Empirical Study on Value Drivers of Angel Backed Start-up Companies in Bangalore

* Usha J. C.
** Abhilash Kharvi

Abstract

Business angels engage themselves in providing capital to nascent ventures. Startup ventures generally employ personal funds for setting up venture. In spite of sound financial ecosystem available for startups, limited number ventures attract angel investment. Most of the startups depend upon personal funds. Angel investors play key role in financial eco-system of start-ups. Angel investors hunt for high growth potential ventures for investment. The objective of this study was to identify different criteria for angel investments. This study was conducted in the leading start-up hub Bengaluru. Data were collected through responses taken from 72 angel funded startups operating in Bengaluru. SPSS exploratory factor analysis and correlation were used for identifying the key factors influencing angel investments. The study revealed that entrepreneur experience and funding obtained from earlier rounds, external finance, past experience of handling challenges, and industry knowledge were the main criteria for angel investments. Overall, results show that entrepreneurial skills play a major role in attracting angel investment.

Keywords : Angel investment, experience, seed stage capital, start-up funding

JEL Classification : 'G24', 'G32', 'L26', 'M13'

Paper Submission Date: February 16, 2019 ; Paper sent back for Revision: February 25, 2019; Paper Acceptance Date: March 8, 2019

Angel investments play a substantial role in the growth of seed and early stage ventures. Angel companies as well as start-ups have grown at a rapid pace after the launch of Start-up India. Even though a sound financial ecosystem exists, most of the start-ups are unable to meet their financial needs. Accessing funds is the major challenge for start-ups. Angel investors always search for high potential ventures to park their investments for a considerable period of time. They often rely on signals given by start-up ventures for investments. This study probed different kinds of signals given by start-up ventures in attracting angel investments. Start-ups suffer from the problem of information asymmetry. Paucity in generation of information for investors is an impediment in passing quality signals (Zaleski, 2011). Due to this, new entrepreneurs face funding problems and rely on personal funds or funds borrowed from family and friends. Compared to novice entrepreneurs, experienced entrepreneurs should have both, more knowledge and better contacts, which should potentially reduce the number of problems and affect finance composition (Metzger, 2007).

Start-ups are unable to access external debt financing by banks. Hence, they rely upon bootstrapping (Krishnan & Singh, 2010). Experience of the founding team plays a vital role in accessing funds. In accessing external equity, special consideration is given to the role of entrepreneurial experience (Zaleski, 2011).Obtaining equity in the initial stages of a venture is a complicated task. Investors are careful in investing their time and effort in nascent ventures. The present paper analyzes the extent to which past entrepreneurial experience affects access to funds. External investors like banks consider firm value more than experience of the entrepreneur while sanctioning funds. Zaleski (2011) found that industry specific know-how on the part of the entrepreneur was positively correlated with fund access and survival. Many start-up businesses of Bangladesh need external financing to start-up or grow at different stages of operations

*Assistant Professor, Faculty of Management and Commerce, Ramaiah University of Applied Sciences, Bangalore - 560 054.
E-mail : usha.jc1@gmail.com
** Professor, Faculty of Management and Commerce, Ramaiah University of Applied Sciences, Bangalore - 560 054.
E-mail : abhikharvi96@gmail.com

(Mahmud, 2013). Literature review suggests that management team is the most important factor for fund access (Keh, Foo & Lim, 2002). Promising idea, product innovativeness, and technology are probed, resulting in the founding team's capability to express the innovativeness to investors to access funds. Conventional wisdom shows that younger and new companies have advantages in innovation that helps them access the required funds by VCs (Feldman and Audretsch, 1999). This study seeks to explore and characterize product innovation as a signal for funding as professed by Keskin, Diehl, and Molenaar (2013).Quality signals like external finance and investor protection help in fund access. Better investor protection increases the willingness of external investors to provide capital (Porta, Lopez-De-Silanes, Shleifer, &Vishny, 1997).

