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# The Role of Angels in Technology SMEs: A Link to Venture Capital

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provide hands-on assistance and business intelligence. Angels also fulfill an important accreditation role. Overall, this study provides empirical support for the expectation that involvement of angels can substantially increase the attractiveness of firms to institutional venture capitalists.

### Keywords:

Business angels	venture capital	technology SMEs	non-financial contributions	angels' preferences	
angel-founder relationships					

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It is not clear that Farrell was comparing 'apples with apples' in that the firms that had received angel financing may have been, in the first place, better quality investments. In addition, Farrell did not control for sectoral or other potential determinants of success. Third, the time frame over which Farrell conducted her work was too short to provide definitive data even if she had controlled for other factors.

This database was developed in co-operation with the Ottawa Centre for Research and Innovation, and represents a comprehensive listing of businesses in the region's high-tech sector businesses in the Ottawa region.

The sampling frame provided not only contact data, but also rudimentary quantitative information on company size (number of local employees, total number of employees internationally) and on ISO certification. To assess the potential impact of non-response bias, this information was used in a logistic regression analysis to assess the degree (if any) of systematic differences between respondents and non-respondents. None of the independent variables were significant indicating that respondents and non-respondents did not systematically differ on these dimensions. The Cox and Snell R <sup>2</sup> was 0.003 and the Nagelkerke R <sup>2</sup> was 0.004.

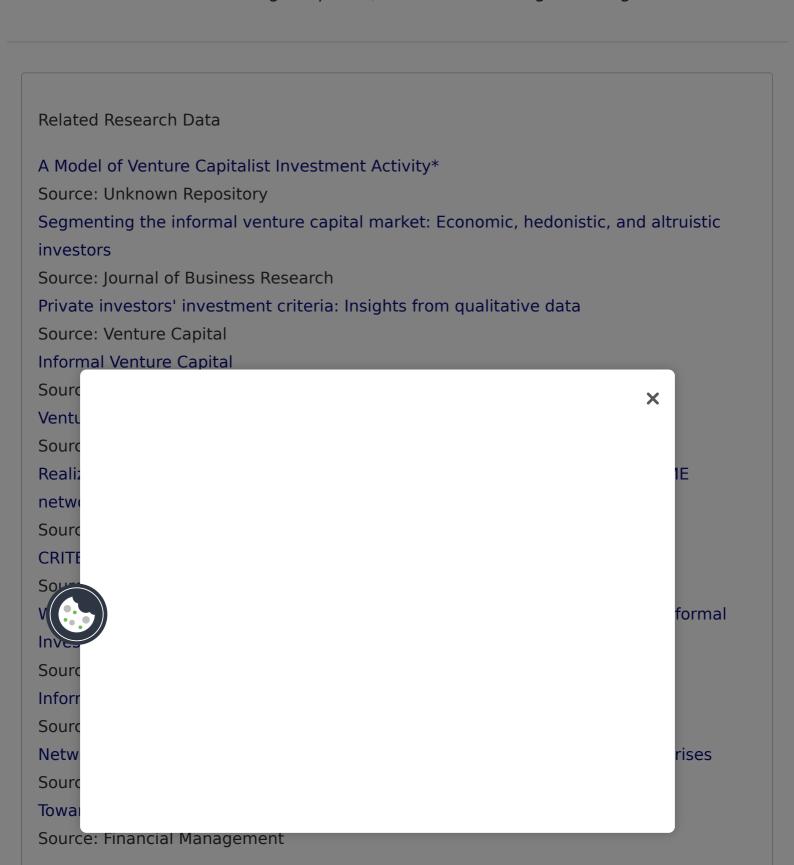
There is some debate in the literature concerning the relationship between networking and success in entrepreneurial firms. The majority of the literature argues that weak tie networking is fundamental to success in entrepreneurial endeavors (Chell and Baines,



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experiment. Its goal is to expand and generalize theories and explanations and not simply to enumerate frequencies (a confirmatory approach or statistical generalization). The parallel is that of multiple experiments and involves a 'replication logic' where there is a 'literal replication' among similar CEOs and a 'theoretical replication' among different groups of CEOs with differences being interpreted in light of an existing or 'working' theory (Yin, 1994).

Fenn et al. (1998, p. 3) report that 'more than one-half of the sample (of high-tech firms in the United States that had gone public) received financing from angels'.



The Use of Verbal Protocols in Determining Venture Capitalists' Decision Processes Source: Entrepreneurship Theory and Practice Venture capitalists' decision criteria in new venture evaluation Source: Journal of Business Venturing International perspectives on the supply of informal venture capital Source: Journal of Business Venturing Plugging the knowledge gap: An international comparison of the role for policy in the venture capital market Source: Venture Capital Raising finance from business angels Source: Venture Capital Closing the regional equity capital gap: The role of informal venture capital Source: Small Business Economics External linkages and product innovation in small manufacturing firms Source: Entrepreneurship and Regional Development Criteria used by venture capitalists to evaluate new venture proposals Source: Journal of Business Venturing Informal venture capital: a study of the investment process, the post-investment experience and investment performance Source: Entrepreneurship and Regional Development Angels and non-angels: Are there differences? Source: Journal of Business Venturing The e markets X in the Sourc Ventu and ventu Sourc Netw Sourc New Sourc Linkir Relate

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