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ABSTRACT

This paper examines the role of investments by angel groups across a heterogeneous set of 21 countries with varying entrepreneurship ecosystems. Exploiting quasi-random assignment of deals around the groups' funding thresholds, we find a positive impact of funding on firm growth, performance, survival, and follow-on fundraising, which is independent of the level of venture activity and entrepreneur-friendliness in the country. However, the maturity of startups that apply for funding (and are ultimately funded) inversely correlates with the entrepreneurship-friendliness of the country. This may reflect self-censoring by early-stage firms that do not expect to receive funding in these environments.

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