

Public Abstract

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This dissertation examines what influences angel investor perceptions of entrepreneurial business opportunities and their subsequent decision to invest in the opportunity or pass on it. Perceived risk of the investment had no effect on their decision to invest, but the expected return on the investment had a very significant impact on their decision to invest. The higher the expected return on the investment the more likely the angel investor was to invest in the entrepreneurial opportunity. Higher entrepreneur enthusiasm helped entrepreneurs secure financing, but only at higher perceived risk levels. Having a social tie to the investor helped entrepreneurs secure financing, but only at lower perceived risk levels. Additionally, having a strong tie to the investor or being a very reputable entrepreneur assisted entrepreneurs in securing financing from angel investors. Having a venture which was personally relevant to the investor helped the entrepreneur secure financing, but only at lower expected return levels. Finally, risk averse investors were less inclined to give money to entrepreneurs, but only at lower expected return levels. In this dissertation, a better understanding of early stage venture financiers is gained by examining not only which factors exert influence, but also how these factors exert their influence.