Angel investors invest in startups in the form of equity or debt financing for a reasonable period of time. Angel investors invest considerable amount of time and efforts in grooming startups, and they exit their investments by selling equity or debt holdings. About 62-72% of early and seed stage start-ups are funded by angel investors in USA. Similarly in the United Kingdom, 55- 65% of the start-ups are funded by angel investors. Swedish angel investors prefer later stages of start-ups (Freear, Sohl & Wetzel, 1995). At present, 35% of Indian start-ups function from Karnataka, which makes it the single largest start-up hub in the country. India is the youngest start-up nation in the world. More than 50% start-ups are focussed on e-commerce and consumer services. India has seen tremendous growth in the emergence of innovative start-up and creative ventures. Every year, around 4200 new technology based startups popup in India (NASSCOM, 2015). Prime Minister Narendra Modi had launched Start-up India Action Plan in January 2016, and the total amount released for this plan was ₹100 billion. As a result, the number of startup companies grew by 40%. The new campaign StandUp India was launched with the assistance of banks. Funds sanctioned crossed ₹1.8 billion. Figure 1 shows the view of the pinnacle five start-up cities of India. The start-ups are patchily distributed across ten cities in the country, namely, NCR, Mumbai, Chennai, Hyderabad, Bangalore, Ahmedabad, Pune, and others. Out of ten cities, Bangalore has the highest growth in number of start-ups, as well as in receiving funding.
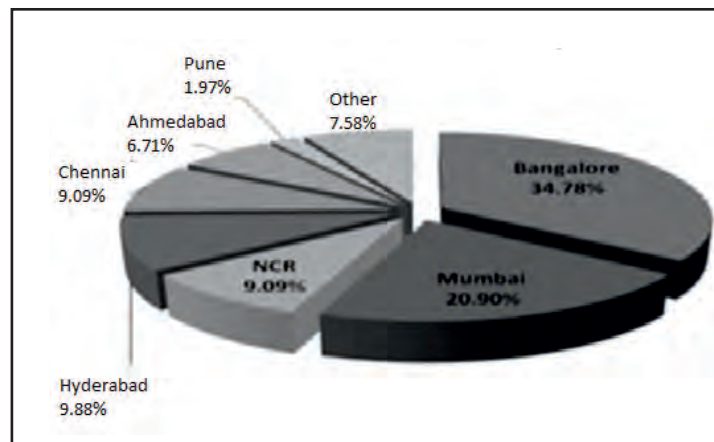

Figure 1. Best City to Start-Up
Source: YourStory (2012)

Bangalore is positioned to be among the top five start-up ecosystems internationally in the near future. The mission of the government is to make Bangalore continue in the lead position, and to broaden other essential towns as start-up destinations at par with the top 30 international start-up hubs.

Background Study

Existing studies in this realm may be classified into three broad streams : (a) Only start-up companies and their challenges; (b) Start-up funding access from different sources and associated dynamics, and; (c) Studies of sustainability of start-up ventures. The last discuss the challenges encountered by start-up firms. Since the motivation of this study was gaining more insight into these aspects, our review of literature encompassed these dimensions. The

paper focussed on the features that angel investors look for in start-ups before investment.

The present study focussed on analysing determinants of angel investments. Special consideration was given to the role of entrepreneurial experience and the way funding is received from extraordinary resources. The study tried to discover the impact of entrepreneurial capability to get right of entry for outside finance. Zaleski (2011) found that obtaining equity in the initial duration was a complicated task for new ventures. With asset price shrinking, and low levels of liquidity, the investors suffer. Therefore, investors are careful in investing funds. Start-up companies start their operation without adequate knowledge of ventures, or industry experience. They tend to fail, and remain unattractive to investors (Joshi & Subramanya, 2015). For developing the conjecture, Sudhira, Ramachandra, and Balasubramanya (2007) classified exceptional variables like firm traits, and entrepreneurial characteristics. Competencies of entrepreneur, education, demographics, and managerial skills are considered for attracting investments from angel investors (Davila Foster, & Gupta, 2003). Many of these characteristics were analyzed by Cassar (2004) to determine the effect a firm's capital financing on its performance. Angel investors value the experience of the entrepreneur for two purposes.

