Ļevs Fainglozs

Summary of the Doctoral Thesis

CRITERIA FOR ASSESSING THE FOUNDERS OF START-UPS BY BUSINESS ANGEL FOR MAKING INVESTMENTS

Discipline: Economics and Business

Sub-discipline: Business management

Scientific supervisor:

Prof. Dr. sc. admin. Anatolijs Prohorovs

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The dissertation has been written in Latvian, contains an introduction, three chapters, conclusions and recommendations, a list of bibliographic references - a total of 147 pages and 53 annexes. The list of bibliographic references contains 263 literature sources.

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The thesis is available at the Library of the RISEBA University of Applied Sciences, Meza street 3, Riga.

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I hereby confirm that I have developed this dissertation, which has been submitted for review to Promotion Council of RISEBA for the acquisition of a doctoral degree *(Ph. D.)* in Economics and Business management. The dissertation has not been submitted to any other university for the acquisition of a scientific degree.

Ļevs Fainglozs 9 March 2023

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Table of Content

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INTRODUCTION

Topicality

Under the contemporary conditions the innovative entrepreneurship is a driver of the economic development in many countries. Innovative entrepreneurs contribute to the economic growth by developing new business models, applying new technologies and creating new jobs (Hendrickson et al., 2015 and OECD, 2015). However, innovative enterprises often have serious problems in attracting the external sources of financing (Brown and Earle 2015; Carpenter and Petersen 2002; Cosh et al. 2009). It happens due to the fact that the company does not have a financial flow at the initial stages of development, and therefore the business cannot raise bank financing. In addition, the process of attracting investment at the initial stages of development is complicated by the high level of uncertainty of innovative projects.

European and world practice demonstrates that venture capital is an important source of financing for innovative startups, and at the initial stages of startup development business angels take this function. According to the European Business Angels' Network (EBAN) in 2019 the total European early-stage investment market (visible and invisible) is estimated to be worth 13,22 billion euros. Business angels represent the biggest share of the investment market with an estimated 8.04 billion euros of annual investment, equal to approximately 60% of the total market, followed by the early-stage venture capital industry investing 4.4 billion euros. Total number of business angels (visible and invisible market) was 345,000 people (EBAN, 2019).

The peculiarity of investing activities of business angels is associated with high-risk projects, work under the conditions of information asymmetry and a high level of uncertainty (Carpenter and Petersen, 2002; Gompers and Lerner, 2001). Thus, the investments of business angels provide an opportunity to obtain financing for those startups that have difficulties in attracting other sources of financing (Gompers and Lerner, 2001; Wright and Robbie, 1998). Moreover, the participation of business angels in the project provides not only financial support for young companies; it also offers a number of additional advantages. For example, business angels can participate actively in the project after investing, and contribute their time and knowledge to young companies, share a network of contacts, etc. (Lahti, 2008). Therefore, venture investments are called "smart money", since in addition to financial support the startups also receive professional assistance from the investors. Thus, due to their high professional competence, business angels can facilitate the successful implementation of the project. In addition, after

receiving funding from business angels, it becomes easier to attract other sources of capital at the next stages of the company's development.

The assessment criteria on the basis of which business angels make a decision whether to invest in a startup or not, present the particular scientific interest and practical significance. The review of the scientific literature on business angels' decision making has shown that there is a wide variety of estimation criteria. The study of the scientific sources on the subject carried out by the author revealed more than 200 different investment criteria of business angels. Most often, researchers mention such groups of evaluation criteria as product characteristics and scalability, market size and growth rate, financial potential (business plan, profitability of the project, exit opportunities), entrepreneurs and management team (Bachher and Guild, 1996; Mason and Harrison, 1996; Rostamzadeha et al., 2014; Carpentier and Suret, 2015; Paul et al., 2007). Nevertheless, despite the variety of assessment criteria, many researchers agree that one of the most important one for business angels is the management team and the founders of startups (Bachher and Guild, 1996; Mason and Harrison, 1996; Landström, 1998; Brettel, 2003; Sudek, 2006; Harrison and Mason, 2007; Paul et al., 2007). In spite of the fact that the assessment criteria of business angels and venture capitalists may differ, a large-scale study by Gompers et al. (2020), in which 885 venture capitalists participated, also clearly demonstrates the importance of the team of founders when making an investment decision. The results of the study (Gompers et al., 2020) show that 95% of venture capitalists recognize the founding team as the most important investment criterion, followed by the business model criterion – 83%, the product criterion – 74%, the market criterion – 68% and the field of activity criterion – 31%. A similar position is held by Eisenmann (2021), who notes that most venture capitalists associate the failures of startups with the shortcomings of their founders. In addition, Eisenmann (2021) emphasizes that weak founders rarely attract strong teams and smart money.

