Business angels' ties with entrepreneurs: embedded in traditional and secular-rational cultures

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1 INTRODUCTION

Entrepreneurial finance and technology is a theme that children become acquainted with through the universe of Donald Duck, whose rich uncle Scrooge McDuck financed the inventions by Gyro Gearloose. Gyro Gearloose did not come to Scrooge McDuck as a stranger pitching a good idea. Actually, his ideas were often not technologically sound. Nevertheless, Scrooge McDuck often financed his entrepreneurial endeavors. The financing was apparently based on their friendship.

Friendship and other ties are influencing business angels' decisions on financing entrepreneurs. Business angels often fund entrepreneurs they have a particular tie with, such as close family, relatives, coworkers, neighbors, or friends (Ding et al., 2015; Ding et al., 2014; Sudek, 2006). Sometimes, though, business angels finance entrepreneurs without having a particular tie, but who are strangers presenting a promising idea.

Institutional context also matters for financing. Financing is influenced by regulative, normative, and cognitive pillars (Scott, 2013). The regulative pillar denotes the formal institutional arrangements such as laws and their enforcement, which influence financing under contract. The normative pillar refers to the values and norms, here especially values and norms concerning the family, which influence whom the business angel feels a moral obligation to finance. The cognitive pillar relates to the taken-for-granted beliefs, here especially the radius of trust. The common belief in a society may be that only family can be trusted; whereas in another society, the basic belief may be that even strangers can be trusted.

National context also matters. Family and relatives are selected more often in Iran, Egypt, and China than in Norway and Germany (Samsami, 2021). Conversely, strangers are selected more frequently in Norway and Germany than in Iran, Egypt, and China (ibid.). This may be interpreted as a consequence of culture. A family-oriented culture prevails in Iran, Egypt, and China, more so than it does in Norway and Germany. This may be interpreted more generally. Iran, Egypt, and China have a traditional culture that values family and obligations toward family, whereas Norway and Germany have a modern or secular-rational culture that deemphasizes family and values universalism and generalized trust in strangers, bolstered by laws and their enforcement (Ding et al., 2014; Freitag and Traunmüller, 2009).

This frames our research question: *how is traditional versus secular-rational culture affecting business angels' selection of ties for funding?*

In answering this question we make two contributions to the understanding of entrepreneurial financing. First, we provide an account of the importance of types of business angels' ties with entrepreneurs around the world, ties that can be based on trust, cultural positions, entrepreneurship, and trade relations. Second, we contextualize financing by understanding the embeddedness of business angels' selection of ties in culture, specifically in traditional versus modern culture.

In the current study, the most important finding is that traditional culture enhances angels' likelihood of funding family. Conversely, funding strangers is more common in secular-rational cultures than in traditional cultures.

The following reviews the theoretical background and specifies hypotheses, describes our research design with a globally representative survey of business angels, reports analyses, and concludes with a discussion.

2 THEORETICAL PERSPECTIVE AND HYPOTHESES

Business angels invest their financial resources in new ventures led by others (Ramadani, 2009). Business angels enhances other sources of funding (Maxwell et al., 2011). Many new ventures would not have existed without business angel funding or would have failed at an early stage before attracting formal investments (Bonini et al., 2018; White and Dumay, 2017). The value that business angels bring to businesses goes beyond financing. Typically, they become actively involved at the strategic and operational level, and thus enter the entrepreneurial team (Mason and Harrison, 2000; Paul et al., 2007; Sørheim, 2003). They make use of their experience, mentoring less experienced entrepreneurs by offering strategic advice, and capitalize on their networking (Maxwell et al., 2011; Ramadani, 2009). Moreover, they facilitate financing by increasing the attractiveness of the business (Madill et al., 2005).

