

**The Role of Business Angel Networks in Facilitating the
Investments of Business Angels in Emerging Markets: The Case
of Saudi Arabia**

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Thesis submitted for the Award of Doctor of Philosophy (Ph.D.)

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Declaration

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List of Abbreviations

Abbreviation	Meaning
ACE-NET	Angel Capital Electronic Network
BA	Business Angel
BAN	Business Angel Network
CEO	Chief Executive Officer
CFI	Corporate Finance Institute
EBAN	European Business Angels Network
GDP	Gross Domestic Product
KACST	King Abdul Aziz City for Science and Technology
KSA	Kingdom of Saudi Arabia
LATAM	Latin America
MBO	Management Buy Out
MENA	Middle East and North Africa
RAI	Riyadh Angel Investors
SAGIA	Saudi Arabia General Investment Authority
SAMA	Saudi Arabian Monetary Authority
SMEs	Small to Medium Enterprises
SSA	Sub Saharan Africa
SVC	Saudi Venture Capital Company
UK	United Kingdom
US	United States of America
VC	Venture Capitalist

The Role of Business Angel Networks in Facilitating the Investments of Business Angels in Emerging Markets: The Case of Saudi Arabia

Batoul Mahmoud Banjar

Abstract

Business Angels (BAs) have an important role in financing and developing entrepreneurial businesses. Research has nevertheless highlighted the difficulties BAs face in finding suitable entrepreneurial businesses, which led to the creation and spread of Business Angel Networks (BANs) to connect BAs and entrepreneurs. Consequently, many BANs have emerged worldwide, marking a major development in the market for entrepreneurial finance. However, researchers debate whether BANs significantly benefit BAs.

This research analyses the role of BANs and evidences their effect on BAs' investment activities. Using qualitative data collected through interviewing 30 BAs, this research shows that BANs are contributing to financing entrepreneurial businesses and increasing BAs' investments. BANs help develop the angel market by making it visible and regulatable.

Furthermore, the research identified a typology of BAs based on their investment activities. Beginner BAs wishing to increase their investments joined BANs to access deals and enlarge their social networks. In contrast, beginner BAs with limited investment interests preferred not joining BANs but investing through their strong ties instead. Active BAs who avoided joining BANs used their experience and extensive networks to offset the benefits of BANs membership. In contrast, active BAs who joined BANs served the community by supporting entrepreneurs and beginner BAs while increasing their deal flow and expanding their social networks. This identified typology of BAs can guide the type of BAs that BANs should target for membership.

This research contributes to theory by showing that social network theory helps explain BAs' investment activities and desire to join or avoid BANs in a developing economy with weak supportive institutions.

Chapter 1: Introduction

Business Angels (BAs) are “high net worth individuals who invest their own money, along with their time and expertise directly in unquoted companies in which they have no family connection, in the hope of financial gain” (Landström and Mason, 2016, p. 32). BAs usually do this in early-stage entrepreneurial businesses to help entrepreneurs grow their businesses. BAs are generally described as unknown and unknowable (Wetzel, 1983) because they work individually in the market away from institutional frameworks, which hence makes it difficult for both BAs and entrepreneurs to find each other (Cegielska, 2020). In addition, BAs are not a homogenous group as they differ in terms of their qualifications, characteristics, investment motivations, and investment criteria for evaluating investment opportunities and making investment decisions (Mason, Botelho and Harrison, 2016). The difficulty for BAs to find high-quality investment opportunities and the difficulty for entrepreneurs to access BAs’ funds led to the emergence of BANs, which endeavour to match BAs and entrepreneurs accordingly (Romaní, Atienza and Amorós, 2013; Wirtz *et al.*, 2020).

Indeed, pre-BAN times likewise experienced similar problems of present times that BANs attempt to address more adequately. Early studies across different countries relate the challenges that exist in accessing adequate investment opportunities because of information gaps between investors and entrepreneurs (San José, Roure and Aernoudt, 2005; Paul, Whittam and Wyper, 2007). In the absence of BANs, as happened before BANs even existed, to access information on investment opportunities investors across various countries depend on their personal relations, informal connections, professional advisors such as lawyers, other financial institutions, accountants, entrepreneurial events, media information, direct approaches from entrepreneurs, and chance encounters (Qabouri, 2023). In Saudi Arabia, BAs also depended mostly on their personal relations, banks, accountants and business events to get information about new investment opportunities (Al-Arfaj, 2006).

In these previous times within Saudi Arabia, the absence of formalised BANs meant most entrepreneurs’ sources of start-up funding were primarily personal savings and informal sources such as close family, relatives, friends and individual investors (Waked, 2016).

Although government initiatives aimed at promoting small to medium enterprises (SMEs) were also a source of funding, these have been limited (Altokhais, 2017). A minority of entrepreneurs, primarily with already operational businesses and tangible assets, got funding from banks (Waked, 2016; Basahel, Khan and Farooque, 2022), but the noted criteria here excluded many. Given all this, and similar to Waked (2016). ‘informal sources’ point above, Al-Arfaj (2006) found that even today certain BAs still depend mostly on their personal relations to get information about new investment opportunities. This is nevertheless the main way in Saudi economy. Over the last decade, though, major developments in Saudi Arabia have had significant implications for entrepreneurs’ access to funding – especially the emergence and development of BANs.

Given these developments and the study’s context of concern, the current research thus focuses on BANs in the Kingdom of Saudi Arabia (KSA) market, which aim to match BAs and entrepreneurs. It specifically analyses the value of these BANs to their BAs, which includes the deal flow, the networks offer and the filtration process performed by gatekeepers when they evaluate investment opportunities. Additional benefits of BANs to their members involve increasing social networks among BAs themselves, social ties between BAs and entrepreneurs, and links to important figures and policymakers in the market.

This introduction chapter initially highlights the study’s contexts by providing a background to BANs (1.1) then information about the Saudi market and its broader economy but also specifically angel investments in the economy (1.2). Next, the chapter merges aspects of the previous two sections by giving an overview of BANs in Saudi Arabia (1.3) and presents specific organisational manifestations of these (OQAL in 1.3.1 and SIRB in 1.3.2). The study’s problem statement is then delivered (1.4), with this study’s purpose, objectives, and research questions ensuing (1.5). In the conceptual framework section (1.6), this introduction briefly discusses related theory. The chapter then discusses the significance of this study (1.7). The study’s scope is presented next (1.8), and finally this introduction presents the structure of this thesis and concludes the chapter.

1.1 Business Angel Networks: A Background

BAs' investment process is divided into three stages: pre-investment, contract and negotiation, and post-investment (Amatucci and Sohl, 2004). BANs focusing on supporting BAs in the pre-investment stage do so mainly by offering them investment opportunities but BANs also provide consultations and support regarding contracts and negotiation through providing samples of contracts, giving advice to entrepreneurs and BAs about negotiations, and determining the business values and shares. However, BANs are not involved in any decisions regarding the investments as BANs only provide advice to BAs. In addition, BANs help BAs increase their social networks with professionals in various sectors, which benefit BAs in terms of accessing investment opportunities, developing their investments, and adding value to the companies.

Before establishing BANs, BAs depended on their personal connections and entrepreneurial events to access investment opportunities. BAs used their contacts with accountants, lawyers, banks and other financial institutions to receive information about start-up businesses that seek funds. In Saudi Arabia, BAs depend mostly on their personal relations to get information about new investment opportunities (Al-Arfaj, 2006; Argaam, 2023). Notably, the approach BAs used prior to BANs resembles the current approach of BAs who are not members of BANs. BAs access deals through incubators, business gathering and conferences.

As the market is full of poor low-quality investment opportunities, BAs need to access many deals to filter them and subsequently invest in sufficient suitable opportunities (Mustafa, 2021), but such access differs according to investor experiences. Rose (2014)₂ for instance, stated that BAs receive from zero to 50 deal a month, depending on their level of activity and involvement in the market. The number of deals increases for active BAs, while this is usually very limited for beginner and less experienced BAs. As such, beginner BAs face difficulties to access a sufficient amount of deals, but they also might lack evaluation skills when assessing investment opportunities because of their limited investment experience. This can lead such investors to invest in low-quality investment opportunities.

Early studies on BAs conducted in different countries such as those by Wetzel (1983, 1987) in the USA, by Riding and Short (1987) in Canada, and by Mason and Harrison (1993) in the UK showed that many BAs did not access sufficient investment opportunities because of their limited contacts with entrepreneurs. Moreover, VCs in the UK, the USA, and Canada reduced their investments in early-stage businesses while investing more in later stages (Mason and Harrison 1993). Therefore, there was an increased need of establishing BANs to match between BAs and entrepreneurs (Romaní, Atienza and Amorós, 2013).

BANs support both BAs and entrepreneurs. They can be established by the public or private sector, where each type of BAN follows their sector's regulation, goals, and framework (Mason, 1999). BANs are also classified based on their objectives or activities: some aim to match entrepreneurs and BAs, while others aim to form syndications among BAs to allow them to invest as groups rather than individually (Mason, Botelho and Harrison, 2016). BANs play an important role in regulating the BAs market because they help transfer the invisible BAs market to the visible market. This role eliminates the inefficiency of the invisible market because BANs enable entrepreneurs to access BAs' funds without incurring high transaction costs. In addition, BANs allow BAs to access information about investment opportunities. They therefore give BAs the chance to learn about current opportunities and directions in the market, and about making investment decisions through sharing experiences with more experienced investors (Bonini *et al.*, 2018).

Over time, BANs have helped make the BAs market more organised and visible as part of the private equity market (Bonini *et al.*, 2018). Through BANs, then, the informal capital from informal investors is becoming more accessible to entrepreneurs who need financial support to establish and develop their businesses, which reduces the financial gap in the market (Romaní, Atienza and Amorós, 2012; Wallmeroth, Wirtz and Groh, 2018). BANs are platforms that facilitate interaction among entrepreneurs and BAs to increase the likelihood of cooperation between the two parties and create possible exchange benefits and valuable investment relationships (Romaní, Atienza and Amorós, 2013). On the one hand, BAs join BANs mainly to access pre-evaluated investment opportunities, which increase their deal flow without violating anyone's privacy. On the other hand, entrepreneurs benefit from BANs by gaining access to invisible BAs. Therefore, BANs strive to facilitate matching

between BAs and entrepreneurs by raising awareness about the important role of BAs' investments. In addition, BANs facilitate BAs' relationships with entrepreneurs by reducing information asymmetries during the initial stage of the investment process as BANs offer BAs pre-evaluated investment opportunities that have been assessed by gatekeepers, who verify many details about the entrepreneurs and their businesses. Furthermore, BANs help BAs increase their social networks by providing a social environment for interacting with other investors, entrepreneurs, and professional market players (Bonini *et al.*, 2018).

Services provided by BANs vary in different contexts. Zu Knyphausen-Aufseß and Westphal (2008), for example, analysed certain BANs from Europe and concluded that they fail to deliver significant value to BAs because similar institutions in the market already provide similar services to BAs. Romaní, Atienza and Amorós (2013) analysed data from the emerging market of Chile, observing that BANs contributed to the market through matching between BAs and entrepreneurs because no national institution provides similar services. In the emerging markets of Southeast Asia, the lack of a legal and financial framework increased the importance of investors' groups and networks as these facilitate venture investment activities and help in overcoming the challenges of an underdeveloped market (Scheela and Isidro, 2009).

Therefore, the situation of those fully developed European markets differs from those emerging markets that are characterised by a lack of supportive institutions (Harrison, 2018). In the absence of developed supportive institutions, BAs access investment opportunities through their personal ties and networks (San José, Roure and Aernoudt, 2005; Scheela and Isidro, 2009). As Scheela and Jittrapanun's (2012) findings showed when studying BAs' activities in emerging markets that lack well-developed legal and financial institutions which support venture investors (formal and informal investors), BAs use networking and comprehensive investigation as their main investment strategies to overcome market challenges. In emerging markets, therefore, BANs play an important role of filling the void created by the absence of developed formal institutions. Similarly, the Middle East and North Africa (MENA) emerging market has witnessed the emergence of BANs that contribute towards matching BAs and entrepreneurs.

1.2 Kingdom of Saudi Arabia (KSA)

KSA is considered the richest Arab country in the Middle East. It has the world's largest oil reserves, holding one-fifth of global oil reserves, and oil has brought more than 85%–90% of its income for many years. Although energy-based assets such as oil and natural gas are economically important, they are nevertheless exposed to political, economic, climate, and technological volatility. Therefore, market participants who depend on energy products need to apply efficient strategies to manage their exposures effectively and reduce price risk accordingly (Hanly, 2020). Given the instability of oil prices, which can impact the country's budget, alongside increasing government expenditure on education, healthcare, and utilities, the government of Saudi Arabia seeks to diversify its economic resources and reduce its dependency on oil income.

As such, the country has made moves to diversify from an oil-based to a knowledge-based economy. Through its national strategic development plan, Vision 2030, KSA aims to develop the country in all sectors based on three pillars: a vibrant society, an ambitious nation, and a thriving economy (Vision 2030, 2023). A vibrant society involves providing citizens with a high-quality lifestyle by developing education, the healthcare system, and the entertainment sector. An ambitious nation concerns enhancing government services by empowering citizens, the private sector, and non-profit institutions. To create a thriving economy, the government is boosting the private sector, supporting businesses, creating jobs for citizens, and broadening the economic income base (Vision 2030, 2023). The government of Saudi Arabia worked for decades to reduce oil dependence, but this goal was slowly moving. However, Vision 2030 plans for income diversification are working better as oil dependence decreased significantly from 85% to 67% of total government income for the 2023 budget. Figure 1.1 shows the growth of the Saudi SME ecosystem in 2023 that occurred by developing supportive policies, specific macroeconomic conditions, investments, and entrepreneurial culture. The growth occurred during one of the fastest non-oil economic expansions in the Kingdom's history.

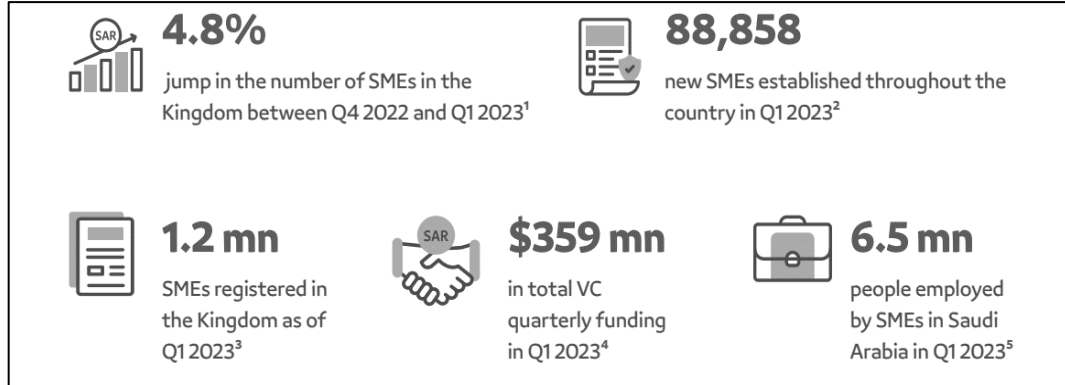


Figure 1.1 Growth of the Saudi Entrepreneurial Ecosystem
(Source: Monsha'at Report, 2022)

The Saudi economy has witnessed several developments under Vision 2030, as there are many development programmes and institutions aimed at supporting the private sector and entrepreneurial businesses. For example, the government established the Small and Medium Enterprises General Authority Monsha'at (2022), MISK (for innovation), and the Saudi Venture Capital (SVC) company in addition to other institutions such as the Saudi Industrial Development Fund and the Saudi Social Development Bank for funding existing industrial businesses and small businesses. The SME General Authority (Monsha'at) aims to convert the SME sector into one of the supports of the Saudi economy. It endeavours to develop SMEs to achieve Vision 2030 goals. Figure 1.2 below shows that Saudi entrepreneurs have benefited from over SAR 100 billion of funding facilitated by Monsha'at.

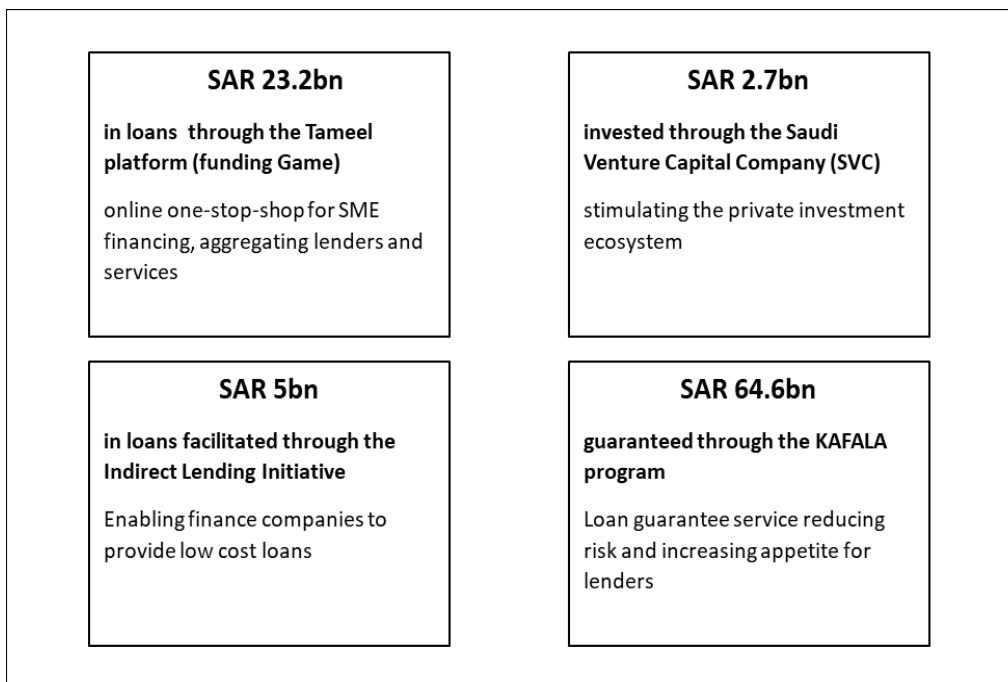


Figure 1.2 : MEs' Received Funds Facilitated by Monsha'at
(Source: Monsha'at Report, 2022)

The roles and activities of these supportive institutions were increased to align with the government's new vision and plans for supporting entrepreneurial businesses. Vision 2030 includes several programmes to develop the economy and support businesses, such as public investment funds for strengthening public investments across different sectors to diversify the country's economic base and focus on investing in strategic sectors. In addition, Vision 2030 includes national industrial development and logistics programmes for transforming the country into an industrial power and an international logistics platform by supporting industrial businesses and utilising technology. Moreover, Vision 2030 includes a financial sector development programme that aims to diversify and develop the financial sector to widen the financial options for SMEs and to regulate and encourage investments.

According to the Economic Freedom Index, which measures economic freedom using several standards such as business freedom, financial freedom, tax burden, and judicial effectiveness, KSA currently has a score of 71.8 for business freedom (Figure 1.3), indicating that the Saudi economy has moderate business freedom.

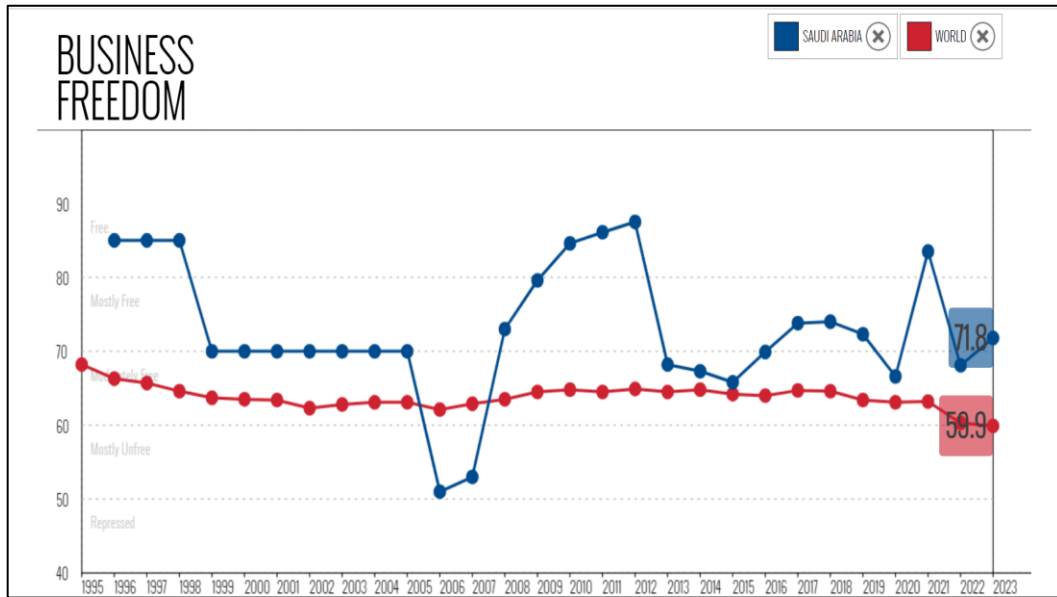


Figure 1.3 : Business Freedom in Saudi Arabia
(Source: Index for Economic Freedom, 2023)

However, unlike the commonly fluctuating business freedom score for Saudi Arabia demonstrated above the score for the financial freedom of the Saudi economy, as Figure 1.4 shows, has *generally* been 50 over the years. This generally constant score has nevertheless had two significant anomalies. It had a dramatic drop in 2000 and remained at 30 during the period 2001 to 2005 before returning to 50 by 2006. However, it immediately experienced another sharp but less significant drop to be at 40 in 2007 to 2008, before again returning to 50 by 2009, where it has since remained. Figure 1.4 illustrates its general rating of 50 over the years but also these sharp drops, where it had two periods of being way below the average global figure of 49 points. The pattern indicates that Saudi financial freedom is mostly average at best, and that changes tend to be more regressive, resulting in sharp drops in the index (see below the figure for specifics on these drops).

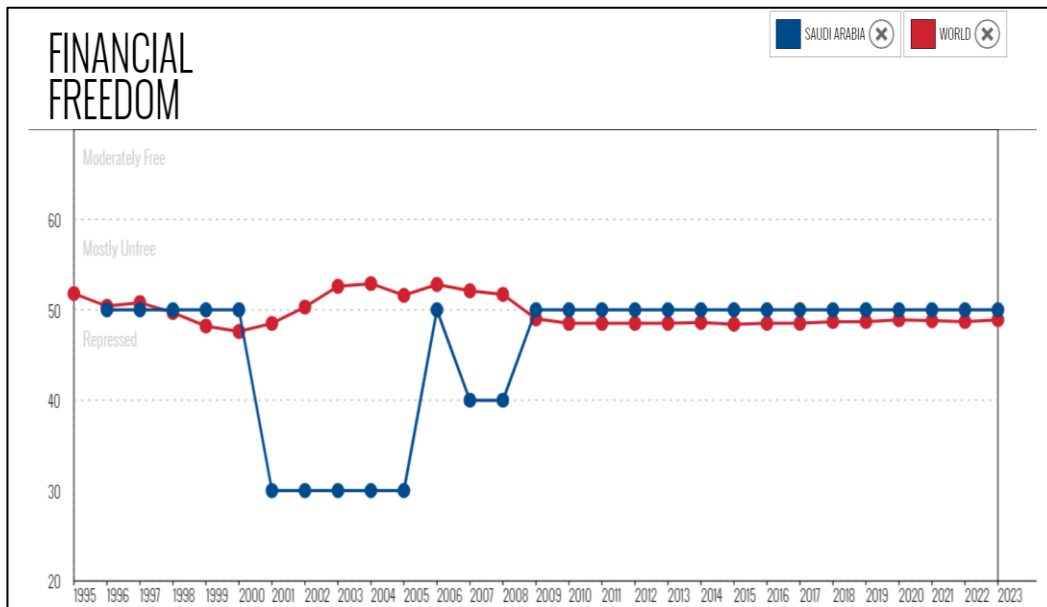


Figure 1.4 : Financial Freedom in Saudi Arabia
 (Source: Index for Economic Freedom, 2023)

The two sharp drops can be partly explained by financial instability fuelled by volatility in the oil sector in terms of both pricing and production volumes (Ingves *et al.*, 2006). The volatility in oil prices and production was impacted by major political events. Specifically, immediately after September 11 in 2001 the oil price increased by 5%. However, within 14 days the oil price dropped by 25% because of the fears about the drooping oil demand (Minesso, Lappe and Rößler, 2024). Because the income of the Saudi government depended heavily on oil income, such an event impacted the financial sector.

In addition, between 2002 and 2004 Saudi Arabia suffered many terrorist attacks in different cities such as Riyadh, Yanbu, and al-Khobar (US Department of State, 2009). These events, in addition to the volatility of the oil prices and productions, impacted negatively on the country's stability generally and its financial sector specifically, which in turn restricted Saudi's financial freedom as well as its business freedom. However, the government of Saudi Arabia attempted to manage the political and terrorist issues as it sponsored the first Counter-Terrorism International Conference in Riyadh, besides applying different measures to control such issues.

Moreover, the Saudi government attempted to enhance its financial sector by establishing the Capital Markets Authority in 2003 to regulate and improve the capital market. This led to the Saudi stock market's rapid advancement because of the vast increase in investments funds within the market (Saudi Gazette, 2017). This enhanced the financial sector as banks actively provided funds for investors, which increased the business and financial freedom. The Saudi stock market peaked in 2005; however, it suffered a historical crash in 2006 (Saudi Gazette, 2017), which caused another decrease in financial freedom in 2006 that did not return until 2009.

Therefore, for the first particularly stark drop financial freedom was restricted because of the political issues that impacted on oil prices and productions. For the second, the financial freedom score was low due to the stock market crash that impacted negatively on the funds of investors and banks. Nevertheless, even Saudi's index score, which is also its most common and largely flatlined score (with the two notable exceptions), indicates that it is difficult for businesses to get finance, as it is for entrepreneurs. Therefore, the government needs to enhance the financial sector and develop policies for businesses to increase economic freedom.

There are concerns and challenges for the government to do so. For example, Alhammad, Weshah and Aljarodi (2021) showed that Saudi entrepreneurs think governmental interventions create complications and ambiguity for their businesses, restricting business freedom in the country. An obstacle entrepreneurs face, particularly female entrepreneurs, is that the Saudi Arabian government has placed many restrictions on women's rights, job opportunities, and their establishment of businesses (Khan, 2020), though the government itself can address these in its abovementioned intentions (yet cultural barriers may still prevail). Nevertheless, Saudi entrepreneurs adopt strategies such as networking and connections to overcome certain obstacles and help their businesses (Alhammad, Weshah and Aljarodi, 2021). For female entrepreneurs, using digital technologies and online resources can help them establish their entrepreneurial businesses and overcome social and cultural constraints such as male guardianship of female relatives and legally enforced gender segregation (McAdam, Crowley and Harrison, 2020).

Sorour, Ragheb and Khourshed (2021) indicated that entrepreneurial activities in Saudi Arabia are significantly impacted by institutional factors (Cognitive, Regulative, and Normative), suggesting that policymakers should improve the supportive institutional framework to stimulate entrepreneurial businesses. These authors, who notably conducted their study on Saudi Arabia and Egypt, also emphasised the importance of establishing mechanisms and regulations to guarantee loans for innovative entrepreneurial businesses and that legislative obstacles need to be removed to facilitate the participation of equity funds in raising the financial resources available for entrepreneurs. Such action must also consider the negative effects of the financial crises and the pro-cyclical supply of entrepreneurial finance for businesses, which emphasised the importance of diversifying debt and equity resources available for entrepreneurial businesses (Mac an Bhaird, Owen and Freel, 2019).

Despite the obstacles Saudi entrepreneurs face, the Saudi Arabian government realised the importance of the entrepreneurial sector in developing the economy; hence, it sought to promote this sector by improving policies and regulations and increasing business freedom. Indeed, many improvements in the entrepreneurial ecosystem and supportive institutions have occurred – for example, establishing the SVC company to stimulate funding for entrepreneurial businesses by co-investing with individual BAs from verified BAs groups and networks (MAGNiTT, 2021). In other contexts, studies have shown that government venture capital supports entrepreneurial and investment sectors. The UK Government Venture Capital Unit, for instance, provided effective funding for high-growth potential businesses, which increased turnover and employment in funded businesses and helped tighten specific funding gaps (Owen, North and Mac an Bhaird, 2019). Regarding investment attraction in the specific context concerned here, Saudi Arabia is deemed an attractive destination for investment because of its economic stability, largest global oil reserves, well-regulated banking system, large local market with high spending power, good infrastructure, and promising strategic programmes for economic diversification (based on Vision 2030) (Nordea, 2021). This attractive investment destination with attractive investment opportunities in different sectors hence encourages entrepreneurial activity. In addition, KSA's joining of the World Trade Organization in 2005 (World Trade Organization, 2022) increased KSA's activities aimed at eliminating trade barriers, encouraged global trade and foreign investments, and improved the financial services and communications sectors.

The KSA government seeks to diversify economic resources and reduce dependency on oil income as unstable oil prices can affect the country’s budget, especially given increased government expenditure on education, healthcare, and utilities. As part of Vision 2030, the government set a goal to increase the contribution of SMEs to the country’s GDP from 20% to 35%. It also planned to increase the SMEs role in the economy by creating jobs, boosting innovation, and supporting exports (Ashri, 2019). To support entrepreneurial businesses and SMEs, and to increase venture investment and funding, the government established the SVC in 2018 (Saudi Venture Capital Company, 2020). Furthermore, as part of diversifying the economy and supporting SMEs, the public investment funds created Jada, which was termed the Fund of Funds Company. Established in 2019, this company aims to support entrepreneurial businesses and lead the development of the private equity sector and the venture capital ecosystem (Jada, 2022).

Recent years have witnessed a significant increase in the growth of entrepreneurial businesses according to Nabeel Koshak, Chief Executive at SVC, who stated that KSA was “witnessing an increase in the quality and quantity of the deal flow of start-ups, considering the rise the Kingdom has seen in more professional angel investors and venture capital funds” (Mahmoud, 2019). According to MAGNITT Report (2021), venture funding (including venture capitalists and angel investment) increased significantly over the last five years, especially in 2023 (see Figure 1.5 below).

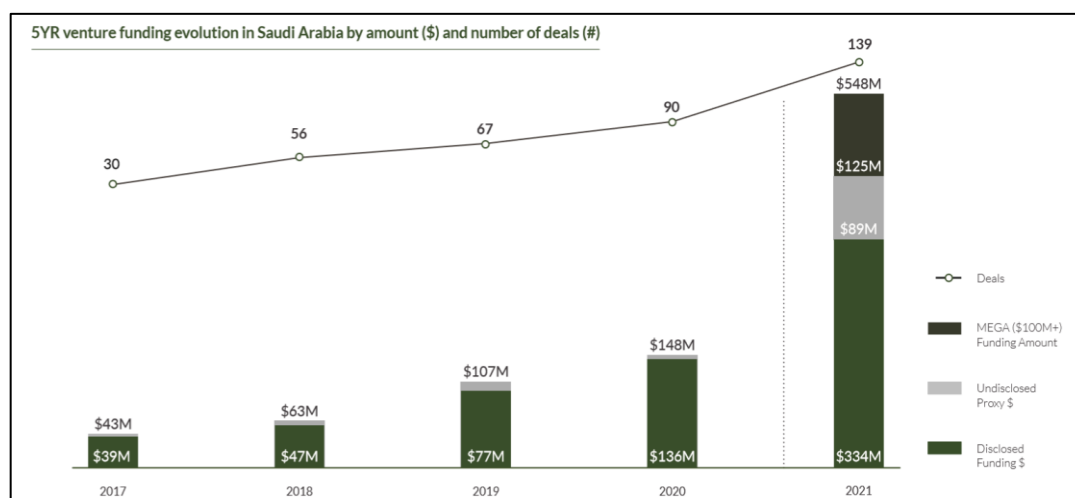


Figure 1.5 : Venture funding evaluation in Saudi Arabia over 5 years
(Source: MAGNiTT, 2023)

Figure 1.5 indicates that venture funding (including venture capital companies and BAs) was low in previous years, especially in 2017 and 2018, reflecting the difficulties entrepreneurs face in accessing required funds, as venture funding is essential for the growth of start-up businesses. Nevertheless, venture funding has been growing gradually over the years, then increasing significantly in 2021.

Figure 1.6 shows the relationship between informal investors and the entrepreneurs they fund in Saudi Arabia. In Global Entrepreneurship Monitor (GEM) reports, the term ‘informal investment’ is used to define all noninstitutional venture investors (Bygrave *et al.*, 2003) and these informal investors include family, friends, and individual investors (Mason and Harrison, 2008) – family do not qualify as angel investors though as BAs have no family relationship with the entrepreneurs they fund (Landström and Mason, 2016), which is why BAs should be distinguished from ‘love money’ provided by family. When excluding the first two categories of informal investors (family members and other relatives), Figure 6 shows that the percentage of BAs’ investments is lower than those received from family – especially investing with stranger entrepreneurs, which has the lowest percentage in all the years covered here. This means that BAs’ investments, especially investing with stranger entrepreneurs, needs to be encouraged and increased.

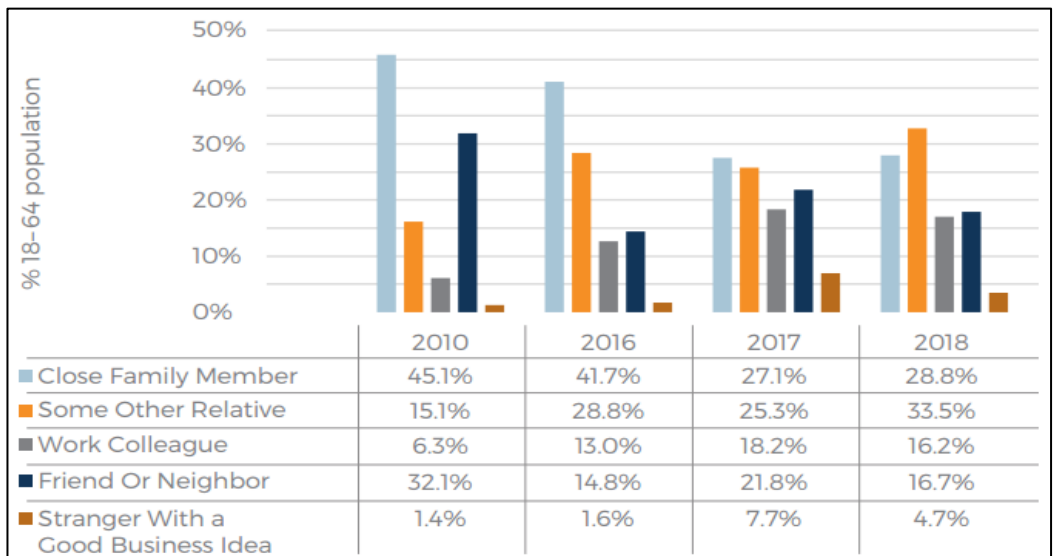


Figure 1.6 : Relationship between informal investors and entrepreneurs in KSA (Source: GEM Report, 2018/2019 – Global Entrepreneurship Monitor, 2019)

Therefore, this study analyses the value of BANs for BAs as they are important players in the entrepreneurial ecosystem because they contribute to developing entrepreneurial businesses by providing their funds and expertise in the early stages of these businesses.

1.3 Overview of BANs in Saudi Arabia

The first BANs in Saudi Arabia, OQAL and SIRB networks, were established in 2011 and 2012 respectively, and they have subsequently been joined by others including Riyadh Angel Investors (RAI), WomenSpark, and Falak. The current study focuses on the first two BANs because as well as being the oldest in the country they have the largest number of activities (SIRB no longer exists). Regarding the other three BANs (RAI, WomenSpark, and Falak), they have been established only recently and have yet to have any activities or any pitching events.

OQAL was one of the most active investors in Saudi Arabia between 2018 and 2020 (MAGNiTT, 2020), and a Forbes report indicated that OQAL was an organisation that invested in the highest number of entrepreneurial businesses within MENA during 2020. BANs thus have an important role in financing and supporting SMEs in the region, with BAs in turn being significant within various local sectors – for example, BAs’ investments within MENA represented 12% of total investments in the region’s technology sector between 2013 and 2016 (Yehia, 2018). Most BAs usually invest locally in their countries and cities because they prefer a strategy of hands-on investing where they get involved in their investee businesses and contribute to the businesses’ strategic decisions and general operations (Mason, 2006), which highlights the importance of local and regional BANs that support both BAs looking for promising investment opportunities and entrepreneurs seeking funds.

This study focuses on two BANs in KSA, as the data was collected in 2017 when only these BANs in KSA existed. The first of these is OQAL, a private network, while the second is SIRB, created with government subsidies. Both BANs were established by experienced people in the entrepreneurial and angel markets who know the market issues and needs. The founders of the Saudi BANs realised that there are information and financial gaps between BAs and entrepreneurs and subsequently worked closely with entrepreneurs, which helped

them understand the problems entrepreneurs face regarding accessing funds. Also, some founders being investors themselves allowed them to realise the difficulties of finding promising deals for BAs.

1.3.1 OQAL

Established in 2011 as the first angel network in KSA, the non-profit private BAN called OQAL was founded by a group of investors and businesspeople to connect BAs and entrepreneurs. The group name was chosen by combing the Arabic words ‘Oqool’, which means minds, and ‘Amwal’, which means money (OQAL, 2023) – a name thus representing its goal of connecting entrepreneurs with innovative ideas and businesses with investors who can provide funds and expertise to those entrepreneurs. The main founder of OQAL previously worked and interacted closely with entrepreneurs by being involved in the committee of entrepreneurs under the chamber of commerce in Riyadh and thus realised the problem entrepreneurs face regarding accessing funds from investors. Participating in the entrepreneurial market allowed the founder to gain deep knowledge and experience about the challenges Saudi entrepreneurs face when doing business in KSA, a main one being the difficulty entrepreneurs face in trying to fund and support their businesses. Establishing the first BAN in KSA was intended to overcome this difficulty but also problems regarding equity and information gaps between entrepreneurs and investors.

OQAL started in Riyadh in 2011 then expanded to the rest of the country, benefiting and supporting investors and entrepreneurs across different regions. After its inception in Riyadh, OQAL’s second branch was founded in the Western region in Jeddah city. The founder of this branch had social ties with the founder in Riyadh as both were members of the committee of entrepreneurs, where the former was in the Jeddah committee and the latter in the Riyadh committee. These ties facilitated the transferring of information about establishing BANs and spread the idea of connecting investors and entrepreneurs. Subsequent branches were established and the total number of branches reached five: Riyadh, Qassim, Western region, Eastern region and Bahrain branch. Each OQAL branch was established by local investors and businesspeople who had the experiences and networks in their regions that helped them invite members and entrepreneurs to participate in the branch. The structuring of OQAL is illustrated in Figure 1.7.

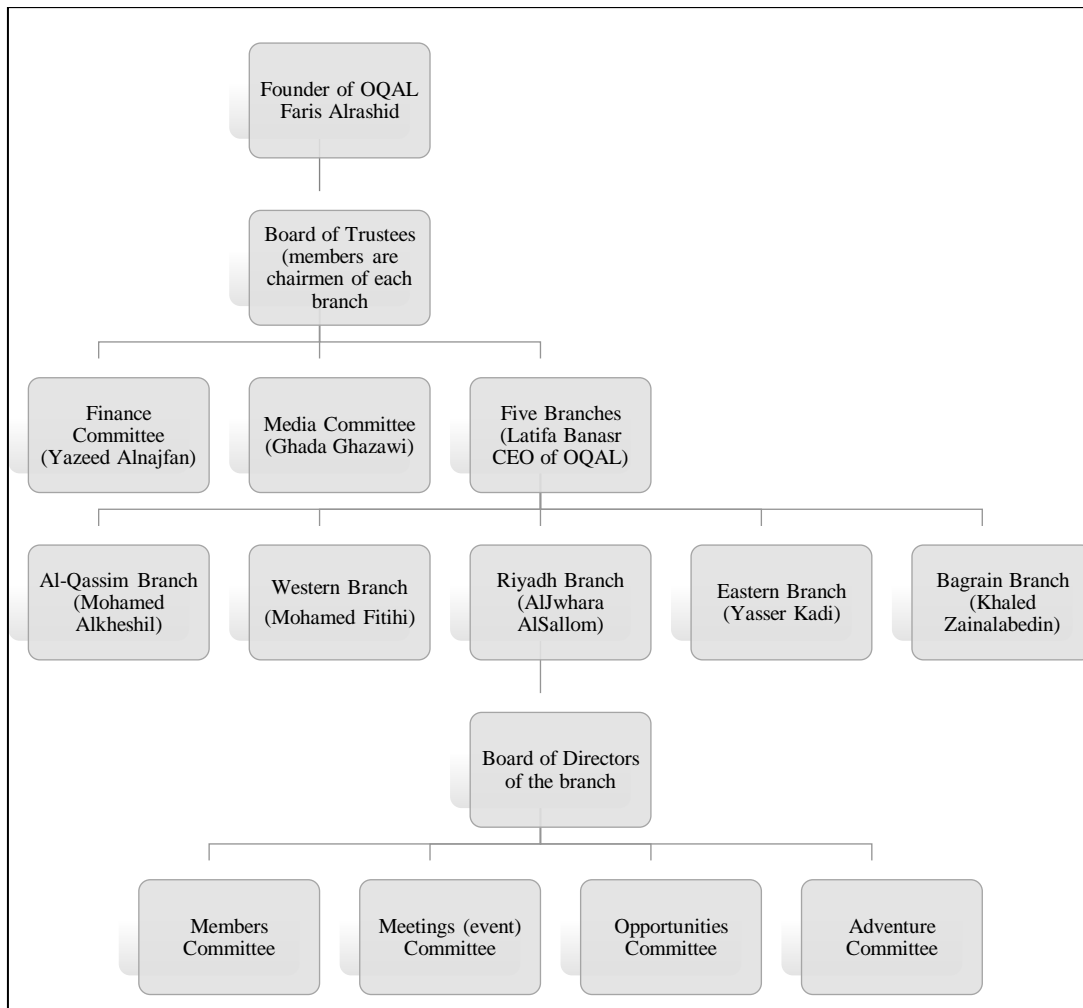


Figure 1.7 : Organisational Structure of OQAL BAN

All four branches of OQAL work under one Board of Trustees that includes members from each branch. OQAL has two central committees: the media committee and the finance committee. These are respectively responsible for the media and financial activities of all branches. Each branch has its independent board of directors and four independent committees – namely, membership committee, meetings committee, opportunities committee, and adventures committee. Each of these committees is responsible for specific tasks.

OQAL is managed by the Board of Trustees, which is responsible for the BAN's orientations, strategies, activities, and regulation system. The Board of Trustees is also responsible for approving the establishment of new branches and monitoring the performance of current branches (OQAL, 2023) besides assessing the performance of the media and finance central committees. The media committee is responsible for managing the media channels of the BAN, such as the website and social media accounts, to raise awareness about the BAN and encourage entrepreneurs and investors to get involved in its activities. It also manages partnerships of the BAN with other organisations that support the network's activities. The responsibilities of the finance committee include monitoring and recording the expenses and revenues for the BAN to form its budget. It also ensures that membership fees are received and identifies additional financial resources for the network.

Each branch is managed by its own board of directors, which monitors and coordinates its own branch's committees. The membership committee in each branch is responsible for attracting new members to join, considering investors' requests to join the BAN, assessing current members' performance, and measuring members' satisfaction with the BAN's services. The opportunities committee is responsible for screening and evaluating the received deals to select the best investment opportunities to present during pitching events (it prepares a list of the selected opportunities and provides this to the meetings committee of the same branch). The meetings committee is responsible for scheduling and conducting the branch's pitching events with cooperation from the opportunities committee (OQAL, 2023).

1.3.2 SIRB BAN

Formed in 2012 and funded by government subsidies, SIRB was the second BAN established in KSA. As with OQAL, it was established to connect entrepreneurs and investors. SIRB is also a non-profit angel network, like its OQAL counterpart, but located mainly in Jeddah city in the country's Western region, although it aimed to support entrepreneurial businesses from all regions. SIRB was also founded by experienced people with wide knowledge about the entrepreneurial and angel market as they previously worked closely with entrepreneurs and have experience in angel investing. There are two *main* founders of SIRB BAN: Hesham Alrowihy, the founder of the Western branch of BADIR incubator that had headquarters

located in Riyadh; and Khalid Suleimani, a monitor in BADIR (Jeddah branch), an angel investor, and an experienced private equity manager. Their backgrounds thus allowed these founders to understand the needs of entrepreneurs and investors and to realise the difficulties relating to entrepreneurs and investors finding each other. Working with entrepreneurs under the incubator helped the co-founders of SIRB to realise that entrepreneurs who received support to convert their innovative ideas to businesses need to reach investors who can help them develop their businesses and move to the next level. The other co-founders of SIRB understand the angel market and how investors need to get filtered investment opportunities. SIRB was established with the support of BADIR incubator under the supervision of King Abdulaziz City for Science and Technology (KACST) to link entrepreneurs and BAs and thereby support entrepreneurial businesses by creating a network of experienced angel investors willing to support entrepreneurs.

The main founders of SIRB are both from Jeddah, the Western region of KSA, and started this BAN by inviting experienced investors to join the network as investor members or participants in the BAN's activities. As these founders of SIRB used their social ties to contact investors and create the BAN, most SIRB members are from the Western region. They nevertheless focused on investors from the Western region anyway because, at that time, OQAL was already established in Riyadh, connecting investors from Riyadh.

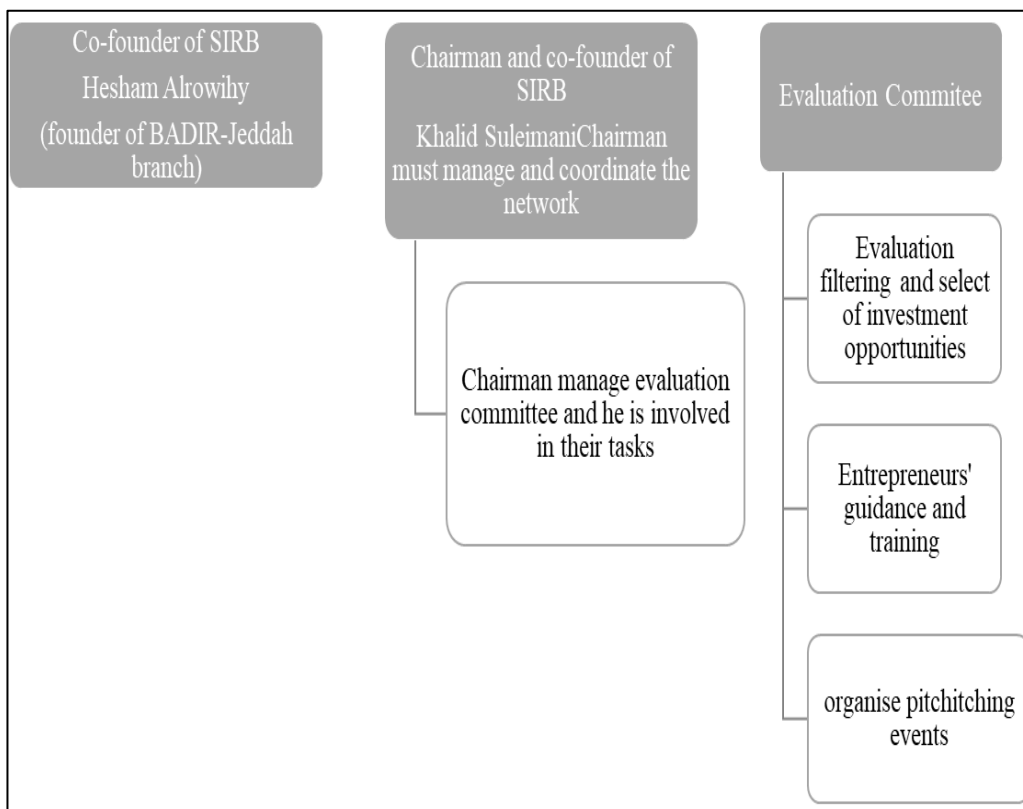


Figure 1.8 : Organisational Structure of SIRB

SIRB's organisational structure differs from that of OQAL, as Figure 1.8 below shows. One committee manages SIRB, while OQAL's activities are distributed among different committees and boards. SIRB has only one main committee, called the evaluation committee, which manages SIRB centrally and is responsible for all the BAN's activities. It has several volunteer members with experience in business and angel investments, and these members are the BAN's gatekeepers so are responsible for evaluating and filtering investment opportunities. Coming from various backgrounds and having diverse experience fields enables these members to evaluate different investment opportunities from different sectors while helping them provide valuable consultations to various entrepreneurs. The evaluation committee's specific responsibilities are hence to evaluate and select the best investment opportunities offered to investors but also train the entrepreneurs on how to present their businesses. Moreover, it provides consultation and guidance to entrepreneurs whose presentations were unsuccessful and thereby helps them to improve their presentations and prepare for their second chance to apply with a better probability of success. The chairman of the BAN is responsible for managing and coordinating the network.

SIRB was created through government subsidies as it was supported by KACTS and connected to the BADIR incubator. Having been established in 2012, it conducted its first pitching event in 2013 (SIRB, 2020) but in total conducted only five pitching events during its existence. Its last event was in 2018 (SIRB, 2020). SIRB conducted a few pitching events each year, and its activities were reduced after several years. SIRB's central organisational structure led to the BAN's low number of activities because most activities were done by the evaluation committee, which had only six members. Also, the management of the BAN was delegated to one person, who was the chairman but also the head of the BAN so had to manage the BAN besides participating in the evaluation committee's tasks such as filtering investment opportunities, coaching entrepreneurs, and organising pitching events. Therefore, the SIRB's pitching events number few because its activities and tasks were delegated to small groups of members who had limited time and effort so were somewhat constrained.

SIRB and OQAL have similarities but also differ in ways. Unlike SIRB, OQAL conducted many pitching events as each branch organised several pitching events each year. On organisational structure, the activities and tasks of OQAL BAN are distributed among different committees with each including several members responsible for specific tasks, allowing members and managers of each committee to focus on a particular task and achieve their committees' particular goals. As noted, SIRB is very different in this regard. Therefore, although both these BANs shared the same goals and offered investment opportunities to their members, OQAL is more active, especially as it tries to maintain frequent meetings by distributing the tasks among different committees, which inversely contributed to SIRB's closure.

A specific factor for this was a disagreement between the head of the BAN and sponsors following the former's request for a salary increment. The large amount of work the Chairman of SIRB had and the much time required for this led him to demand more allowances for his work, which caused some disagreement between himself and the sponsors. This relates to another factor for SIRB's exit from the market and becoming inactive – that of its structure and management style. Indeed, SIRB's activities were heavily delegated to a small group of members (evaluation committee), and the management of the BAN relied

heavily on this one person (the chairman). Such a centralised management system put a considerable burden and pressure on others as well but the chairman in particular, which led to the noted increased salary request. These factors meant this BAN reduced its number of pitching events as there were not enough people to organise and conduct the events, which contrasts with OQAL as already noted.

Finance was nevertheless a fundamental factor here. When SIRB was established through government support, it was planned that the government would initially support it in forming its network and funding its activities for several years, but the plan then was that SIRB be transferred from the public sector to the private sector to be managed and supported by its investor members. The founders and managers of SIRB, however, did not have the financial capacity to fund the network's activities. Sponsors expected to fund and manage the network only for a few years, with the responsibility eventually being taken over by the investor members. However, because this transformation did not happen, the government's funding was stopped, which also led to the SIRB's exit from the market.

1.3.3 Saudi BANs Compared to BANs of other Countries

BANs are evolving around the world, so they differ in form and operations but in all cases still take the form of structured or unstructured groupings of BAs, which may be loosely structured or highly formal such as angel syndicates (Bonini et al 2018). As noted, BANs nevertheless differ, especially given their various evolutions, and a broad contrast in this regard concerns those in developed countries compared with those in emerging ones, with the latter here being represented by Saudi Arabia. Saudi BANs, like those in other emerging markets, have different focuses from those in developed countries. While BANs in the latter may focus more on, for example, business angel syndicates (Gregson, Mann and Harrison, 2013; Mason, Botelho and Harrison, 2019), in Saudi Arabia the focus is on closing institutional voids through making entrepreneurs and BAs more visible to each other.

Furthermore, Saudi BANs differ from those in the developed world arising from the collectivist social culture that values relationships. In this regard, and consistent with (Tuomi and Harrison, 2017) observation of emerging markets, in Saudi Arabia ties and relationships strongly influence BAs' investment decisions. Consequently, in this context BANs may not

necessarily be networks constituting strangers but can also be individuals sharing social ties. Table 1.1 summarises differences of BANs in developed countries and those in emerging economies such as Saudi Arabia. Besides this these differences, Saudi Arabian BANs differ from but also resemble various other countries' BANs. For example, all BANs seek to connect BAs and entrepreneurs and improve BAs market by making it more visible.