First, Cooper, Gimeno-Gascon, and Woo (1994), and Kerr & Lerner (2014) found that industry specific view and knowledge of the entrepreneur were connected with selection of strongest and high growth potential venture for financing, and to work towards their growth.

Improvement of strong and weak ties of social capital between a start-up and its main customers are important for selecting a venture for investment (Pirolo & Presutti, 2010). On the basis of the study of 130 firms, they analyzed six hypotheses concerning the possible wonderful courting among the relational capital of a start-up organization, and its success in its first few years of enterprise. Pirolo and Presutti (2010) described that strong and weak configurations of social capital may additionally have an effect on the boom of a start-up's access to finance. Other studies confirmed the importance of strong ties especially, at the emergence stage of a start-up (Hite & Hesterly, 2001; Lechner & Dowling, 2003). The findings showed interesting impact of strong ties of social capital on fund access of ventures. Organizational social capital gained prominence in accessing financial capital (Dyer & Singh, 1998).

Pergelova and Angulo-Ruiz (2014) showed that competitive advantage was an important intermediary outcome in the relationship between public financial support and performance of new businesses. They said that access to government financial support did not impact angel investment but created indirect impact through the development of competitive advantages on the basis of innovation, licensing-in, marketing and human capital. Molloy, Chadwick, and Ployhart (2011) made a call for construct clarity and embedding the concept of intangibles inside resource based concept. On the contrary, Barreto and Baden-Fuller (2006) studied the direct impact of legitimacy on financial performance and found a negative effect. The debate over this issue has produced a frame of studies dedicated to the relationship between government programmes and policies promoting entrepreneurship by easing access to finance (Baumgartner, Schulz, & Seidl, 2012; Rotger & Gortz, 2012).

Angel investment is very important for small and medium sized ventures due to the fact they are inclined to making investments and provide their wealth and know-how to nascent entrepreneurs (Aydin, 2016). Angel investors are motivated by the chance to increase their wealth by means of risk to make earnings out of their investments. Ramadani (2012) indicated that angel investment was particularly critical during the seed stage of start-up. Mahmud (2013) showed that many start-up businesses of Bangladesh needed external financing to start-up or at the growth stage of operations. Expectation of improvement in competitive advantage would increase the chance of attracting external equity.

Patents are signals that are used to reduce information asymmetries in entrepreneurial finance (Conti, Thursby, & Thursby, 2013).The theory allows for heterogeneous investors and examines the optimal match of different types of start-ups, as defined by the quality of their technology for investors to quantity non-financial capital.

The likelihood of nascent entrepreneurs making the transition from a new mission concept to a profitable business is argued to be contingent on the breadth of resources available in the start-up team (Muñoz-Bullon, Sanchez-Bueno, & Vos-Saz, 2015). A founding group's earlier start-up experience has impact on fund access. Informal investors choose to finance any venture based on networking and prior knowledge of the field of venture. Kelly and Hay (1996) showed that the study also attempted to understand the tendency to invest is based on the investors or members of the syndicate

having prior experience about the project. Project funding by informal investor also depends on personal referrals.

The present study tried to identify and analyze latent signals of startup companies passed on for attracting angel investments. Overall results show that funds are provided to start-up companies more on the basis of their experience and earlier rounds of funding compared to any other characteristics.