2.1 The Factors Influencing Business Angels' Investment Decision

Based on the financial and non-financial benefits business angels add to businesses, entrepreneurs are typically keen on attracting business angel investments. Therefore, scholars wish to understand the investment decision process of business angels and what influences it. Cardon et al. (2009) consider the entrepreneur's displayed passion as an important factor that affects business angels' decisions. Mason and Harrison (2000) emphasize the importance of the entrepreneur's impression management skills for gaining the business angels' confidence. The importance of personal factors and confidence in the founder entrepreneur to business angels' decision making is repeatedly highlighted (Paul et al., 2007; Mason and Stark, 2004; Sudek, 2006). Furthermore, Haines et al. (2003) consider the people in the upstart to be the most important factor influencing business angels' investment decisions, since the business angels would typically be spending a lot of time with them; hence the business angels search for people who are not only right for the job, but also with whom they would like to spend time. Moreover, Au and Kwan (2009) stress the importance of social settings and the significant effect of networks on the financing of entrepreneurial ventures. Similarly, Sørheim (2003) emphasizes business angels' concern to establish common ground with entrepreneurs as a prerequisite for long-term reliable relationships. Furthermore, Paul et al. (2007) argue that business angels give more weight in their decision making to softer factors, due to the limited data on which investment decisions can be based. Another major factor that affects business angels' investment decisions is trust (Ding et al., 2015), which will be discussed in the following section.

2.2 The Effect of Trust on Business Angels' Decisions

Trust is considered a prerequisite for prosperity and business success. Evidence suggests that it shapes people's investment behavior and affects business angels' investment decisions (Ding et al., 2015). In contrast to other investment forms, business angels rely less on formal procedures and depend more on empathy, personal relationships, and trust in selecting projects (Ding et al., 2014; Sudek, 2006). The business angels' decision making seems influenced by two dimensions of trust, namely radius and level. Freitag and Traunmüller (2009) identified two types of trust. The first is particularized trust, which is an intimate type directed to people in the close circle, and which depends on personal and familial relationships. The second is generalized trust that is universal, extending beyond the familial sphere to include strangers, and is reinforced by institutions to control contacts with strangers by imposing credible sanctions in case of trust breaching. Scrutinizing the classification of trust by Freitag and Traunmüller (2009), it is evident that the type of tie is of essence. As Granovetter (1985) elaborates, behavior and economic transactions are embedded in social ties. Specifically, business angels' ties with entrepreneurs affect their investment decision, and are embedded in context (Samsami, 2021). Therefore, for understanding the effect of ties on the decision process, we should consider the context.

2.3 The Effect of Context

Context is a wide concept which includes political, economic, and cultural facets (Liñán et al., 2020). It provides valuable insights to entrepreneurship research, and hence has attracted the attention of several scholars (Welter, 2011). A relevant research stream focused on the effect of context on funding and investment decisions. Li and Zahra (2012) explored the effect of formal institutional context across countries on venture capital activity, which was found to be encouraged by the existence of more developed institutions. Other studies explored the impact of context on business angel funding (Ding et al., 2014; 2015; Samsami, 2021). Organizations and individuals are embedded in institutional contexts, which in turn affect their investment decisions (Baker et al., 2005). Ding et al. (2014) further explain that business angels are more embedded in local institutions, hence the effect of context on their decision making is even stronger. However, the effect of the cultural context on business angels' decision making remains under-studied despite its significance, hence the focus of this study is to fill this gap.

Culture of a society, as the values, norms, and taken-for-granted beliefs prevailing among the people, provide a guide to life (Hofstede, 2001), including business life and entrepreneurial behavior (Li and Zahra, 2012; Freytag and Thurik, 2007; Hechavarría, 2016).

2.4 Traditionality versus Modernity

Among the many dimensions of culture, it seems most relevant and promising to focus here on a dimension reflecting orientation toward family versus strangers. Such a conceptualization is elaborated by Inglehart and Welzel (2005). They find that many of the basic values are closely correlated and are explained by the traditional versus secular-rational dimension. This dimension is used to draw the World Value Survey cultural map, which is based on all the major areas of human values including religion, politics, economy, and social life. Every country is positioned based on people values instead of geographical location, hence neighbor countries are cultural neighbors sharing values (Inglehart and Welzel, 2010). In traditional societies, family and family values are central, and the respect and obedience of authority is paramount. By contrast, in modern or secular-rational societies, people have the opposite priorities, and emphasize individualism and liberation from authority. Traditional countries tend to rely on informal relationships, networks, and connections, whereas secular-rational countries depend on exchange relations and transactions that are based on generalized trust and contract (Tiessen, 1997; Li and Zahra, 2012). Secular-rational culture entails rather individualist societies, characterized by loose ties between its individuals, and relies mostly on formal institutions to preserve order. In contrast, traditional culture brings more collectivist societies in which people are joined into cohesive communities governed primarily by informal institutions based on shared norms and values, and collective goals (Li and Zahra, 2012). Traditional and secular-rational societies differ in terms of the type of trust prevailing in each. Particularized trust is more common in the former (Fukuyama, 1995; Huff and Kelley, 2003~~5~~; Ma et al., 2011), whereas generalized trust prevails in the latter, along with trusted formal institutions (Delhey et al., 2011; Ding et al., 2015).

