



# UNH Research Finds Angel Investor Behavior Can Be Influenced by Ego

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DURHAM, N.H.—Angel investors—wealthy individuals who provide essential funds for start-ups—often invest under conditions of extreme uncertainty. While their funds

can be vital to early-stage ventures, researchers at the University of New Hampshire found that angels’ egos can play a significant role in their investment decisions—the bigger the ego, the larger and more diverse the deal and the lower the number of co-investors.

“Our research focused on the theory of ‘threatened egotism’ which states that highly narcissistic people—those with excessive self-love—can have vulnerable egos that are fragile and need to be fed with risky and aggressive investment behavior,” said Jeffrey Sohl, professor of entrepreneurship and decision sciences and director of UNH’s Center for Venture Research. “Any negative



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feedback on those investments can motivate angel investors to calibrate their future investment behavior, engaging in even larger deals and a higher level of portfolio diversification.”

In their [study](#), recently published in the Journal of Business Venturing, the researchers looked at the impact of narcissism on angel investment behaviors and past investment performance of 133 angels from 2010 to 2019. They focused on three different types of investment behaviors: deal size, portfolio industry diversification and number of co-investors. They also looked at low past investment performance as a motivator for narcissistic individuals because it can pose a threat to one’s ego leading them to engage in more aggressive behaviors.

“This is the first study of its kind to highlight the prominent role of narcissism in angel investing and demonstrates that its significance can explain the shift in their investment behaviors,” said Jianhong Chen, associate professor of strategic management and entrepreneurship and associate director of the center. “We feel our work could help enhance and enrich the psychological foundation of angel investing.”

The term angel investing was coined at UNH in the late 1970s and the Center for Venture Research at UNH’s Peter T. Paul College of Business and Economics is one of the leading research institutes on the topic in the United States.

Also contributing to the research was co-author Wan-Chien Lien, assistant professor at National Yunlin University of Science and Technology, Taiwan.

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