Methodology

The variables segregated for firm entrepreneur related characteristics like age, experience, earlier start up experience, education of the founder are considered as dependent variables for fund access by angel investment. Second set of variables are based on enterprise characteristics like technology, product innovation, market size etc. Third set of variables are selected based on the ecosystem namely, government support, start-up base etc. Structured questionnaire was drafted and validated by the pilot study. Sample collected for the study consisted of 72 start-up ventures situated in Bangalore. As Bangalore is the start-up hub comprising of more than 1,200 start-ups,we selected 72 IT and ITES companies aged from 0 to 5 years funded by angel investors. The ventures in seed and early stage were selected as respondents. Data were collected through structured questionnaire considering five point Likert scale and was validated through pilot study. After the data were collected, we proceeded to the statistics processing and data evaluation stage. Data evaluation comes after data collection to reach sure findings. Responses had been collected and evaluated with SPSS 23.0. To calculate the percentage, simple and superior statistical equipment were used on collected data. Advanced techniques like factor analysis, analysis of variance, correlation and linear regression had been also used. Reliability and validity of the scale were checked. Lowering and summarizing the statistics, a principle component evaluation with Varimax rotation were used to keep the factors unbiased. Linear regressions have been used to examine amount of impact latent signals in attracting angel investments.

Empirical Results

Questionnaires were drafted on Likert scale on the basis of factors mentioned in the literature. To check the reliability of the questionnaire, Cronbach Alpha, which is one of the most important indicators in scale development process and reliability of responses was used. The overall coefficient was found to be 0.717, which exceeds the minimal recommendations, that is, 0.70. Therefore, the viability and validity of the instrument were deemed to be sufficient. Data acquired in this study were analyzed using SPSS 23.0 package programme. Degree of sampling adequacy was measured with Kaiser-Meyer Olkin test to quantify the degree of inter-correlation among variables and its value ought to exceed 0.5. From the factor analysis report ,we see that the value of KMO statistics obtained was 0.702, which was greater than 0.5. This means that the sample selected was sufficient for analysis. This also indicates that the sample size should be more than five times the number of variables considered for the study. To examine the appropriateness of factor analysis for the start-up corporations, the adequacy of sampling, Bartlett's test of sphericity and KMO were used. The approximate chi-square statistic was 670.057 with 253 degrees of freedom, which was considerable at 0.000 range. The KMO statistic (0.702) was also greater than 0.6. Hence, issue analysis was considered an appropriate technique for additional evaluation of data.

Factor evaluation is a way for factor reduction. It is used in search of underlying unobservable (latent) variables which are considered within the observed variables. Five factors extracted from the rotated component matrix, namely, entrepreneurial characteristics, financial characteristics, organizational characteristics, product characteristics, and employee characteristics. Angel investments are done by verifying entrepreneurial characteristics which are represented by Label(1). It includes 'entrepreneurial experience', 'founders having worked for mainly Indian companies', and 'founders having past experience'. Label (2) represent financial characteristics, which include 'funds access from different sources', 'external financing', and 'financial support from government'. Label (3) represents organizational characteristics, which include 'industry experience', 'experience in R&D'. Label (4) represents employee characteristics which include 'business employee', 'time constraint', 'challenge or problem for companies'.

Table 1. Rotation of Factors

	Component				
	1	2	3	4	5
Funding	-0.030	0.106	0.627	-0.012	-0.032
Entrepreneur Experience	0.032	0.010	0.041	0.030	0.912
Business location	0.050	-0.724	-0.302	-0.140	0.053
Product/service	-0.051	0.166	0.680	0.081	-0.398
Business employ	-0.011	0.706	0.198	-0.350	0.235
IPO	-0.315	-0.490	0.519	-0.121	0.272
Experience in R&D	0.275	0.713	-0.348	0.217	-0.123
Experience in Industry	0.070	-0.027	0.715	0.033	0.301
Financial support from government	0.108	0.031	0.025	0.913	0.038
Worked in mainly Indian companies	0.671	0.344	0.046	0.022	-0.015
Past experience of establishing other start-ups	0.700	0.127	-0.228	0.112	0.182
External financing options are for starting up new business	0.539	0.400	0.173	0.460	-0.035
Time constraint	0.862	0.032	-0.084	0.349	-0.003
Industry experience is important in your firm	0.916	-0.022	0.026	-0.022	-0.003
Start-up companies have competitors	0.909	-0.120	-0.002	-0.048	-0.064

Extraction Method : Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 7 iterations.

