SCHOOL OF ECONOMICS AND MANAGEMENT

Department of Business Administration

FEKH99

Bachelor's Thesis in Entrepreneurship and Innovation

Autumn 2025

Lessons Learned, Decisions Made

A qualitative study of angel investors' perceptions of how prior experience shapes decision-making when evaluating new ventures

Authors:

Clara Gorthon

Daniel Lind Clausen

Oscar Romell

Word count: 14 987

Supervisor: Joakim Winborg

Sammanfattning

Examensarbetets titel: Lessons Learned, Decisions Made

Seminariedatum: 15 Januari, 2026

Kurs: FEKH99 Entreprenörskap, Examensarbete på grundnivå, Företagsekonomi, 15 högskolepoäng

Författare: Clara Gorthon, Daniel Lind Clausen & Oscar Romell

Handledare: Joakim Winborg

Fem nyckelord: Affärsänglar; Erfarenhetsbaserat lärande; Informellt lärande; Heuristiker; Värdering av nya företag

Forskningsfråga: Hur upplever affärsänglar relationen mellan sina tidigare erfarenheter och beslutsfattande vid utvärdering av nya bolag?

Syfte: Att undersöka hur affärsänglar upplever att tidigare erfarenheter påverkar utvärderingen av nya företag, samt hur erfarenhet omsätts i praktiskt omdöme.

Metod: En kvalitativ studie baserad på 10 semistrukturerade intervjuer med erfarna affärsänglar. Intervjuerna genomfördes på svenska, transkriberades och översattes till engelska. Analyserades med en deduktiv tematisk analys med fokus på erfarenhet, lärande och beslutsfattande.

Teoretiska perspektiv: Human kapital, informellt lärande samt dual-process-teori om beslutsfattande (System 1/System 2).

Resultat: Erfarenhet leder inte automatiskt till bättre beslut, utan blir värdefull först när den omvandlas till lärande genom upprepning, reflektion och motgångar. Detta lärande uttrycks i konkreta verktyg som varningssignaler, regler och rutiner för att pröva antaganden. Beslut fattas ofta sekventiellt, där intuition fungerar som ett första filter och analys används för att bekräfta eller ompröva intryck. Investerarnätverk bidrar genom att kalibrera omdömen och minska bias.

Slutsatser: Affärsänglar beskriver omdöme, format genom en erfarenhets-lärande-beslutsprocess snarare än som en direkt effekt av erfarenhet. Med ökande erfarenhet ersätter de inte intuition med analys; istället lär de sig att disciplinera intuitionen genom selektiv verifiering och mer strukturerade rutiner, vilket möjliggör beslutsfattande under ihållande osäkerhet.

Abstract

Title: Lessons Learned, Decisions Made

Seminar date: 15th of Jan, 2026

Course: FEKH99 Entrepreneurship, Degree Project Undergraduate level, Business Administration, Undergraduate level, 15 Credits.

Authors: Clara Gorthon, Daniel Lind Clausen & Oscar Romell

Advisor: Joakim Winborg

Key words: Angel investors; Experience-based learning; Informal learning; Heuristics; Venture evaluation.

Research question: How do angel investors perceive the relation between their prior experiences and decision-making when evaluating new ventures?

Purpose: To explore how angel investors perceive the influence of prior experience on venture evaluation, and how experience is translated into judgement in practice.

Methodology: A qualitative study based on ten semi-structured digital interviews with experienced angel investors. Interviews were conducted in Swedish, transcribed and translated into English, and analysed using deductive thematic analysis guided by the themes experience, learning, and decision-making.

Theoretical perspectives: Human capital, experiential learning theory, informal learning, and dual-process decision-making (System 1/System 2), with heuristics as intuitive judgement and deliberate evaluation as verification.

Results: Experience does not automatically lead to better decisions, but becomes valuable only when transformed into learning through repetition, reflection, and setbacks. This learning is expressed in concrete tools such as red flags, rules, and routines for testing assumptions. Decisions are often made sequentially, with intuition acting as initial filter and analysis used to confirm or revise impressions.

Conclusions: Business angels describe judgement, shaped through experience-learning-decision process rather than as a direct effect of experience. With increasing experience, they do not replace intuition with analysis; instead, they learn to discipline intuition through selective verification and more structured routines, enabling decision-making under persistent uncertainty.

Preface

This bachelor's thesis was written as part of the course FEKH99 Entrepreneurship at the School of Economics and Management, Lund University, during the autumn semester of 2025. Writing this thesis has been both challenging and rewarding, demanding both persistence and critical reflection throughout the research process.

We would like to express our sincere gratitude to the angel investors who participated in this study. By sharing their time, reflections, and experiences across ten semi-structured interviews, they made this research possible. Their openness and willingness to discuss both successes and setbacks provided the depth and nuance required for a qualitative, process-oriented study.

We also wish to thank our supervisor Joakim Winborg for his guidance throughout the thesis process. His constructive feedback, academic precision, and ability to challenge our reasoning helped us sharpen both the structure and analytical quality of the work. Also thankful for the support and learning environment provided by Lund University and LUSEM.

Lund, January 2026
Clara Gorthon
Daniel Lind Clausen
Oscar Romell

Table of Contents

1. Introduction

1.1 Background

Funding is a critical factor for growth and development of startups, yet securing capital in early stages is often one of the most challenging aspects for new ventures (Kafeshani, Rezvani, Chitsazan & Kazemi, 2018, p. 3). In this context, angel investors play a crucial role by using their own capital to financially support new ventures, particularly those that are innovative and demonstrate strong growth potential (Harrison, Mason, & Smith, 2015, p. 530). Beyond offering capital, angel investors contribute significant non-financial value in form of mentorship, access to networks, and strategic guidance (Lange, Rezepa & Zatrochová, 2024, p. 1). Angel investors play an important role in early financing processes, by increasing startups access to later financing rounds. Ventures backed by well-connected angel investors are more likely to attract follow-on investment from venture capital firms, which can significantly improve their possibilities for long-term business success (Werth & Boeert, 2013, p. 1).

Increasing numbers of individuals are becoming interested in angel investing, yet the field remains highly complex. Many novice investors face common challenges, such as lacking a clear strategy for portfolio construction, underestimating, importance of evaluating founders, or investing too much capital at an early stage (Forbes, 2021). Prior experience therefore becomes essential, as it significantly influences an investor's ability to make well-informed investment decisions (Botelho, Harrison & Mason, 2023, p. 325). However, angel investors vary widely in both level and type of experience they possess, ranging from industry and managerial backgrounds to entrepreneurial experience, reflecting their diverse histories (Hanák, 2020, p. 3). Such prior experience forms a critical knowledge base that investors rely on when assessing new ventures. Research shows that it's positively associated with the value they create through their investments (Collewaert & Manigart, 2016, p. 358). Before making an investment decision, angel investors must navigate a decision-making process that becomes particularly demanding under conditions of high uncertainty. At early stages, investors often face limited information:

products are not yet fully developed, markets are untested. It remains unclear whether customers will adopt the proposed solution (Huang & Pearce, 2015, p. 635).

To handle this uncertainty, angel investors often rely on heuristics, simple mental shortcuts that help them make quick judgments when information is limited (Botelho et al., 2023, p. 330). Heuristics can be useful, but the use depends on the investor's experience. Experienced investors tend to use these shortcuts in different ways and may notice patterns that novice investors miss (Harrison et al, 2015, p. 546). This suggests that experience affects what investors focus on, and how they make their decisions.

1.2 Problem Formulation

Lange et al. (2024) emphasize that angel investors are increasingly recognized for contributing more than financial capital, highlighting the role of experience in shaping investment judgments (p. 3). In examining the influence of experience on investing, Collewaert & Manigart (2016) analyse how dimensions of human capital, such as education, entrepreneurial experience, and prior investment activity, affect pre-money valuations. Their findings demonstrate that experience matters, but experience and human capital are primarily treated as background characteristics linked to observable outcomes (p. 357). As a result, prior research, such as Collewaert & Manigart (2016), has largely focused on quantifiable outcomes, categorizations, statistical associations, and performance effects, rather than on processes through which experience is interpreted and used in decision-making, Consequently, insight into how angel investors actively draw on prior experiences during evaluation of early-stage ventures remains limited (p. 358).

At the same time, a growing body of research highlights that angel investing is shaped by more than expected financial returns (Kafeshani et al., 2018, p. 3). Investment decisions are influenced by relational and experiential dimensions, such as perceived fit with the entrepreneur, alignment within the venture team, and other non-financial signals of opportunity quality (Lange et al., 2024, p. 5). This shift reflects a growing interest in understanding how angel investors calculate

value, how they interpret, make sense of, and evaluate ventures through subjective and socially embedded judgement processes. Botelho et al. (2023) demonstrate that angel decision-making is shaped by informal, practice-based, and context-specific sensemaking processes that cannot be captured through numerical indicators. However, even their qualitative analysis does not fully explain step-by-step processes through which prior experiences are interpreted when investors assess new opportunities (p. 325).

As a result, it's unclear how angel investors draw on accumulated experience to form judgements across evaluation processes, from business opportunity to final investment decision. To address this gap, the study adopts a qualitative, process-oriented approach. By examining how angel investors reflect on, describe and make sense of their prior experiences during investment evaluations, this study seeks to provide a deeper understanding of processes that shape their decision-making.

1.3 Purpose and Research Questions

The purpose of this study is to explore how angel investors perceive that their prior experiences influence decision-making when evaluating early-stage ventures. By focusing on investors' own interpretations and reflections, the study seeks to develop a deeper understanding of how experience is interpreted and translated into investment decisions in practice.

- *How do angel investors perceive the relation between their prior experiences and decision-making when evaluating new ventures?*

Theory

Given the research question focuses on how angel investors perceive the relation between prior experience and decision-making when evaluating new ventures, this study begins by defining the role of angel investors in general, before narrowing the focus to what characterises an experienced angel and the dimensions of experience examined in this study. We then describe how experience develops into knowledge through experiential learning, which forms the basis for informal learning and highlights that learning cannot occur without prior experience. Finally, we link this accumulated experience and learning to decision-making theories, illustrating how they influence both intuitive (System 1) and analytical (System 2) judgments when investors evaluate new ventures.

2.1. Angel investor

Angel investors are typically wealthy individuals who invest their own capital in early-stage and emerging ventures. In addition to providing financial resources, they foster entrepreneurial activity and economic development by supporting new venture creation (Lange et al., 2024, p. 3). They constitute a significant source of risk capital for startups and contribute funding, business expertise, industry knowledge, and strategic guidance (Botelho et al., 2023, p. 334). Through active involvement, angel investors also offer advice, access to networks, and other forms of non-financial support beyond purely financial investment (Werth & Boeert, 2013, p. 1).

Kafeshani et al. (2018) highlights that angel investors differ in the amount of capital they provide, in knowledge, experience, and expertise they bring into investment processes (p. 3). Collewaert & Manigart (2015) discuss human capital as a central concept for understanding differences between angel investors, examining how investors' backgrounds relate to their involvement in portfolio firms (p. 358). Human capital can be understood as the knowledge and information individuals acquire through education and experience, which they bring with them into investment and opportunity evaluation (Shane, 2000, p. 450).

While human capital has often been discussed at macro level in relation to economic growth, this study adopts a micro-level perspective focused on the individual investor. Minger (1984) emphasises the importance of distinguishing between macro and micro-level understandings of human capital (p. 195). At macro level, human capital is linked to national economic development and production of knowledge as an input alongside physical capital (p. 196). At micro level, human capital refers to accumulation of individual knowledge, skills, and experience through formal education as well as informal learning processes, training, work experience, and mobility within the labour market (p. 197).

2.1.1 Experienced Angel

Given the research question focuses on how prior experience shapes angel investors decision-making, this study concentrates on angels with substantial investment experience in order to capture rich and reflective data. This focus is based on assumptions that sustained and repeated engagement in angel investing allows investors to accumulate experience, to develop and reflect on their own approaches to decision-making over time.

Within the literature, experienced angel investors are often described as individuals who possess comparatively high levels of human capital. Collewaert & Manigart (2015) conceptualise angel investors in terms of human capital, highlighting how broader knowledge and accumulated experience shape how investors engage with and evaluate investment opportunities (p. 358). Botelho et al. (2023) argue that most experienced angels are not necessarily those with, largest number of deals, but those who combine long-term presence in the market with active and reflective involvement throughout the investment lifecycle (p. 321).