2.5 The Cultural Dimensions and Entrepreneurship

The national value system in which entrepreneurs are embedded affects their choices and decisions (Hechavarría, 2016). Furthermore, the traditional versus secular-rational cultural dimension provides insights about business behavior (Hill, 2000). It also predicts entrepreneurial activity and explains differences across countries (Uhlaner and Thurik, 2010; Pinillos and Reyes, 2011). Ashourizadeh and Schøtt (2016) found that exporting is encouraged by secular-rational culture where benefits of transnational networking are higher than in traditional culture. Hechavarría (2016) suggested that traditional societies foster commercial entrepreneurship, whereas secular-rational societies encourage social entrepreneurship. Most relevant here, Samsami (2021) suggested that ties between business angels and entrepreneurs are embedded in the cultural context, which affects the salience of various types of ties across societies. In the following section, we hypothesize about the effect of such ties on business angels' decisions from the perspective of traditional versus secular-rational culture.

2.6 A Cultural Perspective on the Effect of Ties on Business Angels' Decisions

Business angels' ties with entrepreneurs can range from strong family ties when funding a family member to no prior ties in the case of funding a stranger pitching a business idea. Literature suggests that ties affect business angel investment propensity (Wong and Ho, 2007). Family relations are considered the typical form of strong ties (Aldrich and Cliff, 2003; Kramarz and Skans, 2014). Family is both a source and user of social capital (Arregle et al., 2007; Dyer et al., 2014). Bird and Wennberg (2014) show that family start-ups overcome the scarcity of resources by drawing on their social capital. Evidence suggests that family ties play a vital role in new venture creation, and that family is the primary source of informal investment in many countries (Bygrave and Hunt, 2007; Au and Kwan, 2009; Pistrui et al., 2001).

Ding et al. (2014) offer valuable initial insights regarding the effect of ties on business angels' decisions. By comparing business angels' selection criteria in China and Denmark, they found that Chinese business angels depend on relational reliability and trust in strong ties as protection from the uncertainty and risks associated with a weak legal protection. The priority of strong ties for Chinese business angels was further highlighted by Li et al. (2014). Similarly, Peng and Zhou (2005) and Ma et al. (2011) emphasize the importance of strong ties in recognizing and exploiting opportunities in relationship-based contexts.

A relevant study is that of Samsami (2022), who investigates the ties between business angels and entrepreneurs in three traditional countries (China, Egypt, and Iran) and two secular-rational countries (Germany and Norway). The findings suggest that culture affects ties through two mechanisms: trust and obligations. In traditional societies, trust is strong in family and weak in strangers (Freitag and Traunmüller, 2009; Lever-Tracy, 1992; Li et al., 2014). Moreover, traditional culture imposes family obligations in the form of support and solidarity (Samara, 2021). Ding et al. (2014) further explain the positive "cushion effect" of strong ties in relationship-based contexts, where family members intervene to help those facing losses (Au et al., 2013). Samsami (2022) suggests that in traditional culture, funding strong ties (family, relatives, and friends) is encouraged, while financing strangers is avoided. Based on these arguments and the characteristics of traditional culture, where family and family obligations are central and the level of generalized trust is low, we hypothesize:

Hypothesis 1. Culture affects funding for close family, in that traditionality in culture enhances business angels' likelihood of funding close family rather than others.

Hofstede (2001) highlights the differences in the complexity of family units in which people live in various societies, where some live in nuclear families while others live in extended families. The latter is more common in traditional societies, and hence affects the entrepreneurial decisions in traditional countries (Samara, 2021). Pistrui et al. (2001) explain that due to the high marginal cost associated with developing new relationships in the traditional society of China, extended family is a main source of start-up capital, since it is only logical to consider the extended family right after the close family when doing business. Lever-Tracy (1992) found that migrant entrepreneurs of Indian descent further relied on the participation of extended family in their businesses. Samsami (2022) highlights that in traditional cultures, trust is strong not only in close family but also in relatives. Her findings also suggest that it is more common for business angels to fund relatives in traditional culture than in secular-rational culture. Therefore, to further account for the significance of the extended family and relatives in traditional societies, we specify,

Hypothesis 2. Culture affects funding for relatives, in that traditionality in culture enhances business angels' likelihood of funding relatives rather than others.

