# WHY DO BUSINESS ANGELS INVEST? UNCOVERING ANGELS'GOALS

# Rui Falcão

Doctoral Program in Marketing and Strategy

## PhD Supervisors

Maria João Carneiro António Carrizo Moreira Harry Sapienza

University of Aveiro

26 may 202

# PhD RESEARCH QUESTIONS and my motivation

- 1. Why do people become business angels?
- 2. What is the real value angels perceive from their activity?
- 3. How BAs understand their work and perceive their career?
- 4. At which extent the sense of a calling influence their activity?

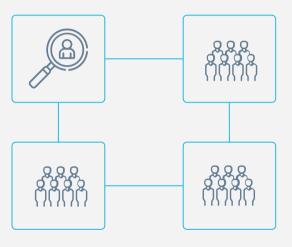
# \_STRUCTURING PhD RESEARCH

### ESSAY 01 QUALITATIVE STUDY

The Why of angel investing. Angel goals as reasons for angel investing

## ESSAY 03 QUANTITATIVE STUDY

How Perceived Career Value affects Job satisfaction and the reinvestment intention and word of mouth



### ESSAY 02 QUANTITATIVE STUDY

Angel Perceived Investment
Value (APIV)

## ESSAY 04 QUANTITATIVE STUDY

The impact of calling on involvement and APIV

# WHY DO BUSINESS ANGELS INVEST? FRAMING LITERATURE

#### ANGEL GOALS & MOTIVATIONS

(e.g. Benjamin and Margulis 2005; Freear, Sohl, and Wetzel 1994; Sullivan and Miller 1996;)

# GOAL DIRECTED THEORY & PERCEIVED VALUE

(Pieters et al. 1995; Austin and Vancouver 1996; Puustinen 2012;2013)

#### RESEARCH GAPS

#### **METHODOLOGICAL**

Most studies were quantitative

#### **CONCEPTUAL**

No holistic framework of research on angel arena

#### WORKING PROPOSAL

# QUALITATIVE STUDY WITH THE LADDERING THECNIQUE

Technique used in marketing to uncover the real reasons why people make decisions.

EXTEND PERCEIVED INVESTMENT VALUE FRAMEWORK TO ANGEL SCOPE

**Schumpeterian** (Erikson, 2007)

Corporate achievers (Gaston, 1989)

Silver spoons (Hill et al., 2002)

Family of investors (Benjamin et al., 2005,p.141-176)

The stockholder (Gaston, 1989)

Peers (Gaston, 1989)

**Deep-pocket** (Benjamin & et al., 2005,p.141-176)

Economic Investor (Sullivan et al., 1996)

Arch angels (Hill et al., 2002)

**Knowledge Oriented** (Avdeitchikova, 2008)

Hedonistic Investor (Sullivan et al., 1996)

Teacher (Mulcahy, 2005,p.95)

repreneurial angels (Stevenson et al., 1994);

Micro Investor (Avdeitchikova, 2008)

Founding Angel (G. W. Festel et al., 2013)

The Godfather (Gaston, 1989)

Cousin Randy (Gaston, 1989)

Latent angels (Stevenson et al., 1994); (Mason et al., 2008)

 $\begin{tabular}{ll} \textbf{Top Guns} & (Hill et al., 2002) \\ \textbf{Super-Angel} & (S.~A.~Shane, 2009, p.176) \\ \end{tabular}$ 

Daddy Warbucks (Gaston, 1989)

Classical Business Angel (Avdeitchikova, 2008)

Business Devils (Gaston,

 $\textbf{Lead dogs} \ (Hill \ et \ al., \ 2002) \quad \textbf{1980}_{\textbf{manager}} \ (\underline{\textbf{Mulcahy}}, \underline{\textbf{2005}}, \underline{\textbf{p.95}})$ 

Cherubs (Hill et al., 2002)

Value-Added Investor (Benjamin et al., 2005)

Investor (Mulcahy, 2005,p.95)

Austrian (Erikson, 2007)

Capital Oriented (Avdeitchikova, 2008)

Status seeker (Mulcahy, 2005,p.95)

**Technology guru** (Mulcahy, 2005,p.95)

Dr. Kildare (Gaston, 1989)

Manager investor (Benjamin et al., 2005,p.141-176)

**Altruistic Investor** (Sullivan et al., 1996)

**Wealth maximizing** (Stevenson et al., 1994);

Socially responsible (Benjamin et al., 2005,p.141-176)

Unaccredited private investor (Benjamin et al., 2005,p.141-176)

Virgin angels (Stevenson et al., 1994); (Mason et al., 2008b)

as an angel

Partner Investor (Benjamin et al., 2005,p.141-176)