Shane (2000) argues that human capital is closely linked to opportunity recognition, as individuals with higher levels of human capital possess broader and more differentiated knowledge bases that shape how opportunities are perceived and evaluated. Human capital influences how individuals recognise, interpret, and assess entrepreneurial opportunities (p. 448). Harrison et al. (2015) refer to such highly experienced investors as super angels, characterised by

a combination of financial capital, extensive practical experience, sector-specific knowledge, and hands-on involvement in activities such as opportunity screening, syndication, and early-stage support (pp. 527-530). Building on this perspective, the study treats experience as a core component of human capital and conceptualises angel investor experience as a multidimensional construct comprising entrepreneurial experience, industry experience, and investment-specific experience, all of which are relevant for understanding how experienced angels make decisions.

Hanák (2020) describes entrepreneurial experience as a multifaceted concept that can take several forms. In the literature, it is defined in terms of the number of ventures founded, years in self-employment, and involvement across different phases of entrepreneurial activity. Such experience is often assumed to provide angels with stronger capabilities in evaluating founders and early-stage ventures, as it offers firsthand knowledge of opportunity development, resource constraints, and early growth dynamics (p. 5). However, Pelucco and Vismara (2025) emphasise that entrepreneurial experience does not always translate into superior investment performance. Former entrepreneurs may struggle to generalise lessons from their own ventures to new investment contexts, and their professional networks may be less advantageous than those of former venture capitalists (p. 4). Despite this, the authors conclude that entrepreneurial experience remains an important source of insight into founder quality, team formation, and the realities of early-stage execution (p. 5).

Mitteness, Baucus, and Sudek (2012) define industry experience as expertise gained through prior roles within specific sectors or occupational domains. Such experience shapes cognitive frameworks and industry-specific knowledge that angels draw on when assessing new opportunities (p. 243). Certain professional backgrounds provide particularly useful tools for investment evaluation, including familiarity with deal structuring, valuation practices, risk assessment, and due diligence, defined as the careful and systematic evaluation of a venture prior to investment (p. 244). Investment-specific experience refers to knowledge acquired through direct participation in angel investing activities. This includes screening deal flow—the continuous stream of potential investment opportunities—engaging in syndication, participating

in angel networks, and repeatedly evaluating high-uncertainty opportunities (p. 245). Through these processes, angels develop pattern recognition and tacit judgement that help them navigate uncertainty and make efficient investment decisions. This type of experience is not tied to the number of investments made, but to the depth and diversity of exposure to real evaluation situations over time (Botelho et al., 2023, p. 326).

Importantly, angel investors do not approach investment decisions as blank slates. Experience is understood as cumulative and embedded, shaped by a continuous interplay of past engagements, interactions, and reflections that investors draw upon when evaluating and discussing new opportunities. From this perspective, experience is not confined to a single source or phase but is instead constituted through ongoing practice across different contexts within investment processes.

2.2 From Experience to Learning

2.2.1 Experiential learning theory

Kolb (1984) developed Experiential Learning Theory, which views experience as the foundation of learning and something that's gradually transformed into knowledge. The theory describes how individuals learn by moving through recurring cycles of doing, reflecting, forming ideas and testing new approaches (p. 5). Morris (2020) reinforces this idea by emphasising that learning cannot exist without experience, meaning that prior experiences play a necessary role in how individuals learn (p. 1). Kolb (1984) further explains that experiential learning is a holistic process that integrates experience, perception, cognition and behaviour. Learning is best understood as a process rather than an outcome; ideas are continuously developed and reshaped through experience (p. 10). Morris (2020) presents the experiential learning cycle, identifying four core abilities necessary for effective learning. First, concrete experience, which involves direct, hands-on engagement with situations in the present moment (p. 2). The second ability is reflective observation, where individuals critically reflect on what happened and consider alternative perspectives (p. 4). The third ability, abstract conceptualisation, involves forming

concepts, interpretations, or theories based on these reflections (p. 5). Finally, active experimentation refers to applying these new ideas in real situations to test and refine them further (Kolb, 1984, p. 6).

2.2.2 Informal learning

Formal learning is most structured form of learning: it's pre-planned and organized within institutions, follows a fixed curriculum with clear objectives and assessment, and commonly leads to certificates or degrees (Chetry, 2024, pp. 659-660). Another way of learning is informal learning, which focuses *in what form* learning takes place, unlike experiential learning, which focuses on *how* learning develops. This type of learning occurs outside institutional settings and develops through everyday practice; it's flexible, often self-directed, and can be tacit or unintentional while still shaping skills and knowledge (Chetry, 2024, pp. 660-661). From a business angel perspective, investing fits this latter view: angels learn mainly through real deals, reflection, and interaction with entrepreneurs and co-investors, so investing is best understood as an informal learning process (Botelho et al., 2023, p. 323). Botelho et al. (2023) further show that angels development happens through self-directed, incidental, socialization (tacit), and integrative learning (p. 326). This is why informal learning suits our thesis: it lets us analyze how angels actually build and refine experiences.

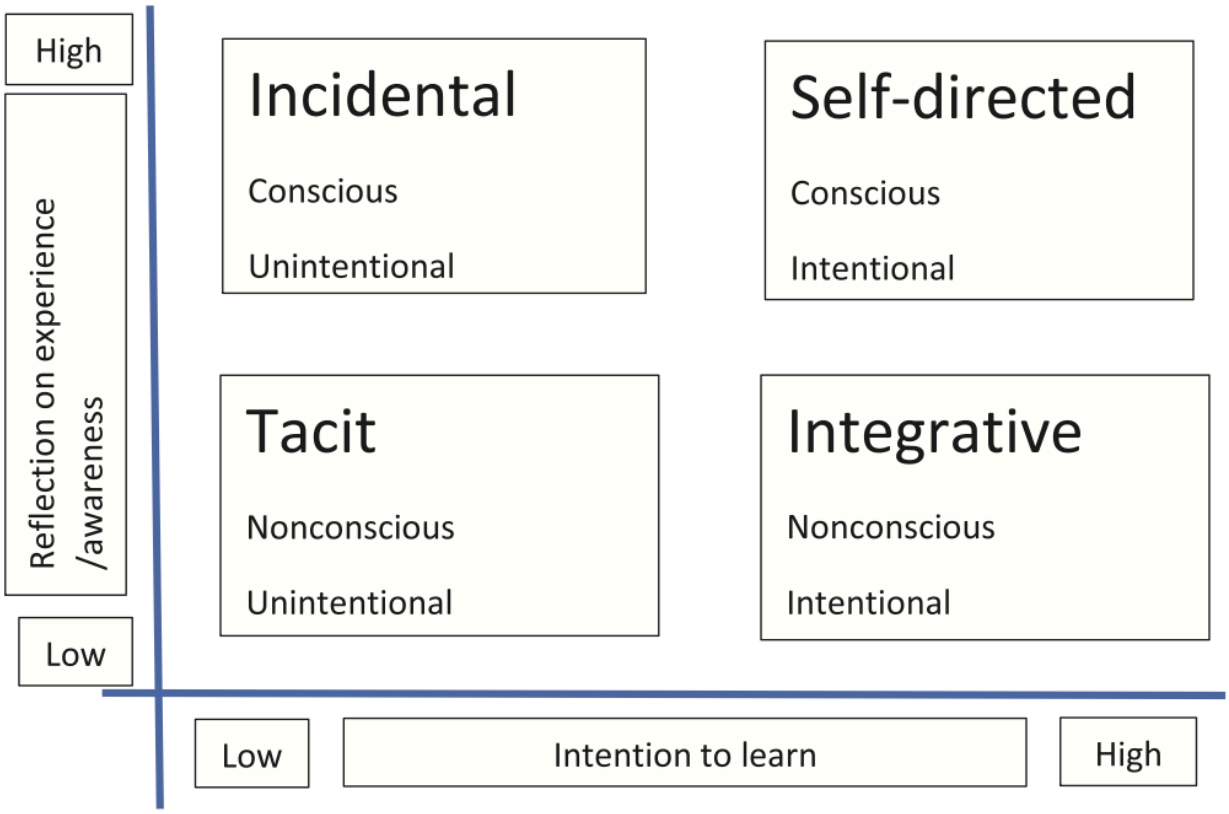

Figure 1, Informal learning model (Botelho et al. 2023, p. 326)

To visualize our theoretical framework, we have chosen to use Botelho et al. (2023, p. 326, Fig. 2) which draws on Schugurensky's (2000) typology. This model offers a clear structure for our study on different types of learning.

Self directed learning

It is both intentional and conscious: individuals deliberately set out to learn and are aware that learning is taking place. Botelho et al. (2023) describe self-directed informal learning as a process in which business angels intentionally take responsibility for their own learning without a formal instructor, drawing on resources such as co-investors, angel groups, and learning-by-doing in real deals (pp. 326 -327). Among business angels, self-directed learners

actively seek to improve their investment skills. They participate in angel groups to learn from peers, engage in structured training, and sometimes make smaller investments to gain practical experience. When a deal performs poorly, they deliberately treat it as a learning opportunity and adjust their criteria, due diligence, or syndication approach. Notably, this group shows the highest share of successful exits, suggesting that intentional and reflective learning leads to stronger investment performance (Botelho et al., 2023, pp. 331-332). This focus on how experience is processed rather than merely accumulated aligns with Pelucco and Vismara's (2025) findings that prior entrepreneurial experience improves performance only when investors can generalise and apply it appropriately (pp. 2, 10 -11).

Incidental learning

Is unintentional but conscious. Here the learner does not initially aim to learn from the situation, but later recognises that learning has occurred. This pattern is most common among business angels: most did not start investing with the goal of learning, but later recognise that they have in fact learned from their experiences (Botelho et al., 2023, p. 331). Much of this learning comes from difficult or negative situations, such as long exits, unreliable partners or overly self-interested entrepreneurs, which gradually make them more patient, confident in their judgments and cautious. This group has in common to have been active the longest, made most investments and experienced, highest share of losses (Botelho et al., 2023, pp. 331-332). This can be interpreted as largely incidental learning that becomes effective only when experience happens to be sufficiently rich or contextually aligned.

Tacit learning (Socialization)

It is unintentional and non-conscious. Learning occurs beneath the surface, as angels absorb norms, routines, and shared practices through ongoing participation in investing activities and angel communities. Botelho et al. (2023) identify a small group of socialisation angels who neither intend to learn nor perceive that learning is taking place; they often rely on prior careers (e.g., entrepreneur, manager, venture capital) and may assume they already know how to invest (p. 332). Even without deliberate learning, their practice is shaped by immersion in angel

networks, where investing typically occurs alongside others and through shared market interaction (p. 324). This tacit influence is reinforced by angels' reliance on personal, informal, experience-based information rather than formal analyses, embedding learning in everyday judgement calls (Harrison et al., 2015, pp. 531 -532).

Pelucco and Vismara (2025) complement this view by identifying a professional network channel through which angels learn informally. Angels with prior venture capital experience often co-invest with established VC firms and benefit substantially from these networks. Former entrepreneurs achieve stronger outcomes when investing alongside the same backers who supported their earlier ventures (pp. 14 -15). These findings indicate that angel learning partly occurs through socialisation in professional networks, where norms, heuristics, and evaluation practices are tacitly internalised. In their conclusion, the authors explicitly interpret performance differences between angels with different backgrounds as operating through both an entrepreneurial learning channel and a professional network channel, each reflecting informal, largely non-formalised learning processes (p. 19).

Integrative learning

Is intentional and nonconscious. Business angels may begin investing without the explicit goal of learning but gradually become aware of how their experiences shape their judgment and decision-making. Over time, they start to intentionally reflect on these experiences and actively integrate insights into future investments (Botelho et al., 2023, pp. 326-327). This process represents a transition from incidental to self-directed learning, where awareness and reflection develop through practice.

Botelho et al. (2023) show that many angels experience this shift as they encounter diverse investment outcomes, successes, failures, and feedback from peers, which stimulate reflection and adaptation of strategies (pp. 331-332). Similarly, Mason et al. (2016) describe how active participation in angel networks promotes this integration by exposing investors to collective learning and shared norms, helping them refine their own approaches through interaction with

others (p. 324). This aligns with Harrison et al. (2015) observation that business angels' learning is often experiential and cumulative, as insights from each deal are continuously reinterpreted and applied in new contexts (pp. 532-533).

2.3 Decision-Making

2.3.1 Dual-process thinking

Dual-process theory offers a widely used way to understand how people make decisions by distinguishing between two forms of thinking: fast and intuitive System 1 (S1) and slower, more deliberate System 2 (S2). S1 operates "automatically and quickly, with little or no effort", while S2 is activated when individuals engage in effortful reasoning and reflection (Kahneman, 2011, pp. 23-24). Although different in nature, the systems interact in practice; intuitive impressions typically arise first and can later be evaluated or adjusted by reflective thought (Juanchich, Dewberry, Sirota & Narendran, 2016, p. 52).