Table 1.1 Comparison of BANs in Developed and Emerging Economies

Area of Difference	BANs in the West	BANs in Emerging Markets
Operating environment - Legal and financial institutions - Access to investment opportunities		
	Developed supportive institutions	Underdeveloped weak, unsupportive institutions
	Through institutions	Through personal ties and networks
Membership	Strangers	Strangers + mostly individuals sharing relational ties
Decisions	No apparent role for familial and relational ties	Strong influence of social ties
Role of BANs	Make BAs market more organised and visible as part of the private equity market	Fill the void created by absence of developed formal institutions. Help in overcoming challenges of an underdeveloped market
	Contribution reduced by existence of other institutions that provide similar services to BAs.	Reducing information asymmetries during the initial stage of the investment process

Given the common features of BANs, the various comparisons that show diverse features of different BANs, and the specifics of Saudi BANs, one may ask if Saudi BANs are indeed 'real' BANs or something else. Research showed that BANs are established to perform as financial intermediaries by facilitating trading between BAs (capital providers) and entrepreneurs (capital seekers); however, BANs do not invest any funds themselves (Knyphausen-Aufsess and Westphal, 2008; Landström and Mason, 2016). As the main goal of the Saudi BANs is to connect BAs and entrepreneurs without investing themselves, in addition to their role in enhancing the angel market through raising awareness about angel investment, the Saudi BANs are real BANs that fit the definition of BANs (Rowadalamal, 2017).

1.4 Problem Statement

The Saudi market is considered an attractive environment for entrepreneurial businesses and for doing business because the country's ecosystem is the fastest growing in the MENA region (MAGNiTT, 2020). This is largely because the government established several supportive institutions that promote entrepreneurial businesses activities, including the SMEs General Authority (Monsha'at, 2022), Saudi Arabia General Investment Authority (SAGIA), and Saudi Venture Investment Company (Global Entrepreneurship Monitor, 2019). The government also promotes the creation of institutions that support venture investment and entrepreneurial activities that align with the goals of Vision 2030. For example, the government facilitates the issuing of licences to venture capital companies, enables the establishment of incubators and accelerators (Siddiqui *et al.*, 2021), and allows the creation of new financing platforms for SMEs, such as crowdfunding platforms (equity-based and debt-based crowdfunding) (Siddiqui *et al.*, 2021). These supportive activities have created an attractive market for foreign investors to invest in the KSA's entrepreneurial businesses. In this regard, local BAs and foreign investors might compete to access promising and good investment opportunities in the entrepreneurial sector.

The high rate of growth in the entrepreneurial sector and the increasing number of investment opportunities in entrepreneurial businesses in Saudi Arabia are not in line with the available institutional framework for supporting both entrepreneurs and BAs. Vision 2030 encourages facilitating entrepreneurial activities to grow the entrepreneurial sector and identifies SMEs as an important element for economic growth. In fact, the government aims to increase SMEs' contribution from 20% to 35% of GDP. However, SMEs require funding to grow, and individual investors represent a large percentage of the source of such funding. A GEM report (2018/2019) indicated that KSA entrepreneurs raised funds from family members and people they know. The report also showed that although before 2017 informal investors had close family relations with entrepreneurs, there was a growth in the number of individuals who invest in non-family businesses. Another GEM report (2017) indicated that from 2014 to 2017 individual investors (including families, friends, and others) invested more than \$10 billion annually in early-stage entrepreneurial businesses, while the GEM report 2018/2019 showed an increase in the number of investors investing in stranger entrepreneurs who had good ideas and innovative businesses. Overall, the MAGNiTT (2020) report highlighted how

the number of investments in entrepreneurial businesses increased in 2019 by 92% compared with previous years. In addition, the KSA investors are considered the most active investors who are investing in the MENA region's entrepreneurial businesses.

Despite the highlighted developments, the Saudi market is nevertheless considered an emerging market that lacks a well-developed supportive institutional framework (McAdam, Crowley and Harrison, 2018). Entrepreneurs face difficulties in the market such as accessing funds or lacking professional skills and business contacts (Al-Akkad, 2018), while BAs face challenges regarding accessing information about good investment opportunities because emerging markets lack institutional that record the entrepreneurial activities and entrepreneurial businesses (Scheela and Jittrapanun, 2012; Landström and Mason, 2016). The lack of institutional records of such activities makes it difficult for BAs to investigate entrepreneurs' reputations and track records. Therefore, BAs in emerging markets depend heavily on their research and their personal ties to access investment opportunities and obtain information on entrepreneurs.

Abalkhail (1999) analysed the angel market in Saudi Arabia and highlighted that information channels and databases regarding entrepreneurial businesses and entrepreneurs' track records were not well developed, and even that the information was insufficient and outdated. The same situation was observed by subsequent studies (e.g. Al-Akkad, 2018). Although over the years there were improvements in information availability, the quality of the data remained inadequate. Therefore, the BAs, to a large extent, had to depend on their research through their connections and ties with different entrepreneurial and business organisations such as incubators, accelerators and investment bodies, and social groups (Abalkhail, 1999; Shane and Cable, 2002; Alnasser, 2023). This shows that having connections and networks is essential for BAs to find investment opportunities and facilitate their investments. However, for BA investors who lack such networks, supportive organisations are needed to help them increase their social networks and gain access to critical information and resources. Such organisations include BANs, BAs' associations, and investment and entrepreneurial authorities.

Furthermore, the culture of investing in the entrepreneurial businesses of stranger entrepreneurs was rare among Saudi investors who are used to investing in the real estate sector. Therefore, the entrepreneurs were unfamiliar with the concept of BAs as potential investors, especially where such investment was with a stranger given that Saudi Arabia has a long tradition of relationships-based business transactions. In this regard, the Western definition of a BA as anonymous and not related or not having any association with the entrepreneur, as suggested by, for example, Ramadani (2009) may not apply in this to Saudi Arabia. The Saudi market thus needed more support in raising awareness and connecting entrepreneurs with BAs since the latter are important players who contribute to reducing the financial gap between the funds raised by entrepreneurs from family and friends and what is needed during the critical stage of moving their businesses to the next level (Mason and Harrison, 2008).

As such, the main issues in the angel investment market in Saudi Arabia include lack of awareness about angel investment, high cost of registering new businesses, lack of qualified entrepreneurs and quality businesses, and lack of information channels and databases. These issues show the need for supportive organisations for BAs. The current study hence focuses on the role of BANs in facilitating BAs' investments and limiting the obstacles that investors face when investing in the immature market of KSA. Specifically, it analyses how BANs can increase awareness of angel investing and contribute towards facilitating the investments of BAs through providing updated information about high-quality pre-evaluated investment opportunities and increasing BAs' social networks, which can be used for serving their investments. The current study also investigates the extent to which BANs are beneficial for and add value to the Saudi angel market despite the existence of other investment and entrepreneurial organisations such as accelerators and entrepreneurial forums. It furthermore attempts to identify the type of BAs who benefit the most from BANs services in KSA.

1.5 Purpose of the Study and Research Questions

The purpose of the current study is to analyse the value BANs deliver to BAs in the emerging market of Saudi Arabia. The objective is to understand the features of the added value BAs receive from their membership of BANs. The value of BANs' membership is analysed through several aspects: the screening and filtration process, increasing deals flow, and increasing social ties of BAs with entrepreneurs, other investors, policymakers, and other important market players. Research has shown that BAs benefit from the social ties they establish through joining BANs and that social capital developed through joining BANs is translated as trust, which gives BAs confidence in their investment decisions (Ding, Au and Chiang, 2015). Considering all this, the current study addresses the following research question: 'Do business angel networks provide value to business angels?' To answer this main research question, the different and specific benefits BAs might receive from BANs need understanding so a sub-research question has been set: 'What are the benefits of BANs membership to business angels?'

As the literature suggests that BANs deliver some value to BAs, the value is expected to differ among BAs because the population of BAs is not homogenous. BAs have different characteristics, experiences, skills, investment motivations, and investment criteria influencing their decision-making process (Harrison, Mason and Smith, 2015). The investment criteria of BAs differ regarding expected financial returns, preferred entrepreneurs' characteristics, business sector, market features (Maxwell, Jeffrey and Lévesque, 2011), level of expected risk (Mason, Botelho and Zygmunt, 2017), and the approach of investing as an individual or within a group. Thus, these differences among BAs likely impact their opinions and perceptions regarding the value and benefits of BANs. The current study therefore seeks to answer another sub-question: 'Why is the value of BANs different among different business angels?'

To summarise, this study looks to answer the following research question and sub-questions:

RQ: Do business angel networks provide value to business angels?

Sub-Q1: What are the benefits of BANs membership to business angels?

Sub-Q2: Why is the value of BANs different among different business angels?

1.6 Conceptual Framework

As both BAs and entrepreneurs in emerging markets operate in an environment characterised by a lack of formal institutions, they rely on informal social institutions, ties, and networks to practice and facilitate their activities. In this regard, to understand the added value of BANs to the investment process of BAs and to understand the benefits BAs receive from their membership of BANs, it is useful to consider BANs as informal institutions that operate based on social networks. As BAs are members of social networks, they are linked to other members through weak or strong ties, depending on the frequency and number of interactions among the network's members. BAs' social ties are considered important social capital that they use to access critical information about early-stage entrepreneurial businesses, which helps BAs form their investment decisions. BAs with combinations of strong and weak ties might receive more value from joining BANs. Therefore, the current study is based on Granovetter's (1973) 'the strength of weak ties' networking theory.

Granovetter's (1973) theory is based on social network theory (Freeman, 2004). This latter theory implies that economic actions in modern industrial societies are done through social relations, meaning that economic activities are embedded in social relations. The implication, then, is that social relations and social interactions impact business actions. In this regard, analyses of business activities should consider social relations. By extension, any analysis that does not include social relations will fail to deliver a complete or comprehensive understanding of business actions or the business actors involved in such activities (Granovetter, 1985). It is hence important to consider business actions' embeddedness in social relations (Greve and Salaff, 2003). Social ties within social networks influence business decisions because the business actors are part of these social networks and have different social ties within these networks. This, therefore, supports the view that economic behaviour is a part of social relations structures (Granovetter, 1985). As BAs operate in social relations networks, where BANs are part of such networks, BAs' social relations influence their activities.

Within social networks, each BA has social ties that differ in strength: some have strong ties with some actors and weak ties with others within the network (Leung-kwong Wong and Ellis, 2002). According to Granovetter (1973), weak ties are created from less social

interaction, while strong ties are created through intense and frequent interactions – as happens with family, close friends, and acquaintances. Information exchanged through these different types of social ties also has different features. For example, the information transferred through strong ties is redundant because people interact regularly and share common knowledge. In contrast, weak ties act as a bridge that connects individuals to networks that provide wider and valuable information.

BAs who join BANs are expected to prefer to deal with entrepreneurs known to other people within networks through social ties that connect the network. Although BANs are established to connect entrepreneurs and BAs, it is not necessary that BAs have previous knowledge of the entrepreneurs; this means that, according to Granovetter (1985), the relations between those BAs and the entrepreneurs are weak ties. Nevertheless, BAs can access information about the entrepreneurs from other BAs who are members of the same BANs, which are also connected through weak ties. Therefore, being a member of BANs and participating in their activities can help BAs increase their own social relations, which increases their social capital through interacting with other members within the social networks (Granovetter, 1985) and enables BAs to access information about entrepreneurs and investment opportunities they would otherwise not access. This indicates that the benefits BAs receive from joining BANs depend on the type of social ties they have within the network. According to Granovetter (1985), people who do not have weak ties are missing considerable benefits because they cannot be connected to other networks or access information from other networks.

1.7 Significance of the Study

Saudi Arabia is characterised by a lack of formal supportive institutions for BAs who invest in the entrepreneurial sector (McAdam, Crowley and Harrison, 2018). Therefore, there is a gap in the literature about BANs' contribution towards facilitating BAs' investments and connecting them with entrepreneurs. The current study addresses this gap by analysing the added value BAs obtain from joining BANs and whether this differs for different types of BAs. Since some research found that some BANs were not successful at delivering value to BAs (Zu Knyphausen-Aufseß and Westphal, 2008), another significance of the current study is its analysing of the reasons behind the different levels of value added by BANs to different BAs in Saudi Arabia.

In emerging markets characterised by a lack of well-developed supportive institutions (Scheela and Jittrapanun, 2012; Harrison *et al.*, 2018), the role of BANs is considered very important, so these BANs need the capacity to connect BAs and entrepreneurs and promote their relations. The current study's findings will thus be useful for government and market players who are interested in supporting the entrepreneurial sector as the findings will provide considerable information about supporting BAs, who are an important part of the Saudi entrepreneurial ecosystem. This qualitative study ensures that data collected from interviews is detailed enough to represent the views and needs of BAs regarding the role of BANs in bridging the gap between fund providers and fund seekers. It therefore contributes to understanding the added value of BANs to BAs based on social network theory.

The study is significant as its findings provide a better understanding of how BANs in Saudi Arabia add value to different categories of BAs' investment activities, support entrepreneurs seeking funding to start or expand their businesses, promote the visibility of the BAs market, and generally enhance the entrepreneurial ecosystem.

1.8 Scope of the Study

The current study focuses on the perceptions of BAs about the value added for BAs from joining Saudi BANs (OQAL or SIRB). The value added under analysis refers to the benefit that BAs get from being members of BANs. The sample participants are limited to four main cities (Riyadh, Jeddah, Dammam and Qassim), which are the most economically important in Saudi Arabia. Each of these areas includes a branch of OQAL as it has branches around the main areas of Saudi Arabia. The focus therefore was on those interested in participating in the study and who fit the criteria of the research. This means that the current study's findings reflect the perceptions of BAs about the value added of two Saudi BANs (OQAL and SIRB). The findings of the current study can be generalised to these two BANs but may not be necessarily generalisable beyond the two BANs studied.

1.9 Thesis Structure and Chapter Conclusion

This chapter introduced the study background and contexts, problem statement, conceptual framework, and the study's significance and scope. The rest of the study is organised as follows. Chapter 2 critically appraises literature about BAs and BANs. It also discusses the study's conceptual and theoretical framework. Chapter 3 presents and justifies the study's methodology and methods, highlights its limitations, and the actions taken to ensure the study's quality and credibility. Chapter 4 presents the qualitative analysis of the data collected from interviews. Chapter 5 discusses the study's findings, compares them with previous relevant research, and concludes the study by highlighting its implications, contributions, and identifying areas for further research. The next chapter conducts a review of relevant literature and previous research relating to the study and discusses the theoretical base of the study that facilitates a deep understanding of BANs and BAs.

Chapter 2: Literature Review

This study identifies and analyses the value of BANs to BAs. Furthermore, it seeks to determine the types of BAs that benefit the most from BANs and why some BAs are not interested in joining the networks. This particularly chapter critically assesses relevant literature on BANs and BAs, as well as both of their activities in relation to entrepreneurs, but it also discusses theories that explain BAs' behaviour. It is structured into three main sections that each contain various aspects to its main topic of concern. The first discusses the concept of BAs, their importance to the economy, the four research generations on BAs, and the typology of BAs. The second section conducts a detailed discussion of BANs, initially addressing their organisations, specifically associations and syndications, then their emergence and development, BANs in emerging markets before the structure of financial markets in Saudi Arabia then BAs' investment methods and strategies in emerging markets. This section proceeds by analysing the typology and organisational structure of BANs then their investment process, performance, and value. The last section, the third, discusses various facets of social network theory before using the literature review on this to present the study's conceptual and theoretical framework.

2.1 Section One: General Background about BAs

2.1.1 The Concept of Business Angels (BAs)

The concept of BAs refers to people who invest their money and experience to help young entrepreneurs. The goal of BAs' support is to facilitate the development, growth, and expansion of entrepreneurial businesses (Ramadani, 2009). Unlike large established companies that are already well established in the market and have a reputation, small and medium enterprises face difficulties in accessing loans from banks and large investment companies. Young beginner entrepreneurs, therefore, must seek funds from other sources, including BAs. BAs therefore help reduce the noted financial gap by providing funds to entrepreneurs (Mason, Botelho and Harrison, 2016). In this regard, previous literature emphasised the important role BAs play in reducing the financial gap in the economy (Mason and Harrison, 1995; San José, Roure and Aernoudt, 2005).

BAs are nevertheless difficult to define and understand because they are a highly heterogeneous population that varies in terms of age, work experience, educational background, and investment criteria and preferences (Argerich and Cruz-Cázares, 2017; Botelho, 2017; Mason, Botelho and Harrison, 2019). What makes defining BAs more difficult is the confusion between BAs and ‘informal investors’ (Mason and Harrison, 2008). For example, GEM reports use the term ‘informal investment’ to define all noninstitutional venture capital investments in unquoted businesses (Bygrave *et al.*, 2003) and therefore lumps together different types of investors such as family and friends but also business angels. Given the way BAs operate, they should be distinguished from ‘love money’ provided by family and friends (Mason and Harrison, 2008). The term ‘business angels’ instead specifically refers to those wealthy investors who provide their funds and expertise to small businesses with no family relations, for the purpose of financial returns. Hence, many BAs are involved, to some extent, in developing entrepreneurial businesses.

Mason and Harrison (2008) have studied BAs and analysed literature relating to them for decades, and they confirm difficulties of defining BAs even beyond the ‘love money’ separation. The authors thus sought to establish a common definition that can be used for investment research on BAs by analysing many definitions of this concept and highlighting the main features of BAs, their characteristics, and their role in small and medium businesses. A widely used definition is that BAs invest their own money, provide time and experience besides their own money (Ramadani (2009) also highlighted willingness to invest both wealth and knowledge), invest directly without intermediaries, invest in small unquoted businesses, invest with strangers without family connection, and invest for the purpose of making profits from their investments (Mason, 2006), which explains the central features of BAs and the main aspects of their investments.

A similar but enhanced definition that emphasises BAs’ hands-on role was developed by Mason and Harrison (2008), who added that BAs may also act as an advisor or member of the board of directors. Another characteristic that sets business angels apart is that although they perform many of the same functions as venture capitalists they invest their own capital and not that of other individual investors or institutions (Tekere and Tekere, 2016). Adding yet another dimension, Morrissette (2007) emphasised the non-public and informal nature of

BAs' investments, noting how differentiates them from the more formal and quantitative-analysis-driven investments of venture capital professionals.

The analysis and review of these definitions of BAs indicates that BAs refer to wealthy individuals who have the desire to invest their own capital in start-up or small entrepreneurial businesses (Morrissette, 2007; Mason and Harrison, 2008; Ramadani, 2009). The BAs' experience and knowledge are considered assets that contribute to the development and success of these entrepreneurial businesses. Therefore, this study deems the term BAs as referring to individuals who are usually wealthy and have the intention to invest their own capital in entrepreneurial businesses. It also acknowledges how BAs differ regarding their wealth, age, education, and experience, that not all BAs are old and very rich people, and hence that not all BAs are well educated and have extensive experience in entrepreneurship but do, or at least should, 'bring much to the table' in their business investments.

2.1.2 The Importance of BAs

The development of the BAs market led to the emergence of organised BAs groups, which facilitated different approaches for the investments of BAs such as investing through groups and syndicates (Mason, Botelho and Harrison, 2016; Mason *et al.*, 2016; Wirtz *et al.*, 2020). The BAs market consequently moved towards an organisational framework, which raises the question about the role BAs play in the local economy for any country. BAs' funds are essential for the development and success of many entrepreneurial businesses, and they therefore indirectly contribute to the economy. Their funds are usually provided at a critical stage of a business, when an entrepreneur has exhausted their savings and money from families and friends (Mason and Harrison, 2008). BAs therefore typically invest their funds in start-up businesses or when businesses have reached a critical stage such as that of expanding. As such, BAs' investments are very important for the growth of many entrepreneurial businesses (Veselovsky *et al.*, 2015).

Moreover, BAs' investments play an important role in the success and development of entrepreneurial businesses because, besides providing required funds, they add value to the entrepreneurial businesses through the BAs' experience, knowledge, and social networks (Politis, 2008; Hoyos-Iruarrizaga, Fernández-Sainz and Saiz-Santos, 2017). Indeed, BAs

support the entrepreneurs in areas such as marketing, accounting, planning, networking, operating the business, as well as facilitating access to further financial resources (Politis, 2008). The added value BAs provide is very important for the development of these entrepreneurial businesses, especially because some entrepreneurs lack experience. Working with BAs helps entrepreneurs learn through consultations whereby they gain knowledge and skills that help them succeed.

When BAs' investments are during the early stage of business establishment, they are considered very risky (Maula, Autio and Arenius, 2005). During their early stages entrepreneurial businesses have very little or no reputation, and have a high risk of failure (Huyghebaert and Van de Gucht, 2007). Furthermore, the risk factor is increased if the business is based on new innovative products and services with limited market research. The lack of clarity regarding the future and success of entrepreneurial businesses understandably makes banks and other financial institutions reluctant to provide funding to early-stage entrepreneurial businesses. However, receiving funds from BAs is considered a positive sign for such businesses, and it encourages other investors to support them. Table 2.1 shows the investments made by BAs over the years for the UK, the USA, and Saudi Arabia. The figures show that there is a significant increase in funds from BAs and their contribution to GDP and employment.

Table 2.1 Summary of the Contribution of BAs in the UK, USA, and KSA

Country	BAs Market	Source/Year
UK	BAs in the UK invested around £426 million during 2008 to 2009.	(Mason and Harrison, 2011)
	BAs in the UK invested in 15,000 firms, had a turnover of £9 billion, contributed £4.5 billion to GDP, and created 69,700 jobs in the UK.	(Oxford Economics and BVCA, 2017)
	BAs in the UK invested in 14,400 firms, had a turnover of £8.8 billion, contributed £4.6 billion to GDP, and created 70,600 jobs in the UK.	(Oxford Economics and BVCA, 2020)
USA	BAs in the US invested \$17.6 billion in 57,225 firms in 2009. In 2002–2009, BAs invested in around 50,000 firms annually.	(Sohl, 2012)
	BAs in the USA invested \$29.1 billion in 69,060 firms. In 2021, the number of BAs was 363,460, showing an increase of 8.6% from 2020.	(Sohl, 2021)
	BAs in the USA invested \$22.3 billion in 62,325 firms. In 2022, the number of BAs was 367,945, showing an increase of 1.2% compared to 2022.	(Sohl, 2022)
KSA	Angel investors co-investing in start-ups along with the SVC through approved angel investor groups. Since its inception in 2018, SVC has backed 5 angel investor groups that invested in 525 start-ups and SMEs.	(MAGNiTT, 2020) (MAGNiTT, 2021)

In sum here, BAs' investments encourage other investors to support entrepreneurial businesses by providing follow-up funds (Landström and Mason, 2016) besides other capital. Financial and expertise support is valuable because these facilitate business growth, which then allows entrepreneurs to access further funds (Politis, 2008). BAs therefore support the success and development of entrepreneurial businesses by providing funds and knowledge. In turn, BAs contribute to increasing the number of innovative entrepreneurial businesses, which drives economic development and increases the country's competitiveness in the global market (Veselovsky *et al.*, 2015).

2.1.3 Four Research Generations on Business Angels

Mason (1999) developed a generational framework that detailed the first and second generations of BAs research while highlighting agendas for the third generation. Studies on BAs that covered different and various topics relate to this area of research. The researchers analysed the characteristics of BAs, types of BAs, the investment decision-making process, BAs groups and networks, supportive public policies for BA investments, and the relationships between BAs and entrepreneurs (Harrison, Mason and Robson, 2010; Mitteness, Baucus and Sudek, 2012).

2.1.3.1 The First Generation of BAs Studies

First-generation research is particularly descriptive as it provided insights into the market, profiles of BAs and investments made by BAs besides explaining the BAs phenomenon. For example, Wetzel (1983) provided understanding about the BAs market by determining the finance gap that small businesses face in the market. Table 2.2 summarises the nature, focus, and limitations of first-generation BAs studies.

Table 2.2 Summary of Focus of the First Generation of BAs Studies

BAs Research Generation	Nature	Focus On	Limitations
The first generation of BAs studies	Exploratory and descriptive	Exploring BAs' profiles and markets; Investments; The BAs phenomenon.	Research of an exploratory nature, lacking more in-depth analytic studies.

2.1.3.2 The Second Generation of BAs Studies

Mason and Harrison (1999) classified the second generation of BAs studies into three categories. The first covers three topics: decision-making process, post-investment relationship between BA and entrepreneur, and exits and returns. The second focused on the development of the organisational framework such as the emerging of BANs and BAs groups, highlighting the quality of investment opportunities. It also investigated the post-investment relationships between BAs and entrepreneurs, and it analysed the value BAs added to the investee businesses. The third category concerns the development of finance in

informal venture capital markets. These three categories of the second-generation research are analysed through models and theories; however, the research lacks detailed information because of the absence of large-scale data sets (Mason, 1999).

Although this second generation investigated the post-investment relationship between BAs and entrepreneurs, limited research exists on the negotiation process and the establishing of investment contracts. A lack of information about the BAs' exits and reruns also prevails. The second-generation studies nevertheless showed that BAs' hands-on approach to investment impact positively on the entrepreneurial businesses, while research on BANs and groups highlighted that BAs benefit from receiving more investment opportunities that were pre-evaluated and filtered by experienced gatekeepers.

However, the studies were concerned about the risks involved in investing in the opportunities BANs offered, given the attempts of gatekeepers to convince BAs about investing for the purpose of raising the success rate of BANs (Zu Knyphausen-Aufseß and Westphal, 2008). Research on BAs' networks and groups was underpinned by theories such as agency theory, institutional theory and network theory (Shane and Cable, 2002; Ahlstrom and Bruton, 2006; Scheela and Jittrapanun, 2012). Table 2.3 summarises the nature, focus, and limitations of second-generation BAs studies.

Table 2.3 Summary of Focus of the Second Generation of BAs Studies

BAs research generation	Nature	Divisions	Focuses on	Limitations
Second generation of BAs studies (three categories)	More analytic than descriptive.	Category 1	Decision-making processes, post-investment relationship between BA and entrepreneur, exit and return processes.	Lack of detailed information because of the absence of large-scale data sets. Limited information regarding the establishment of investment contracts.
		Category 2	Development of BAN, quality of investment opportunities, and BAs' value-added.	Limited information about the negotiation process between BAs and entrepreneurs.
		Category 3	Development of finance venture capital markets.	Limited research on BAs' exit and returns.

2.1.3.3 The Third Generation of BAs Studies

Mason (1999) provided four agendas for the third generation of BAs research. The first focused on research methodologies, theories, analysis of issues and policies, and problems relating to BAs' investments. The second covered analytical issues regarding areas such as market size estimation, BAs' typologies, market organisation, BAs' activities and behaviour, geographical diversity and its impact on the decision-making process, the important role of BAs in developing technology-based businesses, and the demand for finance. The third focused on the development and application of related theories that highlight financial and non-financial issues such as social capital and agency theory and how all this can help explain conflicts of interest and their impacts on BAs and their investment process. Previous research showed that past relationships between BAs and entrepreneurs impacted on business performance.

The fourth agenda discussed the policy requirements for supporting BAs and boosting their investment activities. It covered evaluation of tax incentives and analyses of BANs' impact in the market. Researchers here discussed the need for removing barriers to BAs' investments such as poor investment opportunities and restricted regulations as well as terms and conditions of investment contracts (Mason and Harrison, 2002). San José, Roure and Aernoudt (2005) suggested establishing BAs academies for educating BAs about angel investing, while Sørheim and Landström (2001) emphasised the need for supportive programmes for specific types of informal investors. The agenda of this third generation of BAs' studies covered the investment criteria of BAs in detail, and it highlighted the need for supportive policies to develop and promote investee businesses (White and Dumay, 2017).

Mason (1999) devised this generational framework for the purpose of helping BAs and entrepreneurs in their decision-making process and relationship development. Furthermore, the framework was for reducing conflicts between the two parties by establishing fair protective terms and conditions relating to business development and management. Table 2.4 summarises the agenda of the third generation of BAs studies.

Table 2.4 Summary of the Third Generation of BAs Studies

BAs research generation	Nature	Focus on	Topics	Limitations
Third generation of BAs studies	Analysis approach	Methodological issues	First Agenda: research methodologies and theoretical side as well as data analysing issues and policy problems relating to BAs' investments.	Limited improvements
		Analytical issues	Second Agenda: analytical issues regarding several areas including market size estimation, BAs' typologies, market organisation, BAs' activities and behaviour, geographical diversity and its impact on the decision-making process, the importance of the role of BAs in developing technology-based businesses, and the demand on finance.	
		Theoretical issues	Third Agenda: the development and applications of related theories that highlight financial and non-financial issues such social capital and agency theory that explain conflicts of interest and their impacts on BAs and their investment process.	
		Policy issues related to business angels and their investments	Fourth agenda: the policy requirements for supporting BAs and boosting their investment activities, where the research covered evaluation of tax incentives and analysing of BAs' impact in the market.	

2.1.3.4 The Fourth Generation of BAs Studies

The fourth generation of BAs studies was developed by White and Dumay (2017) based on Mason's (1999) generational framework. White and Dumay (2017) realised that Mason's (1999) generational framework broadly covered all the BAs research so they added a systematic literature review to it, thereby producing the fourth-generation agenda. This fourth-generation BAs research focused on assessing public policy to investigate the accuracy and efficiency of such policies, besides comparing supply-side and demand-side policies. These studies also sought to identify whether such policies helped solve problems concerning funding entrepreneurial businesses and whether these funds were provided through public institutions or private equity –though there remains limited research on co-investing funds and the impact of this on the BAs market.

Fourth-generation BAs research explored the BAs' behaviour under the changing market, where previous more individual-based angel investments tended to become more collective. It also focused on the impact of technology on the BAs' activities such as the emergence of investment applications for crowdfunding, which provided new opportunities for conducting research on investment technology and its impact on BAs, especially because such technology can reduce transaction costs and the cost of searching for investment deals (White and Dumay, 2017). Nevertheless, research is still required for analysing the influence of the technology of crowdfunding platforms regarding encouraging angel investing and developing the economy. White and Dumay (2017) themselves called for more BAs studies focusing on technology, angel networks, and angel groups.

Two important topics in the fourth-generation agenda concern studies of gender issues and analysing the relationships between BAs and entrepreneurs. There is a lack of research on the behaviour of female BAs and on comparisons between them and male BAs. Regarding the relationships between BAs and entrepreneurs, more research is needed in this field that considers three business stages: the beginning of the investment, the peak, and the post-investment relationships. This is particularly important because many issues can occur regarding this relationship. White and Dumay (2017) also emphasised the need for more research on geographical issues of BAs and the localisation of their investments, especially because most BAs studies focused on North America, the UK and Europe. Limited research

has been conducted in emerging markets such as the Asian market and the MENA region. Table 2.5 summarises the fourth-generation studies of BAs.

Table 2.5 Summary of the Fourth Generation of BAs Studies

BAs research generation	Focus on	Topics	Limitations
Fourth Generation of BAs studies	Public policy	Assessing public policy to investigate the efficiency of such policies, besides comparing supply- and demand-side policies.	Need more BAs studies focusing on technology and BAs gender issues.
	Co-investing	Explore the BAs' behaviour under the changing market, where BAs' investments previously tended to be more individual based but became more collective.	Lack of research on BAs angel networks and angel groups.
	Impact of technology on the BAs' activities	Impact of technology on BAs' activities such as the emergence of investment applications for crowdfunding.	Lack of research on BAs in emerging markets.

The analysis of the generational framework of BAs studies indicates that there are various areas needing further research. In the agenda discussed in this subsection, fourth-generation studies show that more research is needed on analysing BAs' networks and groups and the impact of these on BAs and the angel market. It also indicates a need for conducting more research on BAs in emerging markets. Therefore, the current study is conducted under the fourth generation of BAs studies as it attempts to cover some of the limitations of the fourth-generation studies by focusing on BANs in the emerging market of Saudi Arabia while focusing on BAs-entrepreneurs relationship to explore the role of BANs in mediating this relationship.

2.1.4 Typology of Business Angels

Research on BAs typology mainly involves classifying and categorising BAs according to their characteristics and activities but also other criteria (Paul, Whittam and Johnston, 2003). There is, however, limited use of theoretical based studies of BAs typology (Landström and Mason, 2016). Paul, Whittam and Johnston (2003) conducted empirical studies and stated that BAs are classified based on their business background, experience, investment motivations, behaviour, and investment criteria. Several studies categorised BAs based on specific criteria, with Gaston (1989) being the first study that categorised BAs into ten different categories (Landström and Mason, 2016). Another early study on BAs typology derived from Landström (1992), who used agency theory as a basis for classifying BAs and emphasised the need to use theories when conducting research on BAs typologies.

Research on BAs' characteristics shows that BAs are a heterogeneous population, so individuals resultantly differ in their investment decisions as they evaluate the same investment opportunities from different perspectives, use different criteria, and are influenced by different investment motivations (Botelho, 2017). As such, it is important to analyse the investment decision-making process of BAs while considering differences among BAs regarding education, qualifications, motivations, and characteristics. Research on BAs typologies provides important perspectives on the characteristics of BAs, which facilitates understanding of this type of informal investor and their behaviour, and it enables policymakers to provide suitable support and regulations.

Research on BAs' characteristics led to the emergence of studies on their typologies, where the main goal of such studies involves enhancing understanding about the differences among BAs and their activities. However, few studies have analysed the correlation between BAs' characteristics and their investment decisions (Botelho, 2017; Mason *et al.*, 2016). Research on BAs' characteristics and their investment decision process showed that investment criteria are different for different BAs. Nevertheless, such studies did not cover the criteria concerning the financial returns and did not analyse the correlation between investment criteria and the investment performance (Botelho, 2017). Table 2.6 summarises the typology of BAs.

Table 2.6 Summary of BAs Typology

Typology Criteria*	Type of BA	Description	Sources
Business background and experience.	Active	Have investing experience and are looking for more investment opportunities.	Coveney and Moore (1998) cited in Mason, 2007.
	Latent	Invested in the past, inactive.	
	Virgin angels	Looking to make first investment.	
Investment motivations and criteria.	Entrepreneur	Prefer to invest in start-ups; motivated by enjoyment.	Coveney and Moore (1998), cited in Mason (2007).
	Income seeking	Motivated by having a job and income.	
	Wealth maximising	Primary interest is the financial return.	
Behaviour and outcomes	Entrepreneur	Most wealthy and is active in a number and value of investments.	Coveney and Moore (1998), cited in Mason (2007).
	Income seeking	Less wealthy, less active, invests in familiar industries; takes formal management role.	
	Wealth maximising	Self-made investors or inherited wealth; likely to invest where they have personal experience; likely to be hands-on.	

* based on (Paul, Whittam and Johnston, 2003).

The exact number of BAs in Saudi Arabia has not been documented, several sources have provided lists of top angel investors with more than 30 individuals per list. For example, OQAL BAN has more than 250 BAs, SIRB BAN has 30 BAs and the recent BAN RAI has over 50 BAs (OQAL, 2020; SIRB, 2020; Riyadh Angel Investors, 2023). In this study, BAs are classified mainly based on their active involvement in angel markets and their membership in BANs. BAs are therefore divided into two groups: BAs who are members of BANs and BAs who do not belong to BANs. Each group is then classified into two sub-groups: beginner/less-active BAs and active BAs. This classification helps identify the reasons some BAs avoid joining BANs and why the benefits of BANs are different for different types of BAs. Table 2.7 summarises the typology of BAs used in this study.

Table 2.7 Typology of BAs used in this Study

Typology Criteria	Type of BA	Description
Involvement in angel markets	Active involvement in angel markets	Has track record of actively investing in various sectors.
	Beginner in angel markets	Limited investing experience.
BAN membership	Active member of BAN	Member of a BAN or BANs; have investing experience both within and outside BAN membership.
	Active non-member of BAN	Active investing experience outside a BAN; not interested in joining a BAN.
	Beginner member of BAN	Member of a BAN with limited investing experience both within and outside a BAN; looking to increase their investment.
	Beginner non-member of BAN	Limited investing experience; not interested in joining BANs.

2.2 Section Two: Business Angel Networks (BANs)

2.2.1 BAs' Anonymity and the Emergence of BAs Organisations

The BAs market has been and is still considered invisible as BAs usually prefer to keep themselves anonymous. As Cegielska (2020, p. 7) put it, “A significant number prefer to preserve their anonymity. They are not identified.” BAs are individuals who desire privacy regarding their own personal activities, specifically their investments. This has nevertheless been a kind of trade off, for there are negative aspects to this as well. BAs' anonymity creates some issues. Fundamentally, it has compounded the main problem noted and addressed herein – that of investors and entrepreneurs having difficulties identifying and contacting each other. In particular, business angels often having a “very strong desire to maintain their anonymity” (CSES, 2012, p.74) and the invisible market resulting from this make these individuals extremely hard to identify for entrepreneurs who desire such private sources of funding and investment (Mason and Harrison, 1997; Mason, Botelho and Harrison., 2016).

From a research perspective, this anonymity makes it difficult to come up with an ideal sample as certain BAs are unwilling to participate in research, preferring to remain anonymous in such work (names not being named). BAs “are unwilling to reveal information about their investment activities” (CSES, 2012, p. 1). This form is perhaps understandable

given that a preference for anonymity in some cases results from unwillingness to disclose strategic information to competitors (Skalicka *et al.*, 2023), but it means that many research, practical, market and other issues in this area have long existed. As the organisation CSES (2012, p. 108) notes, for instance, “Quantification of the invisible market is very difficult, mainly because of the desire of BAs to remain anonymous and the undocumented nature of their investing activities”.

Actually, BAs’ anonymity was an obvious feature of the 1980s prior to the emergence of BA groups – when the matching of entrepreneurs to capital was very inefficient (Wirtz *et al.*, 2020). As Wetzel (1983) commented at that time that the scale of investment activity and the total number of business angels are unknown and difficult to know. This invisibility of the BA market led to the emergence of organisations for BAs such as BA syndicates and BANs, which as noted have helped make the market become visible and helped resolve or at least alleviate many issues resulting from BAs’ anonymity. Furthermore, this has occurred internationally.

According to CSES (2012, p. 118), “the role of BANs is crucial, creating a circle of trust between investors and promoting a number of business angels to join for investment operations.” An underlying benefit of these BANs suggests a lessening of often-problematic anonymity. Despite BANs’ significant advancements regarding issues concerning BAs’ anonymity, the deep desire for such anonymity among many business angels remains a problem in the efficient operating of the market.

BAs’ anonymity and consequent market invisibility have evidently led to the emergence of BA organisations in an attempt to facilitate investors’ activities and serve their needs as well as those of entrepreneurs, to organise and regulate the invisible market while making the angel market more visible. From all this, different types or forms of BA organisations have emerged such as alliances, associations, clubs, syndicates and networks, with the differences among these being largely based on each organisation’s goals and number of members. From providing such a background, this section now turns to reviewing different forms of BA organisations briefly before analysing BANs – this study’s focus.

2.2.1.1 Business Angel Associations

Business angel associations are usually non-profit organisations that represent the voice of BAs and act like an ‘umbrella’ for other organisations related to BAs’ investments. They can include all organisations that support investing in early-stage businesses, such as BAs syndications, BAs groups, BANs, and individual angel investors as well as accelerators, incubators, venture capitalists, investment banks, crowdfunding platforms, and intermediaries (Mac an Bhaird, Owen and Freel, 2019; Owen, North and Mac an Bhaird, 2019; UK Business Angels Association, 2023a). The goal of BA associations is to encourage the activities of angel investing by connecting different organisations related to BAs and entrepreneurs. They also aim to facilitate cooperation among investors and allow them to share knowledge and experiences concerning best practices for investing in entrepreneurial businesses (UK Business Angels Association, 2023b).

BA associations therefore arrange different events to gather and connect BAs and other venture investors as well as market players to facilitate exchanges of knowledge and experiences besides increasing collaboration among investors. Their events include sectoral events that connect investors in the same sector, and regional events (UK Business Angels Association, 2023a). BA associations also aim to educate BAs and raise their awareness about angel investing by providing educational programmes and online sessions that educate new BAs and less experienced investors about investing activities. Other areas covered include the process of evaluating investment opportunities, angel investment requirements, the important role of BAs in developing investee businesses, and how to monitor and add value to investments.

2.2.1.2 Business Angel Syndications (BAS)

Business Angel Syndications (BAS) are associations of business angels who pool their capital, knowledge, and experience to share risks of investing in bigger and better deals (Ramadani, 2012). BAS can be classified variously based on the sector investors aim to invest in, investors’ gender (White and Dumay, 2017; Bellucci *et al.*, 2022), a desire to finance many ventures to diversify and reduce risk exposure, networking, and resource sharing (Mason, Botelho and Harrison, 2019). BAs who belong to syndications meet regularly to discuss the main investments factors and criteria for evaluating target investment

opportunities. A small number of entrepreneurs are invited to such meetings to present and pitch their businesses to investors. BAS have investors with different experiences and backgrounds who intend to invest collectively for purposes including raising the shared knowledge besides sharing the required investment amount and reducing individual-level risk exposure. Investing with other investors with different experiences hence allows investors to share their knowledge (Antretter *et al.*, 2018, 2020) but also add significant value to the investee businesses through providing funds, experiences, networks and to gain more effective access to foreign markets (Mason, Botelho and Duggett, 2022; Croce, Schwienbacher and Ughetto, 2023). Therefore, investment syndications are one of the most valuable and significant investment forms that contribute to the development of entrepreneurial businesses.

There are different approaches to forming these syndications. For example, they can be created through BANs – where BAs are members of a BAN and they meet regularly to discuss the offered investment opportunities. BANs allow BAs to meet based on a deal-to-deal basis depending on their interests and investment preferences. Another approach of forming these syndications is through personal and business connections. BAs have their own relationships with other investors, and these allow them to form syndications with such investors to invest in larger deals by combining their funds and sharing their experience. Usually a leading angel represents the syndicate and acts on behalf of all the investors in the syndicate in various ways – for instance, managing the investors team and negotiating with entrepreneurs.

After accepting a deal, investors sign the contract and investment documents based on the shares and decisions individual investors make (Ramadani, 2012). In these processes, BAS can create their own growing networks, though the most significant advantages of BAS for these investors involves providing them with the ability to distribute funds and risks as well as sharing experiences because various investors are involved in the investment. Studies have shown that BAS also provide great benefits for entrepreneurial businesses because syndications allow investors to invest in larger deals and provide more follow-up funds (Gregson, Mann and Harrison, 2013; Croce, Schwienbacher and Ughetto, 2023).

Despite this, syndications have been associated with generating fewer new investments, and reducing exits (Gregson, Mann and Harrison, 2013). This means that there is need for more BAS to increase investment in new deals and to increase emphasis on exits. Creating BAS can be beneficial for BAs because they can access larger deal flows, conduct better due-diligence processes, and increase their social ties and their investments by diversifying their portfolios. Syndicates also allow BAs to invest in new investment opportunities they cannot invest in individually. This is because syndicates provide BAs with the chance to gain experience from more experienced investors, and they encourage BAs to invest in new sectors they did not invest in before as syndicates help them distribute funds and risks. The syndicates are more powerful than individual investors regarding finance because investors in syndications can provide follow-up funding to enhance the efficiency and growth of investees businesses, which helps entrepreneurs develop their businesses without looking for other financial resources (Harrison and Mason, 2000; Tuomi and Harrison, 2017).

Despite the advantages of syndicates, they face many difficulties and conflicts because each individual has specific investment preferences, motivations, and approaches to decision-making that may differ from other investors (Block *et al.*, 2019). Therefore, BAS need to agree on the main issues regarding the investment process, goals, and exit to avoid or at least reduce any conflicts. BAS therefore require good management to do this, bring investors together, and take advantages of their collaborations. Table 2.8 summarises approaches to syndication used by BAs.

Table 2.8 BAs' Approaches to Syndications, Characteristics and Benefits

Approach	Characteristics/ Benefits	Sources
Created through BANs – where BAs are members of a BAN.	<p>Participation is based on membership of a BAN.</p> <p>Regular meetings to discuss offered investment opportunities.</p> <p>Investors bring their capital, skills, knowledge, contacts, and experience for the benefit of all members.</p>	(OECD, 2016)
Through BAs' personal and business relationships with other investors.	<p>Come together for the purpose of investing in larger deals and to access larger deal flows.</p> <p>More selective and limited membership compared with BANs.</p> <p>Typically formed by a lead investor willing to share the deal with other investors.</p> <p>Different levels of formality – structured or unstructured.</p>	<p>(Mason, Botelho and Harrison, 2019)</p> <p>(Ramadani, 2012)</p> <p>(Tuomi and Harrison, 2017)</p>
	Finance many ventures to diversify portfolio, reducing the investor's investment risk.	<p>(Dimov and Milanov, 2010)</p> <p>(Croce, Guerini and Ughetto, 2018)</p>
	Conduct better due-diligence processes.	(Harrison, 2018)
	Increase chances of successful exit.	(Croce, Guerini and Ughetto, 2018)
	Create networks, increase social ties, foster trust.	(Sohl, 2007)
	Share complementary knowledge and experience.	<p>(Antretter <i>et al.</i>, 2020)</p> <p>(Mason, Botelho and Duggett, 2022)</p>
	Access to foreign markets.	<p>(Croce, Schwienbacher and Ughetto, 2023)</p> <p>(Mason, Botelho and Duggett, 2022)</p>

2.2.1.3 Business Angel Networks (BANs)

The concept of BANs emerged because BAs sought to access investment opportunities without exposing their identities. BANs are thus basically groups of BAs who share common goals such as supporting entrepreneurial businesses and investing in them (Romaní, Atienza and Amorós, 2013) but more broadly are organisations that aim to establish communication channels between business angels and entrepreneurs. As Aernoudt and Erikson (2002) put it, then, BANs are public or private organisations acting as intermediaries between BAs and entrepreneurs. Their main function is to facilitate investments by promoting both the supply and demand for venture capital by matching entrepreneurs and BAs.

2.2.2 The Emergence and Development of BANs

BANs were encouraged because most BAs prefer to remain anonymous, though this makes their activities invisible and difficult to describe (Mason, Botelho and Harrison, 2016), increases the difficulty for both BAs and entrepreneurs to find each other, and raises the cost of research for both parties (Harrison and Mason, 2000). Therefore, BANs were established to link BAs and entrepreneurs, where BANs help BAs access information about investment opportunities without exposing their identities and help entrepreneurs access BAs' funds. BANs also allow BAs and entrepreneurs to interact face to face through their organised pitching events. The interaction between BAs and entrepreneurs is very important for the investment process because it allows both parties to know each other and develop a business relationship.

The first BAN, Venture Capital Network (VCN), was established in the USA in 1979, supported by the University of New Hampshire (Sohl, 1999, 2007). The idea eventually spread to Canada, Europe, and other regions around the world (Mason, Botelho and Harrison, 2016). The VCN BAN had a database about investment opportunities of entrepreneurs and information about BAs. It arranged introductory meetings between BAs and entrepreneurs to allow them to interact and discuss the issues relating to investments and cooperation but also provided educational lectures to raise the awareness and knowledge of both BAs and entrepreneurs about this type of investment. The BAN changed its name to Technology Capital Network, operated by the Massachusetts Institute of Technology Enterprise Forum (Lange, Leleux, and Surlemont, 2003), though the number of investments it facilitated was

low compared with the number of its arranged introductory meetings (Sohl, 2007). Angel Capital Electronic Network (ACE-NET), also among the first BANs in the USA, was established in 1996 as an internet-based BAN. It was set up as a non-profit BAN supported by the government and connected to universities and local organisations. ACE-NET helped connect BAs and entrepreneurs through its database of information about BAs and entrepreneurs from different regions across the USA (Landström and Mason, 2016). ACE-NET's model assumes that BAs are willing to invest in long-distance opportunities if the information to evaluate the opportunities is available. However, the number of investments through this online BAN was low, which indicates that BAs at that time were not interested in investing in opportunities away from their own regions (Harrison *et al.*, 2010; Harrison, Mason, and Robson, 2010).

With the development of BAs markets, the activities of BANs increased over time and many BANs were established in the USA. However, many exited the market after operating for a while. In fact, in recent years only around 13 BANs remained out of the 200 that had been registered in the USA by the Angel Capital Association, the leading association for American BAs (Landström and Mason, 2016). Unlike European BANs that are based on pitching events, many BANs in the US converted their activities to online services where the interactions between BAs and entrepreneurs are limited. As investment decisions need to be face-to-face interactions, online BANs were not very successful at meeting investors' needs (Sohl, 2007).

Regarding the emergence of BANs in Europe, the United Kingdom was the first European country to develop them – starting in 1992. The emergence of BANs in other European countries took a few years to follow as this started only in 1997 (Romaní, Atienza and Amorós, 2013). Even at that time, though the governments of European countries realised the importance of supporting BANs and other organisations related to BAs. For example, the European Business Angels Network (EBAN) was established to act as an association for all networks in Europe (Romaní, Atienza and Amorós, 2013). EBAN provides knowledge and information to promote BANs' operational activities as well as different services for supporting BANs. Such associations connect all venture investors by providing communication platform as well as helping investors to research information about

entrepreneurial businesses (European Business Angels Network, 2020). Overall, BANs provide supportive services for decreasing the time BAs spend on poor investment opportunities. They also provide educational coaching for entrepreneurs to help them make their businesses ready for investment, besides training entrepreneurs to present their businesses to BAs (Mason and Harrison, 2001; Mason and Kwok, 2010; Mason, Botelho and Harrison, 2016). Table 2.9 summarises BANs’ documented services in the USA and in Europe.

Table 2.9 Services Provided by BANs in USA and Europe

Region	Examples of Services Provided by BANs	Sources
USA	<ul style="list-style-type: none"> • Information about BAs and database about investment opportunities of entrepreneurs. • Arranging introductory meetings between BAs and entrepreneurs. • Online services for interaction between BAs and entrepreneurs. 	(Sohl, 1999, 2007; Landström and Mason, 2016)
Europe	<ul style="list-style-type: none"> • EBAN was established to act as an association for all networks in Europe. • Provide knowledge and information to promote the operational activities of BANs. • Coaching for entrepreneurs to be investor-ready. • Connect venture investors by providing communication platform. • Help BAs access information about entrepreneurial businesses – decreasing the time spent on poor investment opportunities. • Organise pitching events. 	(Mason and Harrison, 2001; Mason and Kwok, 2010; Romaní, Atienza and Amorós, 2013; Mason, Botelho and Harrison, 2016; European Business Angels Network, 2023)

Despite commonalities, there are regional or country based differences in the services BANs provide. For example, some studies have highlighted differences in BANs’ services arising from differences in the strength of institutions in each context (Harrison, 2019; Martins, Romaní and Atienza, 2021). In particular, the role of BANs differs based on whether they are operating in developed or emerging and developing markets (Annamalaisami, Kuruva and Annamalai, 2022; Harrison *et al.*, 2018).

2.2.3 BANs in Emerging Markets

According to the International Monetary Fund, an emerging market has no official definition. Despite this, economies are generally classified into advanced, emerging, and developing. Based on measures of the variables Gross Domestic Product (GDP), population, GDP per capita, share of world trade, and share of world external debt, Saudi Arabia is among 20 countries classified as emerging markets (Dutttagupta and Pazarbasioglu, 2021). The term ‘emerging markets’ has replaced expressions such as ‘less developed’, ‘newly industrialising’, and, in some cases, ‘Third World’ countries (Arnold and Quelch, 1998; Cao and Shi, 2021). Indeed, the new conceptualisation seems particularly apt, as emerging markets are anticipated to ‘emerge’ and subsequently become a major power-group within the global economy (Manimala and Wasdani, 2015).

Emerging markets are characterised by high growth rate and an increasing number of investment opportunities, which encourage the establishment of entrepreneurial businesses and venture investments. The development of these and broader entrepreneurial activities require a supportive external environment with strong institutions. Emerging markets, however, generally lack the strong financial and legal institutions that provide an enabling environment for both BAs and entrepreneurs (Scheela and Jittrapanun, 2012). These institutions include the economic, government, firm-level governance, businesses, social bodies, and non-governmental organisations. Weak institutions are still evolving so are not fully developed, and in them decision-making can be informal and inconsistencies often abound (Manimala and Wasdani, 2015). BAs in such environments, then, face many challenges when investing despite the otherwise many investment opportunities.