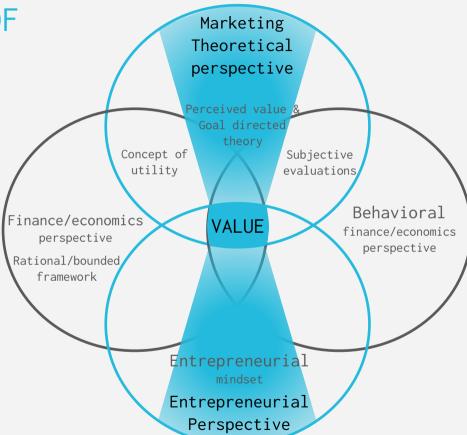
**ROI angels** (Hill et al., 2002)

Barter investor (Benjamin et al., 2005,p.141-176)

Guardian Angels (Hill et al., 2002)

Dark angels (Hill et al., 2002)

\_\_\_ A NEW CONCEPT OF ANGEL VALUE



# MATERIALS AND METHODS QUALITATIVE SURVEY

53

BUSINESS ANGELS

26 TO 68 YEARS

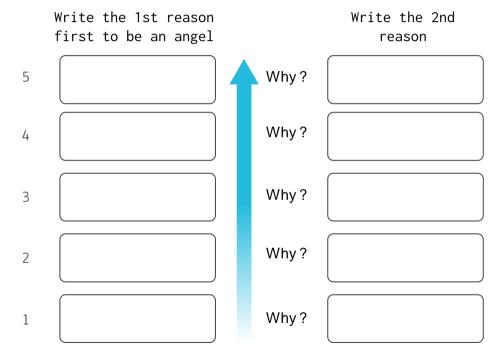
35

**ENTREPRENEURS** 

19 TO 35 YEARS

6

**COUNTRIES** 



THE LADDERING THECNIQUE

# **RESULTS**

#### ANGELS' GOALS CATEGORIES

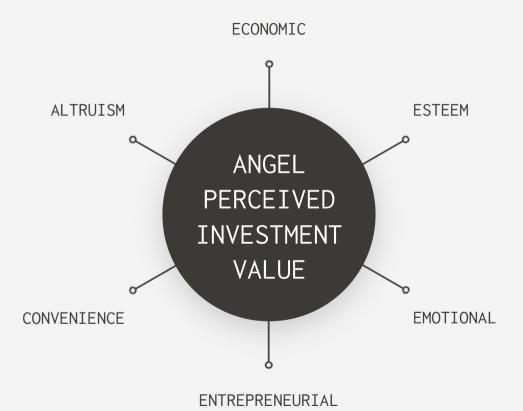
Economic (3)	Emotional (6)	Symbolic (15)	Functional (6)	Entrepreneurial (10)
to make money to manage risk to get a high ROI	to be part of something extraordinary to be active to live a pleasant life to have fun to have a hobby to have challenging experiences	to develop oneself to learn to share knowledge and experience to increase one's self- respect to feel fulfilled to be successful to be happy to keep updated to express benevolence to support own country to make a better world to give back to society to take care of my family to plan my career to do networking	to invest conveniently to benefit from public incentives to reinvest to invest in new business to grab the opportunity to fit basic needs	to interact with other angels to be involved with startups to be part of entrepreneurship to support innovation to mentor entrepreneurs to create an entrepreneurial legacy to have a great EXIT to awake the angel identity to help startups grow to socialize with great people

4 Goals Categories from Perceived Investment Value (PIV)

(Puustinen 2012)