Taken together, this research shows that many decision-making models focus mainly on either intuitive or analytical thinking. Kahneman's (2011) dual-process theory is therefore a useful overall framework for this thesis because it brings these two ways of thinking together and explains how they interact (pp. 27-28). This could be relevant in angel investing, where investors' previous experience shapes their intuitive judgments, while more analytical assessments are also important (pp. 237-238). The following sections look more closely at each side of the model.

2.3.2 System-1

One way decisions are made is through heuristics. Tversky and Kahneman (1974) define heuristics as the mental shortcuts people use to make fast, intuitive judgments under uncertainty. They show that individuals rarely use all available information, instead simplifying complex decisions through such shortcuts. They identify three main heuristics: representativeness, where likelihood is judged based on similarity to a familiar case, often leading to the neglect of statistical information such as base rates (p. 1124); availability, where likelihood is assessed based on how easily examples come to mind, giving disproportionate weight to recent or memorable events (pp. 1127 -1128); and anchoring and adjustment, where an initial impression serves as an anchor for subsequent judgments, with adjustments from that anchor typically being insufficient (p. 1128).

To understand heuristics in relation to dual-decision making, Kahneman (2011) positions heuristics directly into S1, which he describes as fast, automatic and shaped by prior experience. This makes heuristics efficient because they reduce cognitive effort needed to make decisions (pp. 100-101). However, the same simplicity that makes them useful, also makes them vulnerable to biases (p. 104). Together, heuristics show how intuitive thinking works by turning incomplete or unclear information into quick judgments that feel convincing, even when they are not fully accurate.

This theoretical foundation aligns closely with how business angels make decisions. Early-stage investments involve high uncertainty, limited information and time pressure, making S1 thinking especially influential. Harrison et al. (2015) argue that heuristics used by angel investors are “residual outcomes of learning,” developing through repeated evaluations of start-ups until they become intuitive rules that guide judgment (p. 534). This reflects representativeness, as investors draw on familiar patterns from past ventures to assess new opportunities. Maxwell, Jeffrey and Lévesque (2011) support this view with their concept of elimination-by-aspects (EBA), which shows how angels quickly reject ventures that fail to meet a few key criteria. Although EBA is a

specific heuristic, it illustrates the broader idea that angels rely on simplified decision rules rather than full analytical assessments when screening opportunities (pp. 214-217).

Other research shows why these shortcuts are necessary rather than optional. Huang and Pearce (2015) argue that angel investors often face "unknowable risk," where formal analysis cannot reliably predict outcomes because markets, technologies or business models are too new (pp. 635-637). In these situations, gut feel becomes important because analytic tools only get you so far (pp. 642-643). This supports the idea that intuitive judgments arise from structural limits of early-stage investing, not from carelessness. Kostov (2020) adds that heuristics appear when investors rely on memorable past deals or familiar venture types, which helps simplify complex decisions, but creates risks of biases like overconfidence and selective attention (pp. 268-271).

Finally, development of heuristics is individual and social. Botelho et al. (2023) shows, as discussed previously, that angel investing involves informal and experiential learning, where shared experiences and peer discussions create collective rules of thumb over time. These shared heuristics guide how angels interpret founders, markets and deal structures, embedding System-1 thinking into everyday practice (pp. 331-332).

Taken together, the literature shows that heuristics offer a clear and well-supported explanation for how angels make intuitive decisions. They demonstrate that fast judgments are shaped by experience, social learning and uncertainties of early-stage investing, rather than being random or irrational (Kahneman, 2011, p. 417). In this way, heuristics provide a strong basis for understanding the S1 side of angel investment decisions.

2.3.3 System-2

System-2 refers to slow, deliberate and effortful thinking, where individuals consciously engage in reasoning, evaluation and reflection (Kahneman, 2011, pp. 23-24). In contrast to intuitive System-1 processes, Kahneman (2011) System-2 is activated when decision-makers pause to analyse information, consider alternatives and reflect on potential consequences (p. 49) Within this study, System-2 is not understood as a single, fixed decision model, but rather as a mode of reasoning characterised by structured and reflective evaluation (p. 47).

To further clarify the analytical nature of System-2 thinking, this study draws on elements from Rational Choice Theory (RCT). RCT is not applied here as a predictive or normative theory of angel investor behaviour. Instead, it's used as an illustrative framework to help articulate what System-2 reasoning can entail in practice. In this sense, RCT functions as a conceptual reference point that highlights key features of analytical decision-making, such as conscious comparison, evaluation of alternatives and consideration of expected outcomes.

Rational Choice Theory assumes that individuals make decisions through deliberate, structured reasoning, comparing alternatives and selecting the option that best aligns with their preferences (Opp, 2020, pp. 44-45). This reasoning requires conscious attention and cognitive effort, as individuals assess available information, reflect on potential consequences, and weigh trade-offs. Bridge (2020) explains that rational actors are expected to rank preferences consistently and choose the option that maximises expected utility, even under uncertainty (p. 207). Vanderschraaf (2024) further clarifies that RCT is normative, describing how actors should decide when reasoning logically and consistently, rather than how decisions necessarily occur in practice (pp. 688-689).

These characteristics closely align with Kahneman’s (2011) description of System-2, which emphasises effortful reasoning, preventing errors, analytical evaluation and conscious control (pp. 31, 34). Both System-2 and RCT share a focus on reflective thinking, where judgments are

not made automatically but are instead subject to scrutiny and potential revision. In this respect, RCT helps to specify the type of cognitive work that System-2 involves, without implying that decision-makers always, or fully, adhere to rational optimisation (p. 416).

In the context of angel investing, this mode of reasoning may take the form of structured evaluations, such as financial assessments, due diligence processes, scenario analysis or deliberate checks of initial impressions (Kahneman 2011, pp. 88-89). While prior research shows that angel investors often rely on intuitive judgments due to high uncertainty and limited information, there is evidence that analytical considerations play a complementary role. Falcão, Carneiro and Moreira (2023) show that angel investors' decisions are partly grounded in financial motives, including assessments of risk, return and expected gains, reflecting evaluative logic consistent with System-2 reasoning (pp. 4-5).

Importantly, this study, in line with Kahneman (2011), does not assume that angel investors engage in full rational optimization as described by classical RCT (p. 413). Rather, RCT is used as an ideal-typical illustration of analytical reasoning that helps clarify how System-2 can function as a reflective counterweight to intuitive judgments. In line with dual-process theory, System-2 is understood as a mechanism that may validate, question or occasionally override System-1 impressions, rather than replace them entirely (p. 47).

2.4 Theoretical framework

Our research question focuses on how angel investors perceive the relation between prior experience and decision-making when evaluating new ventures. To capture this, we conceptualise the phenomenon as a three-step process. Our theoretical framework is structured around:

(1) how experiences are built

(2) how these experiences develop into learning

(3) how this learning is perceived to shape investment decisions

By examining these steps in sequence, we aim to analyse the relation through which prior experience becomes decision-relevant knowledge.The first step concerns how experience is formed (discussed in 2.1-2.2). Research on human capital and experienced business angels shows that investors accumulate knowledge over time through entrepreneurial experience, industry experience and investment-specific experience. These experiences have differences in depth, and they constitute the starting point of the relation we seek to understand. Clarifying how experiences are built is necessary for analysing what investors believe they bring into the angel role.

The second step examines how experience becomes learning (discussed in 2.2). Drawing on experiential learning theory and informal learning research, we conceptualise how practical involvement in angel investing is transformed into usable knowledge. Prior studies highlight that most learning in this context is informal, often tacit, and shaped by repeated deal exposure, reflection on outcomes and interactions in investment networks. While integrative learning can occur, earlier research suggests that it likely plays a smaller role compared to experiential and incidental forms. By focusing on this step, we can analyse how investors themselves perceive development of heuristics, judgment rules and investment-specific competence.

The third step addresses how this accumulated learning shapes decision-making (discussed in 2.2-2.3). Using dual-process theory, we examine how investors interpret the influence of their experiences on both intuitive (S1) and analytical (S2) judgments. Existing literature indicates that early-stage investment decisions often rely heavily on intuitive, experience-based assessments due to uncertainty and limited information. Based on this research, we expect that investors will describe intuitive processes as particularly influential, while recognising that analytical reasoning might play a role in complementing or validating initial impressions. This structure guides our empirical work by enabling us to analyse each component separately and how they connect. By focusing on the sequence through which experience is built, transformed and applied, we aim to understand the full process that shapes how angel investors evaluate new ventures.

3.0 Method

3.1 Research Design

This study adopts a meaning-oriented approach, viewing knowledge as shaped by interviewees' interpretations and context in which they act. Accordingly, a qualitative research strategy was chosen to capture how angel investors make sense of experience in decision-making. Bryman and Bell (2017) explain that a qualitative strategy is suitable when the aim is to understand perceptions and meanings in depth, rather than to measure variables or test relationships through standardised instruments. In this study, this enables a nuanced exploration of how angel investors describe and interpret their experiences and practices, insights that are difficult to capture through quantitative approaches (p. 71).

Building on this strategy, a qualitative research design was adopted with semi-structured interviews as the method of data collection. A research design can, in line with Bryman and Bell (2017), be understood as an overall plan that structures how data is collected and analysed. Linking different stages of the research process into a coherent framework (p. 68). To generate rich, process-oriented accounts, interviews incorporated case-based prompts, where participants were asked to describe one typical investment they pursued and one typical opportunity they declined. This interview-centred design enabled an in-depth exploration of a current phenomenon in a real-world setting and supported the thesis' exploratory ambition by allowing flexibility and responsiveness to new insights emerging during the research process (p. 227).

3.2 Research Method - Semi-Structured Interviews

According to Bryman and Bell (2017), semi-structured interviews are interviews where the researcher uses an interview guide with predefined themes and questions, but can change order, ask follow-up questions and adapt to the conversations course. This means, the method combines a common structure with flexibility (p. 452). With this understanding, we relate the method to

our research question: we can ensure that all interviews cover our core themes of prior experience, learning and investment decision-making, while still allowing each angel investor to describe these processes in their own words.

Ideally, our aim was to conduct interviews in person, as our experience suggests that face-to-face settings facilitate a more natural conversational flow and more elaborate responses. However, this was not feasible due to geographical distance, and interviews were therefore conducted online. To create a similar sense of presence, we began each interview with brief informal conversation to make participants feel comfortable, used follow-up questions to encourage elaboration, and scheduled sufficient time to avoid time pressure. We also asked participants to keep their cameras on if possible, and clarified the interview structure in advance so the conversation could develop naturally within the agreed themes. This way of working resonates well with Bryman & Bell's (2017) research regarding online vs face-to-face interviews (pp. 622-623).

At the same time, Bryman and Bell (2017) argue that semi-structured interviews are particularly suitable when the aim is to obtain detailed accounts of participants' own perceptions and experiences, and to capture nuanced, experience-based reasoning (pp. 452-454). This fits our purpose of empirically linking experience, learning and decision-making in angel investing, while maintaining enough comparability between interviews to analyse patterns across interviewees.

3.3 Literature Selection

The main body of literature used in this thesis consists of academic journal articles, which have been central both for collecting data and for generating ideas. Bryman and Bell (2017) describe an academic journal as a publication in which articles are subjected to peer review. In order for an article to be peer reviewed, two to four independent experts in the relevant field assess the manuscript written by the researcher, in order to evaluate its quality and trustworthiness.

Drawing on such journals made it possible to identify gaps in prior research and to refine overall direction of the thesis (p. 116).

Angel investing has attracted substantial attention, with many peer-reviewed articles available. By focusing on well-cited journals and their suggested directions for future research, we identified topics suitable for further examination. Bryman and Bell (2017) argue that mapping the literature is a key step in developing a research question. To locate relevant sources, we used selected keywords to navigate the existing literature (pp. 119-120). They also emphasise that careful selection and application of keywords is crucial for identifying articles aligned with a thesis's aims (p. 130). The keywords used were "angel investment," "investment criteria," and "business angel decision making." During the review process, we assessed each article's purpose, relevance, and contribution to the study.

The majority of the sources were obtained via digital platforms and online databases. Bryman and Bell (2017) highlight the importance of critically appraising web-based material in terms of author's expertise and motives, reliability of the website, and timeliness of the information (pp, 129-130). To secure both credibility and relevance, we primarily used university-provided search services such as FINNsearch and Scopus, which offer access to high-quality, peer-reviewed publications. It was essential to ensure that the literature consulted was dependable and directly pertinent to the research conducted in this thesis.

