between internalized dispositions and higher social class dispositions, which are resolved before entering entrepreneurship	High level of alienation by cultural norms in entrepreneurship based on misalignment of dispositions to believe	Dispositional plurality and positive sensemaking of origin and destination enable switching between contexts
<i>Entrepreneur ID</i>	2, 28, 29, 35, 36, 40	1, 7, 8, 9, 17, 19, 27, 32	4, 21, 31, 34, 38, 41	20, 24, 26, 37	3, 5, 6, 23, 42, 43, 44	10, 33, 45	30, 39
<i>Transition Distance</i>	Short	Short	Short to Medium	Medium to Large	Medium to Large	Large	Large
<i>Dispositional Alignment or Misalignment</i>	Alignment	Misalignment	Misalignment	Misalignment	Alignment	Misalignment	Alignment
<i>Entrepreneurial Behavior in Response to (Mis)Alignment</i>	<ul style="list-style-type: none"> • Transferred Behavior 	<ul style="list-style-type: none"> • Stabilizing Behavior • Delimiting Behavior 	<ul style="list-style-type: none"> • Compensatory Behavior 	<ul style="list-style-type: none"> • Compensatory Behavior • Delimiting Behavior 	<ul style="list-style-type: none"> • Transferred Behavior 	<ul style="list-style-type: none"> • Delimiting Behavior 	<ul style="list-style-type: none"> • Transferred Behavior

3.4 Results

In this study, I aimed to understand how entrepreneurs' configuration of dispositions through socio-cultural contexts leads to (mis)alignment with dispositions prevalent in entrepreneurship and how entrepreneurs react to this (mis)alignment through entrepreneurial behavior. The results section will present the seven types of upwardly socially mobile entrepreneurs²¹ along the themes of their social class origin, upward mobility experience, encountered (mis)alignment in entrepreneurship, and the impact of (mis)alignment on their entrepreneurial behavior. For all entrepreneur types, Figure 3-2 summarizes the process of emergence of (mis)alignment in entrepreneurship and its impact on entrepreneurial behavior in a theoretical framework.

Figure 3-2: Grounded Model of the Conversion of Dispositional (Mis)Alignment into Entrepreneurial Behavior



The grounded model proposes that upward socially mobile entrepreneurs from lower social class origin internalize a set of dispositions to believe and dispositions to act that is configured by traveling through the different socio-cultural contexts in their origin and destination prior to entrepreneurial entry. As they enter entrepreneurship, they experience a dispositional misalignment (vs. alignment) if their internalized dispositions do not (vs. do) align with the dispositions prevalent in entrepreneurship. In turn, misaligned entrepreneurs leverage their internalized dispositions to engage in Stabilizing, Delimiting, and Compensatory Behavior in entrepreneurship, while aligned entrepreneurs may transfer their internalized dispositions into the entrepreneurial context by engaging in Transferred Behavior. Taken together, the model illustrates how upward socially mobile entrepreneurs differentially convert their internalized dispositions into unique entrepreneurial behavior.

3.4.1 Entrepreneur Type: Smooth Transitioner

The first entrepreneur type is characterized by short transition distances and a dispositional alignment in both the “believe” and “act” dimensions. As a result, they engage in Transferred Behavior consisting of seamless transfers of internalized dispositions to the entrepreneurial context.

²¹ The entrepreneur types are ordered according to an ascending transition distance.

Social Class Origin. Smooth Transitioners typically grew up in a supportive and nurturing family. Despite their parents having working-class occupations, the parents of the Smooth Transitioners received a relatively moderate level of income to sustain a modest lifestyle. Lars²², for example, characterized his family's financial situation as

[...] I didn't grow up in an academic [...] environment, but somehow it wasn't the case that I didn't have any kind of access [to resources]. [Entrepreneur #2 – Lars]

Many of the entrepreneurs recognize their comparably advantaged resource position [2, 28, 35, 36]²³, despite being categorized as “working-class origin”, for example noting: “I don't see myself as the *extreme* working-class family.” [29]. To accentuate this observation, Louis noted

I think you always have to differentiate very strongly between people from working-class families [...] for example, more privileged people from a socially weaker background, like me, have been given almost every opportunity by their parents. [Entrepreneur #28 – Louis]

Upward Social Mobility. Smooth Transitioners initially experienced upward social mobility primarily through the educational trajectory, which later manifested through their first job experiences in the corporate context. For many, obtaining a higher level of education than their parents was a natural progression, facilitating a smooth transition into a higher social class. Some recalled receiving financial support from their parents or close relatives [2, 28, 29, 36]. Lukas, for example, described this as

I was lucky that my dad still earned quite well and I therefore had support during my studies and, like others, I wasn't dependent on part-time jobs or student loans. [Entrepreneur # 36 – Lukas]

Given the proximity of their social class origins, these entrepreneurs encountered minimal socio-cultural tension in the higher-class environment of university education and corporate environments. This meant that even though their parents' occupations and educational attainments were able to be classified as “lower-class”, their economic situation and exposure to middle-class classmates and friends enabled the Smooth Transitioners to become familiar with middle-class norms and thereby eased their transition into a higher social class than their parents.

Encounter of (Mis)Alignment. Mirroring the low socio-cultural tension perceived in the higher social class context of tertiary education, Smooth Transitioners experienced a seamless transition into entrepreneurship and encountered dispositional alignment. Reflecting the ‘believe’ dimension, Smooth Transitioner's internalized dispositions to believe align well with the cultural norms of the entrepreneurial environment. Lars, for example, compares handling uncertainty in his venture creation with similar experiences during his PhD:

²² Please note that entrepreneur pseudonym names beginning with the letter “L” represent entrepreneurs with low misalignment, while pseudonym names beginning with the letter “H” represent entrepreneurs with high misalignment.

²³ Numbers denoted in square brackets refer to the respective entrepreneur identifier.

But that's where the analogy to the PhD comes up again. I think you also learn a lot in science about studies not working out. [You get] rejected and whatnot, and then you do it again and differently and at some point, it just works. [...] There always is a certain factor [...] of uncertainty. [Entrepreneur #2 – Lars]

Reflecting the ‘act’ dimension, their available dispositions to act align well with the required resources and practices in entrepreneurship. Having been able to draw upon familial financial capital [2, 36] and accumulate financial capital through first professional experiences [2, 28, 40], Smooth Transitioners possess adequate dispositions to act to bootstrap the early phases of their ventures and to avoid the urge to acquire external resources, allowing them to “take a more relaxed approach than someone who has no money because they might have to take on a second job” [2]. Lukas, for example, reflected on how the availability of family financial capital equips him with a psychological safety net:

[...] I already have the security of having my dad backing me, [...] that if I [...] don't have any support or funding for three months, then I know A, that I would be able to finance it myself, and B, I know that my parents would support me again in the worst case. [Entrepreneur #36 – Lukas]

Conversion of (Mis)Alignment into Entrepreneurial Behavior. Based on the experienced alignment of internalized dispositions with dispositions prevalent in the entrepreneurial context, Smooth Transitioners engage in Transferred Behavior in entrepreneurship. That is, the internalized dispositions need to undergo minimal adjustment to be transferred into the entrepreneurial context. Smooth Transitioners, having experienced little socio-cultural tension in their journey, enter entrepreneurship with a sense of confidence and familiarity, enabling them to leverage their existing resources and attitudes to pursue ventures without major hurdles.

3.4.2 Entrepreneur Type: Value Preserver

The entrepreneur type of the Value Preserver is characterized by relatively short transition distances and a dispositional misalignment in entrepreneurship in the “believe” dimension. As suggested by the label “Value Preserver”, this type of entrepreneur is defined by its strong attachment to dispositions derived from the origin – both in a beneficial and restraining way. As a response to the misalignment, they engage in Stabilizing and Delimiting Behavior characterized by the creation of a safety net and a distinction from other entrepreneurs.

Social Class Origin. The social class origin of the Value Preserver is characterized by a strong intergenerational transmission of dispositions to believe from parents to children that are centered around stability and financial security. Although the Value Preserver, similarly to the Smooth Transitioner, experienced a sheltered environment that could afford a modest lifestyle, they stand out by a strong fixation on security. Consequently, many of the lower-class parents encouraged their children to pursue secure careers primarily through apprenticeships [1, 7, 9, 27, 32] that would mirror the educational and career background of their parents and thus reproduce their social class. Henry, for example, was indoctrinated with a strong belief that higher education was unattainable for him, reflected in “Can

I really succeed in university? And isn't that too tough?" [1]. Hilda experienced a similar parental influence on her social mobility trajectory:

[...] I started vocational training, which started purely out of my social background, because my mother made it clear to me that I should look for a job that has a future, that offers security, but where I also have opportunities for advancement. [Entrepreneur #27 – Hilda]

Upward Social Mobility. The process of upward social mobility was mostly only initiated after securing the base for a stable career through an apprenticeship and pursuing a university education. Henry, for example, needed an additional external push from outsiders, suggesting “that [it] would be a total waste if you only do an apprenticeship now” [1]. While being able to draw upon a stable educational base constituted by an apprenticeship but confronting the strong security dispositions by pursuing a university education, Value Preservers gain first mastery experience that strengthens their beliefs in their abilities. Henry, for example, made the realization:

Somehow it [university] is not as crazy as you thought and what others told you. That was one of those moments when you realized for the first time, okay, everyone only puts on their pants one leg at a time. [...] I don't like to exaggerate, but you realized that the level of what you can achieve yourself is different from what many others are able or willing to do. [Entrepreneur #1 – Henry]

Similarly, Hilda saw the step towards university education as a way to defy the restraining influence of her mother: “I had to confront my mum's issues. I'm not too stupid to study. I needed to prove that to myself.” [27].

Encounter of (Mis)Alignment. Value Preservers encounter dispositional misalignment in entrepreneurship. This misalignment occurs through a misalignment between the internalized dispositions to believe and the prevalent dispositions to believe in entrepreneurship, which in turn affects the behavior of entrepreneurs. Rooted in the strong and enduring dispositions acquired from the origin, this type of misalignment becomes salient in two ways. First, Value Preservers are restrained by their internalized dispositions from their origin that center around a strong need for security and stability, inhibiting their capacity to take risks and deal with uncertainty. As an occupation that is inherently characterized by a high degree of uncertainty, Hilda viewed entrepreneurship as “the stupidest idea a person can have, because why should one commit to this uncertainty?” [27]. Heidi, similarly, reflects the misalignment between her dispositions and the actions prevalent by stating

It took a lot of courage for me to pull it together and say I'm founding a company now. Even though I'm actually still working part-time, it was a big step for me. [Entrepreneur #9 – Heidi]

Unlike some of the Smooth Transitioners, who benefitted from family financial capital for the early stages of the venture creation, many of the Value Preservers encountered the absence of familial safety nets [1, 9, 27]. Lacking this sense of security, Henry remembered these initial stages as “a really tight squeeze” [1]. As such, lacking a familial safety net to cushion against instability, which entrepreneurs

typically encounter in the early stages of venture creation, reinforced the internalized dispositions and strongly affected the subsequent behavior in entrepreneurship.

Second, Value Preservers are imprinted with a down-to-earth disposition that clashes with the prevailing cultural norms of entrepreneurship, impacting how Value Preservers distinguish themselves from other entrepreneurs. This misalignment is evident in the Value Preserver's awareness of stark differences in starting conditions based on entrepreneurs' social class origins in entrepreneurship [1, 9, 19, 32]. Heidi, for example, stressed this difference by reflecting on how she experienced self-employment with her parents: "I actually did not get such a positive picture of self-employment because my parents worked 24-7 and I felt that nothing came out of it" [9]. Others in the Value Preserver type [19, 32] were startled by what other entrepreneurs perceive as normal, which Hinrich, in annoyance, voiced: "[other entrepreneurs] have better starting conditions often don't even realize it" [32]. He further noticed

[I was] at an event where a founder gave a keynote speech [...], he studied in St. Gallen, did his doctorate there, and then founded a company during his doctorate [...]. And then, [...] he just casually said, 'We were at a point where we needed money and then we thought, well, do we use our own money or how do we do it? [...] We'll use our own money, but not that much, so we each invested 40,000'. So, and I sat there, 40,000 - that's an awful lot of money. [Entrepreneur #32 – Hinrich]

Grappling with their social class origin and internalized dispositions, Value Preservers perceive a conflict in reconciling the strong remnants of their origin and the expectations prevailing in the entrepreneurial world. Hannes, for example, articulated this internal conflict as

When you grow up with not so much money, then you always make fun of the people who have money. [...] because they haven't earned the money and they're all irresponsible with their money. And anyway, they're all arseholes [...]. But if I then think, I might now have the chance to earn just as much money if it works with [startup], am I one of these negative people? And it's not so easy to change an image of people that is formed at a very, very young age. [Entrepreneur #19 – Hannes]

Taken together, the strong internalized dispositions to believe attached to the lower-class origin of the Value Preservers equips them with a heightened awareness of disparities in starting conditions in entrepreneurship and a struggle to reconcile the internalized dispositions with what is deemed normal in entrepreneurship.

Conversion of (Mis)Alignment into Entrepreneurial Behavior. The dual misalignment experienced affects entrepreneurial behavior in two ways. First, the misalignment experienced due to the strong internalized disposition to believe centered around the need for security in combination with a lack of familial safety nets induces Value Preservers to engage in Stabilizing Behavior in entrepreneurship, which manifests through the creation of a safety net. Aided by symbolic capital accumulated through upward social mobility, entrepreneurs make sense of their academic credentials and professional experience as a fallback solution. Heidi, for example, acknowledges having built a career foundation "that I can come back to if it doesn't work" [9]. Similarly, Henry reflects on a change in perceptions of risk as

But where is the real risk? If everything goes wrong, then I could have gone back to the company, to my old boss. It would have taken a week and then I would have had an employment contract there again or somewhere else. [Entrepreneur #1 – Henry]

In addition, Value Preservers convert their internalized dispositions into strengths, which provide a psychological safety net and help to accommodate for their strong internalized dispositions focused on security. That is, having had to work for achievements throughout their social mobility experience, the Value Preservers have internalized a strong work ethic and a “basic trust in yourself [...] because you know that you can navigate through it yourself” [1]. Hermann, for example, perceives this as a strength to drive his entrepreneurial endeavors:

I think if you've had to work hard for a lot of things, then you still have that burning inside you. I think that's the big difference, that you never really get fed up. You just keep saying, now I have one company, now I have a second company [...] and yet you don't stop. [...] You get used to having this drive. [Entrepreneur #7 – Hermann]

Second, in response to the misalignment between the internalized dispositions to believe that value down-to-earth dispositions and are aware of class disparities and the prevalent dispositions to believe in entrepreneurship, Value Preservers engage in Delimiting Behavior to delineate from entrepreneurs from other social class origins. In particular, Value Preservers hold onto their origin and define themselves through being down-to-earth. As an example, Henry views his image as an entrepreneur in contrast to entrepreneurs from other origins by saying: “I'm very down to earth and I think that's what comes from my upbringing.” [1]. He further perceives this distinction as a strength for being positively evaluated by investors:

Especially when people talk a lot to super wacky high-flyers who are on a completely different level and then see us working hard in a very stereotypical German duty-conscious way, with few, shall I say, scandals. [Entrepreneur #1 – Henry]

Heiko further translates this behavior into hiring decisions in his venture:

I don't take any trainees from private schools, because those are bought degrees and they can't do anything. [...] I had such bad experiences [with them] because they simply never learned to bite through, they never did, they never had to. [Entrepreneur #8 – Heiko]

Taken together, the Value Preserver instills strong internalized dispositions to believe that make them perceive a fundamental misalignment in the context of entrepreneurship. This misalignment induces a Stabilizing and Delimiting Behavior in entrepreneurship, which allows the Value Preserver to reconcile their internalized dispositions with the cultural norms in entrepreneurship.

3.4.3 Entrepreneur Type: Insecurity Struggler

The entrepreneur type of the Insecurity Struggler is characterized by short to medium transition distances and a dispositional misalignment in entrepreneurship in the “believe” dimension. Defined by a strong sense of insecurity based on low confidence in abilities and a strong internalized disposition

focused on security and stability, Insecurity Strugglers feel unworthy of large venture scaling and financial success. In response to the misalignment, they engage in Compensatory Behavior characterized by overperformance and cautious spending.

Social Class Origin. The social class origin of the Insecurity Struggler ranges from a modest upbringing [21, 34, 41] to a greater degree of hardship encountered through migration [4, 31, 38], parental unemployment [4, 21, 31], and divorce [21, 31, 34, 38, 41]. Common among the Insecurity Strugglers is low confidence in their abilities already during schooling. Hannah's experience reflects a common struggle, where she grappled with feeling inferior compared to classmates from higher social class origin which she labels as "extreme prestige pressure" [34]. What she struggles with is a theme common for the Insecurity Strugglers that surfaces repeatedly throughout their life courses:

I've always had the feeling that I have to work an incredible amount and still get less in return than everyone else [...] because I didn't have this environment that [...] supported me in this way. [Entrepreneur #34 – Hannah]

Upward Social Mobility. The process of upward social mobility was mostly only initiated through education and manifested through work experience in the corporate world. Pursuing a higher education degree, however, did not occur naturally to some of the Insecurity Strugglers. Hermina, for example, sensed a similar sense of low self-confidence when selecting her study subject

I didn't dare to study physics, [...] I don't think I can do physics. [...] And I sometimes get annoyed that I wouldn't have gone more in this direction back then and would have had the confidence to do it, just like everyone else. [Entrepreneur #4 – Hermina]

Similarly, Holger expressed that he felt less confident in his academic abilities since he observed that his fellow students from academic origins performed better in university as they did not need to work alongside their studies:

What I saw or perceived was that I was worse than the others. [...] they [fellow students] were all from academic households, they didn't have to work on the side and of course, their grades were better. [Entrepreneur #41 – Holger]

In addition, Insecurity Strugglers most often opted for a career path that offered them a sense of security [4, 31, 34, 38, 41]. Hannah, for example, reflects on her choice as having chosen the "safe route [...], no risk" [34]. Having experienced a more severe origin that was characterized by parental downward social mobility through migration to Germany, Hermina's career path was motivated by

[...] being able to save up [...] and that's what I've been trying to do for the last few years [...] so that maybe I can buy a house one day. [Entrepreneur #4 – Hermina]

Accordingly, entrepreneurial entry as an unstable and uncertain career option initially appeared daunting for many of the Insecurity Strugglers [4, 31, 34]. Hermina, for example, voiced that she never had the idea to start a business and rather preferred working for a company as a "safe harbor" [4]. Common for the Insecurity Strugglers was a push toward entrepreneurship from the outside [4, 34, 38, 41].