Institutions are categorised as normative, regulatory, and cognitive (Scheela and Isidro, 2009). Emerging markets have weak institutions in the regulatory category that consists of the laws and political power which regulate both organisations and individuals. Scheela and Isidro (2009) investigated the impact of the lack of fully developed institutions on business angel investing in an emerging economy, concluding that in the Philippines the investment climate was difficult because of a lack of political, legal, and financial institutions.

A study of BANs in the emerging markets of Sub Saharan Africa (SSA), Latin America (LATAM), and MENA revealed that networks within the same regions occupied four different stages of development: nascent or inactive, early, scaling, and mature (Duke University, 2020). Furthermore, the distribution of the stages varied from region to region, as Figure 2.1 demonstrates. Significantly for the current study, the MENA region does not have any BANs classified as mature, with 46% being in the nascent or inactive category.

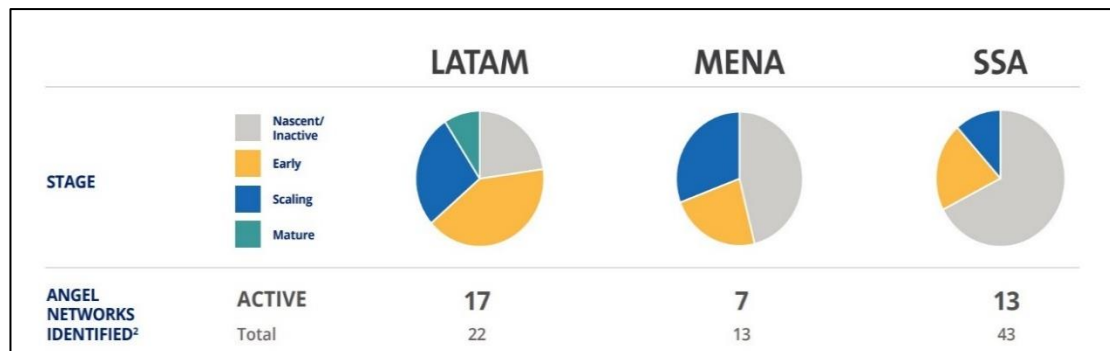


Figure 2.1 BANs in Emerging Markets
(Source: Duke University, 2020, p.4)

Common challenges BANs face in the emerging markets include scarce data on the level of activity of angel investing and the impact. Also, most networks are in the nascent or early stage and depend on subsidies while the angel network models are still evolving, making it difficult to determine successful models of BANs. In addition, angel network associations, which are critical to angel network growth, are weak and face sustainability problems (Duke University, 2020). Given these challenges BANs face, BAs in emerging markets likewise face various challenges. A prominent one concerns how BAs' activities started in countries with legal and financial institutions that play an important supportive and promotive role in angel investment and entrepreneurial activities. However, emerging markets lack such supportive institutions that also promote BAs' investments, so BAs operate in informal markets with low profits and this makes them more invisible (Landström and Mason, 2016).

Other negative effects from such a lack of supportive institutions include the high cost of doing business because of the high cost of commercial and business transactions. In addition, the lack of supportive institutions reduces a government's ability to develop and support private equity investments, including BAs and venture capitalists (Harrison *et al.*, 2018). Yet

another challenge BAs face when investing in emerging markets is that of finding suitable people – both entrepreneurs and co-investors, while more specific challenges include how it is also difficult for BAs to convince foreigner investors to enter emerging markets because of the small size of some emerging markets or because of currency risks (Landström and Mason, 2016). Regarding small markets, BAs in emerging markets might also face challenges of limited distribution channels and a lack of global expansion opportunities, which reduce BAs' ability to grow their investments globally (Landström and Mason, 2016). Lack of information channels and poor recording of business activities along with resultant problems relating to finding high-quality investment opportunities is yet another challenge (Landström and Mason, 2016).

Challenges in some emerging markets are compounded by political and government instability, ineffective government support for BAs and entrepreneurial businesses – as seen through weak legal systems or non-enforcement of regulations – but also unclear property rights and outright corruption. Therefore, BAs in emerging economies need to develop tools and strategies to overcome the market challenges.

2.2.3.1 Legal Systems and Property Rights

Emerging markets generally have weak legal frameworks that are poorly administered, resulting in poor protection of property rights (Kutan, Douglas and Judge, 2009; Kaymak and Bektas, 2015; Zheng, 2021). Emerging economies generally score poorly on property rights. In the 2023 International Property Rights Index, for example, emerging economies in the MENA region ranked between 25 and 124 out of 125 countries on the protection of property rights sub-index while for Western Europe this was between 1 and 58. Specifically, Saudi Arabia's ranking was 43 out of 125 but the rankings were 15 for the United Kingdom and 16 for Canada (Property Rights Alliance, 2023). On the sub-index protection of intellectual property rights, the region ranked between 25 and 124 out of 125 countries, with Saudi Arabia ranking 43 (Property Rights Alliance, 2023). Studies have shown that for developing countries whose markets can be classified as emerging, any strict regulation of intellectual property rights may impede benefits from technology spillover effects and inhibit growth during nascent stages of economic development. In this regard, there is a reluctance to strengthen related legislation (Lin and Wu, 2022).

Although protection of intellectual property is important as it assists knowledge creation and drives economic growth (Alfarraj, 2016), emerging economies lack either sufficient legal instruments to protect property rights or the capacity to enforce them. In Saudi Arabia, the legal system has been described as outdated and made up of obsolete laws, and enforcement of property rights has been deemed poor and compromising economic growth (Khorsheed, 2015). The Global Economy (2022) rated MENA countries as falling within the range – 2.07 (Syria) and 0.92 (Qatar) on the Rule of Law index (where -2.5 represents weak and 2.5 represents strong). Saudi Arabia was rated 0.29, ranking in position 77 globally.

2.2.3.2 Corruption and political instability

On Transparency International's Corruption Perceptions Index, countries in the MENA region fall within less than 60%, with the scale being 100% for not corrupt and 0% for extremely (perhaps totally) corrupt (Transparency International, 2022). On this, Saudi Arabia was ranked 54 (out of 180 countries) with a score of 51% while the United Kingdom ranked 18 with a score of 73% and Canada 14 with a score of 74% (Transparency International, 2022). Corruption has also been associated with entrepreneurial activity in emerging markets in many various other sources. In a study focused on the Philippines, government corruption was identified as damaging the investment climate (Scheela and Isidro, 2009). While Kutan, Douglas and Judge (2009) observed significant regional differences in the effect of corruption on economic development, of especially relevance to this study is that these authors found a positive association in the MENA region between corruption and enhanced economic development. Explaining this phenomenon, Kutan, Douglas and Judge (2009) suggest that in this oil-dominated region the corruption is used to circumvent bureaucratic obstructions. Noting a positive dimension to corruption, Liu et al. (2019) found that it serves as a legitimate although informal institutional channel for facilitating entrepreneurship where there are weak formal institutions. However, other studies focused on the MENA region showed slightly mixed results, with some finding no connection between corruption and economic growth (Farrag and Ezzat, 2020) and others finding corruption to have a negative impact (Apergis and Ben Ali, 2020). Studies elsewhere found corruption to have a negative effect specifically on attracting investments (Kasasbeh, Mdanat and Khasawneh, 2018; Shaari *et al.*, 2022).

Many emerging markets also face challenges deriving from political and government instability, making it difficult for BAs to reduce market risk. Furthermore, many emerging markets feature a highly competitive environment, with challenges being aggravated when this combines with political uncertainty and ineffective government support for BAs and entrepreneurial businesses. Also, BAs in emerging markets might experience limited distribution channels and a lack of global expansion opportunities, which reduce BAs' ability to grow their investments globally (Landström and Mason, 2016). Other challenges concern the lack of information channels and poor recording of business activities, with resultant additional problems relating to finding high-quality investment opportunities (Landström and Mason, 2016). BAs in emerging economies thus need to develop tools and strategies to overcome market challenges.

BAs in the Saudi Arabia market face challenges consistent with other emergent economies but also some localised ones. Compared with developed markets, Saudi Arabia's business and financial services institutions are in their infancy – a situation that affects BAs' investment activities.

2.2.4 Structure of the Financial Markets in Saudi Arabia

Saudi Arabia's financial markets are shaped according to Islamic financial principles. In this context, all financial institutions are licensed by the Saudi Arabian Monetary Authority (SAMA) and are obliged to deliver financing solutions that comply with Shariah principles. Key changes that have occurred in recent times within Saudi Arabian financial markets include the establishment of the Capital Market Authority in 2007, Debt Management Office in 2015, Securities Depository Centre in 2016, and payment and settlement systems developed under SAMA. Under the national Vision 2030, the Financial Sector Development Program was introduced in 2017 to develop an advanced capital market, enable financial planning, strengthen financial institutions' support for growing the private sector, and increase the financing of SMEs (Monsha'at, 2022). In view of these developments, Saudi Arabia's entrepreneurial ecosystem has been growing over the past six years (El-Shaeri, 2023). This has increased in forms of business funding, including the population of angel investors.

Table 2.10 Basic Structure of Financial Markets in Saudi Arabia

Type	Amounts	Source
Banking Sector	36 licensed banks 12 leading commercial banks 11 domestic financial institutions 23 branches of foreign banks Total assets of the banking sector was over \$930bln at end second quarter 2022	(ADV Ratings, 2021; Saudi Gazette, 2022; Thakur, 2023)
Islamic Finance Market	\$799.7 billion of total assets at April 2022 25% of global Islamic banking assets Controlled 35.3% of the majority of the global Islamic fund assets as of 2021	(Arab News, 2022; Puri-Mirza, 2022)
Stock Exchange (Tadawul) – traded share value	USD 29.7 billion as of July 2020 – highest in the Middle East, second to Borsa Istanbul	(Puri-Mirza, 2022)
Financing of SMEs – Monsha’at’ (General authority for small and medium enterprises)	Over 100.2 billion Saudi riyals in the first quarter of 2022	(Monsha’at, 2022)
Venture Capital Investors	75 organisations Four funding rounds between May 2018 and November 2022, USD 11 billion raised	(Crunchbase, 2023)
	Examples: Wa'ed Ventures, 500 Global, Impact46, KAUST Innovation Ventures, Raed Ventures, Vision Ventures, STV, Hala Ventures, and the SVC company	(Welch, 2023)
Angel Investors	Examples and amounts invested: OQAL Angel investors Network (USD 11million); WomenSpark (USD 1 million); Athaal (USD 1.5 million); RAI (USD 1.7 million)	(Entrepreneur, 2023)

The banking sector in Saudi Arabia consists of the SAMA, which is the Central Bank of Saudi Arabia and the regulator of the sector, retail banks, specialised lending institutions, private investment programmes, and the stock market (ADV Ratings, 2021; Thakur, 2023). Table 2.10 shows the basic structure of Saudi Arabia's financial markets.

2.2.5 BAs' Investment Methods and Strategies in Emerging Markets

In the USA's developed markets, BAs' investment decisions have been shown to favour investing locally (Cumming and Zhang, 2019). In the UK, though, Cowling, Brown and Lee (2021) differentiated this according to BAs, finding more experienced BAs to prefer investing on a more dispersed geographic scale (although they found exceptions when it came to regions with higher local demand). Generally, more experienced BAs' investment behaviour was not limited by geographical location. Croce, Schwienbacher and Ughetto (2023) split the experience of BAs into domestic and foreign and found domestic experience to increase bias towards investing locally while foreign experience had the opposite effect. These authors nevertheless observed differences between US and European BAs, with their findings showing European BAs as more affected, which, they concluded, indicated that US BAs had less risk aversion. In a study based on BAs in Australia, White and Dumay (2020) found personal experience and trust among the four factors influencing BAs' initial investment process. The investment behaviours of BAs in the three cited developed regions suggest that experienced BAs have or can obtain sufficient information to reduce any risk exposure associated with their investment decisions or strategies. The situation is different in emerging markets, where even local information is not as easily available.

In emerging markets, the absence of a well-developed supportive institutional framework leads BAs to depend heavily on their social networks to identify investment opportunities and process their investments as well as establish business contacts (Scheela and Isidro, 2009). Research has emphasised the importance of developing social networks and formal BANs to establish links between BAs and entrepreneurs as part of making the BAs market more visible and easier to monitor and regulate (Van Osnabrugge and Robinson, 2000). In addition to the difficulty of finding investment opportunities, many BAs in emerging markets lack investment experience, which led to the emergence of educational BANs that provide learning services in addition to matching services. Such services include conducting pitching

events to offer filtered investment opportunities to BAs; providing educational workshops and sessions about developing angel markets; and enhancing BAs' skills in dealing with entrepreneurs, evaluating investment opportunities, and adding value to their investments (Lahti and Keinonen, 2016). Furthermore, some BANs conduct events where they invite professional investors or market players to educate BAs about market trends and the situation and performance of businesses in different sectors (Lahti and Keinonen, 2016).

Besides providing services to BAs, some BANs provide supportive services for entrepreneurs in the form of conducting coaching sessions to help entrepreneurs present their businesses to BAs and organise their documents as well as learn about how to deal with potential investors (Mason and Harrison, 2001; Romani, Atienza and Amorós, 2013). BANs help in raising awareness about angel investors among both investors and entrepreneurs, besides helping both parties to develop social relations between themselves (hence facilitating cooperation between the two parties). BANs provide communication channels between BAs and entrepreneurs through pitching events and online platforms. Some BANs allow entrepreneurs to use online platforms to offer their businesses to BAs, who can view the information for free while entrepreneurs pay some fees (Lahti and Keinonen, 2016). Many BANs provide this online service through eliminating poor-quality investment opportunities, whereby gatekeepers filter the deals based on specific criteria. In addition, BANs that conduct pitching events apply restrictive filtration to present only the ready-for-investment businesses to investors. Other services some BANs provide involve facilitating the formation of BA syndicates, where investors can collectively invest in selected investment opportunities (Mason and Harrison, 1997).

Although there is noticeable growth in entrepreneurial activities in emerging markets, research on the impact of BAs' investment on financing entrepreneurs is limited. BANs therefore help solve the challenge for entrepreneurs who seek funds by connecting them with investors. In this regard, BANs act as a bridge between BAs and entrepreneurs through matching events. However, although the initial matching goal of BANs remains the same, these networks have expanded their services by also providing different consultation and education opportunities to both entrepreneurs and BAs, which also facilitate cooperation between the two parties (Knyphausen-Aufse and Westphal, 2008).

2.2.6 Typology of Business Angel Networks

Although different BANs share the same goal of matching BAs and entrepreneurs, they are different in terms of their types and characteristics but also other factors such as their focus and range of services. Indeed, typologies of BANs vary based on their source of funds, sectors of focus, and geographical regions (Gullander and Napier, 2003). Lange, Leleux and Surlemont (2003) classified BANs into aspects such as profit and non-profit, private and public, matching only and with a wide range of services, regional and national, and a focus on specific sectors and serving all sectors. The type could even be based on stage of finance. Another feature concerns how some BANs are supported by the government while others are self-financing, the latter needing to offer attractive investment opportunities to ensure steady income (Lahti and Keinonen, 2016). Given all this, BAs inevitably prefer to join certain types of BANs from which they themselves will benefit most via the different services and types of investment opportunities a certain BAN offers such as receiving deals in specific sectors from sectoral BANs while getting deals in specific areas from regional BANs (Gullander and Napier, 2003). In many but not all countries, a national main BAN acts as an umbrella for other BANs, serving all regions in the country by supporting BAs from all areas and providing investment opportunities from all sectors (Gullander and Napier, 2003). Table 2.11 presents Lahti and Keinonen's (2016) summary of types of BANs.

Based on the authors' typology, OQAL is considered a private non-profit national BAN because it was established by a group of businesspeople, its income derives from membership fees and sponsorship, and its goal concerns supporting entrepreneurs and investors – basically, it has a non-profit goal. Also, OQAL is a national BAN that serves all regions in Saudi Arabia through its branches distributed throughout different regions. OQAL is considered an active BAN with a broad range of services as gatekeepers actively filter investment opportunities, provide training to entrepreneurs, and deliver educational lectures to BAs. SIRB is a public non-profit national BAN that was funded by the government to achieve the goal of connecting BAs and entrepreneurs from all regions in Saudi Arabia for non-profit purposes. This active network provided a broad range of services beyond matching between BAs and entrepreneurs such as assessing entrepreneurial businesses besides educating entrepreneurs and BAs.

Table 2.11 BANs Typology

Typology Criteria	Type of BAN	Description
Financial mode	Private	Self-financing BANs that finance their operations from registration fees, success fees, and sponsorship.
	Public	Obtain funds from organisations that seek to support the economy such as government agencies, universities, and business incubators.
Profit orientation	For profit	Commercial BANs are created to provide profits for founders. Contributing to the community is a secondary goal.
	For non-profit	Use their funds to achieve a not-for-profit goal as they highlight socioeconomic benefits.
Preferred financing stage	Early stage preferred	Prefer the pre-seed, seed, start-up, and the early-stage businesses.
	All stages	Consider all stages of businesses.
Preferred industry sector	Specialised	Focus on two specific sectors such as Biotech and Telecommunication.
	Generalist	Consider any industry sectors.
Screening and support	Active	Manager actively filters investment opportunities and support BAs and/or entrepreneurs.
	Passive	Managers do not actively filter investment opportunities. They provide limited support.
Geographical reach	Regional or Local	Serve a specific regional area and support local BAs and entrepreneurs.
Types of services offered	Introduction services only	Only introduces investment opportunities to BAs without getting involved in other activities.

(Source: Lahti and Keinonen, 2016, p.358)

2.2.7 The Organisational Structure of BANs

Despite different types of BANs existing, their main goal is to connect BAs and entrepreneurs and, in turn, narrow the financial gap by helping entrepreneurs access funds from BAs (San José, Roure and Aernoudt, 2005; Mason, Botelho and Harrison, 2016). Most BANs have similar organisational structures that determine the role for each participant/staff within the BAN (Shane, 2008), such as gatekeeper, director, BAN chairman, and BAN partners (Gullander and Napier, 2003). These positions and roles are essential for establishing and running BANs as they contribute to the BAN's activities.

2.2.7.1 Chairman of BAN

The BAN chairman is usually one of the founders and is responsible for monitoring and controlling the BAN to ensure it operates effectively in terms of achieving its goals (Mason and Harrison, 2015) and providing strategic direction for and monitoring performance of other staff. Chairmen of BANs come from different backgrounds such as finance, investment, engineering, and business and have particular experience such as working in entrepreneurial committees, incubators, and accelerators, enabling them to understand the need to support entrepreneurs by linking them to BAs (Gullander and Napier 2003). Chairmen also generally have high qualifications and suitable skills gained from entrepreneurial and investment experience.

2.2.7.2 Directors of BANs (Board of Directors)

Most BANs have a board of directors, which usually includes the chairman and the most active BAN members. The board is responsible for policymaking, managing and controlling activities, making decisions, and approving tasks, though its overarching role is to ensure the BAN's activities and operations are accomplished. It also determines the BAN's services and activities. Through a voting system by board members, the board is further responsible for any changes of the BAN and for approving any decisions relating to expenditure and financial issues (Gullander and Napier, 2003).

2.2.7.3 BANs Partners (Service Providers)

Most BANs seek to cooperate with service providers they call 'partners', which are specialised institutions that support BANs by providing services and facilitations for BAN activities. The partners usually join the BANs as members, paying membership fees in return for marketing their services and their institutions. However, not all partners are members of the BAN, as some just support the BAN through sponsoring their pitching events and providing services that facilitate the BAN's activities (Gullander and Napier, 2003). These partners include different specialised institutions often linked to entrepreneurial and investment fields such as incubators, accelerators, banks, and financial and legal institutions. Collaborating with such institutions helps BANs practise their activities and provide high-quality services to BAs and entrepreneurs. This is so because the partners facilitate BANs'

activities in terms of, for example, providing deal flow, organising and sponsoring pitching events, and/or providing financial support.

2.2.7.4 BAN Gatekeepers/Evaluating Committee

The concept of gatekeepers refers to those people who create barriers and prevent access or the passing of specific projects or ideas (Suchman and Cahill, 1996; Paul and Whittam, 2010). In the context of BANs and the angels market, gatekeepers are experienced individuals who play an important role in filtering deals and allowing only qualified investment opportunities to pass through different phases of the filtration process. Thus, gatekeepers are integral to achieving a BAN's central goal – that of connecting BAs with qualified entrepreneurs by selecting high-quality investment opportunities which are of interest to BAs. As gatekeepers/evaluators assess and select investment opportunities, they need to have high-quality experience and skills. For instance, most are well educated, professionally experienced, and come from various industries and professional backgrounds (Paul and Whittam, 2010), offering a diversity that enriches the process. Specifically, having gatekeepers from different backgrounds in a BAN's evaluation committee allows this committee to evaluate investment opportunities from various sectors.

In fact, such gatekeeping is considered the most important activity of the BAN because it involves connecting the BANs' members and the market, facilitating BAs' access to ready-for-investment deals. The job of gatekeepers is essential for the success of BANs because providing members with qualified investment opportunities helps deliver member satisfaction regarding the BANs' services. In addition, offering high-quality deals for BAs increases the probability of creating investment deals, which signals the BANs' good performance and success (Landström and Mason, 2016).

2.2.8 BANs' Evaluation Processes

BANs differ across countries regarding their evaluation processes, though there are some basic phases generally followed by most BANs (Christensen, 2011). For instance, they leave the evaluation process to gatekeepers, who are responsible for filtering the investment opportunities. Also, in most BANs the first phase of the evaluation process is a screening phase, which usually does not take much time and involves gatekeepers or BAN staff quickly

viewing the opportunities and making sure these meet investors' required standards (Shane, 2008). Many applications are rejected in the screening phase where the opportunities that meet requirements move to the next stage for further investigation. Gatekeepers, who are experienced businesspeople and investors, are responsible for closely evaluating the investments BANs receive.

The second main phase involves evaluating each investment opportunity. In this, gatekeepers read the business plans and contact entrepreneurs for more information. In some BANs, the gatekeepers benefit from the experience of some members in some sectors, as these members participate in the evaluation process. At this stage, gatekeepers might conduct interviews with entrepreneurs to verify their qualifications and their understanding of their businesses. The third phase is where gatekeepers select the qualified investment opportunities and involves checking the quality of several elements such as the idea's viability, the potential for business growth, and the qualifications of the entrepreneurs and management team. In addition, the selection process can be based on specific standards of the BAN such as being at a particular business stage or from specific sectors.

The fourth phase occurs after choosing the suitable investment opportunities and eliminating unsuitable ones. In this, gatekeepers can provide some training sessions for entrepreneurs to equip them with the required presentation skills and help them learn about angel investment and how to deal with potential investors. The fifth phase, which is of particular importance, involves selected entrepreneurs presenting their businesses to BAs during pitching events. After viewing the offered investment opportunities, BAs decide individually whether they want to invest in offered opportunities or not. Gatekeepers and BANs' managers do not participate in the investment decisions. BAs are responsible for conducting their own screening and due diligence but in fact for all the stages of the investment process before making their investment decisions (Christensen, 2011; Romání, Atienza and Amorós, 2013).

2.2.9 The Performance of BANs

BANs have several indicators for measuring their performance. For example, as BANs aim to increase BAs' investments in entrepreneurial businesses, this can be measured by the number of investments facilitated and the resultant amount of money invested (Lahti and

Keinonen, 2016). Another means involves analysing the long-term impact of BANs, such as the performance of investee businesses and the number of jobs created (Lahti and Keinonen, 2016).

Other indicators nevertheless do not necessarily reflect the performance or success of the BANs, such as the size of deal flow and the number of investment opportunities. Indeed, the number of received investment opportunities does not necessarily reflect or correlate with the actual number of funded investments a BAN facilitates (Mason and Harrison, 2010). Similarly, the number of BANs members is not an indicator of BANs performance. Although the number of BAs (members) and the size of deals might increase the probability of investments, these two are not accurate measurements of BAN performance because they reflect neither the number of facilitated investments nor the amount of funds invested. Nevertheless, Mason and Harrison (2010) found a correlation between the number of investment opportunities presented to investors in pitching events and the number of investments made. Therefore, the performance of BANs can be measured by the high-quality investment opportunities that are carefully evaluated and selected by the gatekeepers, which are presented to investors.

In the UK, Mason and Harrison (2010) showed that the total number of investments made by BANs represented 2.8% of the total number of investment opportunities received by BANs; however, the number of investments made represent 28% of the total number of investment opportunities presented to investors in pitching events. This indicates that the process of filtering and selecting the investment opportunities presented to investors is an important key in monitoring BAN performance as the number of funded investments represents a considerable percentage of the presented opportunities in pitching events.

When analysing BAN performance, then, the filtration process of BANs that helps entrepreneurs make their businesses ready for investments needs analysing. Mason and Harrison (2010) found that BANs offering readiness and training services for entrepreneurs had 36% of the total investment opportunities presented in pitching events become actual investments, while BANs that do not provide such services achieved an investment percentage of only 25%. This finding indicates that BANs' success relates much to their

performance regarding providing quality readiness training services. BAs seemingly lack interest in opportunities when entrepreneurs cannot provide sufficient information about their businesses or when entrepreneurs are unable to present their businesses properly at pitching events. In contrast, entrepreneurs who receive training about enhancing their businesses and preparing their presentations are more able to secure funds from BAs because the entrepreneurs can provide the required detailed information to investors (Mason and Harrison, 2004).

The performance of BANs is also measured by other provided services such as consultation and education for BAs (Mason and Harrison, 2010), facilitating co-investment between investors through syndications (Antretter *et al.*, 2020), and providing a communicative environment (Đekić, Vesić and Stanković, 2022). All these services can increase the number of investments made and the amount of invested funds, thereby indicating the quality of a BAN's performance (Lahti and Keinonen, 2016). Table 2.12 summarises the various measurements regarding the performance of BANs.

Table 2.12 Summary of Measures of the Performance of BANs

Measure	Sources
Consultation and training of BAs	(Mason and Harrison, 2004, 2010)
Number of facilitated investments	(Lahti and Keinonen, 2016)
Amounts of invested funds	(Lahti and Keinonen, 2016)
Number of high-quality investment opportunities evaluated and selected by the gatekeepers	(Mason and Harrison, 2010)
Size of deal flow	(Mason and Harrison, 2010)
Facilitating co-investments among BAs through syndication	(Antretter <i>et al.</i> , 2020)
Providing communication environment	(Antretter <i>et al.</i> , 2020; Đekić, Vesić and Stanković, 2022)

2.2.10 The Value of BANs

The Corporate Finance Institute (CFI) defines value added as “the extra value created over and above the original value of something” (CFI Team, 2023), and this can apply to an entire business. The value of BANs relates to the value they add to the angel investor market. BAs can receive value from BANs, such as the strengthening of connections among BAs (Deffains-Crapsky and Klein, 2016), addressing the shortage of skills among some angel investors, and the limited technical knowledge among some entrepreneurs (Teker, Teker and Orendil, 2021; Bonnet *et al.*, 2022). BANs can offer quite specific value as well, such as reducing investment barriers imposed by geographical remoteness (Owen and Mason, 2019; Teker, Teker and Orendil, 2021). The absence of or limited knowledge about the benefits of the angel investor—entrepreneur relationship can also be addressed in a BAN setup, allowing the representation of different categories of BAs (Teker, Teker and Orendil, 2021).

Despite the various services BANs provide BAs and entrepreneurs, Zu Knyphausen-Aufseß and Westphal (2008) claim there is no adequate model of BANs and that BANs do not really add value for BAs or entrepreneurs. Their study was based on analysing one BAN in Germany – the Northern Bavarian Business Angels. Among other arguments, the researchers mentioned that other institutions provide deals flow and matching services for free, such as banks and tax accountants. Moreover, banks provide better matching services than BANs because of the wide relations banks have with BAs and the strict filtration criteria banks use. In addition, banks provide deal recommendations for their clients while BANs just offer investment opportunities without any attempt to impact BAs’ decisions. BANs are thus not unique in offering deals flow and matching services; hence, BAs do not need BAN membership, especially because they have to pay for such services from BANs.

Another argument Zu Knyphausen-Aufseß and Westphal (2008) advanced concerns how BANs offer investment opportunities to BAs in closed environments, where the choices of opportunities are limited to what BANs provide. This is unlike the benefit of investment from the open market, where BAs can access a wider range of investment opportunities, especially if they have many social ties in the market. Furthermore, they criticised how services BANs provide to BAs do not cover the requirements of individual BAs as they tend to be generalised and therefore fall short in this regard. Another criticism the authors advance is that the

filtration and evaluation process of BANs might impact negatively on BAs' investment choices, because the gatekeepers of BANs might not be qualified enough to differentiate between poor investment opportunities and high-quality ones. Furthermore, gatekeepers of BANs could eliminate the high-risk investment opportunities to reduce investment risk but in the process perhaps reduce the chance for BAs to invest in innovative high-return investment opportunities. Zu Knyphausen-Aufseß and Westphal (2008) accepted that the training services of BANs for entrepreneurs can improve the business plans and presentations of investment opportunities but also highlighted that this could make it difficult for BAs to identify qualified entrepreneurs with high-quality businesses from those without such. In this regard, Zu Knyphausen-Aufseß and Westphal (2008) conclude that the availability of other intermediaries providing better services in the market shows that BANs will not be able to be beneficial for the market and business.

Other research nevertheless provides positive views about BANs. Mason and Harrison (1997), for example, compared public BANs (supported by the government) and private BANs (self-funded) to explore the role of government support and whether such support is needed for some BANs. The authors identified major differences between public BANs and private BANs regarding the sectors they focus on and the stage of funded businesses. Specifically, their results showed that commercial private BANs tended to fund larger businesses as well as Management Buy Out (MBO) investments, while public BANs tended to invest in small businesses that are at the seed and early stages. The researchers added that private BANs largely focus only on certain sectors such as technology and manufacturing, while public BANs serve wider sectors.

The results of Mason and Harrison's (1997) study show that public BANs cover the area in which private BANs are not active. The authors thus conclude that the existence of private BANs does not substitute for public BANs, so government involvement is still required for the development of the BA market. Government support for BANs attempts to cover the costs of activities aimed at increasing awareness of angel investments, the number of BAs in the market, developing an entrepreneurial culture, as well as matching BAs and entrepreneurs (Aernoudt and Erikson, 2002).

Another study on the impact of BANs analysed the influence of public support of BANs on the growth of the regional economy in Belgium (Collewaert, Manigart and Aernoudt, 2010). This study was based on 55 interviews with entrepreneurs and BAs and analysed the quantitative performance of 34 businesses funded through BANs then compared these and such performances with 50 businesses funded by BAs without any involvement of BANs. The results indicated that businesses funded through BANs were mostly risky, high-tech, and in their early stages. Thus, the authors conclude that BANs help entrepreneurs who are facing difficulty in accessing bank finance and that this reduces the finance gap. Furthermore, BANs help in matching BAs and entrepreneurs, who would not be able to meet each other without the involvement of BANs. This shows that BANs improve transparency in the market and enhance access to finance.

Christensen (2011) analysed the value of BANs through an in-depth evaluation of the life cycle of national BANs. The author found them to directly affect the creation of new jobs, boosting innovation and economic growth, and to have indirect effects including coaching and equipping BAs with investment skills. The effect on BAs included helping them to make their businesses investor-ready and adding value to their investments, making them more successful. Christensen (2011) also analysed the indirect effects on the filtration and screening process of BANs, concluding that this service decreased the cost and time of BAs when determining the shortcomings of entrepreneurs.

Awareness of angels' investment is important because it encourages individuals to become BAs and enhances their activities through improving policymakers' understanding of their needs. Also, raising awareness about the importance of angel investment for developing entrepreneurial businesses reduces the number of entrepreneurs who might avoid such financing. An additional contribution of BANs involves reducing the cost of transactions because they provide their members with forms of legal contract and provide tax documentation and other similar issues, which reduce the need for additional costs for such legal transactions. Furthermore, BANs strengthen ties between members and help new virgin BAs improve their skills through coaching courses and by investing collectively with more experienced BAs. Therefore, Christensen (2011) concluded that public support for BANs is a cost-sufficient measure to improve entrepreneurial businesses.

2.3 Section Three: Social Network Theory as Conceptual and Theoretical Framework

A social network is a set of network members (also called nodes or actors) who are linked through one or more types of relations (Wasserman and Faust, 1994). Butts (2008) actually called it a set of unique ‘entities’, where each one can be identified, and their number can be known. These entities are connected through relations, paths, or lines that determine the flow of information between the entities (Woodland, Barry and Roohr, 2014). Marin and Wellman (2011) importantly noted that the connecting nodes which represent network members are socially relevant. Social Network Theory thus says that individuals are embedded in a web of social relationships and interactions (Borgatti *et al.*, 2009). The relationships among the nodes of a network include collaborations, friendships, trade ties, resources flow, information flows, and exchanges of social support between the nodes (Marin and Wellman, 2011).

Borgatti *et al.* (2009) group these relationships into four categories: similarities, social relations, interactions, and flows. Similarities are connections between nodes with similar demographic characteristics such as location. Social relations involve relatives and role-based ties, with the former concerning family ties such as parents, siblings, cousins, uncles and others involving a social clan. These latter role-based ties include relationships such as friendships and with bosses and employees, students, and competitors. Interactions relations relate to the behaviour of nodes such as speaking with, assisting, or inviting. Flows relations are about exchanging or transferring relations that exchange or transfer information and resources between nodes. Flows relations, as with those of interactions, appear within the context of other category of social relations (Marin and Wellman, 2011). Social relations can be categorised as direct or indirect ties. Direct ties are where two individuals (nodes) are linked without the need of a third party that facilitates the link. Indirect ties exist between two individuals (nodes) who are connected through a third party (Zuo *et al.*, 2016). Zuo *et al.* (2016) describe indirect ties as ‘friends of friends’ and investigated the impact of such indirect ties, finding that when an indirect tie is strong this helps in forming quicker links and facilitating the transferring of information in social networks.

2.3.1 Social Network Theory

Social network theory refers to those individuals (actors) who are connected or divided based on social relationships and, therefore, embedded within the network (Granovetter, 1985). These individuals have complex relations within the network that have different patterns of clustering, connectivity, and centralisation. Such networks can either constrain or facilitate the desired outcomes offered to network members. Social network theory is based on the weakness or strength of social ties and the existence of structural holes. It also explains levels of embeddedness, which relate to the structure of the social network. Regarding this study's framework, social network theory is used in business research to explain the complex relations within business networks and the actions between members of a network (Granovetter, 1973, 1985).

These relationships are explained based on the nature of the ties among network members – that is, whether they are weak or strong. According to Granovetter (1973), tie strength is determined by the frequency of interaction or contact, whether favours are reciprocated, and friendships. Strong ties exist with frequent contact, returning of favours, and friendship overtones; weak ties exist where there is infrequent contact, no reciprocated favour, and little or no friendship. The strength of strong ties lies in the extent of group cohesion and the elimination or reduction of conflict (1989), while their weakness is in their focusing on ties at the expense of the common good (Flache, 2002). Weak ties nevertheless give actors access to new information and opportunities – an aspect Granovetter (1973) refers to as the strength of weak ties.

2.3.2 The Strength of Weak Ties

Granovetter (1973) developed a theory based on social network theory called 'the strength of weak ties' that analyses informational transactions within social networks in business and entrepreneurship environments. Granovetter (1973) suggests that in modern industrial societies economic actions are embedded in structures of social relations to an extent that business actions are impacted by social relationships and social interactions. Under these circumstances, it is difficult to achieve clear and complete understanding of the business actions and transactions of business actors without considering the social relationships among actors (Granovetter, 1985). Researchers therefore have to consider the embeddedness of economic actions in social relations (Greve and Salaff, 2003).

Granovetter's (1973) theory describes weak ties as the ties generated between individuals who have low social interaction between themselves, while strong ties are created through having intense social interaction between individuals. Strong ties represent the network of close friends, family, or acquaintances and are, therefore, less likely to produce new ideas. In the Saudi Arabian context, strong family ties have been instrumental in the funding of family-owned businesses (Alrubaishi, Alarifi and McAdam, 2021) but also in attitudes to innovation (Alrubaishi, Alarifi and McAdam, 2021), with the implication being that these can be detrimental to the latter and somewhat restrictive regarding opportunities for new information. Granovetter (1973) analysed the social ties among job seekers, for instance, and found that using weak ties increased the possibility for individuals to get jobs, indicating that weaker ties are better than strong ties in providing new information. Granovetter (1973) stated that weak ties in social networks exist at the edges of the network and act as bridges that connect unconnected networks. Thus, the strength of weak ties is their ability to connect to more networks that help in obtaining and transferring new information which does not exist within the same network. Weak ties are therefore actually strong, and they are so not because of the number of connections or regular interactions but because they bring access to wider and heterogeneous networks (Liu *et al.*, 2017) and thus broader information and greater understanding. Although Granovetter (1973) focused on social ties regarding finding jobs, the theory was found to be applicable in various other situations (Borgatti and Halgin, 2011). Hence, Granovetter (1973, 1985) suggested that individuals with no weak ties lose such benefits and advantages from having them given they act as bridges to connect individuals to resources in other networks. Likewise, BAs without weak ties are not able to access information about investment opportunities from other networks.

2.3.3 Structure of Social Networks

Social networks are classified based on their network structure (via entities' actions and situations) and have been labelled stars, bridges, bottlenecks, and isolates (Woodland, Barry and Roohr, 2014). Individuals who have star structure networks are those who have a large number of connections, appear in the middle of the network, and are the main actor in the network (Brands, Menges and Kilduff, 2015). This main actor of the star network is the central actor who can transfer information to all other actors in the network, while other

actors are not directly connected to each other as they interact only through the main actor. BAs within a star social network structure have a relationship with the main central actor and interact with this main actor, but they do not interact among themselves. The main central actor may represent the manager of the network or a facilitator of the organisation. Hence, most of the information received or shared within a star network structure is managed and determined by the main actor.

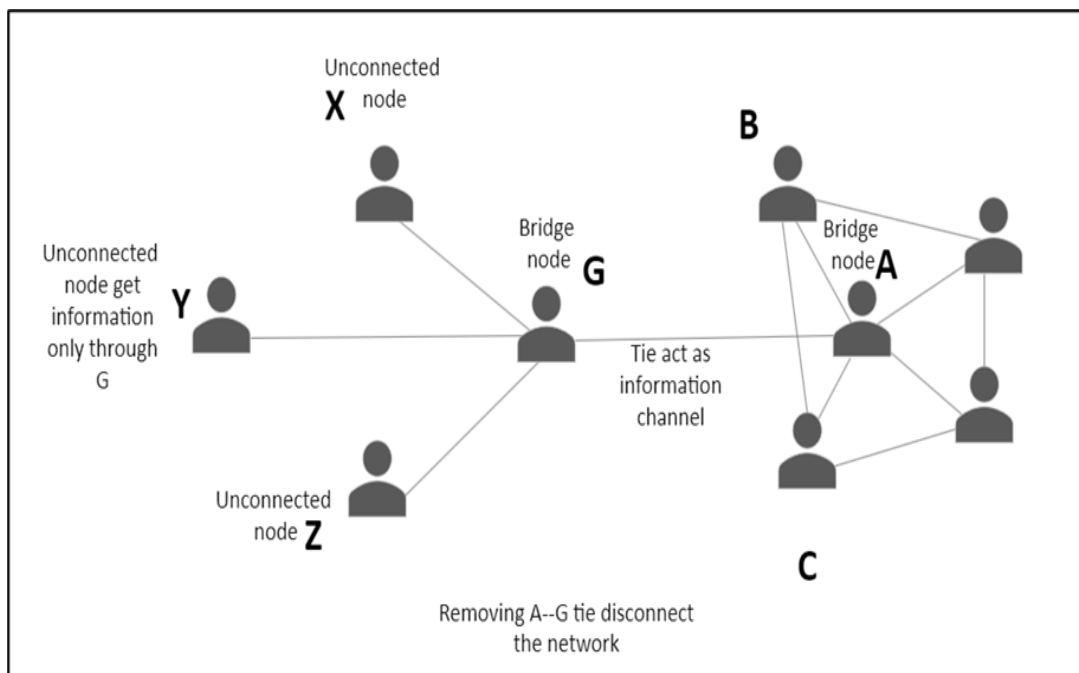


Figure 2.2 : The Flow of Information between Unconnected Networks
(Source: Borgatti and Halgin, 2011)

In a bridge network structure (Figure 2.2), the bridges (G and A) are nodes that connect between other unconnected nodes (X, Y, Z, B and C). The bridge nodes act as information channels that facilitate the flow of information between unconnected networks. The bottlenecks network structure is similar to that of bridges as bottlenecks facilitate the same purpose regarding connecting other unlinked nodes but also decide on what information flows and to where it flows. Isolates are nodes with few or no ties (Woodland, Barry and Roohr, 2014). In Figure 2.2, X Y and Z are isolates as they depend on G for all information and only interact with and transfer information to G, hence, they only get information through G.

2.3.4 Density of the Network

The structure of a social network can also be described in terms of network density, which refers to the proportion of pairs connected to one another (Butts, 2008) but also the number of connections an individual (node) has within the network. Actors within dense networks have strong ties while those in less dense networks have weak ties. Individuals (nodes) who have dense social networks have a strong ability to separate members from other members in the network, and they can enforce the network's common rules (Giuffre, 2015).

Dense networks are characterised by high levels of control and information redundancy. They are not usually open to new solutions, as individuals with dense networks do not welcome new solutions. However, dense networks have high levels of trust and reputation, which are important qualities for controlling the social networks' processes (Burt, Kilduff and Tasselli, 2013). Regardless of the structure of a social network, network members obtain measures of social capital from being members of the network.

2.3.5 Structural Holes

Structural holes exist when there are no ties between a pair of two nodes (Borgatti *et al.*, 2009). Further, when there is a gap between two individuals who are considered resources for complementary information, the situation is called a structural hole. The position of the individual in the network structure determines the individual's contacts and how these contacts are connected to each other, so position defines the resources which that individual can access. Such resources are valuable for individuals to access things such as better jobs or faster promotions (Borgatti *et al.*, 2009). In the case of BAs, such resources enable them to access better investment opportunities. Therefore, the location of individuals within the network structure determines whether their position is advantageous in this regard.

In one sense structural holes seems negative, but this concept actually suggests that individuals who have structural holes in their network structure have more advantages than those individuals who do not have such holes because individuals (nodes) with structural holes can benefit from other nodes, including other nodes who compete against each other. Therefore, BAs who have structural holes in their network structure have more ability to access more deals and quality information than those without.

Linking ‘the strength of weak ties’ theory and the concept of structural holes, Burt (2004) suggested that strengthening weak ties is done through the ability of weak ties to bridge structural holes (marked x in Figure 2.3) between networks to facilitate the flow of knowledge, information and resources. As such, individuals who occupy bridge positions between networks act as brokers between the networks, providing social capital and information to the networks that is not accessible without them. For more explanation, Figure 2.3 shows that A is in a bridging position and acts as a broker between networks B, C, and D. This means that individuals in similar positions as A are considered a social capital that provides many options which cannot be accessed through other individuals in the network (Borgatti and Halgin, 2011).

This means that individuals who bridge the structural holes in networks enjoy important advantages. Having a bridging position, this individual is considered a gatekeeper who determines which information is transferred between the members of networks. Furthermore, ‘bridging’ individuals can obtain superior ideas and information from the resources connected to them. Therefore, networks that have structural holes have high levels of social capital that enjoy the opportunity to access new information, which can benefit the main actor in the network. Such networks can be referred to as entrepreneurial networks, where the individuals who benefit from such networks are the entrepreneurs (Burt, 2004). Given this, these entrepreneurs will be able to access new innovative ideas.

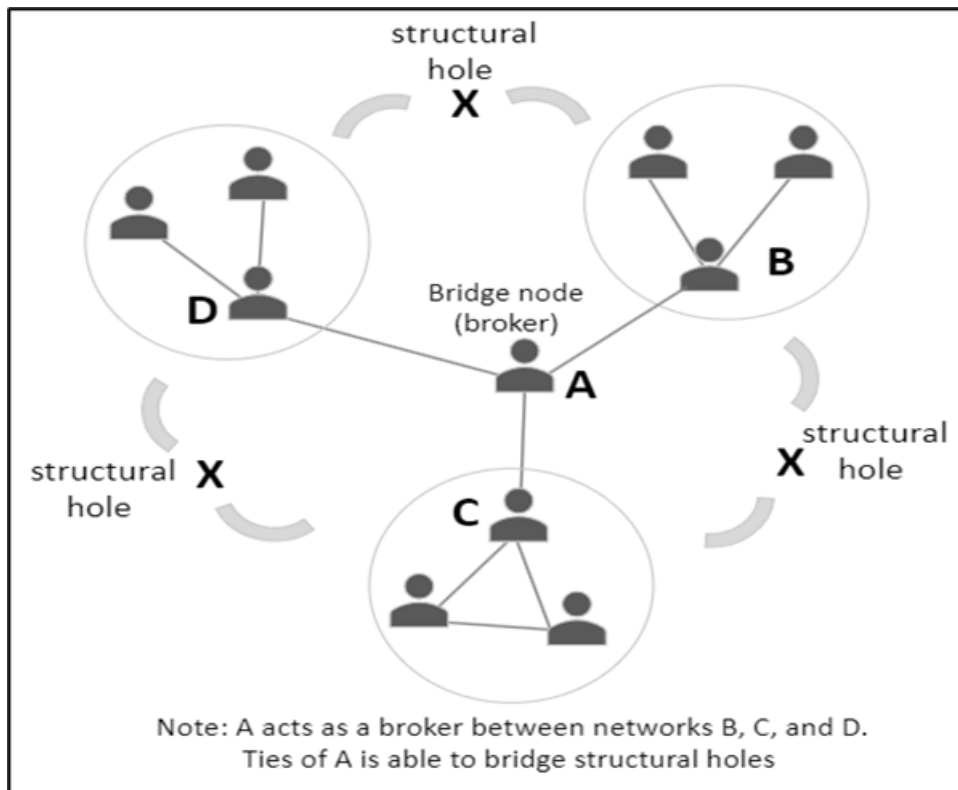


Figure 2.3 Structural Holes

Combining strength of weak ties theory and structural holes, Borgatti and Halgin (2011) suggested that if novel information was found in ‘bridges’, and if the bridge is a weak tie, then the novel information is found in the weak tie. However, Rost (2011) doubted the importance given to weak ties, arguing that weak ties of individuals have limited value in the absence of supportive strong ties. In this regard, the ideal network is the network that includes strong supportive ties as main connections to the network, besides being surrounded by weak ties that bridge the individual with other unconnected networks (Rost, 2011; Horak *et al.*, 2019). Therefore, the ability of BAs to benefit from their weak ties depends on having supportive strong ties that can increase the benefit of new information obtained from other networks.

2.4 Chapter Conclusion

This chapter gave a general background to BAs, noting that they differ in terms of their levels of wealth, age, education, and experience. It additionally conveyed how BAs contribute to the economy through supporting entrepreneurial businesses (Landström and Mason, 2016) by providing financial and expertise support to entrepreneurs (Politis, 2008) and receive investment opportunities from their personal networks and financial institutions such as banks and related agencies (Morrissette, 2007; Ramadani, 2009). BAs usually invest in sectors that are similar to their experiences as they usually get involved in business operations but also prefer investing in start-ups, where they can use their experience in the business to add value (Morrissette, 2007; Mason and Harrison, 2008; Ramadani, 2009). Different forms of BANs were also discussed, focusing on their emergence and development, typology, organisational structure, evaluation process, performance, and value. The categorisation of both BAs and BANs provided a basis for a clear understanding of the features of value BANs deliver to BAs.

However, the review of extant literature showed that limited research focuses on the benefits BAs receive from BANs in emerging markets with weak institutional frameworks. The literature indicates that BAs in emerging markets depend on their own research and personal ties, highlighting the importance of BAs networks and clubs (Scheela and Jittrapanun, 2012). Literature also showed that Social Network Theory and Strength of Weak Ties Theory (Granovetter, 1973; Borgatti and Halgin, 2011) are suitable conceptual frameworks for explaining the BAs—BANs relationship, but no studies were found on how the BAs benefit from networks established through BANs. Furthermore, noting that BAs fall into different categories, this chapter noted a gap in the literature concerning the benefits different categories of BAs receive from membership of BANs in Saudi Arabia. The next chapter presents the study's research philosophy and methods.

Chapter 3: Methodology

This methodology chapter concerns the plan and guidelines for collecting and analysing the data. It therefore highlights the steps the researcher adopted in conducting this research and determines the process required to answer the research questions. In doing this, it thus shows the techniques the researcher used to conduct the study (Sam, 2012). The chapter's aim is to ensure that the research tools, data collection methods, sampling techniques, and analyses are related and suitable for the study type and the research question (Alharahsheh and Pius, 2020), which shows that the researcher conducted the study on a sufficient and rational basis. Thus, this chapter shows that the current study's findings have been reached by following required suitable steps and using appropriate methods for data collections and analysis.

The current study explores the value of BANs for BAs in emerging markets by analysing the benefits of Saudi BANs for 30 BAs. Furthermore, it analyses the characteristics of the BAs who benefit most from BANs' services and documents all aspects required to conduct an accurate analysis of the value of BANs and the impact they have on BAs' investments in KSA. It also provides guidelines for exploring the factors that influence the value of BANs for BAs, focusing on the involvement of BAs in the market and the development of the market.

The current study primarily collects qualitative data through interviews, where the sampling techniques and data gathering were guided by previous literature. The interviews were used to capture participants' opinions and perspectives on the research problem. In addition, secondary data was collected to gather information about participants' profiles and investments as well as about the KSA market. This methodology chapter starts by discussing this study's research philosophy followed by its research design and the reasons for choosing a qualitative approach. The study's sampling and data collection methods are presented, and their choice justified with due consideration of the research question. The study's ethical considerations are then presented and explanations on the study's reliability, validity, and limitations are subsequently given before the chapter's conclusion.

3.1 Research Philosophy

Research philosophy concerns the nature of the research, available evidence to support the research, and the methods used to conduct the research (Alharahsheh and Pius, 2020). It can be categorised into two main paradigms: positivism (also known as scientific) and interpretivism (also known as anti-positivist) (Rehman and Alharthi, 2016; Alharahsheh and Pius, 2020). Positivism philosophy is based on the idea that knowledge is gained through observation, where the researcher does not have any contact with the subjects under analysis while conducting the study and collecting the data. This means that under positivism the researcher analyses the subjects in their real-world situation with an objective perspective and does not influence the subjects. Therefore, positivism philosophy aims for generalisation, and it is used more for experimental studies (Eriksson and Kovalainen, 2011).

Interpretivism philosophy is based on the fact that methods used to understand knowledge relating to the social sciences researchers are not the same methods used to understand physical sciences, because humans interpret their world then act based on their interpretations (Pham, 2018). Therefore, interpretivism philosophy adopts the idea that a single phenomenon can have multiple interpretations rather than one truth that can be reached via measurements (Pham, 2018). Researchers using interpretivism philosophy hence assume that accessing reality and reaching knowledge is achieved through social constructions such as language, consciousness, shared meanings, and instruments. As such, the interpretivism paradigm prefers qualitative analysis over quantitative analysis. Data collection here, then, is usually based on interviews, text messages, speeches, and discussion sessions.

The current study falls under social studies, where human relationships are analysed and considered. As there are differences in how to interpret human issues in the social environment and how to interpret information in the physical environment but also variation within each of these environments, in this work it is important to determine the method of interpreting the information and data on BAs in their particular environment, which is the economic business context in which they operate.

A prominent feature of interpretivism is that it allows for multiple interpretations of one phenomenon, while with positivism interpretation is based on only one explanation as the reality or the truth in the physical environment can be determined only via measurement (Pham, 2018). Moreover, under interpretivism researchers can gain deep understanding of the phenomenon from multiple interpretations among humans, though interpretivist researchers need to understand the different ways of analysing data through different contexts and cultures (Hammersley, 2013). This can lead to better understanding of phenomenon through the different interpretations researchers find during analyses.

The current study explores the value of BANs to BAs and determines the type of BAs who benefit more from BANs. It also investigates the level of development of the market that needs BANs as a way of overcoming an underdeveloped institutional framework. This should lead to new knowledge about BANs in Saudi Arabia through exploring the role of BANs in facilitating BAs investments and the value added to those BAs. The advantage of using interpretivism philosophy in this instance is that it allows the researcher to not only analyses humans, events, and objects but to also to conduct analyses from different perspectives (Tuli, 2011). For example, for the current study the researcher can evaluate a wide range of BAs and the impact of BANs on their investment activities. This elicits diverse perspectives from which the researcher can understand the phenomena concerned.