A review of the existing scientific literature has shown that researchers often do not distinguish between the evaluation criteria that business angels impose on the team and on the founders of startups. Perhaps this approach is due to the fact that at the earliest stage of startup development the founders themselves are the project team. However, as the development progresses, when new participants enter the startup, there are significant differences between the team and the founders of startups. Therefore, the lack of a clear separation between the management team and the founders can introduce significant inaccuracies in the results of any research on the assessment criteria of business angels.

It should be noted that in the process of studying the previous researches the following Research gaps were distinguished:

1. The survey of the scientific studies revealed a lack of research on the area of business angels' assessment criteria applied to the founders of startups (only 11 publications were identified). Moreover, only 6 of these 11 identified publications clearly describe the investment criteria for evaluating the founders of startups. And in 3 publications out of these 11 ones the authors consider the founders only as one of the assessment criteria and compare them with other ones, such as product, market, financial potential, etc.
2. There were identified no researches which would focus specifically on identifying the investment criteria of business angels for assessment of the founders of startups. All the identified studies only compare the criteria imposed on the founders with other assessment criteria.
3. Studies of estimation criteria of business angels were conducted in the period from 1988 to 2010. Thus, it can be stated that the existing scientific researches do not reflect the current trends in business angels' investments. This problem is related to the fact that according to Mason et al. (2013) after 2010 business angel syndicates are emerging, and the tendency is intensified when business angels invest by operating in groups and syndicates. In addition, Carpentier and Suret (2015) and Bonini et al. (2019) emphasize that the assessment criteria of business angel syndicates differ from the assessment criteria of business angels working individually, while before 2010 investing process as a part of syndicates was not common for business angels.
4. Within the frameworks of this research, it was revealed that existing scientific studies were conducted only for a limited number of countries of North America and Western Europe; moreover, they are high-income countries. In addition, the assessment criteria of business angels may differ depending on cultural (country) characteristics (Bruton and Ahlstrom, 2003; Bruton et al., 2004; Naqi and Hettihewa, 2007; Burke et al., 2008). The existing scientific literature also notes that the estimation criteria of business angels may differ depending on the level of economic development of the country (Bliss, 1999; Silva, 2004). Therefore, it can be stated that there are two more gaps in the scientific literature, one of which refers to the countries with a lower income level compared to the income level of

the countries considered in the previous studies; and the second refers to Central and Eastern European countries (including the Baltic states).

5. Another identified gap is related to the fact that business angels are a heterogeneous group of investors and that this heterogeneity can influence their behavior and investment strategies (Mason, 2016; Croce et al., 2020). However, within the frameworks of this study, there was identified only one publication, estimating the assessment criteria of business angels depending on the investment experience of business angels (Smith et al., 2010). Moreover, a study by Smith et al. (2010) considered a small number of respondents, and all the respondents were from the same country. Thus, results obtained by Smith et al. (2010), cannot be considered sufficiently accurate due to the small number of respondents, and therefore the results cannot be fully used for comparing them with the opinions of business angels from other countries. It should be noted that Smith et al. (2010) considered founders only as one of the investment criteria and compared it with such criteria as product, market, business plan, strategy, etc.

According to the conducted review, the relevance of this research is supported by the lack of studies considering the assessment criteria of business angels towards the founders of startups, although the reviewed scientific literature notes that these evaluation criteria of business angels to the founders of startups (or to the team) are one of the most important ones. That is, the literature has not determined which of the assessment criteria of business angels is the most important or determining, and what is the degree of significance of the other important assessment criteria.