Without this external influence, it is unlikely that they would have considered or dared to take this step since the lack of confidence and need for security withheld them from risky behavior. Hannah, for example, entered an idea contest without seriously considering fully committing to entrepreneurship. Only through winning access to a startup grant that provided her with “at least a little security” [34] throughout the early venture stages, she considered entrepreneurship as her main job. Similarly, Hermina, who was persuaded by her later co-founder, was hesitant to “feel like giving up money again. I've only just gotten to the point where it's fun.” [4].

Encounter of (Mis)Alignment. Insecurity Strugglers encounter dispositional misalignment in entrepreneurship. This misalignment occurs through the “believe” dimension, as the internalized dispositions to believe related to beliefs of the self and the related need for security do not align with the prevalent dispositions to believe in entrepreneurship that requires self-confidence and risk-taking.

This misalignment is accentuated by the impostor syndrome [31, 34, 41], as Insecurity Strugglers compare themselves and their ventures with others. Hannah compares the sense of being inferior and out of place to similar struggles during her schooling that “you don't belong, that you're not qualified enough to play in the same league” [34] as entrepreneurs with a doctorate or high-tech startups based on considerable scientific know-how. Feeling inferior in comparison to other entrepreneurs reinforces low self-confidence, as Hannah feels that “this comparison tends to paralyze me” [34].

In addition, Insecurity Strugglers perceived a sense of alienation when dealing with large sums of money (i.e., prevalent in VC funding tickets or startup valuations) [31, 34, 41]. Especially observing how entrepreneurs from higher social classes reproduce this cultural norm in entrepreneurship poses a conflict with the Insecurity Strugglers’ internalized dispositions to believe:

I always realize [...] what kind of social background they [other entrepreneurs] have, what kind of financial situation they come from, and that they deal with such figures in a completely different way [...] I just get shivers down my spine when they talk about such large sums of money. [Entrepreneur #34 – Hannah]

Feeling not worthy to act upon the prevalent dispositions of the socio-cultural context of entrepreneurship reinforces the feeling of not being confident enough and unable to keep up with higher-class entrepreneurs.

Conversion of (Mis)Alignment into Entrepreneurial Behavior. The misalignment experienced in the “believe” dimension based on a strong feeling of insecurity induces Insecurity Strugglers to engage in Compensatory Behavior in entrepreneurship. That is, to compensate for a low level of confidence in their abilities, Insecurity Strugglers overperform while selling below value and spending their financial capital cautiously. First, overperformance is used as a strategy to prove their worth and competence to themselves and others [21, 31, 34, 41], seeking validation and recognition despite internal doubts and insecurities. Holger, for example, reflects his high expectations of himself as “I don't charge enough and then deliver more than is actually required” [41], while Hannah illustrates this urge as “I just have to

work extra hard and be extra good and complete something extra quickly” [34] to prove her belonging. Second, feeling unconfident and unworthy to spend large sums of money on their ventures induces the behavior of cautious spending [4, 31, 34, 41]. Holger, for example, recalls:

Last week, my co-founder asked me to go back to the numbers and tell me next week how much we need, whether it's 50k, 100k or 200k. Then I realized, because he said 100k or 200k, there was a voice inside me that told me we could do it with 50k. [Entrepreneur #41 – Holger]

Some Insecurity Strugglers even perceive high investment sums and high potential profit as frightening, highlighting the sense insecurity and of unworthiness of success. Hannah reflects on this as:

This practice of playing big, [...] with such scaling and large investment sums [...]. I find it incredibly difficult to calculate such high sums in my financial plan. These are figures that I can't even imagine selling. [...] I think in much smaller dimensions than many people in this business and start-up world. [Entrepreneur #34 – Hannah]

The collective experience of the Insecurity Strugglers underscores a profound misalignment of their internalized dispositions to believe based on insecurity with the prevalent disposition of acting confident, taking risks, and scaling big. Despite encountering opportunities for significant funding and scalability, they opt for Compensatory Behavior and often find themselves gripped by doubt, preferring instead a cautious and incremental approach to progress.

3.4.4 Entrepreneur Type: Access Struggler

The entrepreneur type of the Access Struggler is characterized by medium to large transition distances, and a dispositional misalignment in entrepreneurship in the “act” dimension based on restricted access to resources, which affects entrepreneurial behavior through Compensatory and Delimiting Behavior.

Social Class Origin. The social class origin of the Access Struggler is characterized by a relatively more severe upbringing, which is characterized by parental addiction and no contact with one parent. Entrepreneurs, in hindsight, only made sense of the severity of their origin as Henrike expressed:

I only realized late on that we didn't have much money. My mum sometimes tells me that she has had difficulties with grocery shopping or something. And then there were three days of pasta and ketchup. But we didn't notice that as children. [Entrepreneur #26 – Henrike]

Given the tense financial situation encountered in their families of origin, some of the Access Strugglers strived to earn their own pocket money, which sometimes occurred not on legal terms [20, 37]. Henryk remembers:

We always stole Red Bull cans, drank the Red Bull, and then we collected five to ten euros [from the can deposit²⁴] every day and have always [...] tried to

²⁴ A deposit is levied on bottles and cans in Germany in order to encourage reuse or recycling.

make money since we were little [...] to be dependent on the family. [Entrepreneur #37 – Henryk]

Across all entrepreneurs represented in this type, the lack of care and structure in the family home fostered an early urge for resilience and resourcefulness in the face of adversity – traits that will be put to use in entrepreneurship.

Upward Social Mobility. In comparison to other entrepreneur types, Access Strugglers mainly experienced social mobility via gradual occupational progression [20, 26, 37]. Henryk, for example, struggled to complete an apprenticeship and found himself quitting as soon as the job did not suit his interests. Only out of self-interest, he immersed himself in the subject of cryptocurrencies, which helped him to score his first job in the field and which later served as a springboard for occupational advancement. With a great “focus on money” [20], Hauke, engaged in freelance work to grow his income next to his modest-paying salaried job, as he believed “It's much more important to me to earn well than to be happy in my job” [20]. As a result of their mobility trajectory, most Access Strugglers do not possess a higher education degree that could serve as a symbolic quality signal.

Encounter of (Mis)Alignment. Access Strugglers encounter a dispositional misalignment in entrepreneurship, which occurs through misalignment in the internalized dispositions to act and the prevalent dispositions to act in entrepreneurship. That is, Access Strugglers are unable to access and acquire resources necessary for successful venture creation based on their social class origin.

Early upon entering the context of entrepreneurship, Access Strugglers recognized differences in the starting conditions when comparing what other entrepreneurs deem as normal with their experienced origin [24, 26, 37]. Helga, for example, reflected on advice that she received from a fellow entrepreneur:

She gave me the hint: ‘Why don't you write an e-mail to a few relatives, acquaintances, that's how I collected 20.000 euros as an initial investment.’ But if I were to write an e-mail like that, I might receive 200 euros. [...] You come into contact with people who live in a completely different financial reality and you realize how limited you are to even get started [Entrepreneur #24 – Helga]

These differences extended to the process of resource mobilization, as Access Strugglers felt constrained by their background and lack of credentials. Henrike, for example, was surprised by how much her origins still influenced the evaluation of her current self. She expressed:

I wanted to create my startup in my home town and then I went to our local bank. And of course, they also knew my mum and my brother. [...] But my mum's work came up briefly in this conversation. [...] Unfortunately, you are treated much differently in such conversations. [...] And then to think that I'm slowly getting out of this bubble from my past. [Entrepreneur #26 – Henrike]

In addition, other Access Strugglers noted that formal startup grants are only accessible to university graduates [20, 37]. They perceive a paradox wherein, on one hand, they encounter differential treatment stemming from their exclusion from supportive programs due to lacking formal credentials, while concurrently possessing requisite expertise on the other hand. Hauke, for example, recognizes his lack

of degrees that could “express that this human is an expert for IT security” [20]. However, he is puzzled by how his expertise is only defined by a lack of higher education:

For example, we found a security breach at [corporation], a company worth billions. So how can they tell me I am not able to do that? [Entrepreneur #20 – Hauke]

Taken together, based on the Access Strugglers’ overshadowing origin and lack of symbolic credentials based on higher education, they perceive a misalignment in their dispositions to act, which in turn restricted their access to networks and financial capital in entrepreneurship.

Conversion of (Mis)Alignment into Entrepreneurial Behavior. The misalignment experienced due to deficits in the internalized dispositions to act induces Access Strugglers to engage in Compensatory and Delimiting Behavior in entrepreneurship.

To make up for the lack of credentials that could objectively signal quality and credibility, Access Strugglers perceive the need to overperform. As they sometimes feel like “I can never catch up” [24], Henrike expressed that “You still have to fight to belong or to get in.” [26]. In addition, to compensate for the lack of financial capital that is obtainable from external sources, Access Strugglers engage in strategies of resourcefulness. Having experienced what it is like to grow up in a resource-deprived environment, Access Strugglers have learned to get by with little, as Hauke expressed: “I grew up without money, I’ve seen that it also works somehow.” [20]. By converting the experiences from their origin into internalized dispositions, Henrike found a creative way to source her fabrics for her fashion startup:

I became extremely solution-orientated because I always tried to find a way to achieve my goals anyway. For example, when I really wanted a certain fabric but it was far too expensive, then I spent ages researching where I could perhaps find someone who no longer uses it. Or, for example, there are brands that co-operate in such a way that you can have fabric remnants and so on. [Entrepreneur #26 – Henrike]

In addition to engaging in Compensatory Behavior, Access Strugglers also undertook strategies of Delimiting, which served to superficially signal belonging to a higher social class and to cover up the lack of objective credentials. This not only entailed adapting the external appearance through fashion (e.g., a suit [37]) or luxury accessories (e.g., watches [20]) but also involved avoiding questions related to personal background and educational attainments.

Taken together, Access Strugglers perceive misalignment in entrepreneurship based on deficits in objective credentials engrained in their internalized dispositions to act, which they counter by reverting to Compensatory and Delimiting Behavior of resilience and resourcefulness. As such, they are more or less successful in utilizing other internalized dispositions, acquired by traveling great distances from their origins, to navigate the entrepreneurial context.

3.4.5 Entrepreneur Type: Tension Resolver

The entrepreneur type of the Tension Resolver is characterized by medium to large transition distances, and a dispositional alignment in entrepreneurship based on a resolution of misalignment with a higher social class context, which is resolved before entrepreneurial entry. Accordingly, the Tension Resolver engages in Transferred Behavior in entrepreneurship by transferring his newly internalized higher-class dispositions to entrepreneurship and simultaneously drawing from strengths from origin.

Social Class Origin. The social class origin of the Tension Resolvers is primarily characterized by a relatively precarious financial situation that is in some cases exacerbated through intersectional experiences of migration experience in the first or second generation [3, 5, 23, 44]. Growing up, Tension Resolvers not only recognized difficulties in financial matters but also realized how the lack of financial capital restricted access to cultural capital, which Lejla recalls:

I remember back then, in year 11, some of us went on a trip to the USA. I would have loved to do it, but we definitely couldn't afford it because I know it cost several thousand euros, so I'm also convinced that there is a certain restriction on access to cultural education. (Entrepreneur #3 – Lejla)

Upward Social Mobility. Tension Resolvers, in comparison to Access Strugglers with similar transition distance, were fortunate to climb the social ladder through higher education, which enabled most to further convert their newly acquired cultural capital into occupational prestige in corporate [3, 6, 44] or elite [5, 23, 42] occupations. Traveling a large cultural distance between their social class origins and the higher-class context as the destination, Tension Resolvers encountered an initial dispositional misalignment within the higher-class context. Particularly for Levent and Lennard, who both secured jobs in prestigious consulting firms, experiencing what is normal for higher-class individuals put them at unease. Noticing that “there are people who earn, who work the whole month for what is a daily rate in consulting” [23] triggered a sense of guilt in Levent. Lennard additionally states:

You then realize that you are in a world that is very far away from the one you grew up in. [...] You then take a taxi to the airport, stay in 5-star hotels, and take business class flights to China [...]. These are things that I had never done before and then you realize that there are different social strata and that the strata have nothing to do with each other. [Entrepreneur #42 – Lennard]

Uniquely, through continuous exposure to this new higher-class context, Tension Resolvers gradually align their dispositions to the new context by getting used to the “rules of the game”. By slowly making sense of their new destination context and reconciling the new disposition with their internalized dispositions, they resolve their dispositional misalignment before entering entrepreneurship.

Encounter of (Mis)Alignment. Tension Resolvers encounter a dispositional alignment in entrepreneurship, which occurs through the prior gradual adaptation to a higher social class context. Having been exposed to higher class contexts, Tension Resolvers have internalized dispositions from this new context, which helps them to navigate the entrepreneurial context. For example, Tension Resolvers are

imbued with the cultural demands of a higher-class audience, which enables them to deal with investors. As Lennard puts it:

It's this school of management consulting that now makes me know what they [investors] want, how to convince them, and what questions they ask. Maybe I would have gone into it differently or more naively if I had founded a company straight out of school. [42]

Particularly viewing their origins as not enduring, Luca believes that origins matter but “I think what you do afterward is much more important” [6]. In addition, having experienced a higher-class context before entrepreneurial entry, the Tension resolvers have learned “what a network is worth” [23] and to understand “the figures behind a VC fund” [42].

Conversion of (Mis)Alignment into Entrepreneurial Behavior. The alignment experienced due to the prior resolution of dispositional misalignment induces the Tension Resolver to engage in Transferred Behavior in entrepreneurship. That is, besides transferring their previously aligned dispositions into the entrepreneurial context, Tension Resolvers additionally make sense of their origin and view remaining dispositions as strengths. As such, Tension Resolvers particularly valued their upheld grit [3, 5, 42, 43], as Lennard expresses:

My father used to work on Saturdays, moonlighting for friends and earning extra money for the family. And I have the feeling that now in the startup, especially with my co-founders who come from good families, it's almost unthinkable that we would say, hey, we'll sit down for a whole Saturday. [...] So now if it necessary to sit down on a Saturday, then I remind myself that there are people who simply have to do that to make ends meet. And I do it for my own startup. [Entrepreneur #42 – Lennard]

To summarize, Tension Resolvers who have encountered and resolved dispositional misalignment in higher-class contexts prior to entrepreneurial entry perceive no misalignment in entrepreneurship and can transfer their internalized dispositions into the entrepreneurial context. By additionally viewing their origins and the dispositions acquired through adversity as strengths, they leverage their experience to navigate challenges in entrepreneurship.

3.4.6 Entrepreneur Type: Culturally Alienated

The entrepreneur type of the Culturally Alienated is characterized by large transition distances and a dispositional misalignment in entrepreneurship in the “believe” dimension based on a severe alienated of cultural norms in entrepreneurship, which affects entrepreneurial behavior through Delimiting Behavior.

Social Class Origin. The social class origin of the Culturally Alienated is characterized by more severe adversity, marked by limited access to “life experiences” [33]. During upbringing, entrepreneurs of this type perceived a lack of structure and guidance from their parents, urging them to be independent from a young age. Horst, for example, remembers:

My relationship with my parents became very, very difficult [...] because [...] it was a certain neglect. So I didn't have much of a relationship [with my parents] anymore.[...] And then things started to happen. I've already mentioned drugs, alcohol, tablets, and depression in my mum. [Entrepreneur #10 – Horst]

Upward Social Mobility. The Culturally Alienated experienced social mobility through higher education. This upward mobility allowed them to transcend the limitations of their upbringing, exposing them to higher-class contexts and cultural norms, albeit with lingering feelings of alienation and discomfort. Similar to experiences felt by the Tension Resolvers, Heiner recalls his first encounters with the dispositions in elite consulting as:

I had no idea what a wine list was or how to order wine or what a tartare was or what a... So there were always moments when I thought, okay, where am I here? How can I have a say? I often felt a bit like an outsider, like the circle, they know it all, they know exactly how it works, they know how to be abroad or something and I'm sitting next to them and I just feel out of place. [Entrepreneur #33 – Heiner]

In this context, the Culturally Alienated, however, quickly learned to mimic the behavior of their new context – a tool they later put to use in entrepreneurship.

Encounter of (Mis)Alignment. The Culturally Alienated entrepreneur type encounters a dispositional misalignment in entrepreneurship particularly through a misalignment of their internalized dispositions to believe and the prevalent dispositions in entrepreneurship. This misalignment is mainly triggered by a deep sense of alienation from the cultural norms in entrepreneurship. In this sense, the Culturally Alienated appears similar to the Value Preserver but engages in different reactions to the misalignment.

The Culturally Alienated perceive large social class differences in entrepreneurship, particularly viewing the entrepreneurial ecosystem as elite. To Heiner “this whole start-up circle, VCs and the whole environment is pretty elitist in my eyes and not necessarily open to people from other backgrounds” [33]. As such, the Culturally Alienated recognize differences in how confident higher-class founders interact with formal investors, as Horst puts it:

Because investors or business angels often come from a higher level. [...]. But subconsciously these people realize that they are on the same level [as founders from higher classes]. So if the founder is on the same level as the investor, then it's easier to connect. [Entrepreneur #10 – Horst]

This recognition converts into a sense of cultural alienation and discomfort in the entrepreneurial context. For example, Horst expressed:

I never felt comfortable there [...]. I think that also stems from my social background, that I thought that the way money is handled, the way people are handled, [...] was awful. Because in the end, it's turbo-capitalism, which is what start-ups are, nothing else. [Entrepreneur #10 – Horst]

The Culturally Alienated feel displeased by interactions with investors, leading to the “development of an aversion to it” [33] and dislike to be “dependent on such people” [33].

Conversion of (Mis)Alignment into Entrepreneurial Behavior. The misalignment experienced due to the discomfort with dispositions in entrepreneurship induces the Culturally Alienated to engage in Delimiting Behavior in entrepreneurship. That is, they internally separate themselves from the entrepreneurial dispositions by masquerading externally. Although in this way, they align their behavior with the dispositions to act in entrepreneurship, they feel a deep sense of discomfort. Masquerading was particularly used in interactions with other ecosystem actors, such as investors. Horst, for example, explains how being used to cheat through different situations across his lifetime, he “can function relatively well through imitation” [10]. He recalls tackling the cultural norms of a business dinner with investors as:

The first time I had a business dinner, we went out for Japanese food. I'd never eaten sushi before in my life. You just have to see what the others do and you copy them and try to eat with chopsticks, even though you have no idea how to do it. [...] If you come from such a social background and you've always had to adapt, then it becomes very easy at some point. [Entrepreneur #10 – Horst]

As such, having had the experience of “muddling through systems” [10] in their origins and social mobility experience, “whether it was the school system or working life or the founding of [startup]” [10], equips the Culturally Alienated to deal with discomfoting situations that clash with the internalized dispositions to believe.