3.4 Sampling & Criteria for Interviewees

This study applies purposive sampling, a form of non-probability sampling that enables strategic selection of participants who can provide rich and relevant insights aligned with the research purpose (Bryman & Bell, 2017, p. 405). Strategic sampling is particularly suitable for this thesis, as it seeks to access a specific group: experienced angel investors. Since the research aims to understand how angel investors perceive the relation between their prior experiences and decision-making when evaluating new ventures, it was essential to recruit interviewees who possess meaningful experience.

Interviewees were selected based on the definition of experienced angel investors presented in Section 2.1.1, “Experienced Angels” with focus on three experience dimensions: entrepreneurial experience, industry experience, and investment-specific experience. These dimensions served as guiding sampling criteria to ensure that the interviewees possessed a broad range of experience relevant to the study’s research question. The assessment of whether potential participants met these criteria was based on a combined evaluation of publicly available information and validation during the interview process. LinkedIn was primarily used both to obtain information about potential participants and to contact the interviewees.

As mentioned before, angel investors do not enter the investment landscape as “blank slates”; instead, their judgments are shaped by accumulated experience from both their pre-investing careers and their practice as angel investors. Furthermore, Botelho et al. (2023) highlight that measuring “experience” solely through years invested or number of deals, risks overlooking the informal and tacit nature of angel learning. Consequently, this study does not rely on fixed numerical thresholds, such as minimum number of years or deals (p. 321).

3.5 Implementation and Research Ethics Principles

This study is based on ten semi-structured digital interviews with experienced angel investors. Each interview lasted approximately 45-60 minutes, allowing for sufficient depth to explore how angel investors perceive the relationship between their prior experience and decision-making when evaluating new ventures, while remaining mindful of their time constraints.

This study follows established research ethics principles, which consist of four core requirements: information, consent, confidentiality, and utilisation, and serve to guide appropriate researcher conduct (Lindstedt, 2019, p. 49).

In line with the information requirement, participants were clearly informed about the study’s purpose, the interview process and how the data would be handled. They were told that

interviews would be audio-recorded for transcription and stored securely in accordance with academic standards (Kvale & Brinkmann, 2021, p. 107; Lindstedt, 2019, p. 51).

The consent requirement concerns participants' autonomy (Lindstedt, 2019, p. 52). In line with Kvale and Brinkmann (2021), explicit verbal consent was obtained at the beginning of each interview, covering voluntary participation and permission to record the interview (p. 323). Interviewees were informed that they could withdraw from the study at any time or decline to answer and informed that their contributions would only appear in an anonymised form in the thesis.

Given the nature of angel investing, confidentiality was particularly important. The interviews included commercially and personally sensitive reflections, such as investment mistakes, conflicts with founders, and evaluations of entrepreneurs. To protect participants, all data were anonymised, and identifying details (e.g., names, companies, or unique deal characteristics) were removed from transcripts and results (Lindstedt, 2019, p. 52). To further reduce the risk of identification, each interviewee was assigned a numerical code (I1-I10), where "I" denotes interviewee and the number reflects the interview sequence. In addition, gender-neutral pronouns ("they/them") are used throughout the thesis. As the study does not analyse gender-related differences, gender was not considered relevant to the research purpose, making this approach appropriate. This was especially important in the relatively small Swedish angel ecosystem, where individuals could otherwise be identified through contextual clues.

Finally, the utilisation requirement states that data may only be used for scientific purposes (Lindstedt, 2019, p. 55). Accordingly, the material is used solely to answer the research question, and will not be shared or reused outside this academic context.

Together, these implementation choices and ethical considerations ensured methodological rigour and protected participants' autonomy and confidentiality, which was crucial given the personal and experience-based nature of angel investors' reflections on early-stage decision-making.

3.6 Method for Data Analysis

The interviews were analysed using thematic analysis, a widely used qualitative analytic method that offers an accessible and theoretically flexible approach to analysing qualitative data. Thematic analysis is defined as a method for identifying, analysing and reporting patterns (themes) within data (Braun & Clarke, 2006, p. 77).

The aim of the analysis was to identify recurring patterns in how the participants described the role of their prior experiences in investment decision-making. Following transcription, each interview was read repeatedly in order to gain a comprehensive understanding and to familiarise the researcher with the nuances of the investors' narratives. In line with Bryman & Bells (2017) emphasis on attending to both variation and common things, attention was directed towards patterns that appeared across several interviews, as these were interpreted as indicating shared perceptions and recurring reasoning structures (pp. 556-558).

The analytical process was informed by principles outlined by Rennstam and Wästerfors (2015). In an initial phase, the interviews were organised through an exploratory mapping in which central expressions, descriptions and preliminary categories were identified. This step contributed to revealing internal structure of the interviews and to highlighting parts that were particularly relevant in relation to the study's research question (pp. 67-69). In a subsequent phase, the interviews were narrowed through a selective reduction, whereby statements that did not contribute meaningfully to the analytical focus were excluded. This process relates to the description of concentrating the analysis on most analytically valuable parts of the empirical material (pp. 104-105).

The thematic analysis followed a deductive (theoretical) approach as outlined by Braun and Clarke (2006). They note that themes can be identified either inductively or deductively, with a deductive approach driven by the researcher's theoretical interests and guided by the research question rather than emerging solely from the data (p. 83). Accordingly, the coding process was informed by a predefined analytical focus on experience, learning, and decision-making, derived

from the study's theoretical framework. While this deductive focus strengthens theoretical alignment, it also risks overlooking patterns that fall outside predefined categories. To mitigate this risk, we remained attentive to data that challenged the initial framework and documented such instances during coding (Bryman & Bell, 2017, pp. 43-44).

Following this, the remaining data were systematically coded. Codes were developed around recurring concepts, experiences, and evaluative patterns related to prior experience and its perceived influence on investment decisions. These codes were then grouped into broader thematic categories that formed the basis of the interpretative analysis. In the final stage, themes were examined in relation to the study's theoretical framework. This approach reflects Rennstam and Wästerfors' (2015, p. 137) emphasis on how empirical material gains meaning through interpretation in relation to relevant theoretical perspectives. By linking the identified themes to concepts such as experiential learning, informal learning processes, and dual-process decision-making, the analysis enabled an interpretation of how angel investors perceive and articulate the role of prior experience in assessing new ventures.

3.7 Quality in the Research Process

As the interviewees are Swedish speakers and the study is written in English, all semi-structured interviews were conducted in Swedish and subsequently translated into English for reporting purposes. This choice was guided by the qualitative, meaning-oriented approach, where we saw language as a central part to how participants articulate experiences and construct meaning.

Rather than treating translation as a neutral or purely technical procedure, Bryman and Bell (2017) emphasize that the translation of interview data forms an interpretative process in which meaning is negotiated across language and cultural contexts. At same time, methodological literature highlights that translating interview data introduces specific risks (p. 470). They also argue that translation in qualitative research should be understood as an interpretative process in which meaning is actively reconstructed across linguistic and cultural contexts. This may involve

challenges related to differences in meaning, culturally embedded expressions, and the researcher's interpretative role in shaping how participants' accounts are represented (p. 470).

To address these issues, all interviews were transcribed verbatim in Swedish and subsequently translated with a focus on preserving meaning rather than achieving word-for-word equivalence. In line with Braun and Clarke's (2006) view of transcription as an interpretative act, translation was approached reflexively, with careful comparison between original transcripts and translated excerpts to reduce misrepresentation (p. 87).

Despite acknowledged risks associated with translation, the decision to conduct interviews in Swedish was considered methodologically justified. As van Nes et al. (2010) show, conducting interviews in participants' first language facilitates richer expression and access to underlying meanings. The analytical benefits of Swedish-language interviews were deemed to outweigh potential limitations of translation, provided that these were handled transparently and reflexively (p. 315).

Furthermore, beyond considerations related to language choice and translation, it's important to address broader criteria of quality in qualitative research, particularly reliability and validity. As the findings in this study are generated through interpretation and interaction, rather than statistical measurement, issues of trustworthiness, credibility, and transparency become central to assessing rigor of the research process.

In qualitative research, reliability is generally understood in terms of trustworthiness, as results emerge from interpretation and interaction rather than statistical measurement (Olmsted, 2024, p. 54). Trustworthiness concerns whether findings are stable, transparent and grounded in the empirical material rather than influenced by the researcher's assumptions. Validity, similarly, refers to how convincingly the study captures the phenomenon under investigation and whether the conclusions follow logically from the participants' accounts (Olmsted, 2024, p. 55). In this study, trustworthiness was strengthened by transcribing all interviews with angel investors

verbatim and revisiting them throughout the analysis to ensure that interpretations remained close to the interviewees' own descriptions. Continuous reflection on the researcher's pre-understanding was necessary, given that angel investing involves domain-specific concepts that could easily be coloured by prior assumptions.

Sampling is an important part of establishing reliability. While convenience sampling risks excluding relevant perspectives (Bryman & Bell, 2017, pp. 380-381), this study used purposive sampling to recruit investors with substantial and sustained experience in early-stage evaluations. This approach provided rich and relevant insights, although it naturally limits generalisability due to its focus on a specific, experienced group (Bryman & Bell, 2017, pp. 405-406). By selecting participants with more than five years of active angel investing, the study ensured that those interviewed could meaningfully reflect on how their prior experiences influence their decision-making.

Validity in this qualitative context is tied to credibility, neutrality and applicability (Olmsted, 2024, p. 55). Credibility was enhanced by giving a transparent and detailed account of how data were collected and analysed, enabling readers to follow the process from interview to interpretation. Neutrality was supported by grounding the analysis in participants' narratives and relevant literature rather than in researcher-driven assumptions. Applicability is naturally limited in qualitative studies, as findings are not intended to be statistically representative (Henline-Hall, 2024, p. 48). In this case, applicability is shaped by the focus on experienced Nordic angel investors, which restricts transferability to other contexts but strengthens the relevance of insights within a region that remains underexplored. To increase transparency, the sampling strategy, interview setting and interview guide are described in detail in Sections 3.4 and 3.5, as well as in Appendix 7.1. Finally, because semi-structured interviews allow flexibility in phrasing and order of questions, exact replication is not possible (Bryman & Bell 2017, pp. 393-394). However, this flexibility was essential to encourage investors to articulate their own learning processes, intuitive judgments and analytical reasoning. These were central elements of understanding how they perceive the influence of prior experience on their investment decisions.

3.8 Statement on the Use of Generative AI

Usage & Tools:

Scopus AI, provided through Lund University, was used to support the search for relevant academic articles within the Scopus database.

Generative AI tools were used in a limited and supportive manner during the thesis process. TurboScribe was used for the transcription of recorded interviews. ChatGPT and Gemini were used as assistive tools for idea development, brainstorming, and validation of the authors' own discussions and interpretations. These tools supported refinement of sentence structure, language editing, and translation between Swedish and English. Both tools were deliberately used in parallel to compare outputs and reduce risk of errors or biased suggestions.

Additionally, generative AI was used to summarize our primary thoughts on academic articles in order to assess their relevance before full detailed reading, as well as to ensure that no key structural components were missing across different chapters of the thesis. AI tools were also used for brainstorming section headings and clarifying outlines.

In some instances, spoken discussions and mind maps were verbally recorded and subsequently summarized using generative AI to provide a clearer written overview of the authors' own reasoning. All analytical decisions, interpretations, coding, and final formulations were conducted by the authors. Generative AI tools were not used to generate empirical material, analysis, or conclusions.

Prompts:

"Rephrase this paragraph to make language clearer & more academic"
"Does this section make sense logically, missing something important?"
"We discussed these ideas above, summarize them clearly in writing"
"Suggest a clearer structure for this chapter based on what's written"
"Improve the flow between these paragraphs."

“Translate this text, Swedish to English keep academic tone”

“Does this sentence sound too informal for a thesis?”

“Briefly summarize these primary thoughts so we can see if relevant to our study”

“Are there any obvious parts of a method chapter that we’ve forgotten?”

“Help brainstorm a suitable heading for this section.”

“We have these bullet points, turn them into a short coherent paragraph”

“Does this paragraph clearly reflect our reasoning, or is it confusing?”

“Shorten this text without changing the meaning”

“Based on our discussion, put our ideas more clearly on paper”

“Does this chapter align with research questions?”

“Check the language for grammar and clarity?”

“Summarize our main points from this discussion in a neutral way.”

“Does this conclusion repeat earlier sections too much, or is it balanced?

4. Findings and Analysis

This chapter presents the empirical findings and analysis of the study and is structured around three interrelated steps. First, it examines three key dimensions of experience and how investors describe their relevance in the evaluation of new ventures. Second, it explores how different forms of learning emerge. Third, it analyses how decision-making unfolds in the evaluation of new ventures. The chapter concludes by integrating these elements, highlighting how experience and learning interact to shape decision-making.