# THE APIV CONCEPT



487

ANGELS' GOALS
IDENTIFIED BY
ANGELS

396

ANGELS' GOALS IDENTIFIED BY ENTREPRENEURS

40

CODES

5

CATEGORIES

Business angels' goals identified by				21	0	10	1 1	2		2 .		7	10		10 1	2	1	10	F 44	25	1	0 1	. 10		-	2	_			2	10				
business angels	Abstractness	оит	IN Goal number																5 16																
to develop oneself	62%	13	Goal number	1	_	3	, 3	U	,	0 5	, 10	, п	3	נ כב	14 13	10)	11 15	3	20 21	3	23 2		20		20	3	J 3.	1 32	33	34	JJ 3	N 31	38	39	40
to learn	39%	14	2	7		2	+						,		1			,		,	$\pm$	1		1		1	+				$\pm$	+	+	Н	
to share knowledge and experience	53%	9	3	2		_	+				+				1			t			$\pm$	1	-	-			2	1			$\pm$	2	+	Н	
to invest conveniently	50%	1	4	-	1						$^{+}$							1			$\forall$	1	$\top$			Τ,	+	Ť			$\forall$		+	П	Т
to grab the opportunity	33%	2	5								$^{\dagger}$		1				1					$\top$	$\top$			$\top$	$\top$	т			$\top$	$\top$	$\perp$	П	
to reinvest	67%	1	6										î						1		$\top$	$\top$				$\top$		Т			$\neg$	$\top$	$\perp$	П	
to invest in new business	21%	15	7							1 1	1	1	1	3	1			1									т	1			3	1		1	
to plan my career	67%	1	8									T	1	Ť	_			T									т	T							
to benefit from public incentives	50%	2	9						П		Г		1	1							$\neg$		Т			$\top$	$\top$	Т		$\Box$		Т	$\top$		Г
to have a great EXIT	75%	1	10																	1							т								
to get a high ROI	35%	13	11								Т		5	2					1 4		1						Т								
to make money	55%	13	12					1	1					1			1	1	8								Т						Т		
to manage risk	39%	14	13				1			1	1 1	3			2				1 1								$\top$				1				
to have challenging experiences	53%	9	14	2					Βl	JS	T	٧F	S	S	A	N	GF		S1 1	G	0	41	S		1	$\top$	1				_	$\top$	$\top$	П	
to have a hobby	50%	1	15				$\top$				Ť.	-	Ĭ	Ĭ		1	Ŭ-	Т		Ĭ	-	Ť		Т		$\top$						$\top$	$\top$	П	Г
to have fun	29%	5	16						M'	ΤN	D	MΔ	ŀΡ	1	ωE		TΗ	F	Bl	IS	TI	VΕ	5	S	Δ	N	GI	FΙ	S			1			
to fit basic needs	ignored	0	17									"	`		٠.			Т		Ĭ	Τ,				-1	```	Υ.	Т	Ĭ						
to awake the angel identity	67%	2	18				$\top$		1		$\top$											$\top$	Т				т				1		$\top$		
to improve one's self-esteem	68%	9	19					1			$\top$						1			4		$\top$	Т			$\top$	1					1	$\top$		1
to take care of my family	71%	2	20				Т				Т		П							1	$\neg$	1	Т			$\top$	Т					T	Т	П	Ē
to live a pleasant life	70%	7	21								$\top$			1				1	2	1	_	2					т						Т		
to feel fulfilled	93%	2	22								$\top$			-	1			1		ı		1					т								
to be successful	33%	2	23										1	Т				1									Т						Т		
to be happy	90%	1	24								$\top$							Ť		П						$\top$	т					1		П	
to be active	71%	5	25								$\top$									2	П		1			$\top$	$\top$	Т				1		1	
to be updated	52%	12	26	2	2													1	1	1		2	2				Т				2		1		
to do networking	30%	14	27	3					1														. 1		2	1		1					1		
to socialize with great people	45%	6	28	1	2										1	1								1			Т								
to interact with other angels	20%	8	29	3			1										1							3			Т						Т		
to create an entrepreneurial legacy	45%	6	30								1							2		1													1		1
to be part of something extraordinary	67%	2	31								T																			1		1	T	П	
to help startups grow	50%	8	32			2														2		1					1					1	1	1	
to be involved with startups	0%	6	33			1												1										1			2				
to be part of entrepreneurship	15%	11	34								$\top$				1							2	2		1		1	1				1	2		
to support innovation	31%	22	35	1	1			П			1	1			1			T		4			1 4				1 1					1		2	
to mentor entrepreneurs	33%	16	36			5					Ť	1		Ť	Ť			1		П	$\neg$		1	Ť	1		1	3		1			$\top$		2
to express benevolence	40%	6	37			Ť					$\top$	Ť						1		1		1	Ĺ				Т	Ť		-				1	-
to support own country	50%	6	38				$\top$		1	1	$\top$				1			ľ					Т	Ĺ		T	Т	Т			1			2	
to make a better world	57%	6	39								$\top$							2		2		1		Ĺ			Т				T		Т		1
to give back to society	50%	7	40								Т		П				1	. 3			_	2					Т						1		

10

## **RESULTS**



Angels' goals
identified by BUSINESS
ANGELS, using the
weighted Degree
algorithm and GEPHI
software for network
analysis

11

# **RESULTS**

Angels' goals identified by ENTREPRENEURS, using the weighted Degree algorithm and GEPHI software for network analysis



12

# CONCLUSIONS AND CONTRIBUTIONS

O1 ANGEL GOALS & VALUE FRAMEWORK

BROUGHT NEW THEORY
TO ANGEL RESEARCH

02 AN HOLISTIC VIEW OF THE BUSINESS ANGEL

RELEVANT PRACTICAL

IMPLICATIONS TO THE

ECOSYSTEM

# Citation

### **Reprints and Permissions**

This presentation is based in an open access article distributed under the terms of the Creative Commons CC BY license, which permits unrestricted use, distribution, reproduction in any medium, provided the original work is properly cited. You are not required to obtain permission to reuse this article in part or whole.

Rui Falcão, Maria João Carneiro & António Carrizo Moreira (2023) Why do business angels invest? Uncovering angels' goals, Cogent Business & Management, 10:2, DOI: 10.1080/23311975.2023.2234134