3.4.7 Entrepreneur Type: Adaptive Switcher

The entrepreneur type of the Adaptive Switcher is characterized by large transition distances and a dispositional alignment in entrepreneurship based on an ability to flexibly switch between socio-cultural contexts and adapt to the dispositions prevalent in each context. The Adaptive Switcher is the most extreme type characterized by the experienced navigation through many distinct socio-cultural contexts and is only represented by the two cases of Latif and Ljubomir.

Social Class Origin. The social class origin of the Adaptive Switcher is characterized by an upbringing facing severe adversity. Ljubomir, for example, grew up in a family that faced severe financial hardship and forced himself to live on the street as an adolescent. However, experiencing that he was able to sustain himself on the streets provided him with a sense of freedom and reassurance that “no matter what happens, I can theoretically just go back out on the street and know that I don't have to starve. On the contrary, I can live quite well, better than I did at home with my mum.” [39]. Latif, however, was more fortunate in the sense that did not “go off the rails” [30] given that “there would also have been the outlets for it” [30] in his close neighborhood. He further describes his upbringing as:

We lived in a block of flats, [...] it wasn't like we had a condo or anything. And I'd also say we lived in an area where the social class of the people was

lower class. That's where I grew up and also where the proportion of people with a migration background was relatively high. When I think today about where I actually come from, it surprises me a bit. [Entrepreneur #30 – Latif]

In hindsight, however, he kept a positive look on his origins that he describes as being “glad that I have experienced so many different facets of life” [30], a trait that will come into play in his entrepreneurial career.

Upward Social Mobility. The social mobility trajectories of the two entrepreneurs in the Adaptive Switcher type differ significantly. Latif, for instance, was fortunate to gradually accumulate academic credentials, culminating in a PhD that formed the base for his venture idea. Ljubomir, however, lacked the structure and support in his family of origin to persuade him to obtain educational credentials. Through social assistance, he was provided with his first job in the IT industry. Only through his passion for computers, he was then able to accumulate knowledge to work his way up from job to job.

Encounter of (Mis)Alignment. Adaptive Switchers encounter a dispositional alignment in entrepreneurship that occurs through positive sensemaking of both their origin and destination contexts. In particular, having experienced such distinct socio-cultural contexts while considering this as an enrichment of the self allows the Adaptive Switcher to reconcile the distinct dispositions internalized and thereby make sense of the entrepreneurial context. Latif, for example, regards these different dispositions as “part of my identity. I am multifaceted and that’s a good thing” [30].

Conversion of (Mis)Alignment into Entrepreneurial Behavior. The dispositional alignment experienced in entrepreneurship induces the Adaptive Switcher to engage in Transferred Behavior in entrepreneurship. As such, the Adaptive Switcher can utilize the multifaceted dispositions to flexibly adapt to different audiences and switch behavior between context. As this disposition to act is aligned with the internalized dispositions to believe, the Adaptive Switcher can do so naturally without feeling drained. In this sense, they distinguish themselves from the Culturally Alienated, who comply with the rules of the game by masquerading but feel a deep sense of alienation due to the misalignment of this behavior with the internalized dispositions to believe.

Latif views this disposition to act as an active strategy that he pursues to obtain benefits in entrepreneurship:

[These situations] where I can use my qualifications, my academic side, and the things I have achieved so far, let's say, professionally and career-wise when it comes to talking to investors [...] but this side is not enough because there are a lot of, let's say, I'll call them soft skills that [...] you learn on the "street". [...] These soft skills that you learn there if you know how to transfer them sensibly to the other side, so to speak, and play them off as a strength. [Entrepreneur #30 – Latif]

In this sense, the alignment of their multiple dispositions shows how, despite experiencing drastic differences between their origin and destination contexts, they can reconcile all their internalized dispositions with the entrepreneurial context and use their multiple dispositions as a strength.

3.5 Discussion and Conclusion

This study investigates how the internalized dispositions formed through social class origins and upward social mobility interact with the socio-cultural context of entrepreneurship and shape entrepreneurial behavior. By conducting life history interviews with 36 upward socially mobile entrepreneurs, I view upward social mobility as an antecedent of entrepreneurship and challenge the previous separation of social class literature in either origin or destination perspectives. By understanding an individual's social class origin and destination as distinct socio-cultural contexts, I show how the configurations of dispositions derived from both socio-cultural contexts before entering entrepreneurship matter in determining whether individuals experience alignment or misalignment in entrepreneurship. As such, I highlight that individuals entering entrepreneurship from a similar social class destination substantially differ in how they perceive the cultural distance to entrepreneurial norms and possess the required access to resources to engage in adequate entrepreneurial behavior.

3.5.1 Theoretical Contributions

The study's central findings offer various contributions to the literature. My first contribution is directed at advancing the emerging understanding of social class in entrepreneurship. Building upon emerging social class literature in the field of entrepreneurship (Audretsch et al., 2013; Ge et al., 2022; Su et al., 2021), my research bridges the gap between the prevalent origin and destination perspectives, shedding light on the pivotal role of upward social mobility in shaping entrepreneurial entry. Accordingly, I delve into the internalized dispositions of these individuals and examine how they align or misalign with prevailing norms and expectations within the entrepreneurial ecosystem. This examination uncovers seven archetypal types of upward socially mobile entrepreneurs characterized by unique interplays of dispositions internalized in the social class origin and dispositions from the social class destination impact the unique configuration of internalized dispositions that are confronted with the prevalent dispositions in entrepreneurship. By distinguishing the entrepreneur types according to their transition distance from origin to destination, I show that individuals traveling a similar distance may experience the cultural distance to entrepreneurship in very different ways. Counterintuitively, entrepreneurs with shorter transition distances between their social class origin and higher-class destination may not necessarily experience cultural similarity in entrepreneurship. As such, the strength of dispositions obtained in various contexts and orientation towards either origin (i.e., valuing dispositions from origin) or destination (i.e., seeing a higher-class context as attainable) can affect which context of socialization has a predominant impact on the cultural profile (Lahire, 2003; Merton, 1968). While I show that internalized dispositions can be in conflict, I also highlight how dispositions derived from the origin can be a source of strengths and unique benefits in entrepreneurship. Particularly the experience of having to work hard for achievements that is engrained from a young age (Keane, 2024) equips entrepreneurs with a valuable tool that fosters perseverance and grit in phases of entrepreneurial hardship (Belmi et al., 2024; Martin & Côté, 2019; Morris & Tucker, 2023). As such, I lend support to the proposition that

“being from a marginalized social class background may actually provide a cognitive resource and advantage for entrepreneurs” (Pidduck & Clark, 2021, p. 10). In addition, through positive sensemaking of their origins and becoming aware of their unique position as “cultural chameleons” (Daenekindt & Roose, 2013), individuals may over time develop a sense of superiority and draw strengths from their underdog role (Mallman, 2017).

My second contribution is directed at the literature on inclusive entrepreneurship (Bakker & McMullen, 2023; Miller & Le Breton-Miller, 2017; Pidduck & Clark, 2021) by challenging the openness of entrepreneurship for all individuals across diversity groups. As I divert from the prevailing discourse of entrepreneurship being an opportunity for poverty alleviation by viewing upward social mobility as an antecedent, I show that incorporated types of entrepreneurship are lined by barriers to successful entrepreneurial behavior. While entrepreneurship is generally portrayed as an alternative to dependent occupational paths (Block et al., 2015; Shepherd et al., 2021) that seemingly pose higher entry barriers (Rivera & Tilcsik, 2016), I highlight that successful entrepreneurial behavior in incorporated entrepreneurship hinges on a high alignment of internalized dispositions to believe with the prevailing dispositions in entrepreneurship (i.e., the perceived cultural distance to entrepreneurship), and a high alignment of internalized dispositions to act with the required dispositions to act in entrepreneurship (i.e., the access to resources). In that sense, entrepreneurship confronts individuals from lower social class origin with even higher requirements to flourish in comparison to other elite occupations due to the high personal resource requirements and large dependence on resource providers and institution norms (Clough et al., 2019). As such, I show that particularly the obtainment of symbolic and cultural capital (i.e., credentials, experience) in a higher-class context can provide a substantial advantage for entrepreneurs vis-à-vis their counterparts who have missed out on such on their social mobility trajectory. In addition, the inherent uncertainty and risk of instability in entrepreneurship represent a unique challenge, offering less predictable rewards than dependent types of occupations (Hamilton, 2000).

3.5.2 Limitations and Future Research

While my study provides valuable insights into the impact of navigating different socio-cultural contexts by upward socially mobile entrepreneurs, several limitations and avenues for future research deserve consideration. First, given the research design, I only offer a snapshot of the entrepreneurial experience at an early venturing stage. That is, an initial dispositional misalignment might erode upon a longer immersion into entrepreneurship as a socio-cultural context (cf. Friedman, 2016). Accordingly, future studies exploring the intersection of social class and entrepreneurship through a socio-cultural lens may deploy a longitudinal design and investigate how dispositional (mis)alignment evolves over time. Second, while I acknowledge the additional impact of an individual’s intersecting identities next to social class origin, including ethnicity and gender, I do not explicitly adopt an intersectional approach. This, however, leaves room for future research that may explicitly study how these intersections influence the configuration of dispositions and subsequent entrepreneurial behavior. Borrowing from the

transnational entrepreneurship literature that has deployed the concepts of habitus and dispositions with a focus on migration experience (Carlson & Schneickert, 2021; Drori et al., 2006; Terjesen & Elam, 2009) would thereby advance the socio-cultural view of inclusive entrepreneurship and intersectionality. Lastly, given the conceptual importance placed on “context” in this study, the results hinge on the socio-cultural norms of incorporated entrepreneurship in a cultural context that socially values entrepreneurship. As such, studies conducted in countries that view entrepreneurship as unfavorably compared to traditional forms of employment may yield contrasting results (Hayward et al., 2023).

3.5.3 Conclusion

This study explores how the internalized dispositions formed through social class origins and the experience of upward social mobility interact with the socio-cultural context of entrepreneurship to shape entrepreneurial behavior. By integrating the perspectives of both social class origin and destination, I illuminate the intricate ways in which these internalized dispositions—both to believe and to act—affect alignment or misalignment within the entrepreneurial landscape. My findings identify seven archetypes of upwardly mobile entrepreneurs, each characterized by distinct internalized dispositions stemming from their origins and destinations, as well as varying experiences of alignment or misalignment that influence their entrepreneurial behavior. This research highlights the critical role of socio-cultural contexts, both from individuals' origins and their upward mobility journeys, in comprehensively understanding the nuances of entrepreneurial behavior.

4 Study 3 - Beyond Skill: Education as a Social Class Signal in the Financial Capital Acquisition²⁵

Abstract

Social class influences entrepreneurial resource mobilization, shaping the interactions of an entrepreneur with investors and lenders. Resource providers often rely on an entrepreneur's quality signals to communicate skills and underlying socio-cultural dynamics. While educational attainment is traditionally seen as a skill signal of competence, this study posits that it also serves as a social class signal, revealing deeper class-based cultural expectations in entrepreneurial finance. Using an intersectional lens, I examine how education as a social class signal interacts with gender and migration background to shape access to different financial capital forms. Analyzing 63,023 German venture-year observations, the findings show that entrepreneurs without academic qualifications are less likely to secure equity capital but more likely to obtain debt capital. Additionally, intersectional factors can mitigate class penalties, adding complexity to the capital acquisition process and highlighting how intersections with social class shape entrepreneurial inequalities.

Keywords: *Social class, intersectionality, signaling theory, financial capital*

²⁵ Submitted to the 3rd Small Business Economics (SBEJ) Conference for Early Career Researchers (*online*).

4.1 Introduction

Resource mobilization is a critical step in the entrepreneurial process that requires entrepreneurs to engage with investors and lenders to secure the necessary financial capital (Clough et al., 2019). A successful interaction often depends on the signals entrepreneurs send (Certo, 2003), influencing the perception of their venture's quality (Ahlers et al., 2015; Colombo, 2021). Without a venture's track record (Stinchcombe, 1965), resource providers tend to rely on founder characteristics (Carpentier & Suret, 2015; Ebbers & Wijnberg, 2012), including human capital, as primary criteria to evaluate the ability to execute a venture's potential (Eddleston et al., 2016; Ko & McKelvie, 2018).

Traditionally, this interaction has been framed as a unidirectional signaling process, where founders signal their competence and potential to investors (Baum & Silverman, 2004; Becker, 1964), who interpret human capital indicators, such as education, as a signal of skill (Piva & Rossi-Lamastra, 2018). However, this skill-based approach overlooks the deeper socio-cultural dynamics at play. When education is understood as a form of cultural capital (Bourdieu, 1984, 1986), it becomes evident that educational attainment functions beyond a skill signal—it also reflects an individual's social class (Lareau & Weininger, 2003), defined as material resources of income, education, and occupational prestige, as well as subjective perceptions of social standing (Côté, 2011). This linkage between education and social class reinforces the dominance of the "ideal entrepreneur" prototype (Brattström & Wennberg, 2022), which is shaped by academic credentials, male norms, and Whiteness (Martinez Dy, 2020). As a result, those who do not align with these expectations, particularly women and migrants, face substantial barriers to success. Entrepreneurs from marginalized backgrounds face compounded challenges, as their educational achievements are filtered through biases related to social class and intersecting identities (Alsos & Ljunggren, 2017; Crenshaw, 1991). In this context, education as a social class signal must be understood within a broader intersectional framework, where experiences are shaped by the interplay of class, gender, and migration background.

Additionally, while entrepreneurs are considered passive signalers (Bertoni et al., 2019), they actively interpret the cultural expectations signaled by resource providers (Ashley & Empson, 2013; Rivera, 2011). This bidirectional process might imply that the interactions between entrepreneurs and investors are shaped by the classed, gendered, and racialized expectations and interpretations thereof on both sides. Entrepreneurs who deviate from dominant prototypes—especially those lacking academic credentials or facing biases due to gender or migration status—are often disadvantaged in securing venture capital. This dynamic disproportionately favors those whose education and background align with higher-class cultural norms (Martinez Dy, 2020), reinforcing broader socio-economic inequalities in the entrepreneurial ecosystem. As a consequence, marginalized entrepreneurs may avoid certain forms of capital or be excluded altogether (Alsos & Ljunggren, 2017; Eddleston et al., 2016).

To address these dynamics, the current study views signaling theory (Spence, 1973) through an intersectional lens that incorporates social class, gender, and migration background. Specifically, I explore how educational attainment as a signal of social class intersects with gender and migration background to impact the likelihood of obtaining different types of external financial capital. Using a longitudinal sample of German entrepreneurs based on 63,023 venture-year observations, this study seeks to answer the following research question: *What are the effects of educational attainment as a social class signal and the intersection with gender and migration backgrounds on the likelihood of obtaining different types of external financial capital?* The findings reveal that while entrepreneurs with non-academic degrees are less likely to receive equity capital (i.e., business angel (BA) and venture capital (VC)), they are more likely to obtain debt capital (i.e., short- and long-term loans). Furthermore, the intersections of education with gender and migration background play a crucial role, counteracting some of the social class penalties faced by entrepreneurs with distinct levels of educational attainment.

This study makes three important contributions. First, it contributes to the emerging social class research in entrepreneurship (Brändle et al., 2023; Brändle & Kuckertz, 2023; Ge et al., 2022) by shifting the understanding of education from a skill-based signal to one embedded in broader socio-cultural contexts, functioning as a signal of social class. Viewing Spence’s signaling theory (1973) through an intersectional classed lens, I show that entrepreneurs lacking academic educational attainment—a key indicator of lower social class—are penalized when seeking equity capital. Second, I add to the application of signaling theory in entrepreneurship (Bafera & Kleinert, 2023; Colombo, 2021) by proposing that the signaling process may be bidirectional, suggesting that entrepreneurs are not only passive signal senders. Instead, I argue theoretically that entrepreneurs might interpret class-based, gendered, and racialized cultural expectations from resource providers, leading marginalized entrepreneurs to adjust their capital-seeking strategies based on perceived fit with these expectations. Finally, by incorporating intersectionality into the analysis, the study contributes to intersectionality research in entrepreneurship (Karim et al., 2022; Qureshi et al., 2023) by demonstrating how capital acquisition is shaped by the intersection of social class with other diversity dimensions, such as gender and migration background. As such, the findings reveal how intersections of social class with other diversity dimensions shape capital access disparities, exacerbating or counteracting inequalities in the entrepreneurial ecosystem (Bakker & McMullen, 2023; Pidduck & Clark, 2021).

