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Master Thesis in Entrepreneurship & Innovation

Women Business Angels: Insights about their Investment  
Decisions and Evaluation of Female Entrepreneurs

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# Abstract

Women have become a major and rising financial force and their presence in the angel sector is growing. However, little research has been done on the status of women as angel investors. This master thesis aims to give insights into the influencing factors in the investment decision of female business angels and their perception of female entrepreneurs. A qualitative study was conducted with nine women angel investors that followed a semi-structured interview. The findings show that female business angels are influenced by their investment motivation, the deal sources and their personal investment criteria. In addition, the study gives first indication of how female business angels perceive female entrepreneurs and comes to the conclusion that women show weaknesses in presenting themselves and their businesses. The study proposes future research in the field of women angel investing and practical implications.

Keywords: Women Entrepreneurship, Angel Investing, Investment Decision Making, Female Business Angels, Female Entrepreneurs

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## List of Abbreviations

BA	Business Angel
VC	Venture Capitalist
BAN	Business Angel Network

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# 1. Introduction

The Sustainable Development Goal 5 by the United Nation is defined as “*achieve gender equality and empower all women and girls*”, which mentions one of the targets as “*to ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life*” (United Nation, 2021). The “When Women Thrive” Report by Mercer (2020) highlights that among 1,100 organizations around the world, there is a leaky pipeline for women in leadership, with women's participation declining the higher the position. Entrepreneurship can change the distribution of females in higher positions and foster economic development, acceptance and growth (Berger & Kuckerz, 2016).

## 1.1. Background

Female entrepreneurship is defined as a business that is either owned by one or more women. A business is owned by a woman when she owns at least 51% of the company. As there is confusion about the necessity of ownership in these definitions, female entrepreneurship can be divided into women-owned and women-led, taking into account the ventures that are equally owned by females and males (McAdam, 2013). According to the Global Entrepreneurship Monitor (GEM), the Total Entrepreneurial Activity (TEA) is lower for women than for men globally. However, the TEA differs from continent to continent and sometimes even favors women. Lower income countries show a higher female TEA with approximately 15.1%, compared to the average of 10.2%, while Europe has a female TEA of approximately 6%. Female entrepreneurship has an impact on the job market, as it decreases unemployment, brings mothers back to work and creates specific jobs, which ultimately leads to a raise of a countries’ GDP. In addition, it improves society as women are more likely to care about health care, education, nutrition and their family, where they are either opening a new venture or investing their money in (Dheer et al., 2019).

The access to finances is a known barrier for founders everywhere, however, it is well researched that female entrepreneurs are facing additional disadvantages as a result of being a woman (McAdam, 2013). It was found that female entrepreneurs are having more struggles in receiving traditional startup funding sources than men (bank loan, business angels, venture capital). Some

researchers claim that business characteristics are the main reason for this phenomenon and as women aim to open a business in industries that are more stereotypically assigned to their gender, these industries (service, beauty, coaching) require less investment than industries that men are aiming for (tech, manufacturing, construction) (Geiger, 2020).

On the other hand, globally, only 3.4% of women are providing funding for new ventures, compared to 5.6% of males (GEM Women's Entrepreneurship Report, 2019). The numbers vary between the different forms of financiers. For example, in Europe approximately 15% of the business angels are female, with U.K. on top of the ranking, whereas 28% of all angel investors are female (WA4E Report, 2018). In the venture capital sphere, only 12% of the decision makers are women and only 2.3% of venture capital funding was given to female-led startups (Bittner & Lau, 2021).

## 1.2. Problem Discussion

Recent studies explore why women in the same industry as men, asking for the same amount as men, are still more likely to receive less and the results are mostly aligned among the scholars. Gender stereotypes are persistent in the evaluation of a new venture (Balachandra, Briggs, Eddleston & Brush, 2019; Voitkane, Johansson, Malmström & Wincent, 2019; Malmström, Johansson & Wincent, 2017). Governmental and private venture capitalists from both sexes were asked for their opinion on why they tend to invest in male-led businesses. The result was that men were assigned masculine attributes that are more promising for the growth of the company, such as willingness to take risk or assertiveness, while women were associated with being risk-averse and stability-oriented (Balachandra et al., 2019; Voitkane et al., 2019; Malmström et al., 2017).

In addition, gender stereotypes in the angel investment process were investigated, showing that business angels are gender-biased and stereotyping women and men (Edelman, Donnelly & Manolova, 2017). However, it was also found that women business angels have a strong preference for investing in female entrepreneurs (Aernoudt & De San José, 2020). According to the WA4E Report (2018), "women investors have a clear proclivity to back women-led businesses," implying that more women investors equal more women investees. Over 50% of investigated women angel investors have given an investment to at least one female entrepreneur, and almost 20% of these



angels have even invested in 3 to 9 women-led ventures. As the number of women angels is increasing, also the number of women-only BAN (Business Angel Networks) is increasing, this is because women in mixed angel networks, but also in general women business angels experience stereotype threats (Harrison, Botelho & Mason, 2020).

Business angels are an important part of the startup ecosystem, because they bring innovative products and services to the economy by investing in the early lifecycle of a new venture. Furthermore, business angels typically bring considerable value in addition to money (Politis, 2008) by being board members of the company and offering valuable guidance. Because of the value they bring through their expertise, counseling, and networking, business angel capital is also known as "smart money" (Aernoudt, 2005). Therefore, business angels pay more attention to social criteria in their investment decision compared to venture capitalists (De Clercq, Fried, Lehtonen & Sapienza, 2006). However, the existing literature proposed several models for the investment decision making process of business angels, with a slight difference of each investment stage (Van Osnabrugge & Robinson, 2000; Amatucci & Sohl, 2004; Paul et al., 2007).

Although scholars' interest in business angels has been rising, the literature available is limited in its scope. Few attempts have been made to explain the role of women business angels. In addition, existing literature has not yet addressed the overall investment decision making process for women business angels and how they perceive female entrepreneurs, in order to say that they "Back women-led businesses".

The purpose of this thesis is to understand the investment decision of female business angels and the relationship between the investment decision and female entrepreneurs. It is important to investigate what influences the investment decision of female business angels in order to understand how they perceive female entrepreneurs' capabilities and why in the end they do invest in female entrepreneurs or not.

Since the literature does not explicitly only examine female angel investors, it is of theoretical relevance to consider this group individually and to analyze their investment decision. Female business angels are fighting gender stereotypes on a personal level, so it is extremely important to understand their investment decision and whether they are stereotyping female entrepreneurs. This

has theoretical relevance for the female business angels research, female entrepreneurship research and for the gender stereotype research. In addition, given the importance of business angel investment in entrepreneurial business development, a better comprehension of this segment of the market will help to understand the complexities of the gender-venture capital relationship, as well as the implications for business growth and business development at a later stage. Moreover, any inquiry into the supply of investment capital from female business angels must be put within the broader discussion about the essence of female entrepreneurship. On a practical level, it is important to highlight this relationship for practitioners and policy makers.

This research project seeks to address the following questions:

*Ia: What influences female business angels in their investment decision?*

*Ib: How do female business angels perceive female entrepreneurs in their investment decision?*

In order to reach the purpose of the study, semi-structured interviews are conducted with female business angels. More details on the method can be found in chapter 3.

### 1.3. Thesis Outline

The following chapter 2 will present the key concept regarding business angels and female entrepreneurs and the matter of gender stereotyping in the entrepreneurial field. Followed by chapter 3 that contains the methodology of the empirical study and explains the research approach, the research design, the data collection, the sample selection and the data analysis. Chapter 4 focuses on the findings, which are analyzed and discussed in chapter 5. Finally, chapter 6 presents the conclusion with the limitations, the implications and future research.

## 2. Literature Review

*This chapter contains literature that reflects the theoretical context of the masters' thesis. For this thesis, gender is defined as the social constructed difference between males and females, with characteristic traits, behaviors and attitudes conventionally attributed to them. In order to understand the investment decision of women business angels, one must first understand the different financial sources in the entrepreneurial sphere, the activities and delimitations of business angels and how the investment decision making process looks like. In order to evaluate the perception of female entrepreneurs, the key concepts are presented in the following chapter, followed by insights towards the stereotyping in the investment decision making process.*

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### 2.1. Sources of financing a new venture

An essential part for an entrepreneur to turn his idea into a profitable business are financial sources. Many entrepreneurs start their company with their own capital or have saved some money over the years so that they can get started with their company. If the self-saved source is not enough, entrepreneurs access capital from informal investors, which also represents the so-called 3Fs (family, friends, and fools) (De Clercq et al., 2006; Eddleston et al., 2016). Another source of financing is debt financing. Debt financing applies to interest-bearing loans, which are usually issued by banks (Eddleston et al., 2016). Banks, on the other hand, do not want to take on the high levels of risk that come with investing in entrepreneurial projects and taking equity. Furthermore, entrepreneurs have the option for equity financing. The term equity financing applies to transactions in which the investor receives shares in the company in exchange for money. The three major sources for equity financing are: venture capitalists (VCs); business angels (BAs) and corporate venture capitalists (CVCs). The source of investment funds, the nature and size of investments, the primary reasons for investing, investment conditions, reporting requirements, and exit issues all vary between these three investor groups (De Clercq et al., 2006). Since most entrepreneurial projects do not meet the strict requirements asked by equity investors such as venture capitalists or angel investors, they must depend on debt financing (Eddleston et al., 2016).

#### 2.1.1. Women Business Angels

Individuals who invest their own money in new ventures are known as business angels (BAs). BAs are frequently either retired senior executives of large corporations or entrepreneurs who have sold

their businesses and want to invest their assets. BAs share the same interest as VCs in equity growth, but many are interested in investing because it allows them to be heavily involved in an exciting venture where they can leverage their industry connections and experience while mentoring the creation of a young entrepreneur. Therefore, BAs are more likely to invest in industries in which they have expertise. Usually, BAs make their investment in the seed stage of a startup, which is why they are not competing with VCs for deals. In addition, compared to VCs, the invested sum is lower and therefore the potential return smaller. Entrepreneurs that prefer having an informal relationship with their investor, and are interested in industry knowledge are better off with a business angel as a source of risk capital (De Clercq et al., 2006).

