Stereotypes can affect how women angels' invest, according to new study

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Stereotypes about gender affect investment decision-making, even among successful women, researchers concluded in a new study on how gender affects investing strategies.

Examining angel funds, or groups of wealthy investors who pool resources to make investments into a diverse array of start-up businesses, researchers found that the proportion of women angel investors in a group is related to the number of investments made by the group. When women comprised more than 10 percent of the investment group, their presence became associated with increased investments.

John Becker-Blease, of Oregon State University, and Jeff Sohl, of the University of New Hampshire , co-authored the study, which is out in the July issue of the journal *Entrepreneurship, Theory and Practice.*

"It is well-documented that women are, on average, more cautious investors than men and so we expected to find that the higher the proportion of women in the angel groups, the less likely the angel group was to make an investment," said Becker-Blease, an assistant professor of finance in OSU's College of Business.

However, the study results surprised them.

"Contrary to our expectations, we found that only when women were in a very small minority was their presence associated with a decrease in investments," Becker-Blease said.

The researchers said this phenomenon could be related to something psychologists call "stereotype threat." According to this theory, when a stereotype exists about a person, that person will behave in a manner consistent with that stereotype when they are in a situation that highlights, or accentuates, this aspect of their status, whether that is gender, race or ethnicity.

Becker-Blease cited a past study that showed Asian female students performed relatively well on a math exam when their ethnic status was highlighted, and relatively poorly when their gender status was highlighted. Becker-Blease and Sohl believe something similar might be happening in angel groups.

"When there is only a handful of women participating in these groups, their status as women, who are less aggressive investors, induces greater reluctance to invest," Becker-Blease said, "but as the proportion of women increases, women investors are made less aware of their status, and invest with greater confidence."

According to Becker-Blease, these results are provocative and speak to the potential benefits of having more women investors participate in these important sources of funding for new businesses.

Provided by Oregon State University