Label (5) represents product characteristics which include 'completion', ' competitors in the same industry', 'product or service'.

We used iterated main axis component with five elements as our approach of extraction, a Varimax rotation for assessment. Table 1 shows the rotation of factors.

The responses for these variables were received in Likert scale. In this case, two variables were eliminated after the first result, and the factor analysis was done again. The output has five factors. Hence, the end result has 14 variables; a variable which appears in one factor does not appear in the other, and we have five factors reduced from six factors in the beginning. Once a rotated component matrix with cut-off point (above 0.5) for all variables is obtained, we label the factors on the basis of variables having value more than 0.5 for the corresponding factor. The unrotated factor matrix shows the relation between the factors and individual variables, but the factors were connected with many variables. This made these hard to interpret. Varimax Rotation Method reduced the number of variables. Rotation was done in five iterations. A factor matrix exhibits factor loadings of all the variables on all the factors extracted. Results reveal that by setting the cut off level at 0.5, rotated component matrix has five factor loading values for every variable. Thus, we ended with 15 variables. Once a rotated component matrix with cut-off point for all variables is obtained, labelling of factors is done. The first one component is highly correlated variable industry experience, which is more correlated with access to funds and governmental support, whereas, industry experience is correlated with accessing funds. Second component is competition; it is correlated with time. Third component is business location.

Thus, after rotation, we see that Factor 1 components account for 19.64% of the variance; Factor 2 accounts for 13.47% of the variance; Factor 3 accounts for 9.60% of the variance; Factor 4 accounts for 8.11% of the variance; Factor 5 accounts for 6.50% of the variance. All the five factors together explain 57.32 % of the variance in factors that impact start-up companies.

Finally, total variance explains th-e variance for each of the factor variables that have been found in the final output. The difference between the first two component variable is 19.645, and the difference between next two variables is

Table 2. Model Summary

Model	R	R^2	Adjusted R Square	Std. Error of the Estimate
1	0.720[a]	0.518	0.463	0.363

Table 3. Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	β	T	Sig.
(Constant)	1.379	0.387		3.566	0.001
Funding	0.111	0.044	0.242	2.494	0.015
Type of experience	0.233	0.060	0.359	3.877	0.000
Business location	-0.123	0.057	-0.212	-2.173	0.034
Product/service	0.245	0.099	0.224	2.462	0.017
IPO	-0.399	0.099	-0.404	-4.024	0.000
External financing	-0.165	0.036	-0.485	-4.523	0.000
Challenge	-0.122	0.040	0.322	3.046	0.003

a. Dependent Variable: Funding access

13.479. The first two factor variables have high variance. The first factor is where you would go for funding, and second factor is size of the target market.

(1) Regression : Table 2 provides the R and R^2 values. The R represents the correlation and is 0.720, which suggests a degree of correlation. The R^2 price suggests a lot of the whole variant inside the structured variables. The ANOVA table suggests structured variables extensively. Statistically significant values where p is less than 0.0005 are considered having impact on fund access. 'Angel investment' was considered as the dependent variable and the factors 'entrepreneurial characteristics', 'enterprise', and 'ecosystem' were considered related characteristics.

Early fund access, type of fund experience, location of business, type of product/service offered, and number of challenges faced by startups are the key areas impacting fund access. Model coefficients were used in the construction of regression equation.

Table 2 shows the calculated contribution of the tested elements to achieve placement percentage effectively. From the regression equation it is observed that except business location (-1.2%), IPO (-40%), and external financing (17%), of the start-up, the remaining factors have a positive impact on enhancing funding access for start-ups. Results of the regression equation, coefficients, and the constant of the linear regression model are clearly shown in Table 3. The coefficients table provides us with the necessary information to predict experience from funds, as well as to determine whether funds contribute statistically significantly to the model. The estimated model is as follows:

$\hat{y}$ = 1.379 + (0.111) Funding + (0.233) Experience - (0.123) Business location + (0.245) Product/services - (0.399) IPO - (0.165) External finance - (0.122) Challenges.   (1)

Results show that earlier startup experience, location of the business, and available external financing are the major factors influencing fund access. A number of challenges are having negative impact on fund access. Social capital does not have much impact on accessing finance for startup.