Research Object: activities of business angels

Research Subject: business angels' assessment criteria applied to the startup founders

Research Hypothesis: three most important assessment criteria of business angels are trust in the founders, professional and managerial skills of start-up founders.

Research Aim:

The aim of the research is to identify the most significant evaluation criteria for start-up founders that affect the willingness of business angels to invest in a start-up, and to assess the criteria importance.

The following research tasks were set for achievement of the goal of the study:

1. To conduct the review of the scientific literature devoted to the assessment criteria of business angels for start-up founders
2. To identify the most important investment criteria of business angels for estimating the founders of startups.
3. To assess the impact of the country of residence, investment experience, investment method and age of business angels on their evaluation criteria to the founders of startups.
4. To evaluate the importance of assessment criteria depending on the group of countries of residence (Western Europe, CEE Countries and Latvia), investment experience, investment method and age of business angels.
5. To assess the impact of the startup's prospect level on the estimation criteria of business angels to the founders of startups, dividing the business angels by countries of residence, investment experience, investment method (individually or as a part of syndicates) and age.
6. To develop recommendations for assessing the investment criteria imposed by business angel for start-up founders

Research Limitation

1. The thesis explores five key business angels' investment criteria for evaluating the start-up founders
2. The research is limited by analyzing the opinions of business angels from the European countries only.

Theoretical and Methodological Basis of the Research

The following sources were used as a theoretical and methodological basis of this dissertation:

1. Scientific theories:
    - portfolio theory (Harry Markowitz);
    - the theory of asymmetric information;
    - agency theory;
    - the theory of trust;
2. The study of scientific literature devoted to:
    - research methodology of business angels;
    - research on business angel investments;

- research on the assessment criteria of business angels applied to the management teams;
- research on the evaluation criteria of business angels applied to the founders of startups.

Research Methodology and Methods

The following research methods were used for achieving the research goal and accomplishing the tasks set within the frameworks of this dissertation.

- The monographic method was used for in-depth study of scientific publications related to the theories explaining business angel decisions on investments and the investment criteria that business angels impose for evaluating the startup founders.
- The method of analysis was used for identification of the most important estimation criteria, and for assessment of the importance of the estimation criteria to startup founders.
- An extended experts' interview (involving highly qualified business angels) was used for compiling a questionnaire for conducting a survey of business angels.
- The method of surveying was used to collect the primary information from business angel on the investment criteria of business angels for the evaluation of start-up founders.
- Benchmarking method was used for in-depth study of data obtained via survey.
- The method of synthesis was used for combining the results obtained during the application of the analysis method and for forming the general conclusions.
- Econometric methods:
    - The distributions of the assessment criteria were compared with each other with application of Friedman test.
    - Box & Whisker Plot allowed the evaluation of the differences in respondents' opinions, as well as the median and the upper (third) and lower (first) quartile values.
    - The Spearman correlation coefficient was used to assess the correlation between the considered estimation criteria of business angels in relation to the founders of startups.
    - The Kruskal-Wallis test was used to identify statistically significant differences in the assessment of evaluation criteria by different groups of business angels.

- Related-Samples Wilcoxon Signed Rank Test and Related-Samples Sign Test were used for statistical evaluation of the influence of the startup level of prospects on the assessment of business-angel evaluation criteria.

Research Novelty

This study makes a theoretical contribution to the portfolio theory (Markowitz). Using the recommendations of the assessment criteria applied to startup founders proposed in the dissertation, the investors whose portfolio assumes angel investments can make their investment portfolio less risky and/or more profitable. Greater stability of the portfolio can be achieved as a result of application of the proposed assessment criteria, which will allow better formation of the part of the portfolio that is associated with angel investments in startups.

In addition, the high assessment of the factor of trust of business angels to the founders obtained within the frameworks of this thesis confirmed the opinion of the previous researchers about the possibility of reducing the impact of the agency conflict, conditioned by development of the trust relationship between the agent and the principal, which is a specific contribution to the agency theory.

