



Investment motivation and decision making by impact investing business angels in UK

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A large, stylized green leaf graphic is positioned on the left side of the slide, extending from the top to the bottom. It has many fine, radiating lines representing veins.

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Introduction

- Impact investing - designed to meet the non-pecuniary preferences of investors and aim to generate a positive externality (meaningful societal impact) actively and causally through their ownership and/or governance of the companies they invest in.
- \$1.16tn committed 2022
- Role of entrepreneurial finance?
 - Green VC funds
 - Social investment funds
 - Business angels?



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Angels as impact investors

- Long time horizons
- Not exit driven
- Mixed investment motivations
 - ‘putting something back’
 - Hot buttons
 - Involvement not responsibility
- Hand-on involvement



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Our study

- 35 interviews with self-declared angel impact investors in UK
- Three year participant observation study in ‘green’ investment syndicate
- 2 research questions
 - To what extent do investment decisions have altruistic rather than pecuniary motivations?
 - What exactly are the characteristics and elements of angel investment altruistic motivations and behaviours?



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Results – RQ1

- Doing well by doing good
 - Financial returns were a consideration
- Creating tangible social impact at least as important
 - *Personal experience*
 - *Personal values*
 - *Sense of responsibility*



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Results – RQ2

- Altruism in angel investing is complicated
- Several layers of motivations intertwined
 - Altruism vs personal/strategic benefits
 - Enhancing personal brand/network
 - Sense of purpose
 - Personal fulfilment

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Altruism in angel impact investing: a framework

Motivation X Outcome

	Self-Interested Motivation	Altruistic Motivation
Individual Benefit	Selfish Act	Enlightened Self-Interest
Societal Benefit	Strategic Altruism	Pure Altruism

- **Pure Altruists:** Investors primarily driven by the desire to create societal impact, with financial returns being secondary or even inconsequential.
- **Strategic Altruists:** Those who view societal impact as a means to achieve certain strategic objectives, be it reputation/brand enhancement, networking, or other personal/professional benefits.
- **Enlightened Self-interest/Balanced Investors:** Individuals who give equal weightage to financial returns and societal impact, often seeking ventures that promise both in tandem.
- **Selfish Act/Financial First, Impact Second:** Investors for whom financial returns are paramount, but who also desire some level of societal impact from their investments



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Conclusion

- Complex landscape of angel impact investing
 - Motivations are far from monolithic
 - Altruism is multi-dimensional in the dual pursuit of wealth and social betterment