A positivist philosophy was not appropriate in this instance for two reasons. First, positivism is unable to capture complex aspects of a phenomenon where such complexity can be explained only by those experiencing it. BAs, as gleaned from literature, differ in different contexts – as BANs do in their natures and forms. In this regard, a better knowledge of them is better derived from a perspective that enables the researcher to capture multiple views of BAs and expectations from BANs. Second, positivism presupposes the existence of a large sample from which causal relationships can be established and generalisable inferences subsequently made. A review of the literature demonstrated that BAs tend to be anonymous (Mason, Botelho, and Harrison 2016); to this extent, it is extremely difficult to come up with a large enough sample to enable that generalisation of findings that is consistent with a positivist approach.

3.2 Research Design

The research design is the study's framework and determines the methods and techniques employed. The intention behind such design is to structure the research to show how all its main parts, such as sample, measures, treatments, and methods work together (Sachdeva, 2008). Researchers need to select the appropriate design to achieve the research objectives. The research design also determines the type of the research conducted as this could be descriptive or exploratory, correlational, experimental Meta-analytic, and review (Byrne, 2017). The research design is selected based on the research problem and the approach to conducting the research. Approaches are classified as either qualitative or quantitative. In the current study, a qualitative research design is chosen based on the qualitative nature of the research question.

There are several justifications for using a qualitative approach to analyse the value of BANs and explore the relationships in BAs' networks. In this work, the natures of the research aim, research question, and research problem are consistent with qualitative research as using qualitative research methods is suitable to investigate these areas. In addition, using qualitative methods helps in enhancing understanding about the role of BANs in facilitating BAs' investments.

The research design is also selected based on the study's philosophical paradigm, as researchers should match the research design with the selected philosophical paradigm. The qualitative research approach is usually consistent with interpretivism philosophy, which as noted above is suitable for and thus selected for the current study. The qualitative approach and interpretivism philosophy allow for better understanding of the value of BANs by analysing the experiences and interpretations of BAs about the research topic and thus through capturing participants' perspectives. Adopting a quantitative approach would have enabled the measuring of certain aspects of BAs and BANs – that is, the counting and tallying of certain quantitative data for statistical measurements. While this would have given some understand of these people and these organisations, such understanding would be extremely limited. Furthermore, a quantitative approach would not align with the focus and objectives of this study. This study hence pursues a certain type of rich data to understand a complex reality that the quantitative data would not provide.

Therefore, this study seeks contextual understanding of meanings, views and insights of particular people (as noted, those of BAs). A quantitative approach just cannot satisfy these requirements – especially the particular perspectives of BAs on the given subject of BANs. Trying to achieve such things from a quantitative approach would be an ineffective and fruitless attempt, hence, a quantitative approach could not be employed. According to Creswell (2014), the research problem guides choice of research design. Here, the study’s major question – ‘Do business angel networks provide value to business angels?’ – is intended to be answered by establishing what the benefits of BANs membership are to BAs and why the value of BANs differs among BAs according to these BAs themselves. It therefore could not be answered through a quantitative design. Ultimately, then, a quantitative approach would neither advance the aims and objectives of the study nor answer the research questions.

3.3 Research Population and Sampling

The research population concerns the study’s participants and this derives from assessing individuals against specific criteria to determine whether to include or exclude them from the study group, through whom researchers often aim to generalise their findings within a such group (Sachdeva, 2008). Therefore, researchers should ensure that representative samples are chosen for their research as the selected sample has an impact on the research results. The sample for the current study includes BAs who belong to BANs and BAs who do not belong to BANs, thereby allowing comparison between the two groups. The BAs market in KSA is not different from other emerging markets where BAs are not listed or recorded in related institutions, and they are not registered as BAs in any related authorities. However, around 2011 the emergence of two BANs in Saudi Arabia contributed to making this BAs market more visible as one of these BANs, SIRB BAN, has 30 members and it reveals their names on its website, improving accessibility to third parties. However, some of the listed names on the SIRB website are BAs, while some of the members join the BAN to participate in its activities and contribute to the process of filtering investment opportunities and coaching the entrepreneurs.

In addition, the largest private BAN, OQAL BAN, has more than 250 members registered but does not share their names. Although OQAL has revealed some of its directors' names in each branch (it has four branches), it refuses to reveal the list of its members as it considers this information confidential. However, the names of directors that were available online had some changes after developing the BAN's website, as some of the listed names had left the BAN or changed their positions in the BAN. This shows that the angel market in KSA is not different from other emerging markets regarding the lack of organised data of BAs; however, the emerging of supportive organisations such as BANs contributed to making the market more visible and regulated.

3.3.1 Selection Criteria

The research sample was selected based on participants' experiences, as the sample included BAs and managers from KSA BANs (SIRB or/and OQAL) as well as some BAs from outside BANs, all ultimately forming a sample of 30 participants. This sample was formed to provide understanding about the common issue in the KSA market and to explore the investment process, focusing on the role of BANs in facilitating BAs' investments. It was also about allowing the researcher to compare BAs who belong to BANs and those who avoid joining BANs for an assessment of the importance of BANs in the KSA angel market. The sample of the current study is representative of the study population, which enhances the quality of the data collected.

The researcher attempted to reach as many BAs as possible in KSA who belong to different BANs within the country, though there were only two BANs available at the stage of collecting the data. In addition, some BAs do not belong to any BANs and they were included in the sample to facilitate the answering of the research questions. These were reached by the recommendation of other BAs (snowballing), by finding their names on social media and news related to angel investment, and by asking the entrepreneurs about the BAs who invested in their entrepreneurial businesses. Including BAs who do not belong to BANs is important as they provide valuable data relevant in terms of the research objectives. Such sampling methods were used by previous research on BAs and are recommended by Harrison and Mason (2008).

When selecting participants, the researcher used several inclusion and exclusion criteria. The selected participants had to: have at least one investment; have interest to invest; have attempted to invest or been involved in evaluating a specific opportunity. However, some managers from BANs were included even if they did not have any investments because including such key managers helped in supporting the analysis of the BANs' activities and the role of BANs in the investment processes of BAs. The inclusion and exclusion criteria are important to ensure the quality of data collected from participants.

3.3.2 Sampling Techniques

The current study's sampling process was difficult because the BAs population is invisible, so there are no details about their contact details such as their emails and phone numbers. The sample was consequently selected using a snowball technique or convenience sampling technique. For this, certain participants were reached through KSA BANs, as many participants are members of such BANs. Other participants who are not members of BANs were reached through the recommendations of other interviewed participants using snowball sampling technique.

Harrison and Mason (2008) recommend that a mixed methods approach is preferred for sampling in research on BAs. Sampling in this study therefore used mixed methods including snowball sampling, contacting BAs through BANs, and direct contact with BAs. However, the main source of sampling was through BANs to reach BAs who are their members. For this, the founder of the OQAL network was contacted through one of his social media accounts and asked to provide a list of the members in the BAN. The founder agreed to provide a list of some members in the networks after gaining their permission. An administrator in OQAL-Riyadh contacted some BAs who are members in the BAN and asked them if they were willing to participate in the research. A list of willing participants and their contact details was forwarded to the researcher. The number of BAs who were contacted through OQAL-Riyadh branch is nine ($n = 9$). The administrator in OQAL-Riyadh also provided the details of two chairmen/heads in other branches (chairman of OQAL-Qassim and OQAL-Eastern Province). The latter was interviewed as a participant, while the former was contacted by the researcher to reach other members in their branches. This increased the sample by including two members from Qassim ($n = 2$) and one member from Eastern

Province ($n = 1$). The chairman of OQAL-Jeddah branch declined to provide any details or list of members in the branch but agreed to participate in the research. He invited the researcher to attend one of the pitching events of OQAL.

The researcher attended one such pitching event in Jeddah and met some BAs who are members in BANs and agreed to participate in the research. The researcher was able to meet and contact six BAs in that pitching event, where two of them were already contacted by the researcher through their social media accounts. The other two BAs who were in the event could unfortunately not participate in the research because of their busy schedule at the time of data collection. Thus, the number of BAs who participated in the research through the pitching events was two ($n = 2$). Attending the pitching event of this BAN helped the researcher not only regarding meeting some BAs but also in learning about the process of presenting and pitching investment opportunities to BAs as well as the environment and type of speakers who might participate in such events.

Another method used to reach some BAs who are members of BANs was through getting names of some members from BANs' website – for example, in the case of SIRB BANs. The researcher then got the members' names and searched for those members and found some of their profiles on Twitter and LinkedIn, which were used to contact those members to ask them to participate. This helped to reach four BAs from OQAL ($n = 4$) and two from SIRB ($n = 2$). However, other members who were reached through this method did not reply while others could not participate for different reasons. An additional method to reach BAs that the researcher used were her personal relations to access some of the details of some members through relatives and colleagues. This increased the sample by one participant ($n = 1$).

Another was to search for entrepreneurial businesses that received angel investments, then asking the entrepreneurs about the investors who invested in their businesses. This information was found through searching various web pages and social media accounts as well as general news about entrepreneurial business events. Some entrepreneurs did not reveal the investors' names while a few provided the names and contacts of the investors after gaining their permission. The number of BAs reached through investee companies is two ($n = 2$).

Furthermore, another sampling method employed was snowballing as the researcher asked the interviewees to provide some names of other BAs. Many of the BAs interviewed provided the names of chairmen and some directors in BANs only while some interviewees recommended the researcher to ask other people for these names. However, some interviewees provided some other names and contacts of other BAs. The number of BAs who were reached by snowballing sampling method is nine ($n = 9$). Table 3.1 summarises the list of participants and the methods used to reach them.

Table 3.1 Methods or reaching participants

Participants	Method of Reaching	Number Reached
P11-P12-P13-P14-P16-P19-P20-P21-P28-P30	BAN admin	10
P01-P05-P7-P09-P15-P25	Social media -online sources	6
P23-P26	entrepreneurs	2
P02-P06-P08-P10-P17-P18- P24 -P27-P29	Snowballing reference	9
P03	relatives	1
P04-P22	event	2 +(2 were already contacted through social media)
Total		30

3.4 Data Collection

Two types of data were collected: primary and secondary. Both were qualitative data. The primary data was collected using semi-structured interviews. Interviews with the Saudi BAs and key managers from the BANs were conducted to investigate the benefits BAs derived from BANs. Using interviews helped the researcher to maintain a conversational environment, which allowed the interviewees to discuss the topic and provide detailed answers while allowing the interviewer/researcher to guide the direction of the discussion based on the research objectives (Rubin and Rubin, 2012; Castillo-Montoya, 2016). The secondary data was collected by analysing documents and documentary data available on the

internet. The goal of using two types of data (primary and secondary) was to enhance the validity of the research instruments and findings. The ensuing subsections discuss the data collection in more detail.

3.4.1 Primary Data Collection (Interviews)

Researchers select the approach of collecting data based on justifying the effectiveness of such approaches in achieving the research goal. In the current study, the interview approach was adopted to collect the primary data because it this process is simple, inexpensive, and easy to conduct. Furthermore, interviews allows the researcher to collect rich data relating to the research topic and personal information about the participants (Castillo-Montoya, 2016) because they facilitate the direct interaction between the researcher and the participants, who talk about their personal stories and experiences relating to the interview questions (Turner, 2010). Another justification for using interviews is that they provide additional information about the social framework of participants as they can share their thoughts about the subject and provide different views relating to this framework. In this study, there was a need to know the opinion of BAs regarding BANs, giving yet another reason for interviews being an appropriate method of collecting data.

An important advantage of using interviews for collecting data is that participants can share new insights into the research problem, provide new sources for the research, and even indicate contrary views on the research subject. However, a danger associated with interviews is that of the interviewee taking the research into broader areas not directly related to the study's focus. To ameliorate or even avoid this, the researcher must adopt a clear and focused strategy when selecting the interview questions (McNamara, 2009). Therefore, to achieve the research objectives and benefit from the advantage of interviews without losing the research focus, the researcher adopted a semi-structured in-depth interview approach. This approach depends on asking both open-ended and closed questions, which allows interviewees to provide as much detailed information as desired while allowing researchers to ask follow-up questions (Turner, 2010). This approach is one of the most common methods for collecting qualitative data.

The semi-structured interview strategy enabled the researcher to gather accurate and comprehensive data, which includes information about the benefits of the BANs services to BAs, the role of BANs in facilitating the investment process of BAs, the impact of joining BANs on the social ties of BAs with other parties in the market such as entrepreneurs and other investors, and the opinion of BAs on the performance and role of BANs in the market. Using follow-up questions that were based on the key areas of the research and ‘guiding’ the interviews accordingly, the researcher ensured that only the most relevant details were gathered from participants.

The participants answered the interview questions the interviewer/researcher had already written and set, without limiting their responses as a semi-structured in-depth interview approach was used. This means that the participants had the opportunity to express their insight and diverse views on the interview questions. To achieve this, the steps illustrated in Figure 3.1 were undertaken.

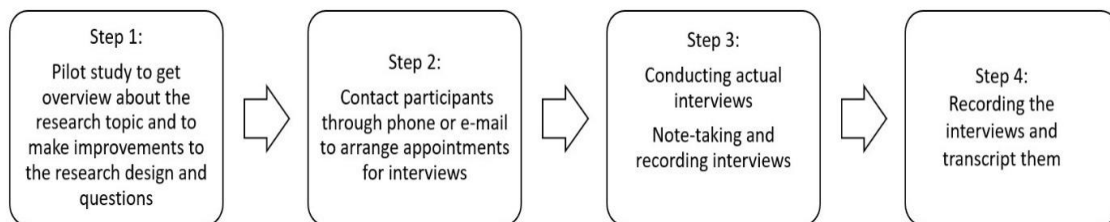


Figure 3.1: Steps for the Interview Process

3.4.1.1 Step One: Pilot Study

The first step in the interview process was to conduct a pilot study to determine the suitability of the interview instrument, to understand the clarity of the research problem or objectives as communicated to interviewees, and to make improvements to the research design and questions where necessary. Another was to ensure that the interview questions were suitable and appropriate enough to help participants remember important information about their experience and view on the research topic (van Teijlingen and Hundley, 2002). Furthermore, the pilot study enabled the researcher to estimate the timing of the interviews and the type of questions that should be asked within that time frame without compromising the quality of the collected data.

The pilot study included two participants from BANs: one was the head of SIRB network and the other was a director (member of the board of directors) in OQAL-Jeddah branch. Both were BAs who have experience in the KSA angel and entrepreneurial market. The pilot study interviews were conducted over the phone. The interviews took between 45 and 60 minutes each, and in them interviewees were asked for an overview of the angel market and about the establishment of the BANs, the process of investment opportunities filtration of BANs, and the activities and services of BANs. These interviewees also provided information regarding the management system and the membership process of BANs. The pilot study allowed the researcher to form a general overview about BANs and the angel market, besides gaining an insight into how to enhance the interview questions. After the pilot interviews, the research questions were adjusted to ensure that required information would be subsequently discussed with the real sample participants. Irrelevant questions were deleted while unclear questions were clarified to ensure that they solicited the required answers from participants.

3.4.1.2 Step Two: Contacting Participants

The researcher contacted the targeted interviewees through phone or email to arrange appointments for face-to-face or phone interviews based on participants' ability. This step of arranging appointments with the participants allowed them to be prepared for the interview as they determined the suitable time and date for theirs. Participants were also provided with an overview of the interview questions in advance to the actual interviews.

3.4.1.3 Step Three: Conducting the Interviews

The third step involved conducting the actual interviews, where the researcher interviewed participants through face-to-face interviews or through phone interviews based on their availability and ability. The researcher conducted the interviews by asking the pre-written interview questions but allowing participants to provide new information and to discuss their opinions without letting them to go to unrelated areas. The interviews were conducted in Arabic as it is the participants' first language, which allowed them to provide comprehensive information freely without possible language barriers arising from conducting them in a second or other language. Each interview lasted around one hour. Generally, the researcher

conducted one interview per day, although there were a few days when the researcher conducted two interviews. Mostly, the interviews were separated by at least one day. Conducting one interview per day and leaving at least a day between interviews allowed the researcher to conduct initial analysis of the interviews and enhance her interviewing skills by learning from the previous interviews. The data collection process using interviews took place over three months, between October 2017 to December 2017.

3.4.1.4 Step Four: Recording Interviews

The interviews were audio recorded using two devices to ensure having clear recordings of each interview. The recording of interviews took place after obtaining permission from participants. Detailed notes of important points were also taken during the interviews. At the end of each interview, the content was transcribed to enable the researcher to read the interviews and reflect on the content, checking for both clarity and completeness. The data from the interviews was then coded and analysed using qualitative analysis methods.

3.4.2 Secondary Data Collection

Secondary data was also collected, with its purpose being supporting the primary data and providing more evidence for the research findings. Some data could not be obtained from the interviewees. Hence, using secondary data started from the beginning of the data collection process when the researcher used secondary sources to collect information about the names and contact details of BAs through BANs and via related organisations' websites and social media accounts. During this process, the researcher collected secondary data about the profiles of BAs' and BANs' activities, which helped the researcher form a background on BANs in KSA and of the characteristics of BAs. This helped set the interview questions based on the information collected and knowing the participants before interviewing them.

Using personal websites of participants and their social media accounts such as LinkedIn, the researcher collected information about the participants' backgrounds, education, work experience, social networks, and investments. Furthermore, the researcher used BANs' websites to gather secondary data about the BANs. The initial search included data on BANs in general such as identifying the cities where BANs operate. For example, the search helped in identifying the branches of OQAL in the cities of Riyadh, Jeddah, Dammam, and Qassim,

while SIRB BAN was operating mostly in Jeddah. Having this data was important to determine how BANs were spread in KSA, BANs' activities, and how BANs interacted with the BAs market. The collected secondary data included information about BANs' members and managers, BANs' events and activities, and some investments facilitated by BANs.

The secondary data was also essential for finding information about the organisational structures of the two BANs studied. An additional important secondary data facet considered concerned the history of the two BANs and how they were established, which helped in understanding the experience of those BANs in the field of angel investments. Such information about KSA BANs is difficult to obtain through interviews as participants might have limited knowledge about the BANs' history and achievements, or they might not be certain about some details relating to BANs, and participants thus understandably preferred not to talk on behalf of BANs. Also, participants who were members of BANs might have joined the BANs or participated in managing them for limited periods, which would make it difficult for them to know the details of all achievements and developments of BANs throughout these institutions' lifetime. As such, secondary data was necessary to understand the history of BANs and obtain comprehensive information for understanding BANs.

Another approach of data collecting was through attending pitching events to gain knowledge about the process of presenting investment opportunities during the pitching events of BANs, the amount of information provided to attendees before the events, and the type of data and information presented by entrepreneurs in their presentations. During the pitching events the researcher was able to see how BAs and entrepreneurs meet and interact and how the matching process between the two parties was conducted. Also, through these pitching events the researcher experienced the environment developed by BANs to gather BAs, entrepreneurs, policymakers, and important figures in the market. Given the nature of the study's research question, collecting data from a single source was therefore not enough to provide a comprehensive explanation of the activities of BANs and BAs. Therefore, a mix of primary data from interviews and secondary data from documents and websites and via attending pitching events helped the researcher to integrate the data from the various sources to form a more complete view of the activities of BANs and BAs. The data collected was analysed using qualitative analysis methods.

3.5 Data Analysis

The current study is qualitative research; hence, a qualitative data analysis approach was used to analyse the collected data. Specifically, this research conducts a thematic analysis, which involves identifying patterns in the data (themes) that describe the study phenomena based on the research question and the main research objectives (Braun and Clarke, 2006).

Data analysed included two types of data: primary data and secondary data. The analysis of the primary data involved generating themes from the interviews, where each theme was supported by quotes from the interviewees' answers. The analysis of the secondary data was based on information about the research participants (BAs) and information regarding the BANs. For both types of data, thematic analysis was employed. This involved identifying, analysing, organising and describing the patterns observed in the data and reporting the emerging themes based on the study's main objective (Braun and Clarke, 2006). The results of the analysis of the primary and secondary data were combined to form the collective results and to generate the findings.

A thematic analysis offers various advantages for research, including that it is flexible and can therefore be modified to meet different aspects of a study, it can surface detailed information, and it can produce trustworthy and insightful findings (Braun and Clarke, 2006) but also unexpected findings (King, 2004), which suggests possibilities for enriching ultimate outcomes. A thematic analysis also facilitates the handling of large amounts of data and reducing this original data to an intelligible report in which core findings have been identified, presented and analysed (King, 2004). Furthermore, these authors (Braun and Clarke, 2006; King, 2004) suggest that such an approach is very useful for analysing diverse participants' varied views and comparing these accordingly. Like other methods of data analysis, though, a thematic analysis has some shortcomings. The nature of the analysis is time intensive and can present challenges in a time bound study. The method is also open to bias as the researcher cannot be separated from the analysis. While its flexibility can be an advantage, it also presents possibilities for inconsistency and incoherence in terms of formulating themes (Holloway and Todres, 2003). In this study, limitations of a thematic analysis were also addressed by detailing every stage of the process in terms of what it involved and what it was intended to achieve.

In this study, the thematic analysis was about identifying various themes relating to the issue of BANs and how they contribute to the angel market in Saudi Arabia. The steps followed were adopted from Braun and Clarke (2006), who developed a six-step framework. Although the steps are presented as sequential, consistent with the nature of qualitative studies, the analysis process involved iterating among the steps consistent with issues emerging from the data. Furthermore, and consistent with (Lincoln, Guba and Pilotta, 1985), the researcher exercised reflexivity by maintaining a record of the data analysis decisions made and the factors influencing these decisions such as personal values and interests. The next section presents the six steps that served as a framework for the analysis.

3.5.1 Step 1: Familiarising with the Data

After the translation and transcription of interview data, the first step of data analysis was to become familiar with the data to determine the key areas for the analysis. This step included reading all the interview transcripts to understand how participants responded to the questions, and it allowed the researcher to link the data and form an overview since there was much text generated from interviews. It also enabled the researcher to link the primary and secondary data and consequently form a clearer picture of participants' backgrounds and experiences. Furthermore, it linked information about the BANs' activities, filtration process, membership system, events, and management structure. Therefore, this step helped to identify the main areas that would be coded, besides determining the extent of corroboration between primary and secondary data.

3.5.2 Step 2: Generating Initial Codes

The second step of the thematic analysis is coding the data, whereby the researcher identifies text paragraphs that relate to a common theme (Gibbs, 2018). This step can be achieved through a manual approach or through using applications for qualitative data analysis such as Nvivo. Indeed, this study used Nvivo as an analysis tool as it enabled the researcher to have an organised and structured approach to analysis via writing notes, drawing maps, and keeping all related documents in one place, which made it easier for analysis and for accessing all the information when required. Using Nvivo also enabled the researcher to conduct specific words or phrase searches from the large amount of data, which helped in

coding and recalling text as needed. To achieve the best outcomes from data coding, an inductive approach was used, which relates to interpretivist phenomenology. An inductive approach means that coding is started from scratch through establishing codes that appear from the qualitative text itself (from the data set). Using an interpretative approach thus allows for creating meanings rather than just using mechanical outcomes (Braun and Clarke, 2006).

For this study, several codes were generated as main areas of concern. As this research attempts to explore the value of BANs and their role in facilitating BAs' investments, the main codes were formed based on BANs' benefits such as increasing deals flow, matching BAs and entrepreneurs, training entrepreneurs, raising awareness about angel market, networking, and facilitating co-investing. Figure 3.2 shows initial codes associated with the theme 'Benefits of BANs', for example. Codes and themes were subsequently developed by generating main themes and subthemes.

Name	Files	References
BANs Benefits	1	1
awareness and encouragement	12	22
facilitate co-investing	10	18
facilitate investments	3	3
Increasing deal flow	15	43
matching service	6	11
networking	20	53
training entrepreneurs	11	17

Figure 3.2 Snapshot from NVivo Showing the Initial Codes

3.5.3 Step 3: Theme Development

The third step of the thematic analysis is to create the themes. This step was achieved by reading all the codes generated in Step 2 to identify patterns among these codes. The main goal of this step was to develop specific themes from many codes. The themes are generally broader than codes, which means that each theme included several codes combined from different interview participants and secondary sources. At this stage, codes considered irrelevant were eliminated.

3.5.4 Step 4: Reviewing Themes

The fourth step involved reviewing all the themes generated in Step 3 to ensure that the generated themes were accurate and representative of the data. Through this step, the data set was reviewed again to compare the data with themes in order to determine whether there were missing links. In addition, this step included several editing of the themes such as deleting unnecessary themes, matching themes, splitting themes, and even generating new ones as needed.

3.5.5 Step 5: Defining and Naming Themes

After generating themes and reviewing them, the next step was to name and define themes individually. This step included identifying the meaning of each theme and evaluating the relationship of each theme to the data. This process of defining themes helped the researcher develop meaning from the data using defined themes. Therefore, the researcher provided names/titles that were understandable and that related to the themes.

3.5.6 Stage 6: Produce the Report

The final step of the thematic analysis was to describe each generated theme, which in sum represents the research findings. In describing the themes and writing the findings of the research, the researcher selected related quotes from the interviewees that supported the themes and findings. Table 3.2 shows the main themes, subthemes, and codes resulting from this six-step analysis.

Table 3.2: Main Themes, Subthemes and Codes

Main Theme	Subtheme	Data Extract (Including Codes)
Characteristics of BAs	Gender and Age	“I am 44 years old, a Saudi national, married and have six children. I am the CEO of Nomad Holding Company.”
	Education and Work Experience	“I have a marketing bachelor and MBA from Washington University, and I also worked in the SABB bank.”
Benefits of BANs	The Value of BANs’ Services to BAs	“The investor gets access to opportunities that are already filtered and qualified.”
	The Value of BANs to Angel Market	“They have started to expand in this field, so the target clearly was to develop the market...and develop the people in the market.”
BAs’ investments	BAs who are members of BANs	“I invested through OQAL in many sectors; logistic, kids’ nursery, transportation, and applications.”
	BAs who are not member of BANs	“I have many investments such as ‘AMER’ application and ‘NAGWA’ application. ‘AMER’ is specialised in maintenance, home and office solutions... ‘NAGWA’ is for food delivery.”
BAs’ Social Networks	Role of Social Networks	“I always try to consult the investors... This person’s opinion would be better than the person who didn’t invest.”
	BAs ties with other participants	“The good thing is that in each meeting by OQAL, you get more connections with the investors and colleagues, new entrepreneurs.”

3.6 Ethical Considerations

Ethical considerations are critical for qualitative research studies that involve human participation (Mohd Arifin, 2018) to reduce problems that can impact on participants. To ensure that the researcher considered such pertinent ethical issues, the first step taken was to seek permission to proceed with the study from the university's ethics committee. As this research involved gathering data from individual investors, it was important to ensure that this committee's guidelines were followed. The ethics applications involved submitting documents containing details about the research and its intended outcomes, a copy of the interview questions, details about the target sample, and details about intention to record and use the data.

Another ethical consideration taken related to working with the research participants and interviewing them. Participants were given an information sheet that clarified details about the study including its purposes, its procedure, and any risks involved. The researcher also gave participants a confirmation sheet signed by the researcher that highlighted how collected data from them was considered highly confidential and was going to be saved in a secure place, would not be given or exposed to a third party, and was going to be used for the purposes of the stated study only. Moreover, this signed confirmation sheet indicated that the researcher would keep the identity of participants unexposed to protect them from harm arising from exposing their identity and their information. An additional step was that participants were asked to sign an informed consent form declaring that they had understood the research details and were ready to participate. Finally, some participants asked the researcher to send them a summary of the research findings. As part of compliance with ethical considerations, the researcher will oblige with this request on completion the study.

3.7 Research Validity and Reliability

Several procedure and steps were taken to ensure validity and reliability of findings. For example, conducting a pilot study helped in forming a clear view of the research problem and determining the appropriateness of the interview questions for addressing the research questions. It thus provided validation and reliability for using interviews as a research instrument.

Another method that enhanced research validity and reliability involved using different types of data sources, which here took the form of a primary source from interviews and secondary sources from documents and online sources, besides observing the pitching process through attending pitching events of BANs. Thus, the data collection process enhanced the richness and therefore completeness of the data and hence the credibility of the research findings.

3.8 Research Limitations

Some issues encountered through this research brought certain limitations to the work, initially with the process of sampling and collecting data. It was very difficult to reach BAs as they prefer to keep their identities anonymous. This was compounded by the lack of records and databases that have a list of angel investors in the market. Thus, it was challenging to obtain data about BAs through online databases as BAs are unknown. Even reaching BAs through BANs was difficult as BANs were unwilling to provide information about their members such as their names, contact details, or investment information. Overall in this regard, the limitation concerned gaining information about only a certain number of BAs from the overall population.

To reduce the impact of this limitation, the researcher searched for secondary data on BANs and related entrepreneurship and investment organisations to find information about investors, entrepreneurs, and BAs who were members of BANs. This was achieved by searching in online sources such as websites of BANs and related organisation and their social media accounts, which helped in finding some investors' names and some BANs' members through seeing who attended events as evaluators, speakers, or participants during entrepreneurial events, where some of those could be investors or entrepreneurs.

Moreover, some BAs who participated in this study were reluctant to answer some interview questions. For example, some investors refused to provide detailed information about their personal investments and financial data as they preferred to keep it confidential. However, many BAs provided detailed information about their investments and gave detailed answers to questions. Furthermore, the researcher lowered the impact of unanswered questions by using secondary sources. This secondary data helped in finding information about the details

of BAs' backgrounds, experiences, and investments, which supported the data provided by the BAs during interviews.

Another limitation of this research relates to using interviews as an instrument to collect data. This is because interviews can involve some subjective data as most of the data was collected from the participants based on their personal opinions. This is different from quantitative studies where most of the data is objective in nature. To reduce the impact of this limitation, participants were asked follow-up questions to ensure the verification of provided data and for clarification of responses. Lastly, the sample size was relatively small and biased as there was no balance in gender distribution, where the sample had only two females and 28 males.

3.9 Chapter Conclusion

This methodology chapter conveyed the details of the procedures used in conducting the research and the researcher's decisions regarding the selection of the research philosophy, sampling methods, data collection instruments, and all other procedures.

BANs were the research unit, where 30 BAs were selected from two BANs besides including some BAs from outside BANs to compare between the two different groups regarding benefits from joining BANs. The interview approach was used for collecting the primary data from each participant. In addition, to enhance the validity of the research findings, the primary data was supported by secondary data on BANs and the 30 participants but also by attendance of pitching events organised by BANs to observe the process of pitching investment opportunities.

This methodology chapter also provided details of this study's thematic analysis approach that was applied to extract meanings and findings from the dataset. Approaches for ensuring the validity and reliability of the research findings were also presented together with the study's ethical considerations. Limitations of the study were highlighted alongside the mitigating measures for these that the researcher took. The next chapter presents the data analysis and the research findings based on the developed themes.

Chapter 4: Data Analysis

This study set out to establish the benefits of BANs membership to BAs in Saudi Arabia and why the value derived from BANs differs among BAs. This chapter analyses the findings derived from the qualitative data collected through interviews, documentary evidence available on the internet from various websites, and the researcher's attendance of BANs meetings. Given the qualitative nature of this research, a thematic analysis was used to analyse the data and this involved data coding, categorising, then presenting the analysis in the form of themes and subthemes, as illustrated in the sections that follow.

The analysis includes two types of data: primary data and secondary data. The analysis of the primary data involves generating themes from the interviews, where each theme is supported by quotes from the interviewees' answers. The analysis of secondary data is based on information about the research participants (BAs) and information regarding the BANs. The analysis of primary data and secondary data is combined to generate findings supported by evidence from both data types. The structure of this analysis chapter is divided into four sections, namely characteristics of BAs, the value of BANs, BAs' investments analysis, and BAs' social networks analysis.

This research attempts to answer the following question:

RQ: Do business angel networks provide value to business angels?

In addressing this main question, the following two sub-research questions were established:

Sub-Q1: What are the benefits of BANs membership to business angels?

Sub-Q2: Why is the value of BANs different among different business angels?

4.1 Section One: Data Description and Characteristics of BAs

Analysing BAs' characteristics furthers understanding of those BAs and how they view and evaluate investment opportunities based on their experience and background. It also gives insights into how those BAs receive investment opportunities and the sectors where they have connections and ties as well as, consequently, why those BAs join or avoid BANs. Therefore, analysing the characteristics of BAs and identifying their common or different

features helps answer sub-research question 2: ‘Why is the value of BANs different among different BAs?’ Thus, this section explores features of BAs in terms of gender, age, education, and work experience to identify similarities and differences among the BAs.

4.1.1 BAs’ Gender and Age

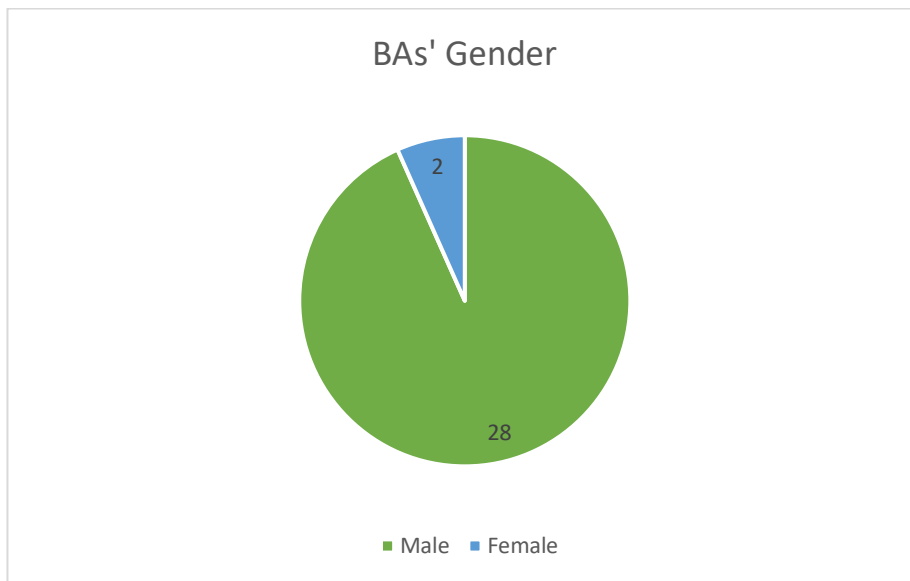


Figure 4.1 BAs’ Gender

Most participants (93%) are males (28 participants out of 30) and, inversely, few (7%) are females (2 participants out of 30) (Figure 4.1). This, however, does not necessarily represent the gender percentage of the Saudi angel market because participants were reached through snowballing and BANs managers. Hence, the included participants are those the researcher could reach. Notably, this research does not focus on BAs’ gender so did not differentiate participants based on gender, though this demographic finding indicates how male BAs are more accessible than female BAs in the market – a common feature in different markets around the world (Mason and Harrison, 2010; Mason and Botelho, 2014). For example, in the UK a survey for BAs showed that male BAs (88%) frequent the UK market much more than female BAs (12%) (Mason and Botelho, 2014). In the USA market, the number of female BAs is more considerable, with 20% of total BAs (Mason and Botelho, 2014).

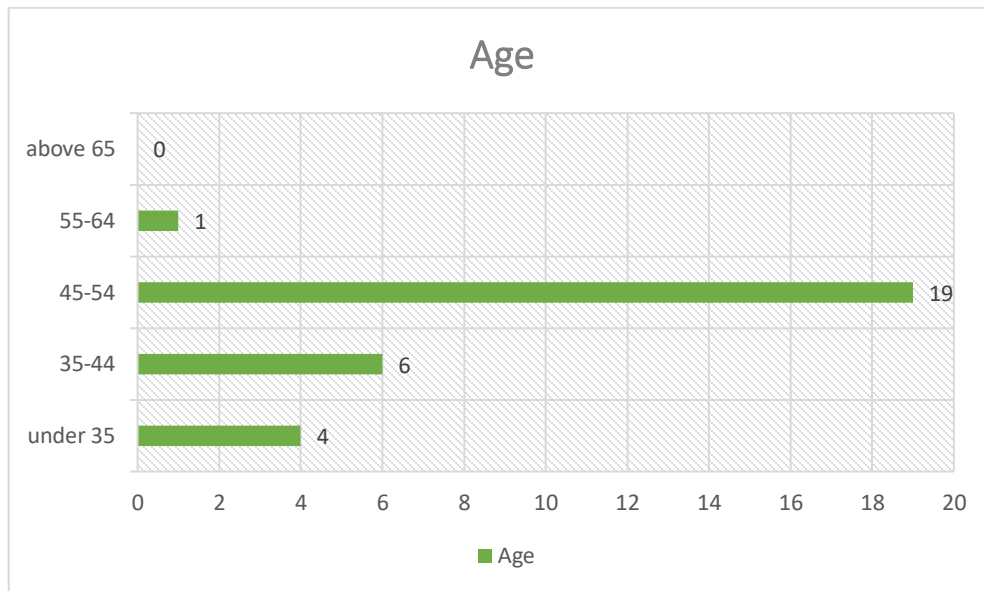


Figure 4.2 BAs' Age

Regarding BAs' age, most (19) participants are between 45 and 54 years old (60% of the total sample). The second most frequent age group is between 35 and 44 years, with 20% of participants (6). Only four BAs (13%) are younger than 35 years old while only one (3%) is more than 55 years old (Figure 4.2). As such, most BAs are above 40 years old, which makes sense as it reflects that the research participants generally have solid work experience – a characteristic apt for their involvement in angel investment. These findings confirm other studies' points about how becoming a BA requires years of experience in business and the accumulation of wealth (Ramadani, 2009; Mason and Harrison, 2011). Also, this data indicates that sample participants have strong and broad experience in managing businesses, as P23 explained:

I am an executive marketing manager in the Abdullatif Jameel Investment company, and I have almost 16 years' experience in business in general. I started in the Savola company, doing business development in the projects development department, and worked there for 3 years and then I moved to a food company...

4.1.2 BAs' Education and Work Experience

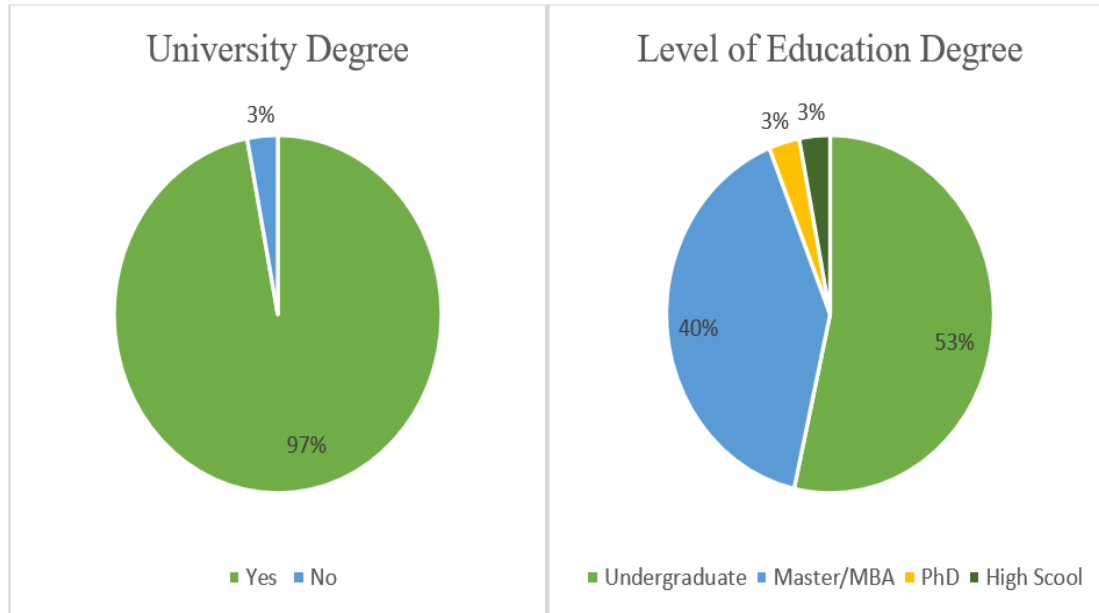


Figure 4.3 BAs' Education

The analysis shows that BAs are generally well educated and have broad and intense experience in business across various sectors. The data shows that 97% (29 out of 30) of the sample has a university degree, one has a high-school certificate, and another did not pursue a bachelor's degree as he started his business at an early age. Also, 43% pursued higher education, with 40% holding either a master's degree and 3% holding a doctoral degree, indicating that BAs are highly educated (Figure 4.3).

Regarding BAs' majors, it was found that 63% studied finance and business (11 finance degrees and 8 business degrees). The remaining participants have diverse educational backgrounds, such as engineering (3 participants), medicine (1 participant), computer (1 participant), fine art (1 participant), and English literature (1 participant). This shows that business and finance are the most popular majors among BAs, which makes sense as these majors likely motivate participants to work within the investment field. For instance, P15 explained his educational journey: *"I have a marketing bachelor and MBA from Washington University, and I also worked in the SABB bank."*

The above mostly tallies with various other studies. For example, Mason and Botelho (2014) indicated that BAs in the UK are well educated, with 76% having a university degree, where 34% either have a master's degree (14%) or an MBA (20%), while (7%) of the sample have a PhD. However, on BAs' majors Mason and Botelho (2014) reported that British BAs are somewhat diverse across, for instance, science, law, economics, and business, which differ from this study's finding of Saudi BAs mainly having a business and finance educational background.

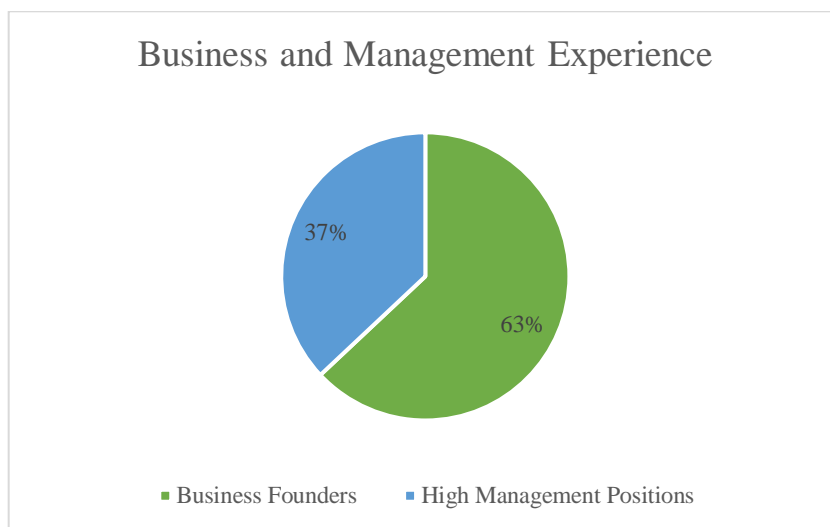


Figure 4.4 Business and Management Experience

On BAs' work experiences, this study shows extensive experience in business as participants are involved in establishing their own businesses or working in high management positions, which allows them to evaluate deals and add value to their investments. The findings report that 63% of the sample established their own businesses, while the rest (37%) worked in high management positions such as CEOs and as executive managers (Figure 4.4). P22 explains her experience in establishing her own business: *"I'm a businesswoman and have been in the field of PR and event organising for around 17 years ... I started my own business in PR."* Also, P19 noted his experience in a high management position: *"I am the Executive Manager of Draya financial investment company. I have worked in investment for more than 17 years."* This high level of experience allows individuals to gain qualifications to become BAs through learning about business and accumulating wealth (Dibrova, 2015).

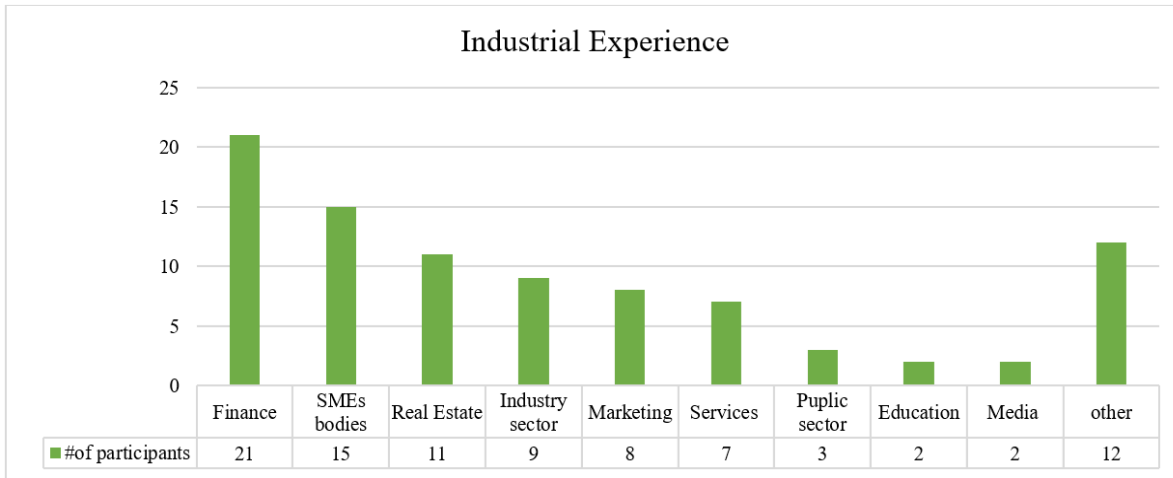


Figure 4.5 BAs' Industrial Experience

The analysis of BAs' work experience indicates that BAs work or have worked in diverse sectors, including finance, entrepreneurial organisations, real estate, manufacturing, marketing, education, media, and government. Some BAs have nevertheless worked in limited sectors – mainly in one or two specific ones – while others have experience in more than two different sectors. Common experiences among participant BAs concerns working in the finance and investment sector, the entrepreneurial and business sector, and the real estate sector (Figure 4.5). This is rational because such sectors contribute to developing BAs' investment skills and increasing their wealth. For example, working in the finance and investment sectors allows BAs to increase their knowledge about investing in businesses, while working in the entrepreneurial sector allows them to develop businesses. For Saudi BAs, working in real estate sectors has helped them accumulate their wealth because the real estate sector is growing in Saudi Arabia and is considered an important source of income (Abalkhail, 1999).

4.1.3 Differences that Lead BAs to Join or Avoid BANs

Analysing the characteristics of individual BAs clarifies different motivating factors for why BAs join BANs and answers the second sub-research question: 'Why is the value of BANs different among different business angels?' It also reveals reveal why some BAs avoid joining BANs.

4.1.3.1 BAs Who Join BANs

The BAs who join BANs generally view BANs as a way of accessing new investment opportunities and increasing their social networks. They perceive BANs as organisations that link them with entrepreneurs, as P20 explains:

We have the ideas for excellent projects and even have the feasibility studies for all of that but they cannot find the money, so this organisation gives you the opportunity to merge between such great ideas and funding.

Even those participants who consider the BAs and the entrepreneurial market still in their infancy in Saudi Arabia believe that BANs are important for developing this market, a factor that encourages BAs to join these organisations. Furthermore, BAs who are members of BANs believe that BANs have potential for future expansion because they were created to solve a problem in the market – that of the invisibility of the angel market and the corresponding lack of awareness about angel investments, P06 stated:

And even all the entrepreneurship drives and the angel investment are new in the country so sure these networks they do their best...but the way is still in its early beginning we can say. So, there are a lot of fields for improvement.

Thus, although there are areas for improvement, BANs are still strong motivations for some BAs to join the networks. The data shows that core motivations for joining BANs involve accessing investment opportunities and to “*participate more actively in the start-up companies and the growth market*” (P03). As P19 suggests, the main reason for BAs to join BANs is to obtain deals:

OQAL is a unique group...it became a platform to attract the money capital owners who are seeking to invest in emerging opportunities... it was a great chance for anyone to know about the available investment opportunities in the Kingdom especially.

Other BAs added that they are motivated to join BANs by their interest in the entrepreneurial market and their desire to access current information about the entrepreneurial sector, as P20 noted: “*I am interested in the subject of entrepreneurship as a part of the social responsibility as one has a role; a contribution in our society.*” Another was motivated by an interest “*to know the people who are running the same community. Also, their way of evaluation. [The way] They do filtration*” (P09). Furthermore, joining BANs is used by some BAs as a means of gaining the opportunity to interact with professional people in the market and increase

their networking: *“The first interest is to be intermingled with people thinking the same way...This is the main reason that prompted me to join the group, then I see whether there is an opportunity for investments”* (P13).

4.1.3.2 BAs Who Avoid Joining BANs

Despite the benefits and services BANs provide BAs, some BAs in the sample indicated that they have no interest in joining such associations for various reasons. To understand these reasons, the BAs were analysed in two categories: beginner BAs and active BAs. This categorisation allowed for accurate understanding of why such investors avoided BANs despite their apparent benefits.

Beginner BAs who are not members of BANs view BANs as very active groups that demand time and money that they cannot afford. In other words, such beginner BAs have only little investments and limited time and funds that limit their ability to invest in other opportunities. Explaining this situation, P23 one stated: *“I don’t really have that much money to invest; even the investments I shared in, they weren’t that big. I only had a little amount of money for investments.”*

Active BAs who are not members of BANs view BANs in a totally different way from that of beginner BAs because they work actively in the investment market so do not need any of the services BANs offer because their level of investment activities provides them with adequate deals and business contacts. For example, P10 has a company offering administration and consultation services to entrepreneurial businesses that develops businesses in return for shares in those business and which previously

... worked with entities/BANs and we made investment support programmes in the early stage. And basically, we work with the angel investors and the investment funds which follow the universities – for example, Mecca valley or Jeddah valley...We sat with OQAL people and we knew them, and we knew the things that they are dealing with and their way.

P10’s company, therefore, has no desire to join BANs because it already works with many entrepreneurs and angel investors, and this provides adequate deals flow and social ties in the market. As such, joining BANs adds no significant value to this and similar BAs. Active

BAs who do not belong to BANs hence perceive such BANs as organisations that can be replaced by being active in the market.

4.2 Section Two: Analysing the Value of BANs

To understand the value of BANs for BAs and whether joining BANs is advantageous to them, the first research sub-question asks the following: 'What are the benefits of BANs to BAs?' Previous studies have asked whether BANs should be established and supported by exploring the benefits of BANs to entrepreneurs, BAs, and the market, which helped to understand BANs' fundamental role and contribution to the market. For example, Mason and Harrison (1997) analysed the benefits and role of two types of BANs: public and private. Their analysis aimed to determine whether governments should support BANs or should be self-financed. The authors concluded that public BANs should remain in the market and be supported by the government because different types of BANs serve different types of businesses. Public BANs (non-profit BANs) aim to support smaller, local, early-stage ones, while private commercial BANs target larger and later-stage businesses.

Collewaert, Manigart and Aernoudt (2010) highlighted variations regarding the types of businesses BANs support, particularly indicating the benefit of BANs to financing risky high-tech businesses. Such variations in types of business nevertheless mean different types of BANs are needed in the market and that one cannot replace the other. The value of BANs has also been measured by analysing and recording the range of services they offered over a specific number of years compared with the available events and presentations offered by institutions other than BANs (Knyphausen-Aufse and Westphal, 2008).

This study analyses the impact of BANs and their benefits to BAs, with the former being based on BANs' services and their deals offered and thus leading to understanding of the latter, such as the filtration process. This study indeed analyses the filtration process and readiness training BANs provide but also the investment opportunities BANs offer to examine the quality of these and highlight the features that attract investors to invest in such opportunities. The analysis also evaluates investment opportunities offered by BANs that have yet to receive funds from investors to understand any limitations of offered opportunities. As the main objective of BANs is to match investors and entrepreneurs,

analysing the deals BANs facilitate is vital. Furthermore, evaluating BAs' networks to understand the impact of BANs membership on increasing BAs' contacts, facilitating investment syndicates, and understanding the reasons for BAs to join or avoid BANs is also crucial.

The analysis shows that some BAs from the sample emphasise the importance of BANs and the benefits these individuals derive from them, while other BAs did not support the existence of BANs. This section shows the different perspectives of BAs regarding BANs' membership, benefits, and impacts. The analysis includes several tools to evaluate the impact of BANs and their benefits to BAs.

4.2.1 The Value of BANs' Services to BAs

This covered three areas: matching BAs and entrepreneurs, filtering investment opportunities, and providing 'readiness training' for entrepreneurs.

4.2.1.1 Matching BAs and Entrepreneurs

BANs are about solving the difficulty of BAs and entrepreneurs finding each other, as BAs desire to remain anonymous (San José, Roure and Aernoudt, 2005). P23 mentioned that he prefers to keep his information private to avoid too many people asking for funds. As he explained:

We feel afraid that the people might come to us and ask for money ... We feel embarrassed that our families may come and say why did you give that money to strangers and didn't give it to us. We are so conservative when it comes to this.