The results of this study contribute to the scientific researches due to identification of five key investment criteria imposed by business angels for evaluating the founders of startups, and ratings of these criteria; these identification and rating appeared in scientific the researches for the first time. The assessment of the importance of estimation criteria applied by business angels to the founders of startups showed that the importance of trust in the founders is evaluated above all other properties by business angels. The second and the third most important positions were taken by the professional and entrepreneurial skills of the founders. Business angels rated the reputation of the founders in the fourth most important place, and the management skills of the founders were rated at the lowest position. The results of the conducted survey showed that other criteria for the startups founders identified within the frameworks of this study, such as enthusiasm, the ability of founders to accept criticism, the leadership potential of the leading founder, etc., were significantly less important for business angels compared to five certain key evaluation criteria. (It should be noted that in the examined previous studies, the assessment criteria of business angels for the founders were either not evaluated or compared with other assessment criteria that are not related to the criteria for evaluating the founders of startups).

Another theoretical contribution of this dissertation is determining the fact that the assessment criteria of business angels can vary depending on cultural (country) peculiarities and that the evaluation criteria of business angels differ depending on the level of economic development of the country. Moreover, there were identified no studies in the existing scientific literature comparing the assessment criteria applied by business angels from different countries to the founders of startups. Thus, it can be emphasized that this study is the first research that compares the assessment criteria of business angels from various homogeneous groups of countries, as a result of which the data of 15-20-year-old studies have been empirically confirmed that the estimation criteria of business angels may differ depending on country characteristics (Bruton and Ahlstrom, 2003; Bruton et al., 2004; Naqi and Hettihewa, 2007; Burke et al., 2008) and the income level of the countries of residence of business angels (Bliss, 1999; Silva, 2004).

Research Practical Value

1. The results of this study allow business angels to understand better what investment criteria should be applied for evaluation of the founders of startups, and also business angels can use the recommendations for assessing the evaluation criteria based on the analysis of the opinions of the most experienced Business Angels.
2. The startup founders can better comprehend in the process of forming a team what assessment criteria business angels impose on founders when making an investment decision. As a result, the founders of startups can either improve their qualifications (in those competencies where it is possible) in order to meet the assessment criteria of business angels, or they can attract the startup founders possessing the qualification which the leading founder of the startup lacks.
3. The representatives of start-up ecosystem, if they understand the business angels' assessment criteria for start-up founders, will help to attract effectively funding for start-ups and to promote start-up growth and, accordingly, the development of the entire start-up ecosystem.
4. Venture capital fund managers can also use the recommendations proposed in this study for evaluation of the startup founders. This is due to the fact that venture capital fund managers, as well as business angels, consider the founders of startups as one of the main assessment criteria when making an investment decision.
5. The results of this study can be used by investors who have angel investments in their portfolio; due to the results of this research they can reduce risks and increase the profitability of the investment portfolio.

6. The business angels' investment criteria for evaluating the start-up founders and their recommendations developed within the frameworks of this dissertation will be a reference point for the future researchers.

Research Methodological Novelty

According to the opinion of Kluckhohn (1953) and Sjoberg (1955), respondents should be comparable in the process conducting research. Moreover, the study by Mason (2016) and Croce et al. (2020) notes that business angels are a heterogeneous group of investors, and this heterogeneity can affect their behaviour and investment strategies, and the differences between business angels are related to their investment and professional experience.

Based on the above demonstrated propositions, a three-by-three methodology was applied within the frameworks of this study; it provided a comparison of estimation criteria for founders for various groups of business angels. Within the frameworks of this approach, business angels were divided into four groups by country of residence, depending on investment experience, participation in syndicates and the age of business angels. The application of this methodology made it possible, based on the opinion of the most experienced business angels, to develop an assessment recommendations of assessment criteria of business angels in relation to the founders of startups. It should be noted that the investigation of the previous studies in the area identified only one study was in which business angels were divided into groups depending on investment experience for evaluating the assessment criteria (Smith et al., 2010); however, the study by Smith et al. (2010) considers only one dimension, while this dissertation deals with four dimensions.

Propositions for Defense

1. Five most important investment criteria for estimating the startup founders for European business angels include trust in the founders, entrepreneurial skills, professional skills, reputation and managerial skills of the founders.
2. The most relevant investment criteria for assessment of the start-up founders demonstrate statistically significant differences in the estimations of the levels of significance.
3. The most important investment criterion for the founders of startups for European business angels is the trust in the founders of startups, while the managerial skills of the founders of a startup were the least important criterion.