The distribution of male business angels compared to female business angels is even more minimal than the distribution of male versus female entrepreneurs, with only 17% of women being angel investors in the U.S. and approximately 15% of all angel investors in Europe being female (Gender Gap Grader, 2014). Since there are so few women involved in investing, whether as venture capital fund managers or as business angels, it has been suggested that gender homophily would favor women entrepreneurs to find and access capital (Harrison & Mason, 2007). This is also due to the fact that women angel investors have an entrepreneurial background, which means they better understand the hurdles that women have to overcome and therefore tend to invest in female entrepreneurs (Entrepreneur, 2018). There is a case to be made that increasing the number and exposure of women business angels, through the establishment of women-only business angel networks (BANs), will increase the supply of finance to women entrepreneurs and address women's lower involvement in the asset and wealth creation process (Harrison & Mason, 2007).

Nonetheless, there are differences between female and male angel investors. Women are less likely to have a high degree of managerial experience in a corporate environment, making them less likely to engage in high-net-worth networks. If women do make such contacts, they must make a good case for their skill and loyalty, often without the advantage of a long-standing partnership or the confidence that comes with it. There is also evidence that women are less likely than men to become active investors, but this is more due to their cumulative human capital characteristics and lower participation in the asset accumulation process than any innate gender-related disparity. These findings indicate that males have higher levels of entrepreneurial self-efficacy than females,

but some commentators argue that this is due to men being socialized through entrepreneurship to a greater extent than women (Harrison & Mason, 2007).

The Women Business Angels Association for Europe's Entrepreneurs (WA4E) investigated Barriers and Opportunities for women angel investing in Europe and found that female BAs are mainly between the age of 31 to 50, most of them founded at least one venture, they are rather making a small number of investments and only a few have an investment portfolio. As key drivers the women business angels mentioned supporting entrepreneurs on their journey, getting involved with business and technology innovations and being part of a pool of like-minded people. As barriers they mentioned not being aware of tax breaks for risk mitigation, lack of visible female BAs and angel groups, their families have financial priorities and the lack of understanding how to find and invest in quality deals (WA4E, 2018).

Scholars reported that because of their lack of investment expertise and experience in pricing and structuring investment deals, women face obstacles in the private equity sector (Sohl & Hill, 2007). Angel investors rely on less clear social factors in the analysis of signals sent by entrepreneurs to shape judgments about the quality of the entrepreneur and their new venture while there is a lack of accurate business and financial data about the investment opportunity. Since the socially accepted image of a successful entrepreneur is based on male gender stereotypical notions of "masculinity", angel investors form prejudiced social judgments about the entrepreneur's credibility and the quality of the new venture (Edelman et al., 2018). Woman-only angel groups receive more funding applications from female-led ventures than other angel groups, but the chances of women accessing angel capital from female angels are only around half of the average if gender is being ignored. The picture is very different when it comes to investment experience between man and woman: women investors had less years of experience, made smaller investments, made less investments overall, and were less likely to invest in innovative projects. Women were slightly less likely to invest in seed stage and later stage transactions, as well as syndicated investments. Despite the claim that "women are more risk averse than men," this indicates that on average, women angel investors are no more risk averse than men, highlighting the nuances of daily risk perceptions, behaviors, and discourses. There is proof that women business angels are more likely to accept what they do not know and ask "stupid" questions, while

men are too proud to ask questions, so they do not. This raises the bigger questions of how women who enter women-only investor groups differ from women who join mixed-gender networks in terms of their ABC (attitudes, behavior, and characteristics). Women-only groups have slightly fewer board-level experience than mixed angel investor groups, despite having similar levels of entrepreneurial experience. Members of all-female networks tend to be more risk averse than those of mixed networks (in terms of making smaller investments in low- to medium-innovation projects). Women in mixed angel groups and women-only angel groups have comparable levels of investment experience, but the former have made far more investments, implying that a women-only atmosphere offers both a learning opportunity and a "secure space" for investing (Harrison, Botelho & Mason, 2020).

### 2.1.2. Investment Decision

Angel investment decision making was very much “under the radar” and was therefore undocumented, however, angels are increasingly banding together to form controlled angel groups, which allows investment activity to be tracked. Such data backs up previously speculative predictions about angels' supremacy in early-stage investing (Mason, Botelho & Zygmunt, 2017). Scholars have been particularly interested in the business angels' investment decision-making process. According to White and Dumay (2017), angel decision-making research covers a wide range of subjects, including preparation for funding, confidence, agency problems, and risk avoidance and whether business angels prioritize the opportunity or the entrepreneur (Mitteneß, Baucus & Sudek, 2012). Several scholars have looked into the investment decision-making process, defining various chronological phases. The multi-stage investment method offers a valuable structure for developing an understanding of investment requirements and behavior associated with each phase and, in turn, aids in recognizing the underlying drivers affecting business angels during the initial investment process (Botelho, 2017). According to Van Osnabrugge & Robinson (2000), both business angels and venture capitalists will benefit from an eight-stage model. Given the distinctions between these two groups of investors, this point is debatable (Mason & Stark, 2004). However, this model is considered one of the most popular models and contributes significantly by covering a wider spectrum of the mechanism and considering the value of factors considered prior to investment – motivations, criteria, and the hunt for deals. The steps are as followed: *Investment Motivation*, *Investment Criteria*, *Finding Deals*,

*Initial Screening, Due Diligence, Negotiations & Investment, Post-Investment Involvement and Exit* (Van Osnabrugge & Robinson, 2000).

Angel investors usually reject a large percentage of the presented deals. These high rejection rates have prompted research into business angels' investment requirements – the criteria they use to assess investment opportunities. According to research, the focus shifts in the process as prospects that reach the initial screening stage (typically less than 10%) are scrutinized more closely. The entrepreneur/management team is the most significant factor for business angels in the investment decision making process, with the market's growth potential and product/service attributes coming in second and third. However, qualitative research shows that demonstrating the value of the entrepreneur's skill, their motivation and how trustworthy they are plays an important role in the deal assessment. Furthermore, it seems that angel investors evaluate deals in a non-compensatory manner. To put it another way, they don't allow shortcomings in one area of the company to be compensated for by strengths in another. Angel investors are willing to forego a financial return in exchange for a socially beneficial commodity. It is also worth noting that most angel investors do very little research and due diligence before investing, and spend very little time deliberating and negotiating, relying on "feelings rather than logic" to make their decisions. Angels' lack of confidence in the managerial abilities of the partners, with management shortcomings, being the most common explanation for rejection (poor personal chemistry, lack of trust, incompetence, unreasonable expectations, reluctance to share ownership and accept the involvement by the investor). Venture capital fund referrals were more likely to make it through the screening stage. The idea is then assessed in terms of how well it 'fits' their information domain and personal investment requirements. In terms of requirements, after the initial screening, the value of the entrepreneur/team skyrockets, while the potential of the product plummets. The value of potential financial rewards rises as well, especially during the due diligence stage (Mason et al., 2017).

While VCs are more concerned about the market risk of a new venture such as competition having an effect on size, growth and market accessibility, BAs are more concerned about the agency risk, an interest conflict with the entrepreneurs and investors. These distinctions derive from the types of risk that BAs and VCs feel they are better prepared to handle. Angel Investors have less experience with closing deal flow and therefore lack data to compare and evaluate the risk at the

market, in addition, these evaluations require costly resources to analyze and therefore VCs are conducting more due diligence than BAs. As the relationship between angel and entrepreneur is rather informal, it is harder to enforce sanctions. However, many scholars agree that when determining whether or not to invest in a proposal, BAs consider both the market and the entrepreneurs' characteristics. Investors' impressions of bad management are the primary deal killer (Mason & Stark, 2004). Investors focus on the opportunity's growth potential as well as the entrepreneurs' ability to reach that potential. BAs invest their own money in hope to gain capital, however their motivation include also the joy of playing a key role in someone's entrepreneurial process, satisfaction and altruism (Mason & Stark, 2004; Harrison & Mason, 2007). There are few differences in motivation between male and female investors. Women, for example, are slightly more likely to be driven by a desire to help the next generation of entrepreneurs, as well as, more importantly, by a desire to support socially beneficial goods or services. Women also placed a higher value on "a way to have fun with my money." In a broader sense, women tend to be more likely than men to invest in close relations (family and close friends). Both male and female investors say that their investment assessments are gender-neutral (Harrison & Mason, 2007). According to a study by Harrison & Mason (2007), women investors are willing to loosen their investment requirements in order to accept a female entrepreneur, and they are also willing to assist female entrepreneurs in being investment ready. However, Edelman et al. (2018) found that although being a woman had little impact on the lack of favorable evaluations of women entrepreneurs, it was discovered that angel investors reflected substantially more frequently on the management team surrounding women-led companies. One reason is that, according to the tenets of social identity theory, angel investors have different assumptions for male and female leadership activity. From a theoretical standpoint, their results indicate that there is a subtle bias in the field of angel investment that stems from the assumed stereotype that women are incapable of leading a legitimate new venture. As a result of their research, they discovered that when assessing businesses presented by women entrepreneurs, mainly male angel investors behave in compliance with their gender prescribed roles, reflecting "in-group" and "out-group" effects and stereotypes (Edelman et al., 2018).



## 2.2. Entrepreneurship and Gender

Entrepreneurship has several definitions, some of them include a new market entry, opening a new company or the process of creating. In addition, entrepreneurship requires innovation and change-oriented behavior, task-related motivation and expertise (Davidsson, 2005). According to Kirzner (1983), an entrepreneur is taking several roles and acts as speculator, source of information, employer and manager. The scholar also manifests that entrepreneurship is the competitive behavior that drives the process in the market (Kirzner, 1983 cited in Davidsson, 2005). Sarasvathy (2001) identified two entrepreneurial processes, the causation process and the effectuation process. While the causation takes a given effect and chooses the necessary means to achieve an outcome, effectuation takes the given set of means and focuses on the possible outcomes with these means. Depending on which process is chosen, it results in different career motives and preferred mode of decision making logic (Gabrielsson & Politis, 2011). Entrepreneurship is a catalyst for a country's growth in economic, social and political aspects. New venture creation enables employment opportunities, especially female entrepreneurs are enhancing the innovation and diversification process in management practices (Sharma & Sahni, 2020).