4.1 Experience

This first theme focuses on different dimensions that are expressed and described by the interviewees; entrepreneurial experience, industry experience, and investment-specific experience. When asked about differences between experienced and more novice angel investors, interviewees consistently confirm that such differences exist. One interviewee reflects on an early phase as an angel investor and describes how limited angel-specific experience influenced investment behaviour. "*Absolutely. A less experienced investor is like I was in the beginning. You get caught by FOMO. It's very easy to become seduced. There are so many strong entrepreneurs with exciting and compelling ideas.*" (I6, translated from Swedish). This can be seen as interviewee's limited experience in angel investing created a fear of missing out, leading to engage in investments without the necessary capability to effectively screen and filter opportunities. This interpretation aligns with Botelho et al. (2023) who emphasize the role of prior experience in shaping investors' decision-making capabilities, noting that experience significantly influences an investor's ability to make well-informed investment decisions (p. 325). As a result, investors possess different kinds and amounts of information prior to making an investment decision. In this case, limited angel-specific experience constrains investor's ability to filter opportunities and impose selectivity (Collewaert & Manigart, 2015, p. 358).

One important dimension of experience discussed among the interviewees is entrepreneurial experience. This type of experience can take various forms, including the number of ventures founded, years spent in self-employment, or involvement across different phases of entrepreneurial activity (Hanák, 2020, p. 4). For the majority of the interviewees, entrepreneurial experience primarily takes the form of supporting entrepreneurs and being involved in early phases of venture development, often at a point when the product is not yet fully developed. One interviewee reflects on this realization: *"What I did not realise at the time was how much I actually had to bring to the table for entrepreneurs, and that was solely based on having work-life experience."* (I6, translated from swedish)

This demonstrates how entrepreneurial experience can evolve through close involvement in early-stage entrepreneurial activities rather than through venture creation alone. The interviewees extensive work-life experience enables them to contribute meaningful insights and support to entrepreneurs, which gradually strengthens their entrepreneurial experience. This process can further be linked to opportunity recognition. As argued by Shane (2000), broader knowledge bases enhance individuals' ability to identify and evaluate entrepreneurial opportunities. By engaging with founders' constraints and early-stage uncertainties, angel investors draw on experiential insights that shape how opportunities are interpreted and assessed (p. 448).
For most interviewees, entrepreneurial experience appears as a complementary rather than dominant dimension of their overall background. In contrast, I3 describes entrepreneurial experience as a central aspect of their background: "*unlike most of my classmates, I started my own businesses directly after finishing school,*" and further notes that "*we have sometimes started our own companies and sometimes joined existing ventures, becoming co-founders.*" (I3, translated from Swedish).

This reflects a strong form of entrepreneurial experience characterized by repeated venture creation and involvement both as a founder and co-founder. Such sustained and early engagement indicates substantial exposure to multiple phases of entrepreneurial activity. Minger

(1984) argues that human capital develops through practice and acquired through experience (p. 196), which is reflected in the interviewees' extensive entrepreneurial engagement.

However, when discussing entrepreneurial experience, I3 acknowledges potential risks associated with relying too heavily on past entrepreneurial experiences. Reflecting on a previous investment assessment, they note: "*I should have done a different analysis that was not coloured by historical experience"* (I3, translated from Swedish). This illustrates how prior experience, while valuable, may bias investment evaluations by anchoring judgments in past ventures rather than in the specific characteristics of current opportunity. This observation aligns with Pelucco and Vismara (2025), who argue that former entrepreneurs may struggle to generalize lessons from their own ventures to new investment contexts, potentially limiting investment performance (p. 4).

Industry experience refers to expertise gained through previous roles in specific sectors or occupational domains (Mitteness et al., 2012, p. 243). For I5, long-term experience within a specific industry becomes a central reference point in angel investing. Reflecting on their investment focus, they state: "*You have to be clear from the beginning what you will be able to contribute. Therefore, it's mainly fintech companies that I invest in. That's the clear red thread. I have two, or maybe even three, exceptions, and then it was something very special*" (I5, translated from Swedish). Having worked as an equity trader for approximately twenty years, the interviewee explains how this extensive industry background has shaped both evaluation of opportunities and which ventures are considered relevant. The interviewee's long-term experience within the financial sector directs their attention primarily towards fintech ventures, where their knowledge and expertise are perceived as most transferable. This aligns with Mitteness et al. (2012), who argue that certain professional backgrounds provide particularly valuable tools for investment evaluation, including familiarity with deal structuring, valuation practices, and risk assessment (p. 245).

In contrast to long-term experience within a single industry, another form of industry experience is characterised by movement across multiple industries and occupational domains: "*I've worked extensively with digitalisation… in internal processes and customer interaction,"* and *"I've worked in finance, media, and later in telecom at Telia*," while continues "*... you bring with you everything you've done before*" (I10, translated from Swedish). This interviewee's background spans several industries and organisational contexts, with different business models, technologies, and market logics. Such cross-sectoral experience may shape how investment opportunities are evaluated, particularly during the due diligence process. Due diligence refers to careful evaluation of a venture prior to investment (Mitteness et al., 2012, p. 244). Through repeated exposure to different industries and ventures, investors may develop an enhanced ability to interpret market signals, assess technological feasibility, and evaluate the strategic potential of new ventures (Pelucco & Vismara, 2025, p. 6).

Investment-specific experience refers to the knowledge investors develop through direct involvement in angel investing activities. This includes screening deal flow, which is the continuous stream of potential investment opportunities. But also engaging in syndication, participating in angel networks, and repeatedly evaluating ventures characterized by high levels of uncertainty (Mitteness et al., 2012, p. 245). I8 illustrates an early stage of limited investment-specific experience, reflecting on their initial investments: "*In the beginning, I didn't understand how dilution works… I didn't understand what would happen after I had transferred the money. I was a bit naive.*" (I8, translated from Swedish). This statement indicates low investment-specific knowledge at the outset of their investing activity. Over time, however, this knowledge appears to have developed through direct exposure to investment outcomes. As I8 later notes, "*I learned that the hard way, and that was very, very good,*" (I8, translated from Swedish). This emphasizes how learning through repeated evaluation of high-uncertainty ventures, and aligns with Mitteness et al. 's (2012) description of investment experience as emerging through continued engagement in investment processes (p. 245).

4.2 Learning

Another essential theme for angel investors is learning. In line with Kolb's (1984) view of learning as an ongoing process rather than a fixed outcome, interviewees describe learning as something that becomes clearer when earlier assumptions can be compared with later results and consequences (p. 10). This process view is particularly visible when interviewees connect learning to seeing a full investment journey, including outcomes and exits. One interviewee highlights the importance of gaining such exposure: *"I've been to an exit workshop and really want to see exits… you want to be invested… from A to C… then start to divest"* (I7, translated from Swedish). This illustrates how learning is understood as cumulative and reinforced through follow-through, where experiences can be revisited and interpreted in light of what later happened. It also supports the argument that learning cannot exist without experience and that prior experiences play a critical role in how individuals learn (Morris, 2020, p. 1).

Across interviews, learning is described as gradual development of more structured knowledge, where repeated exposure contributes to richer mental frameworks and clearer ways of interpreting information. This corresponds with the argument that experienced individuals build more detailed schemata and integrate domain-specific knowledge in more meaningful ways through repeated exposure (Collewaert & Manigart, 2015, p. 358). In this sense, experience becomes learning when it produces more stable interpretative patterns rather than merely accumulating more "cases."

4.2.1 Learning from past failure and successes

A central pattern is that negative outcomes are more likely than successes to produce explicit learning. One interviewee captures this directly: *"the bad examples… because those are the ones you learn from"* (I9, translated from Swedish). This suggests that setbacks trigger a stronger need to make sense of what happened, creating a learning moment where investors reflect on what they missed and why. This relates to the second step in the experiential learning cycle, reflective observation, which involves critical reflection and consideration of alternative

interpretations of experiences (Morris, 2020, p. 4; Kolb, 1984, p. 6). One interviewee illustrates this progression by describing how early impressions could override deeper understanding: *"I could be seduced by a really good pitch… I didn't really understand the product,"* and later how problematic founder incentives became visible when *"they started taking quite high salaries… so I bypassed my own rules"* (I4, translated from Swedish). Here, experience is reinterpreted as a lesson about what can be masked in early encounters, and the interviewee describes how this later contributed to narrowing their focus: *"now it's basically only fintech I invest in"* (I4, translated from Swedish).

The interviews also show how learning can solidify into explicit warning flags that remain salient across later experiences. One interviewee describes withdrawing immediately when hearing certain founder statements, calling it *"a warning flag"* if someone says *"Honestly, we need the money. We want you as an investor, but not in a board role."*(I4, translated from Swedish). This reflects how reflection is converted into a clearer interpretive cue, an example of how concepts formed from experience become more readily accessible in later situations (Kolb, 1984, p. 6).

Another recurring learning output is that some interviewees develop more explicit structures for making sense of opportunities and risks. One investor describes building a template: *"I've created my own template"* including *"market analysis," "profitability potential,"* and *"risk exposure if interest rates or the market changes"* (I1, translated from Swedish). Rather than treating learning as purely tacit, this illustrates how experience can be transformed into articulated frameworks, consistent with abstract conceptualisation as the formation of concepts based on reflections (Morris, 2020, p. 5; Kolb, 1984, p. 6).

The interviews also suggest that learning reshapes what they perceive as most uncertain, especially relative importance of team-related factors versus product-related factors. One investor stresses that "*you have to assess the team*," because *"mediocre people… it doesn't work," while "really sharp people… can even start with the wrong business idea and adjust after*

a while" (I7, translated from Swedish). Similarly, another interviewee notes that *" it's not always the original product that becomes the final product,"* which makes adaptability central and requires *"fast and flexible entrepreneurs"* (I4, translated from Swedish). This suggests learning as a shift in interpretive focus: experience informs what is treated as stable versus changeable in early-stage contexts, and which uncertainties become most critical (Harrison et al., 2015, p. 534)

Finally interviewees connect the ability to sustain learning through repeated engagement to a personal safety base, where perceived exposure shapes how comfortable they feel engaging in uncertain environments. One interviewee frames this as privilege and protection: *"I'm very privileged… I'm privileged and protected… if I make a bad investment… I don't die"* (I8, translated from Swedish). Another expresses a boundary condition: *"you shouldn't invest money in a way that it affects your life"* (I6, translated from Swedish). This highlights that learning is enabled by the capacity to absorb negative outcomes without personal consequences, which can influence continued participation and thus continued learning (Botelho et al., 2023, pp. 331-332).

4.2.2 Informal and experiential learning

The interviews indicate that angel learning is mainly informal rather than formal. Formal learning is structured, planned, and institution-based (Chetry, 2024, pp. 659-661), whereas informal learning occurs outside such settings and develops through everyday practice (Chetry, 2024, pp. 660-661). This fits the interviewees' descriptions of learning through real engagement and interaction rather than formal courses, supporting the view that angel investing is best understood as an informal learning process (Botelho et al., 2023, p. 323).

Using Botelho et al.'s (2023) informal learning (p. 326), the interviews can be interpreted through four learning types. First, there are examples of self-directed learning, where angels actively take charge of their learning without a formal instructor (Botelho et al., 2023, pp. 326-327). One interviewee describes moving away from formal training: *"I don't go to training anymore"* (I7, translated from Swedish), while still emphasising deliberate exposure to learning-relevant experiences. Similarly, creation of personal structures such as templates

suggests intentional competence-building through practice, consistent with self-directed informal learning (Botelho et al., 2023, pp. 326-327).

Second, the data also reflects incidental learning, which Botelho et al. (2023) identify as the most common pattern among angels (p. 331). Here, learning is often recognised only later, usually after difficulty or disappointment. This is evident when the interviewees highlight learning from negative examples or describe how early naivety later became an explicit lesson. For instance, one investor explains having *"gone in blindly,"* then realizing the importance of *"getting to know that person beforehand"* (I8, translated from Swedish). This mirrors the argument that difficult outcomes often become triggered through which learning is recognised and articulated (Botelho et al., 2023, pp. 331-332).

Third, there are signs of socialization (tacit) learning, where angels absorb norms and routines through immersion in angel communities (Botelho et al., 2023, p. 332). One interviewee describes an early phase of learning primarily through community exposure: *"in the first season I only met angel investors,"* and *"angel investors would teach me"* (I6, translated from Swedish). Analytically, this suggests learning embedded in participation, where competence is shaped through exposure to shared routines and ways of interpreting opportunities, even if it's not labelled as "learning" at times.