Research Logical Scheme

The logical scheme of the dissertation is presented in Fig. 1.

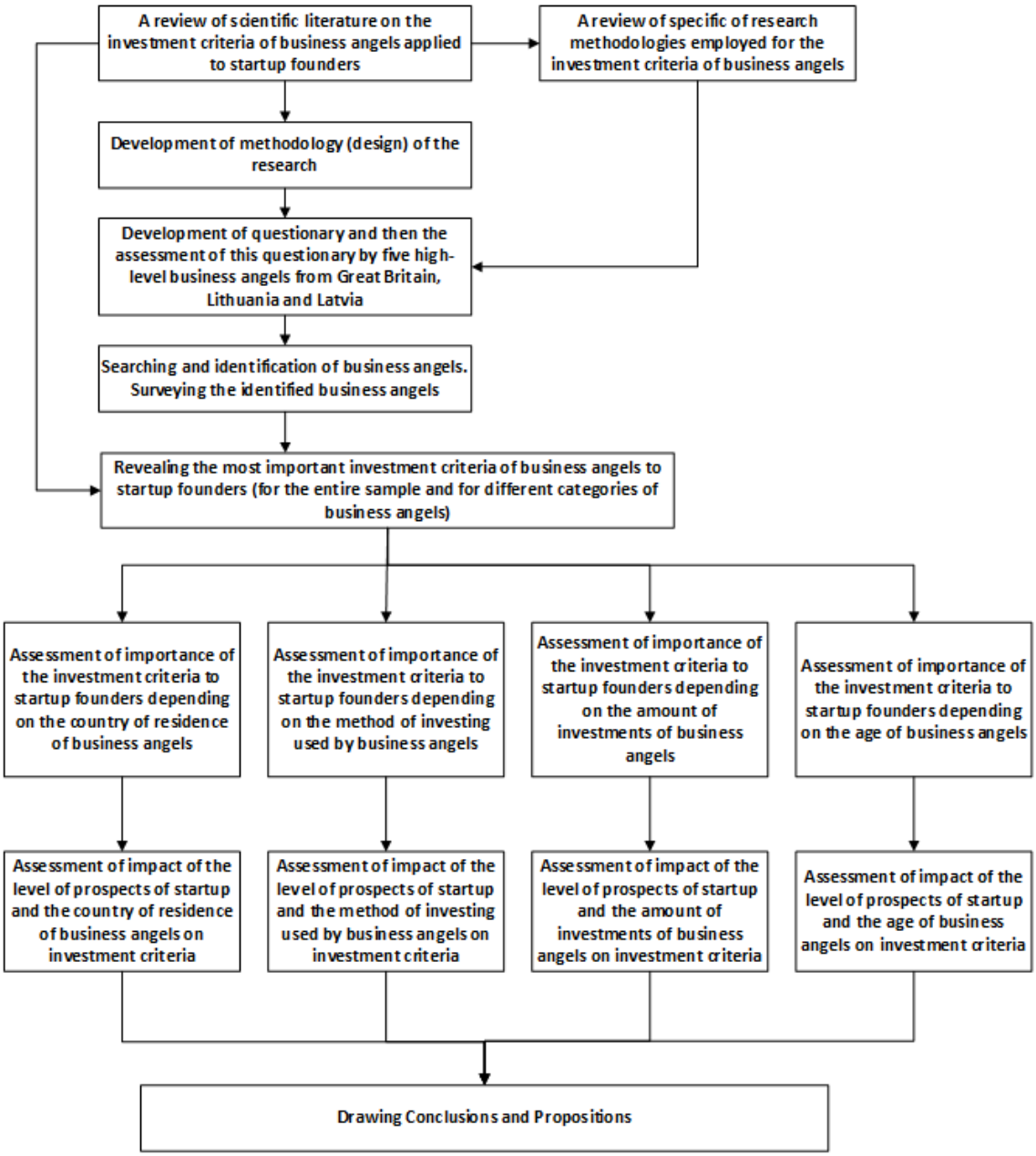

Figure 1. Logical scheme of the dissertation

The thesis consists of 146 pages, 63 tables, 2 pictures. The thesis is supplemented by 53 Appendices, the purpose of which is to justify and explain the calculations and the drawn conclusions.