Male and female entrepreneurs are different from each other in light of business and personal profile. The businesses of the genders are mostly started and run in different industries, they are developing different product categories or services and the goals and structure of the businesses are different. As customers are free to choose according to their needs, entrepreneurs learn about what is feasible from a technical and organizational standpoint. As a result, the quality of entrepreneurship can be improved (Verheul, Stel & Thurik, 2006). Gender is known to be a complex sociocultural term. Individual psychological and external influences, as well as demographic and sociocultural factors, have been shown to interfere with a person's gender which affects their entrepreneurial path. The need of considering contextual factors should be stressed in a way that allows for an active investigation of external and internal factors that could have an impact on the world of women entrepreneurship (Sharma & Sahni, 2020).

### 2.2.1. The profile of a female entrepreneur

The ventures of female entrepreneurs are rather in saturated, less value added sectors, such as catering, health and education service sector, as well as retail. Due to gender specific aspects,

women prefer flexibility that leads them to enter sectors that have low entry barriers and low costs. In addition, these sectors are also highly competitive and the opportunities for growth are limited, compared to the sectors that are dominated by males like for example technology. To combine domestic labor, childcare and economic activity, around a third of female entrepreneurs have their business based at home which has a negative effect on the credibility of their business operations (McAdam, 2013).

The classifications of a typical female entrepreneur:

The aimless	Usually a young women that starts a business as a solution to unemployment
The success-oriented	Young women, entrepreneurship is their goal and they see self-employment as a long-term career strategy
The strongly success-oriented	Women without kids, who see entrepreneurship as an opportunity to fulfill their professional ambitions or women that are not advancing in their position in the corporate world
The dualists	Women with solid work experience, who want to unite work and family life through entrepreneurial activities with flexibility
The return workers	Women that previously worked but quit for a family life that want to rejoin employment or accomplish self-fulfillment outside the household
The traditionalists	Women whose family runs a business and it is a long tradition
The radicals	Women motivated by a cultural antagonist to conventional entrepreneurial values, their goal is to promote women in society

Table 1: Classification Female Entrepreneurs (Bruni, Gherardi & Poggio, 2004 in McAdam, 2013).

### 2.2.2. Motivation & Barriers for female entrepreneurs

The desire to organize and manage organizations, individuals, or ideas independently is described as the main motivation to join entrepreneurship (Solesvik, Iakovleva & Trifilova, 2019). Entrepreneurial motives are typically divided into two categories: "pull" and "push." Future entrepreneurs are attracted by pull factors such as the desire to add value to oneself, which also involves the desire for self-fulfillment and wealth. Push factors, on the other hand, are linked to an individual's frustration with their current situation, which pushes them to entrepreneurship out of necessity (Walker & Brown, 2004, cited in Bui, Kuan & Chu, 2018). McGowan, Redeker, Cooper, and Greenan (2012) found that women's desire for personal freedom serves as a pull factor in their decision to become entrepreneurs. Furthermore, there was evidence that many people leave their

jobs due to push factors including lack of professional growth. Women are in general more motivated by the potential for personal growth, while men are more motivated by the potential of financial gain (Cromie, 1987). In addition, female entrepreneurs, are driven by a desire to balance family and work, to be autonomous, efficient, happy with their work, to have strength, and to have a stable career (McGowan et al., 2012; Bui et al., 2018). Entrepreneurial motivation factors, however, differ between countries and cultures (Bui et al., 2018). Female entrepreneurs in countries where social and cultural constraints hinder their ability to express themselves are more driven to start businesses in order to realize their potential. The traditional view of doing business for financial gain was expanded to include social benefits such as resolving urgent concerns like environmental protection, poverty, health and educational concerns (Solesvik et al., 2019). Women in patriarchal societies are often motivated to become entrepreneurs in order to set an example for their daughters and other women (Bui et al., 2018). Role models, according to Palalic et al. (2017), are required to increase young women's aspirations for entrepreneurship. And, according to Byrne, Fattoum & Diaz Garcia (2019, p. 157) women in an entrepreneurial setting “*set examples and provide valuable lessons for aspiring women entrepreneurs*”. Several barriers to female entrepreneurship have been identified in studies conducted in Western countries. For example, the lack of social capital, as entering informal or formal networks, which are often the main source of information and contacts, is more difficult for women than for men due to blatant structures of gender exclusion (Bruni et al., 2004). The prevalence of male-dominated markets, which can lead to feelings of doubt for female entrepreneurs, is an institutional barrier impeding women who are thinking about starting their own company. However, the greatest barrier for female entrepreneurs compared to their male counterparts is the access to financial capital. Despite recent studies indicating that male and female entrepreneurs have equal access to debt funding, there continues to be a disparity in the amount of capital raised by male and female entrepreneurs. The capacity of an entrepreneur to access continuous flows of essential resources such as financial capital is directly linked to the growth and success of a company (Eddleston, Ladge, Mitteness & Balachandra, 2016).

### 2.3. Gender Stereotypes and Entrepreneurship

Stereotypes are acquired in the socialization process and passed on from generation to generation through their collective character. They are often related to "prejudices" and "clichés" (Bordalo,

Coffman, Gennaioli & Shleifer, 2016). There are different types of stereotypes. The attribution of stereotypes relates to several characteristics. There are often mixed forms of stereotypes in which features overlap. Gender stereotypes are mostly learned patterns about the essential characteristics of women and men. The term “gender roles” is associated with the term “gender stereotypes”. The focus here, however, is the socially shared behavioral expectation of the sexes (Deaux & Kite, 1993).

### 2.3.1. Gender role congruity theory and Entrepreneurship

Gender role congruity theory captures attitudes about men and women's acceptable social roles, as well as gender stereotypes that represent perceptions about men and women's traits, qualities, and behaviors. The theory explains why women in positions of power and leadership are often viewed less favorably than men due to perceived inconsistencies between conventional gender roles and leadership role expectations (Eagly & Karau, 2002 cited in Eddlestone et al., 2016). Entrepreneurs are often identified with masculine characteristics and those who see themselves as more masculine have higher intentions of starting a company (low male-gender identification), no matter which biological sex they relate to. Women equate entrepreneurship with both masculine and feminine characteristics. Women may be discouraged from entrepreneurship not because they do not associate entrepreneurship with feminine characteristics, but because resource providers and men in their lives do not associate entrepreneurship with feminine characteristics and, as a result, do not help them in starting one (Gupta, Turban, Wasti & Sikdar, 2009). These observations and attitudes are likely to perpetuate the entrepreneurial stereotype as male, according to gender role congruity theory. As a result, since the financial capital community's laws, standards, and common practices are governed by masculine values, women tend to be mismatched with entrepreneurial ideals (Eddleston et al., 2016).

### 2.3.2. Entrepreneurial Finance and Gender Stereotypes

When women want to join the traditionally male-dominated field of entrepreneurship, they are seen as less legitimate and credible by capital providers. Women entrepreneurs face the so-called "cupcake stigma," which causes them to be seen as less serious and committed to entrepreneurship due to the gendered nature of their companies (e.g., selling cupcakes) and also having a lower

potential for profits and growth. Gender stereotypes lead capital providers to regard a woman's business as a hobby, part-time job, or an extension of their homemaker position, making women less appealing investments (Eddleston et al., 2016). Women are described as risk averse when it comes to financial matters in general, including savings, retirement planning, wage enhancement, business financing, and general money management. As a result, women are assumed to be more thoughtful decision-makers, but in high-risk situations, this is seen as a disadvantage because it encourages conservatism. According to scholars, 'females experience more cognitive dissonance, or uncertainty, related to financial decisions, whereas males process fewer disconfirming cues and experience less' when it comes to investment strategies. Women are more likely to run part-time and home-based businesses, which require less capital and can thus be run with lower levels of funding obtained more easily from personal and informal sources (Marlow & Swail, 2014).

## 2.4. Chapter Summary

In summary, this chapter deals with topics that are relevant to answering the research questions. First, the financial sources in entrepreneurship were explained with a transition to business angels, so that it is understandable to what extent business angels differ from other financiers. Chapter 2.1.2. contains key concepts that need to be explored further in the qualitative study, such as the investment motivation, investment process and investment criteria. Chapter 2.2. explains the connection between entrepreneurship and gender and defines the characteristics of female entrepreneurs. Subsequently, gender stereotype research with connection to entrepreneurial finance is presented. This is particularly relevant for answering the second research question, which asks business angels what influences them positively or negatively about female entrepreneurs in their investment decision. The key concepts from the literature are the characteristics of female entrepreneurs and the industry in which they operate.

## 3. Empirical Method

*The empirical method chapter outlines the study's research approach and design, followed by the data collection strategy and the sample selection. In addition, the dissertation's data analysis and the methodological trustworthiness are discussed.*

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### 3.1. Research Approach

A deductive, inductive, or abductive method is needed to investigate the relationship between theory and research (Bell, Bryman & Harley, 2019). Since their starting points and the interpretation of the data are different, it is important to determine which methodology is more effective for the study (Blackstone, 2012). The abductive method is a way to get around the drawbacks of the deductive and inductive approaches. The deductive method cannot be used since this research investigates whether there is a problem of the investment decision of female business angels towards female entrepreneurs and will not assume that a problem exists from the start. Furthermore, since this research is based on conducted studies and literature, an inductive approach can be declined. To address the shortcomings of the deductive and inductive approaches, an abductive approach was chosen (Bell et al., 2019). Within the theoretical framework, the researcher was able to find related studies in the context of investment decisions of business angels and characteristics of female entrepreneurs. However, the literature presented in this thesis is incomplete as they are not taking female business angels investment decision making into consideration, nor the perception of female entrepreneurs apart from the stereotypes. To fill the gap it needs further exploratory research with active participation of female business angels. The thesis at hand will make use of a qualitative approach to investigate angel investors' decision-making process in order to answer the stated issue. The performance of an abductive investigation allows insights into the actions and behavior of business angels in order to gain a better understanding of the drivers in the investment decision making process.