(2) Correlation Analysis : Correlation analysis is a degree of association among variables. Correlation measures both the size and path of relationships amongst variables. The squared correlation is the degree of the electricity of the

Table 4. Correlation of Industry Experience and Competitors

		Industry experience	Competitors
Industry experience	Pearson Correlation	1	0.825**
	Sig. (2-tailed)		0.000
	N	72	72
Competitors	Pearson Correlation	0.825**	1
	Sig. (2-tailed)	0.000	
	N	72	72

**Correlation is significant at 0.01 level (2-tailed)

Table 5. Past Experience and External Financing

		Past experience	External financing
Past experience	Pearson Correlation	1	0.232
	Sig. (2-tailed)		0.054
	N	72	72
External financing	Pearson Correlation	0.232	1
	Sig. (2-tailed)	0.054	
	N	72	72

Correlation is significant at 0.01 level(2-tailed)

association (Tabachnick & Fidell,1989). Correlation assessment is the connection amongst variables. Correlation is denoted via R. For example, the relationship among earnings and expenditure. The variables need to be normally associated. R cost is common in among minus one and plus one (-1 and +1).Tables 4 and 5 give extensive correlation evaluation with different variables which include, *'founders have experience of setting up different start-ups'*, *'external financing alternatives are for setting up new enterprise'*, *'time constraint'*, *'industry experience'*, and *'start-up businesses have competitors in the same area of enterprise'*.

Industry Experience and Competitors in Same Industry

The correlation coefficient for industry experience and competitors was 0.825.This is quite large. The quantity of respondents in the sample answering both objects was 72. Correlation of p-value was 0.000. It is not technically zero. SPSS does not deliver p-values greater than three decimal places. The correlation coefficient for past experience and external financing was 0.825. For survey scale, this is pretty massive. The number of respondents answering both gadgets was 72. p-value was 0.000.

Correlation Results

The correlation coefficient for industry experience and competitors in the same industry was 0.825. For survey scale data, this is pretty large. The number of respondents in sample answering both items was 72. p-value was 0.000.

Conclusion

The study reveals that there is need for filling the funding gap of startups especially, at seed and early stages. Angel investors are also in search of high growth potential ventures. To meet this gap, it is important to understand the signals that angel investors try to find in new ventures. In our study, we focussed on hidden signals angel investors look for in ventures for funding. The study reveals that intangible factors like experience, passion of the founders, and network

play a crucial role in fund access. Tangible factors like product technology, patents, copyrights, and location of the business serve as a signal for attracting investors. In this study, we tried to assist start-up ventures in increasing the chances of accessing funds by displaying different signals that business angels are in search of. In this study, the overall results show a move up from gaining knowledge and networking. Skilled entrepreneurs ought to be more concerned about start-up financing, as well as generating finance within the venture. Experience of handling the state of affairs makes the difference in taking the start up to the next level. Sustainability and survival of the start-ups are also based on the ability of the start-up team to handle the situation and withstand challenges. Probably, angel investors will find less risk if the start-ups are in experienced hands. The findings endorse the view that entrepreneurial experience is vital with regards to start-up financing troubles. Yet, the consequences depend on the form of experience, that is, the manner in which the entrepreneurial experience turns into a win. The start-ups concentrated in Bangalore are mostly clustered on technology basis. The angel funding for these companies is highly based on the experience of the start-up founder. This study considered variables generally considered by the investors in Bangalore region. Only technology startups which were in seed stage were considered. The study can be extended by studying the value drivers at different stages of startups in other regions. The present study is helpful for startups in attracting investors. These value drivers help startups to boost themselves with the required finance.