Having considered one extreme of the spectrum of business angels' ties with entrepreneurs, namely family ties (both close and extended), the other end of the spectrum is considered next by exploring funding strangers. Evidence suggests that in traditional societies, where non-family members are considered outsiders (Lever-Tracy, 1992), strangers have less chance of being funded by business angels (Li et al., 2014; Pistrui et al., 2001). Similarly, Samsami (2022) suggests that funding strangers is less common in traditional cultures compared to secular-rational cultures. This may be explained by trust as previously discussed. Trusting and cooperating with out-group members and strangers are more encouraged in individualist societies than in collectivist societies (Schøtt and Jensen, 2016; Freitag and Traunmüller, 2009). This can be attributed to the high level of generalized trust in secular-rational societies, fostered by the presence of strong legal systems and enforcement mechanisms that decrease the uncertainty of engaging in exchange relationships with strangers (Fukuyama, 1995; Ding et al., 2014). Therefore, in secular-rational societies, weak ties can be leveraged to identify investment opportunities (Ma et al., 2011; Peng and Zhou, 2005). Ding et al. (2015) explain that strong ties can lead business angels to choose inferior options out of love. However, business angels in individualist societies are liberated from such obligations, and hence are free to choose any good pitch, even from strangers. Interestingly, Bygrave and Hunt (2007) suggest that as the ties between the entrepreneur and the business angel become weaker, the expected returns on informal investments increase. Furthermore, the explicit investment contracts governed by the formal institutions in secular-rational societies greatly decrease business angels' risks by protecting their interests and equity, and hence motivate business angels to fund strangers (Ding et al., 2014; Poppo and Zenger, 2002). Therefore, we propose, *Hypothesis 3. Culture affects funding for strangers with a good idea, in that secular-rational culture enhances business angels' likelihood of funding strangers rather than others.*

3 RESEARCH DESIGN

Our ideas concern business angels in the context of societies. We consider the "population" of business angels and the "population" of societies, forming a two-level hierarchy with business angels nested within societies. Business angels have been surveyed by the Global Entrepreneurship Monitor (GEM). The data are freely available at the GEM website, www.gemconsortium.org.

3.1 Sampling

GEM samples in two stages. In the first stage, countries are sampled, essentially by self-selection when a national team of researchers joins GEM and conducts the survey in their country. Since 2001, the survey has asked about financing in 115 countries around the world, covering more than 90 percent of the population and far more than 90 percent of the GDP in the world, entailing a high degree of representativeness.

In the second stage of sampling, adults (age 18 to 64 years old) are sampled randomly within each selected country. Business angels are identified as those adults answering affirmatively to the question: *Have you, in the past three years, personally provided funds for a new business started by someone else, excluding any purchases of stocks or mutual funds?* Thereby the survey has yielded a sample of 133,553 business angels. Representativeness implies that findings can be generalized to the world's business angels.

3.2 Measurements

3.2.1 Ties

Business angels' ties with entrepreneurs have been measured by asking each business angel:

What was your relationship with the person who received your most recent personal investment?

Was this ...

a close family member, such as a spouse, brother, child, parent, or grandchild;

some other relative, kin, or blood relation;

a work colleague;

a friend or neighbor; or

a stranger with a good business idea?

This categorical variable is transformed into five dichotomous variables measuring presence or absence of a tie with each of the five: family, relative, colleague, friend, stranger.

3.2.2 Culture

Culture is measured in the dimension of traditional culture versus secular-rational or modern culture (Inglehart and Welzel, 2005). This culture has been measured in the World Values Survey by asking people about their human values (www.worldvaluessurvey.org). The primary dimension of culture has traditional culture at one end and secular-rational culture at the other, with a numerical measure of each country (some countries have missing values, so we imputed values based on measured neighboring or similar countries). The measure is standardized, negative where secular-rational culture dominates and positive where traditional culture prevails.

3.2.3 Control variables

The GEM survey enables us to control for characteristics of business angels which are related to investing,

gender, coded 0 for females and 1 for males;

age, coded in years;

education, coded in years of schooling to highest completed degree; and

income, coded 1 for lowest third of family incomes, 2 for middle third, and 3 for highest third of family incomes reported by the adults in the country

3.2.4 Techniques for analyzing the data

With two-level hierarchical data, we use two-level hierarchical linear modeling (Snijders and Bosker, 2012). This is similar to regression, but takes into consideration that the data are hierarchical, with business angels nested within countries.