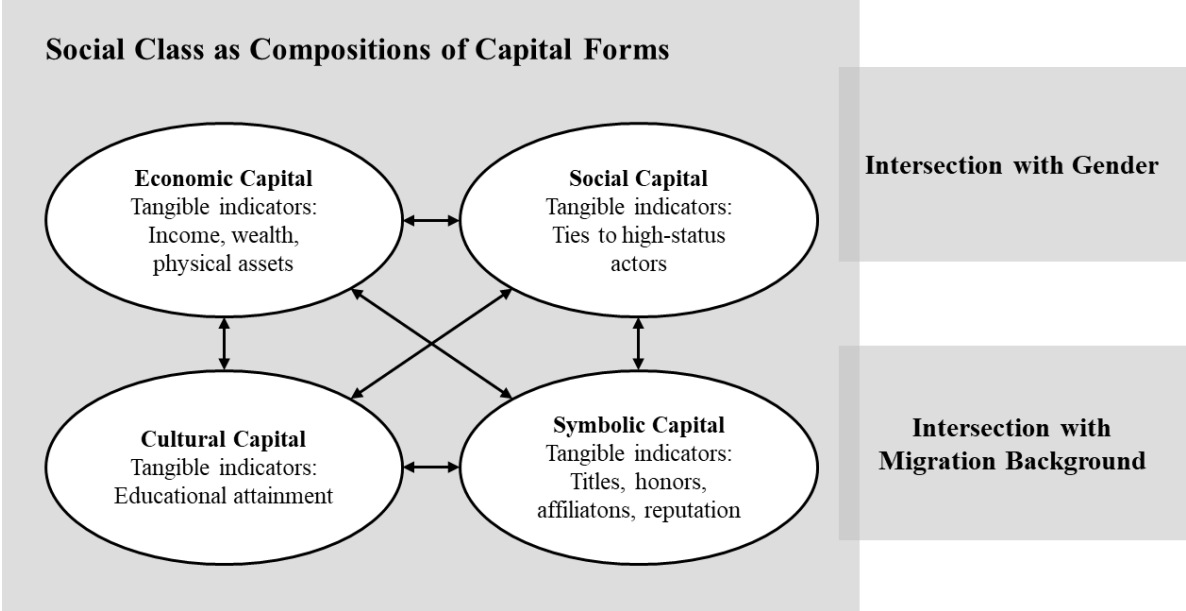
4.2 Theoretical Background & Hypothesis Development

4.2.1 Social Class and Educational Attainment

Social class is a multifaceted construct defined by the material resources of income, education, and occupational prestige, as well as subjective perceptions of social standing (Côté, 2011). As a prominent scholar in social class research, Bourdieu’s theory of capital offers a critical lens for understanding the dynamics of power and social stratification (Bourdieu, 1986). As pictured in Figure 4-1, Bourdieu conceptualizes social class through economic (i.e., financial assets), cultural (i.e., socio-cultural and

intellectual assets), social (i.e., social ties), and symbolic capital (incl. prestige and recognition) (Loignon & Woehr, 2018). These forms of capital are interconnected and convertible, reinforcing social status and perpetuating existing hierarchies, as individuals with more capital are better positioned to accumulate and leverage resources that further entrench their social advantage (Côté, 2011, 2024). Cultural capital, particularly in the form of education, is a critical concept in his theory, as it facilitates the accumulation of other forms of capital, including economic and symbolic capital. Education, according to Bourdieu, not only provides knowledge but also instills the norms and values of a specific social class (Bourdieu, 1984; Bourdieu & Passeron, 1977). For instance, university education imparts higher-class values such as self-actualization and self-expression—values that are at the core of self-employment endeavors (Newcomb, 1943). As such, the distinction between university graduates and non-graduates highlights a profound cultural divide, reinforcing education's role in shaping cultural capital and social class and impacting access to resources (Stephens, Markus, et al., 2014).

Figure 4-1: Conceptualization of an Individual’s Social Class along Capital Forms



Note: This figure is a graphical interpretation of Bourdieu’s (1986) capital forms and Crenshaw’s (1991) intersectionality framework.

In many Western societies, education emerges as the most rigid and enduring determinant of social class (OECD, 2018), making it a robust indicator of social class persistence. While higher education is often seen as an equalizer, offsetting the disadvantages of lower social class origins on occupational outcomes (Chetty et al., 2017; Hout, 1988; Lareau & Weininger, 2003), accumulated cultural capital continues to shape individual career trajectories, influencing income and occupational prestige, and reinforcing social hierarchies across individuals’ life courses (Loignon & Woehr, 2018).

4.2.2 Educational Attainment as a Social Class Signal in Entrepreneurship

Given the pivotal role of cultural capital within the concept of social class, analyzing venture financing through this lens reveals how access to resources is influenced by third-party judgments (Ko & McKelvie, 2018). Signaling theory (Spence, 1973) particularly provides a robust basis for understanding how educational credentials and cultural capital shape perceptions of status. When facing uncertainty about a venture's quality, signaling theory posits that high-quality ventures and their founders stand out by showcasing traits that are difficult to obtain or imitate (Ahlers et al., 2015; Colombo, 2021). In his seminal work, Spence (1973) illustrates how education serves as a signal of cultural capital, distinguishing between high- and low-skill workers, with the cost of education being less burdensome for those with greater ability. As such, education and cultural capital serve as pivotal elements in evaluating quality.

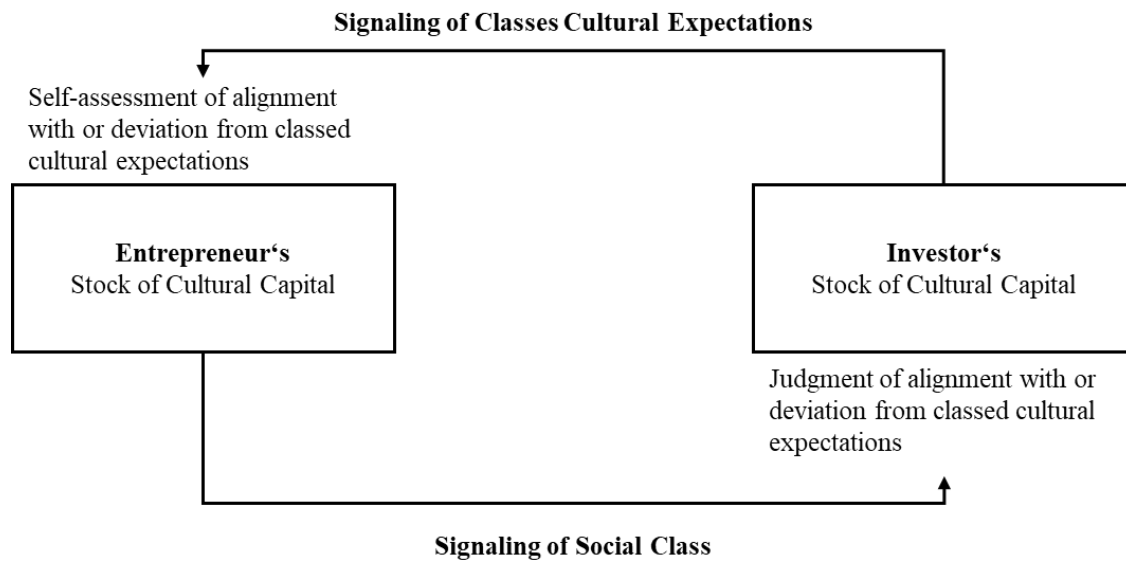
In entrepreneurship, social class signals are scrutinized when entrepreneurs seek external capital. Without a proven track record (Stinchcombe, 1965), investors rely on an entrepreneur's characteristics to assess venture quality (Ebbers & Wijnberg, 2012). Traditionally, educational attainment has been interpreted through a human capital theory lens (Becker, 1964) as a *skill signal*, conveying skills and knowledge relevant to creating high-quality ventures (Certo, 2003). For instance, the relevance of an educational degree to a specific industry is often seen as a key indicator of alignment with industry demands (Piva & Rossi-Lamastra, 2018). In contrast, when viewed as a *social class signal*, it reflects broader social structures, communicating an individual's status and cultural capital.

In many Western societies, the entrepreneurial landscape is predominantly shaped by individuals with university degrees (GEM, 2023), establishing academic credentials as a normative expectation within the field (Brattström & Wennberg, 2022; Welter et al., 2017). This academic prototype serves not just as a functional qualification but as a dominant and classed narrative that prescribes who is deemed appropriate to be an entrepreneur (Martinez Dy, 2020). It becomes a benchmark against which all founders—whether they conform to or deviate from this prototype—are evaluated. This prototype-driven narrative shapes both entrepreneurial perceptions and investor expectations, influencing how education as a social class signal is interpreted within entrepreneurial finance.

From a social class perspective, I argue that in entrepreneurship, education functions as a bidirectional signal: (1) signaling an entrepreneur's cultural capital and social class to investors, and (2) reflecting the investors' internalized class-based expectations to entrepreneurs (Figure 4-2). Thus, entrepreneurs use their education to signal alignment with investors' cultural expectations to improve their chances of securing resources, while also assessing investors' signals for compatibility (Drover et al., 2014). This bidirectional social class signaling has been featured in management research, where elite educational backgrounds enhance job prospects with prestigious employers and reveal employers' cultural preferences (Ashley & Empson, 2013; Rivera, 2011). Thus, understanding these dynamics from a

social class perspective can inform strategies for entrepreneurs seeking to navigate the complexities of securing external capital in a socially stratified landscape.

Figure 4-2: Bidirectional Entrepreneur-Investor Signaling Process

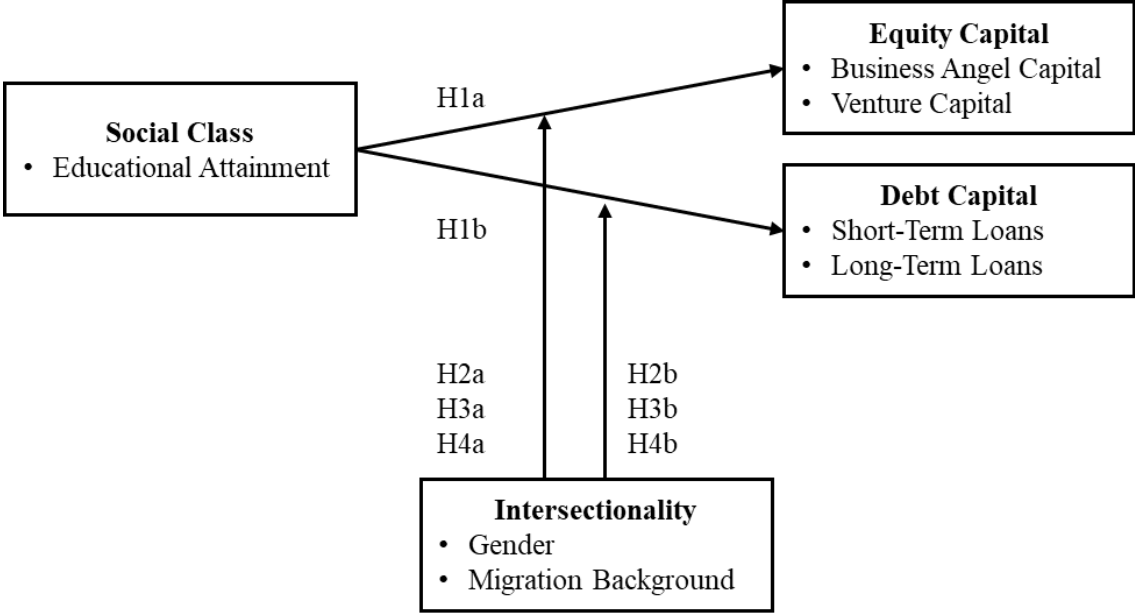


4.2.3 Social Class Signals Across Financial Capital Forms

Investors' interpretation of education varies depending on the type of capital offered. Based on differing cognitive frameworks (Drover et al., 2018), equity capital providers (e.g., business angels and venture capitalists) may perceive the absence of academic credentials differently than debt capital providers (e.g., short- and long-term loan providers). Investors use their mental models to assess deviations from the entrepreneurial prototype, often influenced by cultural preferences (Alsos & Ljunggren, 2017; Mitteness et al., 2012; Yang et al., 2020). For example, Conti et al. (2013) showed that the same social class signal—that is investments made by family and friends—is interpreted differently by business angels and venture capitalists. Moreover, the signaling process is not unidirectional; entrepreneurs actively interpret signals from investors, evaluating whether their expectations, shaped by the academic entrepreneurial prototype, align with the entrepreneur's cultural capital and social class (Korber et al., 2022). In response, entrepreneurs may choose to engage—or not—with certain investors based on perceived alignment with cultural expectations.

In sum, educational attainment in entrepreneurship serves not only as a skill signal but also as a social class signal, influencing perceptions of cultural alignment between entrepreneurs and investors. This bidirectional signaling process shapes both investor behavior and entrepreneurial decision-making, ultimately affecting the allocation of resources and the strategic interactions between entrepreneurs and investors. The hypothesized relationships are discussed as follows and pictured in Figure 4-3.

Figure 4-3: Conceptual Framework of Hypotheses



4.2.3.1 *Equity Capital*

Equity capital, through instruments such as business angel and venture capital investments, represents the first major financing logic examined in this study. Equity investors impose strict eligibility criteria that many entrepreneurial ventures fail to meet (Eddleston et al., 2016). Consequently, equity capital is considered an elite financing form, rooted in a higher-class cultural environment and characterized by exclusivity, substantial resources, and distinct cultural norms (Lester et al., 2006). In a fast-paced environment where thorough due diligence is often unattainable (Ko & McKelvie, 2018), decision-making is influenced by unspoken social codes and cultural norms, and investors’ gut feelings (Huang & Pearce, 2015) and subconscious biases (Bengtsson & Hsu, 2015). In elite settings valuing specific cultural capital, cognitive cues can quickly lead to judgments about others’ social class (Kish-Gephart & Campbell, 2015; Kraus et al., 2012; Kraus & Keltner, 2009), thereby emphasizing entrepreneur signals over signals of venture quality (Carpentier & Suret, 2015).

Equity investors often come from academic backgrounds and higher social classes (Avdeitchikova et al., 2008), which socializes them to view university degrees as baseline indicators of an entrepreneur’s potential (Colombo, 2021). Consequently, they are more likely to evaluate entrepreneurs fitting this academic prototype favorably, perceiving them as aligned with their elite cultural values (Brush & Elam, 2024; Matusik et al., 2008). This alignment, rooted in social similarity (Shen et al., 2022), fosters trust and comfort in investment decisions (Bruns et al., 2008; Franke et al., 2006; McPherson et al., 2001). Since equity investors collaborate closely with entrepreneurs (Svetek, 2023), personal connections (Sørensen, 2007) and communication ease (Hegde & Tumlinson, 2014) are vital in reducing perceived risk. Thus, deviating from the norm by lacking academic credentials can negatively affect entrepreneurs seeking external equity capital (Hsu, 2007). In investors’ eyes, the absence of a university degree may signal a lower social class and insufficient cultural capital and competence for high-stakes, elite-driven

environments. This deviation reinforces class-based stereotypes that assign non-academic entrepreneurs lower levels of competence (Fiske et al., 2002; Loignon et al., 2024). Consequently, entrepreneurs without academic credentials who deviate from equity investors' cultural expectations are less likely to gain their trust, diminishing their chances of securing external capital.

Following the bidirectional signaling process (Bertoni et al., 2019; Eckhardt et al., 2006; Sørensen, 2007), entrepreneurs choose which investors to approach for financing based on the social class and cultural capital signals they receive. As elite investors with wealth, academic educational attainment, and higher-class cultural capital (Avdeitchikova et al., 2008; Ramadani, 2009; Sanchez-Ruiz et al., 2021), equity investors project expectations of entrepreneurial competence and fit with elite norms. Entrepreneurs interpret these signals and assess their alignment with the preferred "ideal" entrepreneur prototype. Perceiving a mismatch with investors' cultural expectations, non-academic entrepreneurs may feel uncomfortable in pursuing equity capital and instead gravitate towards alternative financing options, such as debt capital, which they find more accessible and culturally neutral (Cliff et al., 2006, p. 200). Additionally, as equity capital providers signal cultural expectations aligned with a dominant image of entrepreneurship, non-academic entrepreneurs may perceive high-status institutional actors as disconnected from their realities or overly intrusive (Alesina & La Ferrara, 2002; Hamamura, 2012; ten Brinke & Keltner, 2022). In contrast, entrepreneurs with academic credentials are more likely to view equity investors as aligned with their cultural capital and social class (De Clercq & Voronov, 2009). This perceived fit encourages them to pursue equity financing, as they feel confident in meeting the investors' expectations and believe their cultural capital and social class will be positively evaluated.

Against this background, I argue that investors in equity capital prioritize education as a social class signal, penalizing deviations from the entrepreneur prototype. Conversely, entrepreneurs assess their alignment with the equity investors' cultural expectations, opting in or out of equity capital based on their cultural capital. Therefore, I propose the following hypothesis:

Hypothesis 1(a): Entrepreneurs without academic educational attainment (*vis-à-vis* with academic educational attainment) are less likely to receive equity capital (versus not receiving any capital).

4.2.3.2 *Debt Capital*

Debt capital provided through loans represents the second financing logic in this study. It is a more common funding source for new ventures and serves as an alternative to the stringent scrutiny from equity investors (Bertoni et al., 2019; Cressy & Olofsson, 1997; Eddleston et al., 2016). Loans can be distinguished between short-term loans (incl. overdrafts) and long-term loans, which include state and federal government funding with favorable conditions to support businesses in creating local wealth (see for a comprehensive review: Crawford et al., 2024). Unlike equity capital providers who seek to maximize the wealth of private and institutional investors, loan officers impose a different set of evaluation criteria focused on risk mitigation and repayment (Bruns et al., 2008; Eddleston et al., 2016), rather than

on the founder's characteristics (Crawford et al., 2024). Guided by indicators of business success and financial stability—such as comprehensive business plans and cash flow projections—loan providers rely less on subjective assessments of an entrepreneur's cultural capital and fit with social norms (Casar, 2004). In addition, while equity investors typically work closely with entrepreneurs in influencing the venture's direction, thereby relying more on cultural fit, loan providers primarily focus on the borrower's ability to generate sufficient revenue for repayment (Bruns et al., 2008). Consequently, unless an entrepreneur's educational attainment directly correlates with repayment capacity, deviations from the entrepreneurial prototype do not significantly impact loan approval chances. In addition, long-term loans from federal and state governments often support marginalized entrepreneurs who struggle to access conventional financial capital or traditional loans requiring collateral (Parker, 2009). For example, the German government's "EXIST" start-up grant recently expanded its eligibility criteria to promote diversity in founding teams (BMWK, 2023), reflecting a broader trend of de-emphasizing traditional educational qualifications in favor of other signals of potential.

Following the bidirectional signaling process, non-academic entrepreneurs may prefer debt financing as it aligns with familiar strategies that maintain complete ownership and independence (Cressy & Olofsson, 1997; Frid et al., 2015). In contrast, equity capital, with its potential to dilute control and introduce external influence, may seem daunting, particularly when cultural dissimilarities with such financing models arise. In summary, I argue that loan providers prioritize signals of the entrepreneur that indicate repayment ability, leading them to de-emphasize education as a social class signal and pay less attention to deviations from the entrepreneurial prototype. Therefore, I propose the following hypothesis:

Hypothesis 1(b): *Entrepreneurs without academic educational attainment (vis-à-vis with academic educational attainment) are more likely to receive debt capital (versus not receiving any capital).*

4.2.4 The Moderating Role of Intersectionality

Considering diversity dimensions, including social class, gender, and migration background, in isolation overlooks the compounded disadvantages or offsetting advantages arising from their intersection. Intersectionality theory (Crenshaw, 1991) offers a framework for understanding how these intersecting dimensions create unique experiences of (dis)advantage (Drover et al., 2018). Social hierarchies are not formed based on a singular status marker but rely on their interplay in shaping access to power, resources, and capital (Jayawarna, Jones, et al., 2014). Thus, an intersectional perspective is essential for analyzing how entrepreneurs' education, as a social class signal, interacts with additional diversity dimensions of gender and migration background to influence access to financial capital.