### 3.2. Research Design

There are four distinct qualitative traditions of qualitative research: naturalism, ethnomethodology, emotionalism, and postmodernism (Bell et al., 2019). The thesis at hand will make use of the naturalism tradition, as the thesis tries to understand social reality (investment decision) in a natural setting. In addition, the research design was selected according to the tradition of the study. Bell

et al. (2019) listed five different types of designs to use: experimental, cross-sectional or social survey, longitudinal (panel study/ coherent study), case study, and comparative design. The most used design is the cross-sectional/ social survey design, which involves not only the survey but also content analyses. This thesis will not make use of a longitudinal design, because it will not compare various aspects over time. Furthermore, since this research does not apply to a particular case or action, neither a case study nor a comparative design are feasible. Since the aim of an experimental design is to manipulate social reality in a systematic way according to scientific principles, it can be rejected for this research. This thesis will follow a cross-sectional design to gain a better understanding of the intentions of female business angels as it allows the researcher to collect and compare a variety of variables. This is crucial to answer the research question and find drivers that are important to female business angels. To gain this required data for answering the research question, semi structured interviews will be conducted with a group of female business angels. Through this method, it is possible to collect direct insights into the drivers of their investment decision making process and their perception towards female entrepreneurs. Limitations of the method will be presented in *Chapter 6.3*.

### 3.3. Data Collection

There are many methods for collecting qualitative data, and the researcher must determine which is appropriate based on the research aim. Observations, semi-structured interviews, and focus groups are some of the most common types (Bell et al., 2019). The data collection will be done by the method of semi-structured interviews, as they provide clear information about the subject to be studied through the respondents' verbal responses, and thus are a good way to obtain a thorough understanding of the female business angels investment decision making without limiting them in answering with a highly structured questioning process. The interview guide assists the participant during the interview, with questions designed to aid in the conduct of the interview while allowing the interviewer and the participant room for adaptation and free answering (Bell et al., 2019). The interviews took place online using Google Meets and Microsoft Teams. The use of such conferencing tool can be seen as a strength since the participants are in their familiar surroundings, which made the interviews more comfortable. The interviews are conducted in English.

The semi structured interviews are divided into two parts with an introduction. The introduction is the fundament of the study, whereas the researcher receives the permission for recording the interview and using the data. In addition, each participant got the guarantee that the data will be treated anonymous (Gioia, Corley, & Hamilton, 2013). The introduction also contains questions about the participants role as a business angel, their past experience, for how long they are investing and how many investments they made along their way. An adequate follow-up question for them introducing themselves is why they decided to choose this investor path. The interview guide was created by the researcher with the purpose to retrieve information about the profile of the female business angel, that was also introduced in *Chapter 2.1.1*. The first part focuses on the investment decision and starts with the open-end question: *How do you decide in which startup to invest?* The question is based on the question of Paul, Whittam & Wyper (2007) that tried, such as scholars before, to capture the angel investment process. This part is divided into three different categories such as the personal motivation of the female business angels to invest, their process to find ventures to invest in and the criteria they set for themselves to make the investment decision. This order was created after conducting the first interviews and recognizing that it gives the semi-structured interview the right flow for them to express how these categories are also connected to each other, and the researcher had the flexibility to ask follow-up questions according to their statements. At first, these questions were aimed at female entrepreneurs, but the respondents agreed that they did not make a gender difference in their investment decision. The second part focuses on the perception of female entrepreneurs, which is divided into the general perception of female entrepreneurs, and positive and negative perceived characteristics of female entrepreneurs. The questions are capturing the category Perception of Female Entrepreneurs. Results from the findings suggest two sub-categories that are namely the negative influence of the female entrepreneurs attributes on the investment decision and expectations towards female entrepreneurs. All questions were derived and built upon existing and previously presented theory in order to collect qualitative data which would contribute to answering the research questions of this thesis. The semi-structured interview guide can be found in Appendix A.

Dimension	Category	Description
Underlying Drivers in the Investment Decision of Female Business Angels	Investment Motivation	This theme explores what made the female business angels become investors. Interviewees must state



		their past experience in order to understand what motivates them to take part in the investment sphere
	Investment Procedure	This theme explores how female business angels are selecting the company they are investing in. Interviewees must state how they found the ventures they previously invested in and how they intend to look for future deals.
	Investment Criteria	This theme explores what influences the investment decision of female business angels. Interviewees must state what they are looking for in a startup to make their investment decision.
Perception of Female Entrepreneurs	Negative Influence of Female Entrepreneurs Attributes in the Investment Decision	This theme explores what influences the interviewees negatively when it comes to the perception of female entrepreneurs. Interviewees are asked to report past experience with female entrepreneurs.
	Expectations towards Female Entrepreneurs	This theme was created after the interviews were conducted. Interviewees state what they want to see in female entrepreneurs to allow them more investment opportunities.

Table 2: Codebook

### 3.4. Sample Selection

The target group to be researched for this study are female business angels. As noted many times in this master's thesis, the proportion of women involved in angel investing is very low. Although the numbers have increased in recent years, there is still only a very small fraction. In addition, there are visible and invisible business angels. Therefore, for this thesis, the snowball sampling method will be used as it allows the researcher to find key person who suit the study subject and then ask them to suggest further interview partners in their area with whom the researcher can perform an interview (Saunders, Lewis & Thornhill, 2019). The snowball sampling contains four stages: The first is to make contact with one or two cases of the total population, followed by asking these cases to identify additional cases, next stage is to ask the addition cases for identifying further cases and the last stage is to end the sample recruitment when the sample is big enough to

gain valuable data (Bell et al., 2019). As mentioned above some business angels are rather invisible, through this method it is possible to also identify the invisible business angels in the angel investor market, which can give the research more depth. Considering the time frame and the absence of funding for the project, a snowball sampling was seen as an acceptable method for the purpose of the thesis. In addition, due to the global pandemic, many sampling methods are not available. However, it is common in qualitative research to have small sample sizes (Saunders et al., 2019).

In order to measure the subject that needs to be measured, the interviewees had to meet predetermined criteria. First, the interviewees must be the subject of the study, which means they have to be active as a Business Angel and they have to be female. Secondly, they need to have at least 5 deals closed, because according to the WA4E Report (2018) the average number of investments for active business angels is 5. In addition, having had closed more deals is an indicator for experience in investments. Another criteria is the age, the interviewee has to be at least 30 years old, as it was mentioned in the WA4E Report (2018) that 69% of female business angels are between the age of 31 to 60. Lastly, the research is limited to female business angels in Sweden, Austria and Germany as the network of the researcher is located in these countries.

Interview	Date	Time	Years in the Angel Investing	No. of Investments	Member of BAN
1	07.05.2021	48 min.	10 years	10	Yes
2	07.05.2021	58 min	2 years	10	No
3	10.05.2021	27 min	7 years	6	Yes
4	10.05.2021	55 min	2 years	10	No
5	11.05.2021	43 min	15 years	10	Yes
6	11.05.2021	1:22h	5 years	14	Yes
7	12.05.2021	42 min	10 years	10	Yes
8	14.05.2021	52 min	8 years	8	Yes
9	18.05.2021	35 min	19 years	Over 100	Yes

Table 3: Interviewee Details

### 3.5. Data Analysis

When it comes to qualitative data analysis, there are two methods that are widely used. Analytic induction and grounded theory are two of these methods (Bell et al., 2019). For the thesis at hand, the Gioia methodology will be applied, which goes into the grounded theory approach (Gioia et al., 2012). Grounded theory, defines the method of deriving and explaining research findings solely from data collected during the study. One of the most critical aspects of grounded theory is that rather than using a standardized collection of codes, the collected data is coded using emerging themes from the data set (Bell et al., 2019). At first, a great number of information emerged, therefore the researcher was looking for differences and similarities to reduce the number of categories. The researcher transcribed the interviews before beginning the coding process. The most popular method for coding the collected data in the style of a grounded theory approach is open coding, which is described as the division of data into categories (Saunders et al., 2019). Simultaneously, the interview guideline was adapted to gain first order concepts that fit into the second order themes. The second order themes try to answer “What’s going on here?”. The next step was to investigate if it is possible to distill the emergent 2<sup>nd</sup>-order themes even further into 2<sup>nd</sup>-order “aggregate dimensions” once there was a workable collection of themes and concepts (Gioia et al., 2012). This process helped to create a data structure, which was the fundament for *Chapter 4* and *Chapter 5* to describe the findings and analyze them. Some categories were formed in advance, as this thesis follows an abductive approach, through the data analysis these pre-formed categories have been adapted and new themes were created (See Table 2). In total, five 2<sup>nd</sup>-order themes and two aggregate dimension are backing up the empirical study.

### 3.6. Research Trustworthiness

Semi-structured interviews were used in this thesis, which increased participation and added versatility to the interviewing process as compared to surveys. This versatility has the potential to improve the validity and reliability of the data collected, as well as the overall quality of the paper (Gioia et al., 2012). In addition, this study makes use of peer-reviewed papers from popular journals, which gives the research theoretical strength. The researcher gave the female business angels input on what they saw during the interviews and their impressions at the end, with the goal of achieving respondent validation, which is a strategy based on the good practice law (Bell et al., 2019).

## 4. Findings of the Empirical Study

*This chapter presents the empirical findings from the data collected in the qualitative interviews. The findings are divided into five separate themes, namely: Investment Motivation, Investment Procedure, Investment Criteria, Negative Influence of Female Entrepreneurs Attributes on the Investment Decision and Expectations towards Female Entrepreneurs. Each section will touch upon the different themes and sub-themes found. The order of this chapter follows the order interviewees answered and according to the intersectional influences. The data structure can be found in Appendix B.*

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### 4.1. Investment Motivation

The interviews began with the female business angels introducing themselves and their role as business angels, with the focus on their motivation to be a business angel and to invest. The results of the interviews show that many female business angels agree on why they started investing and becoming a female business angel. The difference between the interviewees differs minimally due to their professional experience these women have previously gained and their current occupation. However, it must be mentioned here that the background for most of the women was that they either worked as entrepreneurs, managers, or positions in the private equity sector. This was in previous research confirmed by Harrison & Mason (2007) that assigned former managerial experience to be a catalyst of becoming a business angel. Among the respondents, there was only one lateral entrant who came from the arts and culture sector. The following motivations are structured after the relevance given by the respondents.

#### 4.1.1. Drive Change

The respondents mentioned that the main motivation for becoming an investor and investing in startups was that they want to drive change and contribute to a better society. However, it was not mentioned what specific cause they want to support nor what a better society for them is.