Approbation of the Most Important Research Results

The results of the study were tested at eight international scientific conferences:

1. LU 77. Starptautiskā zinātniskā conference. 13.02.2019., Rīga, Latvija
    - Topic: Biznesa eņģeļu aktivitātes novērtējums Centrāleiropā un Austrumeiropā.
2. 12th Annual Scientific Baltic Business Management Conference ASBBMC 2019. 21-23 February 2019, RISEBA. Riga, Latvia
    - Topic: Measuring Activity of Business Angels in the Baltic States.
3. 3th International Scientific Conference Sustainable Development: Theory and Practice 2019. 4 April 2019, VMU, Kaunas, Lithuania
    - Topic: Methodology for assessing the business angels activity.
4. 20th International Scientific Conference “Economic Science for Rural Development 2019”. 9-10 May 2019, Jelgava, Latvia
    - Topic: Assessment of Business Angel Activity in Northern European Countries.
5. The 13-th Annual Scientific Baltic Business Management Conference. ASBBMC 2020 “Business and Finance: Multi-perspectives of the Digital Age". 19 February 2020, BA School of Business and Finance (BASBF). Riga, Latvia
    - Topic: Assessment of Start-up Companies Founders when Business Angels Make a Decision on Investing
6. LU 78. Starptautiskā zinātniskā conference. 21.02.2020., Rīga, Latvija
    - Topic: Evaluation of Business Angels’ Investment Criteria for Start-Up Founders
7. LU 79. Starptautiskā zinātniskā conference. 19.02.2021., Rīga, Latvija
    - Topic: Quantitative Assessment of Criteria Applied by Business Angels to Start-up Founders
8. 14th Annual Scientific Baltic Business Management Conference ASBBMC 2021“Economics and Business: Foreseeing Challenges and Opportunities" (virtual conference). 01.06-02.06 2021, RISEBA. Riga, Latvia
    - Topic: Business Angels' Assessment of Start-Up Founders.

Peer-reviewed publications

Four articles were published on the results of the study. The articles are included in the following scientific databases: Scopus, Science Direct, Web of Science.

1. Fainglozs, L. (2020). Evaluating Founders of Start-Up Companies When Business Angels Decide on Investment. Proceedings of the 36th International Business Information Management Association Conference (IBIMA). 4-5 November 2020, Granada, Spain, p 732-742. Indexed: Web of Sciences
2. Prohorovs, A. and Fainglozs, L. (2019). Assessment of Business Angel Activity in Northern European Countries. Proceedings of the 20th International Scientific Conference "Economic Science for Rural Development" No 52, Jelgava, LLU ESAF, 9-10 May 2019, pp. 311-323
3. Prohorovs, A., Fainglozs, L. and Solesvik, M. (2019). Measuring Activity of Business Angels in Central and Eastern European Counties. Proceedings of the 33rd International Business Information Management Association Conference (IBIMA). 10-11 April 2019. Granada, Spain, pp. 2868-2880, Indexed: Scopus
4. Prohorovs, A. and Fainglozs, L. (2014). Problems of Data Collection, Processing and Use of Informal Venture Capital. Procedia - Social and Behavioral Sciences, Volume 150, pp. 88-96, Elsevier, Indexed: Science Direct, Web of Science.

All the scientific results presented in the thesis have been received by the author independently. The published scientific works developed in co-authorship contain the ideas, calculations and guidelines, which are the result of the author’s personal work and constitute his individual contribution.

1. THEORETICAL FOUNDATIONS OF BUSINESS ANGELS' ASSESSMENT CRITERIA

As a result of the selection and review of literary sources, there were identified 25 publications, the authors of which evaluate the assessment criteria of business angels by importance. Most of the authors (20 out of 25) believe that the investment criterion "founders and management team" is the most important one for business angels. The authors of 11 out of 25 studies consider the assessment criteria for the founders and for the management team separately. Therefore, it should be noted that the authors of more than half of the studies do not divide the evaluation criteria imposed by business angels on the founders and the management team. As a result, this approach may introduce inaccuracies in the results of the conducted studies.