"Prototypes" or "controlling images" (Kang & Bodenhausen, 2015; Lei et al., 2020)—typically White, male, and university-educated from a Westernized perspective (Brattström & Wennberg, 2022; Martinez Dy et al., 2017; Ogbor, 2000)—create barriers for those deviating from these expectations.

When facing competing status cues, evaluators may prioritize more surface-level status characteristics, such as gender and migration background, over more obscure ones, like educational attainment and social class (Brewer & Lui, 1989; Ridgeway, 2011). Depending on the investor's logic, diversity signals may be interpreted differently, leading to varying degrees of bias across investor types (Alsos & Ljunggren, 2017; Nelson et al., 2009). Thus, I examine how gender and migration background, in conjunction with education, shape access to equity and debt capital.

4.2.4.1 *Gender and Social Class Signals*

Prior entrepreneurship research shows that gender stereotypes significantly hinder women entrepreneurs' access to equity capital (Koch & Kuckertz, 2024), often resulting in less favorable outcomes compared to men (Alsos & Ljunggren, 2017; Yang et al., 2020). The men-dominated venture capital industry and its cultural norms favor male-led ventures, reinforcing negative stereotypes and leading to fewer funding opportunities for women (Acker, 1992; Brush et al., 2018). Gender role congruity theory posits that educational signals align with expectations for male entrepreneurs, while women—especially those with non-academic backgrounds—face a "double penalty" (Yang et al., 2020).

Conversely, debt capital providers rely on objective criteria that can reduce gender biases (Bruns et al., 2008). Government-funded programs like Germany's EXIST-WOMEN help mitigate these challenges by supporting marginalized entrepreneurs. However, the dominant masculine stereotype influences both investor perceptions and the self-perceptions of female entrepreneurs. Non-academic women, feeling misaligned with the equity capital space (Kanze et al., 2018; Thébaud, 2010), are often deterred from seeking equity funding and drawn to debt capital, where gendered stereotypes are less prominent. Based on this intersectional framework, I hypothesize:

Hypothesis 2(a): *Gender strengthens the negative relationship between non-academic educational attainment as a social class signal and the likelihood of receiving equity capital, such that female entrepreneurs face a stronger penalty than male entrepreneurs.*

Hypothesis 2(b): *Gender strengthens the positive relationship between non-academic educational attainment as a social class signal and the likelihood of receiving debt capital, such that female entrepreneurs experience a larger compensatory effect than male entrepreneurs.*

4.2.4.2 *Migration Background and Social Class Signals*

The intersection of education as a social class signal and an entrepreneur's migration background complicates capital access. The negative impact of non-academic education on equity capital may worsen for migrant entrepreneurs, especially in Western contexts dominated by White entrepreneurial prototypes (Martinez Dy, 2020). Biases against marginalized groups intensify when quality signals are unclear, penalizing lower education levels (Dovidio & Gaertner, 2000; Rakshit & Peterson, 2024). As such, non-academic entrepreneurs with migration backgrounds may face compounded disadvantages in seeking equity capital. Debt capital, however, may be less sensitive to such biases, focusing on objective metrics. Migrant entrepreneurs may thus prefer debt capital over equity, which emphasizes objective

financial criteria over cultural fit (Bengtsson & Hsu, 2015; Claes & Vissa, 2020; Zhang et al., 2016). Therefore, I hypothesize:

Hypothesis 3(a): *The entrepreneur's migration background strengthens the negative relationship between non-academic educational attainment as a social class signal and the likelihood of receiving equity capital, such that entrepreneurs with a migration background face a stronger penalty compared to those without.*

Hypothesis 3(b): *The entrepreneur's migration background strengthens the positive relationship between non-academic educational attainment as a social class signal and the likelihood of receiving debt capital, such that entrepreneurs with a migration background experience a larger compensatory effect than those without.*

4.2.4.3 Gender, Migration Background, and Social Class Signals

While the individual interactions between education and gender, as well as education and migration background, offer valuable insights into the dynamics of entrepreneurial capital acquisition, it is crucial to also examine the joint intersection among these dimensions. For instance, gendered experiences in entrepreneurship can vary significantly for individuals from different social class backgrounds (Jayawarna, Rouse, et al., 2014), while migration backgrounds may shape or exacerbate the challenges faced by entrepreneurs in particular social classes (Bates, 1997). In doing so, prior research has predominantly explored the intersection of gender and migration backgrounds concerning entrepreneurial operations under oppression (Lassalle & Shaw, 2021), and career success (Tlaiss, 2019), while intersections with class are scarce (see for exceptions: Jayawarna, Rouse, et al., 2014; Karim et al., 2022). In addition, intersectional entrepreneurship studies largely rely on qualitative approaches, which, while valuable for uncovering nuanced experiences, limit the quantification of compounded disadvantages or offsetting advantages in capital acquisition.

Each additional deviation from the entrepreneurial prototype can introduce further biases in equity capital access. Particularly, women and migrants with non-academic backgrounds face compounded skepticism from investors due to perceived misalignment with cultural norms (Smith & Viceisza, 2018). As a result, entrepreneurs with multiple marginalized identities, like non-academic migrant women, experience heightened biases, deepening their exclusion from funding opportunities. However, simultaneously considering social class, gender, and migration background can also reveal combinations of identities that mitigate disadvantages in contexts where bias is less pronounced. For instance, migrant women may benefit from debt capital markets, where financial decision-making is more objective and often supported by government initiatives (Cheng, 2015). Jointly understanding the interaction of education, gender, and migration background provides a comprehensive view of how structural inequalities manifest in capital acquisition and highlights where interventions may effectively promote access for diverse entrepreneurs. Thus, I hypothesize:

Hypothesis 4(a): *The interaction between gender, migration background, and non-academic educational attainment as a social class signal will strengthen the negative relationship between non-academic education and the likelihood of receiving equity capital, such that migrant women entrepreneurs face the strongest penalty.*

Hypothesis 4(b): *The interaction between gender, migration background, and non-academic educational attainment will strengthen the positive relationship between non-academic education and the likelihood of receiving debt capital, such that migrant women entrepreneurs experience the largest compensatory effect.*

4.3 Methods

4.3.1 Context

Germany, with its unique educational landscape, characterized by its distinct dual-VET (vocational education and training) structure (Protsch & Solga, 2016), provides an ideal context for examining the role of education as a social class signal. This system enforces strict educational prerequisites that serve as gateways to the labor market, shaping career paths from an early stage (Hanushek et al., 2017). Unlike countries where higher education dominates post-secondary options, Germany presents a more diversified qualification landscape, with many individuals holding vocational qualifications rather than university degrees (Protsch & Solga, 2016). This system, however, has faced criticism for reinforcing social inequalities by directing working-class children into vocational tracks, limiting their access to higher education, and perpetuating existing social stratification (Mayer et al., 2007; Powell & Solga, 2014). While this divide restricts social mobility and the recognition of VET-acquired skills in the tertiary sector, pathways for upward mobility exist, such as gaining university access through vocational qualifications like the *Meister* title (i.e., higher-level apprenticeship) without the traditional *Abitur* (i.e., university entrance qualification). While these options are challenging, they demonstrate some flexibility in the system, even as it often reinforces social stratification (OECD, 2018).

4.3.2 Data and Sample

For the empirical analysis, I utilize data from the German IAB/ZEW Start-up Panel, a comprehensive dataset maintained by the Leibniz Centre for European Economic Research (ZEW) in collaboration with the Institute for Employment Research (IAB) and Creditreform. Launched in 2008, the panel tracks new companies over several years, providing extensive information on entrepreneurs and their firms through an annual survey of about 6,000 ventures selected via stratified random sampling from the Mannheim Enterprise Panel (MUP). This dataset is well-suited for studying the impact of education on external financing due to its detailed data on founders' educational backgrounds and financing sources. Its large, representative, longitudinal sample strengthens the validity of findings, making it invaluable for understanding social class and financing in entrepreneurship. As such, the dataset has been widely used in previous studies (e.g., Gottschalk & Müller, 2022; Grimpe et al., 2019).

Covering the period from 2008 to 2020, the dataset includes consistent core questions as well as varying thematic focuses, such as venture financing in 2013 and 2019, and the impacts of COVID-19 in 2020, thereby introducing new questions but omitting some critical variables. Due to this deviation, I excluded the 2020 data from my analysis. The data is largely anonymized, especially regarding the demographic variables of the founders. For example, the panel questions for founding teams inquire as

to whether at least one of the founders is female or has a migration background. I, therefore, restricted the dataset to solo founders to isolate the founder's background effects. The final dataset contains 63,023 venture-year observations (i.e., the new venture as the unit of observation across multiple years).

4.3.3 Variables

4.3.3.1 Dependent Variable

External capital is the main dependent variable. It is modeled as an unordered categorical variable and takes the levels (1) “None” if the venture has not received any external capital, (2) “Business Angel” (BA) if the venture has received business angel capital, (3) “Venture Capital” (VC) if the venture has received venture capital, (4) “Short-Term Loans” if the venture has received short-term loans (incl. overdraft), or (5) “Long-Term Loans” if the venture has received long-term loans (incl. promotional loans from the federal and state governments) in the reference year.

4.3.3.2 Independent Variables

The primary independent variable in this study is *Educational attainment*, which signals an entrepreneur's social class. This variable is well-suited for examining social class signals using longitudinal data, as it remains consistent over time and across venture development stages (Ko & McKelvie, 2018). While prior studies using education as a social class proxy have modeled educational attainment as a continuous variable (Côté, 2024), I operationalize it as a categorical variable reflecting the cultural divide between academic and non-academic vocational education (Bourdieu, 1984; Stephens, Markus, et al., 2014). It indicates the highest education level attained by the founder at venture creation, with values of 0 (no degree), 1 (apprenticeship), 2 (higher-level apprenticeship), or 3 (university degree). To reflect the deviation from the academic entrepreneurial prototype, the reference level is set to “3” (i.e., academic degree), such that the empirical analysis compares the levels of educational attainment from 0 to 2 (i.e., no academic degree) against level 3.

For the robustness tests, I use alternative proxies for social class indicators. *No personal capital for financing* serves as a proxy for insufficient income or wealth. Prior research on the investment of personal capital and the effect on subsequent external financing success has found that it signals personal commitment to the venture (Prasad et al., 2000), serves as collateral (Blumberg & Letterie, 2008), and increases the likelihood of external funding (Eddleston et al., 2016; Frid et al., 2016). However, besides signaling commitment, it may be leveraged by investors as an additional social class signal (Frid et al., 2016). Following the deviation logic, this variable is coded as 1 if the founder did not contribute personal capital at venture creation, and 0 otherwise. Similarly, *No family-and-friends capital for financing* reflects the founder's social class origin—the social class of the founder's family and environment—with initial funding signaling access to resources (Steier, 2003) and influential networks (Friedman et al., 2017). In contrast, the absence of such capital may suggest a lower social class, affecting investors' risk

assessments. It is modeled as a binary variable and takes the value of 1 if the founder did not receive funding from family and/or friends at the time of venture creation, and 0 if otherwise.

4.3.3.3 Moderating Variables

To account for intersections of diversity dimensions, I include two moderating variables. While *Female*, reflects the founder's gender (female = 1, male = 0), *Migrant* reflects whether the founder has a migration background (migration background = 1, no migration background = 0).

4.3.3.4 Control Variables

I control for characteristics commonly related to funding outcomes at both individual and venture levels. At the individual level, I use several human capital indicators previously shown to influence financing outcomes to separate the skill signals of human capital from the social class signals. To capture general human capital (Cooper et al., 1994), I code *Work experience* as a categorical variable representing years of employment, in time spans, before venture creation.²⁶ To further express the task-relatedness of human capital (Unger et al., 2011), *Founding experience* is included as a binary variable (1 = founder previously created a venture, 0 = otherwise), as prior experience may signal opportunity recognition and pursuit and might be positively regarded by investors (Hsu, 2007). *Industry experience* is a categorical variable that indicates years of experience in the same industry as the venture, which signals an understanding of market dynamics (Ko & McKelvie, 2018; Shane & Stuart, 2002). *Business knowledge* is coded as 1 if the founder has an educational background in business or an apprenticeship as a businessperson, and 0 if otherwise, as familiarity with key business concepts and financial acumen can influence the venture's performance and investor evaluation (Zacharakis & Meyer, 2000). In addition, I include two measurements of the entrepreneur's risk profile, *General risk tolerance* and *Uncertainty risk tolerance*, to assess how variations in risk tolerance impact external financing, as investors often consider an entrepreneur's risk-taking behavior to gauge their potential for navigating uncertainties and making sound decisions under pressure (Bracht et al., 2024). Both are modeled as ordered categorical variables based on 5-point Likert scales from (1) more risk averse to (5) more risk-taking.

At the venture level, I control for *Venture age*, indicating the venture's age in the reference year, as older firms often signal viability and attract equity capital (Eddleston et al., 2016; Hsu, 2007). Next, I include a binary variable to assess whether the *Venture has employees* (1 = yes, 0 = no), as employee presence signals organizational growth and scalability (Beckman et al., 2007), distinguishing high-growth ventures from solo self-employers less likely to attract equity investment (Sorgner et al., 2017). Finally, I include year and industry dummies to account for differences across years and industries.

²⁶ Due to the high degree of anonymization in the sample, annual figures are presented in time spans. As these time spans are consistent across the sample, a categorical model was constructed to represent this data.

4.3.4 Estimation Strategy

I employ a multinomial logit model to test the impact of educational attainment as a social class signal on the likelihood of obtaining different types of external capital (vs. not receiving external capital). Multinomial models have been utilized in prior research on social class and entrepreneurial outcomes to model the impact of different social classes on career choice and entrepreneurial entry (Audretsch et al., 2013; Su et al., 2021). I also include graphical depictions of the predicted probabilities of receiving different types of external capital for each proposed interaction effect. I further conduct complementary multinomial analyses with alternative social class proxies to test the robustness of my results.

4.4 Results

4.4.1 Main Results

Examining *External capital*, about 53.2% of entrepreneurs obtain no external capital, 1.02% receive business angel capital, 1.4% venture capital, 9.1% short- and 35.4% long-term loans. This highlights the elite nature of equity capital, accessible to only a small number of ventures (Eddleston et al., 2016). Regarding *Educational attainment*, 4.2% of entrepreneurs have no degree, 32% have an apprenticeship, 27% a higher-level apprenticeship, and 36% a university degree, reflecting a higher rate of university education among entrepreneurs than the general German population (Federal Statistical Office of Germany, 2024). No multicollinearity issues were found, as the correlation matrix shows no signs of high correlations and all GVIFs are below 2, which is well below the critical threshold (Studenmund, 2021). Table 4-1 reports the descriptive statistics and correlation matrix.

Considering the main hypothesized relationships, Table 4-2 presents the main effects of the multinomial model of education and external financial capital. Control variables are consistent in signs and significance across models. For example, being female and having a migration background are negatively related to obtaining equity and debt capital. Human capital controls, such as work experience, founding experience, industry experience, and business knowledge, show varied effects—founding experience, for instance, is positively linked to venture capital but negatively to loans.

Table 4-1: Descriptive Statistics and Correlation Matrix

Variable	Mean	SD	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1 Educational attainment	2.68	1.26	1	4	1																
2 Founding experience	0.30	0.46	0	1	0.08***	1															
3 Industry experience	13.64	7.80	3.50	26.50	0.06***	0.08***	1														
4 Work experience	20.55	8.69	10.50	34	-0.01***	0.18***	0.50***	1													
5 Business knowledge	0.22	0.41	0	1	-0.06***	0.05***	-0.08***	0.03***	1												
6 Uncertainty risk tolerance	2.95	1.52	1	5	0.05***	0.08***	-0.04***	-0.03***	0.06***	1											
7 General risk tolerance	2.33	1.37	1	5	0.08***	0.10***	-0.06***	-0.05***	0.03***	0.28***	1										
8 Female	0.14	0.35	0	1	-0.08***	-0.08***	-0.09***	-0.02***	0.16***	-0.03***	-0.05***	1									
9 Migrant	0.10	0.30	0	1	-0.02***	0.02***	-0.08***	-0.09***	-0.01***	0.00	0.02***	-0.01**	1								
10 Venture has employees	0.53	0.50	0	1	0.04***	0.04***	0.05***	0.01**	0.04***	0.06***	0.03***	0.01***	-0.01*	1							
11 Venture age	1.61	1.70	0	7	0.04***	-0.03***	0.03***	0.01***	0.01	0.00	-0.01**	-0.02***	-0.06***	0.25***	1						
12 Equity capital	0.02	0.14	0	1	0.01**	0.01**	-0.02***	-0.01**	0.01*	0.02***	0.04***	-0.01	0.00	0.04***	-0.01**	1					
13 Venture capital	0.01	0.10	0	1	0.01	0.00	-0.01*	-0.01**	0.00	0.00	0.02***	-0.01	-0.01	0.02***	0.00	0.06***	1				
14 Business angel capital	0.01	0.12	0	1	0.04***	0.05***	-0.02***	-0.01*	0.02***	0.05***	0.07***	-0.01*	0.01	0.07***	-0.01***	0.39***	0.13***	1			
15 Short-term loans	0.1	0.29	0	1	-0.02***	0.00	0.00	0.00	0.02***	0.05***	0.03***	0.01**	-0.01***	0.13***	0.06***	0.03***	0.00	0.07***	1		
16 Long-term loans	0.37	0.48	0	1	-0.02***	-0.05***	0.04***	-0.01**	-0.02***	-0.01	-0.02***	-0.01**	-0.03***	0.11***	0.05***	-0.02***	0.00	-0.01***	0.09***	1	

Note: 63,023 observations, *p<0.1; **p<0.05; ***p<0.01

Hypothesis 1(a) posits that entrepreneurs without academic degrees are less likely to receive equity capital compared to those with academic degrees. As depicted in Table 4-2, having a non-academic degree reduces the likelihood of obtaining venture capital (VC), with the marginal effects of an apprenticeship and higher-level apprenticeship being -0.0094 ($\beta = -0.371$, $p < 0.01$ in Model 2) and -0.013 ($\beta = -0.558$, $p < 0.01$ in Model 2), respectively.

