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WOMEN ON THE EDGE OF A BREAKTHROUGH? TOWARDS A THEORY OF WOMEN ANGEL INVESTING (SUMMARY)

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≈ SUMMARY ≈

**WOMEN ON THE EDGE OF A BREAKTHROUGH?
TOWARDS A THEORY OF WOMEN ANGEL INVESTING**

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Principal Topic

In this paper we develop a theory of women's angel investing based on four factors that influence women's participation in the angel investment market. First, women may have a lower propensity for risk (or at least may so perceive themselves) and a more conservative attitude to investment, reflected in different patterns of investment activity. Second, homophily limits social worlds, and as women are in different social networks than men with different access to social capital, their investment activity will differ. Third, business angel activity is a male-dominated activity: research into competition and performance in heteronormative environments suggests that women perform less well than in single-sex environments, which would be reflected in lower participation in angel investing through mixed-sex groups. Fourth, there may be a 'glass wall' effect, preventing a woman from moving to a position that has a promotional ladder by attenuation of career diversity and skill development and exclusion from networks and groups. For women would-be investors, less diverse career tracks and lower levels of entrepreneurial backgrounds will be reflected in lower investment levels.

Methodology

We explore these issues using data from a new survey of angel investors in the UK. The survey was available to be completed on-line from April to July 2014. The survey attracted responses from 238 business angels (28 women including seven members of a women-only group). investing in a total of 472 businesses.

Results and Implications

First, on risk, women investors were less likely to invest in seed stage, made smaller investments and were less likely to invest in innovative ventures. Second, on homophily, women overall were much less likely than men to be members of angel groups: similarity does indeed breed connection in this market. Third, on competition, women do not participate in groups as fully as men nor do they use the knowledge and opinion of other investor members or gatekeepers/network managers in the same way as men. Fourth, on the glass wall, women are younger, less likely to have entrepreneurial backgrounds and have less experience at board level.

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