4 RESULTS

4.1 Background of the Business Angels

The background of the business angels is briefly described by frequencies and means of the attributes (Table 10.1). Business angels are most often males, and somewhat older, more educated, and wealthier than the typical adult.

Table 10.1 Means and frequencies of characteristics of business angels

Sample	**Number of business angels**	**133,553 business angels**
	Number of countries	115 countries
Gender: Male	Percent among business angels	61%
Age	Mean years of the business angels	39.4 years
Education	Mean years of the business angels	12.4 years
Income	Mean, on 1–3 scale, of business angels in country	2.28

The business angels are described further by the correlations (Table 10.2).

Table 10.2 Correlations

	TRADITIONALITY	FAMILY	RELATIVE	COWORKER	FRIEND	STRANGER	GENDER	AGE	EDUCATION
TRADITIONALITY									
TIE: FAMILY	.00								
TIE: RELATIVE	.09	-.34							
TIE: COWORKER	.01	-.26	-.10						

TIE: FRIEND	-.03	-.60	-.23	-.17					
TIE: STRANGER	-.09	-.23	-.09	-.07	-.16				
GENDER: MALE	.03	-.16	-.01	.06	.12	.04			
AGE	-.16	.11	-.03	-.03	-.11	.03	-.04		
EDUCATION	-.16	-.06	-.04	.04	.03	.07	.02	.00	
INCOME	-.04	-.01	-.01	.01	.00	.02	.08	.05	.21

The correlations are rather weak, indicating that no problem of multicollinearity will arise in the analyses.

4.2 Ties between Business Angel and Entrepreneur

Which ties are frequent and which ties are sparse between business angels and entrepreneurs? Family ties and friendship ties are frequent (Table 10.3). Ties with coworkers and strangers are sparse.

Table 10.3 Frequency of each tie between business angel and entrepreneur

	Frequency
Family	47%
Relative	12%
Coworker	7%
Friend	29%
Stranger	6%
Sum	100%
N business angels	133,553 business angels

4.3 Culture Affecting Ties

Our research question is: how is traditionality versus modernity affecting the ties that business angels select for funding? For each type of tie, a hierarchical linear model (Table 10.4), controlling for other conditions, ascertains the effect of culture.

Hypothesis 1 posits that culture affects funding for close family, in that traditional culture enhances business angels' likelihood of funding close family rather than others. This hypothesis is tested in model 1 in Table 10.4. The positive coefficient shows that traditionality promotes funding close family, thus supporting hypothesis 1.

Hypothesis 2 holds that culture affects funding for relatives, in that traditional culture enhances business angels' likelihood of funding relatives rather than others. This hypothesis is tested in model 2 in Table 10.4. The positive coefficient shows that traditionality promotes funding relatives, thus supporting hypothesis 2.

Hypothesis 3 claims that culture affects funding for strangers with a good idea, in that secular-rational culture enhances business angels' likelihood of funding strangers rather than others. This hypothesis is tested in model 5 in Table 10.4. The negative coefficient shows that traditionality attenuates funding strangers, that is, secular-rational culture promotes funding strangers, thus supporting hypothesis 3.

Table 10.4 Business angels' selection of ties for financing

	Family	**Relative**	**Coworker**	**Friend**	**Stranger**
	Model 1	Model 2	Model 3	Model 4	Model 5
Traditionality	.015 †	.036 ***	-.005 *	-.022 **	-.023 ***
Gender: Male	-.138 ***	-.004 *	.027 ***	.101 ***	-.014 ***
Age	.051 ***	-.001	-.005 ***	-.046 ***	.001 †
Education	-.008 ***	-.005 ***	.005 ***	.003 *	.006 ***
Income	.002	.000	.000	-.002 †	.003 ***
Intercept	.542 ***	.133 ***	.053 ***	.221 ***	.052 ***
Country	Yes	Yes	Yes	Yes	Yes
N countries	115	115	115	115	115
N business angels	109,446	109,446	109,446	109,446	109,446

Notes:

Hierarchical linear models, with random effect of country.

Dichotomous variables are coded as 0–1 dummies.

Macro-level numerical independent variable is standardized.

Micro-level numerical independent variables are standardized and centered within country.

† p<.01; * p<.0; ** p<.01; *** p<.001.

5 DISCUSSION

In this section, the main findings are presented, the academic and theoretical contributions are elaborated, the limitations are acknowledged, and an agenda for future research proposed.