After examining 11 researches, the authors of which consider the criteria for founders separately, it was revealed that the majority of authors (7 publications) consider the criterion "startup founders" as the most important investment criterion for business angels. When analyzing the criterion "founders of startups", the researchers note such aspects as: leadership skills of an entrepreneur, previous experience of an entrepreneur, entrepreneurial motivation, the relationship between an entrepreneur and an investor, the entrepreneur's ability to develop his company, managerial skills of entrepreneurs, personal characteristics of an entrepreneur (for example, honesty, reliability, purposefulness, enthusiasm, etc.), then, trust in an entrepreneur, passion of the leading entrepreneur.

Only four researchers believe that the assessment criteria associated with the founders and the management team are not the most important criteria for business angels when making an investment decision. The criterion "founders and team" in two studies entered the 2nd quartile and two studies entered the 3rd quartile of estimation criteria. There could be several reasons for including the criteria related to the assessment of the founders and the management team in the 2nd and 3rd quartile of evaluation criteria. The first reason could be the country peculiarities of the considered studies. According to Bruton and Ahlstrom (2003), Bouton et al. (2004), Naqi and Hettihewa (2007), Burke et al. (2008) the assessment criteria of business angels may differ depending on cultural (country) characteristics. The second reason could be a small number of business angels who participated in the considered studies. For example, only four business angels participated in the study by Mason and Stark (2004), and if to examine the study by Smith, Harrison and Mason (2010), business angels were divided into three groups and there were only four business angels in each group.

Summing up the results of the investigation of existing scientific researches, it can be stated that the "startup founders" criterion is the most important investment criterion for business angels when making an investment decision (Bachher and Guild, 1996; Mason and Harrison, 1996; Landström, 1998; Bretel, 2003; Sudek, 2006; Harrison and Mason, 2007; Paul et al., 2007). Despite the fact that the assessment criteria of business angels and venture capitalists may differ, a large-scale study by Gompers et al. (2020) clearly demonstrates the importance of the founding team when venture capitalists make an investment decision. 95% of the 885 venture capitalists who participated in the study recognized the management team as the most important investment criterion, followed by the business model criterion – 83%, the product criterion – 74%, the market criterion – 68% and the field of activity criterion – 31%. (Gompers et al., 2020).

An examination of existing scientific researches on the assessment criteria of business angels revealed little-studied aspects related to the assessment of startup founders by business angels (see Table 1.1).

Table 1.1.

Research gaps in the studies of assessment criteria of business angels to the founders of startups

Aspects (areas) of the study	Number of publications	Last year of publication	Number of countries considered in the	Country income level	Division of BA into groups depending on experience
Investment criteria of business angels for assessing the founders of startups	11	2010	6	high income level	Yes (only in one study)

Source: developed by the author on the basis of the review of the studies on previously conducted analysis of business angels' investment criteria

As it is shown in Table 1.1, the conducted review of the scientific researches revealed a lack of examining the estimation criteria of business angels to the founders of startups (only 11 publications were identified). It should be noted that only 6 publications out of 11 identified publications clearly describe the assessment criteria for the founders of startups. The authors of 3 publications consider the founders as one of the investment criteria and compare them with other criteria such as product, market, financial potential, etc. In addition, the systematization of the relevant scientific literature made it possible to identify five most important investment criteria imposed by business angels on start-up

founders. These criteria are entrepreneurial, managerial and professional skills of start-up founders, their reputation, and business angels' trust in the start-up founders. It is important to note that three business angels' assessment criteria most frequently mentioned by the authors of the previous studies are business angels' trust in the start-up founders, professional and managerial skills of startup founders. Therefore, the following hypothesis was put forward in this research: three most important assessment criteria of business angels are trust in the founders, professional and managerial skills of start-up founders.

It is important to emphasize that there has been identified no research focusing on the assessment criteria of business angels to the founders of startups. All the identified studies only compare the criteria imposed on the founders with other assessment criteria.