Table 4-2: Multinomial Model with Main Effects of Education on Different Capital Types

	<i>Dependent variable</i> (baseline cat: no capital)			
	BA	VC	Short-Term Loan	Long-Term Loan
	Main Effects	Main Effects	Main Effects	Main Effects
	(1)	(2)	(3)	(4)
Independent variable (baseline cat: academic degree)				
No degree	0.257* (0.148)	0.116 (0.117)	0.249*** (0.073)	-0.186*** (0.048)
Apprenticeship	-0.089 (0.080)	-0.371*** (0.070)	0.132*** (0.037)	0.129*** (0.022)
Higher-level apprenticeship	-0.136 (0.086)	-0.558*** (0.080)	0.238*** (0.039)	0.156*** (0.024)
Individual-level controls				
Female	-0.059 (0.096)	-0.074 (0.084)	-0.056 (0.041)	-0.100*** (0.026)
Migrant	-0.182 (0.116)	-0.274*** (0.093)	-0.167*** (0.050)	-0.147*** (0.030)
Work experience	-0.010** (0.004)	-0.002 (0.004)	-0.004** (0.002)	-0.007*** (0.001)
Founding experience	0.034 (0.070)	0.275*** (0.057)	-0.055* (0.032)	-0.259*** (0.020)
Industry experience	0.013*** (0.005)	-0.018*** (0.004)	0.0002 (0.002)	0.007*** (0.001)
Business knowledge	-0.044 (0.083)	0.066 (0.067)	0.140*** (0.036)	-0.100*** (0.023)
Uncertainty risk tolerance	0.052 (0.069)	0.169*** (0.061)	0.227*** (0.031)	0.007 (0.019)
General risk tolerance	0.178** (0.079)	0.633*** (0.061)	0.121*** (0.035)	-0.041* (0.023)
Venture-level controls				
Venture has employees	0.400*** (0.066)	1.052*** (0.061)	0.962*** (0.032)	0.519*** (0.018)
Venture age	0.018 (0.020)	-0.147*** (0.018)	0.051*** (0.009)	0.037*** (0.005)
Constant	-2.733*** (0.211)	-4.225*** (0.335)	-7.239*** (0.068)	-0.572*** (0.073)
Year & industry dummies	YES	YES	YES	YES
Venture-years	63,023			
Ventures	22,220			
Log Likelihood	-65,613.7			
AIC	131,603.4			
McFadden R ²	0.045			

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; Standard Errors in Parentheses

Thus, compared to academic educational attainment, holding any type of apprenticeship will decrease the probability of receiving VC by 0.94% and 1.3%, respectively. The effects for business angels (BA), however, are only significant in the “No degree” educational level (Model 1), which shows a

positive and significant coefficient ($\beta = 0.257$, $p < 0.1$). Although the marginal effect of 0.56% is small, it may hint at a “Steve Jobs” effect (Buenstorf et al., 2017) of college dropouts or individuals still in university yet without completion positively affecting BA capital acquisition. Therefore, hypothesis 1(a) is partially supported.

Hypothesis 1(b) states that educational attainment as a social class signal matters less for obtaining loans, with non-academic entrepreneurs more likely to receive debt than no capital. In support of hypothesis 1(b), both loan types (Models 3 and 4) show positive effects of non-academic degrees on obtaining debt capital. Marginal effects indicate that the likelihood of obtaining short-term loans increases for entrepreneurs with non-academic educational attainment by 0.73 percentage points to 2.6%, while the likelihood of long-term marginal loans increases by 2.8 percentage points to 3.2%. As an exception, the “No degree” level shows a negative relationship with long-term loans ($\beta = -0.186$, $p < 0.01$). Thus, hypothesis 1(b) is partially supported.

Turning to the moderating effects of intersectionality, Table 4-3 depicts the results of the interaction effects in isolation, while Table 4-4 showcases the results of the three-way interaction. Figure 4-4 additionally visualizes the interaction effects between the different levels of educational attainment and two additional diversity dimensions: gender (top row) and migrant status (bottom row). Each panel shows the predicted probability of obtaining different types of capital (None, BA, VC, short-term loans, long-term loans) based on the intersecting identities. Figure 4-5 further plots the three-way interaction of educational attainment, gender, and migration background.

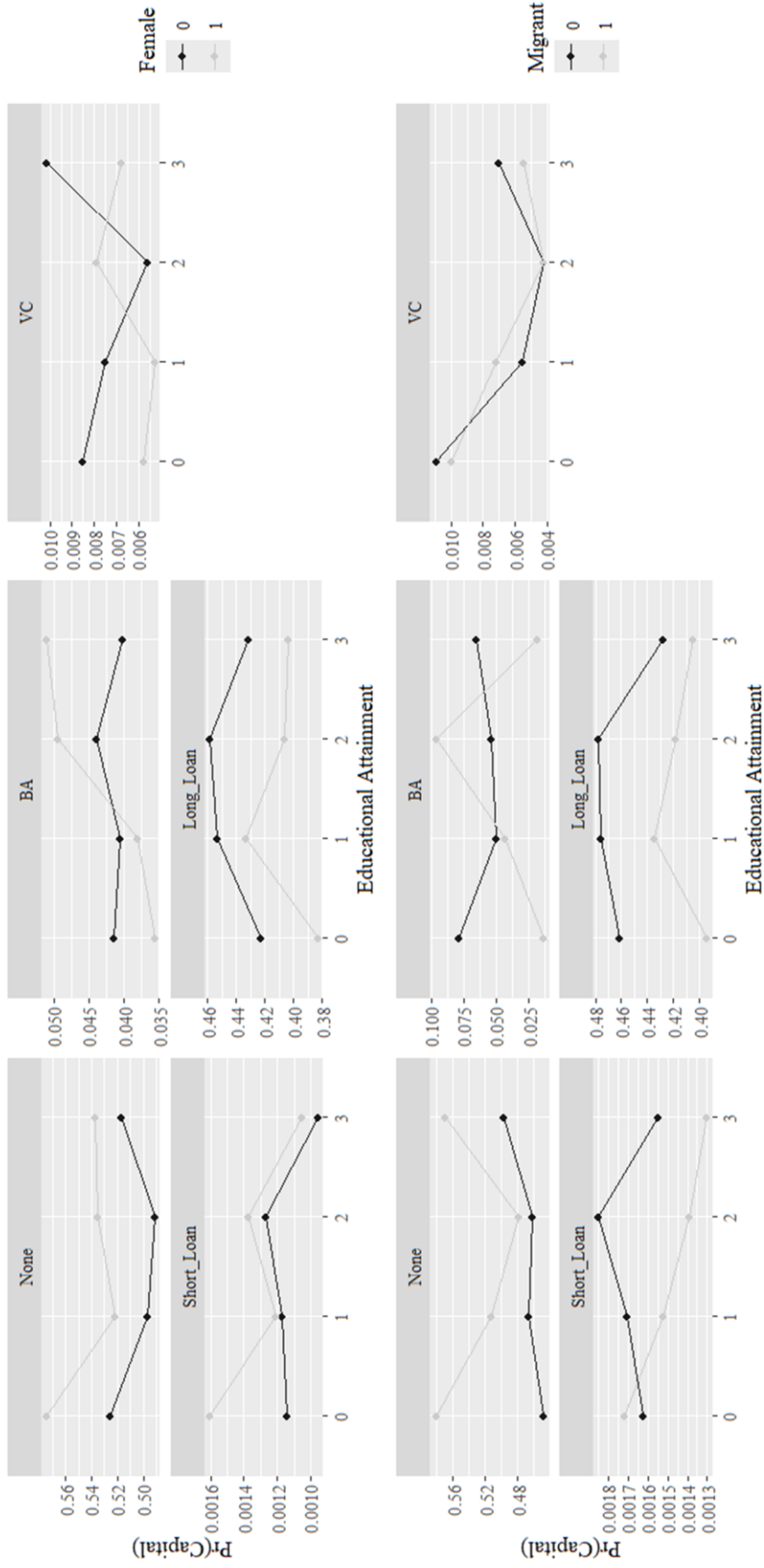
Hypotheses 2(a) and 2(b) suggest that gender moderates the effect of educational attainment on capital acquisition, amplifying its impact. However, the direct effects in the main and interaction models show largely insignificant results, indicating no significant differences between male and female entrepreneurs. In the interaction models (Models 1-4 in Table 4-3), only the interaction with higher-level apprenticeships is significant in the VC category ($\beta = 0.694$, $p < 0.01$). This difference is rather small, with women being only ~0.23 percentage points more likely to secure VC than men with similar education. This is reflected in Figure 4-4, where women holding a higher-level apprenticeship exceed men in predicted probability. While this suggests a slight counteracting effect of specialized knowledge, such that the intersectionality of social class and gender can alter the signals sent to investors (Brush & Elam, 2024), the benefits are minimal. Hence, hypotheses 2(a) and 2(b) are rejected.

Table 4-3: Multinomial Model with Interaction Effects of Education on Different Capital Types

	<i>Dependent variable</i> (baseline cat: no capital)							
	BA	VC	Short-Term Loan	Long-Term Loan	BA	VC	Short-Term Loan	Long-Term Loan
	Interaction Gender	Interaction Gender	Interaction Gender	Interaction Gender	Interaction Migrant	Interaction Migrant	Interaction Migrant	Interaction Migrant
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Independent variable (baseline cat: academic degree)								
No degree	0.014 (0.176)	-0.193 (0.144)	0.162* (0.085)	-0.038 (0.049)	0.288* (0.152)	0.550*** (0.124)	0.157* (0.090)	0.181*** (0.052)
Apprenticeship	0.047 (0.084)	-0.259*** (0.073)	0.242*** (0.041)	0.088*** (0.024)	-0.198** (0.079)	-0.167** (0.074)	0.161*** (0.038)	0.170*** (0.023)
Higher-level apprenticeship	0.138 (0.086)	-0.540*** (0.085)	0.333*** (0.042)	0.111*** (0.025)	-0.116 (0.082)	-0.438*** (0.086)	0.251*** (0.040)	0.182*** (0.025)
Interactions								
No degree x Female	-0.439 (0.532)	-0.034 (0.478)	0.194 (0.198)	-0.081 (0.133)				
Apprenticeship x Female	-0.307 (0.201)	0.032 (0.202)	-0.075 (0.094)	0.011 (0.058)				
Higher-level apprenticeship x Female	-0.165 (0.232)	0.694*** (0.237)	-0.063 (0.111)	-0.101 (0.072)				
No degree x Migrant					-0.638 (0.738)	0.036 (0.288)	0.100 (0.187)	-0.229** (0.111)
Apprenticeship x Migrant					1.162*** (0.355)	0.551*** (0.207)	0.099 (0.122)	0.005 (0.070)
Higher-level apprenticeship x Migrant					1.954*** (0.344)	0.346 (0.277)	-0.011 (0.142)	0.023 (0.081)
Individual-level controls								
Female	0.196 (0.141)	-0.437*** (0.138)	0.057 (0.072)	-0.106** (0.043)	-0.182* (0.095)	-0.069 (0.086)	0.054 (0.041)	-0.077*** (0.026)
Migrant	-0.078 (0.108)	-0.149* (0.090)	-0.273*** (0.052)	-0.174*** (0.030)	-1.414*** (0.296)	-0.387*** (0.141)	-0.307*** (0.089)	-0.189*** (0.049)
Work experience	0.002 (0.004)	-0.001 (0.004)	-0.003* (0.002)	-0.011*** (0.001)	-0.006 (0.004)	-0.004 (0.004)	-0.004** (0.002)	-0.011*** (0.001)
Founding experience	0.021 (0.067)	0.167*** (0.058)	-0.039 (0.032)	-0.220*** (0.020)	0.011 (0.066)	0.136** (0.059)	0.008 (0.032)	-0.239*** (0.020)
Industry experience	0.005 (0.005)	-0.017*** (0.004)	0.001 (0.002)	0.009*** (0.001)	0.001 (0.005)	-0.022*** (0.004)	0.0002 (0.002)	0.011*** (0.001)
Business knowledge	-0.038 (0.079)	0.232*** (0.065)	0.109*** (0.036)	-0.057** (0.023)	-0.177** (0.080)	0.207*** (0.068)	0.082** (0.036)	-0.076*** (0.023)
Uncertainty risk tolerance	0.047 (0.065)	0.111* (0.061)	0.187*** (0.031)	-0.004 (0.019)	-0.097 (0.065)	0.248*** (0.062)	0.232*** (0.032)	0.002 (0.019)
General risk tolerance	0.207*** (0.074)	0.603*** (0.062)	0.188*** (0.035)	-0.023 (0.023)	0.221*** (0.073)	0.574*** (0.063)	0.145*** (0.035)	-0.021 (0.023)
Venture-level controls								
Venture has employees	0.399*** (0.063)	1.038*** (0.061)	1.021*** (0.032)	0.544*** (0.018)	0.389*** (0.062)	0.985*** (0.062)	0.974*** (0.032)	0.518*** (0.018)
Venture age	-0.007 (0.020)	-0.133*** (0.018)	0.042*** (0.009)	0.023*** (0.006)	-0.013 (0.020)	-0.146*** (0.019)	0.041*** (0.009)	0.036*** (0.006)
Constant	-2.951*** (0.204)	-4.151*** (0.327)	-7.085*** (0.069)	-0.698*** (0.074)	-2.134*** (0.195)	-4.321*** (0.341)	-6.359*** (0.068)	-0.635*** (0.073)
Year & industry dummies	YES	YES	YES	YES	YES	YES	YES	YES
Venture-years	63,023							
Ventures	22,220							
Log Likelihood	-65,695.9							
AIC	131,791.8							
McFadden R ²	0.044							

Note: *p<0.1; **p<0.05; ***p<0.01; Standard Errors in Parentheses

Figure 4-4: Visualization of Two-Way Interactions: Gender and Migration Background



Considering the interactions with migration background, hypotheses 3(a) and 3(b) suggest that it moderates capital acquisition effects, amplifying outcomes across both capital types. As depicted in Table 4-3, results vary by educational attainment. While migrants generally face penalties across most capital types, migrants with an apprenticeship are more likely to secure business angel (BA) and venture capital (VC) funding ($\beta = 1.162$, $p < 0.01$ in Model 5; $\beta = 0.551$, $p < 0.01$ in Model 6) compared to non-migrants with the same educational background. In addition, migrants with higher-level apprenticeships are more likely to secure BA funding ($\beta = 1.954$, $p < 0.01$ in Model 5), with a ~4.2 percentage point higher likelihood (Figure 4-4). These effects may be explained as apprenticeships elevate migrants' perceived social class (Cederberg & Villares-Varela, 2019; Mrożewski & Hering, 2023), signaling technical skill and economic assimilation. When viewed through an intersectional lens, this can attract investors seeking entrepreneurial talent in diverse communities, particularly those who value “rags to riches” narratives (Bakker & McMullen, 2023; Miller & Le Breton-Miller, 2017).

Contrary to hypothesis 3(b), most coefficients for educational attainment are insignificant for both short- and long-term loans, indicating that migration background does not significantly affect the impact of non-academic educational attainment on receiving debt capital. However, migrants without any degree face additional penalties in securing long-term loans, with a negative significant coefficient ($\beta = -0.229$, $p < 0.05$ in Model 8), corresponding to a ~6.7 percentage point lower predicted probability for migrants compared to non-migrants. This may reflect compounded disadvantages from both migrant status and lack of education, signaling lower social standing to lenders. As reflected by the larger negative coefficient in the interaction model ($\beta = -0.229$, $p < 0.05$ in Model 8, Table 4-3) in comparison to the negative coefficient of no degree in the main effects model ($\beta = -0.147$, $p < 0.01$ in Model 4, Table 4-2), both their migrant status and lack of education could signal lower social standing, making them less attractive to lenders who often associate higher social class with lower investment risk and higher reliability. Hence, hypotheses 3(a) and 3(b) are rejected.

Hypotheses 4(a) and 4(b) suggest a three-way interaction between education, gender, and migration. Compared to isolated interactions (e.g., education x gender or education x migration), the three-way models in Table 4-4 show that combining these factors leads to more complex outcomes. Considering hypothesis 4(a) and the effect of intersectionality on equity capital, only the three-way interaction of higher-level apprenticeship x female x migrant is significant and positive for VC ($\beta = 1.497$, $p < 0.05$), indicating a higher likelihood of securing VC with this combination compared to any single factor. Despite the relative exclusivity of VC, in which specific education levels confer only marginal advantages (Figure 4-5), this effect is stronger than isolated interaction effects of education with gender or migration (Table 4-4). In contrast, the coefficients for BA are insignificant, showing no significant compounded intersectionality effects on BA funding. Therefore, hypothesis 4(a) is rejected.