One might ask why BAs would join BANs and pay fees to get deals when they can get these from free sources such as banks, accountants, lawyers, or business events (Knyphausen-Aufse and Westphal, 2008). In fact, receiving deals from BANs has more benefits than other deal sources because BANs offer BAs a large number of filtered investment opportunities on a regular basis without their information (Wilson, 2011), unlike other sources that provide BAs with a low number of deals on an occasional basis. This means that the fees BAs pay for BAN membership are considered very low in relation to the quantity and quality of deals they access through them. P21 emphasised the number of deals offered by BANs: "When you

join OQAL you get offered maybe more than 40 projects...120 projects all over KSA.” In addition, beginner BAs who do not have social ties with bankers, accountants, or lawyers would not be able to access a sufficient number of deals because they are new to the market and do not have enough sources.

4.2.1.2 Filtering Investment Opportunities

The analysis shows that Saudi BANs (specifically OQAL and SIRB) conduct filtration on investment opportunities, starting with a quick screening of entrepreneurs’ proposals by administrators to eliminate unrelated businesses. At this screening stage, evaluators do not need in-depth evaluation as they simply quickly read application summaries (Shane, 2008). The second stage of assessing the investment opportunities in detail involves reviewing the business plans, checking references, licences, and addressing any other related issues. This stage is conducted by the evaluation committee (named ‘opportunities committee’ in OQAL), with ‘gatekeepers’ being expert investors and businesspeople. The findings show that Saudi BANs’ gatekeepers use investment criteria to evaluate investment opportunities and select only high-quality opportunities. P28, a gatekeeper in OQAL, talked about key facets of this evaluation process:

The first thing for us is the idea quality ... ideas don’t have to be new, but they need to have a good market demand...The other point is about the stage of the idea. Some of the presented projects already started the ideas and already have commercial existence, and such projects have more potential. The other point is about the people working on the idea. There are also the financial issues, whether the offers are reasonable or not, and all such issues should be considered.

P28’s explanation indicates that the evaluation process considers all aspects of investment opportunities, including the business idea, entrepreneurs’ qualifications, the business stage, market demand, and financial analyses of the business. Therefore, gatekeepers need to assess all the business’s documents, such as financial statements, the business proposal, and the business model. Notably, *“The business model is important as it indicates how he will run the business. For example, he will start from a specific area; indicate the returns, the method of advertising/marketing and so on”* (P02). P02, a gatekeeper in OQAL, also supports the importance of the role of gatekeepers in selecting high-quality opportunities, indicating that all features of businesses are evaluated:

The size of the market...the growth of the market...the profit margin...the competitors...the competitive advantage...the amount they need and the investor share, and how many years after will the investor get the returns. Also, the cash payback period is important...and the team itself.

There may be a doubt that BANs filtration process is unnecessary and that BAs can filter and evaluate the investment opportunities by themselves, without the help of BANs' gatekeepers. However, the research participants indicated that BANs' filtration process is very helpful and beneficial for them because BAs receive many unreasonable and poor-quality investment opportunities. Therefore, receiving pre-evaluated deals from BANs reduces the wasted time of BAs on such deals, *"If they were not filtered, there would have been lots of nonsense presented there"* (P05). In addition, many beginner BAs lack investment skills or evaluation experience, reducing their ability to distinguish between good and poor quality investment opportunities. Hence, offering filtered investment opportunities to beginner investors is very beneficial for them as it helps them start their investment journey on solid ground.

4.2.1.3 Providing 'Readiness Training' for Entrepreneurs

Saudi BANs conduct further steps for the filtration process, including interviewing the entrepreneurs: *"They [gatekeepers] hold face-to-face interviews with the entrepreneurs"* (P26). The selected entrepreneurs with potential businesses will then go through a readiness programme. Not all BANs conduct these, though, as others offer the select deals without training the entrepreneurs (Romaní, Atienza and Amorós, 2013). Both Saudi BANs under analysis do conduct such readiness training.

Knyphausen-Aufse and Westphal (2008) argued that the readiness process causes adverse selection issues for BAs because it may publish investment opportunities and entrepreneurs, leading BAs to select unqualified entrepreneurs. However, the findings of this study show that the readiness programme helps entrepreneurs enhance their business proposals by guiding entrepreneurs to provide clear and accurate information about their businesses, as P01 explained: *"Then the selected opportunities are being trained on how to present their work for the investors in the meeting"* (P01). Moreover, the readiness programme reduces the rejection ratio by helping entrepreneurs to be ready for investment (Romaní, Atienza and Amorós, 2013), because the quality of the proposal and the accuracy of the business details

help attract BAs' attention and allows BAs to assess the deals properly to make their initial decisions. P13 confirmed the importance of readiness program by stating,

... is the development of the presentation itself, so as to make the presentation suitable for investors. I also mean the elements of the presentation, as this is an essential part; the preparation of the presentations are clearly to attract investors. The second service is to support the direction and guidance for those who need guidance.

Mason and Harrison (2010) found that BAs invest in 28% of the deals offered in BANs' pitching events, but these investments present only 2.8% of the deals received by BANs before the filtration and readiness program. Thus, Mason and Harrison (2010) indicated that such a programme increases the investment rate and reduces the rejection rate.

The last stage of BANs' filtration process is to conduct the pitching event. The findings indicate that Saudi BANs put significant effort into pitching events because they regard them as a means of educating BAs and increasing BAs' social networks, though the primary purpose is to offer investment opportunities to BAs. What makes these pitching events important is that, according to this study's findings, the pitching events of the Saudi BANs have remarkable features that make them unique and beneficial for BAs and entrepreneurs. For example, the events start with a talk from an expert speaker in the selected sector of the event (each event is based on a specific sector), where the speaker provides information about the sector regulation, potentials, and market issues. This feature is beneficial because it educates BAs about the selected sectors especially beneficial if they come from different backgrounds.

After the speaker, entrepreneurs present their proposals to BAs (3–5 minutes for each presentation), where BAs have several minutes to ask entrepreneurs for further explanation after each presentation. In the end, attendees, including entrepreneurs, BAs, and businesspeople, can socialise, engage in conversations, and exchange details for more information and connections. This event environment not only allows BAs to get details about offered deals but also facilitates their increasing of their business connections. Figure 4.6 illustrates the filtration process used by the Saudi BANs.

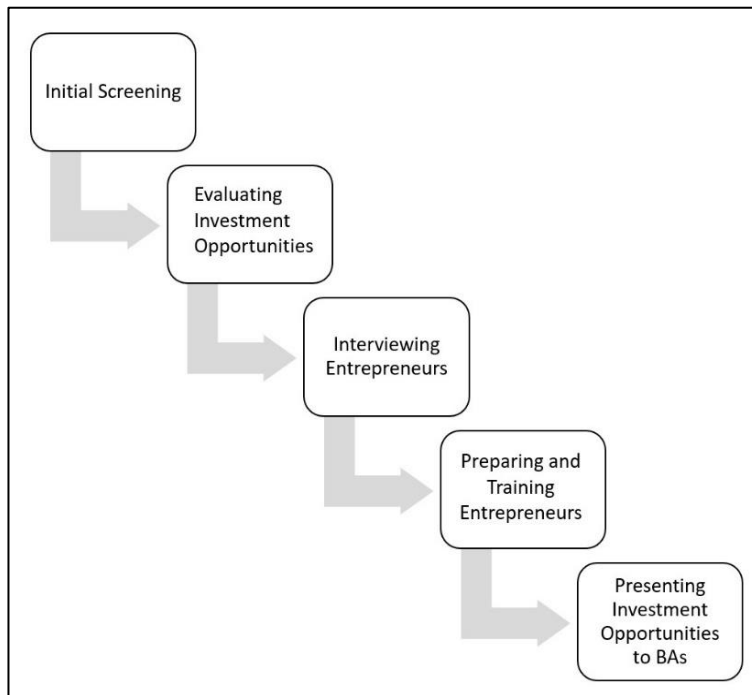


Figure 4.6 The Filtration Process

4.2.1.4 BAs Perspectives on BANs' Services

BAs' have mixed perspectives on BANs' services, both positive and negative.

4.2.1.4.1 Positive Perspectives

Investors who are members of BANs provide positive views about increasing their deals flow and helping them receive various investment opportunities from different regions and sectors. As P21 said:

There are 120 projects all over KSA and you may like one of them, and you may like the business field and then you start investing. Exiting would also be easy because you will have a good network.

Also, members of BANs indicated that the investment opportunities BANs offer are unique and cannot be found through their personal sources: *"For sure I will not know about many of these opportunities that are being presented if they are from personal sources"* (P06). BANs' members attribute the uniqueness of deals to the experience of the BANs' gatekeepers, who are seen as understanding trends in the market in different sectors and being able to select high-quality and high-growth investment opportunities. P22 explained: *"according to the committee of the opportunities, they see what the trend is, what the wave is, and what the*

demands are of people outside and what is the focus that we need to focus on.” The committee’s activities make such deals stand out among deals from other sources, as P26 confirmed: *“I have never seen what they are doing somewhere else...I have to be thankful for everything they do because no one else does what they do.”*

In addition, most BAs who are members of BANs appreciate the filtration role of the committee, as P26 does: *“These people [gatekeepers] volunteered to set and filter the opportunities that are offered to OQAL through the internet... I have to be thankful for everything they do.”* Saudi BAs admire the work of gatekeepers who delegate time and effort to evaluate and filter investment opportunities, especially because no other organisations in Saudi Arabia offers this filtering service. BAs appreciate the filtration process because they believe it helps them reduce wasted time and work on poor-quality deals. P05 explained:

The investor gets access to opportunities that are already filtered and qualified, so they get the ideas after being filtered instead of sitting with each opportunity before knowing whether the idea is worthy or not.

Regarding readiness training, members of BANs appreciate this coaching because it helps entrepreneurs become more qualified for investment as through it they gain better knowledge about improving their businesses. Highlighting the importance of the training, a BA stated that the BANs *“... already give an added value to the entrepreneur through this stage... They guide him [entrepreneur] on how to think financially, how to think of the viability, from the market and from HR, so they help him”* (P06). Further, BAs support readiness training because it coaches entrepreneurs on delivering clear presentations that explain the business details and the investment plan. One confirmed the valuable contribution: *“I want to thank them for spending some time with the new entrepreneurs as they taught them how to be businesspeople. They also taught them how to tell their opinions and their ideas as a simple presentation and convey to us what they want to do”* (P08). In addition, BAs appreciate readiness training because it enables entrepreneurs to be realistic when identifying the offered company’s share and the required funds and how they would be spent. For P01:

The opportunities committee evaluates the financial support and required investment. Do their financial expectations fit with their project? The entrepreneur may ask for a big amount of money from the individual investor, while the financial returns that the investor is going to have are just humble, so there must be a concordance.

BAs indicated that BANs encouraged them to enter new investments and new sectors by offering high-quality deals and educating BAs about new sectors that differ from those of their original background. In addition, BANs facilitate the entry of new BAs into the investment field by providing lectures and training sessions about angel investment aspects such as legal issues and risk involved. However, BANs do not involve themselves in or attempt to influence BAs' investment decisions as they try to remain neutral.

BANs also do not provide post-investment services to BAs, so they have no impact on BAs' exit decisions. However, BANs nevertheless do facilitate exit processes by increasing BAs' connections with investors; as such, the *“exit would also be easy because you will have a good network”* (P21). Also, BANs can provide information and educational sessions about processes for exiting from investments and provide examples of real exits that have happened in the market to allow BAs to learn from such experiences. BAs indicated that the Saudi market provides several methods for exiting from investments, such as selling their shares to individual or institutional investors, management buyout (MBO), or IPO – as P14 conveyed: *“there is no clear method: everyone has a different method, and every project has a different condition depending on the project.”* However, the common exit strategy for BAs is selling their shares to other investors. For this, BAs facilitate their social ties to search for new investors and convince them to buy their shares. P15 notes how this is done: *“Searching for investor is done through networking.”* BAs play an important role in developing and growing the investee businesses to make them attractive for new bigger investors, thereby facilitating their own exits. BAs thus help companies access follow-up funds from other investors as BAs' investments provide positive signals regarding a business, and these signals encourage other investors to co-invest or provide follow-up funds (Landström and Mason, 20).

P06 emphasised the important of business growth for the exit process, *“what are its opportunities to be sold to another company, to other investors...or listing. Now, when growth happened, this helps, of course.”* Also, BAs sometimes exit partially to help the business access more funds so that it can expand and grow, as when expansion is sought BAs *“might add more investors whether through selling shares or increasing the capital”* (P24). Another investor provides an example: *“I've did a partial exit...a big investor liked our job*

in the constructions company, we sold him a part of our shares, and our turnover then became 30–40 million a year instead of 6 million” (P05). Another investor shared examples of his own exits, “CAREEM [company] I sold some of the stocks I had when CAREEM value got high; the other one in DOBRAVO we distributed profits – that was considered an exit, and I got my money capital back from my profit share” (P25). However, sometimes BAs exit from their investment because the company is not successful and they are trying to reduce their losses, as P24 noted: “Sometimes the failure of the project, or the feasibility of the project itself, is weak or not enough.”

One of the BAs stated that exits are difficult for BAs in Saudi Arabia because the angel market and the entrepreneurial ecosystem is not mature and the regulations are not very supportive for facilitating exit processes, besides there being a lack of VCs who are willing to invest in small businesses. Indeed, P25 said that the *“ecosystem in KSA is not completed or mature yet...there is no venture capital and micro venture capital... big venture capital, they seek the huge projects” (P25). He added that “we have an issue about the regulations, we don’t have stock option or micro venture capital...many things are missing actually, the government and the regulations could help the individual investors” (P25). However, the Saudi Arabian market is growing and developing because the government is attempting to support the entrepreneurial and investment sectors to achieve Vision 2030. For example, the government established SVC (Saudi Venture Capital Company), which invests in SMEs directly or invests collectively with BAs to encourage BAs to invest more, as one commented, “there is a matching programme that I offered to the government...that I invest one million and they put one million...they encourage me to increase my investments” (P25). In addition, the government recently established the Saudi Parallel Market (Nomu), which is an equity market with lighter listing requirements to ease SMEs’ IPOs. This Nomu market allows SMEs to access funds and help BAs and VCs to exit from their investments by selling their shares in the stock market, as P24 noted: “Exit would be easier in the market; Nomu has eased this.”*

4.2.1.4.2 Negative Perspectives

Despite the BAs' appreciation of the filtration process and the readiness training that BANs offer, one BA (P05) criticised the process, arguing that investors should be careful when reviewing the opportunities BANs offer because gatekeepers might push investors to invest in these to increase investment rates. As P05 explained:

When I attend an event by OQAL or SIRB as an investor, I've got some speculations on the opportunities they're offering. I know that they would get benefits from having an investor coming from their side, so they're going to push... pushing for the investments they're offering.

P05's statement does not mean that gatekeepers manipulate investors, but they do provide entrepreneurs with skills to present their businesses properly and attempt to push investors to invest: *"I don't view it as misleading; I view it as a necessary skill. Let's be honest, do you deal with me as the real you at home? Of course not, and the same applies to me"* (P05). This might imply that sometimes training entrepreneurs can cause an issue of adverse selection in cases where the entrepreneurs are not fully qualified, but the training programme allows them to polish their proposals (Knyphausen-Aufse and Westphal, 2008).

However, as BANs' managers stated, helping entrepreneurs to improve their businesses, documents, and presentations does not mean that gatekeepers attempt to manipulate investors by polishing poor opportunities and/or changing facts about opportunities. Entrepreneurs' training means that gatekeepers help entrepreneurs to be more accurate and realistic when presenting their businesses (Landström and Mason, 2016) as BANs select only qualified entrepreneurs who already have the required experience. In this regard, the training programme is merely for providing additional support. In other words, BANs do not provide basic business training as they seek qualified entrepreneurs who only need small boosts. As such, entrepreneurs should already be qualified and have the basic required experiences relating to their businesses. P02 (gatekeeper of OQAL) stated that BANs follow strict standards for accepting entrepreneurs' applications: *"So that the entrepreneur needs to be ready, you need to know about business models and everything ... They need to have at least the basics."*

Even P05, who sometimes has reservations on the opportunities offered by BANs, appreciates the gatekeepers' efforts in preparing entrepreneurs and filtering deals from his own experience in SIRB's evaluation committee: *"But there's a huge benefit I've known after working in evaluation. If they were not filtered, there would have been lots of nonsense presented there, so at least those projects have the potential."* Another BA (P08) who is a member of BANs points out that entrepreneurs overvalue some investment opportunities offered by BANs:

He [the entrepreneur] exaggerates in evaluating the idea itself. Some ideas were presented for us, but the owner was valuating his company with 5 million and 10 million. For what reason? He hasn't proved himself yet.

Overestimation of a business's value leads entrepreneurs to offer a small number of shares to BAs in return for considerable funds. This reduces investors' desire to invest because *"a high value makes the investor feel scared to take the risk"* (P08).

However, when P08 talked about overvaluing he did so while discussing barriers that prevent him from investing in small businesses. This means that many entrepreneurs overvalue their businesses *regardless of* whether they reach BAs through BANs or other through channels. Basically, it is not a BAN-specific phenomenon as perhaps implied. Also, some investment opportunities BANs offer are valued highly simply because they are high-quality investment opportunities and the selected entrepreneurs might have very innovative ideas. They pass many filtration steps and receive quality training that enables them to excel in the market, making them think that their businesses are worth more. The overvaluing risk is still real though despite such exceptions. Therefore, BANs' gatekeepers attempt to teach entrepreneurs how to value their businesses and advise them on how to be reasonable. As P01 explained: *"The entrepreneur may ask for a big amount of money from the individual investor while the financial returns that the investor is going to have are just humble, so there must be a concordance."* In the end, the entrepreneurs decide the companies' valuation, as BANs' gatekeepers can provide only guidance and advice regarding such valuation. Valuations must indeed be realistic, or in P01's terminology there must be *'concordance'*.

Therefore, BAs do not rely *only* on entrepreneurs' valuation of their businesses, as they analyse the deals themselves so they can value the offered businesses themselves as well. In fact, BAs who invest in similar sectors have more experience than entrepreneurs, which allows them to evaluate the businesses more efficiently. Entrepreneurs' general lack of experience leads them to overvalue their businesses; hence, they request large amounts of funds while the real value of their businesses is small. As P05 explains, "*One of the problems that investors face with entrepreneurs regarding the shares, sometimes the finance they've requested is large while the valuation of the company is a small one.*"

In case BAs are interested in investing in a different sector from their original background, they use their information resources such as their social ties to investigate deals and value the businesses. Valuation of the company is critical because it allows BAs to determine their shares in the company for their funds, so the value of the business is important in the negotiation process between BAs and entrepreneurs. P13 provided an example of facilitating his connections to value companies:

"I asked a person about the valuation itself because he has experience... connections have an effect, they help me, at least if the differences are not great. I use them for negotiations – for example, I try to negotiate a lower valuation. Or if I am given information about exaggerated financial forecasts, I use them to lower the costs. Or if I am told that it is too far, I can dismiss the project."

P18 explained the "*three evaluation methods*" of evaluating a company: "*The company is evaluated according to the known financial basics, whether discounted cash flow or multiples, and, of course, the execution; the companies that already exist in the same sector, it's different from a sector to another.*" P18 also expressed the importance of negotiations in bringing BAs and entrepreneurs to a middle point that makes the deal possible, "*the negotiation and designing part, where BAs and entrepreneurs try to meet in the middle*" (P18). Therefore, both entrepreneurs and BAs should evaluate the company value based on realistic financial and market figures and they should be reasonable when negotiating the company value to determine their expected shares, as P17 stated: "*The evaluation is done by the two parties...which often depend on negotiating, rather than the valuation in the overall sense.*"

4.2.2 The Value of BANs to Angel Market

In addition to connecting BAs and entrepreneurs, BANs also have other impacts on the angel market, including making the market more visible and regulatable (Wetzel, 1987; Prohorovs and Fainglozs, 2019), raising awareness about angel investments (Christensen, 2011; Romaní *et al.*, 2013; Romaní, Atienza and Amorós, 2013), and increasing the number of angel investments through incentive investors and by encouraging businesspeople to become BAs.

4.2.2.1 Raising Awareness About Angel Investment

It is wondered whether BANs contribute to raising awareness about angel investment, and if they do then how do BANs do so? To address this issue, this study compares the situation before and after the establishment of BANs. The study confirms the invisibility of the Saudi angel market referring to the absence of official BAs organisations, which created a financial gap – as P04 recognises: “*There is a gap in the entrepreneurial business, which is reaching capital that would help them in launching their products.*” Such invisibility led the Saudi market to suffer from a lack of awareness about angel investment, resulting in an information gap that make entrepreneurs avoid seeking investors (San José, Roure and Aernoudt, 2005). Indeed, many entrepreneurs refuse to seek BAs because they think that their projects’ ideas would be stolen. The founder of OQAL (P25) said:

It was hard to convince some of the entrepreneurs to come and offer their project because of our culture in KSA. No one is used to having to offer their projects, as they think their projects are great and anyone could steal their ideas.

This was the situation prior to the emergence of BANs; however, this study shows that BANs help increase awareness about angel investments (Christensen, 2011; Romaní, Atienza and Amorós, 2013). One may ask how BANs increase such awareness. This study showed that BANs contributed to raising awareness about angel investment through two main practices. First, they did so through making the angel market visible (Wetzel, 1987; Landström and Mason, 2016; Prohorovs and Fainglozs, 2019). Improving the market visibility allowed regulators to improve the market and attract more businesspeople (BAs and entrepreneurs)

to the market: “*They [BANs] have started to expand in this field, so the target clearly was to develop the market...and develop the people in the market*” (P04).

Second, the Saudi BANs raised such awareness by conducting educational sessions and pitching events. For instance, SIRB arranged several lectures where they invited professional speakers, to talk about the importance of BAs in developing entrepreneurial businesses (SIRB, 2020). Also, BANs raised such awareness through pitching events, which usually include speakers who sometimes talk about angel investment in addition to providing information about different sectors. P08 indicated that attending BANs’ events raised their awareness of the market trends such as new opportunities in the technology sector:

It [joining BANs] lets me know that the young people here proved themselves in the application field... I was expecting that the app development is something confined to the western country or confined to Indian, or in Egypt. I found young people who can produce apps in all fields, such as delivery, food, medicine, and location. This lets me know that we are good at the app development.

The participants of this study confirmed that entrepreneurs are more aware now of the importance of angel investment, which is evidenced by the increasing numbers of entrepreneurs applying to BANs – as P12 indicated:

Now OQAL has a reputation, so deals come to us. I was one of the first founders of OQAL at the beginning, and we really had to make an effort to get opportunities. We used to go to the incubators and check what they got and ask about the members and ask if anyone know any entrepreneurs. That was at the beginning, but now OQAL could have 600–700 opportunities annually without much effort, as they just come to us.

Participants also agreed that establishing BANs raises awareness about angel investment not only among entrepreneurs but also among wealthy individuals who could be potential investors. As P19 stated:

It’s a new kind of investment opportunity for me, especially in the venture capital field that I wasn’t used to five years ago. I didn’t know about the venture, so OQAL provided a great chance to teach me about the venture capital investment.

4.2.2.2 The Encouraging Environment of BANs' Events

The study's findings show how Saudi BANs create an investment incentive environment in two main ways. First, through providing a large flow of promising high-quality investment opportunities, BANs attract BAs to invest more in such successful businesses. Second, BANs create an investment-encouraging atmosphere through raising awareness about the profits of angel investments and through educating BAs about angel market developments, which is done through educational sessions and pitching events. Consequently, BANs create an atmosphere that encourages BAs to invest, besides encouraging rich individuals to become BAs (Landström and Mason, 2016). A BAN manager (P22) said an encouraging environment is generated through BANs' pitching events: *"For investors, we create the right environment or the proper environment for them so that they would come to the events that were offering opportunities."*

What makes the Saudi BANs' pitching events encourage BAs to invest is their unique structure that stimulates BAs' investments. Each event is structured into three main parts: the speaker's talk, entrepreneurs' presentations, and interactions among attendees. In addition, pitching events are designed to encourage BA investments by including several elements. The first is the chosen sector, as each event is based on a selected sector; hence, the speaker has a background in this sector and the offered investment opportunities are operating in that sector. The second element is that the speakers are usually important figures in the selected sectors, such as ministers, policymakers, or experienced investors. Such speakers provide BAs with comprehensive updated information about the investment market and discuss all related aspects of assigned sectors, which makes it easy for BAs, especially beginner investors and BAs from different sector backgrounds, to evaluate the sector and offer opportunities. For instance, Princess Reema, who is the head of the Saudi General Sports Authority, was a speaker in a pitching event based on sport sector, as P04 related: *"Princess Reema was there. Her highness has a lot of experience in a very new field of investments, and she kept on explaining that kind of investment and its path and the future of the country in this field."*

BAs appreciate such speakers as P27 commented: *"I benefited actually from people who come to OQAL, like the speakers... Those people in OQAL have excellent CVs. Actually, they give you very valuable tips."* Additionally, what is unique about the speakers' participation

in such events is that the interactional nature of pitching events creates a welcoming atmosphere that allows the speakers and attendees to talk freely: *“The speakers they bring are significant figures...when they speak, the way of their speech is quite different ... different from the traditional way that we have known in the market, which is boring and outdated”*(P27).

The second element of BANs’ events that encourage investing is the features of the investment opportunities offered by BANs. These opportunities are unique, high-quality, and have growth potential. Moreover, the gatekeepers help entrepreneurs provide convincing pitching through presenting detailed accurate information. Such a method of offering deals encourages investors to invest more and get involved in sectors that are new to them: *“Their way of offering the opportunities is so different than what I thought. It certainly opens many sectors for me that I didn’t know before”* (P26).

The third element of pitching events that stimulate BAs to invest more is the interactional and socialisation environment between speakers, BAs, and entrepreneurs. Such an environment allows BAs to conduct further investigations and exchange opinions about the offered deals. Furthermore, such an environment enables BAs to form investment syndications to share experiences. Also, syndications help BAs invest in new sectors that are different from their initial experience by co-investing with experienced investors in these sectors, which P19 did: *“I made use of the wide relations that are in OQAL. It gives you the network...so you have the option to make alliances and investment opportunities in a broader range.”*

Moreover, syndications can encourage virgin investors to become BAs through investing collectively with more experienced BAs (Landström and Mason, 2016). P20 emphasised the importance of co-investing with other BAs in terms of encouraging him to invest: *“I am encouraged to enter with people, instead of one person. I can enter with three or four people, not to lose money, but because there is someone who bears the risk with me.”*

These three main elements of BANs' events – important speakers, high-quality deals, and socialising with businesspeople – motivate BAs to invest more and encourage individuals to become BAs. Participant P26 supported the role of BANs in motivating investments, providing an example of BANs' events:

The other meeting was only for the organic products and the ideas in that sector only. They had Doctor Fahd as a guest. He is the head of the Saudi Organic Products Association and is also the former agriculture minister. Having such a person gave us rich information about the organic sector that we never knew before. When they started offering the opportunities, I began to understand, because the person was talking about it only five minutes ago, so I became interested in something that I only had limited information about.

4.2.2.3 Developing the Angel Market

By providing distinguished services, Saudi BANs have helped to develop the Saudi angel market, enhance this market's visibility, and increase angel investments. The impact of BANs on and their contribution to the Saudi angel market can be exemplified via the two BANs under analysis – SIRB and OQAL.

4.2.2.3.1 Contributions of SIRB to the Angel Market

SIRB is a public BAN created by King Abdul Aziz City for Science and Technology (KACST) and the BADIR accelerator in 2012. SIRB sought to contribute to the transition of the Saudi economy from being based on natural resources to a knowledge-based economy through developing a better entrepreneurial environment in Saudi Arabia by connecting entrepreneurs and BAs (SIRB, 2020). In addition, SIRB wanted to contribute to establishing an institutional and legal framework for the business angel market in Saudi Arabia. It could be argued why SIRB was included in this study as it is now out of the market and why SIRB went out of the market. In fact, when SIRB was included in this study, it was still operating in the market (during the data collection period only SIRB and OQAL were in the market).

Regarding the argument about why SIRB went out of the market, the first reason is that running and managing SIRB was heavily delegated to one person the head of the BAN. He was responsible for most of the BAN's tasks, as P15 explained:

The SIRB network is great, and it was started by SOLIMANY. He is mastering the dealing and entrepreneurs and incubators, and is the right person in the right place. He established it, put forward ideas, brought in investors, hired people, and brought in entrepreneurs and angel investors to join in the pitching.

The head of the network, therefore, started to demand more financial allowance for his work from the sponsor of SIRB, which created a conflict and disagreement between the sponsors and the head of the network. The second reason for SIRB’s exit from the market is that the sponsor was planning to support SIRB only in its early years, with the expectation being that the BAN would be transferred to self-funding in its later stage. However, this did not happen.

One may wonder whether SIRB BAN had an impact on the Saudi market even though it operated only for six years (from 2012 to 2018). Indeed, SIRB had a positive influence on the Saudi angel market because it was established at a time when the Saudi market lacked BA networks and lacked awareness about angel investments; hence, SIRB contributed to raising such awareness and developing the market. In this regard, SIRB conducted many activities that contributed to improving the angel market, such as workshops, lectures, competitions, and pitching events (Figure 4.7 and Appendix A). Throughout its six years, it conducted several workshops/lectures about the entrepreneurship market and angel investment while providing five training and educational sessions for entrepreneurs as preparation for its filtration process. For example, in 2012 SIRB conducted two workshops in Jeddah and another in Riyadh to educate entrepreneurs and investors about angel investing.

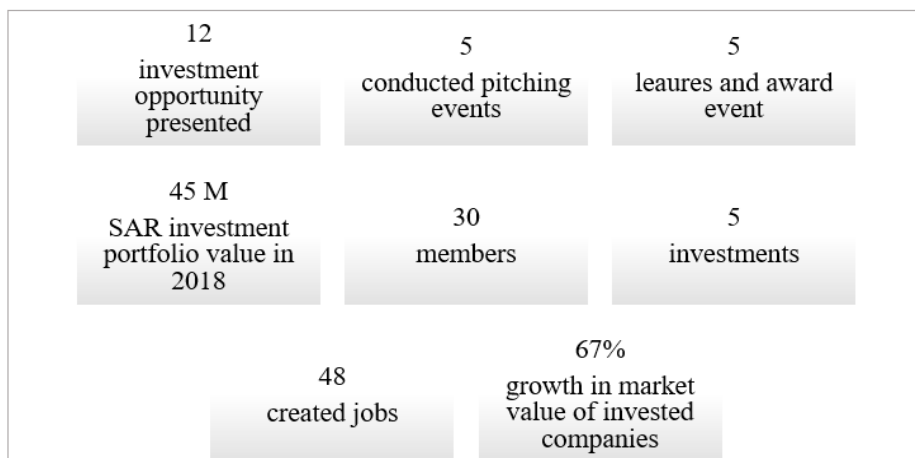


Figure 4.7 SIRB Achievements 2012–2018

As SIRB was connected to the BADIR accelerator, it reached many entrepreneurs who were almost ready for investment, but SIRB was not limited to BADIR businesses. However, more efforts were needed to invite BAs to join the BAN as only 30 members joined it, with most being from Jeddah city – the place where SIRB started.

SIRB conducted five pitching events during its six years in the market (just under one pitching event annually), presenting 12 investment opportunities that led to five successful investments, from which investors earned considerable profits as the market value of their investments increased by 67% and they achieved about a 300% growth rate in their shares from 2014 by achieving a SAR 45 million (\$12 million) investment portfolio value in 2018. An investor from SIRB talked about her experience of investing through the SIRB network, stating that her investment had grown by 80% in just one year (SIRB Twitter, 2019). SIRB was thus able to help BAs find successful and promising entrepreneurial businesses. Despite the low number of investments SIRB facilitated, such profitable investments provided success stories and experiences that increased awareness of BAs' investments and encouraged investors to get involved in such promising businesses and investments.

Another activity SIRB conducted was the competition between entrepreneurs, called a SIRB award, which was run by SIRB and its partners in 2013 to find the best selected entrepreneurs (the BAN chose the seven best opportunities). The three best opportunities received financial awards and won a consultation programme for a year. This competition aimed to encourage entrepreneurs to develop their businesses and attract them to learn more about angel networks but also help them connect with investors.

Even though SIRB is no longer active, its inclusion can give insights into why some BANs go out of the market and can enrich the research in various other ways because of its short-lived success. Although SIRB operated for six years only, it impacted the Saudi market by educating entrepreneurs and investors about the angel market, especially because SIRB invited professional people and policymakers who have important positions in the market to its events. Thus, SIRB helped policymakers develop a better understanding of such a market, particularly at a time when there were no supportive institutions for entrepreneurs or angel investors.

4.2.2.3.2 Contributions of OQAL BAN to the Angel Market

OQAL is the first Saudi BAN that aims to connect investors and entrepreneurs. The questions raised here concern whether this BAN impacts the Saudi angel market and what the evidence is of any such impact. These questions can be addressed by analysing the achievements of OQAL and its facilitated investments. It is also interesting to compare OQAL's achievements to SIRB's achievements to gain an insight into the differences between a public BAN and a private BAN.

Analysing the investments of SIRB and OQAL from 2011 to 2018, this work finds that OQAL facilitated more than 45 angel investments with total funds of SAR 45 million (\$12 million) (OQAL, 2023), while SIRB facilitated only five investments for the same period. This indicates that OQAL has clearly been more active in the market and more effective in increasing BAs' investments.

After SIRB exited the market in 2018, OQAL continued its activities to support entrepreneurs and BAs. By 2020, OQAL had achieved significant contributions in the angel market over a decade (Figure 4.8), as the members of OQAL invested in 87 offered investment opportunities for more than SAR 76 million (\$20 million) (OQAL, 2020). OQAL's investments were in various industrial sectors, but some sectors received considerable interest, such as the e-commerce sector at 22% of OQAL members' investments, the information technology solutions sector at 15%, consumer services at 14%, educational technologies at 10%, and financial technology at 9%. Recently, in 2023, the total investment value of OQAL reached SAR 113 million (\$30 million). Data analysis shows that OQAL investments are increasing over the years, as are the number of members joining the network (OQAL now has more than 300 members). The analysis of OQAL's achievements shows that the expansion of OQAL included the number of its branches, the regions of its branches, the number of its members, and the number of its facilitated investments.

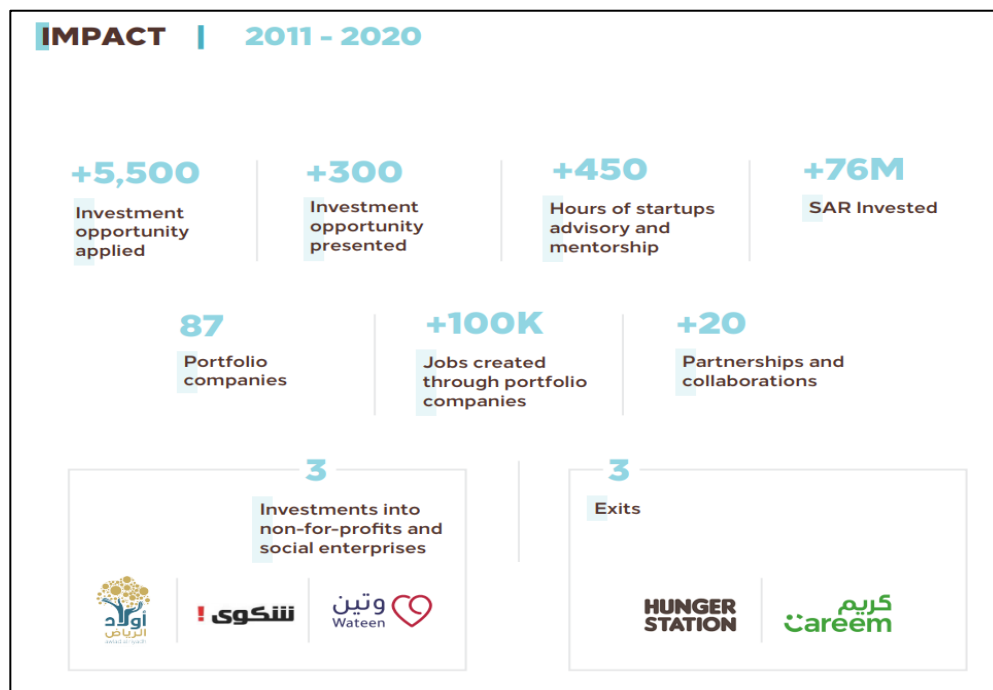


Figure 4.8 OQAL Achievements 2011–2020

Such achievements beg the question of how OQAL could have such a significant impact on the Saudi angel market, or more specifically what the reasons are behind its success in supporting entrepreneurs and increasing BAs' investments. The first reason is that OQAL was established by a group of investors and businesspeople who seek to serve their community; hence, the people of OQAL (managers and gatekeepers) give their time and effort to participate in OQAL's activities to make this BAN successful. Therefore, they do this voluntarily without receiving any financial allowance: *"These people [gatekeepers] volunteered to set and filter the opportunities"* (P26).

The second reason is that OQAL's activities and responsibilities are distributed among many managers and gatekeepers. Contrasting SIRB where most of its responsibilities were assigned to one person (the head of the BAN), the responsibilities of OQAL are divided into several committees with each having several members who are responsible for specific activities. For instance, the opportunities committee is responsible for the filtration process and readiness training while the meetings/events committee is responsible for organising pitching events and inviting speakers and BAs.

The third reason for OQAL’s success is that it has five branches distributed across different regions, which allows OQAL to reach out to many entrepreneurs and BAs and therefore helps increase investment numbers. The fourth reason is that OQAL cooperated with many investment and entrepreneurial organisations, which boosted the investments OQAL facilitated. For instance, OQAL collaborated with the Saudi Venture Capital company (SVC) and incubators/accelerators such as Flat 6 Labs and Wa’ad, where the former invests collectively with OQAL members while the latter provides OQAL with a database of deals. Moreover, OQAL cooperated with strategic partners such as financial institutions or large companies that sponsor OQAL’s activities by, for example, funding its pitching events and providing awards for entrepreneurial competitions.

These four factors were the main reasons for OQAL’s success and expansion that allowed OQAL to impact significantly on the angel market by increasing angel investments. The success of OQAL is evidenced by its development and increasing its investments throughout the years. This is shown through tables 4.1, 4.2, 4.3, 4.4, and 4.5 which illustrate the increasing number of investments of OQAL over the years. In 2011 and 2012 (Table 4.1), OQAL facilitated three investment opportunities each year, and the funds ranged between \$35k to \$266k (SAR 150K to SAR 1m), so the number of investments and funds here were relatively small. Notably, three of these businesses were non-profit projects, illustrating BAs’ interest in supporting the community through funding such projects.

Table 4.1 OQAL Investments 2011–2012

Year (#Deals)	Businesses	Sector	Investors	Funds
2011 (3)	OilWell7	HR & Recruitment (platform)	P12	Funds range between \$35k and \$266k (SAR 150K to SAR 1m)
	Twitmail	Technology (platform)	P21	
	Shakwa	Technology (platform)	P13	
2012 (3)	Pillars & Bloom	Education Services (B2C)	OQAL member	
	sha6er (Shater)	Education Technology	P04	
	Awlad Riyadh	Voluntary Work	OQAL member	

Over five years 2013–2017 (Table 4.2) the number of investments increased as members of OQAL invested in five to seven offered opportunities during this period. The announced amount of funds also increased, ranging between \$72K and \$2.7m (SAR 270k–SAR 10m). Several investment syndications were created between BAs during this period, evidencing that BANs facilitate co-investing among BAs. Variety of sectors also increased, showing OQAL’s investment diversity across sectors. In 2014, OQAL started cooperating with accelerators such as Qutof, BADIR, and Suadi Flat6LAB, allowing OQAL to access the database of high-quality entrepreneurial businesses established by trained entrepreneurs who received consultation and support from accelerators. For example, the entrepreneurs of Sawerly (a photography business) received support from Qutof accelerator. Sawerly received several awards, such as winning second place at ArabNet Riyadh in 2013, and winning first place at ArabNet Riyadh in 2014. After winning this first prize, a member of OQAL-Jeddah invested in Sawerly with \$211K (SAR 800k).

P25, the founder of OQAL, stated that by 2017 OQAL had invested in 24 investments with more than 25 million Riyals (\$6.7 million) and that those companies generated 1,000 jobs (Rowadalamal, 2017). This participant also mentioned that many of the investee businesses grew after being funded by OQAL, with one being acquired by a venture company for \$12 million. The same participant added that by 2017 OQAL had conducted more than 16 trips to create a socially friendly environment between BAs and entrepreneurs to share experience and strengthen their relationships.

Table 4.2 OQAL Investments 2013–2017

Year (#Deals)	Businesses	Sector	Investors	Funds
2013 (7)	Road company LTD	Logistic	P21	Funds range between \$72K and \$2.7m (SAR 270k - SAR 10m)
	Blue Connect	Transport (B2C)	OQAL member	
	Dopravo	IT Solutions (B2B)	P25 + OQAL member	
	China shop	Online Shop	OQAL member	
	Sparks Academy	Education Creche (B2C)	P21 + two OQAL members	
	Careem	Transportation Technology	OQAL member	
2014 (5)	Gumesh	Luxury Goods & Jewellery	OQAL member	
	Sawerly	Photography Technology	P26	
	Out frame	Creative Marketing	OQAL member	
	Rattil	Network & Community	OQAL member	
	Shakes	Food	OQAL member	
2015 (5)	Enlighten our minds	Education Creche (B2C)	P13	
	Feelit	Technology	Two OQAL members	
	Electro Aim	Manufacturing	OQAL member	
	Shaleeh net	Hospitality & Tourism	OQAL member	
	Snakt	Technology	OQAL member	
2016 (6)	Alraya industrial company	Industrial Sector	OQAL member	
	Ajeek	Delivery & Logistics	P04	
	First Practice	Hospital & Health Care	OQAL member	
	Snakt	Audio And Media Technology	OQAL member	
	Home made	Food Delivery	OQAL member	
	Shakes	Food And Beverage	OQAL member	
2017 (5)	Just click	Application	OQAL member	
	ORGA LICIOS	Food	OQAL member	
	MATIC	Cleaning Services	OQAL member	
	CLEAN TIME	Cleaning Services	OQAL member	
	QALAM	Application	OQAL member	

In the subsequent three years 2018–2020, the number of investments OQAL facilitated increased significantly (10, 16, and 19 deals in 2018, 2019, and 2020 respectively). Although the range of funds stayed mostly the same, the total amount of funds OQAL members provided increased because of the large increase in the number of investments. OQAL was thus evidently becoming more effective and influential in the angel market.

In that period, OQAL took new measures to boost its facilitating of angel investments. In 2018 it partnered with the SVC, for example. The SVC is a government venture capitalist company established in 2018 by the Saudi SMEs General Authority (Monshaat) to support the entrepreneurial ecosystem in Saudi Arabia through co-investing with venture funds and BAs groups. Therefore, OQAL and SVC collaborated, with the agreement being that SVC would enter as co-investors with BAs from OQAL to invest collectively in selected investment opportunities. From 2018 to 2020, OQAL members co-invested with SVC in more than ten deals across various sectors. This encourages BAs to invest as they would reduce risk by distributing the required funds for investment with others. The significant increase in deals facilitated by OQAL members led OQAL to be the most active venture investor in Saudi Arabia in 2019 based on number of deals (MAGNiTT, 2020), as illustrated in Table 4.3 and Table 4.4.

Table 4.3 OQAL Investments 2018

Year (#Deals)	Businesses	Sector	Investors	Funds
2018 (10)	Hala (Halala)	Finance Tech	P25 +others	Funds range between \$40K and \$560K
	Qetaa	E-Commerce	OQAL member	
	VENDORS	E-Commerce	OQAL member	
	Spoonfed	Sport	OQAL member	
	Sweet Spot	Sports	OQAL member	
	Flagboxing	Sport	P02 + OQAL members	
	B8ak	Maintenance Services	OQAL member +others	
	Wayakit	Homecare	OQAL member	
	Dhad	Entertainment (Books)	OQAL member +SVC +others	
	Ajeer	Home Maintenance	OQAL member	

Table 4.4 OQAL Investments 2019

Year (#Deals)	Businesses	Sector	Investors	Funds
2019 (16)	NOTA NOTA	Creative	OQAL member +SVC +others	Funds range between \$100K and \$2M
	Telgani	Consumer Services	OQAL member +SVC +others	
	Off The Grind (formerly VR Lounge)	Entertainment	OQAL member	
	Monh	E-Commerce	P21	
	Smart Booking	Consumer Services	OQAL member	
	Avokado	E-Commerce	OQAL member	
	AMPLIFY	Data Analytics	OQAL member	
	Hakbah	Fintech	OQAL member	
	Hadi	Food & Beverage	OQAL member + SVC	
	Denarii Cash	Fintech	OQAL member	
	MANAFA Capital	Fintech	OQAL member +SVC	
	Converted.in (previously PinOffer)	Data Analytics and Business Intelligence	OQAL member +others	
	Careeb Technologies	E-Commerce	OQAL member + others	
	Rewaa	IT Solutions	OQAL member	
	Fazaa	Travel & Tourism	OQAL member	
	Vetwork	Healthcare	OQAL member +others	
QiDZ	Network & Community	OQAL member +others		

In 2020, OQAL signed a cooperation partnership with Flat6Labs in the MENA region to fund entrepreneurial businesses, with OQAL consequently being able to access information to more than 260 start-ups around the region supported by Flat6Labs (MAGNiTT, 2020). Moreover, in December 2020 OQAL and the Waed accelerator signed a cooperation that allowed OQAL to review businesses supported by the Waed accelerator, while the accelerator could connect entrepreneurs to investors (Ashaq-Alawsat, 2020). Forbes

magazine indicated that OQAL was one of the active investors in 2020 (Ndichu, 2021) given the increasing number of OQAL investments. OQAL has thus become more active throughout the years as it has been expanding by collaborating with accelerators as deals resources and with venture investors such as SVC for these to co-invest with OQAL members.

In two very recent years (2021–2022), its development has continued. OQAL invested in 31 businesses in 2021 and 27 in 2022, making its total number of investments in business 131 by the end of 2022. This supports the argument that OQAL is working effectively in the market, as the number of investments is increasing yearly. OQAL had conducted 150 pitching events, offered more than 300 investment opportunities, provided more than 450 mentoring hours to entrepreneurs, and invested \$30 million (SAR 113m), with all this creating 100,000 jobs (Mahmoud, 2019). Its investment activities subsequently continued, with Table 4.5 showing these between 2020 and 2022.

Table 4.5 OQAL Investments 2020–2022

Year (#Deals)	Businesses	Sector	Investors	Funds
2020 (19)	Trteeb	E-Commerce	OQAL member	Funds range between \$50K and \$2M
	Ajeer	Home Maintenance	OQAL member	
	Academi	Education (IT)	OQAL member	
	Gathern	Travel & Tourism	OQAL member	
	Saudi Dates	E-Commerce	OQAL member	
	Piflow	Fintech	OQAL member +SVC	
	Qosoor	Events	OQAL member +SVC	
	Taker	E-Commerce	OQAL member +SVC +others	
	Quantum	Advertising And Marketing	OQAL member +SVC +others	
	Telgani	Consumer Services	OQAL member +SVC +others	
	Galactech	Multimedia	OQAL member	
	Bonat	It Solutions	OQAL member	
	Wuilt	Corporate Services	OQAL member +others	
	ehsibha	Real Estate	OQAL member	
2021 (31)				
2022 (27)				

Although the investment stages of OQAL varied, most focused on the primary rounds (Seed) by 61%, the (Pre-Seed) stage by 26%, the (Pre-Series A) stage by 7%, then the (Series A) stage by 6%. As for investment areas, most invested companies were in Saudi Arabia (86%), with 57% being from the Riyadh and ALQassim region, 20% from the Western region, and 9% from the Eastern region. The remaining percentage was distributed to countries outside the region, such as Egypt and North African countries, the United Emirates, and Bahrain. Many businesses supported by members of OQAL grew and succeeded in the market, with some businesses increasing their market value and becoming large companies, such as Careem, Hunger Station, Lendo, and Manafa.

A manager in the SMEs General Authority, Mr Mohammed Almalki, stated that OQAL played an important role in providing funds to entrepreneurial businesses and supporting the angel investment sector (Mahmoud, 2019). Also, Dr Nabil Koshak, the CEO of SVC,

indicated that the Saudi market has experienced a significant increase in the quality and quantity of BAs' investments because of the emergence of angel groups like OQAL. He added that SVC appreciates its partnership with OQAL, which has contributed effectively to the growth in angel investor deals in the Saudi market (Mahmoud, 2019). OQAL has hence significantly contributed to the development of the Saudi angel market, increasing BAs' investments, supporting entrepreneurs, and raising awareness about the angel market.

4.3 Section Three: The Analysis of BAs' Investments

Understanding the impact of BANs on BAs' investments involves analysing the latter to give insights into the features of the investment opportunities that attract BAs and how BAs access these, while specifically analysing the investments of BAs accessed through BANs allows understanding of the effect of BANs on these – especially when doing so against non-BAN BA investments. The sample is thus divided into two groups: BAs who are members of BANs and BAs who avoid joining BANs. Each group is further divided into two sub-groups: beginner BAs and active BAs (see Table 4.6).

Table 4.6 Categories of BAs

	Beginner BAs	Active BAs
Members of BANs	P01, P02, P06, P08, P09, P11, P14, P15, P20, P22, P26, P28	P03, P04, P05, P07, P12, P13, P16, P19, P21, P24, P25, P27, P30
Non-members of BANs	P23, P29	P10, P17, P18

4.3.1 Beginner BAs Who Are Members of BANs

BAs' investments are analysed based on several features, including the source of investment opportunities, investment sector, BAs' background, and relationships with entrepreneurs or co-investors. Analysing beginner BAs who are BAN members found that the first angel investment of some of these BAs was through BANs, while others had their first angel investment after joining BANs. The remaining beginner BAs made their first investments outside BANs before joining them.

4.3.1.1 Beginner BAs Who Had Their First Investment through BANs

Analysing BAs who had their first angel investments through BANs indicates that joining BANs encourages virgin BAs to become involved in angel investment. Joining BANs is thus an important factor in individuals becoming BAs (Lahti and Keinonen, 2016). Analysing the investments of members of BANs who had their first angel investments through BANs (e.g. P02 and P26) found that they did not mind investing in sectors that differed from their original experience. For example, P02 had experience in the jewellery market but invested in one of OQAL's offered opportunities in the sport sector. P26, who has a background in real estate investment, invested in technology businesses relating to the photography market because he "*was interested in the idea, the people and the team*" (P26). Therefore, joining BANs encourages BAs to explore different sectors from their own background as BANs educate members about the market and about offered investment opportunities in sectors new to BAs. This allows BAs to understand the potential of such sectors and the growth trend of these opportunities, giving them the confidence to enter new sectors: "*The viewpoint of the opportunities' committee and their way of offering the opportunities is so different than what I thought; this certainly opens many sectors for me that I didn't know before*" (P26).

4.3.1.2 Beginner BAs Who Had Their First Investment from Outside BANs But after Joining BANs

Some beginner BAs who are members of BANs had their first angel investment through outside BANs but conducted these investments after joining BANs. These investors joined BANs to participate in BANs' activities by evaluating investment opportunities, coaching entrepreneurs, and organising events. For example, P11 participated in organising and hosting some OQAL events but actually invested from outside a BAN; however, this was only *after* joining a BAN. The indication, then, is that joining BANs encourages individuals to become BAs.

Also, P28 joined a BAN to support the community by participating in its activities His long experience in managing businesses allowed him to contribute to evaluating and filtering the BAN's deals and he became "*one of the officials responsible for evaluating the opportunities*" (P28). Although he did not invest through the BAN, he also made his first angel investment after joining a BAN, which again indicates that joining BANs and learning

about angel investments encourages virgin BAs to be involved in such markets and become BAs. Analysing the investments of these beginner BAs who made their first angel investments after joining BANs found that they did not mind investing in sectors different from their original experience or investing with entrepreneurs they did not previously know. For example, P28 invested in mobile accessories while his original experience was in the food sector. Participating in BANs' activities also allows beginner investors to co-invest with other experienced BAs from different backgrounds. P11, for instance, noted the following:

“OQAL could make investor groups...me and some investors are going to invest in an opportunity and one of the investors is an expert in the field we are going to enter, so she introduced the opportunity in a better way to us... and she knows better about the risks of the opportunity; having such relation gives us better experience.”

Table 4.7 summarises beginner BAs' first investment both through BANs or after joining BANs.

