HOW CAN WOMEN ENTREPRENEURS SUCCEED THROUGH ANGEL INVESTORS’ DECISION MAKING? (INTERACTIVE PAPER)

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HOW CAN WOMEN ENTREPRENEURS SUCCEED THROUGH ANGEL INVESTORS’ DECISION MAKING?

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Principal Topic

Women entrepreneurs have a different set of human and social capital, as well preference of industry and size (Brush, 1992). Angel investors will make their own judgment of matching based on their assumption of gender role in business and of the business characteristics represented by entrepreneurs. Thus, women are more likely to fall out in the initial screening stage for a mismatch from investors’ inherent assumptions and preference of gender roles. With the evaluation of a more complete “package” of overall impression, presenting format, and industry context, investors might anticipate that women entrepreneurs would be equipped with better social skills. Thus, strong social, communication and soft skills during the presentation are needed to advance women entrepreneurs through the pitch stage. Business angels base their assessment partly on intuitions developed over time (Mason and Harrison, 2000, 2003). Though women entrepreneurs are likely to experience difficulties being seen through male-dominated “legitimate” norms of successful entrepreneurs, they could target at aligning the distinctive entrepreneurial identity to investor expectations to moderate the effect of matching and social skills on their chance to be selected for funding.

Method

We took a constructivist epistemology view to look at the more refined experience of how women entrepreneurs present their deals and how investors evaluate and make decisions. Finance and entrepreneurship students will assume the role of angel investors and invest in business concepts with a given amount of money. After surveyed for their investment approach, students will be randomly assigned into groups where they will read concepts of business led either by men or women and then into video sessions with different extent of flaws to identify their investment preference. We will assess to what extent flaws in the pitch affect female entrepreneurs comparing with male entrepreneurs. We will also include business plans scripts and presentations with different levels of distinctiveness to see whether the uniqueness of opportunities will increase women entrepreneurs’ chance of receiving funding.

Results

By looking into the implicit process with experiments with a constructionist view, we expect to identify more structural and performance factors behind the gender. We hope the knowledge can help build a better and more practical understanding of both parties to achieve desired results.

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