Table 4-4: Multinomial Model with Three-Way Interaction Effects of the Intersection of Education, Gender, and Migration Background

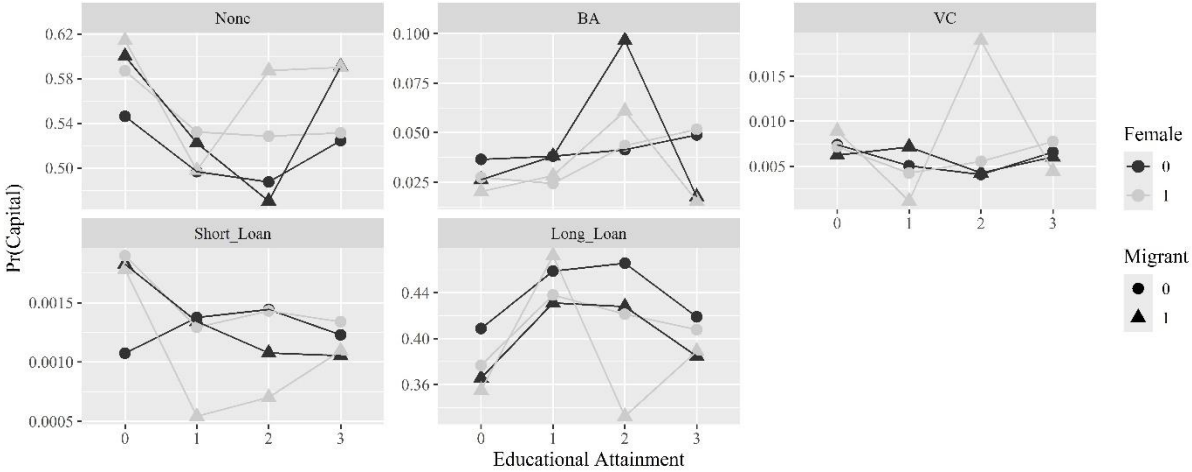
	<i>Dependent variable</i> (baseline cat: no capital)			
	BA	VC	Short-Term Loan	Long-Term Loan
	Three-way interaction	Three-way interaction	Three-way interaction	Three-way interaction
	(1)	(2)	(3)	(4)
Independent variable (baseline cat: academic degree)				
No degree	-0.331 (0.212)	0.079 (0.146)	-0.176* (0.104)	-0.065 (0.056)
Apprenticeship	-0.193** (0.088)	-0.208*** (0.079)	0.167*** (0.042)	0.146*** (0.025)
Higher-level apprenticeship	-0.093 (0.089)	-0.404*** (0.088)	0.234*** (0.043)	0.179*** (0.026)
Interactions				
No degree x Female x Migrant	0.249 (1.709)	0.891 (0.898)	-0.510 (0.482)	0.048 (0.314)
Apprenticeship x Female x Migrant	0.439 (1.032)	1.114 (1.038)	-0.694* (0.405)	0.203 (0.199)
Higher-level apprenticeship x Female x Migrant	-0.478 (1.060)	1.497** (0.641)	-0.525 (0.503)	-0.347 (0.273)
Individual-level controls				
Female	0.043 (0.150)	0.151 (0.121)	0.073 (0.074)	-0.040 (0.045)
Migrant	-1.143*** (0.291)	-0.205 (0.141)	-0.273*** (0.096)	-0.204*** (0.053)
Work experience	-0.004 (0.004)	0.002 (0.004)	-0.004* (0.002)	-0.008*** (0.001)
Founding experience	-0.035 (0.069)	0.101* (0.058)	-0.019 (0.032)	-0.237*** (0.020)
Industry experience	0.005 (0.005)	-0.015*** (0.004)	-0.0004 (0.002)	0.009*** (0.001)
Business knowledge	0.025 (0.079)	0.147** (0.066)	0.090** (0.036)	-0.074*** (0.023)
Uncertainty risk tolerance	0.058 (0.066)	0.261*** (0.061)	0.281*** (0.032)	0.043** (0.019)
General risk tolerance	0.073 (0.077)	0.511*** (0.062)	0.061* (0.035)	-0.089*** (0.023)
Venture-level controls				
Venture has employees	0.382*** (0.065)	1.050*** (0.061)	1.000*** (0.032)	0.524*** (0.018)
Venture age	0.004 (0.020)	-0.139*** (0.018)	0.035*** (0.009)	0.034*** (0.006)
Constant	-2.713*** (0.206)	-4.641*** (0.329)	-6.746*** (0.068)	-0.770*** (0.074)
Year & industry dummies	YES	YES	YES	YES
Firm-years	63,023			
Firms	22,220			
Log Likelihood	-65,683.66			
AIC	131,823.3			
McFadden R ²	0.044			

Note: *p<0.1; **p<0.05; ***p<0.01; Standard Errors in Parentheses

Considering hypothesis 4(b) and the effect of intersectionality on debt capital, the interaction in the apprenticeship category for short-term loans is significant and negative ($\beta = -0.694$, $p < 0.1$), suggesting that migrant women with apprenticeships are less likely to secure these loans. This effect is reflected in Figure 4-5, which shows that short-term loans are more accessible for migrant women with lower

education levels, with the likelihood decreasing as education increases. This contrasts with the insignificant effects of migration background and education alone across capital types, highlighting that compounded identities create additional challenges in debt markets. None of the three-way interactions for long-term loans are significant. Therefore, hypothesis 4(b) is rejected.

Figure 4-5: Visualization of Three-Way Interactions of Educational Attainment, Gender, and Migration Background



These findings indicate that intersecting disadvantages, such as gender, migration background, and non-academic education, can jointly have more significant and nuanced effects than each factor alone. While higher-level apprenticeships can mitigate some challenges in obtaining venture capital for certain diversity groups, these compounded disadvantages are more pronounced in debt markets, where perceived risks may be higher for women migrants with lower education levels.

4.4.2 Robustness Checks

To test the robustness of my results, I conduct two checks. The first addresses potential self-selection bias, wherein entrepreneurs with different educational levels sort into specific venture types, which may influence the suitability of different forms of capital (Sørensen, 2007; Ueda, 2004). This selection into different venture types (e.g., capital intensive vs. non-intensive; scalable vs. non-scalable) may be shaped by class-related factors, such as social norms and expectations, which affect the ventures pursued and resource access. I differentiate between high-tech and low-tech industries following the IAB/ZEW guidelines: high-tech includes cutting-edge manufacturing and software, while low-tech comprises consumer services, construction, and trade. To control for endogeneity, I employ Heckman’s (1979) two-stage model (Certo et al., 2016; Clougherty et al., 2016). In the first stage, I use a probit model to test the impact of educational attainment and all controls on the likelihood of sorting into a high-tech industry. In this case, I use *Industry experience* as the exclusion restriction, since I suppose that the length of prior experience in a particular industry influences whether entrepreneurs choose to create their venture in the same industry. The coefficient of industry experience is positive and significant ($\beta = 0.004, p < 0.01$; Table 4-5). Based on the first stage, I calculate the inverse Mills ratio (IMR) and include it in the

second-stage multinomial model to test the impact of educational attainment on obtaining different types of capital. The right side of Table 4-5 reports the results of the second stage and shows that the IMR is significant for all capital types except BA. While the effects of “No degree” turn insignificant for BA and long-term loans, it becomes significant in the VC category. Apart from these observations, the results are robust against potential sorting effects.

Table 4-5: Heckman Two-Stage Model

	<i>Dependent variable</i> (baseline cat: no capital)				
	Stage 1:	Stage 2:			
	High-Tech Industry	BA	VC	Short-Term Loan	Long-Term Loan
		(1)	(2)	(3)	(4)
Independent variable (baseline cat: academic degree)					
No degree	-0.425*** (0.027)	-0.166 (0.204)	0.339*** (0.124)	0.241*** (0.077)	-0.005 (0.046)
Apprenticeship	-0.622*** (0.013)	0.020 (0.087)	-0.431*** (0.079)	0.305*** (0.036)	0.178*** (0.021)
Higher-level apprenticeship	-0.578*** (0.013)	0.104 (0.090)	-0.548*** (0.090)	0.401*** (0.038)	0.257*** (0.022)
Individual-level controls					
Female	-0.440*** (0.017)	-0.051 (0.104)	-0.171* (0.099)	0.038 (0.041)	-0.069*** (0.025)
Migrant	-0.170*** (0.018)	-0.010 (0.122)	-0.030 (0.098)	-0.177*** (0.052)	-0.162*** (0.029)
Work experience	-0.0003 (0.001)	-0.006 (0.004)	-0.004 (0.004)	-0.004** (0.002)	-0.002** (0.001)
Founding experience	0.180*** (0.012)	-0.005 (0.080)	0.361*** (0.065)	-0.041 (0.032)	-0.221*** (0.020)
Industry experience	0.004*** (0.001)				
Business knowledge	-0.442*** (0.014)	-0.019 (0.088)	0.117 (0.074)	0.094*** (0.035)	-0.058*** (0.022)
Uncertainty risk tolerance	0.028** (0.011)	0.005 (0.077)	0.325*** (0.072)	0.254*** (0.032)	0.016 (0.019)
General risk tolerance	0.071*** (0.013)	0.232*** (0.087)	0.768*** (0.071)	0.151*** (0.036)	-0.038* (0.022)
Venture-level controls					
Venture has employees	-0.153*** (0.011)	0.471*** (0.074)	1.265*** (0.073)	1.096*** (0.033)	0.553*** (0.018)
Venture age	0.064*** (0.003)	-0.012 (0.023)	-0.183*** (0.022)	0.033*** (0.009)	0.014** (0.005)
IMR		-0.125 (0.127)	-0.992*** (0.111)	0.442*** (0.055)	0.304*** (0.032)
Constant	0.279*** (0.039)	-3.880*** (0.291)	-4.589*** (0.439)	-9.287*** (0.070)	-0.974*** (0.068)
Year dummies	YES	YES	YES	YES	YES
Firm-years	63,023	63,023			
Firms	22,220	22,220			
Log Likelihood	-39,347.690	-65407.8			
AIC	78,763.370	131,092.9			
McFadden R ²	0.079	0.048			

Note: *p<0.1; **p<0.05; ***p<0.01; Standard Errors in Parentheses

The second robustness check considers alternative social class proxies that follow in the perspective of deviating from the entrepreneurial prototype and signaling lower social classes. Table 4-6 evaluates the lack of personal capital, the absence of family-and-friends funding, and educational attainment as

Table 4-6: Multinomial Model with all Social Class Proxies

	<i>Dependent variable</i> (baseline cat: no capital)							
	BA	VC	Short-Term Loan	Long-Term Loan	BA	VC	Short-Term Loan	Long-Term Loan
	Main Effects	Main Effects	Main Effects	Main Effects	Interaction	Interaction	Interaction	Interaction
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Independent variables								
Education (baseline cat: academic degree)								
No degree	-0.082 (0.172)	-0.241* (0.135)	0.085 (0.084)	0.106** (0.046)	-0.468** (0.225)	-0.251 (0.162)	0.198** (0.095)	-0.013 (0.055)
Apprenticeship	-0.074 (0.080)	-0.353*** (0.070)	0.288*** (0.038)	0.076*** (0.022)	-0.347*** (0.090)	-0.294*** (0.079)	0.291*** (0.043)	0.073*** (0.025)
Higher-level apprenticeship	-0.137 (0.087)	-0.454*** (0.082)	0.426*** (0.041)	0.178*** (0.024)	-0.178** (0.088)	-0.415*** (0.087)	0.298*** (0.045)	0.113*** (0.026)
No personal capital for financing	-0.223*** (0.073)	-1.223*** (0.064)	-1.665*** (0.033)	0.533*** (0.022)	-0.283*** (0.071)	-1.159*** (0.062)	-1.642*** (0.033)	0.546*** (0.022)
No family-and-friends capital for financing	-0.903*** (0.117)	-1.383*** (0.077)	-1.309*** (0.046)	-0.146*** (0.048)	-0.906*** (0.112)	-0.989*** (0.083)	-1.280*** (0.045)	-0.140*** (0.047)
Interactions								
No degree x Female					0.214 (0.451)	0.013 (0.385)	-0.220 (0.217)	-0.036 (0.132)
Apprenticeship x Female					-0.165 (0.234)	-0.362* (0.186)	-0.360*** (0.094)	-0.235*** (0.059)
Higher-level apprenticeship x Female					-0.037 (0.270)	0.179 (0.230)	-0.334*** (0.119)	0.077 (0.071)
No degree x Migrant					1.484*** (0.370)	0.663** (0.295)	-0.215 (0.198)	-0.188* (0.113)
Apprenticeship x Migrant					0.762*** (0.273)	0.624*** (0.200)	-0.060 (0.124)	0.095 (0.071)
Higher-level apprenticeship x Migrant					1.092*** (0.274)	0.340 (0.263)	-0.015 (0.143)	0.029 (0.082)
Individual-level controls								
Female	0.030 (0.093)	-0.333*** (0.091)	-0.024 (0.043)	-0.089*** (0.026)	-0.255 (0.163)	0.058 (0.118)	0.232*** (0.070)	-0.059 (0.043)
Migrant	-0.003 (0.107)	-0.055 (0.087)	-0.171*** (0.052)	-0.324*** (0.030)	-0.563*** (0.205)	-0.306** (0.134)	-0.174** (0.088)	-0.274*** (0.050)
Work experience	-0.008* (0.004)	0.006 (0.004)	-0.005** (0.002)	-0.007*** (0.001)	-0.003 (0.004)	0.012*** (0.004)	-0.003 (0.002)	-0.005*** (0.001)
Founding experience	0.021 (0.071)	0.226*** (0.059)	-0.031 (0.033)	-0.207*** (0.020)	-0.019 (0.069)	0.141** (0.058)	-0.108*** (0.033)	-0.231*** (0.020)
Industry experience	0.022*** (0.005)	-0.021*** (0.004)	0.010*** (0.002)	0.005*** (0.001)	0.022*** (0.005)	-0.014*** (0.004)	0.010*** (0.002)	0.006*** (0.001)
Business knowledge	-0.186** (0.085)	0.171*** (0.067)	0.173*** (0.037)	-0.041* (0.023)	0.020 (0.081)	0.113* (0.067)	0.142*** (0.037)	-0.037 (0.023)
Uncertainty risk tolerance	-0.074 (0.069)	0.320*** (0.062)	0.294*** (0.033)	0.050*** (0.019)	-0.098 (0.068)	0.237*** (0.063)	0.084** (0.033)	0.025 (0.019)
General risk tolerance	0.263*** (0.079)	0.257*** (0.064)	-0.074** (0.037)	-0.004 (0.023)	0.212*** (0.075)	0.602*** (0.064)	-0.071* (0.037)	-0.002 (0.023)
Venture-level controls								
Venture has employees	0.384*** (0.067)	0.980*** (0.063)	0.849*** (0.033)	0.583*** (0.019)	0.473*** (0.066)	0.917*** (0.062)	0.870*** (0.033)	0.602*** (0.019)
Venture age	0.009 (0.022)	-0.140*** (0.020)	0.164*** (0.009)	-0.025*** (0.006)	0.013 (0.021)	-0.093*** (0.019)	0.146*** (0.009)	-0.018*** (0.006)
Constant	-2.156*** (0.192)	-3.882*** (0.355)	-4.543*** (0.306)	-0.362*** (0.073)	-2.399*** (0.203)	-3.881*** (0.314)	-4.695*** (0.303)	-0.604*** (0.074)
Year & industry dummies	YES	YES	YES	YES	YES	YES	YES	YES
Venture-years	63,023				63,023			
Ventures	22,220				22,220			
Log Likelihood	-62,604.9				-62,632.5			
AIC	125,601.7				125,705.0			
McFadden's R ²	0.089				0.088			

Note: *p<0.1; **p<0.05; ***p<0.01; Standard Errors in Parentheses

predictors of receiving different types of external capital. All capital types, except long-term loans, show significant negative effects for the two proxies. This suggests that lacking social class signals can be viewed unfavorably by external capital providers, particularly equity investors (Frid et al., 2016). Interestingly, the significant positive coefficient for no personal capital in long-term loans supports hypothesis 1(b), indicating that social class signals are less important for long-term loan providers, which may encourage lower-class entrepreneurs to pursue these loans. The effects of educational attainment remain consistent, affirming that the main model's findings (Table 4-2) are attributable to education. Interactions with gender become significant and negative, particularly regarding debt capital, reinforcing the rejection of hypothesis 2(b). In contrast, the interaction effects with migration background remain consistent with Table 4-3, leading to the rejection of hypotheses 3(a) and 3(b).

4.5 Discussion

Using a longitudinal sample of 63,023 German venture-year observations, this study shows that the likelihood of receiving different types of external financial capital depends on the entrepreneur's education, which acts as a social class signal, and how entrepreneurs may interpret their alignment with investors' cultural expectations. Non-academic entrepreneurs are comparably less likely to secure equity capital but more likely to obtain debt capital. Additionally, the penalties for deviating from the ideal entrepreneurial prototype are partially mitigated for entrepreneurs with a migration background. These findings have important theoretical implications, which will be discussed next.

4.5.1 Theoretical Implications

4.5.1.1 Education as a Social Class Signal in Entrepreneurship

This study contributes to the growing research on social class in entrepreneurship (Brändle et al., 2023; Brändle & Kuckertz, 2023) and builds on signaling theory (Spence, 1973) by shifting the focus from education as merely a skill signal (e.g., Certo, 2003; Piva & Rossi-Lamastra, 2018) to recognizing it as a social class signal within broader socio-cultural contexts. I argue that investor types assess educational attainment not only for skill implications but also for its symbolic value as a marker of social class. Consequently, deviations from the ideal entrepreneurial prototype, such as lacking academic credentials, incur varying penalties based on investors' evaluative logic (Colombo, 2021). As part of a larger research project, I interviewed 36 entrepreneurs from lower social class origins to understand the career trajectories of socially mobile entrepreneurs. One entrepreneur without an academic degree viewed his deviation from the norm as a lack of proof of their competence:

I'm not an academic. I have nothing to show, which would express 'this person is an IT security expert'.

The results show that, while controlling for the skill effect of human capital, entrepreneurs with non-academic educational attainment are less likely to receive venture capital, illustrating how investors' evaluations are influenced by cultural expectations associated with educational credentials and

social class (Rivera & Tilcsik, 2016). In contrast, business angels exhibit a more neutral response to non-academic degrees, being more receptive to non-standard social class backgrounds and the college dropout ideal (Buenstorf et al., 2017). Additionally, entrepreneurs without academic qualifications are more likely to secure debt capital, indicating that loan providers impose less stringent evaluations of educational credentials, making perceived social class signaling less critical in debt financing contexts.

4.5.1.2 *Social Class Signaling as a Bidirectional Process*

The study suggests that there may be a bidirectional aspect to social class signaling, where investors' perceptions of educational attainment as a class signal are shaped by cultural norms. This might impact how entrepreneurs perceive their self-concept within these narratives (Korber et al., 2022). For instance, the negative impact of non-academic degrees on venture capital acquisition might reflect an aversion to investors' cultural expectations related to the ideal entrepreneurial prototype, potentially deterring entrepreneurs who deviate from these norms (Aldrich & Fiol, 1994). This might lead entrepreneurs to adjust their capital-seeking strategies to align with investor expectations (De Clercq & Voronov, 2009). When asked about their perception of equity investors, one interviewed entrepreneur voiced:

[With investors] [...] I felt this kind of aloofness. I [...] often had an unpleasant feeling about the way they treated others who had a different background and earned less money. You noticed that they acted superior [...]. It showed me that I don't want to have much to do with people like that.

In contrast, loan providers' more favorable reception of non-academic degrees indicates a different evaluative framework that may be more forgiving of diverse entrepreneurial backgrounds. As such, my research adds to prior applications of signaling theory in entrepreneurial finance (e.g., Eddleston et al., 2016; Ko & McKelvie, 2018) by suggesting that signaling processes may work both ways—from entrepreneurs to investors and vice versa, in turn influencing how entrepreneurs present themselves and how investors make funding decisions.