Table 4.7 Investments of Beginner BAs (first investment from/after joining BANs)

BA	Deal source	BA sector	Deal sector	Co-investors	Relation with founder	Common investment features
P02	Through BAN	Gold	Sport	Yes	No	<ul style="list-style-type: none"> • Their first investments were after joining BANs. • BAs did not mind investing in sectors different from their background. • Some BAs invested collectively, which encourage beginner BAs to invest. • BAs invested with entrepreneurs they did not know before (weak ties).
P09	Through BAN	Medical	Medical	No	No	
P11	Outside BAN	Government, RE, finance	Technology	Yes	No	
P20	Through BAN	Finance	Technology	Yes	No	
P26	Through BAN	RE, investment	Technology	No	No	
P28	Outside BAN	Food, restaurant	Online retail	No	No	

4.3.1.3 Beginner BAs Who Made their First Investment before Joining BANs

Other beginner BAs who are members of BANs made their first angel investment from outside BANs before joining them, such as P06, P08, and P15. These BAs joined BANs to receive further investment opportunities because of their interest in the high-quality investment opportunities BANs offer. All these BAs invested with entrepreneurs they knew before (BAs have strong relationships with entrepreneurs). Some prefer to invest in sectors similar to their work experiences.

For example, P08 invested with his colleague (previous employee) whose business provides travel services for pilgrims, which was similar to P08's original experience (P08 has a travel agency company). The strong tie between P08 and the entrepreneur that developed through working together allowed investor P08 to know the entrepreneur's qualifications. In addition, experience in the same sector gave P08 the courage and confidence to invest in that business. The investment amount of around SAR 500k (\$125K) for 35% of the company's shares as it

was valued at \$360k is not particularly large and is reasonable as P08's first investment and there are no other co-investors.

Similarly, P06 invested with an entrepreneur he already knew (through work) so was aware of the entrepreneur's skills and qualifications. Although the investment sector of clothing differed from the investor's sector experience in marketing, the investor (P06) and his co-investor were able to support the business by opening the first retail store then developing the business by opening other branches and helping the entrepreneur access follow-up financing from a venture capitalist company.

P15 also had his first angel investment from outside BANs before joining a BAN. P15 invested through his strong ties, doing so with an entrepreneur he knew beforehand. However, this restaurant investment sector differed from those of his background experience in real estate and finance. P15's investment nevertheless grew as he opened several restaurant branches. Such a successful experience stimulated P15's interest in more angel investments, leading him to joining a BAN.

Analysing the investments of BAs who are members of BANs but had their first investments before joining BANs gives insights into why certain BAs join BANs. The desire to invest more while having little experience in angel investment encouraged beginner investors to join BANs to learn more about the market and new potential investment opportunities. Table 4.8 summarises the investments of beginner BAs who made their first investment before joining BANs.

Table 4.8 Investments of Beginner BAs (first investment before joining BANs)

BA	Deal source	BA sector	Deal sector	Co-investors	Relation with founder	Common investment features
P06	Outside BAN	Marketing	Fashion	Yes	Yes	<ul style="list-style-type: none"> • BAs are beginner BAs who had their first investment before joining BANs. • BAs preferred to invest in similar sector to their experience. • BAs preferred to invest collectively. • BAs invested with entrepreneurs they know before (strong ties).
P08	Outside BAN	Travel	Travel	No	Yes	
P15	Outside BAN	Finance, Restaurant	Restaurant	Yes	Yes	

4.3.2 Active BAs Who Are Members of BANs

The research sample has several participants who are both active BAs (who usually have many angel investments) and members of BANs, and analysing their investment details allows understanding of why such active BAs join BANs despite their vast experiences and market relations. Table 4.9 summarises their investment details. P04 is one such active BA, has experience in different sectors, and has founded three businesses in various sectors (real estate, media, and production). P04 was actively involved in entrepreneurial organisations and businessperson committees as he was a member of the entrepreneurs committee in the Jeddah Chamber of Commerce. This helped him understand the difficulties entrepreneurs face in accessing investors' funds, and he actually established OQAL's Western branch.

P04 is an active BA who invested in two investments besides providing consultations and supporting other businesses: *"I've had two investments in the past 3 years...I support and encourage maybe two projects that I was working on, where a large part of my time was mainly on management and organising, which included facilitating some of the business's operations"* (P04). P04's investments (education and logistic sectors) differ from his main experience (real estate, media, and production). As he says, *"My expertise is in the media and production fields, in addition to training and entrepreneurship"* (P04).

Table 4.9 Investments of Active BAs Who Are Members of BANs

BA	Deal source	BA sector	Deals sector	Co-investors	Relation with founder	Common investment features
P03	Outside BAN	Investment	Vary	Yes	No	<ul style="list-style-type: none"> • BAs did not mind investing in sectors different from their background. • BAs invested with entrepreneurs they did not know before (weak ties). • Most BAs invested collectively with other investors.
P04	Through BAN	RE, marketing, industrial	Logistics, Transport, tech	No	No	
P05	Outside BAN	Investment, RE, contractors	RE, food, Manufacturing furniture	Yes	Yes	
P07	Outside BAN	Public relations	varies sectors	Yes	No	
P12	Outside and Through BAN	Logistic, car renting, investment	HR and Recruitment, others	Yes	No	
P13	Outside and Through BAN	Finance, construction	Technology, education	Yes	Yes	
P16	Outside BAN	Finance, RE, trade, manufacturing	Fintech, road services, technology	Yes	No	
P19	Outside and Through BAN	Finance	Food, tech, home maintenance	Yes	No	
P21	Outside and Through BANs	Investment, food	Tech, education, food, e-commerce	Yes	No	
P24	Outside BAN	Medical equipment	Tech, e-commerce mobile, security	No	No	
P25	Outside and Through BANs	Computer, finance	Food, logistic, tech, fintech	Yes	Yes	
P27	Outside BAN	Medical, pharmacy	Online properties services	Yes	No	
P30	Outside and Through BANs	Logistic, investment	Logistic, tech	No	No	

Both of P04's investments relate to technology as one business provides educational services to students via an app while the other involves delivery and transport technology, and this suits P04's preferred investment areas: "*My preference of investment...is in the field of online and technology*" (P04). Another investment criterion P04 uses is business growth potential as he seeks to invest in a large market with a high demand for services and products of the target businesses, as he confirms about his logistics investment:

"The opportunities for growth are very large. Also, there is something very big in the logistics and delivery field which makes it special because there's a high need for such services."

P04 is also motivated to invest with qualified entrepreneurs who have knowledge about and passion for their business: "*This is what encouraged me to invest: they were passionate in the field and they've got a very good background*" (P04). Once P04 finds these qualifications in entrepreneurs, he is encouraged to invest with them even if he does not know them beforehand or if the business is in a different sector from his experience. P04's investments were conducted after establishing and joining OQAL, indicating BANs have an important role in encouraging investors' involvement within the angel market and in increasing investors' investments.

Another active BA who is a member of a BAN is P13, who has vast experience in different sectors as he worked in various organisations such as banks and investment companies besides establishing several businesses in diverse sectors such as printing and real estate contracting, while his main largest business is in construction materials. His extensive experience allowed P13 to accumulate the wealth required for angel investment and to be an active angel investor who has invested in different businesses through OQAL and other deal sources. P13 joined OQAL because he is interested in investing and developing entrepreneurial businesses and meeting other businesspersons who have common interests. As he explained:

"I like entrepreneurship, and I like the change made by entrepreneurs; it is an opportunity for me to recognise other entrepreneurs, to know how they work, and to mingle with other people who are working and trying to change the reality. At the same time, it can be a good chance for partnership with others."

P13's first investment through OQAL was a project presented in one of OQAL-Riyadh's first events in 2011. Although it was a non-profit project, P13 was motivated to invest in it because it contributed to the community by helping citizens raise their complaints to public or private institutions. P13 elaborated on this project:

“This project was trying to deal with people's sufferings when reviewing public institutions, for example, or even some private institutions...I felt that it solves the problems and sufferings of people who do not know how to solve their problems themselves.”

P13 provided SAR 300K (\$75K) to this business for 30% of the business shares as it was valued at SAR 1million (\$250k). The funds were used for developing the website and hiring some employees to follow the citizens' complaints. The project worked for a while; however, government institutions introduced online platforms to receive citizens' complaints, which replaced this project.

P13 made another investment through OQAL in 2015 – a large investment for funding a creche inspired by the Montessori education system: *“The second project I entered was a network of kindergartens adopting the system of the Montessori”* (P13). The business idea and the entrepreneur's qualification motivated the investor to invest in this business. P13 explained:

“I felt her spirit for change significantly. Let me say that the personal link between me and her. I admire her way of working...her ability to build a team; she managed to attract the best teachers and she trained them soon hiring them.”

P13 was able to know the entrepreneur's qualifications because she was his daughter's teacher (also she presented her business attended at one of OQAL's events). There is high demand in the market for such a service, which indicates that the business has the potential to grow and generate profits. Thus, P13 invested much funding – around SAR 10 million (\$2.5m) for 40% of the company as the kindergarten project was worth SAR 25 million (\$6.25m) – and this participant shared how this was:

“a large sum of money, the construction of kindergartens is expensive, especially with specifications demanded by the teacher, she needs high-quality buildings...These buildings cost at least ten million. The partnership was based on financing for modern buildings.”

Several common features evidently exist among those active BAs who are members of BANs. For example, their main motivation is to receive quality investment opportunities and increase their deal flow. Although some of these active investors indicated that they were also encouraged to join to BANs to support the community through coaching entrepreneurs and participating in BANs' activities, their main reason for joining BANs is to access pre-evaluated investment opportunities. This makes sense as those active BAs seek to increase their deal flow by finding different sources of investment opportunities. Hence, they are motivated to join BANs to receive filtered investment opportunities. Also, six out of 12 of the active BAs had invested through BANs, which shows they achieved their goal of joining BANs by finding suitable investment opportunities.

Other shared features of those active BAs' investments concerns investing in different businesses across various sectors and in sectors different from their own experience. Active BAs nevertheless have vast investment experience and this helps them develop required knowledge about market situations and investment processes, giving them the confidence to invest in sectors different from their working backgrounds.

Furthermore, all those active BAs invested, at least once, with entrepreneurs they did not know before. They thus do not focus on having ties with entrepreneurs; instead, they focus on the entrepreneurs' qualifications and skills, besides the features of the investment opportunities such as growth potential and business ideas. The broad experience of active BAs allows them to assess entrepreneurs' qualifications without having previous relations as they evaluate entrepreneurs through several interviews and investigations.

Investors who said a motivation for joining BANs concerns community contributions emphasised the importance of the business idea and the actual investment encouraging community benefits. For example, P07 and P13 invested in businesses to support specific groups of citizens or refugees.

4.3.3 Beginner BAs Who Are Not Members of BANs

Analysing the investments of BAs who are not members of BANs gives insights into why these BAs are not interested in joining BANs. The sample includes two such participants (P23 and P29), and Table 4.10 summarises their investment details.

Table 4.10 Investments of Beginner BAs Who Are Not Members of BANs

BA	Deal source	BA sector	Deals sector	Co-investors	Relation with founder	Common investment features
P23	Outside BANs	Food production, marketing	Fruits and Vegetables delivery	Yes	Yes	<ul style="list-style-type: none"> • BAs are beginner investors who are not members of BANs. • BAs preferred to invest in similar sector to their experience. • BAs preferred to co-invest with other investors. • BAs invested with entrepreneurs they know before (strong ties).

P29 has major experience in real estate and was a previous OQAL member but later did not renew his membership. After initially joining the BAN and attending some pitching events, P29 realised that joining BANs required effort, time, and commitment and subsequently indicated that he left the BAN because he could not commit to such organisations, adding that membership fees were consequently largely wasted. As P29 is a beginner, less-active investor, he is interested only in investing in a few investments so not in attending many pitching events and reviewing various investment opportunities. P29, therefore, is no longer a member of BANs.

P23 worked in two companies throughout his career and resultantly has experience in two main sectors: the food industry and the investment sector. Specifically, P23 worked in a food production company for 16 years, where he held different management positions, then worked in an investment company that supports and invests in small businesses, where he

worked for more than four years as marketing director. Analysing P23's investment can help understand the reason for not joining BANs despite their benefits. P23 invested in a business established by two entrepreneurs who previously worked with P23 in the same food production company. The business is also in the food sector, being based on delivering fresh fruit and vegetables along with other foods to households. P23's first angel investment was thus through his strong ties as he invested with his colleagues in a similar sector to his original experience (the food industry), as he explained:

“I have experience in business in general, almost 16 years or more. I have started in a company in Savola in the business development, the projects development department ...anything related to vegetables is an investment target for me.”

Moreover, P23 co-invested with four other investors, including his co-worker. The total amount of funds was \$1million, with each co-investor contributing \$200K. The investors acquire 25% of the company shares for their funds (\$1million), as the company was valued for \$4 million based on the market figures and the achievements of the company by the founders. Although the amount each investor provided was not very large, the sum amount was enough to take the business to the next level.

Another factor motivating P23 to invest in this business is its innovative idea as a new business to the market: *“The second thing is my faith in the idea”* (P23). The entrepreneurs started their business from home, delivering fruits and vegetables to households in certain districts in Jeddah, where they started in 2014 when there was no business providing delivery services for such products. The entrepreneurs reached out to their co-worker, P23, for consultations, who was able to learn about the business from its beginning, which encouraged him to invest in the business, as he explains:

“We were talking about what they do. They were at the beginning...he takes some consultations...the guys reached the level that they had validated their business plan and opportunity, they had worked and gone through a long journey ...I knew somewhat about what they were going through.”

On avoiding joining BANs, P23 indicated that he prefers to invest in sectors he has experience in, mainly the food sector, and to co-invest with entrepreneurs he knows and/or is within his social network. Hence, joining BANs to review investment opportunities in other sectors from his experience and as a single investor or with other co-investors he is not familiar with (common in BANs) does not appeal to P23. Furthermore, he does not have a large amount of funds to invest in many investment opportunities – another reason for not currently being interested in joining BANs.

Some beginner and less-active BAs are evidently very selective and specific regarding the target businesses given their particular preferences and limited funds. This is clear in the investment criteria of those participants who prefer to invest in their experienced sectors, which allows them to understand the investee business and get involved in business decisions. Such beginner BAs prefer to access investment opportunities through their own personal connections and/or social networks that relate to their sector experience. Beginner BAs thus carefully select their investments, which helps them manage market risk and conduct general risk management through knowing the sector, entrepreneurs, and co-investors.

In addition, beginner BAs avoid joining BANs because of a lack of time available for attending BANs' events and to commit to BANs' membership, as those BAs consider themselves beginner investors who have their own jobs, and they do not have the time to look consistently for investment opportunities or to attend series of events. Besides, such beginner BAs are not interested in joining BANs because they do not have a large amount of funds for investing in many businesses, which reduces their desire to seek many.

4.3.4 Active BAs Who Are Not Members of BANs

Analysing these active BAs gives understanding of why they avoid joining BANs and how BANs have different benefits for different BAs and hence attract some but not others. The research sample includes three active BAs who do not belong to any BANs. These active investors have more than two investments and are actively involved in the market through attending events and participating in related organisations. Table 4.11 presents the investment details of these BAs.

Table 4.11 Investments of Active BAs who are not members of BANs

BA	Deal source	BA sector	Deals sector	Co-investors	Relation with founder	Common investment features
P10	Outside BAN	Business development	Technology, retail, RE	Yes	No	<ul style="list-style-type: none"> • Active BAs did not mind investing in sectors different from their background. • BAs preferred to invest collectively. • BAs invested with entrepreneurs they did not know before (weak ties).
P17	Outside BAN	Investment, government, high management	Technology, sport	Yes	No	
P18	Outside BANs	Building business, hotel, investment	Technology, sport, maintenance, food delivery	Yes	No	

Common features among these BAs include investments across various sectors that differ from their original experience. P17, for example, has a background in accounting, management, finance, investment, and strategic planning, and he worked for over two decades in seven organisations – a business family, a media company, a holding company, a venture capital company, and the Ministry of Economy and Planning – but invested in technology and in sport. P18 has over 16 years’ experience in the investment market within the fund management field in different financial and investment institutions, besides founding his own business in the hotel sector, but his investment areas include food delivery, technology and sport.

Indeed, P17 and P18 co-invested in a sports business within the technology sector (sports app business), and several criteria were used to evaluate this investment. The entrepreneurs’ qualifications and experience attracted both investors: one has a degree in computer science and experience in establishing application businesses; the other has a postgraduate degree in finance and accounting and has worked in a large production company. Both entrepreneurs have a passion for sport, which was the trigger that helped them see the market opportunity

as they actually experienced difficulties in finding and booking stadiums and in gathering players for specific games. Thus, the entrepreneurs created an application for booking stadiums and connecting sports players. These investors did not have previous relations with entrepreneurs. As such, P17 met the entrepreneurs only at an entrepreneurial event in Bahrain, where he was introduced to their business. The investors liked the idea and the numbers the entrepreneurs achieved, so the investors investigated the entrepreneurs' qualifications through their businesses' clients and entrepreneurs' references. Both were thus not investing only through their strong ties or with people they know; the focus was on the entrepreneurs being qualified to succeed and the market demand indicating that the business had growth potential. The entrepreneurs started their business through studying market demand and competitors, besides analysing how playgrounds and stadiums work and the possibility of cooperating with them. They used their savings to launch the application and register their business, and they had more than 200 stadiums register and thousands of subscribers to their application. The project was thus providing a solution for stadium reservations and was addressing market demand. All these factors encouraged P17 and P18 to invest in the business.

P17 and P18 invested in the business collectively. The co-investors are active investors in the market who are involved in many entrepreneurial and investment events, where they meet only occasionally. Thus, the relationship between the two investors is one of weak ties, as they know each other from the market but are not friends or co-workers who meet regularly. Investing collectively allowed the investors to share their experiences and exchange their roles in mentoring and monitoring the entrepreneurs. Furthermore, co-investing provides the business with different relations of many investors, which helps the business in different activities across different regions. For example, the sports application of P17 and P18 was found in Bahrain (outside Saudi Arabia). Hence, co-investors were involved in the process of registering the business in Saudi Arabia and expanding into different regions throughout but also beyond the country.

Business features such as growth potential and the innovative idea encouraged P17 and P18 to invest in the business despite its operations being in a new sector for them and even though entrepreneurs who have no previous ties with the investors. However, as P17 and P18 have

wide investment experience, they were able to assess business aspects and the entrepreneurs' qualifications. Being active in the market allows P17 and P18 to have various market relations and build solid knowledge about angel investment, which might reduce their desire to join BANs – especially for the purposes of expanding their social network or accessing deals. Being active in the investment market helps BAs receive much information about new investment opportunities, know many professionals in the market, and expand their networks with such people without needing to join BANs.

For instance, P18 has experience in business management, investment and finance, and the hotel sector, but his investments are in different sectors such as food delivery, maintenance services, sports, construction, and private holiday houses. These active investors thus have the courage and confidence to get involved and invest in various sectors outside their experience. Their work experience in high management positions and the investment sector helped these BAs understand investment in small businesses and how to develop entrepreneurial businesses. Moreover, these active BAs are actively involved in the entrepreneurial and angel market, which helped them broaden their already wide experience with market trends, investment regulations, and market situation.

Another feature active BAs who do not belong to BANs share concerns evaluating investment opportunities by focusing on investment criteria such as market size, growth potential, the business idea, and entrepreneurs' qualifications rather than on having relations with the entrepreneurs. These investors have the experience to assess successful businesses and entrepreneurs' ability by such criteria but can also manage their relations with entrepreneurs accordingly and control investee businesses by investing in several businesses.

Furthermore, analyses of such active BAs' investments show they invest considerable funds that can exceed \$200k and might reach \$500k. Investing in several investment opportunities helps these BAs gain significant profits so they can invest larger amounts of funds in serial investments. Also, these active BAs tend to co-invest with other investors, so they can diversify their portfolio and invest at later stages with larger funds.

Such active investors have common reasons for not joining BANs. They indicated that they are very active in the investment market and that they attend many investment and entrepreneurial events through different organisations, which helps them understand market trends, encounter and receive investment opportunities, and increase their social ties with many and various investors and entrepreneurs. Therefore, those active BAs believe they do not need to join BANs because their activities offset membership benefits. Basically, joining BANs delivers no more added value to them.

4.3.4.1 Comparing Active BAs Who Are Members of BANs and Who Are Not

There are common features between active BAs who are members of BANs and those who are not. They are similar regarding the investment experience they have and their ability to invest in various sectors that differ from their working experience. They both also tend to co-invest with other investors through their wide range of ties in the market, which helps them increase the number of their investments and reduce investment risk besides sharing experience and investment tasks.

Also, both types of active investors have the confidence to invest with entrepreneurs they do not know because they have the required experience to evaluate these opportunities and assess their business quality. There are nevertheless differences between the two types, with the main one being that they choose different sources for deal flow and relations as those who belong to BANs choose BANs as the main source while those who do not choose the market as their main source. More specifically, there are particular commonalities to the various sub-types of BAs covered herein, and Table 4.12 summaries these.

Table 4.12 Summary of the Common features of BAs' Investments

	Type of BAs	Common Features
Members of BAs	Beginner BAs who had their first investment through/after BAs	<ul style="list-style-type: none"> • Join BAs to participate in BAs' activities besides receiving deals. • Open to investing in new sectors that differ from their original experience. • Open to investing with entrepreneurs they do not know before (weak ties).
	Beginner BAs who had their first investment before joining BAs	<ul style="list-style-type: none"> • Join BAs mainly to receive investment opportunities as they have the desire to invest more. • Prefer to invest in a similar sector to their original experience. • Invest with entrepreneurs they know before (strong ties).
	Active BAs who are members of BAs	<ul style="list-style-type: none"> • Join BAs to receive quality investment opportunities and to support the community by participating in BAs' activities. • Invest in various sectors that could differ from their original experience. • Open to investing with entrepreneurs they do not know previously (weak ties).
Non-members of any BAs	Beginner BAs who are not members of BAs	<ul style="list-style-type: none"> • Avoid joining BAs because of their lack of time available for BAs' events and/or lack of funds to invest more. • Very selective regarding their investments as they only have limited funds to invest in few firms. • Prefer to invest in similar sectors to their original experience, with entrepreneurs they know (strong ties) and co-invests with investors they know (strong ties).
	Active BAs who are not member of BAs	<ul style="list-style-type: none"> • Invest in various sectors that could differ from their original experience. • Open to investing with entrepreneurs they do not know previously (weak ties). • Avoid joining BAs because they believe their activities offset them for the benefit of joining BAs.

4.4 Section Four: The Analysis of BAs' Social Networks

BAs' social networks are important elements for facilitating their investment process, especially in emerging immature markets such as that of Saudi Arabia (Ahlstrom and Bruton, 2006; Scheela and Isidro, 2009; McAdam, Crowley and Harrison, 2018). This research thus considers how participants created their social ties and increased their networks but specifically seeks to understand any impact of joining BANs on these processes and, in particular, facilitating their investments.

Emerging economies, including Saudi Arabia, lack supportive legal and financial institutions (Harrison *et al.*, 2018). BAs in such economies consequently need to create social networks to promote their investment activities (Ahlstrom and Bruton, 2006). Indeed, the research participants emphasise the important role of social ties in their investment process, including accessing investment opportunities, evaluating and investigating the market and entrepreneurs, and adding value to their investee businesses. The data analysis shows that Saudi BAs are surrounded by different types of social ties, with each type offering different quality of information and facilitations by serving a specific purpose for investors (Borgatti *et al.*, 2009).

This section analyses BAs' social networks mainly to understand the impact of joining BANs on BAs' social ties and resultant investments. This additionally helps understand the motivations of some BAs to join BANs and the reasons for other BAs to avoid joining BANs despite the benefits BANs can deliver, thus contributing to answering the first sub-research question: 'What are the benefits of BANs to BAs?'. In turn, considering these differences also contributes to answering the second sub-research question: 'Why is the value of BANs different among different business angels?'.

4.4.1 The Role of Social Networks in Investment Activities from BAs' Perspectives

The analysis found that BAs' social networks facilitate their investment activities in four main ways.

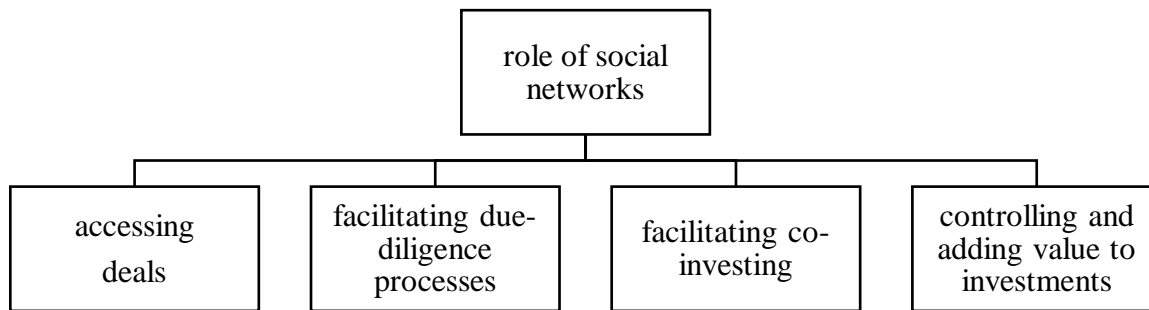


Figure 4.4.9 The Role of Social Networks in BAs' Investment Activities

As Figure 4.9 illustrates, from the perspective of BAs the role of social networks in their investments includes: accessing deals concerns; facilitating due diligence process; facilitating co-investing; and controlling and adding value to investments involves. Each of these is explored further next.

4.4.1.1 Accessing Deals/Investment Opportunities

The research findings show that some BA investments involve relationships between BAs and entrepreneurs. These relations vary: some are strong ties, such as those among colleagues or co-workers; others are weak, indirect ties accessed through referrals. BAs' social ties are considered information channels that provide BAs with updated information about deals and investment opportunities. Therefore, BAs with limited social networks, such as beginner investors, attempt to join BANs or attend entrepreneurial forums to receive such information about investment opportunities in particular. Such organisations and forums hence support beginner BAs in this regard and provide them with considerable sources of filtered investment opportunities, as P08 stated:

“Our market is still considered immature...the opportunities that come to us unfortunately are not good. So, I said if the opportunities come from SIRB or OQAL then they are kind of filtered and their quality will be higher and better.”

Personal networks help entrepreneurs and BAs find each other. Entrepreneurs are better able to locate BAs and assess whether they are the right fit for their start-up company, while BAs can utilise their personal contacts to keep up with investment opportunities available in the market. For example, P20 stated that investment opportunities come mainly *“through personal networks, where one entrepreneur deals with an investor and this investor talks to his network... This is what happens in most cases”* (P20). BAs use their personal networks to access investment opportunities and these help them increase their deal flow.

4.4.1.2 Evaluating Investment Opportunities and Facilitating Due-Diligence Processes

The research findings also indicate that BAs utilise their social networks to conduct due-diligence processes about investment opportunities. Within these networks, BAs seek to benefit from the advice of more experienced investors in relevant industrial sectors from those who have made investments in that particular industry before. When P03 evaluates any investment opportunity, he prefers to consult other investors who have *“a very large network of investors and businesspeople”* while P25 prefers to take opinions from investors who have made similar previous investments: *“I always try to consult the investors...This person’s opinion would be better than the person who didn’t invest.”*

Although research participants indicated that the main method for assessing entrepreneurs is through interviewing entrepreneurs, the research findings show that BAs use their personal and professional networks to collect information about the entrepreneurs to learn more about their reputation, especially from people working in the same sector, but they can learn various other things in this way as well. Therefore, joining BANs helps BAs increase their social ties with other investors, share their experiences and relevant information, and learn more, as P11 said that

“... as a group in OQAL, we work in different sectors, which means there is a wide difference, so if I wanted to know something about the service then I can ask one of the members in OQAL. I could ask the members about the different sectors and topics.”

4.4.1.3 Facilitating Co-Investing

The research findings suggest that social networks can help BAs develop relationships with others and invest collectively with other investors as these relationships allow them to get to know and understand each other, as well as facilitating the process of communication and decision-making in their investment portfolios. P23, for example, shares how he and his “*study friends*” have been “*friends for 20 years*” and wanted to start their own business, but their other commitments prevented this. They therefore invested collectively in an entrepreneurial business. Another participant indicated that he invests collectively only with other investors if he knows them personally and has a personal relationship with them. Inversely, although this participant, P06, does not make many investments, when he recognises an attractive investment opportunity and does not personally know the entrepreneur he will invest only if other investors he personally knows will join the investment. He is not keen on solo investments as he prefers group ones:

“Mostly, I don’t want to invest alone in an entrepreneur. I prefer to invest as part of a group. Then, the group members should all know each other and there should be a good relationship so we can have a position in this partnership ... and influence the decisions. I never want to be a minority investor within a group alongside other investors I don’t know, investing in an entrepreneur I don’t know.”

The data analysis shows that joining BANs helps BAs increase their social networks with other investors, allowing them to invest collectively as a group of investors. BANs thus facilitate investment syndications, as P11 notes:

“OQAL could make investors’ groups; if there are 10 people who liked one investment opportunity, then OQAL forms a group of investors as each of them could share with small amounts of money as investors don’t like to take risks with big amounts of money, when there is a group and each of them is only sharing with small amount of money then they won’t really feel it or even feel the risk.”

4.4.1.4 Controlling and Adding Value to Investments

When BAs invest in entrepreneurial businesses, they provide not only funds but also their experience and networks. BAs help entrepreneurs develop marketing and business plans, monitor financial performance, oversee accounting and financial reports, and work on both strategic and operational aspects of the business (Politis, 2008; Lahti, 2014; Hoyos-Iruarrizaga, Fernández-Sainz and Saiz-Santos, 2017).

The research findings show that social connections are very beneficial for BAs regarding developing their investments (Politis, 2008). For example, P25 says BAs can facilitate licence issuing for investee businesses, especially when BAs invest in innovative entrepreneurial businesses that are new to the country and there is no clear registration process or regulations for such businesses. The relationship BAs have with policymakers or government officials can hence really facilitate the process of operating and developing a new entrepreneurial business's activities.

P25 explained how he was able to add value to an investee business with a business model that was new to the country. The business, a private car taxi-booking service, depended on certain regulations and permissions that did not exist in the country at that time. In this new service, drivers are not registered as regular employees as in traditional taxi companies; hence, the issuing of a licence for such a new business was not easy. However, having relationships with policymakers allowed investor P25 to facilitate establishing and developing the business. Explaining the process, P25 stated:

“Thanks to relationships with government ministers and friends in government, I was able to sit with them and explain that if the Minister of Trade didn't help this business then in the coming years he would be facing a problem of unemployment of Saudi people.”

Social ties, therefore, are very important for facilitating entrepreneurs' businesses' operations, accessing information about the industry, and benefiting from experienced businesspeople. P21, a business founder, confirmed this:

“I am a business founder. I really need networking in order to understand what business challenges people are facing and whether they have the same problems that I have. When people talk together, advise and consult each other...you really learn.”

Therefore, BAs support entrepreneurs using their social ties to connect entrepreneurs with new suppliers and clients to expand entrepreneurs' businesses. For instance, P04 emphasised the role of social ties to add value to investees' businesses: "*I tried to open lots of doors and connections for him [entrepreneur].*"

4.4.2 Analysing BAs' Social Networks

This section analyses BAs' social networks to understand their role in facilitating BAs' investment activities and the benefits they bring to BAs who join BANs, doing so while also differentiating among types of BAs and understanding why BAs join or avoid BANs. The analysis is divided according to the type of BAs in terms of their investment activities, whether they are beginner or active investors, and whether they are BAN members or not. Furthermore, it considers participants' contacts and how they are related through the companies and committees they participate in as well as their relationships with the entrepreneurs with whom they invest.

4.4.2.1 Social Ties between BAs and Entrepreneurs

4.4.2.1.1 Beginner BAs

The analysis shows that beginner BAs who are members of BANs are divided into two groups: those who invested before joining BANs and those who invested after joining BANs. The former, such as P06, P08, and P15, invested through their strong social ties where they have strong relationships with the entrepreneurs. Investing through strong ties provides beginner BAs with trusted information (Shane and Cable, 2002), allowing them to accurately evaluate the entrepreneurs' skills and the businesses based on detailed trusted information received from those entrepreneurs. Moreover, beginner BAs have limited social networks and their activities are limited to their main initial experiences, which normally leads them to access deals through their strong ties and in related sectors. Hence, they joined BANs to receive deals and increase their social ties, particularly their weak ties, with many entrepreneurs and other investors.

The latter, such as P02, P09, P011, and P26, invested after joining BANs where the relationships between investors and entrepreneurs involved weak ties. P02 made his first investment through a BAN without a previous relationship with the entrepreneur and in a different sector from his original background but co-invested with other BAs from the BAN. Similarly, P09 and P26 first invested alone through BANs without having previous relations with the entrepreneurs.

Beginner BAs who are *not* members of BANs (e.g. P23) are similar to beginner BAs who invested before joining BANs, as they invested through their strong ties (relationships between BAs and entrepreneurs are strong ties). For example, P23 invested with entrepreneurs who were his co-workers, allowing him to get trusted detailed information about entrepreneurs' qualifications and the investment opportunity. In addition, P23's investment is in a sector similar to his original industrial experience. Such beginner BAs have limited weak ties with entrepreneurs, especially outside their sectors.

4.4.2.1.2 Active BAs

Active BAs who are members of BANs invested through their weak ties. For example, P27 invested in an application for selling houses but had no previous relations with entrepreneurs from outside Saudi Arabia and in a financial technology business without having relations with the entrepreneurs. P27's business background is in the medical and hospital sector, which allowed him to have up to three investments in the sector. P27 evidently receives investment opportunities through different methods and different types of ties but mostly through weak ties. This is logical since P27 has a wider range of weak ties than his strong ties, which are limited to the medical and pharmacy sectors. P30, a BAN member, invested through different channels, indicated that he received information about investment opportunities mainly from his "*network*", and invested through OQAL, which offers filtered investment opportunities to investors and thereby reduces their wasting time on poor investment opportunities.

Active BAs who are *not* members of BANs invest through their weak ties, as relationships between BAs and entrepreneurs are weak ties. P10 (active BA/not a BAN member) has two angel investments derived through his active involvement in the investment field. In addition, working in a management consultation company that helps entrepreneurs develop their businesses helped P10 learn about many investment opportunities. Thus, P10 is not encouraged to join BANs as he is already receiving similar benefits of BANs through his career and his involvement in entrepreneurial events. Similarly, P17 and P18 (active BAs/not members of BANs) invested in different opportunities with no previous ties with the investee entrepreneurs as they access deals through their networks in the market where they have a wide range of social ties with numerous businesspeople and investors, which offsets the need to join BANs.

4.4.2.1.3 Common Features among the Sample (Relations with Entrepreneurs)

The analysis shows that most BAs who invested through their strong ties (P06, P08, P015, P23), where there are strong ties between investors and entrepreneurs, are beginner investors. However, beginner investors who made their investments through/after joining BANs (P02, P09, P26) invested through their weak ties with the entrepreneurs. Beginner BAs thus overall prefer to invest through their strong ties, which makes sense as they do not have wide experience about investing and evaluating entrepreneurs, so investing through strong ties allows beginner BAs to know the entrepreneurs and trust their qualifications. In contrast, other beginner BAs had no previous relations with the entrepreneurs encountered through BANs (weak ties). This indicates that joining BANs encouraged beginner BAs to invest with entrepreneurs with whom they had no previous ties.

In addition, the findings show that active investors invested through their weak ties or did not have previous relations with the entrepreneurs. Active BAs have wide experience regarding evaluating investment opportunities and entrepreneurs, which gives them the confidence to invest with entrepreneurs they have not known before. Table 4.13 summarises the different categories of BAs' investment behaviour based on the strength of ties.

Table 4.13 BAs Relations with Entrepreneurs

		Invest through Strong Ties	Invest through Weak Ties (through BANs)	Invest through Weak Ties (outside BANs)
Beginner	Members	P06, P08, P15,	P02, P09, P26	P01, P11, P28
	Non-members	P23		
Active	Members		P04, P12, P13, P21, P25, P27	P03, P05, P07, P12, P13, P16, P19, P20, P21, P24, P25, P30
	Non-members			P10, P17, P18
No investment	P14, P22, P29			

4.4.2.2 BAs' Social Ties with Co-Investors

Analysing the social ties between BAs and their co-investors gives insights into how BAs create these connections and how they benefit BAs but also the impact of BANs on BAs' networks. The beginner BAs P06, P15, and P23 invested collectively with other investors with whom they had strong ties: P06 co-invested with his business partner in a business their employee established; P15 invested collectively with his friend; and P23 co-invested with his colleagues. Other beginner BAs who instead co-invested through their weak ties, such as P02 and P11, created their connections with co-investors through BANs. They thus invested after joining BANs, where they established social ties with other investors (hence, weak ties).

Regarding active BAs who invested collectively through BANs, all had weak ties with their co-investors. For example, P21 (active BA; member of OQAL) co-invested through his weak ties with other investors in different investments, meeting these co-investors through business events in the market and through joining OQAL. P13 (active BA; member of OQAL) co-invested with other BAs from OQAL, where the investment needed a large amount of funds which was distributed among the co-investors. P04 is another active BA who benefited from joining BANs by creating social ties with other investors. P04 was an entrepreneur before co-establishing OQAL's West branch. He started investing in small businesses after joining the BAN as it helped him create and increase his social networks with entrepreneurs and other BAs, leading him to become a more active investor through investing in some deals offered by BANs and co-investing with other BAN members.

Regarding members of BANs who are active BAs and who invested collectively outside BANs, such as P03 and P05, they joined BANs but co-invested with other investors through their weak ties, doing so outside BANs. P03 and P05 were already active investors before joining BANs; hence, they had already invested collectively with other BAs outside BANs. Similarly, P12 invested in an offered deal through OQAL but also had previous co-investments through his own network from being active in the market.

One active BAs who are not members of BANs, P10 has several co-investments through his weak ties with other investors while P17 and P18 made several investments together along with other BAs from the market. Notably, P10, P17, and P18 worked in entrepreneurial and investment institutions and this helped them create wide social networks through which they connected with other investors (weak ties), allowing them to collaborate in funding businesses. These three active BAs do not mind investing with entrepreneurs they do not know or co-investing with investors with whom they have no previous relations because their long experience in angel investment allows them to evaluate entrepreneurs and manage their investment partnerships. Table 4.14 summarises the relationships among BAs and co-investors.

Table 4.14 The Relationships among BAs and Co-Investors

	Co-invest through strong ties (outside BANs)	Co-invest through weak ties (through BANs)	Co-Invest through weak ties (outside BANs)	Invested alone
Beginner	P06, P15, P23	P02, P11		P01, P08, P09, P26, P28
Active		P13, P21, P25, P04,	P03, P05, P10, P12, P16, P19, P17, P18, P21, P24, P30, P20, P27	
No investments	P14, P22, P29			

Analysing the social ties among BAs and their co-investors can help understand the impact of social ties on BAs' investment decisions and the impact of joining BANs on encouraging BAs' collective investments. It can also provide indicators as to why some BAs avoid joining BANs. This study's findings show that active BAs mostly invest collectively where the BAs—co-investors ties are weak (as Figure 4.14 evidences). Many such active BAs invested with the same investment partners several times in different investments, which strengthened the business relationship between those co-investors. This makes sense as when BAs invest with another investors they learn more about their qualifications and experiences, which strengthens the relations between them and gives them the confidence and trust to co-invest with them again. For example, P25 and P21 co-invested together in several investments in different sectors, and P17 and P18 did likewise together but also with other investors.

Moreover, the findings show that beginner BAs mostly co-invested with other investors with whom they are connected through strong ties, except for beginner BAs who invested through BANs as they co-invested through weak ties. For example, P06 invested collectively with his friend and business partner, while P23 co-invested with other investors who are colleagues or friends. Beginner BAs do not have wide investment experience, so co-investing through their strong connections gives them the confidence to enter the BA market. However, beginner BAs who invested through BANs had the courage to co-invest through weak ties – meeting the co-investors through BANs or through referrals from other BANs members. Investing through BANs hence gives beginner BAs the confidence to join other investors through weak ties. In turn, joining BANs motivates BAs, particularly beginner investors, to invest collectively. Many other beginner BAs preferred to invest alone, perhaps because they had not yet established trusted relations. Given this, these BAs arguably missed out on the specific benefits BANs can deliver by facilitating co-investment via weak ties.

4.4.2.3 Social Ties of BAs in the Market

This section analyses the overall social network of BAs they have created in the market throughout their career journey and/or their involvement in business and investment events to understand the features of these networks based on their investment activities but also differences between the social networks of beginner BAs and active BAs. Such understanding sheds light on the impact of social ties (weak and strong) on investment activities. In addition, comparisons between members of BANs and non-members of BANs regarding their social networks can highlight any impact of joining BANs on these social networks and why some BAs avoid joining BANs while others do.

4.4.2.3.1 The Social Ties of Beginner BAs Who Are Members of Bans

Participants under this are P01, P02, P06, and P20. The following image illustrates P01's social network.

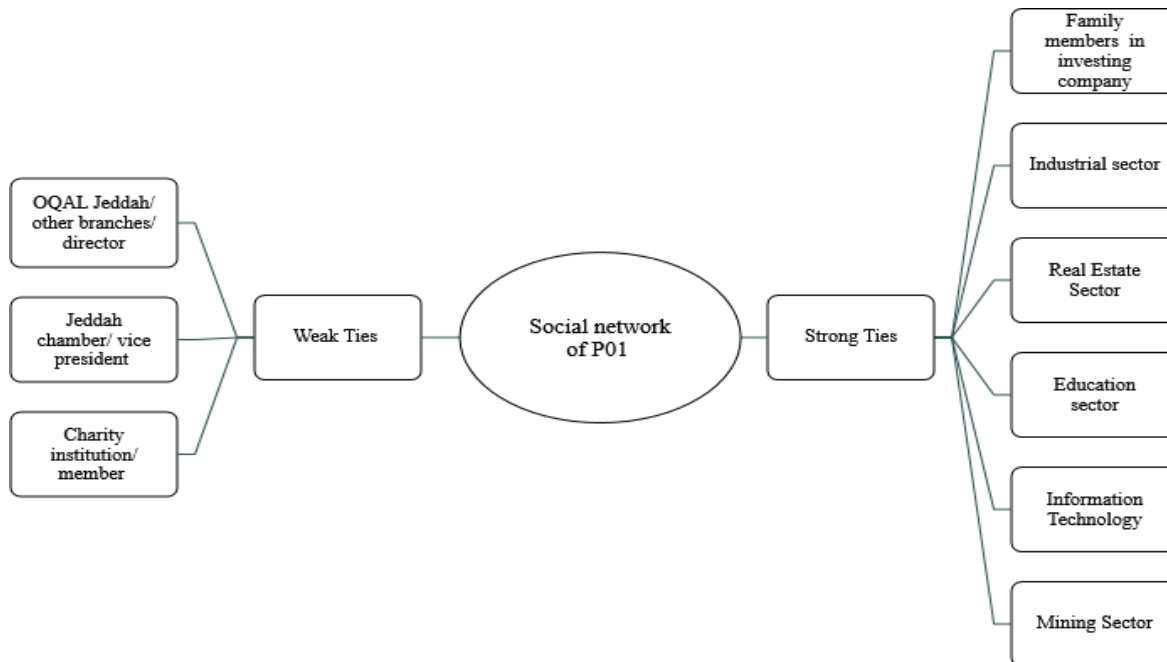


Figure 4.10 P01's Social Network

P01's social network in relation to his activities and work experiences shows he has strong ties with family members and co-workers who work in the same workplace, which is understandable given that P01 started his career journey working in the family holding

company – an investor in and owner of different companies in different sectors. P01 is an Executive Director in this company and a member of its board of directors, allowing him to establish strong relationships with professionals in different sectors the company has invested in such as industrial, real estate, education, information technology, and mining. Such ties are considered strong direct ties because the actor is working with them regularly and meeting them frequently (Granovetter, 1973; Shane and Cable, 2002).

P01 contrastingly has weak ties with many people in different organisations and sectors through his involvement with different institutions such as the commerce chamber and OQAL. For example, he has weak relationships with investors and members of OQAL in Jeddah such as P02, P22, P04, and P07 as he holds a different position in OQAL-Western. Also, P01 has social ties with members of OQAL who are from other branches and other regions such P25, who is the founder of OQAL-Riyadh, and with investors who are members in OQAL-Eastern. P01 is involved in the chamber of commerce in addition to other events in the business field so meets many businesspeople in the field. Moreover, P01 is a member of and helps manage a charity institution whereby he interacts with and occasionally meets people from different fields. These ties with people from institution outside the workplace or family frame are considered weak ties because these economic actors meet and interact occasionally (Granovetter, 1973, 1983).

Next, P02 has the following social network.

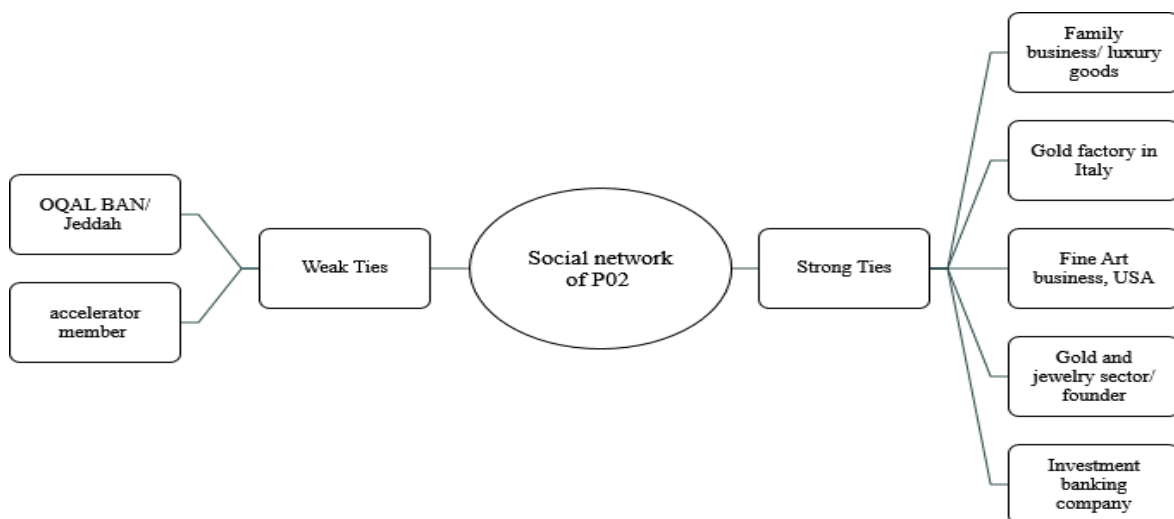


Figure 4.11 P02's Social Network

P02 has many social ties with businesspeople and investors from various sectors. He has many strong ties within the sectors he has worked but limited ties in the gold and jewellery sector. Furthermore, P02 has many strong ties with family members in the business sector as his family own a large business in the luxury and jewellery sector. Also, his brother is a well-known doctor who owns a large private hospital. Regarding his weak ties, P02 is the chairman of OQAL-Western so has weak ties with many members of OQAL such as P01, P04, P07, P22 and with other members and administrators in the same branch. In addition, as P02 is a member of the Board of Trustees in OQAL he meets many members and investors from other branches during these board meetings. The analysis shows that P02 has strong ties in limited sectors in which he has worked; however, joining OQAL allowed him to increase his weak ties with businesspeople in the market.

For P06, the following is his social network.

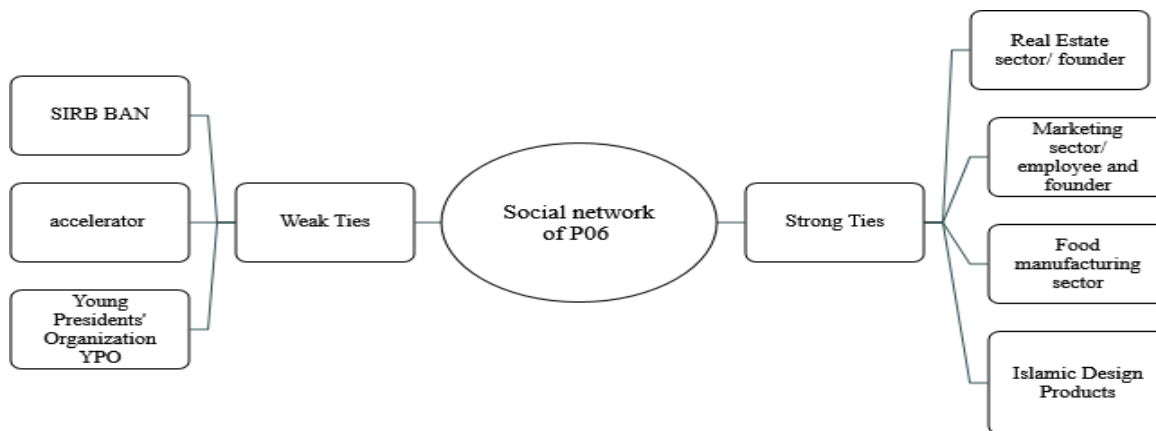


Figure 4.12 P06's Social Network

P06 is a beginner BAs who has many strong ties in mainly four sectors, as he has worked in the real estate, marketing, food manufacturing (marketing department), and retail sectors. He also established several companies such as for real estate development and in marketing besides a retailer of Islamic products. His career allowed him to gain many strong ties in specific sectors as he interacted regularly with people in such sectors. However, as a beginner investor P06 has limited weak ties because of his limited investment activities. Thus, P06 joined SIRB and got involved in entrepreneurial institutions such as accelerators to increase his weak ties with entrepreneurs and other investors.

P20's social network is illustrated as follows.

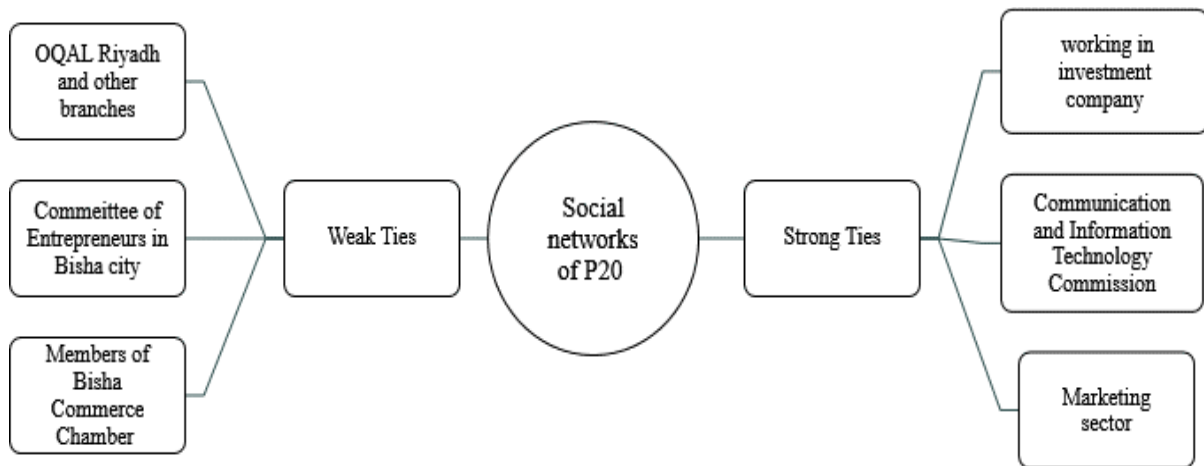


Figure 4.13 P20's Social Network

P20 got involved in the technology sector from an early age when he studied electronics engineering for his undergraduate degree. His involvement in several fields has allowed him to establish many social ties. With his brother, he co-founded an investment company in 1998 and has worked as CEO in this since 2007, besides being a board member of a marketing and advertising company and of the Saudi Communications and Information Technology Commission (government sector). These working experiences allowed P20 to establish strong ties in some sectors including technology, marketing, investment, telecommunication, and the government sector. These strong ties were developed through regular and frequent interactions with people in the workplace within the mentioned sectors.

Contrastingly, P20 has established many weak ties with many businesspeople in different sectors as his work in the investment field has involved interacting with and meeting many investors and businesspeople. In addition, P20 has been involved in several activities and organisations relating to business and investment, allowing him to meet many businesspeople and investors from various sectors and establish weak ties with them. For example, he was a member in the committee of entrepreneurs in Bisha city and a board member of the chamber of commerce in Bisha city, which both enabled him to increase his weak ties with many entrepreneurs and businesspeople. In addition, P20 has been a board member in OQAL's Riyadh branch since 2015, which has helped him increase his social networks and make weak

ties with many investors, entrepreneurs, government officials, and important speaker through OQAL events. This section’s final participant, P28, has the following social network.