“The reason why I invest is that I would like to make some impact of course, so the companies I enter are doing something for the better good” – Interviewee 1

“When I open the newspaper I always read that the world is dying and then you go to this venture conferences (...) I was sitting there with big eyes and said “no the world is not dying”, because there are a lot of founders out there with great ideas to fix the world and we have the solutions - we just have to help these young people.” – Interviewee 2

2

“There are so many good ideas out there, so many inspiring people out there that can solve global problems. We must support them to initiate a better future” – Interviewee 4

#### 4.1.2. Involvement in new ventures

Participation in a company and helping the venture grow was mentioned as a further driver, which is aligned with the findings of the WA4E report (2018) that supporting entrepreneurs on their journey and getting involved in a new venture is a key driver. Depending on the experience of the female business angels, the extent to which they want to be involved in the startups also differs. The more experience in investing they have, the less they are interested in being involved and becoming a board member. In addition, the female business angels that currently have the position of a CEO in their own company are also less likely to surround their angel investment activities around the new venture.

“I also invests because I would like to be close to the company I don't want to just buy some shares and then be passive I would like to be active and contribute with my experience to scale the company - that is what I'm really into – scaling.” – Interviewee 7

#### 4.1.3. Learning Opportunity

Investing in young companies was also seen as a new learning opportunity for female business angels. The respondents with more years of work experience mentioned that they like to learn from the entrepreneurs, that is why they also invest in certain industries (See *Chapter 4.3.4.*) they have not yet collected experience as it poses an opportunity. Some of the angel investors state that they learn a lot about themselves and are surprising themselves with the decisions and actions they are taking. In this case, it was also mentioned the motivation to get a high monetary reward back would be a confirmation of a good investment, but not considered as one of the main motivations to invest.

“I can really shape the future and make an impact and that was the main reason to go into it and in this time I worked with all this start up founders (...) it also enriched me so much - not only on the business level and on the level of earning money, but mostly on a personal development level.” - Interviewee 2

## 4.2. Investment Procedure

In order to be able to gain more insight into the investment decision of the investors, they were also asked how they came across startups and deals in which they invest. Subsequently, they stated that the source of the deals has an impact on the investment criteria. The result is that different sources, such as networks, family & friends, venture conferences, LinkedIn, E-Mail connections, even Facebook Groups are used when the female business angels are actively looking for an investment to make. The interviewees reported that if they receive a deal from their network, the screening process is quicker as they are expecting that the companies are meeting the criteria they are looking for. Many said that they regularly get inquiries on LinkedIn, however, these are also the ones that are most likely to be rejected by the business angels. For some of the females that are part of a business angel network (BAN) it applies that they are receiving deals in which they co-invest, sometimes without assessing the investment according to their criteria. It was also mentioned that venture conferences offer a good opportunity to get to know startups and founders directly, which can influence the investment decision and sometimes simplify the process. The interviewees added to this answer, that about 50% of the inquiries are from female entrepreneurs, but also from men who specifically want to bring a woman into the board of their company for more diversity.

“I have a lot of deal flow but I also assist companies where I don't invest myself. I transfer them to my network. So one part is my own investment some part is that I assist other companies just to find the right investor in my network” – Interviewee 8

Just one startup I scouted by myself, others I got from venture conferences, from recommendations - so that's how the flow works – Interviewee 2

The number of investments among those surveyed is around 10 investments. The interviewees report that although more and more female entrepreneurs are contacting them, with around 10

investments in their portfolio approximately three startups are founded by women and one female business angel has not yet invested in a female-led venture.

### 4.3. Investment Criteria

One of the most important topics that were addressed was what the female business angels are looking for in a startup in order to be able to make their investment decision. This was particularly important in order to understand why the interviewees made fewer investments in female entrepreneurs than in male entrepreneurs up to now. The results show that the investment decision depends on different factors, but they are aligned with why the female business angels invest in the first place, which is the social benefit. The respondents were specifically asked what the investment criteria for female entrepreneurs look like, but they all agreed that they do not make any distinctions in terms of gender. Various aspects were named for the criteria, which are formed into sub-categories in this study. The following criteria are structured after the relevance for the business angels.

#### 4.3.1. Team and Founder

The interviews revealed that a decisive factor in choosing which startups the female business angels invest in is the team or the founder. This is aligned with the finding of Mason et al. (2017) that the entrepreneurial team is the most significant factor for male and female business angels in the investment decision making process. Some respondents explicitly said it has to be a team, as they prefer to see up to three founders who are involved in the company with the same conviction. If the startup has only one founder, then they are trying to ensure that this founder has good leadership skills and is able to lead the company and employees. One respondent also explained that she uses a software to evaluate leadership skills.

“I have a software tool that does diagnostics around personality values capabilities so I now use that when I need to assess or when I'm hiring my own leadership people” – Interviewee 5

This finding contradicts the results of the study by Edelman et al. (2018), which states that angel investors pay less attention to signals of social factors when evaluating entrepreneurs. It was also reported that it is important for female investors that they can work together with the founder and

speak the same language in terms of direction for the business. The investors want to be able to support the founder or the team, for this, the founders need to have passion and be completely convinced of their idea. In addition, these factors also play a role when it comes to evaluating the characteristics of the founder or team:

“Their prior experience matters but more concerning the values and you know what's important to them as an individual and also that whole entrepreneurial aspect. Do I believe that they're going to be able to grow a business.”

– Interviewee 8

“It's a lot about the person - more than the product. Do we really believe that this person and this team will succeed 'cause they have a great idea. There are many people that can shape an idea but will they really succeed to build a company.” – Interviewee 1

“Much more interesting for us is if he or she (founder) can communicate. Communication is one of our most important skills we are looking at. Is he or she open minded for new ideas, for critics, and clever enough too for example to make a turn around when the first business idea doesn't work.” - Interviewee 4

Regarding the characteristics of the teams or the founders, it was also explicitly mentioned here that they make no difference between men and women, although everyone agrees that they would like to see more women who meet the criteria they want. It was even reported that if the founders' team is an only male team, the female investor is keen on helping them find females for the team to make it more diverse. One thing that has rather a negative influence on the investment decision of female business angels is investing in single female entrepreneurs. As angel investors can relate to the workload that comes with having a family and working, and if something is happening in the family, they understand the struggle of not being able to work. If no one can take over, there is the risk for the female angel investors and for the female entrepreneurs to not be able to continue daily operations and therefore fail.

“I love to work with them as a teams, we also have great male teams and I always say I do not invest in gender I do invest in people. So I don't want to make such a big difference. If the idea is good, if the people are great - because we always invest in personality of the founders” – Interviewee 2



“In the end the founder is the most improved, most important thing in the decision process. But it makes no difference if it's a male or female - what we're looking for is diversity's in the teams so we like to have teams with male and female and it's always better than only women or only men.” – Interviewee 6

#### 4.3.2. Social Benefit

What has already been established to be the main motivation for female business angels to start investing in startups is the fact that they want to drive change. Therefore it is also important to them and was mentioned as the second most important criteria, that the company they are making an investment in have preferably values that benefit the society or cover social topics. Findings from Mason et al. (2017) show that the market growth potential and the attributes of the product/service are coming second and third, however, the findings of the thesis at hand demonstrate that they pay one more time more attention to the social impact the company makes before profitability and the industry. Some female business angels also believe that by prioritizing purpose over money return, the startup can become more successful.

“Making a lot of money that's not my first choice even as an investor I think more of where can I make a difference with the team.” – Interviewee 7

#### 4.3.3. Profitability and Growth Potential

One criterion that was mentioned towards the end, but is nevertheless of great importance for the female business angels, is that the idea and the business have a milestone plan and show how big the market opportunity is and the growth potential. According to Mason et al. (2017), the potential financial reward rises in the investment decision making process. The findings from the conducted study suggest that the investors must be able to see in which direction the company wants to develop and how they will become profitable along the way. The strategic thought is what matters to them and that the entrepreneur knows where and how to scale.

“You must be profitable, otherwise you cannot survive. You do not have to choose profitability over doing good, you should do both. If you're only in it for the money then I would not like to invest.” – Interviewee 3

“I must see the growth potential and a proper plan to develop. This helps also to attract other investors so they must show some traction from before.” - interviewee 6

However, it was also mentioned that the angel investors have the impression that when it comes to presenting finances or growth potential, male entrepreneurs are better in showing how much and how they want to grow. It struck the female investors that men are bragging more than women in a pitch, which the female investors then interpret as a good level of self-confidence, which influences the perception of the pitch and makes the future prospects of the start-up more convincing. It was also mentioned that the female investors have the feeling that women also approach the market research less aggressively than men and therefore carry out and present it in less detail. Furthermore, a connection can be seen for the angels, that if women do not have great growth potential, they also ask for a smaller investment sum. Whereas male entrepreneurs put more effort into the market research to indicate that a higher sum is needed to accelerate the growth of their startup.

“I also invest in the potential business development and more male entrepreneurs are talking about growth and money machines than female entrepreneurs.” – Interviewee 7

If they have a good product, great traction I don't think they're asking less but due to the maybe not so scalable business or how they check the market is not so aggressive that's why they don't ask so much for the money in the early phase - Interviewee 1

#### 4.3.4. Industry

One criterion that influences the investment decision and in which the investors recognize a difference in gender is the industry in which the investors want to invest. However, the results for this criterion differed among the respondents and are closely related to the previously mentioned criteria, which means if the team is great, has a promising vision and traction, they are not very interested in the industry. At the same time, the industry should have a promising growth potential, which is why some industries are preferred. According to McAdam (2013), female entrepreneurs are looking for flexibility, therefore they join industries in which the entry barriers are low, however, these industries are usually saturated and have limited growth potential. Although most of the respondents agree that the company should deliver added value, there are tendencies among

female business angels to invest in tech startups. These can then go into DeepTech, CleanTech and many other industries. Another exciting industry for those surveyed is life science, in which female investors are also increasingly receiving inquiries from women. Furthermore, the results of the interviews show that female business angels are less interested in investing in female entrepreneurs who are in industries that are stereotypical for women. This is aligned with Eddleston et al. (2016), whose study presents the concept of the cupcake stigma, which shows that female entrepreneurs are being taken less seriously if they operate in industries that are connected to their gender. Furthermore, the results show that female business angels are more pleased when they are introduced to a tech startup that was founded by a woman or that has women in the entrepreneurial team.

