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Business angels and value added: what do we know and where do we go?

Diamanto Politis ✉

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Abstract

Business angels have been highlighted as important stakeholders for potential high-growth ventures. Extant empirical research provides evidence that they not only contribute with money but also bring added value to the ventures in which they have invested. However, despite the reported benefits of the value added provided by these investors there are very few studies that try to conceptualize this important issue. The

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studies of business angels and value added towards areas where our knowledge is still limited.

Keywords: business angels value added informal venture capital

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Notes

1. The definition of business angels varies significantly in the literature (Kelly [2007](#)). In this study I have used this broad definition in order to be able to capture the phenomenon of value added as widely as possible. Although this may compromise the rigidity of the findings this choice was considered satisfactory, given the exploratory aim and purpose of the study.
2. Even if it is generally acknowledged that business angels are value adding investors who play a vital role for the development of new ventures it is important to point out that not all research agrees with the generality of this statement. Hence, although it can be assumed the larger majority of business angels have the potential to add value to their portfolio firms through their hands-on involvement scholars should equally be aware that this ability could differ depending on their prior management and entrepreneurial experience and the type of involvement that usually is performed (e.g. Sørheim and Landström [2001](#)).
3. Growth in sales generally requires capital investments, which can have a negative impact on firm efficiency/liquidity (Murphy, Trailer, and Hill [1996](#)).

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