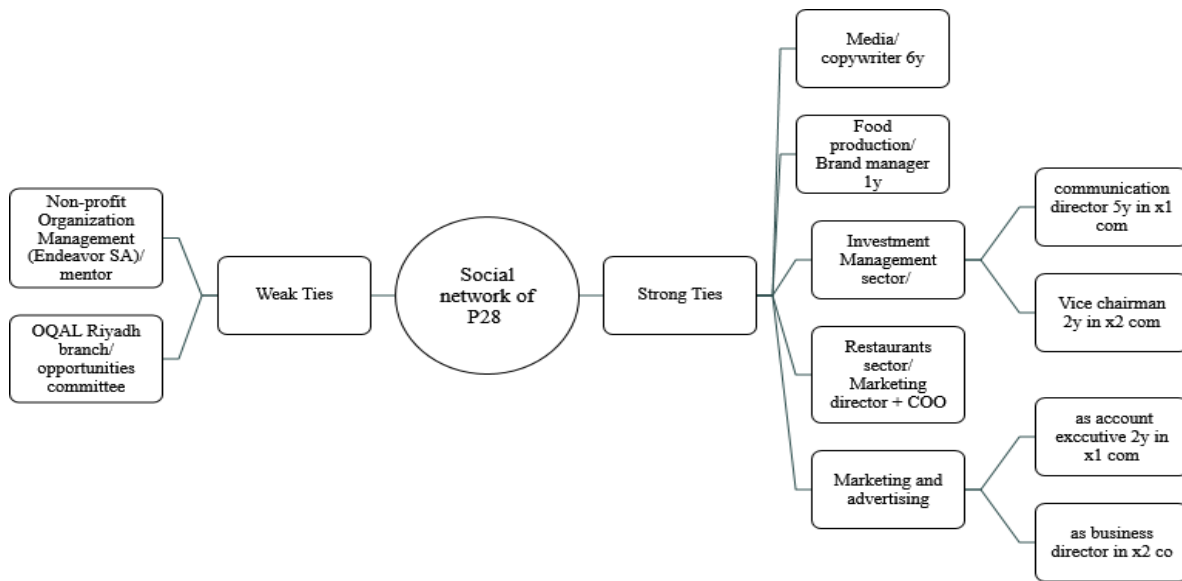


Figure 4.14 P28’s Social Network

P28 is a beginner BA and a member of OQAL’s Riyadh branch. He has a wide range of strong ties as he worked in different sectors such as marketing, food production, investment, and restaurant sectors. P28 worked in two companies in the investment management sector, where he worked as communication director in the first company and a vice chairman in the second. Working in the investment field allowed him to establish many strong ties with professionals in the investment market. P28’s educational background is in economy, marketing, and finance, which allowed him to work in different sectors and gain strong ties with numerous experts in such industries.

P28 established several weak ties (Figure 4.14) with investors and entrepreneurs by being involved in several organisations relating to investment and entrepreneurship. For instance, he joined OQAL as a member of opportunities committee, where he was responsible for evaluating and filtering received investment opportunities besides guiding and mentoring entrepreneurs. Joining OQAL enabled P28 to gain numerous weak ties with investors, entrepreneurs, and important figures in the market, besides learning about market trends and evaluating investment opportunities, especially since he worked in the opportunities committee as “one of the officials responsible for evaluating the opportunities” (P28). In addition, P28 supports entrepreneurs through a global non-profit organisation that mentors

and accelerates entrepreneurs around the world through which he has gained several weak ties with entrepreneurs. Being involved in entrepreneurial organisations helps individuals expand their social networks as it requires interacting with businesspeople in the field.

4.4.2.3.2 The Social Ties of Beginner BAs Who Are Members of BANs – Common Features

The data analysis shows that beginner investors generally have limited networks of strong and weak ties, with the latter being particularly limited – thereby reducing their chances of accessing information about investment opportunities. However, beginner BAs from BANs have a considerable number of social ties with other BANs members, indicating that joining BANs helps them expand their social ties – particularly their weak ties. Therefore, joining BANs can increase beginner investors' social networks and therefore help them receive investment opportunities and collaborate with other investors through co-investing or receiving consultations from other investors.

Another noticeable point about the social networks of beginner BAs who are member of BANs is that their work experience and business activities are limited to one or two main sectors. For example, P08 and P09 worked in the specific main sectors of travel and medical, respectively. Similarly, P01, P02, and P26 likewise worked in limited sectors. This indicates that beginner BAs' activities and work experiences are limited to a specific few sectors, which explains their limited number of social ties (strong and weak) as they interact with the same people in the same circle (specific sectors), which tightens their social networks.

4.4.2.3.3 The Social Ties of Active BAs Who Are Members of BANs

Participants under this are P03, P19, P24, P27, and P30. The following image illustrates P03’s social network.

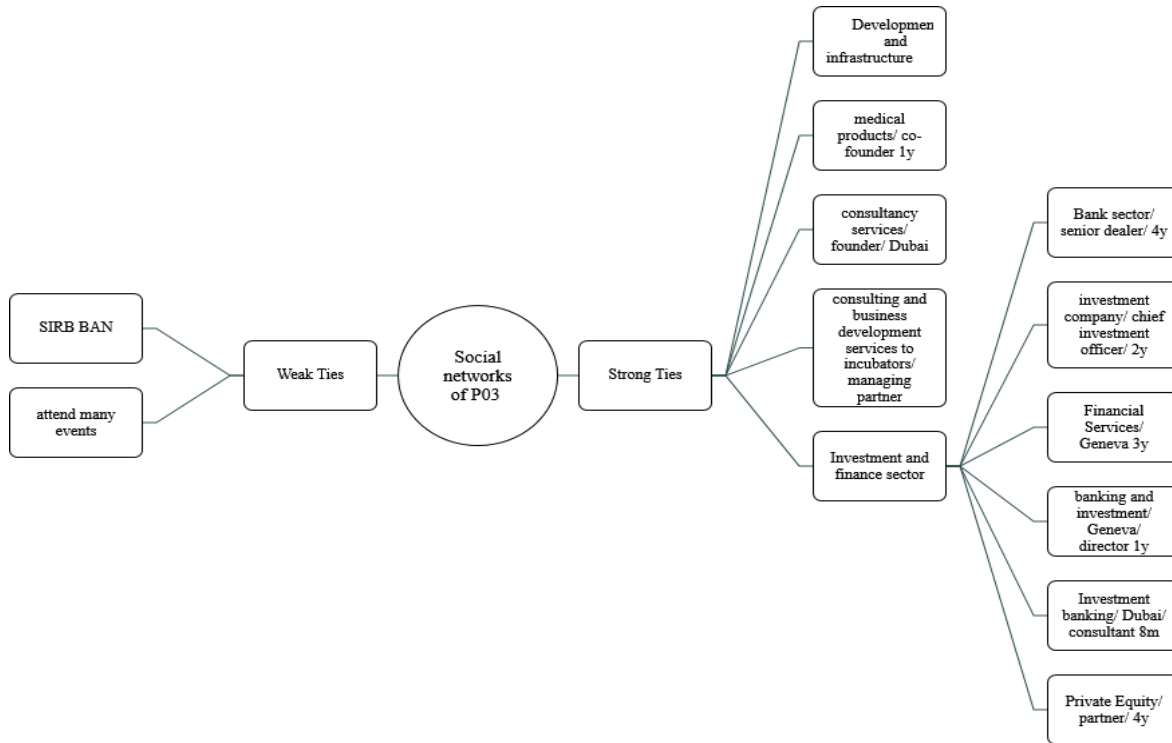


Figure 4.15 P03’s Social Network

P03 is considered an active angel investor who has a wide range of strong and weak ties (Figure 4.15). Active angel investors need many weak ties as these facilitate the transfer of information and access to investment opportunities (Granovetter, 1973; Takahashi and Inamizu, 2014). P03 joined SIRB to widen his weak ties through meeting many investors and entrepreneurs. He also actively participates in entrepreneurial and investment events in different countries, which has helped him increase his social networks – especially his weak ties. Interestingly, P03 has a wide range of social strong ties not only in Saudi Arabia but also in Geneva and Dubai, because he has worked in many different companies in different countries. Also, P03 has extensive experience in the investment sector as he has worked in different banks and investment companies in different countries.

P03 established several companies including a consultation company in Dubai and a medicines and health equipment company in Saudi Arabia. Moreover, he is currently a partner of a private equity investment company that invests in small businesses. P03 has also worked in other sectors such as the development and infrastructure sector and has established strong and weak ties with businesspeople in different sectors but mostly in investment and finance through not only working in the sectors but also attending investment events. Thus, P03 receives information about investment opportunities through the market and through his job.

P19's social network is as follows.

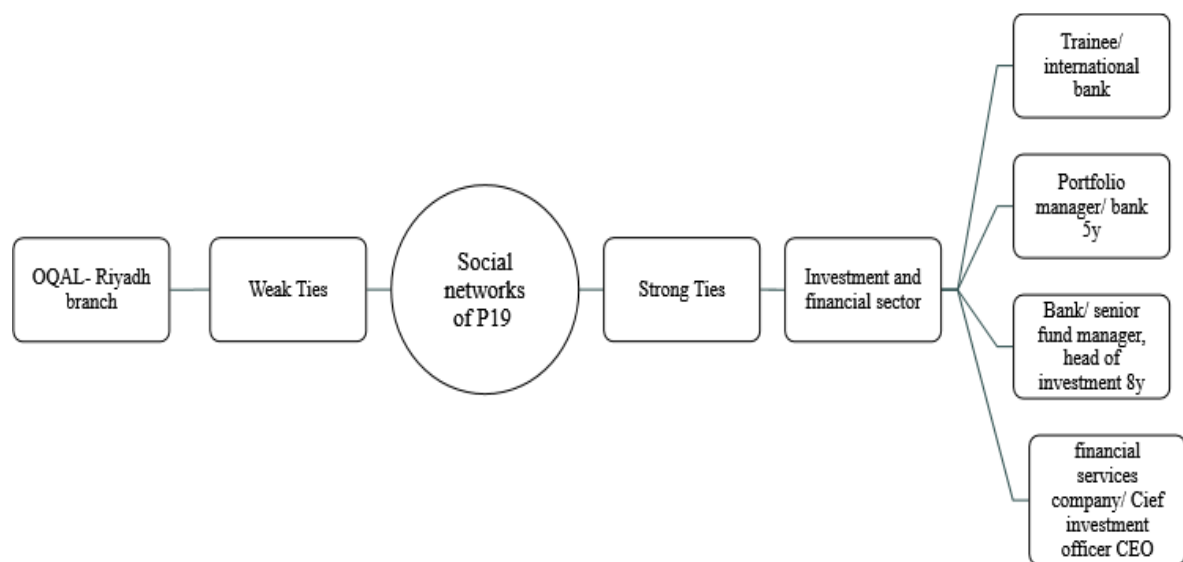


Figure 4.16 P19's Social Network

P19 is an active angel investor who has social ties mostly in the investment and financial sector because he has worked in the investment and financial sector throughout his whole career. In addition, he holds a finance bachelor's degree and has experience in portfolio management, fund management, and equities investment, where he managed more than SAR 30 billion of assets. P19 is currently the CEO of a financial services company as he states,

"I am the executive manager of [X] financial investment company. I have worked in investment for more than 17 years; in investment stocks especially and stocks market, private investment especially."

P19's experience in the investment and financial sector has allowed him to establish many strong and weak ties with professionals such as investors, entrepreneurs, businesspeople, and bankers (Figure 4.16). His strong ties in the investment and finance sector has allowed P19 to access trusted information about the market while weak ties have helped him receive a wide range of investment opportunities. Furthermore, P19 joined OQAL's Riyadh branch, which has allowed him to increase his weak ties with numerous investors, entrepreneurs, and significant figures in the country through attending OQAL's pitching events and participating in the BAN's activities.

P24's social network is as follows.

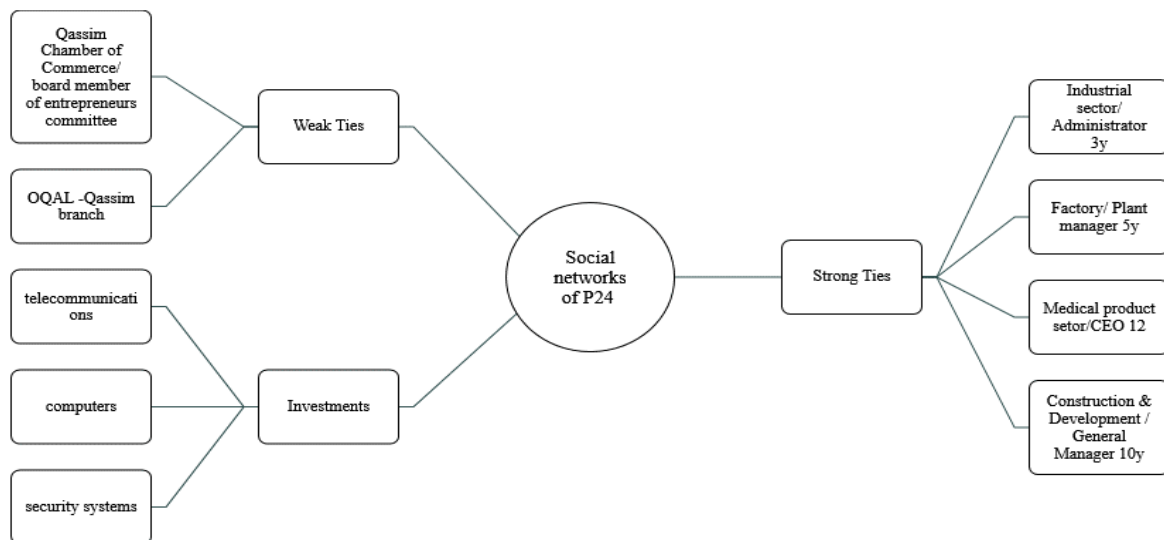


Figure 4.17 P24' Social Network

P24 is a member of OQAL's Qassim branch and an active BA who has strong ties with professionals in several sectors such as industrial, manufacturing, medical supplements, and construction (Figure 4.17) from working in companies related to these sectors. P24 is also involved in several activities that have helped him increase his weak ties such as being a board member of the committee of entrepreneurs, which comes under the chamber of commerce in the Qassim region, and being a member of OQAL's Qassim branch, which has increased his weak ties with investors, entrepreneurs, and important speakers as, in his words, they

“share and exchange experience with entrepreneurs and businessmen, we could also benefit from investing opportunities ... the good thing is that in each meeting by OQAL you get more connections with the investors and colleagues, new entrepreneurs.”

Getting involved in such organisations and supportive institutions enables investors to increase their social networks, which helps them overcome the market’s lack of legal and financial frameworks (Scheela and Jittrapanun, 2012). Strong ties with professionals in several sectors can help investors access trusted detailed information about the market and, in turn, improve due-diligence processes regarding the market and entrepreneurs. Weak ties are important for investors to more easily, cheaply, and effectively access information about investment opportunities to increase their deals flow. Therefore, investors need the two types of social ties.

P27 has the following social network.

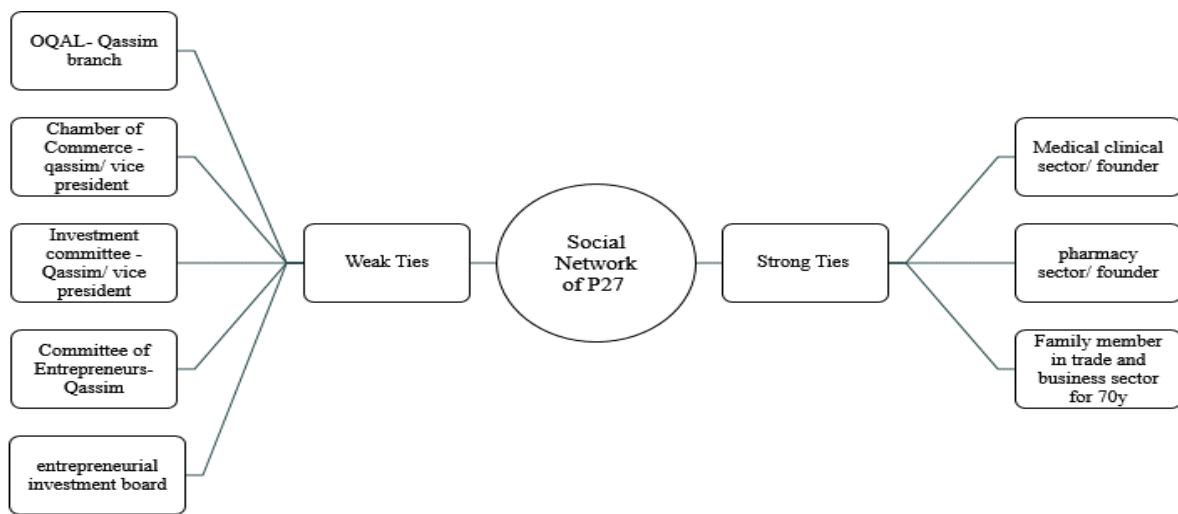


Figure 4.18 P27’s Social Network

P27 is an active investor who has a business degree and is a member of OQAL Al-Qassim. Starting his career by establishing his own business in the medical and pharmacy sector at a very young age and working in these limited sectors for most of his career, P27 has many strong ties in limited sectors but also strong ties with family members who have worked in the trade and business field for more than 70 years. In contrast, P27 has many weak ties (Figure 4.18) with investors and entrepreneurs through his participation in different organisations and committees, such as committee of entrepreneurs, the chamber of commerce

in Qassim, the investment committee under the chamber, and the OQAL BAN in Qassim. In fact, P27’s social network has more weak ties than strong ties, as his business focuses on limited sectors and he is actively involved in many organisations and committees. As he explains, “We tried to join with any group of young people so that we can take our rights and deliver our voice to officials” (P27).

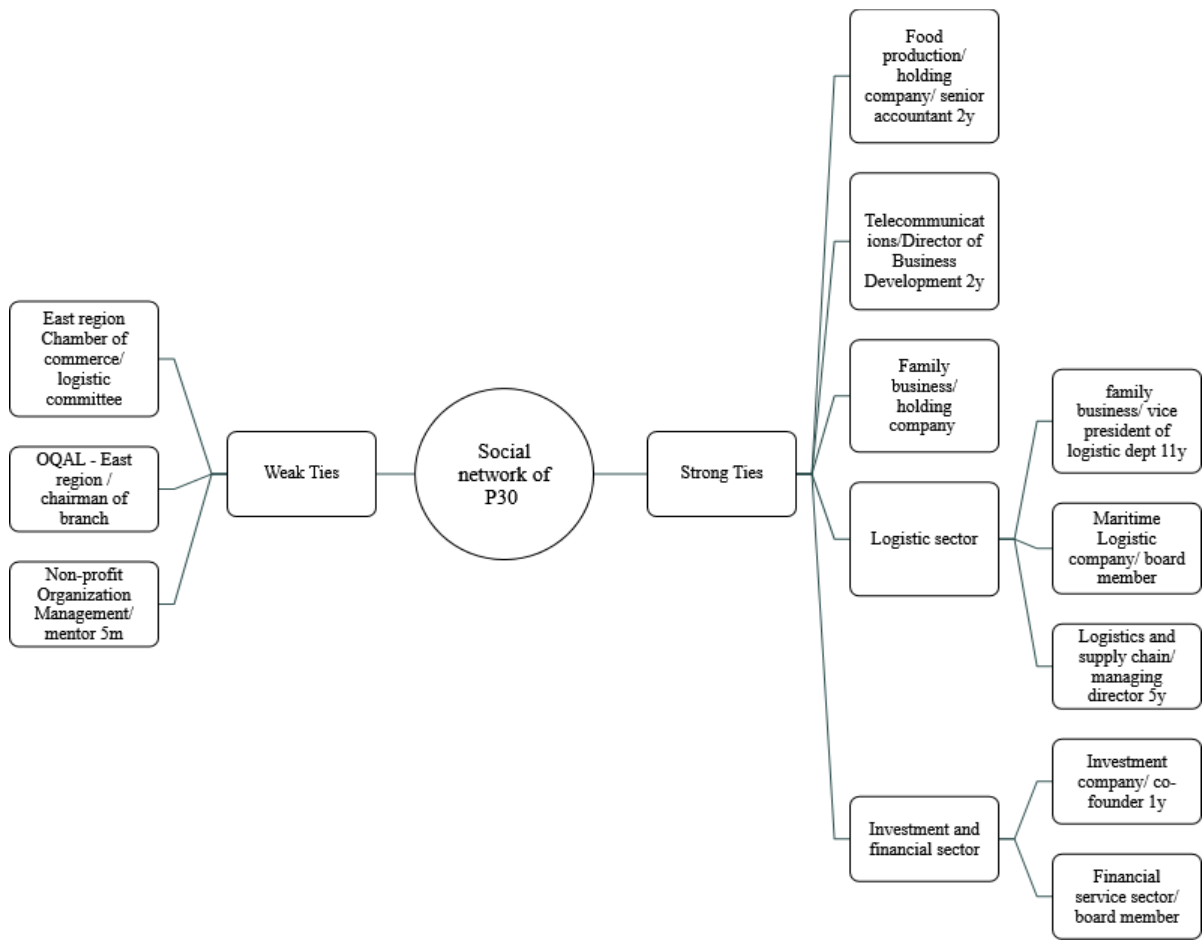


Figure 4.19 P30’s Social Network

P30 is an active angel investor who is a member and chairman of OQAL-East. He has many strong ties in different sectors because he has worked in varied sectors, starting his career by working in food production before moving to telecommunications. His main experience is nevertheless largely in logistics as his family owns a large holding company in this industry, where P30 worked as vice president and managing director. Having different sectoral experience and holding high management positions have helped P30 increase his strong ties across different sectors (Figure 4.19) and gain broad experience in various industries while

establishing the wealth that has funded his angel investments. In addition, he works as a board member in a large financial company, through which he has established many strong ties within the investment industry. Also, P30 joined OQAL-East in 2015, which helped him gain more experience in the investment field, get involved in the investment market, invest in several angel investments, and expand his social network – his weak ties especially.

P30 is involved in several organisations relating to business and investment, which enabled him to increase his weak ties as he occasionally met with professionals in such organisations. For example, he is a member of the logistic committee under the chamber of commerce in the east region. Furthermore, joining OQAL as a board member then becoming chairman helped him increase his weak ties with numerous investors, entrepreneurs, and significant speakers from different sectors. P30 also volunteers as a mentor in a non-profit organisation that supports young leaders and managers, which allows him to meet many businesspeople and establish weak ties with them.

4.4.2.3.4 The Social Ties of Active BAs Who Are Members of BANs - Common Features

The analysis shows that active BAs who belong to BANs have wide social networks and have established many strong ties within the sectors in which they work besides strong ties with family members in the business field. In addition, such active investors have many weak social ties with many businesspeople and investors in different sectors through being actively involved in the market and participating in many events, besides joining different organisations. These weak ties provide investors with rapid and broad information about investment opportunities from many sectors (Shane and Cable, 2002), as weak ties act as bridges that connect different networks from different areas (sectors) (Granovetter, 1983).

One perhaps therefore wonders why such active investors who have many social ties and deals sources are interested in joining BANs. The participants themselves explain this as being because receiving investment opportunities from BANs is different from other sources; that is, BANs spend much effort and time filtering the investment opportunities and preparing entrepreneurs. In addition, active BAs seek to maintain broad social networks through joining BANs because they consider them important organisations for updating their own social networks and meeting new investors and entrepreneurs.

Moreover, a main motivator for active BAs to join BANs concerns helping their community by supporting entrepreneurial businesses and/or through participating in BANs' activities such as evaluating and filter investment opportunities, coaching entrepreneurs, and organising pitching events. For instance, P07 has around five investments and indicated that she joined BANs to contribute to the economy in different sectors by participating in BANs' activities: She joined because of the “*opportunity to be part of an organisation that helps in developing work opportunities and focusing on certain categories or certain industries and to be sure that these businesses could be setup*”.

4.4.2.3.5 The Social Ties of Beginner BAs Who Are Not Members of BANs

This category has only P29 and P23, with the former's social network being illustrated below.

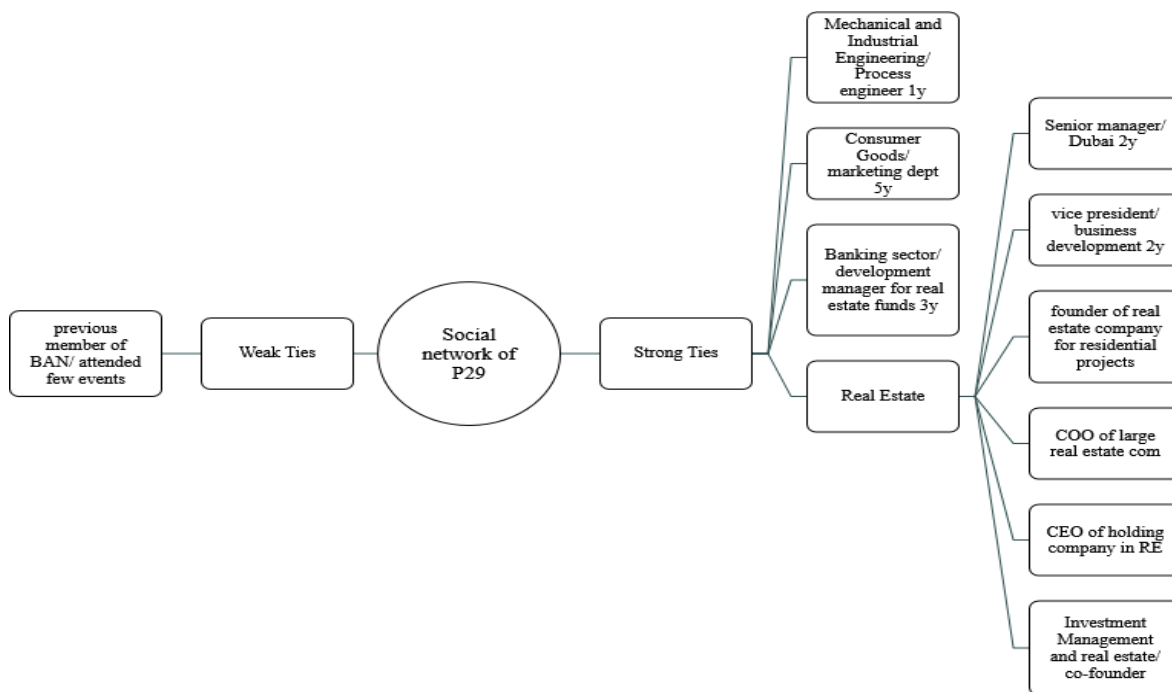


Figure 4.20 P29's Social Network

P29 is a beginner virgin BAs who *wants to* invest but as yet has no investments. His educational background is in industrial manufacturing, and he started his career through working in the industrial engineering sector. He then worked for five years in the marketing department of a production company before working in the banking sector for three years as a manager for a real estate funds department. The latter experience helped P29 learn about financing and investment markets, particularly investment in the real estate sector. After working in the bank, P29 worked in real estate companies and established his own real estate

investment business. Although he has worked in four different sectors and this has helped him gain strong ties in these sectors, P29's major experience and most of his strong ties are thus mostly limited to the RE sector. while his weak ties are very limited as he is not actively involved in organisations related to business or investment fields (Figure 4.20). Although P29 joined OQAL, he was not actively attending pitching events and left soon afterwards to focus on his career and his own business since “they (BANs) need full-time [commitment], and this does not work for me” (P29).

Focusing on limited sectors and not being actively involved in investment organisations can explain P29's non-participation in entrepreneurial investments as he has limited social networks and limited sources of deals. P29 said “the desire [of investing] exists”, and this led him to join OQAL. However, not having the time to actively attend the pitching events reduced P29's ability to increase his deals flow. In addition, focusing on limited sectors, especially the RE sector, might have limited his experience in other sectors, which might make him risk averse regarding investing in other sectors as a beginner BA. P29 might therefore be more suited in this regard to investing in sectors in which he has experience, with entrepreneurs he knows or/and with others (co-investing) through his strong ties. These are not his desires, though. Thus, he is not looking to join BANs to increase his weak ties with investors or entrepreneurs and he does not seek investment opportunities in businesses founded by entrepreneurs he does not know.

P23's social network is as follows.

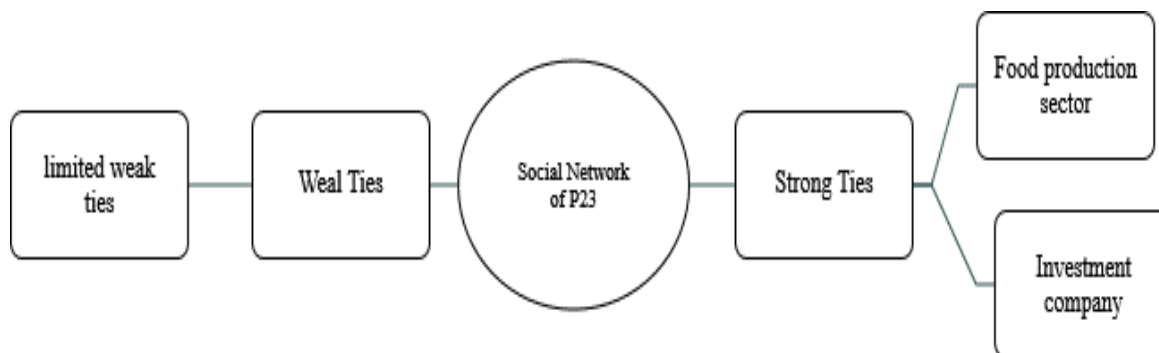


Figure 4.21 P23's Social Network

P23 has many strong ties in two main sectors: food production and investment. He worked for 20 years in a food production company and has worked for four years in an investment company. Thus, P23's social network is limited to specific sectors and workplaces, which explains why P23 preferred to invest in the food sector he knows well and through his own circle of strong ties with people he knows and trusts. As such, P23 co-invested with investors he knew before in a food business with entrepreneurs who were his co-workers. P23 is evidently a beginner investor who has limited social networks as he invested through his strong ties and through the network of his close/work circle.

Thus, this beginner investor has experienced gradual market involvement via his angel investment through strong ties, and he is not looking to expand his social networks as he is not willing to invest in different sectors outside his expertise or with strangers just yet, which explains his lack of interest in joining BANs.

4.4.2.3.6 The Social Ties of Beginner BAs Who Are Not Members of BANs – Common Features

Beginner BAs who *do not* belong to BANs also have social networks that contain a medium number of contacts in limited sectors, as these investors are not actively involved in the investment market or in sectors that differ from their original experiences, which limits their strong social ties to specific sectors wherein actors interact regularly through their work. Their weak ties via other sectors are also limited. These beginner investors thus tend to access investment opportunities through their strong ties, as they prefer to invest with entrepreneurs they know such as friends or colleagues. Moreover, beginner BAs are more interested in investing in sectors similar to their original experience; hence, strong ties provide them with opportunities in the same sectors.

Some beginner BAs do not join BANs because of their lack of time or capital to invest. Under these circumstances, beginner BAs prefer to remain less active by investing only in limited investment opportunities accessed through their own social ties, which makes them have less interest in expanding their social networks through BANs or in receiving investment opportunities BANs offer.

4.4.2.3.7 The Social Ties of Active BAs Who Are Not Members of BANs

Analysing the social networks of BAs who avoid joining BANs can help understand their lack of desire to join BANs and the features of their social networks that offset BANs' benefits. P10, P17, and P18 fall under this category, and P10's social network is depicted below.

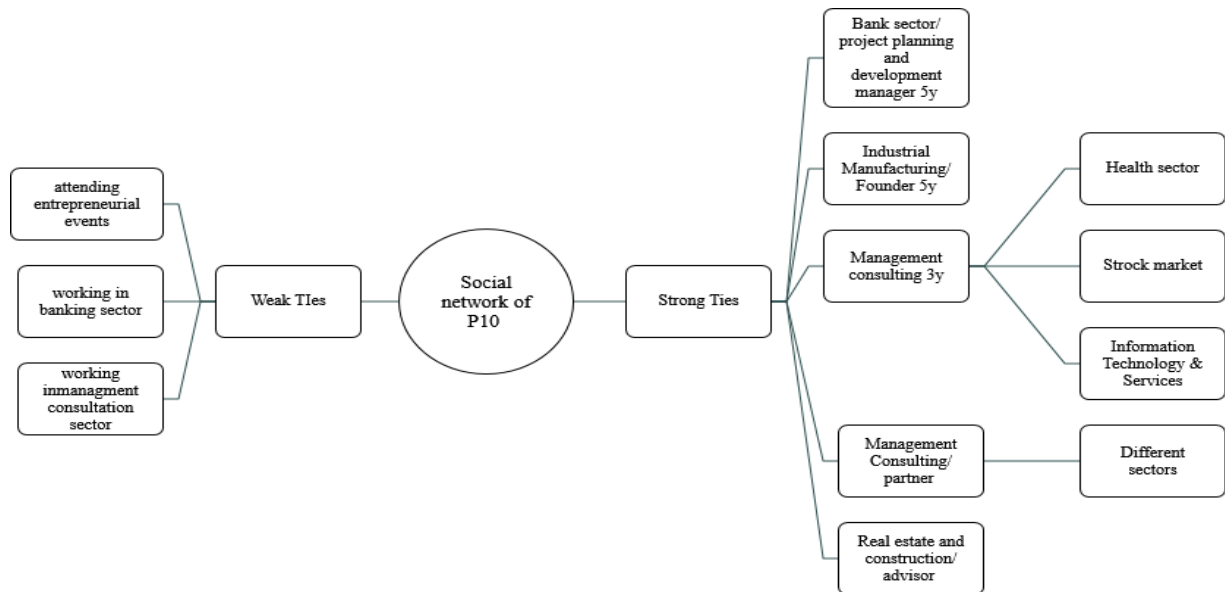


Figure 4.22 P10's Social Network

P10 is an active BA in the investment market but is not a member of any BAN. He has a wide range of strong ties with professionals in different sectors. P10 initially worked in the banking sector for five years, where he held different position such as specialist in management and information systems, project manager/coordinator, and project planning and development manager, which allowed him to gain many strong ties in the banking sector and weak ties with businesspeople who dealt with the bank. His experience helped him establish a business in industrial manufacturing to expand his strong ties in the industrial sector. P10 has also worked as an independent management consultant for several organisations in different sectors, including health, stock market, and information technology services. He currently works as an advisor for a large company in the real estate sector. Through his various experiences, P10 gained many strong ties with professionals in different sectors, while working in a consultation company helped P10 establish weak ties with many entrepreneurs and investors who dealt with and benefited from the company's consultation services (Figure 4.22) as his job involves supporting entrepreneurs and connecting them to investors.

P10 has also been involved in numerous business events, even attending some events of OQAL in Jeddah despite not being a OQAL member. His involvement was a result of his job requirement of meeting with entrepreneurs as his company provides consultation services for businesspeople. Specifically, he helps connect entrepreneur clients with investors, and attendance at various such events enabled P10 to develop more weak ties with investors. P10 thus not only has many strong ties with professionals in different sectors but also a wide range of weak ties in different sectors. His social ties and work experiences allow P10's active participation in the angel market as he receives many investment opportunities through his social networks. P10's unwillingness to join BANs therefore results from his already having a wide range of social ties (strong and weak) with numerous businesspeople. In addition, working in a management consultation company for entrepreneurial businesses allows him to receive information about investment opportunities daily. Therefore, P10 is not encouraged to join BANs as he already receives similar benefits through his job and his involvement in entrepreneurial events.

P17's social network is as follows.

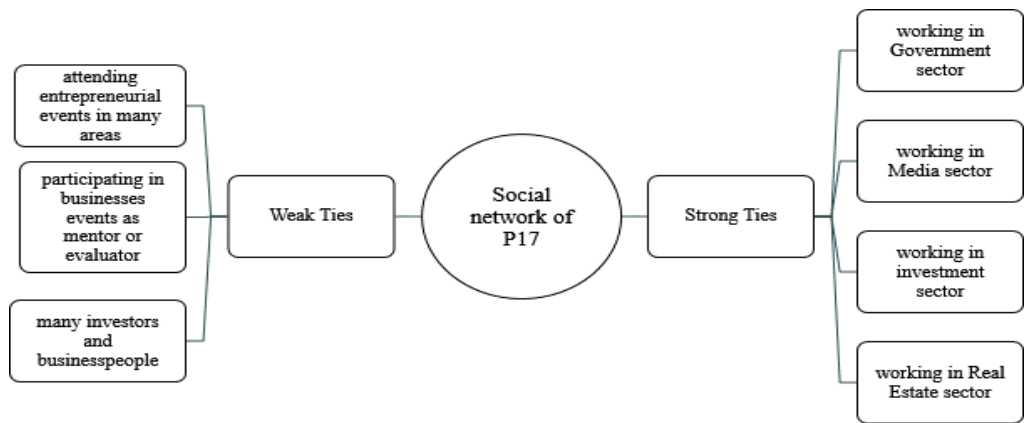


Figure 4.23 P17's Social Network

P17 is connected to many entrepreneurs, investors, and businesspeople through weak ties as he is actively involved in entrepreneurial and investment market through attending events or participating in evaluating businesses in such events. In addition, P17 has strong ties with people from different sectors after working in seven different companies across various sectors, including media, industry, finance, investment, government administration and public strategic planning. Moreover, P17 has strong ties in real estate as he worked in the

family business in that sector. Having a wide range of social networks (weak ties and strong ties) allows P17 to access many investment opportunities through his active participation in the investment market. Hence, P17 does not desire joining BANs as doing so would not expand his social networks.

P18's social network is below.

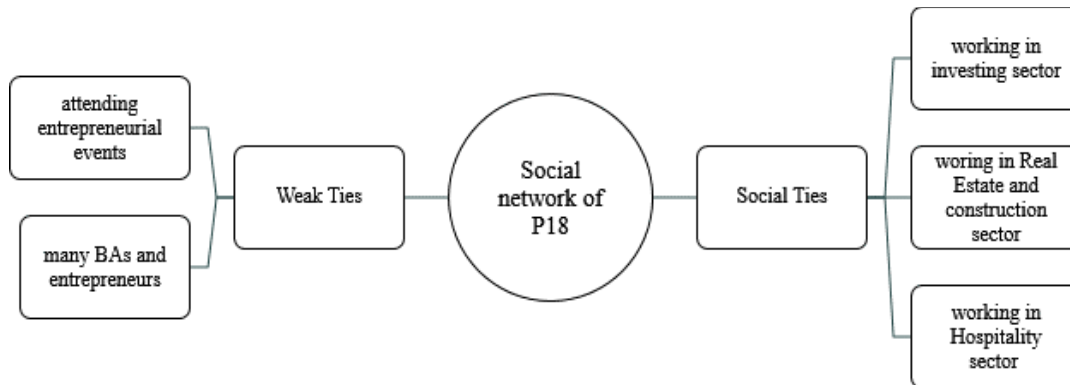


Figure 4.24 P18's Social Network

P18 has a large social network in finance and investment after working in this sector for most of his career (assistant fund manager in a bank; fund manager in a financial investment company). Moreover, P18 worked in a construction company and founded a hotel chain, which brought many social ties in these sectors. P18 thus has strong and weak ties with professionals in construction, hospitality, and investment and financial. This wide social network explains why P18 has not joined any BANs as his already large social network provides investment opportunities. In addition, P18's active involvement in entrepreneurial and investment events allows him to expand his relationships with entrepreneurs, investors, and important players in the investment market, keeping him updated about recent opportunities. Hence, he does not need to join BANs to receive investment opportunities.

4.4.2.3.8 The Social Ties of Active BAs Who Are Not Members of BANs – Common Features

The analysis of these BAs' social networks can help understand these BAs' low desire for joining BANs. It shows that these BAs have wide social networks that include many strong and weak social ties across broad sectors derived their through various activities in the market and business field across diverse sectors. Also, these investors have worked in sectors relating to investment and business development, thereby facilitating contact with many

entrepreneurs and investors. These active BAs thus have many weak ties that bridge them with other networks in many sectors, which provides large deals flow and hence priority access to promising investment opportunities in different sectors. In addition, these connections allow those active BAs to seek consultations or references about specific investment opportunities but also facilitate collaborations with other investors through creating BA syndicates. Having wide social networks that offer much deal flow offsets the need for active BAs to join BANs. Already having active involvement in the investment market therefore allows these BAs to receive updated information about the market and investment opportunities, where they even sometimes access such information before BANs have it without paying membership costs. However, these BAs do not receive pre-evaluated investment opportunities from BANs but nevertheless believe they have the required experience to evaluate the received investment opportunities themselves. Table 4.15 summaries the common features of BAs' social networks.

Table 4.15 Summary of the Common Features of BAs' Social Networks

	Type of BAs	Common Features
Members of BAs	Beginner BAs who had their first investment through/after BAs.	<ul style="list-style-type: none"> • Have weak relationships with the entrepreneurs. • Invested alone or co-invested through their weak ties, where they have weak relationships with co-investors (many co-investors from the BAN). • Have limited social networks, particularly weak ties so joined BAs to increase these.
	Beginner BAs who had their first investment before joining BAs.	<ul style="list-style-type: none"> • Have strong relationships with the entrepreneurs. • Invested alone or co-invested through their strong ties, where they have strong relationships with the co-investors. • Have limited social networks, particularly weak ties so they joined BAs to increase these.
	Active BAs who are members of BAs.	<ul style="list-style-type: none"> • Have weak relationships with the entrepreneurs. • Prefer to invest collectively. Co-invested through their weak ties, where they have weak relationships with the co-investors. • They have wide social networks in boarder sectors (strong and weak ties).
Non-members of BAs	Beginner BAs who are not members of BAs.	<ul style="list-style-type: none"> • Have strong relationships with the entrepreneurs. • Co-invested through their strong ties, where they have strong relationships with the co-investors. • Have limited social networks, particularly weak ties. Avoid joining BAs as prefer to invest through their close circle.
	Active BAs who are not member of BAs.	<ul style="list-style-type: none"> • Have weak relationships with the entrepreneurs. • Prefer to invest collectively. Co-invested through their weak ties, where they have weak relationships with the co-investors. • Have wide social networks across broader sectors (strong and weak ties).

4.5 Chapter Conclusion

This chapter has presented the study's analyses over four main sections: BAs characteristics, the value of BANs, BAs' investments, and BAs' social networks. Most BAs are male, within the 45 and 54 years age range, with extensive entrepreneurial and management experience. BAs who have joined BANs view them as a means of accessing new investment opportunities and increasing their social networks. Active BAs who avoid joining BANs have worked actively in the investment market so saw no value from BAN membership, though beginner BAs who were not members of BANs see them as wasting time and money.

BAs who have joined BANs identified the benefits of membership in three main areas: preparing entrepreneurs and readiness services, incentivising investors, and BANs' benefits to the economy. Preparing entrepreneurs and readiness services include coaching entrepreneurs to provide accurate data to investors, which helps BAs access high-quality opportunities within reasonable timeframes. Another benefit for BAs is enhanced awareness of angel investment, which leads to being offered quality investment opportunities, being provided information, and being immersed in an encouraging environment for BANs' pitching and networking events. The analysis of BAs' social networks reveals that these facilitate BAs' investment activities in terms of providing access to investment opportunities, evaluating investment opportunities, facilitating co-investing, and adding value through sharing experiences and networks. The analysis shows that beginner investors have limited networks, unlike their more experienced and active counterparts. Like active BAs who do not belong to BANs, active BAs who are members of BANs have wide social networks that include strong and weak ties.

This research attempts to answer the following question:

RQ: Do business angel networks provide value to business angels?

In addressing this main question, the following two sub-research questions were established:

Sub-Q1: What are the benefits of BANs membership to business angels?

Sub-Q2: Why is the value of BANs different among different business angels?

Regarding the first sub-question, all analysis themes (the four sections), though especially Section Two, show that BANs benefit their members by offering filtered investment opportunities, coaching entrepreneurs, providing updated information about the market, enlarging social networks, and facilitating investment syndications. Regarding the second sub-question, Section Three and Section Four clarified the differences between different types of BAs by categorising them based on their investment activities into beginner and active BAs. Based on this categorisation, the analysis shows that beginner BAs who do not belong to BANs are very strict regarding their investment criteria as they prefer to invest through their strong ties and in sectors relating to their original experiences. However, beginner BAs who belong to BANs are more open to investing through their weak ties and in sectors different from their original backgrounds because BANs offer filtered investment opportunities and educational sessions about different sectors. Also, BANs facilitate investment syndications that help beginner BAs benefit from syndicating with other experienced BAs.

The findings also show that active BAs have extensive investment experience and wide social networks, allowing them to invest through weak ties and in various sectors. Active BAs who are members of BANs join BANs to support the community through participating in filtering opportunities or by coaching entrepreneurs, besides having an additional source of deals outside their own social networks. However, active BAs who avoid joining BANs think their social networks and their activities in the market allow them to access recent investment opportunities before members of BANs. Thus, they are not interested in joining such organisations. As such, the findings answer the research question by indicating the benefits of BANs particularly for beginner BAs who do not have extensive investment experience or wide social networks.

The next chapter discusses the study's findings, distinguishing them with extant literature discussed in Chapter 2 (Literature review) and definitively answering the research question and sub-questions. It concludes the study by presenting this study's contributions and implications besides identifying areas for possible further research regarding the role of BANs in facilitating BAs' investments in the emerging market of Saudi Arabia.

Chapter 5: Discussion

This chapter discusses the research findings against Chapter 2's review of literature – a chapter that also provided the analytical framework that guided the analysis and evaluation of the findings. This chapter additionally highlights similarities and differences between this study's findings which are analysed based on the theoretical framework supporting the study: social network theory) and those of extant research. Moreover, this discussion presents practical implications of this research and provides suggestions for future studies. It begins by presenting an overview of the findings then proceeds through four thematic sections: BAs' characteristics (5.2); the impact of BANs (services and benefits) (5.3); BAs' investments (5.4); and BAs' social networks (5.5). Next are the research contributions, implications of the findings, and opportunities identified for future research. The last section concludes the study. Before proceeding, it is useful to recall this qualitative study's research question:

RQ: Do business angel networks provide value to business angels?

In addressing this main question, the following two sub-research questions were established:

Sub-Q1: What are the benefits of BANs membership to business angels?

Sub-Q2: Why is the value of BANs different among different business angels?

5.1 Overview of the Findings

The research findings show that Saudi BANs play an important role in Saudi Arabia's angel market, entrepreneurial market, and its even wider economy, fundamentally by delivering benefits to their members. BANs specifically support entrepreneurs through providing consultations, coaching, and connecting them to BAs. The research findings deem BANs' main role as matching BAs and entrepreneurs through conducting pitching events. This was shown through the numerous investments BANs have facilitated, which as noted have helped BAs, entrepreneurs, and businesses, and promoted the Saudi market.

BANs help both BAs and entrepreneurs develop businesses by facilitating angel investments and providing support through their activities, which include filtering entrepreneurial businesses, readiness training, and conducting pitching events. In particular, BANs deliver benefits to BAs through offering them filtered investment opportunities, increasing their

social ties, and increasing their knowledge about market trends and other sectors that differ from their experiences. BANs also encourage BAs to increase their angel investments through creating an incentivising environment by offering interesting deals and providing information about new sectors and market trends. Moreover, BANs motivate BAs to be involved in angel investments through helping them form syndications with other experienced investors and facilitating co-investing with capital venture companies. The impact of BANs is significantly important for virgin and beginner BAs, who have limited sources for deals and limited social networks in the market.

5.2 Section One: BAs' Characteristics

This section discusses the characteristics of participant BAs regarding gender, age, education, and work experience to especially answer the second sub-question: Why is the value of BANs different among different business angels?

5.2.1 Gender and Age

The findings highlight similarities and differences among BAs regarding gender, age, education, work experience, and investment motivations. Most BAs here are males, accounting for 93%, while few (7%) are female. This is consistent with several studies in other countries, where males dominate the BAs market. For instance, in the UK, Mason and Harrison's (2011) research sample had 92% male and 8% female participants, which is similar to the current study. Although Mason and Botelho (2014) similarly reported that their sample of 238 BAs in the UK included 88% males and 12% females, they added that – while the latter percentage is considerably lower than the former – the number of female BAs was increasing.

Regarding BAs' age, most research participants (60%) are between 45 and 54 years old. The second and third common age groups are 35–44 (20%) and under 35 years old (13%), respectively. Older than 55 accounts for only 3% of this sample (i.e. one participant). Most participant BAs are thus middle aged (60% are 45–54), which makes sense as useful experience can encourage BAs' involvement in angel investment and facilitate its effectiveness, but gaining experience in business and establishing and developing companies usually requires much time. Furthermore, BAs tend to need years to build the wealth required to invest in entrepreneurial businesses. This age aspect supports findings from elsewhere.

Ramadani (2009), for example, indicated that BAs are usually 40 to 65 years old because by this age businesspeople have obtained significant experience and accumulated considerable money that enables them to become angel investors. Also, Maula, Autio and Arenius (2005) defined a BA as a wealthy middle-aged individual who has an entrepreneurial background, hence supporting this point. More specifically, regarding age and gender Lumme, Mason and Suomi (1996) found that Finnish BAs have similar profiles to this study as 95% of BAs in Finland are males and most (67%) are aged between 40 and 60.

However, this study’s findings on BAs’ age differ in ways from the survey of Mason and Botelho (2014), who reported that most of their participants (38%) are 55–66, with the second and third common age groups respectively being 45–54 (29%) and above 65 (18%). Thus, in their work, which occurred in the UK context, most of its sample is even older than the most common age group in this work, with the two studies’ 55–64 age group differing starkly (see below figure): significant increases in the authors’ work from the preceding age group but a huge drop-off in the current study. Inversely, the current study has more BAs in younger age groups. Indeed, a third of the current Saudi sample is relatively young (33% are under 44 years old) and quite a few (13%) are very young (under 35). When comparing the findings of the two study’s, then, Saudi BAs are overall younger than UK BAs. Figure 5.1 illustrates the age comparisons between Saud BAs and UK BAs.

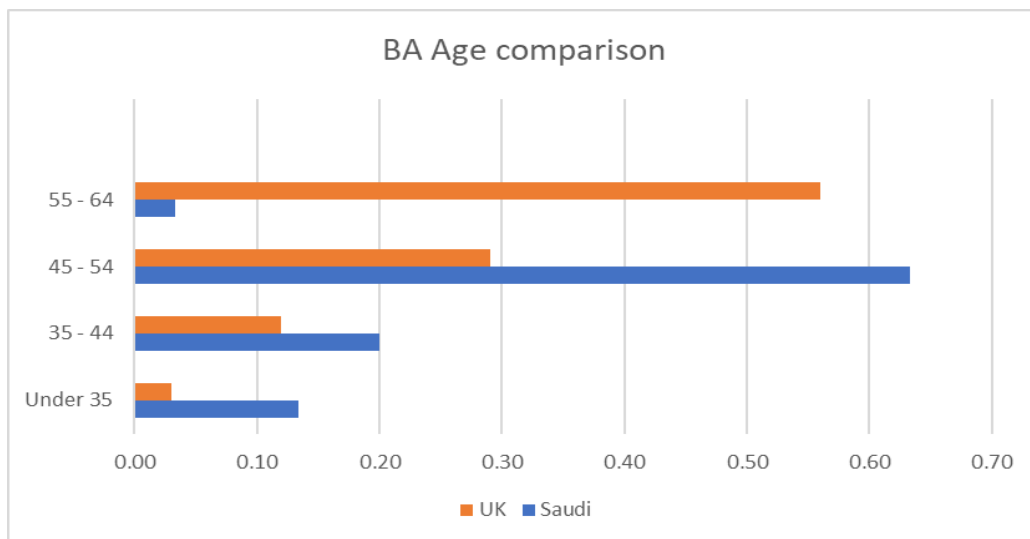


Figure 5.1 Comparison of BAs' Ages: The Current Saudi Sample and Mason and Botelho’s (2014) UK Sample

5.2.2 Education and Work Experience

Most participant BAs are educated to a bachelor's degree level (97%), with only one being at high school degree level. In addition, 43% continued their high education as 12 (40%) have a master's degree or MBA and one has a doctoral degree. As such, most BAs are well educated. Regarding academic subjects, most studied business and finance with others having various academic backgrounds such as engineering, English literature, medicine, and Art. Ramadani (2009) also said most BAs hold a university degree, with fewer maybe inevitably holding a master's or doctoral degree. Mason and Botelho (2014) similarly indicated that 76% have a bachelor's degree, with 34% overall going on to obtain a master's degree (14%) or MBA (20%), with 7% overall having a PhD. However, Mason and Botelho (2014) indicate that educational subject is extremely diverse among UK BAs, including science, law, economics, and businesses, though art-related subjects are rare.