“I mean generally it's not so important if they come from life science or if it's cleantech or some sort of AI I go into, but I would like to see the business changing something in the society for the better good.” - Interviewee 1

“I'd like to be close to what they're doing and also act as a mentor - sharing my experience with them, which is why I look into the Tech space. I do get approached to be an investor probably every week and all sorts of different businesses. I will rule them out if they're not in the tech space.” - Interviewee 5

“I'm always very proud when women are going into the more technical industry in our portfolio. I would say the trickiest and the most complicated products we have are FinTech and one digital health and here we actually have female founders investment. I'm always very happy to find a woman out there who's doing this.” - Interviewee 2

In addition, the female business angels reported that they feel more comfortable investing in startups that are in industries in which the investors have previously gained management or board experience. They are of the opinion that this is also the best way to support entrepreneurs. At the same time, there was also the argument from one interviewee that she does not invest in the industries she is familiar with, as this is considered taking the same risk that she currently has. It is more exciting for her to invest in startups that operate in different industries, as this allows her to spread risk, but also as mentioned in the investment motivation, an opportunity to learn.

#### 4.4. Negative Influence of Female Entrepreneurs Attributes in the Investment Decision

The themes presented previously were aimed to capture the answers in accordance to female entrepreneurs, in the interview with the female business angels. However, since the respondents do not only invest in female entrepreneurs and are of the opinion that they make no difference in their investment decision between male and female entrepreneurs, they were explicitly asked to give an example in which they invested in female entrepreneurs and what they noticed negatively or positively about them. The results show that all respondents were able to name one thing that tends to have a negative impact on the perception of female entrepreneurs. This finding weakens the statement of Harrison & Mason (2007) that women investors are willing to ease their investment criteria for female entrepreneurs to enter.

Four angel investors explained that they have to invest more time in the process of building up the startup with female entrepreneurs than with male entrepreneurs. This is because the ideas and ventures of the female entrepreneurs are sometimes not precisely defined, this can be due to a lack of market research and the lack of identifying the customer groups. The angel investor has to assist the entrepreneurs when it comes to creating a business plan, hiring staff, or assessing profitability and growth potential (as discussed in *Chapter 4.3.3.*).

“I sometimes have the problem with female entrepreneurs that it takes longer time and you have to put more effort in to get them on the track.” – Interviewee 1

In addition, female business angels have the impression that female entrepreneurs want to take a lot into their own hands and want to do it themselves to a degree where they are unwilling to accept help. This turns out to be an obstacle in the cooperation, which is why angel investor also ask female entrepreneurs how they would deal with obstacles and how they would overcome them before making the investment decision. In addition, this has a negative influence on the investment criteria mentioned in *Chapter 4.3.1.*

“It's important to see that they can overcome the challenges, so especially I feel that for us females, it is harder to reach the context and ask for help.” – Interviewee 6

The business angels have made it their goal to accompany a startup through the entire process, even when it comes to receiving venture capital. Especially at this level, the female business angels recognized those female entrepreneurs have more difficulties in convincing venture capitalists, compared to male entrepreneurs.

“It's quite harder to do the next rounds and to bring them further, because they are not able to convince the VCs to invest. (...) there are too less women and too less people with different perspective in the VC sector. Most of the VCs all have the same education and background.” – Interviewee 5

It is pretty clear from the respondents that female entrepreneurs have to start working on their pitching skills. It was also mentioned that female business angels have the feeling that women are good at storytelling, but they do not speak the language of investors.

“They are not used to the investor world, it is quite a different language. You have to present your dream and your way how you will succeed and I don't think that women are so used to that.” – Interviewee 1

“Female entrepreneurs excuse themselves for wanting to run a business and making money, it's like they want to grow but they might not talk about it because they are afraid of the failure.” – Interviewee 7

#### 4.5. Expectations towards female entrepreneurs

Finally, the female business angels gave insights into what they are expecting from female entrepreneurs in order to include them more in their investment decision. The results show that most of the business angels would like to see that the female entrepreneurs are working on improving their leadership skills, their pitching skills, their knowledge about financial resources needed and are actively networking with other founders and participants in the startup ecosystem. Some interviewees agree that it has a positive effect on the investment decision if the women have previously been to an accelerator and have received good training, regardless of whether it is an accelerator for female entrepreneurs only or an accelerator that suits their industry.

“In order to change this I think we need to prepare the female entrepreneurs on how to sell the investment opportunity why is this not only good for the climate and the world but also for you as an investor.” – Interviewee 7

The participants of the study were then asked, in their opinion, what should the perfect profile for a female entrepreneur look like in order to influence the investment decision positively and receive

investment. The angel investors mentioned the following characteristics they expect from female entrepreneurs:

“She must be smart and she must be real and honest and have the right mindset.” – Interviewee 8

“Very change orientated, able to manage under pressure, demonstrate that she can take autonomy, strong decision making skills and at the same time having a sense of modesty and a lot of empathy. I think that women actually have more empathy for others than man. That's particularly important to me from how they manage teams.” – Interviewee

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“She should be confident and don't look for excuses, be brave, able to speak out her mind and also disagree with me.” – Interviewee 6

In principle, the female business angels would be happy to invest in more female entrepreneurs, as they can better identify with them and better understand the hurdles. This has already been an insight by Harrison & Mason (2007) that states that gender homophily favors female entrepreneurs to find and access capital. They think that role models are needed to get more women into, according to them, the male-dominated sphere.

“Once again fewer women are interested in actually doing something with their money so I think if you're going into entrepreneurship and startups, you're not only interested to do something about your money, you're also interested in entrepreneurship you want to be a part of building new companies you want to do good for society. I think we need to activate and get more women to understand that they really have a role to fill here.” – Interviewee 5

In addition, the whole startup ecosystem should work more closely together to involve more women on the supply side and on the demand side. One respondent emphasizes that the government plays in this development an important role, as known challenges for female business angels and female entrepreneurs can be minimized. She gave an example:

“In the UK they have Europe's absolutely best system for Angel investors, because they have such a good tax deductions.” – Interviewee 3

Ultimately, everyone agrees that the situation on the angel investment market is improving, as well as the situation for female founders when it comes to seeking investment sources. Some of the angel investors reported that while being in this domain, they have also changed the way they are presenting themselves as an investor. Not all of them want to necessarily be seen as a “Female

Business Angel”, however, it has helped to build up a network with further female angel investors. In addition, the media presence of successful female entrepreneurs and female business angels shows that more women are interested in participating. Another trend that women have noticed is that they have received more inquiries from female entrepreneurs in recent years, they see this in connection with the rising number of female investors. According to Harrison et al. (2020), women-only angel groups receive a higher percentage of applications from female entrepreneurs than other angel groups. However, as also the finding from this thesis confirm, not more females are necessarily accessing the capital from the angel. The next chapter will critically discuss the findings from the empirical study.

## 5. Analysis and Discussion

*This chapter focuses on the analysis and discussion of the two dimensions from the findings in order to answer the research questions. The first section elaborates on the findings that aimed to answer the first research question, namely what influences female business angels in their investment decision making. Subsequently, the following section focuses on the second research question which analyses and discusses the results of how female business angels perceive female entrepreneurs in their investment decision making.*

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### 5.1. Underlying Drivers in the Investment Decision of Female Business Angels

By coding and merging the data obtained, themes could be identified for the dimension Investment Decision of Female Business Angels, which will be used to answer the first research question. Van Osnabrugge & Robinson (2000) explained in their book the process and steps that business angels go through to make their investment decision. It starts with the investment motivation, then the investment criteria are decisive, the next phase is finding deals and initial screening, followed by due diligence, negotiation up to the investment and post-investment stage. In the present qualitative study, some of these steps were found that are more important in the investment decision making process than others for the female business angels. Three categories were found, which are reflected in the process of Van Osnabrugge & Robinson (2000), these are: Investment Motivation, Investment Procedure (Finding Deals) and Investment Criteria. These themes are considered drivers as the aim of the study was to investigate different viewpoints of individual female business angels and try to understand why decisions are made and how they are carried out, as well as their views, opinions and perception of the investment process. While some scholars claim that when business angels first see an investment deal, the first thing they think about is if it matches with their personal investment criteria (Harrison et al., 2015). However, the fact that the investment decision is a process, makes it more dynamic than just following the investment criteria. For example, the investors' motivation has an influence on their criteria. Their personal criteria have an impact on how they are finding deals and this has then an impact on the initial screening (Van Osnabrugge & Robinson, 2000). This master thesis found a different structure for the three drivers identified. This is because the respondents stated that not only the motivation but also where they receive the deals from or search for them have an impact on the investment criteria.



The first mentioned driver is the motivation, whereas the study was able to capture several aspects of why the female business angels are investing and what their motivation is. The strongest and most relevant motivation is to drive change. The respondents said that it is most important to them that they can make a difference and develop useful innovations through their investment. They want to invest their money in meaningful projects and thereby achieve a positive effect on society and the environment in the long term. They really appreciate the fact that the role as a business angel enables them to set something in motion and to drive change. The researches on business angels have shown that expectations of high financial rewards is the main motivation (Van Osnabrugge & Robinson, 2000), over the time the main motivation became playing a role in the entrepreneurial process (Harrison & Mason, 2007), which was even found to be the case for female business angels (WA4E, 2018). The results of the empirical research show that this was mentioned as the second most pressing motivation. However, one reason why the main motivation in this study differs from early research, is that there has been a progress in the angel investing market, with more females entering the market and the rise of women-only angel groups (Harrison et al., 2020). In addition, the background of most of the business angels is that they have been entrepreneurs themselves and female entrepreneurs tend to join entrepreneurship for doing something good for society and the planet (McGowan et al., 2012; Bui et al., 2018; Solesvik et al., 2019). What must also be considered is that the situation in the world has drastically changed. The global pandemic has created many constraints that call for innovations that can improve the current situation for individuals, groups, society and environment (Kuckertz et al., 2020). The second motivation which is the involvement in new ventures, is mostly through the desire to drive change. The respondents agree that therefore business angels must actively participate in an entrepreneurial journey. This aspect is also the differentiation point between venture capitalists and business angels, whereas venture capitalists are more focused on the monetary reward compared to business angels that want to be able to share their expertise in a new venture (De Clercq et al., 2006). Lastly, the learning opportunity is considered a strong motivation as well, as each investment requires different actions to succeed, therefore female business angels are willing to invest their money in order to profit from the learning outcomes and the personal development. This is an interesting finding, as previous literature has not explicitly mentioned or identified the learning opportunity for the female business angels as a motivation. The financial gains, which are for VCs the main drivers (De Clercq et al., 2006) have been stated to be a confirmation of their investment, however,

this has not been seen a fundamental reason to start investing as a business angel. This was also found by Mason et al. (2017) that state angel investors are willing to receive a smaller financial return if they can do something beneficial for society and learn.