Limitations and Scope for Further Research

The present study was focussed only on identifying the hidden signals for angel investment. The study was conducted only considering the start-ups. The study can be further extended by interviewing angel investors also. Time taken for issuing funds, the amount sanctioned, and its effect on the financial performance of start-up ventures can be studied. Due to paucity of data and time, this could not be achieved in this study.

References

Aydin, N. (2016). Start-upstage financing of innovative ventures : The case of UNNADO.com. *International Journal of Education and Social Science, 2* (12), 19 - 23.

Barreto, I., & Baden-Fuller, C. (2006).To conform or to perform? Mimetic behaviour, legitimacy based groups and performance consequences. *Journal of Management Studies, 43* (7), 1559 - 1581. doi: https://doi.org/10.1111/j.1467-6486.2006.00620.x

Baumgartner, D., Schultz, T., & Seidl, I. (2012).Quantifying entrepreneurship and its impact on local economic performance: *A spatial assessment in rural Switzerland, 25*(3-4), 222-250. doi: 10.1080/08985626.2012.710266

Cassar. (2004). The financing of business start-ups. *Journal of Business Venturing, 19*(2), 261 - 283.

Cooper, A .C., Gimeno-Gascon, J., & Woo, C. (1994). Initial human and financial capital as predictors of new venture performance. *Journal of Business Venturing, 9,* 371 - 395.

Conti, A., Thursby, J., &Thursby, M. (2013). Patents as signals for start-up financing. *Journal of Industrial Economics, 61*(3), 592 - 622. doi: https://doi.org/10.1111/joie.12025

Davila, A., Foster, G., & Gupta, M. (2003).Venture-capital financing and the growth of start-up firms. *Journal of Business Venturing, 18* (6), 689 - 708. doi: https://doi.org/10.1016/s0883-9026(02)00127-1

Dyer, J. H., & Singh, H. (1998).The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *The Academy of Management Review, 23*(4), 660 - 679. Retrieved from http://www.jstor.org/stable/259056

Feldman, M. P., &Audretsch, D. B. (1999). Science-based diversity, specialization and localized competition. *European Economic Review,43*(2), 406 - 429.doi: https://doi.org/10.1016/S0014-2921(98)00047-6

Freear, J., Sohl, J. E., & Wetzel, W. E. (1995). Angels: Personal investors in the venture capital market. *Entrepreneurship & Regional Development, 7*(1), 85 - 94. doi: 10.1080/08985629500000005

Hite, J. M., & Hesterly, W. S. (2001).The evolution of firm networks: from emergence to early growth of the firm. *Strategic Management Journal, 22*(3), 275 - 286. https://doi.org/10.1002/smj.156

Joshi, K., & Subrahmanya, M. H. B.(2015). Information asymmetry risks in venture capital investments : Strategies of transnational venture capital firms in India. *South Asian Journal of Management, 22*(2), 36 - 60.

Keh, H. T., Foo, M. D., & Lim, B. C. (2002). Opportunity evaluation under risky conditions: The cognitive processes of entrepreneurs. *Entrepreneurship Theory and Practice, 27*(2), 125−148. doi: https://doi.org/10.1111/1540-8520.00003

Kelly, P., & Hay, M. (1996). Serial investors and early stage finance. *The Journal of Entrepreneurial Finance, 5*(2), 159 - 174.

Kerr, W. R., & Lerner, J. (2014). The consequences of entrepreneurial finance : Evidence from angel financings accessed. *Review of Financial Studies, 27*(1), 20 - 55.

