TRUST AT FIRST SIGHT? THE IMPACT OF ENTREPRENEURS’ PITCH PRESENTATIONS ON BUSINESS ANGELS’ INVESTMENT DECISIONS IN FRANCE AND GERMANY (SUMMARY)

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TRUST AT FIRST SIGHT? THE IMPACT OF ENTREPRENEURS’ PITCH PRESENTATIONS ON BUSINESS ANGELS’ INVESTMENT DECISIONS IN FRANCE AND GERMANY

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Principal Topic

Business angels spend around six minutes before reaching an investment decision in a pitch context. When examining an investment opportunity, the perceived trustworthiness of the entrepreneur and/or the entrepreneurial team was emphasized as a major trigger of investment decisions. Evidence exists that the entrepreneur’s and the team’s personal characteristics, social competences and communicational skills are crucial in influencing business angels’ trust inferences. This research measures the impact of entrepreneurs’ pitch presentations on business angels’ investment decisions in France and Germany. We question the role of pitch presentations as antecedent factors of business angels’ trust judgments and examine the moderator role of trust inferences in investment decision making.

Method

We conducted an on-line survey of 95 French and German business angels between September 2012 and April 2013. We asked questions to assess the importance of the entrepreneur’s and the entrepreneurial team’s perceived trustworthiness, integrity, concern, competence, reliability, commitment, determination, and expertise, as well as the importance of the business project’s perceived relevance, feasibility and sustainability in shaping positive investment decisions. We additionally assessed the role of presentational criteria relative to the entrepreneur’s appearance and perceived similarity, communicational strategies and conduct during the pitch. The investment criteria relative to the management team and the business project evaluation were then statistically compared to identify significant differences between French and German business angels’ practices.

Results and Implications

Our headline finding is that French and German business angels motivate their investment decisions on the basis of different evaluation criteria. French business angels highlight the major role of trust perceptions in triggering positive investment decisions, whereas German business angels put emphasis on the perceived similarity between their own profile and professional background and that of the entrepreneur when taking investment decisions. Both French and German business angels acknowledge the importance of communicational strategies and conduct during the pitch in shaping favorable inferences concerning the overall quality and growth potential of the business project. We discuss implications for future research, entrepreneurial business support and entrepreneurial policy-making.

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