The next driver that influences the investment decision of female business angels is the investment procedure. The theme investment procedure is aligned with Van Osnabrugge & Robinson (2000) “finding deals” stage in their 8-stages investment process. The respondents stated that depending on where or from whom they received the deal from, they process it in a different manner. If it is a deal from their own network, the usual evaluation criteria are left out, as it is assumed that the deal could be a suitable deal for the investors. The women surveyed also receive inquiries for investments via LinkedIn or visit venture conferences to discover which startup they can imagine working with. According to Van Osnabrugge & Robinson (2000), business angels are finding deals mainly through their network, in which they are also considering the startups of their friends as an investment opportunity. Especially, women business angels have tendencies to make investments in their inner circle (Harrison et al., 2020). The interviewees also mentioned that the perspective on the deal changes, if the startup has previously received funding from other sources. This is aligned with the study by Mason et al. (2017), which found that venture capital fund referrals are making it easier through the screening stage.

The most obvious driver for female business angels is the investment criteria. It is considered as the most obvious driver as some scholars refer to the investment criteria as the main and only influence in the investment decision (Harrison et al., 2015). However, as discussed before, the investment criteria itself is influenced by the motivation and the procedure. Through conducting the qualitative research, four pressing criteria were found, namely Team and Founder, Social Benefit, Profitability and Growth Potential, and the Industry.

These four sub-themes of the investment criteria are ranked after their relevance, having the team and founder as the most relevant investment criteria. In general, the angel investors prefer to see entrepreneurial teams rather than single founders, but when it comes to the evaluation, they pay attention to certain characteristics of the founders. It is important to female business angels that they get along well with the entrepreneurs on a personal level. One of the concerns of the business

angels is to have an interest conflict with the entrepreneur (Mason & Stark, 2004). In addition, they expect to see the passion and enthusiasm of the entrepreneur and good leadership skills. This was also discovered by Harrison et al. (2020), who found that the motivation of the founder and how trustworthy they are plays an important role. In terms of the entrepreneurial team, they are interested to see diversity. The next criteria mentioned is the social benefit that the new venture delivers. This was chosen as a second criterion, as it is related to the personal motivations of female business angels. They can live out their motivation more by investing in future oriented startups that create added value for society. This was also found in Mason et al. (2017), their research states that business angels would prefer investing in a socially beneficial company rather than earning a high profit. Furthermore, there has been some findings from previous research that especially women business angels are more driven by a desire to support socially beneficial goods and services (Harrison & Mason, 2007). The third criterion which the respondents rated as very relevant is the profitability and growth potential of the startup. These two terms have been assembled as they were used interchangeably by the respondents. The angel investors expect to see how the company is able to scale up and earn some profit along its growth. This has been indicated in prior research as an investment criteria for business angels (Mason & Stark, 2004; Harrison & Mason, 2007). According to Mason et al. (2017), investors want to know if there is a chance of making a substantial profit, if the founders are financially committed, and what the money invested will be used for. The conversations with the female business angels also showed a connection to the motivation to be involved in the startup and the growth potential. Respondents believe that only when the business model allows them to scale up, they can be actively involved and take important steps that maximize growth and development. The last criterion that was mentioned, which ultimately influences the investment decision, is the industry. The results of the study carried out show that the aforementioned criteria are more important to business angels, but industry is important due to the motivations of business angels, such as driving change. The female angel investors agree that they are interested in innovative industries, and it should also be an industry that shows potential for growth. Some of those interviewed are very interested in startups that are in the tech sector, which has to do with the fact that they have already worked in this area and have the knowledge. This is also aligned with De Clercq et al. (2006) study that indicates that business angels invest in industries they have a certain degree of expertise in. Further, the literature on business angels discusses that business angels aim to minimize their risks in two ways: by

investing in a market or sector in which they have prior experience, and by being actively involved in the management of the companies in which they have made investments (Harrison & Mason, 2007). However, the findings show that respondents mentioned that they even try to avoid investing in industries they know, as they see it as the same risk that they are already taking. To invest in entrepreneurs that operate in different industries helps them to minimize the risk.

The three categories presented, namely investment motivation, investment procedure and investment criteria, including the sub-categories, answer the research question: what influences female business angels in their investment decision making. The questions were geared towards the perspective of female business angels in relation to female entrepreneurs, but the interviewees agreed that they do not make any gender difference when making investment decisions. Differences to the aforementioned drivers can be found in *Chapter 4*, in addition, they will be touched upon in the upcoming chapter, which aims to gain insights into the perception of female entrepreneurs.

## 5.2. Perception of Female Entrepreneurs

The dimension perception of female entrepreneurs was created to answer the second research question, how female business angels perceive female entrepreneurs in their investment decision making. The female business angels were asked about certain characteristics of female entrepreneurs that they noticed positively or negatively or that influence them. However, the results of the qualitative interviews show that there is no feature that female business angels necessarily notice in female entrepreneurs that they do not recognize in male entrepreneurs. In this way the respondents follow their train of thought and reinforce the statement explained in the previous section that they are not gender biased in their investment decisions. Interesting is that sources such as Harrison & Mason (2007) and the WA4E Report (2018) emphasize that women investors are willing to ease their investment criteria for female entrepreneurs, which cannot be confirmed through this study. Nonetheless, the respondents stated that they recognized certain weaknesses in working with female entrepreneurs that they did not recognize in male entrepreneurs. For this reason there are two themes in this dimension that caption the perception: Negative Influences of Female Entrepreneurs Attributes on the Investment Decision and Expectations Towards Female Entrepreneurs.

The first theme that was uncovered is the negative influence of female entrepreneurs' attributes on the investment decision. The insights gained for this theme are new insights that were not previously discussed or mentioned in the angel investment literature. This includes the fact that female business angels have to spend considerably more time helping female entrepreneurs to develop their startups compared to male entrepreneurs. It can be assumed that this is due to the fact that female entrepreneurs lack social capital in the first place, which usually provides them with access to networks and sources of information (Bruni et al., 2004). In addition, it was found that female angel investors perceive women entrepreneurs as wanting to take control over everything and reluctant to leave tasks involved to others as they want to do much by themselves. This can be considered as being independent and taking over several roles, which is one of the main characteristics of entrepreneurs (Davidsson, 2005). However, this demonstrates a barrier for female business angels in the collaboration, as they are interested in working together with an entrepreneur towards a common goal, which was mentioned as one of the motivations for them to invest in the first place. In addition, it is assumed to have negative influence on the most important investment criteria, which is the founder, especially regarding the insight from Edelman et al. (2018) that angel investors reflect more critically on the founder in women-led companies. Another aspect of female entrepreneurs that influences the business angels perception negatively is that even if the business angels prepare them for the stage to receive venture capital funding, they experience that female entrepreneurs are rejected by the venture capitalists. One can assume that this is the consequence of gender stereotyping, which is more common in the venture capital sphere (Balachandra et al., 2019; Voitkane et al., 2019; Malmström et al., 2017). Though, the women angel investors in this study identified that female entrepreneurs have more difficulties presenting their financial plan and talking about growth opportunities.

The second theme for the perception of female entrepreneurs dimension is the expectations towards female entrepreneurs. This theme was included in the presented dimension because the present study tries to gain insights into how female entrepreneurs are perceived; the interviews with the female business angels revealed that the expectations play an important role in their perception. The results of the study show that the expectations relate to the aforementioned “weaknesses” of female entrepreneurs, whereupon recommendations were also made by the female business angels to improve the current situation on the angel invest market. The insights

that were gained are new for the existing literature. The respondents agree that female entrepreneurs need more training beforehand in relation to networking, pitching and the financial side of the business. They want to see that a female entrepreneur has previously visited an accelerator who prepares them for the tasks in their entrepreneurial journey. It was also mentioned that they want to see that the female entrepreneurs have self-confidence, good decision-making skills and can perform under pressure. In principle, the female business angels would be happy to invest in more female entrepreneurs, as they can better identify with them and better understand the hurdles. This has already been an insight by Harrison & Mason (2007) that state that gender homophily favors female entrepreneurs to find and access capital.

Based on the findings, analysis and discussion the following research framework is suggested:

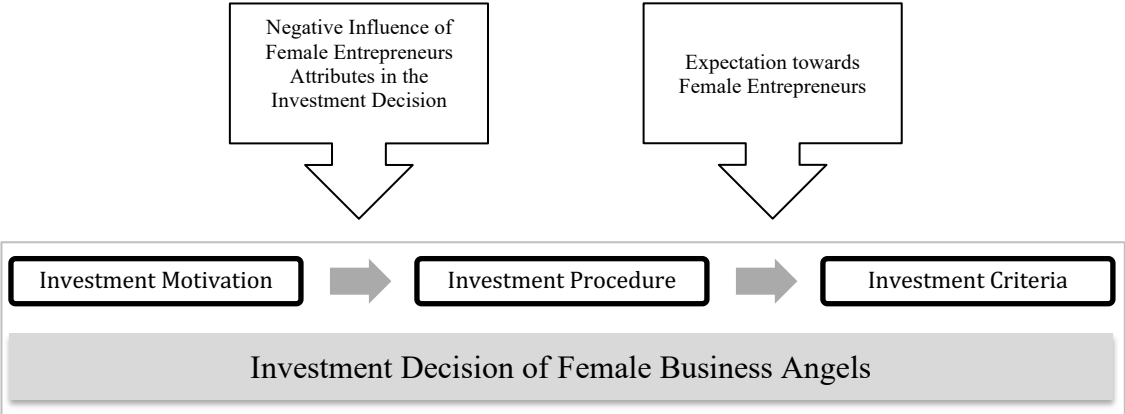


Figure 1: Research Framework

## 6. Conclusion

The purpose of the master thesis was to understand the investment decision of female business angels. Secondly, this study tried to present insights into the business angels' perception of female entrepreneurs. Thereupon two research questions were posed: *1a) What influences female business angels in their investment decision?* And *1b) How do female business angels perceive female entrepreneurs in their investment decision?* To answer these research questions, literature was first collected that critically reflects on business angels and their investment decisions. Furthermore, literature was used that deals with female business angels and stereotyping in entrepreneurship. A qualitative study with semi-structured interviews was then carried out with a total of nine female business angels that participated in the study. Their insights helped to answer the proposed questions.