Keskin, D., Diehl, J. C., & Molenaar, N. (2013). Innovation process of new ventures driven by sustainability. *Journal of Cleaner Production, 45* (4), 50 - 60. Doi: https://doi.org/10.1016/j.jclepro.2012.05.012

Krishnan, S. K., & Singh, M. (2010). Outcomes of intention to quit of Indian IT professionals. *Human Resource Management, 49* (3), 421 - 437. doi: https://doi.org/10.1002/hrm.20357

Lechner, C., & Dowling, M. (2003). Firm networks: External relationships as sources for the growth and competitiveness of entrepreneurial firms. *Entrepreneurship & Regional Development, 15*(1), 1-26. doi: 10.1080/08985620210159220

Mahmud, S. (2013). Prospects of angel finance and venture capitalist finance in Bangladesh. *IOSR Journal of Economics and Finance, 2*(3), 61 - 66. Retrieved from http://www.iosrjournals.org/iosr-jef/papers/vol2-issue3/G0236166.pdf

Metzger M. J. (2007). Making sense of credibility on the web: Models for evaluating online information and recommendations for future research. *Journal of the American Society for Information Science and Technology, 58* (13), 2078 - 2091. doi: https://doi.org/10.1002/asi.20672

Molloy, J. C., Chadwick, C., & Ployhart, R. E.(2011).Making intangibles "tangible" in tests of resource-based theory: A multidisciplinary construct validation approach. *Journal of Management, 37*(5), 1496 - 1518. https://doi.org/10.1177/0149206310394185

Muñoz-Bullon, F., Sanchez-Bueno, M. J., & Vos-Saz, A. (2015). Startup team contributions and new firm creation: The role of founding team experience. *Entrepreneurship & Regional Development, 27*(1-2), 80 - 105.doi: 10.1080/08985626.2014.999719

NASSCOM. (2015). *Start-up India − Momentous rise of the Indian start-up ecosystem*. Retrieved from https://www.nasscom.in/knowledge-center/publications/start-report-momentous-rise-indian-start-ecosystem.

Pergelova, & Angulo-ruiz, F. (2014). The impact of government financial support on the performance of new firms : The role of competitive advantage as an intermediate outcome. *Journal of Entrepreneurship & Regional Development, 26* (9-10), 663 - 705.doi: https://doi.org/10.1080/08985626.2014.980757

Pirolo, L., & Presutti, M. (2010).The impact of social capital on the start - ups' performance growth. *Journal of Small Business Management, 48*(2), 197 - 227.doi: https://doi.org/10.1111/j.1540-627X.2010.00292.x

Porta, R. L., Lopez-de-silanes, F., Shleifer, A., & Vishny, R.W. (1997). Legal determinants of external finance. *The Journal of Finance, 52*(3), 1131-1150. doi:10.1111/j.1540-6261.1997.tb02727.x

Ramadani, V. (2012).The importance of angel investors in financing the growth of small and medium sized enterprises. *International Journal of Academic Research in Business and Social Sciences, 2*(7), 306 - 322. Retrieved from http://hrmars.com/admin/pics/929.pdf

Rotger, G.P. & Gortz, M. (2012). Assessing the effectiveness of guided preparation for new venture creation and performance: Theory and practice. *Journal of Business Venturing, 27*(4), 506 - 521.

Sudhira, H. S., Ramachandra, T. V., & Balasubramanya, M. H. (2007). City profile: Bangalore. *Cities, 24*(5), 379 - 390.

Tabachnick, B. G., & Fidell, L. S. (1989).*Using Multivariate Statistics.* New York: Harper & Row, Publishers, Inc.

Yourstory. (2012). State of the start-up survey Report 2012.

Zaleski, P. A. (2011). Start-ups and external equity: The role of entrepreneurial experience. *Business Economics, 46* (1), 43-50.Retrieved from http://www.jstor.org/stable/23491634

About the Authors

Usha J. C. is Assistant Professor with Faculty of Management and Commerce, Ramaiah University of Applied Sciences, Faculty of Management and Commerce. She has more than 10 years of teaching and research experience. She has attended many national and international conferences on entrepreneurship in IIMs and other elite institutions. Her publications are mainly on Finance and Entrepreneurship topics.

Abhilash Kharvi is Professor with Faculty of Management and Commerce, Ramaiah University of Applied Sciences, Faculty of Management and Commerce, Ramaiah University of Applied Sciences, Bangalore.