An important common feature among participant BAs concerns having a strong background and extensive experience in establishing and running businesses in different sectors: 63% of participant BAs had established their own businesses, while the remaining 37% worked in high management positions such as CEOs or executive managers. This supports previous research points about BAs having entrepreneurial and business experience (Ramadani, 2009; Argerich and Cruz-Cázares, 2017; White and Dumay, 2017). Furthermore, this finding aligns with Mason and Botelho's (2014) reported 59% of BAs having worked as CEOs in SMEs and 57% being board members of SMEs, indicating these BAs' significant entrepreneurial experience. These findings are also consistent with Politis (2008), who stated that BAs have real working experience in the entrepreneurial field and that many achieved their wealth through their own entrepreneurship businesses. Therefore, having entrepreneurial experience and working in high management positions helped BAs become qualified investors because their experience adequately prepared them for evaluating investment opportunities, transferring such knowledge to new entrepreneurs, and adding value to investee businesses (Politis, 2008).

Regarding BAs' sectoral experiences, the findings indicate variation among BAs such as in finance, real estate, manufacturing, marketing, government, education, and media. Some specific sectors are nevertheless common among BAs, with most (70%) having worked in

the financial and investment sector – this very high percentage suggesting that working in finance and investment sectors affords BAs the required knowledge and motivation to become angel investors. Mason and Botelho (2014) also reported that their participant BAs have worked in diverse sectors, which also suggests different types of BAs have different motivations for investing, with the same authors similarly adding that working in the financial sector was a common sectoral experience among BAs (37%). In addition, many participant BAs (37%) have worked in the real estate and construction sectors, which suggests that establishing a business or investing in real estate sector was an important source of fortune for BAs in Saudi Arabia. Abalkhail (1999) also analysed the BA market in Saudi Arabia and likewise indicated that many Saudi investors accumulated their wealth by investing in the real estate sector. Another common sector among the sample is working or participating in organisations that support entrepreneurs and businesspeople, such as committees of entrepreneurs and chambers of commerce, which suggests that working in such organisations allows BAs to advance their knowledge about the entrepreneurial sector and be motivated to support entrepreneurs. BAs were found to be embedded in social networks of different forms: a) network characterised by many strong social ties with limited weak ties; b) network characterised by a limited number of both strong and weak ties; and c) wide social network in broad sectors made up of a mixture of strong and weak ties.

Beginner BAs' networks took two forms. The first form is networks with strong social ties where beginner BAs have strong relationship with entrepreneurs; they therefore made their first investment outside the BANs using their strong social networks, which enabled them to access trusted information (Shane and Cable, 2002). This finding confirms Scheela and Isidro's (2009) observation that in emerging markets BAs depend on their social networks to establish business contacts, identify investment opportunities and implement their investment decisions. Furthermore, beginner BAs investing within their network of strong social ties indicates their being embedded in a web of social relationships characterised by collaboration opportunities, friendship, trade ties, resources flow, information flows and exchange of social support among network members (Marin and Wellman, 2011).

The second form is networks among beginner BAs who did not have strong social ties and therefore did not invest outside BANs because they had limited relationships with entrepreneurs and had no weak ties, which limited their ability to identify opportunities outside their social network; they therefore started investing only after joining BANs, where the relationships between the investors and entrepreneurs are weak ties. In this instance, BAN membership served as a bridge as it was the only link connecting beginner BAs and entrepreneurs, and access to investment opportunities. The characteristics of beginner BA who are BANs members confirm what Zuo *et al.* (2016) describe as indirect ties, which refer to a link between individuals connected through a third party. In this instance, BAN membership serves as the third party linking BAs and entrepreneurs, and also facilitating information transfer.

The third form of networks identified herein concerns a wide social network that extends across broad sectors and is made up of a mixture of strong and weak ties. Active BAs within this type of network conduct their investments outside the BANs regardless of their membership. While weak ties play an important role in enabling network members to access information and investment opportunities, this network also has strong ties. BAs' apparent success in accessing opportunities and investing seems more consistent with the argument that individuals' weak ties have limited value when not backed by supportive strong ties (Rost, 2011; Horak *et al.*, 2019). Through this form of network, active BAs who, although members of BANs, invested collectively outside BANs thereby leveraged their weak ties from outside BANs. This characteristic suggests that active BAs may not derive much benefit from BAN membership as they can access opportunities through their mixture of diverse strong and weak ties.

Active BAs within such networks access opportunities through their weak ties with entrepreneurs and with other investors either outside or within BANs. The observed characteristics of the network that includes many weak ties align with the weak tie theory's position that such ties are more valuable in providing novel information and opportunities (Granovetter, 1973). Active BAs invested with entrepreneurs with whom they had no relations, confirming how weak ties are loose contacts that act as information bridges to valuable opportunities which cannot be accessed through strong ties (Granovetter, 1985).

This finding confirms earlier studies which assume that weak ties are beneficial to entrepreneurs as they provide access to new perspectives, diverse information, funding and other resources (Burt, 2004). The use of weak ties suggests that active BAs with many weak ties may not derive much benefit from BAN membership.

5.3 Section Two: The Services and Benefits of BANs

The findings convey the benefits BANs provide their members and their impact on angel investments through connecting BAs and entrepreneurs. This section particularly answers the first research sub-question: What are the benefits of BANs membership to business angels?

5.3.1 The Value of BANs' Services to BAs

BANs' services for BAs cover three main areas: matching BAs and entrepreneurs, filtering investment opportunities, and providing readiness training to entrepreneurs.

5.3.1.1 Matching BAs and Entrepreneurs

BANs match BAs and entrepreneurs through offering pre-evaluated investment opportunities to BAs, which helps the latter increase their deals flow while remaining anonymous and thus keeping their identities private. In addition, for BANs to achieve their main goal of connecting BAs and entrepreneurs these organisations' gatekeepers evaluate investment opportunities to select promising businesses. Similar was noted by Bonini *et al.* (2018), who illustrated how BANs provide BAs valuable information about investment opportunities and helpful networking.

5.3.1.2 Filtering Investment Opportunities

The investment opportunities BANs offer are unique and different from other deals sources because BANs offer filtered and pre-evaluated investment opportunities, which reduces BAs' wasted time spent on reviewing poor opportunities. BANs' gatekeepers play an essential role in BANs' activities as they are responsible for this filtration process and for readiness training. This important role of gatekeepers has also been mentioned in previous studies. Gullander and Napier (2003), for example, indicated that the matching service of BANs is

based on the work of BANs' managers or other staff who play the role of gatekeepers by screening incoming businesses.

Similarly, Paul and Whittam (2010) studied the gatekeepers of BAs' syndications and found that they played a critical role in sourcing, screening, bargaining, and managing investments during the process of connecting entrepreneurial businesses with other syndicate members. This resembles the role of BANs' gatekeepers, who perform the vital responsibilities of screening and evaluating businesses when connecting entrepreneurs with quality investment opportunities to BAs who are seeking such. Unlike gatekeepers of BAs' syndications, gatekeepers of BANs do not get involved in managing the investment or making any investment decisions. In that regard, the findings confirm Christensen's (2011) and Romani, Atienza and Amorós's (2013) suggestion that within BANs the BAs remain responsible for conducting their own due diligence before making their investment decisions.

The findings on BANs' provision of deal flows are contrary to those of Zu Knyphausen-Aufseß and Westphal (2008), as these authors argue that because of banks' extensive relationship with BAs they provide matching services for BAs that are better than BANs because of the strict filtration criteria BANs use. However, these bank matching services are not available for beginner BAs who do not have extensive relations with the banks. In addition, banks are usually interested in businesses at advanced stages that are less risky than start-up companies; hence, the investment opportunities banks offer might not be suitable for BAs who are interested in early-stage businesses.

5.3.1.3 Providing 'Readiness Training' for Entrepreneurs

The findings on BANs' provision of 'readiness training' to entrepreneurs align with those of Romani, Atienza and Amorós (2013), who indicated that gatekeepers provide significant value through preparing and coaching entrepreneurs as this helps BANs offer BAs high-quality investment opportunities and reduces the BAs' rejection rate. These attract investors to invest in entrepreneurial businesses (Mason and Harrison, 2010), thereby having various entrepreneurial and economic impacts. Furthermore, this 'readiness training' helps BAs evaluate the offered investment opportunities during pitching events because the type and accuracy of information entrepreneurs provide through their presentations is very influential

for catching investors' attention and motivating them to investigate more about the presented businesses. This result is also mentioned by Argerich, Hormiga and Valls-Pasola (2013) and Mason, Botelho and Zygmunt (2017), who concur that evaluating entrepreneurs' presentations is a very important factor that impacts BAs' decisions during the screening process. Therefore, readiness training helps entrepreneurs prepare good presentations with clear, accurate information that help BAs make their initial investment decisions.

BANs can also help entrepreneurs' businesses to be ready for investment through training the entrepreneurs directly or connecting them to affordable consultation services (Lahti and Keinonen, 2016). Readiness training helps entrepreneurs enhance their business plans, revenue models, and pitching to investors in a ways that reduce information asymmetries on the quality of the business opportunities (Lahti, 2014), allowing BAs to evaluate the offered businesses accurately.

As such, readiness training improves entrepreneurs' chances of accessing angel funds. This investment readiness coaching facet for entrepreneurs was supported by Gullander and Napier (2003) and Aernoudt and Erikson (2002). The former showed that among the different important services BANs provide entrepreneurs was helping them to make their businesses ready for investors; the latter discussed the BANs' role in Europe, stating that they contribute significantly to entrepreneurial finance through their investment readiness processes. Aernoudt and Erikson' (2002) data in fact showed that some BAs face difficulties finding good investment opportunities and that certain opportunities have poor business plans, making it difficult for BAs to fairly assess opportunities. Thus, BANs' readiness training helps entrepreneurs prepare their business plans and documents and present their businesses, besides allowing BAs to discuss any project with entrepreneurs for further investigation. Overall, then, BANs' readiness training reduces the mentioned difficulties BAs face. Indeed,

potential business angels have problems finding good projects, or find that the business plans are poor These challenges can be addressed through a business angel network, which can create more visibility by assisting entrepreneurs in the presentation of their projects and creating ways for business angels to make contacts with entrepreneurs

(Aernoudt and Erikson, 2002, p.181)

Other studies such as Mason and Harrison (2011) and Mason and Kwok (2010) have highlighted that when there is low investment readiness among entrepreneurial businesses, they are not in a position to receive angel funds. This might be due to lack of structured proposal and poor written or oral materials. Therefore, Lahti and Keinonen (2016) stated that BANs can help entrepreneurs regarding investment readiness through training the entrepreneurs.

5.3.2 The Value of BANs to the Angel Market

BANs were found to have an indirect impact on BAs through raising awareness about angel markets, encouraging BAs to invest, and developing the angel market.

5.3.2.1 Raising Awareness about Angel Market

The findings indicate that BANs play an essential role in increasing awareness about angel investments among different market players such as potential investors, entrepreneurs, and policymakers as BANs are formal organisations for BAs and make the market more visible. In addition, lectures by professional speakers during events provide businesspeople with rich information about various issues such as market trends, economic details of different sectors, investment regulations, recent developments in different industries, and government plans for specific sectors. In these, speakers are sometimes experienced BAs who talk about their experience of investing, how they managed their investments, and how they maximised their capital, besides providing advice for new BAs regarding angel investing. Furthermore, the interactional environment created by BANs' events allows BAs to exchange opinions and share knowledge about the angel market.

The benefits of BANs raising awareness of the angels market applies to both BAs and entrepreneurs but even extend to policymakers, and Lahti and Keinonen (2016) said that a main goal of BANs involves creating and increasing overall awareness about angel investment by promoting BAs' activities, which also contributes to developing that market. The authors added that such awareness facilitates supportive plans and regulations for the sector as policymakers consequently gain better understanding of angel investment. Similarly, Harding (2002) indicated that BANs increase awareness and understanding about BAs, which reduces entrepreneurs' equity aversion that arises from their lack of knowledge

about equity funding and the importance of BAs' financing. Thus, enhancing entrepreneurs' understanding about angel investment through BANs tightens such knowledge gaps (Harding, 2002).

This lack of knowledge applies to both potential investors and entrepreneurs, as confirmed by San José *et al.*'s (2005) observation that a lack of knowledge about angel investment is not limited to entrepreneurs but also applies to BAs, meaning some BAs do not have the required background about the investment process. Hence, the authors emphasised the importance of educating BAs and potential investors, stating that BANs have a significant role regarding educating BAs and converting virgin BAs to active investors. However, they added that BAs need further structured education about investment processes, which suggests that while BANs may play a critical role a need for business angel schools or academies prevails.

5.3.2.2 Encouraging BAs to Invest

Joining BANs motivates BAs and virgin investors to get involved in financing entrepreneurial businesses as BANs create a motivational atmosphere for BAs and can review various high-quality multi-sector investment opportunities through pitching events while helping BAs interact with entrepreneurs, other investors, and important figures in the market. Also, learning about the market and other sectors encourages BAs to be involved in new fields to them. The interactional environment of BANs' pitching events allows BAs to share their perspectives about offered investment opportunities and discuss many issues concerning their investments and how they overcome investment obstacles, bringing a motivational atmosphere for BAs to invest. These findings align with Aernoudt and Erikson (2002), who said BANs play an important role in stimulating entrepreneurial businesses' funding, which promotes the entrepreneurial culture.

The lectures given by experienced speakers during BANs events provide detailed information about the market and angel investment, which educates BAs about recent trends in angel investments. Such lectures are thus akin to educational sessions that enhance the understanding of BAs and potential investors about the market, which encourages them to get involved in that market. Various studies support this finding. Lahti and Keinonen, (2016),

for instance, say that learning about angel investment encourages individuals to become business angels, while Christensen (2011) argues that educating and training BAs and investors through BANs plays an important role in increasing investors' involvement in the angel market. This is so because such training likely reduces entry barriers for investors, thereby leading to increased angel investments. For San José *et al.* (2005), BANs succeed in converting virgin BAs into active investors through educating them and reducing knowledge gaps about the angel market.

5.3.2.3 Creating a Network for BAs

The interactional atmosphere created by BANs' pitching events allows BAs to increase their business contacts as such events encourage BAs to meet new people in the market and open different valuable conversations, which help them establish social ties with businesspeople and other investors with varied experiences. Such findings are consistent with those of Bonini *et al.* (2018), who highlighted BANs' role in expanding BAs' relationships with other professionals by via "valuable information, networking, monitoring, and risk reduction effects" (Bonini *et al.*, 2018, p.592). Similar findings were obtained by Romaní, Atienza and Amorós (2013), who analysed BANs' development and concluded that they provide many advantages by acting as communication channels that connect BAs with entrepreneurs and bring together varied angels with different experience, which increases BANs members' network of acquaintances.

Also, such socialising and networking with entrepreneurs, other investors, and professionals allows BANs members to share and transfer knowledge and information regarding angel investing and current market issues and trends. Moreover, establishing and having relationships with other investors helps BAs invest collectively, which enables them to enlarge the invested funds as each BA contributes to the investment by providing a share for the capital. These findings align with Mason and Harrison's (1997) study, which indicated that joining BANs led to the creation of wide investing networks which generated larger funding abilities, visibility, and data sharing.

Facilitating co-investing among BANs' members through networking enables BAs to not only enlarge funds and share information but also enter new sectors that differ from their

original backgrounds in which they distribute risk and exchange the role of controlling and monitoring investments. Bonini. *et al.* (2018) support such findings as they show how joining BANs impacts BAs' investment practices by facilitating BAs' ability to use co-investing strategies. They do so

by providing preliminary evidence of the existence of significantly different investment practices influenced by BAN membership. Affiliation with an angel group generates valuable information and risk reduction effects that ultimately increase the amount of capital that angels invest in new ventures.

(Bonini *et al.*, 2018, p. 606)

Thus, Bonini *et al.* (2018) suggest that membership of BANs facilitates investment syndications that reduce BAs' risk exposure as each member pays less funds and can “reduce direct, individual monitoring efforts through superior networking skills and shared monitoring of portfolio companies” (Bonini *et al.*, 2018, p. 606).

5.4 Section Three: BAs' Investments

This section discusses the findings relating to BAs' investments according to being BANs members or not and based on their level of investment activity (beginner BAs or active BAs), considering similarities and differences. This section particularly answers the second sub-question: Why is the value of BANs different among different business angels?

5.4.1 Beginner BAs Who Are Members of BANs

The analysis identified two groups of beginner BAs who are members of BANs: those who made their first investment after joining BANs (either through or from outside BANs); and those who made their first investment before joining BANs. Common features among the former group include investing in businesses different from their original experiences that were established by entrepreneurs who had no previous connection with investors. This parallels studies such as studies Lahti and Keinonen (2016) and Christensen (2011), which indicated that joining BANs encourage BAs to invest in small businesses. San José *et al.* (2005) also support this when arguing that BANs encourage individuals to become BAs because virgin BAs without previous investment experience are afraid to invest in small businesses; however, joining BANs encourages them to invest and become BAs through educating them about the market and available attractive opportunities.

On the latter group, these participants invested in sectors similar to their original business or/and with entrepreneurs they previously knew through their networks (usually strong ties). This suggests they were very cautious when choosing their first investment as they had neither previous investment experience nor educational background such that provided by BANs. This group of beginner BAs joined BANs to increase their deals flow and learn more about high-quality investment opportunities.

Beginner investors' investment behaviour in this study are consistent with those of studies such as San José, Roure and Aernoudt (2005), who said beginner investors are cautious and avoid participating in angel investment so are “impaired from taking advantage of opportunity investments as they arise” because they lack “an adequate understanding of the investment process” (San José, Roure and Aernoudt, 2005, p.149). Therefore, these authors emphasise the importance of BAs' education and training, which is conducted through organisations such as BANs or academies for BAs. Sohl and Sommer (2002) also deemed education an important factor for transforming virgin investors into active investors. San José, Roure and Aernoudt (2005) added that BANs support such beginner investors through introducing them to investment opportunities and helping them co-invest with other investors, which encourages them to participate in angel investments. As these authors (2005, p. 161) say, such BAs “would initially invest in the lower range of investments” because of “their higher risk perception”; as such, they therefore “demand more comprehensive services from the business angel networks they join. Co-investment with other angels is also one of the catalysts that would trigger their first investment.”

5.4.2 Active BAs Who Are Members of BANs

These BAs have two or more investments that can be similar or different from their initial experiences, meaning they are not restricted to specific sectors. In addition, having no previous relationship with the entrepreneurs does not find prevent them from investing. These active investors joined BANs to increase their deals flow and networking with other market participants, as they prefer to use co-investing strategies to distribute risk and share knowledge. Investing collectively was, however, not a condition for their investing as they sometimes invest alone. They are also not limited by the stage of their entrepreneurial

business and its geographic location, especially if there are other co-investors who share the monitoring responsibilities. They are hence not cautious investors as they balance their concerns and their ability to collect information but also investigate target investment opportunities using their own social ties and experience. These active BAs also keep themselves updated about market directions and new fields in which to invest, with studies confirming how BAs' experience allows them to manage investment risk (e.g. Croce, Ughetto and Cowling, 2020). These results are consistent with studies that concluded how membership of BANs and the benefits of networks increased BAs' experience in terms of reducing investment risk (Ramadani, 2012; Harrison and Mason, 2017).

A noticeable feature of active BAs who are members of BANs is that besides making endeavours to increase their deal flow they joined BANs to support entrepreneurs and contribute to the angel market, as they were motivated to invest in businesses to help entrepreneurs grow their businesses. Therefore, they sometimes invested in non-profit projects (as P13 did) or in business that are profitable but also have noble goals that service the community (such as P07). Those active experienced BAs joined BANs to transfer their knowledge and to support the angel community by volunteering in BANs' activities such as managing the BAN, evaluating and filtering investment opportunities, or organising pitching events.

5.4.3 Beginner BAs Who Are Not Member of BANs

Common features among these investors include not desiring to join BANs because they either lacked money to invest in many opportunities or had little time to participate in BANs' activities and events because they were busy with their own businesses or careers. They also had several concerns about the risks in such investments so initially invested in the businesses of entrepreneurs they knew from their networks (strong ties) and co-investing with investors from their networks. Sectors in which they invested aligned with their initial experience, which helped them manage and control these first investments.

One such participant (P23) made their first investments after finding an opportunity that was attractive for numerous reasons: there was a previous relationship with the entrepreneurs; this collective investment involved co-investors with whom there was already a relationship;

the business was in seed-stage, where it obtained positive feedback from the market; the entrepreneurs had management qualifications and experience relevant to the sector; the sector related to co-investors' initial experience; the business was fulfilling a demand in the market; and there was growth potential for the business. The investor was concerned about the risk of angel investing, which led him to choose an investment opportunity that had very specific qualities (as noted). He hence also selected a business that reassured him of its chances of success. P23's behaviour is consistent with Zu Knyphausen-Aufseß and Westphal's (2008) observation that a negative view of BANs involves not providing tailored deals for individual BAs who have particular desires and preferences.

New BAs' risk aversion was shown to be overcome in three main ways: gaining sectoral knowledge; establishing relationships with entrepreneurs; and networking with other investors in the market. Understanding the sector's and the market's backgrounds allows beginning investors to predict business's future directions, while relationships with entrepreneurs helps them to know their qualifications. Also, networking with other investors helps beginner BAs distribute the required capital, reduce risk, and share experiences and the controlling role, which were all critical for beginner, less experienced BAs.

Although these findings derive from those beginner BAs who do not belong to BANs, their investment analysis showed that the features they selected for their first investments can be achieved through BANs. Therefore, BANs promote the three main abovementioned factors that encourage BAs to make their first investments. Indeed, BANs educate BAs about the investment market and about different sectors, allow BAs to meet and interact with entrepreneurs, and facilitate the expansion of BAs' social networks with other investors. This finding is consistent with studies that have shown how BANs benefit beginner investors and encourage individuals to become BAs (Romaní, Atienza and Amorós, 2013; Lahti and Keinonen, 2016).

5.4.4 Active BAs Who Are Not Members of BANs

These investors have certain common features regarding their investments. They have intensive experience in the entrepreneurial and investment fields, for example, which has given them practical knowledge and required skills to invest in entrepreneurial businesses, kept them updated regarding market trends, and provided them with large deals flow. They therefore avoided joining BANs because they viewed them as networks for beginner investors who had little experience in investment or limited deals sources. As such, they hence perceive BANs as benefiting BAs who lack both practical investment experience and sources for deals flow.

These BAs said they were very active in the market and perhaps have advantages over BANs members because BANs take time to filter investment opportunities, train entrepreneurs, and conduct pitching events, while these BAs outside them obtain many deals daily and interact continually with numerous entrepreneurs and investors through the market. This allows them to assess opportunities ahead of BANs members. In addition, their involvement in the market helps them establish wide networks in the investment sector. These findings are consistent with Ramadani (2009, p. 257), who indicated that BAs who are active in the market create their own network as they “have a lot of experience in the business. During their work, business angels have earned many friendships and have created networks of contacts that include successful entrepreneurs, bankers, insurance companies, accountants, etc.”

Concerning investment motivations, the primary aim of investing in entrepreneurial businesses for these BAs outside BANs is to maximise their capital and generate profits. This is unlike their active BA counterparts who are members of BANs, as they join these BANs not only to receive investment opportunities and to invest for return purposes but also to support entrepreneurs and to contribute to the angel market and to developing the economy and the community. Coveney and Moore (1998, p. 72) concur when discussing “active and experienced investors in terms of the total level of funds they invest, and the number of separate ventures which they back; individuals. Extremely wealthy persons.” For these authors, active BAs have specific motivations for investing: “Interested in larger opportunities; ... their reason to invests are: having fun and having financial return.”

The two nevertheless also have similarities. As with active BAs belonging to BANs, the findings show that active BAs who avoid BANs are attracted to investment opportunities that are innovative, have growth potential, and are managed by qualified entrepreneurs. All active BAs are thus usually not limited to or restricted by a specific sector as their experience allows them to monitor their businesses and add value to them. These findings are consistent with Coveney and Moore (1998), who stated that all active BAs consider the “personality of the venture founder/manager [as] the most important criteria when deciding who to invest with” and that those BAs are “open to invest in ventures outside of their own field of experience”. Coveney and Moore (1998) indicated that active BAs provide not only capital but also their experience as their

formal management role is their most important contribution, which implies that they are less active day-to-day role in the management of their informal investments. They felt that they provide more than just capital to the venture: over 60% felt that they brought to new ventures their experience and expertise as a non-financial benefit; Had started almost four substantial new businesses.

This group of active BAs have similar features to the “real business angels” based on the typology of (Sørheim and Landström, 2001; Ramadani, 2009) that they have many investment activities, wide entrepreneurship, and managerial experience, co-invest with other informal investors, serve in leadership roles, and use personal and business networks as their primary source of information. They rarely depend on information from the media play an active part in the companies they invest through serving on the board or as advisors.

This suggests that the involvement of active BAs in the market provides them access to many investment opportunities and results in many angel investments for them, making them active investors in the market. Therefore, such active BAs do not need to join BANs because the services and benefit BANs provide are achieved through being active in the market. This group of active Saudi BAs therefore do not consider joining BANs as being beneficial to them. Active investors do not see the BANs as valuable organisations that contribute to their investments’ activities because they are already active in the market and perceive that they can find most of the information BANs provide earlier themselves through contacting their social ties in the market. Knyphausen-Aufse and Westphal’s (2008) indeed argue that BANs

do not deliver significant value to BAs because they do not achieve the goal of matching between BAs and start-ups as BAs can access investment opportunities through the market.

Furthermore, Knyphausen-Aufseß and Westphal (2008) even argue that BAs could access better matching services through banks. However, this study gives only part views instead of the broader picture. The findings of the current research provide an additional view, indicating that although active BAs can access investment opportunities through the market this does not cancel BANs' role of providing pre-evaluated investment opportunities for all types of BAs, especially in emerging markets that lack business records and supportive entrepreneurial and investment institutions. On Knyphausen-Aufseß and Westphal's (2008) argument, this does not apply for beginner BAs as they cannot easily access investment opportunities because of their lack of connections and deals sources.

5.5 Section Four: BAs' Social Networks

Participant BAs' social ties are discussed here against social network theory to shed further light on BAs' behaviour. BAs' networks have various features and provide different benefits, and this section discusses these along with similarities and differences among the different types of BAs (whether or not they belonged to BANs, their level of investment, whether they are beginner or active investors). The section initially discusses the findings regarding the role of social networks in BAs' investment activities then analyses BAs' social networks, including the relationships of BAs with entrepreneurs, co-investors, and contacts in the market.

5.5.1 The Roles of Social Networks in BAs' Investment Activities

BAs utilise their social networks to facilitate their investment activities such as accessing investment opportunities, investigating investment opportunities, adding value to their investments, and co-investing with other investors. Ahlstrom and Bruton (2006) similarly stated that in emerging economies with inadequate supportive financial and legal institutions these countries' networks and other informal institutions replace weak formal institutions. In this regard, networks of venture capitalists enable BAs to practise their investment activities effectively despite the weakness or absence of supportive financial and legal institutions.

Similarly, Scheela *et al.* (2015) analysed the investments of BAs and informal venture capitalists in the emerging markets of South Asia, concluding that those investors face many challenges. Consequently, the authors suggested an investment model involving significant networking to access investment opportunities and find co-investors, in-depth due diligence to investigate deals, and hands-on investment monitoring and management. The authors showed that investors in emerging markets indeed need networking with other investors and government for such purposes. Subsequently, Politis (2008) indicated that BAs add significant value to their investments by participating in managing the business, enhancing financial and strategic plans, and utilising their networks to facilitate business procedures. Beginner BAs with limited social networks attempt to join BANs or attend entrepreneurial forums to access investment opportunities. BANs membership was found to help beginner investors increase their social networks with entrepreneurs, other investors, and important market figures, including ministers and policymakers, and to support BAs' investments by facilitating investment syndications, sharing experiences, investigating investment opportunities, and adding value to their investments through utilising business connections. The finding about the importance of BANs for increasing BAs' connections is consistent with Scheela and Isidro's (2009) recommendations that resulted from their analysis of challenges BAs face in emerging markets. For these authors, such markets need to establish BA clubs that act as organisations which support BAs' investment processes and educate entrepreneurs about private equity financing, particularly angel investments.

Scheela and Isidro (2009) added that BA clubs should invite entrepreneurs to present their businesses to potential investors and provide services for enhancing investment processes. These services include screening business plans/entrepreneurs, summarising the clubs' events, creating a database of deals, and educating investors and entrepreneurs about the investment process. These recommendations suggest that BA clubs are similar to what Saudi BANs are offering, indicating that Scheela and Isidro's (2009) research supports the current study's findings about BANs providing significant support for BAs that enables them to overcome the challenges they face in emerging markets.

5.5.2 BAs' Social Networks

The findings show that BAs are surrounded by social networks (with various relations within them) that provide different types of benefits. This section discusses the features of these social networks and their benefits besides similarities and differences regarding both these among the various types of BAs (whether they belonged to BANs or not, their level of investment, and whether they are beginner or active investors).

5.5.2.1 Social Ties between BAs and Entrepreneurs

Beginner BAs who are members of BANs who invested *before* joining BANs invested through their strong ties (i.e. entrepreneurs were employees or co-workers) despite being isolates, or nodes, with few or no ties (Woodland, Barry and Roohr, 2014). In contrast, beginner BAs who are also members of BANs but invested *through* BANs do not have previous relations with entrepreneurs (weak ties between investors and entrepreneurs). Overall, joining BANs allowed beginner BAs to widen their social networks with entrepreneurs from outside their strong ties. Prior to joining BANs, beginner BAs had limited social ties with limited acquaintances, which limited the information they were receiving regarding investment opportunities. Given this, beginner BAs joined BANs to help them increase their social networks and obtain filtered investment opportunities.

Participant beginner BAs who have not joined BANs prefer to have strong ties with entrepreneurs (similar to beginner BAs who invested before joining BANs) and depend on their strong social ties to access trusted information about investment opportunities. Having strong ties with entrepreneurs allows beginner BAs to get trusted information about the target business from the start of the business, besides knowing the skills and qualifications of the entrepreneurs through direct regular interactions. However, depending only on strong ties restricts the investors to limited sectors relating to their initial sectors, which is consistent with Granovetter's (1973) Strength of Weak Ties theory whereby strong ties do not produce any novel ideas or opportunities given the redundancy of shared information. While remaining within what the BAs were familiar with reduced their exposure to risk, it also limited their ability to invest across sectors.

On beginner BAs who are and who are not members of BANs, the former sought to expand their social ties and increase their deals through accessing filtered investment opportunities

that allow them to achieve successful investments. In this regard, they aimed to become more active investors by increasing available deals and expanding their networks via BANs. In contrast, the latter had no such strong desire to become active investors because they lacked either funds for more investments or time to be involved in new opportunities. They thus remained less active and without sufficient interest to join BANs because they prefer to get deals from their trusted strong ties and in sectors relating to their original experiences.

Regarding active BAs overall, hence whether they are members of BANs or not, the findings show that they invest through both their strong and weak ties but mostly the latter because active BAs have large and wide social connections across many sectors. Active BAs' investment activities give them access to numerous opportunities through their connections (weak ties) with entrepreneurs and investors in varied fields. Also, active BAs have had the courage to invest with entrepreneurs with whom they had no previous relations, doing so because their numerous connections and their intensive investment experience granted them access to information required to properly evaluate entrepreneurs and investment opportunities.

5.5.2.2 Social Ties of BAs with Co-Investors

Social ties between BAs and their co-investors are discussed here according to being a beginner or an active BA.

5.5.2.2.1 Social Ties of Beginner BAs with Co-Investors

The findings show that beginner BAs who invested *before* joining BANs and beginner BAs who are *not* members of BANs either invested alone or co-invested through their strong ties (relations between co-investors are strong ties), as beginner BAs do not have wide networks and most of their connections concern strong ties in limited sectors. Therefore, these BAs tend to invest alone initially or through their strong ties with investors whom they trust to reduce potential conflicts between investors resulting from lack of investment experience. However, beginner BAs who invested *after* joining BANs either invested alone or co-invested through weak ties (relations between co-investors in a BAN environment are weak ties). Some invested alone to avoid conflict with other investors (P26, for example), while others increased their weak ties with other investors through joining BANs, and they subsequently syndicated with other experienced investors. BANs thus facilitate investment

syndications through helping BAs expand their networks towards increasing their number of weak ties.

5.5.2.2.2 Social Ties of Active BAs with Co-Investors

Active BAs (members of BANs or non-members) mostly invest collectively through their weak ties (relations between co-investors are weak ties) as active BAs have the experience and network to reach qualified co-investors and manage their own investment relations. Also, many active BAs invest with the same co-investors several times because while co-investing they learn about each other's qualifications and preferences and build trust between them, making it easier to collaborate further through many investment syndications.

5.5.2.3 Social Ties of BAs in the Market

5.5.2.3.1 Social Ties of Beginner BAs

The findings show that beginner BAs outside BANs have limited social networks, especially their weak ties, and this affects their deals flow. However, beginner BAs who are members of BANs have many social ties with other BANs members, indicating that BANs' membership helps BAs expand their social ties, particularly their weak ties, and consequently receive resultant investment opportunities, co-invest with other investors, and share experiences. BAs' weak ties bridge BAs to new sectors, new perspectives, new experiences, and therefore new investment opportunities. As with Granovetter's (1985) conclusion, the strength of weak ties involves connecting individuals to other networks that have valuable information and opportunities.

The findings also show that the social networks of beginner BAs (whether members of BANs or non-members) are limited to one or two main sectors mainly because their work activities were limited to those sectors. According to social network theory, beginner BAs' networks have very few individuals (nodes) in their network. These limited social networks can facilitate specific actions such as consultations, reference, information about the entrepreneurs, business idea, and sector. Marin and Wellman (2011) say that based on social network theory, there is collaboration and friendship between social network actors. Previous studies indicated that activities through limited social networks occur at a medium level, meaning such activities appear in one field (sector) or two (usually their main sector or

similar sectors) – unlike active networks that include active information transferring across many fields. Besides having limited background experience, beginner BAs have a limited circle of contacts, and both of these restrict their activities to specific industries.

Regarding the density or number of connections the main person (node) has, as intimated at above beginner BAs' networks have medium density (based on social network theory) because these are limited to one or two sectors that relate to their initial experiences. In terms of beginner BAs' type of social ties (strong or weak), most are strong ties and hence their weak ties are very few. Also, the structure of beginner BAs' network gives insights into the trust among the actors in the networks. Beginner BAs prefer to depend on their strong ties generated from frequent interactions for accessing information. However, while their limited ties and activities provide trust and give both reassurance and a certain amount of safety they can also restrict opportunities, especially as this structure can reduce any desire to take risks through getting involved with people they do not know or do not trust.

Indeed, in Granovetter's (1973) theory of strong and weak ties the structure of social networks that depend on strong ties can limit and restrict individuals' access to new and recent information because of their sparse weak ties. Weak ties benefit individuals by opening up and rapidly transferring new information because they act as 'bridges' between different networks, meaning beginner BAs who depend mostly on strong ties have limited access to information about new investment opportunities. Insufficient weak ties (bridges), which connected BAs to other networks in other sectors, limits their investment options, leaving them to largely invest in areas in which they have had experience.

Although strong ties are important for obtaining trusted information, weak ties are more important for obtaining much and varied information about recent deals. In the current context, beginner BAs who are members of BANs seek to become more active investors through joining BANs, which helps them access large deal flows and expand their social network. However, BAs who avoid joining BANs lack the interest to increase their investment activities and instead prefer to invest through their strong ties.

5.5.2.3.2 *Social Ties of Active BAs*

The findings of this research indicated that active BAs (members of BANs or non-members) have expanded social connections. Active BAs, have strong ties with businesspeople they work with and with family members in the business field. In addition, many of active BAs had worked in different sectors, which allowed them to establish many new and strong connections in different sectors, which are considered sources for trusted information about deals and market. Also, through their investment activities, active BAs were able to expand their weak ties in various sectors. These weak ties allow BAs to access fast and extensive information about investment opportunities from many sectors (Shane and Cable, 2002), as weak ties act as bridges that connect different networks from different areas (sectors) (Granovetter, 1983).

Active BAs also have dense social networks that include acquaintances they have known throughout their business and investment career across different sectors and areas. These networks help active BAs access deals from various sectors and diversify their investment portfolio through investing in industries different from their initial experiences. Although dense networks are associated with high levels of control, information redundancy, and aversion to unfamiliar or new fields (Butts, 2008), for this study's active BAs a mix of both strong and weak ties within their networks has allowed them access to investment opportunities. These active BAs were found to have taken advantage of the structural holes (Borgatti *et al.*, 2009) within their dense networks and the trust and reputation associated with dense networks to expand their investment interests across different sectors. This use of both weak and strong ties confirms the view that individuals with dense social networks have a strong ability to separate members from other members in a network while enforcing the network's common rules (Giuffre, 2015).

On the embedded social structure, active BAs behave differently from beginner BAs as they are not limited to invest only with people they know. Active BAs seemingly have ample structural holes to invest in promising opportunities regardless of their previous relations with entrepreneurs or co-investors, as the investment analysis indicated. Also, the analysis of active BAs' social networks showed that they have many weak ties which help them 'bridge' to other sectors' networks. In this regard, active BAs meet the description of being

embedded within the network and are involved in complex relations with different patterns of clustering, connectivity, and centralisation (Granovetter, 1985), which, consistent with Borgatti *et al.* (2009), affords them access to better investment opportunities.

From the perspective of social network theory, active BAs have many ‘bridges’ that facilitate their access to information from other networks in other sectors and thus to weak ties with other individuals/investors in these other networks. As such, active BAs could be the bridge that transfers information across networks. Also, their investment behaviour within their dense social networks confirms Burt’s (2004) suggestion that the strength of weak ties concerns their ability to bridge structural holes between networks to facilitate the flow of knowledge, information, and resources.

Active BAs who *are* members of BANs believe their membership maintains and enhances the quality and size of their already wide social networks, which include many social ties of different types, and allows them make more promising investments. In addition, active BAs from BANs believe that the deals BANs offer are unique because such deals are filtered, pre-evaluated, and ready for investment. Moreover, this study’s active members of BANs were motivated to join BANs to contribute to their community by participating in their BANs’ activities such as filtering investment opportunities and coaching entrepreneurs, through which they can pass on their knowledge and share their experiences.

Otherwise, active BAs who are *not* members of BANs already have dense and varied social networks, which explains their avoidance of joining BANs as their social networks provide them with required information and deals flow. They doubt that BANs can provide information and deals flow faster than their own networks. As they see it, they have no need to pay fees to join BANs for benefits they can obtain from their own social networks without additional cost.

5.5.3 Characteristics and Forms of BAs' Social Networks

BAs were found to be embedded in social networks of different forms: a) network characterised by many strong social ties with limited weak ties; b) network characterised by a limited number of both strong and weak ties; and c) wide social network in broad sectors made up of a mixture of strong and weak ties.

Beginner BAs' networks took two forms. The first form is networks with strong social ties where beginner BAs have strong relationship with entrepreneurs; they therefore made their first investment outside the BANs using their strong social ties, which enabled them to access trusted information (Shane and Cable, 2002). This finding confirms Scheela and Isidro's (2009) observation that in emerging markets BAs depend on their social networks to establish business contacts, identify investment opportunities and implement their investment decisions. Furthermore, beginner BAs investing within their network of strong social ties indicates their being embedded in a web of social relationships characterised by collaboration opportunities, friendship, trade ties, resources flow, information flows and exchange of social support among network members (Marin and Wellman, 2011).

The second form is networks among beginner BAs who have a limited number of strong social ties and weak ties. Therefore, they did not invest outside BANs because they had limited relationships with entrepreneurs, particularly through weak ties, which limited their ability to identify opportunities outside their social network; they therefore started investing only after joining BANs, where the relationships between the investors and entrepreneurs are weak ties. In this instance, BAN membership served as a bridge as it was the only link connecting beginner BAs and entrepreneurs, and access to investment opportunities. The characteristics of beginner BA who are BANs members support what Zuo *et al.* (2016) describe as indirect ties, which refer to a link between individuals connected through a third party. In this instance, BAN membership serves as the third party linking BAs and entrepreneurs, and also facilitating information transfer.

The third form of networks identified herein concerns a wide social network that extends across broad sectors and is made up of a mixture of strong and weak ties. Active BAs within this type of network conduct their investments through their networks. While weak ties play

an important role in enabling network members to access information and investment opportunities, this network also has strong ties. BAs' apparent success in accessing opportunities and investing seems more consistent with the argument that individuals' weak ties have limited value when not backed by supportive strong ties (Rost, 2011; Horak *et al.*, 2019). Through this form of network, active BAs who, although members of BANs, invested collectively outside BANs thereby leveraged their weak ties from outside BANs. This characteristic suggests that active BAs may not derive much benefit from BAN membership as they can access opportunities through their mixture of diverse strong and weak ties.

Active BAs within such networks access opportunities through their weak ties with entrepreneurs and with other investors either outside or within BANs. The observed characteristics of the network that includes many weak ties align with the weak tie theory's position that such ties are more valuable in providing novel information and opportunities (Granovetter, 1973). Active BAs invested with entrepreneurs with whom they had no relations, confirming how weak ties are loose contacts that act as information bridges to valuable opportunities which cannot be accessed through strong ties (Granovetter, 1985). This finding confirms earlier studies which assume that weak ties are beneficial to entrepreneurs as they provide access to new perspectives, diverse information, funding and other resources (Burt, 2004). The use of weak ties suggests that active BAs with many weak ties may not derive much benefit from BAN membership.

5.6 Research Contributions

This research contributes to current knowledge by providing better understanding of BANs' activities and their roles in facilitating BAs' investments and supporting entrepreneurs but also sheds light on BANs as organisations that critically contribute to the angel and entrepreneurial market through, primarily, matching BAs and entrepreneurs.

The research contributes to BAs' field by providing a typology of BAs. In this, the study differentiated between beginner BAs and active BAs regarding their benefits from BANs, which increased angel investments and enlarge BAs' social networks, particularly for beginner BAs who benefit the most from BANs because of their limited investment experience and market connections. Thus, this research has identified a typology of BAs

based on their investment activities and investment experiences. This typology helped determine the type of BAs that BANs should focus on and target for their memberships besides facilitating understanding regarding why some BAs (with particular features in their investment activities and social networks) are not interested in joining BANs while others are very interested. The findings of this research showed that specific types of BAs are not interested to join BANs, either because they prefer to invest through their strong ties to invest in limited opportunities or because they have intensive experience and connections allowing them to pursue their investment career successfully.

Also, this research contributes to the literature by drawing attention to the importance of BANs regarding supporting beginner investors and enhancing angel markets, especially in emerging economies that lack supportive organisations for investors. Regarding this, the current research analysed BANs in the emerging market of Saudi Arabia, indicating that Saudi BANs provide significant benefits to BAs – especially those who are beginner investors who made their first investments through these reliable organisations. These findings highlight the maturity of the market and how these have benefited from the creation of BANs but also the BANs' significant positive impact on Saudi Arabia's emerging market, clarifying, contrasting and countering some previous studies which stated that BANs do not deliver noticeable value to BAs in developed markets where investors have other channels to access investment opportunities.

Theoretically, this research contributes to theory by showing that social network theory is a useful tool for exploring and explaining BAs' investment behaviour and investment activities. Many previous studies have used agency theory to explain the relationships between the angel investor and the entrepreneur. However, social network theory has herein more suitably explained BAs' investment activities and why BAs join or avoid joining BANs, particularly in a developing economy with weak institutions where critical investment information is not easily accessible. Furthermore, the research has used additional theory based on social network theory (the strength of weak ties) to advance further understanding of the benefits different types of social ties offer BAs, showing that having strong ties do not always deliver the best advantage for angel investment and that weak ties are important for bridging to new opportunities and new co-investors.

5.7 Implications of the Findings

The findings have various implications for the angel investment sector. The theoretical implication concerns the change regarding the perspective of BANs' impact on the country's economy, particularly in emerging markets. In this context, BANs were established to achieve practical goals relating to improving Saudi Arabia's economy by supporting the entrepreneurial and investment sector. A central implication here is that as the Saudi Arabia government seeks to diversify the country's income sources and reduce its heavy dependence on oil it thus needs to support BAs and their investments. Establishing more and further helping existing BANs can help BAs (e.g. connecting with entrepreneurs, accessing information easily, and receiving filtered investment opportunities). In turn, such measures and provisions can advance entrepreneurial businesses and achieve the country's desired economic diversity.

BANs act as a link between entrepreneurs and BAs, offering pre-evaluated investment opportunities to investors. Therefore, BANs help increase BAs' deal flow and they provide updated information about local economic trends. Furthermore, through BANs the BAs expand their social ties with entrepreneurs, other investors, policymakers, and professional businesspeople in the market. BANs membership also benefits BAs regarding accessing deals, providing information about the market, networking, and facilitating syndications with other BAs and co-investing with venture capital companies, which in turn stimulate more entrepreneurial and investment activity. Therefore, as BANs play an important role in promoting entrepreneurial activity and the angel sector, policymakers and market players should support BANs and such BAs organisations.

The findings of this research indicate that BANs are beneficial for various BAs but particularly so for beginner investors who are starting their career as investors and have little experience in entrepreneurial investing and limited social ties, usually restricted to a single sector – that of their initial experience. A practical implication is thus that BANs' managers and broader policymakers need to adopt a particular focus on supporting beginner BAs and potential investors. Furthermore, as the BA market is in its infancy, and given the developmental stage of institutional support systems, it is critical for active BAs to be

involved in BANs' activities to support the business community through, for example, participating in filtering deals, coaching entrepreneurs, sharing valuable information about the market trends, and co-investing.

5.8 Future Research

This research used a sample of members of both a public and private BAN to analyse the value of BANs for BAs (as well as broader implications of these benefits), though future in-depth studies can compare the specific services private and public BANs offer and analyse the roles and activities of the different types of BANs. As this research has highlighted how the services BANs offer (e.g. offering pre-evaluated investment opportunities and preparing entrepreneurs for investors) very much depend on each BANs' managers and gatekeepers, future studies need to analyse the qualities, qualifications and activities of these managers and gatekeepers to determine the value they are adding but also how to address any weaknesses and limitations of theirs while furthering their positive qualities and contributions.

Networking was found to be critical in facilitating BAs' investments; hence, more and more in-depth studies should be conducted to explore how BAs use their strong and weak ties to further their access to information and their participation in co-investing with other investors. Given that the BAs in the Saudi market were found to be generally younger than their counterparts in, for example, the UK, there is room for a study to establish how the age of BAs affects the continuity of the businesses in which they invest. Finally, this study restricted itself to BANs in the emerging market of Saudi Arabia, so more studies are needed in other markets to analyse the relationship between the development and maturity stage of a market and the types of BANs needed to benefit the BAs operating in that market.

5.9 Conclusion

This study's main research question is the following: 'Do business angel networks provide value to business angels?' To answer this and for broader understanding of the research problem, two sub-questions were also asked:

Sub-Q1: What are the benefits of BANs membership to business angels?

Sub-Q2: Why is the value of BANs different among different business angels?

Regarding the first sub-question, all analysis themes (the results chapter's four sections) show that BANs benefit their members by delivering increased flow of pre-evaluated investment opportunities, providing valuable updated information about the market, enlarging social networks, and facilitating investment syndications. Additional benefits of BANs come from these being visible active organisations that promote the angel market and support the development of angel investments through making the market visible and regulatable. Furthermore, BANs increase awareness about the importance of BAs' funds, encourage individuals to become angel investors, and motivate BAs to invest more. Findings from the Saudi market illustrate that BANs have a positive impact on BAs, entrepreneurs, and the developing of angel and entrepreneurial markets.

Regarding the second sub-question, Chapter 4's Section Three (investment analysis) and Section Four (social networks analysis) answer this in different ways that together give a more complete picture. The former explains the differences between different types of investors based on their investment activities and behaviour – categorised accordingly into beginner BAs and active BAs. This analysis explains the investment criteria and network features of those BAs who benefit from BANs' membership and the investment criteria and network features of BAs who are not attracted to join BANs. Complementing this insight, Section Four analyses Saudi BAs' social networks and demonstrates that beginner BAs who desire to increase their angel investments are motivated to join BANs to access filtered deals and enlarge their business connections, while beginner BAs who prefer to have limited investments are not interested in joining BANs as they invest through their strong ties. This analysis also explains why some very active BAs avoid joining BANs: they already have what BANs offer, as they get such benefits through their own activities and connections. Nevertheless, some active BAs do indeed join BANs, as they want to benefit from further

increases of their deals flow and social networks. Also, they seek to serve the community of entrepreneurs and BAs.

Hence, the study's sub questions relating to the benefits of BANs to BAs, and why the value of BANs differ for different types of BAs, were successfully answered. They also lead to answer the main research question: 'Do business angel networks provide value to business angels?'. In addressing whether BANs provide value to BAs, the findings demonstrate that in emerging markets that lack supportive organisation for BAs, as in the case of Saudi Arabia, BANs provide significant value to BAs, particularly beginner BAs who have limited investment experience and limited social ties. The value and benefits BANs provide include increasing the flow of pre-evaluated investment opportunities, delivering valuable recent information about the market, networking, facilitating investment syndications, educating BAs about investment process, and encouraging investors to invest more.

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Appendix A: SIRB Activities and Events

Date	Event Type	Details
25/05/2012	Launching SIRB	SIRB was established by the support of BADIR accelerator, where an event was conducted to launch the BANs with many important figures attending the events such as prince Turki bin Saud bin Muhammad Al Saud, Vice President of the KACST, alongside members and managers from BADIR accelerator.
08/12/2012	Workshop	Workshop about angel investors in Riyadh and Jeddah about the best practices in the field of angel investments in small technology projects. This workshop was provided by Robert Okabe from the USA – an expert in angel investment. He talked about BANs, ways of investments to develop small businesses, and the responsibilities of BAs.
01/05/2013	First Pitching Event	10 initial requests for investment in four presented businesses. Important attendees: Nawaf Alsahaf CEO of BADIR accelerator; Ghassan ALSuliman chairman of VC bank. The evaluation committee included: Khalid Sulaiman (tech), P05 (holding company), Hani Baothman (finance), Soraqa ALkhatib (media). The offered businesses: ‘Onwani’ (tech) for address allocation; ‘Smart calibration’ (manufacturing) for the maintenance of production lines; ‘Impactful Care’ (medical) application to support Alzheimer’s patients, care providers, and physicians; ‘Longitudinal Drilling – Rust Protection’ (manufacturing) specialist in longitudinal drilling for rust treatment during pipeline extension projects for petrol companies, Mining, Electricity and City Secretariats; ‘Ziz Entertainment’ (multimedia and entertainment) for children’s entertainment in a wonderful way and in line with Islamic values.
25/05/2013	SIRB Award	The SIRB Award was provided by SIRB and partners to the best selected entrepreneurs, where the BAN chooses seven best opportunities, then the best three of them receive financial awards, besides winning a consultation programme for a year.

		The judges committee includes international and local experts in business and investments.
19/11/2013	Lecture/ Educational Session by Dave McClure	SIRB hosted a lecture provided by a famous entrepreneur and angel investor, Dave McClure who is one of the directors in PayPal and founder of the accelerator 500 start-ups. He talked about successful stories of his investments in entrepreneurial companies and how he was able to convert his investments into companies of hundreds of millions.
26/02/2014	Participating Entrepreneurial Exhibition	SIRB participated in the sixth entrepreneurial exhibition in 2014 that allowed selected entrepreneurs to introduce and market their businesses. The participation of SIRB in such an event was to introduce entrepreneurs the BAN's activities and encourage them to apply to the BAN or to the SIRB award.
30/04/2014	Second Pitching Event	The event included three investment opportunities selected out of 15 opportunities: iBaloot (game sector); Mango Jazan (food sector); Tabeeb.com (medical appointment service).
27/12/2015	Third Pitching Event	Included four investment opportunities: Wardat/Flowers (from Taief incubator); Sign (Riyadh BADIR); Stickery (from Qutof accelerator); Right compound (from east incubator).
14/02/2016	Fourth Pitching Event	Included seven investment opportunities that sold more than a few million riyals in total during the previous two years of pitching.
07/02/2018	Fifth Pitching Event	The event hosted 70 BAs. In it, SIRB managers talked about the investments through the BAN where investors invested in five companies through SIRB. The market value of investee businesses grew by 67% between 2016 and 2017, while the share of investors as a whole grew by about 300% since 2014 when the investment started. One of the members talked about her experience in investing in one of the opportunities offered by SIRB, where her investment had grown by 80% in just one year. The event offered several investment opportunities that needed a second funding round.