Fourth, the interviews contain indications of integrative learning, which combines unintentional and intentional elements and often involves increasing awareness and reflection over time (Botelho et al., 2023, pp. 326-327). One interviewee describes the network as a recurring arena for collective discussion: *"we are a network… about 25 people… we meet once a month… companies pitch… and then we discuss if it's interesting"* (I9, translated from Swedish). This can be seen as repeated participation initially can be routine involvement, but gradually foster reflection and integration of peer feedback into one's own understanding, consistent with Botelho et al.'s (2023) argument that diverse outcomes and peer feedback stimulate reflection and adaptation over time (pp. 331-332).

Overall, findings show that angels' learning follows an experience-based logic in which experiences are processed with varying levels of intention and awareness. Experiential learning theory clarifies how concrete experiences can be transformed into revised understanding over time (Kolb, 1984, p. 5, 10), while Botelho et al.'s (2023) helps explain how different forms of informal learning co-exist and how networks and reflection shape what becomes learned (pp. 326-327).

4.3 Decision-making

This theme examines how angel investors make investment decisions under uncertainty, with a focus on how they combine intuition (S1) and analysis (S2) and whether this balance shifts as they gain experience. The guiding research question is not "what criteria do they use?", but how they move from a first impression to a final go/no-go decision when information is incomplete and outcomes are hard to predict.

Early-stage investing is repeatedly described in the interviews as a context where risk cannot be fully calculated. This connects to the idea of "unknowable risk", where markets and business models are still forming and formal analysis cannot remove uncertainty (Huang & Pearce, 2015, 635-637). In such settings, the interviews show a clear main pattern: S1 often comes first and works like a filter, helping investors decide quickly whether a case deserves more time. I3 & I9, along with many others, captures this fast screening logic: "*After a number of meetings, I usually realise quite quickly whether this is a go or a no-go."* (I3, translated from Swedish). *"In about 90 percent of cases, I say no already in the meeting when I'm not interested, it simply didn't get my attention."* (I9, translated from Swedish). At same time, most interviewees indicate that intuition is not enough on its own. After the initial "feel," they describe steps like double-checking, calculating, and validating assumptions suggesting that S2 enters as a control mechanism rather than a guarantee of certainty. I1 states the sequence clearly: *"The gut feeling comes first, absolutely. And then the analysis follows."* (I1, translated from Swedish). This aligns with dual-process theory, where S1 is fast and heuristic and S2 is slower and reflective

(Kahneman, 2011, pp. 23-24). Overall, the interviews suggest that both systems are used together, but to different degrees and that several investors describe a shift toward more structured validation over time, without fully abandoning gut feeling.

S1 is most visible in how interviewees describe entry into a case: rapid screening, early sense-making, and fast judgements under uncertainty. Several investors describe forming an initial direction after limited interaction, often before any formal analysis is undertaken. I6 explains that *"I basically only looked at their website, if there even was one, and then I did nothing more ... it becomes extremely much gut feeling"* (I6, translated from Swedish). They further emphasize how limited information at entry pushes judgement toward intuition: *"I can bring in as much data as I want, but it doesn't matter at that stage"* (I6, translated from Swedish). Compared to a rational-choice ideal where evaluation starts with calculation, this represents a clear inversion: intuitive orientation determines whether analytical effort is motivated at all (Bridge, 2020, p. 207).

Importantly, the interviewees do not describe these fast judgements as subjective. Rather, they frame them as experience-based heuristics developed to cope with a highly uncertain investment landscape. Which are characterised by limited information, high deal flow, and irreversible commitments. Several interviews point to a relational heuristic, where early judgements are anchored in perceived trust and interpersonal fit (Harrison et.al., 2015 p. 531) . I6 makes this explicit: *"You have to ask yourself whether you like the person"* (I6, translated from Swedish). Similarly, I3 describes how interaction quality functions as an early signal of execution capacity, noting that dynamics and communication style quickly indicate whether collaboration would be workable over time. This is consistent with prior research showing that heuristics, in such contexts, relational cues can become efficient proxies for assessing collaboration and execution when analytical information is limited (Huang & Pearce, 2015, pp. 635-637).

Another recurring heuristic concerns comprehensibility and cognitive fit. Several interviewees describe an early screening based on whether they can form a clear and simple understanding of

the business. I6 explains that beyond interpersonal fit, lack of understanding becomes an immediate stop signal: *"The other thing is if I don't understand the product… it has to be extremely easy to understand"* (I6, translated from Swedish). I1 expresses a similar logic, stating that they is *"not interested in going into something I don't understand"* and places this assessment before other considerations, adding that only after understanding the basic do they evaluate *"the people behind it, and whether you can believe in them and their ability to execute"* (I1, translated from Swedish). Analytically, this reflects a competence-based heuristic, where complex and uncertain judgments are simplified by relying on whether the venture is cognitively comprehensible to investors (Tversky & Kahneman, 1974, p. 1124). This shows a pattern where a complex and uncertain question ("Will this venture succeed?") is replaced by a simpler and more tractable one ("Do I understand what this is?") under conditions of uncertainty (Kahneman, 2011, pp. 100-101).

S1 also appears as threshold-based judgement through deal-breaking signals. I9 describes valuation as an immediate stop rule: *"one thing that always leads to very fast no's is when you feel that the valuation is completely wrong. Then it's not even worth looking at the case"* (I9, translated from Swedish). Rather than trading off strengths and weaknesses, such cues eliminate cases that violate non-negotiable requirements, mirroring elimination-by-aspects logic (Maxwell et al., 2011, pp. 214-217). In a context of scarce attention and abundant opportunities, these heuristics function as protective mechanisms that preserve cognitive and temporal resources (Kahneman, 2011, p. 28, 417).

Overall, the interviews support viewing heuristics not as biases to remove, but as practical ways to handle uncertainty. S1 judgements are fast because they are trained: they draw on accumulated experience, repeated pattern recognition, and learned associations between early signals and later outcomes. In this sense, the interviews supports the view of heuristics as "residual outcomes of learning," which become intuitive precisely because they have been reinforced through repeated evaluation over time (Harrison et al., 2015, p. 534).

S2 enters the interviews in a distinct role. Investors rarely claim that analysis can eliminate uncertainty; instead, it's described as selective validation, plausibility testing, and control of avoidable error. This challenges a strong Rational Choice interpretation in which calculation dominates from the outset (Opp, 2020, pp. 44-45). While the interviewees do refer to rational evaluation, they consistently place it after an initial screen and frame it as a safeguard rather than a driver. I1 articulates this sequencing explicitly: *"Gut feeling comes first, absolutely. And then comes the analysis"* while emphasising that an attractive case still must be economically defensible: *"You can't ignore the capital… if you can't see that a return is possible, then there is no point"* (I1, translated from Swedish). Similarly, I3 describes how experience has led them to devote *"significantly more time and energy"* to structured risk assessment, particularly factors beyond direct control such as market conditions and interest rates (I3, translated from Swedish). Together, this shows S2 doesn't function as a tool for forecasting certainty or optimising outcomes, but as a mechanism for filtering out implausible cases and preventing avoidable mistakes. Analytically, S2 functions as an enforcer of basic feasibility and financial discipline, aligning with research that frames deliberation as trying to avoid errors, rather than an optimisation process (Kahneman, 2011, pp. 31, 47) .

A key contribution of the interviews is that S2 is about numbers. It regulates cognitive and social dynamics that can distort judgement once an investor becomes enthusiastic. I9 describe angel decisions as *"much more emotional"* likening them to *"falling in love"* with the entrepreneur and idea, which makes it easy to seek confirming information and disregard red flags (I9, translated from Swedish). I7 describes a similar practice of self-monitoring: *"Prejudices are sometimes a form of accumulated experience … but I have to question myself … am I right now? Or is this a prejudice?"* (I7, translated from Swedish). These accounts strongly confirm the behavioural literature on bias and confirmation under uncertainty (Kostov, 2020, pp. 268-271). S2 is valuable precisely because S1 can become self-reinforcing.

Several interviewees describe S2 as something that can be built into decision processes, through routines and structures. I3 explains that they have created *"a personal template"* that guides

what they checks before committing (I3, translated from Swedish). Analytically, this template can be understood as a S2 artefact developed through deliberate reflection, which also shapes S1 over time by standardising what "feels right" to check early on. In this sense, experienced angels do not rely less on intuition, but embed it within learned structures. This suggests that angels externalise deliberation into checklists and recurring questions, reducing dependence on atmosphere of a single pitch, a pattern several interviewees describe through similar standardised ways of working. The interviews also point to "collective" forms of decision-making, where other investors add challenge, perspective, and control. Two interviewees argues that group dynamics and diverse backgrounds lead to better decisions when several investors contribute different viewpoints (I3 and I9), which aligns with research on angel groups and networks as mechanisms for pooling experience and improving judgement (Mason et al., 2016, p. 324; Botelho et al., 2023, p. 323). Analytically, this collective dimension operates in two ways. Trusted co-investors can function as a S1 shortcut, enabling faster decisions based on relational trust and shared judgement, where others act as an informal checkpoint. At same time, collaboration can restrain intuition. As I8 notes, *"you become much more restrictive when you discuss cases together with others"* (I8, translated from Swedish) indicating that collective interaction can activate a more reflective mode of judgement. The same collective can also be mobilised as a S2 resource, since it links directly to Kahneman (2011) explanation of, deliberately validating assumptions, surface counter-arguments, and discipline individual intuition before committing (p. 47).

Taken together, the interviews views S1 and S2 as a coordinated workflow rather than competing "styles." The dominant pattern is stepwise: S1 determines whether the opportunity deserves attention, while S2 when activated evaluates whether it survives deeper evaluation. However, the interviews also show how this coordination can break down under time pressure, when S1 momentum compresses the process. This dynamic is clearly illustrated in I9's interview. They describe how an urgent pitch, with capital already committed and a round closing within days, led them to "*skip the whole part*" of the process and respond quickly (I9, translated from Swedish). Only when the shareholder agreement arrived late did S2 engage, at which point I9

"almost fell off the chair" (I9, translated from Swedish) realising that the structure entailed risks that could not be worked around. In this case, S1 drives decision forward through urgency and attraction, while S2 when finally activated functions as a late-stage veto rather than a gradual evaluator (Maxwell et al., 2011, pp. 216-219) .

Finally, the interviews provide evidence of a shift across angel careers. The shift is not from intuition to pure analysis, but toward earlier and more systematic/selective validation routines. I8 contrasts early behaviour *"In the beginning it was mostly that I fell for the ideas"* with today's caution: *"I no longer like to invest in a single entrepreneur…"* and *"I am much more careful with legal matters now"* (I8, translated from Swedish). I6 similarly describes stronger verification today: *"Today I double-check… I read into it more"* (I6, translated from Swedish). These "before and after" accounts fit the learning view: experience does not remove S1; it changes how much authority it gets and strengthens S2 as a protective layer (Harrison, et al., 2015, pp. 532-533). Importantly, this temporal shift, from attraction-driven intuition toward more bounded and experience-calibrated judgement suggests that S1 itself evolves across an angel's career. A development that's examined in more detail in Section 4.4 "Linking: Experience - Learning - Decision-making".

4.4 Linking: Experience - Learning - Decision-making

During the analysis, experience, learning and decision-making were initially treated independently. However, to respond to the research question, which focuses on the *relation* between experience and decision-making, they now need to be understood together since interviewees describe them as interconnected.

Across the interviews, the relation between prior experience and decision-making for angel investors is best captured as a mechanism chain rather than a direct relationship. Experience accumulates through entrepreneurial experience, industry experience, and investment-specific experience, but it affects new evaluations mainly after it´s been processed into learning through

experiential and informal learning dynamics (Kolb, 1984, p. 5; Morris, 2020, p. 1; Botelho et. al., 2023, p. 323).

First, different types of experiences supply raw material that later supplies decisions. Interviewees describe how repeated exposure, *integrative learning* works as a mechanism and gradually builds a "feel" for founders, teams and markets, yet they also indicate that early-stage experience can be shaped by enthusiasm and persuasive narratives, which fits the idea of fast judgement under uncertainty (Kahneman, 2011, p. 88-89).

Second, learning converts experience into usable principles, and this is most visible when interviewees articulate what they have "taken with them" from past cases. One interviewee states plainly *"Yes, of course… you learn from your experiences"* (I1, translated from Swedish), aligning with experiential learning logic where concrete experience becomes meaningful only when it's reflected on, through *self directed learning*, and transformed into more generalised understanding (Kolb, 1984, p. 6; Morris, 2020, p. 4). This conversion is also evident when criteria shift as a direct outcome of prior outcomes and operational difficulty, for example: *"Previously I looked much more at profit. Now it's cash flow"* and *"You have to be able to calculate correctly"* (I3, translated from Swedish). Here, experience functions as the event, while learning is the mechanism that extracts the principle and makes it portable across future evaluations.