The results show that female business angels are influenced in their investment decision by their personal motivation to invest, the procedure how they receive or view an investment and the investment criteria they set. These findings are consistent with Van Osnabrugge & Robinson (2000), which state that there are many influencing factors and also sub-factors to these larger influencing factors. In this study, various motivations could be found, such as the motivation to drive change and involvement in a new venture. That was already found to be a motivation to become an angel investor (Mason & Stark, 2004; Harrison & Mason, 2007; WA4E Report, 2018). A new finding is that business angels are motivated by investing, as they see it as a learning opportunity. Another new finding from the study is that female business angels value where they get their deals from and that this has an impact on the investment criteria. Finally, the last influencing factor that was found in the spectrum of this study is the investment criteria. In this study, four relevant criteria were found: Team and Founder, Social Benefit, Profitability and Growth Potential, and Industry. These criteria have already been found by various researchers (Mason & Stark, 2004; Harrison & Mason, 2007), but the results obtained here differ in their relevance from the previously researched criteria. This means that social benefits are more relevant to female business angels than profitability, it can be assumed that this is due to their gender, as women are more likely to support good causes (Harrison & Mason, 2007).

The second research question attempted to capture the female business angels' perception of female entrepreneurs. The knowledge gained in this study is new to the existing literature. Although the interviewees stated several times that they did not make any gender differences, the findings show that female business angels recognize weaknesses in female entrepreneurs that they did not discover in working together with male entrepreneurs. For example, that the angel investors have to spend more time supporting the female entrepreneurs, that it is more difficult for them to make female entrepreneurs venture capital ready and that female entrepreneurs in general have to improve how to present their ideas. Thus female entrepreneurs are generally perceived as less entrepreneurial than their male counterparts. Finally, the female business angels also explained what they would expect from female entrepreneurs in order to remedy these weaknesses, including that they perceive training and become more involved in the startup ecosystem before seeking angel investment.

## 6.1. Future Research and Practical Implications

The present study has laid the first milestone in the gender differentiation of business angels. Although there is an excessive amount of literature dealing with the essence of the business angels' investment decision, there is still too little study relating only to women business angels. Previously, Business Angel Networks endeavored to produce studies to capture the most important elements of female angel investors, but it is time that this field gets a permanent place in the field of entrepreneurship. More in-depth research into the investment process of female business angels, the post-investment relationship between the angels and the entrepreneurs they invest in, and the success and failure rate of female angel investments will help to better understand the investment process of female business angels. Furthermore, research aimed at individual women entrepreneurs pursuing angel funding would highlight some of the key challenges that these entrepreneurs face in order to start high-growth businesses. Future research must be carried out with qualitative as well as quantitative studies. Moreover, an experimental research design in this field would reveal insights that can capture invisible dimensions. The practical implications rely on the suggestions made by the interviewed female business angels. On the one hand, there are several programs needed so that female entrepreneurs receive professional training in which they can improve their entrepreneurial skills. The startup ecosystem must work more closely together to minimize barriers for female business angels and female entrepreneurs. Furthermore, governmental regulations such



as tax deduction can lead to more women starting to invest. Facilitating the formation of formal and informal women business angel networks, and providing educational platforms would assist in the growth of a long-term women angel sector. The most important implication is that it needs more female role models in the entrepreneurial sphere to motivate and encourage more women to join as an entrepreneur and as an investor.

## 6.2. Limitations

As with every study, this study also has its limitations and the results must therefore be treated with caution. The first limitation is related to the literature review. The researcher made use of the databases available from Lund University and Google Scholar. Nonetheless, relevant scientific articles pointed out further literature that seem to have a great fit for the study, which were not accessible for the researcher. It must also be mentioned here that the study was based on a quantitative method, which had to be changed in a very short time and thus it was not possible for the researcher to include other sources that show the results of qualitative studies. In addition, the literature in the female business angels area is limited, so the general business angel literature was used. This has potential effects on the quality of the analysis and discussion, as it has not been determined to what extent it can be said that the results are aligned with previous literature. The next limitation relates to the methodology. Beside the known limitations that come with conducting a qualitative study, further limitations have to be mentioned. The study is restricted to a specific group of people, which are female business angels from Sweden, Austria and Germany. The data gathered is a snapshot in time that only represents a select number of investors. Furthermore, questioning them about a previous investment forces them to rely on their memory, which may or may not be correct. Because of the specialized topic, making broad generalizations from the data collected may be unrealistic. Finally, there is a limitation in the data analysis. Since no benchmark could be found as to when the respondents' statements match, the researcher paid attention to the context and the connection of the answers, which is why the categorization is very subjective. In addition, factors and criteria were ranked according to relevance, which the researcher based on how many of the respondents mentioned the same statement. As a relevant finding, the researcher set the guideline value that if more than half of the respondents mention this statement. The same data could be interpreted differently by another researcher.

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# Appendix A – Interview Guideline

## **Introduction**

- Hello, Welcome and thank you for participating in this interview
- Intro into the topic of the research, the exact aim will not be named: *Your role as a female business angel and what influences your investment decision*
- Confirmation of recording the interview and terms of anonymity
- Interview will take around 45 Minutes

## **Interview Guideline**

Could you introduce yourself a little bit and tell us about your role as a business angel?  
(Nationality/Age/Location)

- Why did you become an investor? (Past experiences)
- How many years have you been acting as a BA?
- How many deals did you close?
- Are you somewhere board member?

### **Key Question:**

How do you decide in which startup to invest?

- How does the investment decision making process for ventures of female entrepreneurs look like? (Can you give one investment as an example)
- What are you looking for when female entrepreneurs are presenting their venture?

**Key Question:** How do you perceive female entrepreneurs in terms of their characteristics?

- Is there something about female entrepreneurs that has a positive influence on your investment decision?
- Is there something about female entrepreneurs that has a negative influence on your investment decision?

**Key Question:** How are the mentioned characteristics influencing your decision.

## **Outro**

Thank you so much for your participation, it is very much appreciated. Could I possibly come back to you if there are any questions left for me?

# Appendix B – Data Structure

Subprogram 1	Subprogram 2	Subprogram 3	Subprogram 4	Subprogram 5	Subprogram 6	Subprogram 7
<p><b>Subprogram 1</b></p> <p>The purpose of this subprogram is to provide a means for the user to enter data into the system. The user will be prompted for the name, address, and phone number of the person being entered. The data will be stored in a file named "people.dat".</p> <p><b>Inputs:</b> Name, Address, Phone Number</p> <p><b>Outputs:</b> None</p> <p><b>Processing:</b> The data entered by the user will be formatted and written to the file "people.dat".</p> <p><b>Termination:</b> The subprogram will terminate when the user enters a blank name.</p>	<p><b>Subprogram 2</b></p> <p>The purpose of this subprogram is to provide a means for the user to search for a person in the system. The user will be prompted for the name of the person to search for. The system will search the file "people.dat" for the person's name and return their address and phone number.</p> <p><b>Inputs:</b> Name</p> <p><b>Outputs:</b> Address, Phone Number</p> <p><b>Processing:</b> The system will search the file "people.dat" for the person's name and return their address and phone number.</p> <p><b>Termination:</b> The subprogram will terminate when the user enters a blank name.</p>	<p><b>Subprogram 3</b></p> <p>The purpose of this subprogram is to provide a means for the user to delete a person from the system. The user will be prompted for the name of the person to delete. The system will search the file "people.dat" for the person's name and delete their record.</p> <p><b>Inputs:</b> Name</p> <p><b>Outputs:</b> None</p> <p><b>Processing:</b> The system will search the file "people.dat" for the person's name and delete their record.</p> <p><b>Termination:</b> The subprogram will terminate when the user enters a blank name.</p>	<p><b>Subprogram 4</b></p> <p>The purpose of this subprogram is to provide a means for the user to update a person's information in the system. The user will be prompted for the name of the person to update and their new address and phone number. The system will search the file "people.dat" for the person's name and update their information.</p> <p><b>Inputs:</b> Name, Address, Phone Number</p> <p><b>Outputs:</b> None</p> <p><b>Processing:</b> The system will search the file "people.dat" for the person's name and update their information.</p> <p><b>Termination:</b> The subprogram will terminate when the user enters a blank name.</p>	<p><b>Subprogram 5</b></p> <p>The purpose of this subprogram is to provide a means for the user to list all the people in the system. The system will search the file "people.dat" and list all the names, addresses, and phone numbers.</p> <p><b>Inputs:</b> None</p> <p><b>Outputs:</b> Name, Address, Phone Number</p> <p><b>Processing:</b> The system will search the file "people.dat" and list all the names, addresses, and phone numbers.</p> <p><b>Termination:</b> The subprogram will terminate when the user enters a blank name.</p>	<p><b>Subprogram 6</b></p> <p>The purpose of this subprogram is to provide a means for the user to exit the system. The user will be prompted for the name of the person to exit. The system will search the file "people.dat" for the person's name and exit the system.</p> <p><b>Inputs:</b> Name</p> <p><b>Outputs:</b> None</p> <p><b>Processing:</b> The system will search the file "people.dat" for the person's name and exit the system.</p> <p><b>Termination:</b> The subprogram will terminate when the user enters a blank name.</p>	<p><b>Subprogram 7</b></p> <p>The purpose of this subprogram is to provide a means for the user to view the help information. The user will be prompted for the name of the person to view the help information. The system will search the file "people.dat" for the person's name and display the help information.</p> <p><b>Inputs:</b> Name</p> <p><b>Outputs:</b> Help Information</p> <p><b>Processing:</b> The system will search the file "people.dat" for the person's name and display the help information.</p> <p><b>Termination:</b> The subprogram will terminate when the user enters a blank name.</p>