4.5.1.3 *The Role of Intersectionality in Entrepreneurship*

The results also underscore the importance of intersectionality in capital acquisition. While previous studies have examined single diversity dimensions like gender (e.g., Alsos & Ljunggren, 2017; Yang et al., 2020) and ethnicity (e.g., Claes & Vissa, 2020; Hegde & Tumlinson, 2014), this study introduces an intersectional perspective (Crenshaw, 1991) by examining how education, as a social class signal, interacts with gender and migration background. I find that while gender does not significantly affect the likelihood of obtaining external financial capital, migration background can mitigate the negative impact of non-academic educational attainment on equity capital acquisition. These findings underscore the need to consider diversity dimensions not in isolation, as entrepreneurs experience different barriers and opportunities based on their intersectional identities (Belmi et al., 2024).

4.5.2 Practical Implications

These findings suggest that entrepreneurs may leverage their educational attainment as signals of cultural capital and social class to align with investor expectations. Recognizing that different types of capital providers (e.g., equity vs. debt) interpret credentials differently, entrepreneurs might diversify their financing strategies; for example, those with non-academic backgrounds may find debt capital more viable. Investors, especially venture capitalists, should broaden their criteria beyond traditional qualifications to address diversity across multiple dimensions, promoting more inclusive practices in venture financing. For policymakers and public loan providers, this study highlights the need for inclusive entrepreneurial programs that offer alternative funding options free from socio-cultural biases and tailored to diverse backgrounds and identities.

4.5.3 Limitations and Future Research

My study has several limitations that constrain the findings but also present opportunities for future research. First, the dataset does not allow to control for whether entrepreneurs sought different types of capital. While this study theorizes about potential self-selection into capital types based on cultural expectations, further research is needed to empirically separate how social class signals influence (1) investor and (2) entrepreneur perceptions of these expectations. (e.g., see for multistage selection processes: Bertoni et al., 2019; Eckhardt et al., 2006). Second, the dataset does not account for the capital volume required, limiting insights into how varying capital needs affect capital type selection. Although I use industry proxies to capture differences in capital requirements (e.g., between production-based and service-based ventures), deeper exploration based on venture type is needed (e.g., highly scalable innovative ventures vs. single-unit commercial enterprises; see Bögenhold, 2019). Third, anonymization prevents the analysis of demographic variables of all founders within a venture, therefore necessitating a focus on sole entrepreneurs and excluding ventures with founding teams. Future research could examine how the social class homogeneity versus heterogeneity of founding teams impacts the acquisition of external financial capital (e.g., Kenney et al., 2024). Furthermore, the validity of the study is limited by the fact that no marginal effects for the interactions are stated. Finally, the migration background variable lacks differentiation by country of origin, constraining interpretation related to visible ethnicity (e.g., White vs. People of Color), and class context. Understanding whether migration is driven by necessity or privilege could reveal significant differences between migrants from developing and developed countries in Germany and their ascribed social status in entrepreneurship.

4.6 Conclusion

This study explores the impact of an entrepreneur's education as a social class signal on the likelihood of obtaining different types of capital. It finds that entrepreneurs with non-academic degrees are less likely to receive equity capital (i.e., business angel and venture capital) but more likely to obtain debt capital (i.e., short- and long-term loans). Paradoxically, intersections of education as a social class

signal with gender and migration background do not reinforce these relationships but serve to counteract social class penalties in distinct levels of educational attainment. These findings underscore the importance of considering education as a social class signal and the role of social class and its intersections with additional diversity dimensions in entrepreneurial finance.

5 Discussion and Conclusion

This dissertation seeks to illuminate the complex relationship between social class and entrepreneurship, focusing on *how social class affects an individual's entrepreneurial journey*. The findings suggest a nuanced interplay between social class and entrepreneurship, where both social class origin and destination can facilitate and constrain entrepreneurial opportunities. Moreover, social class plays a pivotal role in influencing the extent to which individuals can change their social class destinations through entrepreneurship.

The three studies in this dissertation collectively answer the overarching research question by demonstrating how social class operates through capital and habitus to shape entrepreneurial outcomes and trajectories. Study 1 establishes the foundation by developing a framework that links social class origin through access to the Bourdieusian capital forms—economic, social, and cultural—to entrepreneurial outcomes and social class destinations, thereby emphasizing the pervasive impact of social class origin in shaping entrepreneurial outcomes and social class destinations through capital and habitus. To explore social mobility as the links between social class origin and destination more profoundly, Study 2 shifts the focus from capital endowments to socio-cultural dynamics, exploring how entrepreneurs from a lower-class origin navigate upward mobility and the extent to which internalized dispositions influence their behavior in innovative entrepreneurial contexts. This study identifies entrepreneurial archetypes that reflect the tensions between original class-based dispositions and new socio-cultural contexts and underscores the role of habitus in shaping entrepreneurial cognition, decision-making, and adaptability in innovative and uncertain contexts. Study 3 complements the previous studies by revisiting the concept of capital from Study 1, focusing on how education, as a signal of social class destination, interacts with the intersectional factors of gender and migration background to influence access to financial capital, revealing the pervasive effects of class signals on the types of capital obtained. Collectively, these studies illuminate how the different dimensions of social class impact—through capital and habitus—who becomes an entrepreneur, how they think, feel, and behave in entrepreneurship, and how they access resources to advance their businesses.

Together, these studies provide a comprehensive answer to the overarching research question by articulating the intertwined roles of capital and habitus in determining who becomes an entrepreneur, how they think and behave, and how they access resources to advance their ventures. By integrating these dimensions, the dissertation highlights the centrality of social class in the entrepreneurial process, illustrating that social class not only shapes entrepreneurial opportunities but also influences the embodied practices and structural interactions that define entrepreneurial journeys.

In the following sections, I discuss the main theoretical contributions of these findings to the literature at the intersection of social class and entrepreneurship, building on Bourdieu's concepts of capital (1986) and habitus (1984). Additionally, while Study 1 has already set out a comprehensive future

research agenda to deepen our understanding of social class in entrepreneurship, I outline promising avenues for research based on the overall contributions of this dissertation.

5.1 The Role of Capital in Shaping the Entrepreneurial Journey

Contrary to the prevailing view of entrepreneurship as an inclusive context (Ahl, 2006), my dissertation uncovers how social class affects entrepreneurship not only through the capital endowments individuals start with but also through the types of resources and forms of capital they can access by converting their capital and resources at hand into different capital forms (Bourdieu, 1986). Studies 1 and 3 emphasize the pivotal role of capital in shaping the entrepreneurial trajectory, highlighting the complex interplay between social class, initial capital endowments, and the resulting capital conversion. Study 1 reveals that social class origin influences entrepreneurial outcomes through economic, cultural, and social capital, as well as habitus formation, with lower-class origins often limiting upward mobility and reinforcing structural constraints. Building on these insights, Study 3 explores social class destinations, particularly through educational attainment, as a signal impacting access to financial resources. Findings show that entrepreneurs without academic degrees struggle to secure equity capital (e.g., venture capital) but are more likely to obtain debt financing, underscoring how education serves as a social class marker that shapes capital access. Together, these studies illuminate how social class origin and destinations intersect with capital forms to either constrain or enable entrepreneurial opportunities.

The insights derived from my research contribute to and deepen the existing literature on resource acquisition in entrepreneurship (Clough et al., 2019) and particular inequalities within capital access (Kim et al., 2006; Martinez Dy, 2020; Sørensen, 2007). Specifically, my research elucidates how various forms of capital serve not only as mechanisms of cumulative advantage for individuals from higher social class origin (Sørensen, 2007) but also as vehicles for the reproduction of inequalities by reinforcing entrenched patterns of unequal capital distribution (Amis et al., 2020). This analysis builds on Bourdieu's theory of capital forms (1986), which posits that economic, social, and cultural capital are interconnected in ways that perpetuate social reproduction, and follows in applications of Bourdieu's theory in entrepreneurship (e.g., De Clercq & Voronov, 2009; Haq et al., 2024). My findings complement prior research by showing that the stock of capital an individual is endowed with through their social class origin (e.g., parental economic resources, support for academic education, prestigious ties) not only affects their propensity to enter and succeed in entrepreneurship (Study 1) but also that this stock of capital is critical for transforming capital forms into each other (e.g., prestigious ties as a conduit for additional resources) (Study 3). This underlines the persistence of inequalities as social class continues to impose strict limitations on resource access, even for those who have achieved upward mobility (cf. Friedman, 2016; Lehmann, 2007). It further aligns with recent studies that question the romanticized view of entrepreneurship as a universally accessible means of economic advancement, particularly for individuals from historically marginalized backgrounds (Bakker & McMullen, 2023; Welter et al., 2017).

Moreover, in light of a growing awareness of intersectional factors in entrepreneurship (e.g., Lassalle & Shaw, 2021; Qureshi et al., 2023), my research emphasizes the critical role of social class as a diversity dimension, particularly in how it intersects with other factors to shape resource access. While much of the intersectional entrepreneurship literature focuses on gender, ethnicity, and age, social class remains an underexplored dimension of intersectionality and diversity (with some exceptions, e.g., Karim et al., 2022). However, Bourdieu's theory of capital also stresses how unequal access to and conversion of different forms of capital creates structural barriers for those from lower social classes, especially when compounded by gender or migration status. For example, as shown in Study 3 and also in prior research, signals of social class interact with other dimensions such as gender and migration background, creating barriers or opportunities in unexpected ways (Belmi et al., 2024). This interplay of class and other diversity dimensions reinforces existing inequalities and limits entrepreneurship as a pathway for upward mobility.

Overall, this research advances theoretical discussions on the role of capital and resources in entrepreneurship (Clough et al., 2019; Florin et al., 2003; Ko & McKelvie, 2018) to illuminate how the unequal distribution of economic, social, and cultural capital shapes entrepreneurial outcomes across different social classes (Bourdieu, 1986). It opens up new avenues for inquiry to further our understanding of the pervasive effects of social class. First, in moving towards an inclusive field that fulfills its promises of accessibility and prosperity (Bakker & McMullen, 2023; Blanchflower & Oswald, 1998), future research should explore the conditions under which individuals can overcome class-based resource constraints in entrepreneurial contexts. Specifically, examining the mechanisms that allow entrepreneurs from lower social classes to break free from systemic disadvantages and access key resources (Rindova et al., 2009; Shepherd et al., 2021)—whether through innovative financing, alternative networks, or policy interventions—can provide valuable insights into pathways toward more equitable entrepreneurial success. Second, while my research touches on the intersectional dynamics of social class with factors like gender and migration background, further inquiry into how these diversity dimensions interact to shape resource access in entrepreneurship is needed. Understanding how multiple, intersecting social positions influence entrepreneurial opportunities (e.g., Karim et al., 2022; Mindes & Lewin, 2024; Qureshi et al., 2023) could offer deeper insights into the compounded effects of structural inequalities and inform more inclusive entrepreneurial policies and practices. Third, it is essential to investigate the repercussions of venture failure (Baù et al., 2017; Zacharakis et al., 1999) and the resulting capital loss on changes in the social position (Phillips et al., 2020; Rider et al., 2023; Streib, 2018, 2020). Surprisingly, the phenomenon of downward mobility remains an underexplored aspect of social class dynamics within the field of entrepreneurship, despite the high prevalence of venture failure in practice (GEM, 2023). This line of inquiry could illuminate how experiences of failure and subsequent downward mobility impact future entrepreneurial pursuits, encompassing the psychological and social challenges

individuals face as they navigate both resource constraints and the stigma associated with failure (Granados et al., 2022; Jenkins et al., 2024; Shepherd & Haynie, 2011; Singh et al., 2015).

5.2 The Role of Habitus in Shaping the Entrepreneurial Journey

Although access to capital and resources is a critical component of the entrepreneurial process (Clough et al., 2019), such access alone does not necessarily level the playing field or dismantle entrenched inequalities (Neumeyer et al., 2019). In alignment with Bourdieu's concept of habitus (Bourdieu, 1984), this dissertation uncovers how enduring social class imprints and dispositions, shaped by distinct social contexts, affect entrepreneurs' cognition and behavior (see Studies 1 and 2). Study 1 demonstrates that class-based dispositions, rooted in social class origin, inform entrepreneurial behaviors and choices, often reinforcing class-based structures through facilitating or hindering the development of an entrepreneurial habitus. Expanding on this, Study 2 illustrates the interplay between dispositions related to the primary habitus derived from social class origin and the secondary habitus shaped by upward mobility, revealing how socially mobile entrepreneurs, despite accruing capital, may still face dissonance with entrepreneurship's socio-cultural expectations. Together, these studies underscore the profound influence of habitus on entrepreneurial behavior, illustrating how internalized dispositions from diverse social class origins and trajectories inform distinct entrepreneurial pathways and outcomes.

These findings challenge the notion that entrepreneurship erases class-based disadvantages (Rindova et al., 2009; Verduijn & Essers, 2013) and emphasize the persistent nature of class dispositions (Curl et al., 2018). While prior social class research primarily focuses on the importance of capital in isolation, my work highlights the role of class-based cognitive dispositions in entrepreneurship, showing that upward mobility may not fully erase imprints from one's class origin (Kish-Gephart & Campbell, 2015; Martin & Harrison, 2022). Instead, entrepreneurs from lower-class backgrounds often carry ingrained ways of thinking and behaving that may clash with the expectations of high-status environments (Campbell & Kish-Gephart, 2024; Friedman, 2016; Lehmann, 2014; Stephens et al., 2024). Early socialization within a specific class context leaves lasting cognitive imprints, shaping how individuals perceive and act on opportunities (Bourdieu, 1984). For example, entrepreneurs from lower social classes may develop dispositions around risk aversion and uncertainty avoidance, which align with environments of interdependence and predictability (Haushofer & Fehr, 2014; Keltner et al., 2003; Mittal & Griskevicius, 2014; Shipler, 2004) but may conflict with elite entrepreneurial norms that emphasize risk-taking and independence (McMullen & Shepherd, 2006; Shepherd et al., 2015). Such misalignments can hinder lower-class entrepreneurs' ability to fully integrate into profitable markets and capitalize on available opportunities (Morris et al., 2022).

Moving away from the traditional deficit-based perspective (Bauer et al., 2024; Ellis et al., 2017; Morris & Tucker, 2023) that regards unconventional entrepreneurs as lacking cognition and skills is essential to explore how cognitive imprints derived from socio-cultural contexts distant from

entrepreneurship may serve as strengths in the field (Frankenhuis & Nettle, 2020; Martin & Côté, 2019; Miller & Le Breton-Miller, 2017; Stephens et al., 2024; Yu et al., 2022). Following the emerging literature on positive outcomes of childhood adversity (Cheng et al., 2021; Yu et al., 2023), this reframing invites a more nuanced understanding of how diverse social class origins can contribute positively to entrepreneurship, revealing the potential for resilience, creativity, and adaptability that such contexts can instill. For example, entrepreneurs from a lower-class origin, who have been conditioned to operate in resource-scarce environments (Frankenhuis & Nettle, 2020), often develop heightened empathetic accuracy (Kraus et al., 2010) and prosocial tendencies (Fang & Tilcsik, 2022; Piff & Robinson, 2017), resilience (Wass et al., 2019) and stress resistance (Mittal et al., 2015; Piff et al., 2012). These qualities, shaped by experiences of constraint, can lead to innovative approaches to managing limited resources or navigating uncertain market dynamics—traits that are highly valued in entrepreneurship (Morris & Tucker, 2023). Furthermore, such entrepreneurs may possess a deeper understanding of underserved markets or consumer segments that remain invisible to those from more privileged backgrounds (Bakker & McMullen, 2023; Kašperová, 2021; Pidduck & Clark, 2021), allowing them to identify unique opportunities for innovation and value creation. These imprints, while potentially misaligned with elite norms, can equip lower-class entrepreneurs with the ability to thrive in challenging environments and craft ventures that address overlooked markets (Lewis et al., 2024). Thus, socio-cultural dispositions formed outside of traditional entrepreneurial settings can, in certain contexts, serve as a strength rather than a hindrance (Yu et al., 2022).

These contributions open new avenues for research on the role of class-based dispositions and cognitive imprints in entrepreneurship. First, it is vital to further explore how specific class-based cognitive frameworks influence decision-making in entrepreneurial contexts. For example, grit can be developed in resource-scarce environments as a response to enduring prolonged discomfort and overcoming adversity (Chen et al., 2022; Morris & Tucker, 2023). In such contexts, individuals may cultivate a tenacious attitude that equips them to face the challenges inherent in entrepreneurship and remain committed to their ventures (Duckworth et al., 2007; Kaes et al., 2024), while also triggering a costly persistence in which individuals pursue a flawed business strategy and cling desperately to their ventures (Lucas et al., 2015). In addition, research along this path may uncover how dispositions affect the types of ventures created. For example, entrepreneurs from lower-class backgrounds, who often develop prosocial orientations and a sense of interdependence and community orientation (Dittmann et al., 2020; Piff & Robinson, 2017; Stephens et al., 2012), may be more inclined to pursue social entrepreneurship or ventures aimed at community well-being (Mair & Martí, 2006), contrasting with the more individualistic and competitive motives often seen in elite entrepreneurial environments (cf. Fang & Tilcsik, 2022). Thus, understanding how these cognitive imprints affect critical decisions—such as venture scaling or strategic orientation—could provide deeper insights into the cognitive dimensions of entrepreneurship. Another promising avenue for research is to examine how interventions (i.e., through education and support

programs) can effectively address and reshape class-based cognitive frameworks among aspiring entrepreneurs (Morris et al., 2022). As such, studies could evaluate the effectiveness of specific educational methods, such as experiential learning or mentorship programs, in altering risk perceptions and cultivating approaches to navigate uncertainty (Morris et al., 2023) to disrupt the cycle of entrenched class-based disadvantages. By assessing the outcomes of these interventions (Henry et al., 2024), researchers could contribute to a more inclusive and supportive ecosystem for diverse entrepreneurs.

5.3 Concluding Thoughts

In conclusion, the findings of this dissertation collectively contribute to a more nuanced understanding of the role that social class plays in shaping an individual's entrepreneurial journey. Capital and resources determine who enters which types of entrepreneurship and how far they can progress, while habitus and dispositions profoundly influence how entrepreneurs think, feel, and behave within those spaces. Taken together, these findings challenge the traditional "rags to riches" narrative by showing that success in entrepreneurship is not solely contingent on individual merit, but is also shaped by the structural conditions of class-based opportunities and behaviors.

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