Third, in line with Botelho at al's. (2023) *incidental learning,* negative outcomes accelerate learning by intensifying reflection and rule formation (pp. 331-332). Several interviewees describe failures as the clearest source of lessons, for instance *"It's very easy to find things you've learned from… all of these examples are the bad examples"* (I8, translated from Swedish). Analytically, this supports the idea that breakdowns prompt more explicit sensemaking than successes (Kahneman, 2011, p. 28), which helps explain why learning increasingly forms clearer "rules" and more deliberate checking behaviour over time (Harrison, et al., 2015, p. 534).

Fourth, learning becomes important when it's embedded into routines and repeatable practices. The interviewees describe learning as insight and something that gets "built into" how they operate, captured in *"There are more boxes that need to be ticked, I think, the more experience you get"* (I2, translated from Swedish). This is consistent with the idea that heuristics and judgement structures become more stable as experience accumulates (*S1*), while deliberate verification becomes a learned routine rather than an occasional response *(S2)* (Harrison et al., 2015, pp. 536-538; 543). The same development is reflected in how later-stage investors describe stronger checking behaviour: *"Today I double-check… I read into it more"* (I6, translated from Swedish).

Fifth, social interaction operates as both a learning channel and a verification mechanism. Beyond individual reflection, interviewees describe peers and networks as an infrastructure for learning, calibrating judgement through ongoing discussion and debriefing, all in line with *tacit learning*. One interviewee captures this deliberate use of collective: *"I spend a lot of time talking to other investors… both about learnings and debriefs… we've created a playbook and try to continuously develop it… the network, talking to others is crucial"* (I8, translated from Swedish). Another formulation shows how peers can change the evaluation stance in the moment, via *(S1)*. *"Of course I'm influenced by someone else's experience, someone I trust and consider wise. If they say they believe in this, I'm just like… okay, shouldn't I believe in it either?"* (I10, translated from Swedish) but at same time, can also become more analytical via *(S2)*, *"you become much more restrictive when you discuss cases together with others"* (I8, translated from Swedish). This adds to Botelho et. al., (2023) informal learning perspective by showing that "social" is where learning happens over time and how it's activated as a practical control during evaluation (pp. 323-324).

Finally, interviews also indicate boundary conditions where the chain is compressed or varies. Under time pressure, the process can be shortened, as when an urgent round led an interviewee to *"skip the whole part"* (I9, translated from Swedish) until late information triggered a

reassessment, described as a chock *"almost fell off the chair"* (I9, translated from Swedish). In addition, perceived safety influences how much room investors have to "learn by trying," for example: *"You dare to try things precisely because you have that sense of safety"* (I5, translated from Swedish). Together, these boundary conditions suggest that experience-learning-decision link is patterned, but its pace and expression depend on situational pressure and perceived consequences of mistakes.

Conclusion and Discussion

5.1 Conclusion

This thesis asked: *How do angel investors perceive the relation between their prior experiences and decision-making when evaluating new ventures?*

The findings show that angel investors do not perceive a direct relation between prior experience and decision-making. Instead, relation between experience and decision-making can be seen as an iterative process with connected steps. First, investors accumulate experience through repeated exposure to entrepreneurs, different industries, and investment outcomes. Second, these experiences are reflected upon and transformed into learning. Third, this learning develops into more stable judgement tools, such as cues, criteria, routines, and checkpoints. Finally, these tools are applied in investment decisions, structuring how new ventures are screened, assessed, and validated. As angel investors accumulate experience over time, they become increasingly selective in what they choose to verify. Experience is translated into learning that helps them focus on key uncertainties while filtering out noise, and to apply targeted verification in order to regulate bias and emotional commitment. They also perceive that these learned judgement tools shape both early screening decisions and relationship with the entrepreneur, where credibility and perceived "fit" are evaluated alongside the venture, ultimately guiding the final investment decision. Both intuitive (S1) and analytical modes (S2) of thinking are present from early stages, although their relative balance differs between. What changes over time is a general shift towards more consciously and selectively applied analytical reasoning, used to validate intuition rather than broadly or reactively correcting it.

This thesis makes a focused contribution to research on angel investing by showing how experience changes what angels learn and how they coordinate intuitive judgement (S1) and deliberate verification (S2) across the investment process. Our data suggests a career shift toward earlier and more routinised validation, meaning S2 becomes increasingly front-loaded and

intentional rather than a late-stage rescue. This is captured when interviewees describe moving from relying on first impressions to systematic verification. By specifying this shift, we add precision to prior heuristics-based accounts by clarifying where deliberation is activated and how it becomes a learned routine rather than an occasional corrective (Harrison et al., 2015).

We also extend the informal learning perspective discussed by Botelho et. al., (2023) by providing further details of the role social dimension plays in angels' learning and decision-making. While prior work highlights social interaction and learning from others experiences as important cues shaping informal learning, our findings show that social contribution to learning and a tool angels use to form judgement decisions. In practice, network discussions operate as a thinking safeguard that pushes evaluation from gut-level approval toward reflective challenge, and thereby increases use of verification when situational cues risk amplifying bias.

Harrison et. al. (2015) argue that heuristics are central to angel investment decisions and explicitly call for further research on how heuristics operate across different stages and decision contexts. We contribute by adding "where and when" detail to prior heuristics research without challenging the central claim that heuristics are widely used in angel decision-making. Our findings respond to this by showing that heuristic reliance becomes especially pronounced in high-bias contexts such as persuasive pitching, urgency, and emotional commitment. At same time, we show that increasing experience is associated with a more selective use of S2. To assess markets or numbers and to regulate how people's thinking is shaped by others such as over-attachment and confirmation seeking, captured in interviewees descriptions of "falling in love" with an idea or entrepreneur (I9). In this way, we broaden prior research by showing that reflective thinking functions both as self-control and analysis.

Finally, we contribute to experiential learning theory by operationalising Morris' (2020) experiential learning cycle in an angel-investing context. In our data, concrete experience, direct, hands-on exposure to deals, founders, and outcomes, are followed by reflective observation,

where investors critically reassess what happened across past cases. These reflections feed into abstract conceptualisation, as investors form more general principles and interpretations, such as intuitive screening rules and explicit red flags. Over time, these principles are tested and refined through active experimentation, as investors apply them in new evaluations and increasingly complement intuition with structured verification routines that calibrate and constrain intuitive judgments (Kolb, 1984).

5.2 Discussion

The conclusion highlights that experienced angel investors perceive experience as shaping decision-making through a continuous loop of experience, learning and action. This section discusses what this means in relation to the study's purpose and how findings deepen our understanding of angel decision-making under uncertainty.

A central discussion point is that experience does not function as a static stock of knowledge, but as an ongoing process that restructures how decisions are made. Rather than describing experience as something that simply accumulates over time, interviewees emphasise how specific past outcomes are actively reflected upon and transformed into usable judgement tools. This suggests that experience only becomes decision-relevant when it's interpreted and converted into lessons, warning signs and routines. In this sense, the findings nuance prior assumptions that more experience automatically leads to better decisions. This by showing that it's reflective learning, not exposure alone, that matters.

Another important insight concerns how intuition and analysis are combined. The conclusion shows that experienced angels do not replace intuition with formal analysis, but instead discipline intuition through learned verification practices. This indicates that S1 and S2 are not competing modes, but interdependent. Intuition continues to guide early screening, while deliberate checks are increasingly activated earlier in the process. This front-loading of verification can be interpreted as a way of managing uncertainty more efficiently, allowing investors to move fast without relying blindly on first impressions. Rather than becoming more

“rational” in a narrow sense, experienced angels appear to become more structured in how they question their own judgement.

The findings also invite discussion of the social dimension of decision-making. While earlier research often treats social interaction as a background context for learning, this study suggests that experienced angels actively use networks and peer discussions as a real-time corrective to individual judgement. Social interaction functions as a mechanism that interrupts overly intuitive decisions, especially in situations characterised by persuasive pitching or emotional engagement. This highlights that learning and decision-making are not purely individual cognitive processes, but are embedded in social practices that help regulate bias and overconfidence.

Finally, the study contributes to a more process-oriented understanding of angel investing by clarifying when and where learning influences decisions. Experience shapes what angels look for and how they structure the evaluation sequence itself. The discussion reinforces the idea that angel decision-making is best understood as a learned practice, where intuition, verification and social interaction are coordinated over time to cope with persistent uncertainty.

5.2.1 Limitations

This study has several limitations that are important to consider when interpreting the findings. First, the analysis is limited to the pre-investment phase of angel investing, focusing on the evaluation process leading up to the investment decision. As a result, the study does not capture what occurs after an investment has been made or how decision-making unfolds in the post-investment phase. Second, the study is based on angel investors’ perceptions rather than direct observation of decision-making in practice. While the interviews provide insight into how investors describe and interpret their own decision processes, the study cannot fully account for how these processes are enacted in real time. Third, the findings rely on prior investment experiences rather than real-time observations. Because interviewees reflect on decisions and experiences after they have occurred, their narratives may be shaped by subsequent events, later outcomes or reinterpretations over time. This may lead to narratives that are shaped by later

reflections or to challenges in fully articulating the experience. Finally, the study does not follow investors longitudinally perceived learning to subsequent investment outcomes. As a result, it's not possible to assess how experiences and learning develop across multiple investment cycles or how they influence decision-making over time.

5.3 Future Research

This study focuses on how angel investors approach investment decision-making in the pre-investment phase and is limited in its ability to capture what occurs after an investment has been made. Future research could extend this work by shifting attention to the post-investment phase.

Studying the post-investment phase would allow researchers to examine learning and decision-making processes closer to when they unfold in practice. By focusing on later stages of the investment process, future studies could adopt designs that combine interviews with observational methods, enabling a more real-time understanding of how investors support, influence and interact with portfolio companies.

The findings further suggest that angel investors assume different roles following an investment. Future research could explore what shapes these role choices, such as venture characteristics, investor background and preferences, or interaction between these factors. In particular, examining how investors balance providing support without taking over the entrepreneur’s role could offer deeper insights into relational dynamics.

5.4 Practical implication

5.4.1 Implications for angel investors

For novice angel investors

As noted by Forbes (2021), novice angel investors often face common challenges, such as lacking a clear strategy for portfolio construction, underestimating importance of founder evaluation, or committing excessive capital at an early stage. Although this study focuses on experienced angel investors, the findings offer valuable insights for less experienced angels. Specifically, the results illustrate how experienced investors screen opportunities, identify early warning signals and rely on intuition shaped by prior successes and failures. This helps explain why experienced angels frequently reject opportunities at an early stage and why strong pitches or initial excitement are rarely decisive on their own. The findings can serve as a learning reference for novice angels by clarifying which types of signals tend to matter most early in the investment decision process.

For experienced angel investors

For experienced angels, the study offers a framework to reflect on their own investment strategies. Necessarily not to new strategies, but to understand and reality check one's own investment behaviour. Since this study provides how angel investors think, it could also inspire to think in a new different way. This can help experienced investors clarify why they prioritise certain signals, how past failures influence current screening, and where intuition plays a decisive role.

5.4.2 Implications for entrepreneurs

For entrepreneurs, the findings provide insight into how different angels think and evaluate opportunities. The study shows that angel investors evaluate opportunities using different logics depending on their experience, where some aspects are decided through immediate judgment while others require explicit analysis. Understanding this may inform entrepreneurs approaching angels, by adapting their communication to the investor they are meeting.

Practically, this suggests recognising that different angels respond to different cues. Some investors are particularly sensitive to founder credibility and incentives, while others focus on learning ability, openness to feedback or alignment with prior experience. By understanding where “gut feeling” is formed and which aspects tend to trigger positive or negative reactions, entrepreneurs can better emphasise the parts of their venture that resonate with a specific angel’s mindset and experience.

References

Arroyo, O., Pérez-Macías, N., Medina-Molina, C., & Bellón, C. (2025). In search of efficient investment decisions by business angels. In C. Blanco González-Tejero et al. (Eds.), Efficiency and optimization in business practice (pp. 115-138). Springer Nature.
DOI: 10.1007/978-3-031-97641-4_7

Botelho, T., Harrison, R. & Mason, C. (2023). Business Angel Investment as an Informal Learning Process: Does Experience Matter? British Journal of Management, 34(1), 321-342. DOI:10.1111/1467-8551.12583

Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. Qualitative research in psychology, 3(2), 77-101.