5.1 Findings

The objective of this study is to analyze the effect of traditionality versus modernity on the ties that business angels select for funding. Our findings confirm that traditional culture enhances angels' likelihood of funding family (both close family and relatives). This is consistent with Ding et al. (2014) and Samsami (2022) whose interpretations are based on a few countries, but we here extend the idea globally. Our findings further support previous studies identifying family as the main source of informal investment in traditional countries (Au and Kwan, 2009; Pistrui, et al., 2001~~; Perkins, 2000~~). Moreover, our results agree with prior research that highlights the importance of strong ties in recognizing and exploiting opportunities in relationship-based contexts (Peng and Zhou, 2005; Ma et al., 2011; Li et al., 2014). This can be attributed to two main factors. The first is family commitment in the form of support and solidarity imposed by traditional societies (Samara, 2021). Second, the particularized trust prevailing in traditional societies fosters trust in family and not in strangers (Freitag and Traunmüller, 2009). While traditional societies attenuate the chance of strangers being funded, secular-rational culture encourages funding strangers (Li et al., 2014; Samsami, 2022). Our findings further support this argument by showing that funding strangers is more common in secular-rational cultures than in traditional cultures. This confirms that trusting and cooperating with strangers are more encouraged in modern than in traditional culture (Schøtt and Jensen, 2016; Freitag and Traunmüller, 2009). This can be attributed to the high generalized trust present in secular-rational countries, reinforced by strong legal and contractual frameworks (Fukuyama, 1995; Ding et al., 2014).

5.2 Theoretical Contributions

This study contributes to the under-researched areas of business entrepreneurial finance and connectivity (Ding et al., 2015) by exploring business angels' selection of ties for funding across the world.

It answers recent calls to adopt culture as a country-level contextual condition (Gimenez-Jimenez et al., 2020) and to study its effect on angels' funding (Ding et al., 2015; Samsami, 2022).

We achieved this finding by combining the individual-level data with national-level measures of culture from the World Values Survey; hence we contextualized angels' financing by accounting for the embeddedness of investors' selection of relationships in traditional versus modern culture.

Furthermore, we answered the call of Ding et al. (2014) to investigate the role of strong versus weak ties in angels' decision making by exploring the effect of culture on strong ties with close family and relatives and weak ties with strangers on angels' funding.

5.3 Practical Implications

From a practical standpoint, policy makers, entrepreneurs, and business angels can benefit from this study. It drives governments to develop more effective policies to encourage business angels, by examining the salient ties in various countries based on culture, which greatly affects the development or limitation of entrepreneurship and trade relations, especially in the international arena. The study sheds light on the changes occurring in people's value system worldwide, emphasizing the need for governments to not only understand countries' current cultural positions, but also to monitor changes. Moreover, governments in traditional countries should prioritize improving their formal institutions to help increase the generalized trust level, since lack of effective systems weakens trust, which in turn limits relationships and reduces entrepreneurial opportunities. Furthermore, this research helps entrepreneurs by providing insights regarding angels' decision making in terms of selection of ties in various countries, hence can increase their chances of obtaining funds. Finally, culture seems to play a role in the growth or failure of promising ideas. Our findings suggest that business angels in traditional cultures may need to learn to better utilize weak ties for more opportunities, since close relationships may not always lead to business success and can greatly limit opportunity recognition.

5.4 Limitations and Future Research Avenues

This research offers a platform for undergoing further research. For instance, business angels' selection of a tie for financing has been considered dichotomously, that is, the business angel either funds the tie or not, hence further research can examine amounts of financing. This study sheds initial light on the effect of the two types of trust (particularized and generalized) on business angels' selection of ties. Future research can further measure the two types in different countries. While we included business angels' attributes (gender, age, education, and income) as control variables, it would be informative to examine how the effects of attributes depend on culture. Furthermore, research on angel investments from a cultural perspective can be advanced along various avenues. For instance, an interesting research area would be to explore angel–entrepreneur conflicts in different cultures. Another useful endeavor would be to adopt a gendered lens and to explicitly study the effect of culture on women business angels. While this study considered gender (as a control variable), and our findings confirmed that female business angels are more likely than male business angels to fund family, it would be interesting to examine whether this gendering is more pervasive in traditional culture than in secular-rational culture. Finally, examining changes in business angels' financing following disruption (e.g., COVID-19) would be timely research that could further our understanding of selection of ties in different cultures.

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