Bridge, G. (2020) 'Rational Choice Theory and Rational Choice Marxism', The Encyclopedia of Social Theory, pp. 207-211.

Bryman, A., & Bell, E. (2017). *Företagsekonomiska forskningsmetoder* (3:e uppl.). Liber.

Collewaert, V. & Manigart, S. (2016). Valuation of Angel-Backed Companies: The Role of Investor Human Capital. Journal of Small Business Management, 54(1), 356-372.

Falcão, R., Carneiro, M.J. and Moreira, A.C. (2023) 'Why do business angels invest? Uncovering angels' goals', *Cogent Business & Management*, 10(2), pp. 1-28. doi:10.1080/23311975.2023.2234134.

Forbes. (2021). *Angel Investing: What Experienced Investors Wish They Knew When They Started.*

https://www.forbes.com/sites/mirunagirtu/2021/03/16/angel-investing-what-experienced-investors-wish-they-knew-when-they-started/ [Accessed 2025-11-24]

Hanák, R. (2020). Entrepreneur's Experience as Business Angels' and Venture Capitalists' Decision Criteria. SHS Web of Conferences, 83, 01020. https://doi.org/10.1051/shsconf/20208301020

Harrison, R. T., Mason, C. M. & Smith, D. (2015). Heuristics, learning and the business angel investment decision-making process. Entrepreneurship & Regional Development, 27(9-10), 527-554. DOI: 10.1080/08985626.2015.1066875

Henline-Hall, J. (2024). Introduction to Quantitative and Qualitative Research Methods. *Radiologic Technology*, 96(1), 45-56.

Huang, L. & Pearce, J. L. (2015). Managing the unknowable: The effectiveness of early-stage investor gut feel in entrepreneurial investment decisions. Administrative Science Quarterly, 60(4), 634-670. DOI: 10.1177/0001839215597270

Juanich, M., Dewberry, C., Sirota, M., & Narendran, S. (2016). *Cognitive reflection predicts real-life decision outcomes, but not over and above personality and decision-making styles*. Journal of Behavioral Decision Making, 29(1), 52-59. https://doi.org/10.1002/bdm.1875

Kafeshani, A.A., Rezvani, M., Chitsazan, H. & Kazemi, R.M. (2018). The art of fundraising from business angels based on entrepreneurial marketing: A new insight. International Journal of Entrepreneurship, Article.

Kahneman, D. (2011). *Thinking, Fast and Slow*. New York: Farrar, Straus and Giroux INC.

Kostov, K.S. (2020). How Investors Really Make Decisions: What Entrepreneurs Need to Know When Raising Money. Biotechnology Entrepreneurship. 1st ed. Elsevier, pp. 267-278. DOI: 10.1016/B978-0-12-815585-1.00018-8

Kolb, D.A. (1984). Experiential Learning: Experience as the Source of Learning and Development. Englewood Cliffs, NJ: Prentice-Hall.

Kvale, S. & Brinkmann, S. (2021). *Den kvalitativa forskningsintervjun*. Studentlitteratur

Lange, J., Rezepa, S. & Zatrochová, M. (2024). The Role of Business Angels in the Early-Stage Financing of Startups: A Systematic Literature Review. Administrative Sciences, 14(10), 247. https://doi.org/10.3390/admsci14100247

Lindstedt, I. (2019). *Forskningens hantverk*. 2 uppl., Studentlitteratur

Maxwell, A. L., Jeffrey, S. A. & Levesque, M. (2011). Business Angel Early Stage Decision Making. Journal of Business Venturing, 26(2), 212-225. DOI: 10.1016/j.jbusvent.2009.09.002

Minger, J. (1984). Human capital and economic growth. Economics of Education Review, 3(3), 195-205. https://doi.org/10.1016/0272-7757(84)90032-3

Mitteness. Cheryl R, Baucus. Melissa S & Sudek Richard (2012) Horse vs. Jockey? How stage of funding process and industry experience affect the evaluations of angel investors, Venture Capital, 14:4, 241-267, DOI: 10.1080/13691066.2012.689474

Olmsted, J. (2024). “Research Reliability and Validity: Why do they matter?”. *Journal of Dental Hygiene*, 98(6), pp. 53-57.

Opp, K.-D. (2020). Rational Choice Theory, the Model of Frame Selection, and Other Dual-Process Theories: A Critical Comparison. Journal of Theoretical Politics, 25(1), 41-73. DOI: 10.1515/9783110647495-003

Pelucco, V., & Vismara, S. (2025). Where do angels come from? Journal of Corporate Finance, 94, Article 102815. DOI: 10.1016/j.jcorpfin.2025.102815

Rennstam, J. & Wästerfors, D. (2015). *Från stoff till studie: Om analysarbete i kvalitativ forskning*. Malmö: Gleerups.

Schugurensky, D. (2000). The forms of informal learning: Towards a conceptualization of the field (Working Paper No. 19-2000). DOI: 10.12691/education-3-10-20

Shane, S. (2000). Prior Knowledge and the Discovery of Entrepreneurial Opportunities. Organization Science, 11(4), 448-469.

Thomas Howard Morris (2020) Experiential learning - a systematic review and revision of Kolb's model, Interactive Learning Environments, 28:8, 1064-1077, DOI: 10.1080/10494820.2019.1570279

Tversky, A. & Kahneman, D. (1974). Judgment Under Uncertainty: Heuristics and Biases. Science, 185(4157), 1124-1131.

Vanderschraaf, P. (2024) 'Rational choice theory', Journal of Economic Methodology, 31(4), pp. 688-693.

Van Nes, F., Abma, T., Jonsson, H. and Deeg, D. (2010). *Language differences in qualitative research: Is meaning lost in translation?* European Journal of Ageing, 7(4), pp. 313-316.

Werth, J.C. & Boeert, P. (2013). Co-investment networks of business angels and the performance of their start-up investments. International Journal of Entrepreneurial Venturing, Conference Paper. https://doi.org/10.1504/IJEV.2013.055292

Appendices

7.1 Interview guide

INTRODUCTORY REMARKS (INTERVIEW SETUP)

Hello and welcome - small talk

About the interview:

Takes about one hour, conducted in Swedish, will be recorded, just me

Open format, no right or wrong answers, lots of reflection

I will read out a short statement that we are required to include, and then the recording will start. Ready?

START RECORDING:

My name is Clara Gorthon / Daniel Lind Clausen, and together with my fellow students Oscar Romell and Daniel Lind Clausen / Clara Gorthon, we are writing our bachelor's thesis in Entrepreneurship and Innovation at Lund University.

The purpose of our study is to examine how business angels perceive that their previous experiences influence their decision-making when evaluating companies for potential investment. By focusing on the investors' own interpretations and reflections, the study aims to understand how experiences shape their investment decisions.

To collect empirical data for our study, we conduct interviews, and this interview is part of that work. The interview is semi-structured, which means that we have certain themes to guide us, but we are also interested in following up on aspects that you yourself bring up. This means there is room to speak freely. There are no right or wrong answers. We are simply interested in your experiences and thoughts. The interview will be recorded, but all material will be treated confidentially and anonymized. The audio recording will be used solely for the purpose of accurately transcribing and analyzing the interview. You may also choose to withdraw at any

time.

Before we begin, we would like to ask: do you consent to the interview being recorded?

Do you have any questions before we start?

Theme 1: Introduction

We would like to get a picture of who you are and your role as a business angel.

Can you tell us a bit about yourself: who are you, what do you do today, and in what way are you involved in angel investing?

Follow-up question:

How much of your time do you devote to angel investing compared to other professional commitments?

What did your professional background look like before you started angel investing?

Follow-up question:

- Which parts of your previous career do you feel have been most valuable in your role as a business angel?

Was there something that motivated you to become a business angel, and how long have you been active in this role?

How would you generally describe your role in the companies you invest in? (i.e., to what extent are you involved in the companies?)

Follow-up question:

- What determines whether you choose to be more active or more passive in a specific company?
- Is your level of involvement evenly distributed across all companies?

Looking at your investment history: how do you usually structure your investments - do you invest alone, together with others, or a combination?
Follow-up question:
- What advantages do you see in investing alone compared to investing in syndicates or together with other angels?

Theme 2: Experience
We want to understand which parts of your experience you personally perceive as most important for your investing.

When you look back at your professional background, can you mention one or two experiences that you find particularly important when evaluating new companies?
(Entrepreneurial, industry-specific, investment-related, or post-investment experiences)
Follow-up question:
- How does the importance of these experiences become visible in practice when you meet entrepreneurs or analyze a case?

Are there things you notice today when investing that you did not think about when you first started investing?
Follow-up question:
- What do you think this change is due to? (more mistakes, personal development, changed market conditions)

Have there been situations where, in hindsight, you feel that you relied a bit too much on a particular previous experience when evaluating a company?
Follow-up questions:
- What happened in that situation?
- How do you think that experience influenced your assessment?
- Has it affected how you think in similar situations today?

How would you say that your experiences as an investor have changed the way you assess risk and potential over time?

Can you describe a situation where you noticed that a specific previous experience became particularly important in your assessment?

Theme 3: Learning

We want to understand how you learn from your investments.

Is there anything you consciously do to develop as an investor? (e.g., reflecting after exits, discussing with other investors, attending courses)?

Follow-up question:

- Which of these methods do you feel have had the greatest impact on your learning?

Can you describe a specific investment that taught you something important? What happened, what did you learn, and how did it affect your later decisions?

When you look back at your previous investments, what would you say are the most important lessons you have learned so far?

Follow-up question:

- Have any of these lessons fundamentally changed the way you invest?

Have there been situations where you did not intentionally try to learn something, but later realized that a certain event still influenced the way you invest?

Follow-up question:

- What do you think made that particular situation educational, despite you not actively seeking lessons?

How do collaborations with other investors or networks influence the way you make decisions or think about investments?
Follow-up question:
- Is there something specific you have learned from other investors that you would not have been able to learn on your own?

Do you feel that the way you evaluate companies has changed over time?
(Evaluating in terms of, for example: how you assess the team, the business model, the market, financial aspects, or other factors?)

Theme 4: Decision-making
Part A: A case you invested in

Think of a specific early-stage investment from the past ten years that you chose to invest in - something that feels typical of how you usually invest.
Can you walk us through the process - from the first contact with the team to the final decision?

Looking back at this case, what do you feel influenced your judgment during the process?

What were the main reasons why you chose to invest?

Part B: A case you chose not to invest in

Now think of a specific opportunity from the past ten years that you chose to decline - again, something that feels typical of investments you do not proceed with.

Could you describe the evaluation process in that case - from the first contact to the decision to decline?

Looking back, what do you think influenced your judgment in that case?

Not tied to a specific case:

Do you have any rule of thumb or shortcut that you often use when evaluating an investment case?
Follow-up question:
- When making this type of assessment, do you rely more on gut feeling or do you work more analytically?

Based on your own experiences, but also what you have observed in others, are there any specific traits that you think distinguish experienced investors from less experienced ones?
Follow-up question:
- Do you think these differences are mainly due to experience - or are they more about personality?

Finally, we would like to give you the opportunity to speak freely. Is there anything you would like to add related to the topic - something we have not covered, something you think is particularly important, or reflections on your process as an angel investor?

END RECORDING

7.2 Unpublished Sources

All interviews were conducted by the authors. Recordings, notes, and transcriptions from these interviews are in the possession of the authors.

Interviewee 1:
Gender: Female
Intervjudatum: 4 dec 2025
Intervjuns längd: 37 min

Interviewee 2:
Gender: Male
Intervjudatum: 5 dec 2025
Intervjuns längd: 27 min

Interviewee 3:
Gender: Male
Intervjudatum: 7 dec 2025
Intervjuns längd: 31 min

Interviewee 4:
Gender: Female
Intervjudatum: 9 dec 2025
Intervjuns längd: 40 min

Interviewee 5:
Gender: Male
Intervjudatum: 10 dec 2025
Intervjuns längd: 1 h 3 min

Interviewee 6:
Gender: Male
Intervjudatum: 11 dec 2025
Intervjuns längd: 1 h 3 min

Interviewee 7:
Gender: Male
Intervjudatum: 12 dec 2025
Intervjuns längd: 52 min

Interviewee 8:
Gender: Male
Intervjudatum: 14 dec 2025
Intervjuns längd: 1 h 1 min

Interviewee 9:
Gender: Female
Intervjudatum: 15 dec 2025
Intervjuns längd: 39 min

Interviewee 10:
Gender: Female
Intervjudatum: 18 dec 2025
Intervjuns längd: 43 min