Another gap is related to the fact that 4 researches out of 10 identified studies were conducted by in the period from year 1988 to 1998, and 6 studies - in the period from year 2006 to 2010. Thus, it can be stated that most of the previously conducted scientific studies did not reflect the current trends in investing business angels. This problem is related to the fact that according to Mason et al. (2013) after 2010 business angel syndicates are emerging onwards and the trend is intensifying when business angels invest by operating in groups and syndicates. A similar position is held by Fast and Schenk (2018) and British Business Bank (2018), who note that in the contemporary conditions, more than half of the investments of business angels are carried out as part of syndicates. It should be mentioned that the assessment criteria of business angel syndicates differ from the assessment criteria of business angels investing individually (Carpentier and Suret, 2015). The same point of view is shared by Bonini et al. (2019), who note that belonging to the community of angels affects the investment decisions of business angels. Bonini et al. (2019) believe that through joint investment within syndicates, business angels can reduce their risks and exchange information, which affects their investment decisions.

It should be noted that the scientific researches carried out and reviewed within the frameworks of this dissertation was carried out only for a limited number of countries (the USA, Canada, Great Britain, Sweden, Germany and Belgium), which are countries of North America and Western Europe. A number of researchers mention that the assessment criteria of business angels may vary depending on cultural (country) characteristics (Bruton and Ahlstrom, 2003; Bruton et al., 2004; Naqi and Hettihewa, 2007; Burke et al., 2008). Therefore, the review of previous scientific studies revealed a gap in the research of evaluation criteria of business angels to the startup founders outside of North America and Western Europe.

It should also be noted that the existing scientific literature emphasizes that the estimation criteria of business angels differ depending on the level of economic development of the country (Bliss, 1999; Silva, 2004). According to the World Bank's classification of Gross National Income (GNI) per capital, the countries where this indicator is more than 12,375$, are classified as high-income countries (World Bank Blogs, 2019; Worldpopulationreview.com, 2019). Therefore, we can conclude that all the identified publications study only high-income countries (the USA, Canada, Great Britain, Sweden, Germany and Belgium). Moreover, the income level (GNI per capital) in the "poorest" these countries – Belgium – in 2019 was 47,350$ (World Bank, 2019; Worldpopulationreview.com, 2019), which is 3.8 times higher than the lower boundary of high-income countries. It should also be noted that according to the World Bank (2019), 67 countries belong to high-income countries. However, 49 of these countries (which is 73% of high-income countries), including Latvia, Lithuania and Estonia, have an income level starting from 12,375$ to 47,350$.

Therefore, it can be stated that there is a gap in studies on the listed issues of assessment criteria for BA among low-income, lower-middle-income, upper-middle-income countries, as well as high-income countries with per capita income in the range from 12,375$ to 47,350$. Thus, it can be concluded that the gap refers the Central and Eastern European countries (including the Baltic States).

Another identified gap is related to the fact that business angels are a heterogeneous group of investors and this heterogeneity can affect their behaviour and investment strategies (Mason, 2016; Croce et al., 2020). As Croce et al. (2020) emphasize, the differences between business angels are related to their professional and investment experience. The author has identified within the frameworks of this study, that only one publication evaluated the assessment criteria of business angels depending on the investment experience of business angels (Smith et al., 2010). It should be noted that Smith et al. (2010) consider in their study the business angels from only one country (Great Britain), and divide business angels into three groups depending on the investment experience. Nevertheless, Smith et al. (2010) in each group consider the opinions of only four business angels. Whereas the study by Smith et al. (2010) was conducted on the basis of the opinion of business angels from only one country, and also due to the small number of respondents, the obtained results cannot be considered as relevant, and therefore they cannot be fully used when comparing the opinions of business angels from other countries.

Within the frameworks of the conducted literature review, it was possible to specify the relationship of business angels' investments with the Agency Theory. As a result, it can

be concluded that the influence of the Agency conflict described in the scientific literature can be significantly reduced if the business angels assess the startup founders correctly. Another identified theoretical aspect showed the relationship of business angel investments with the Portfolio Theory by Markowitz (1952) and Markowitz (1959). The scientific studies investigated in this paper show that in order to increase the efficiency of investment, business angels should consider their investments from the point of view of Portfolio Theory and look for a balance between profitability and risk.

Next chapter of the dissertation presents the research methodology. It describes in detail the way of forming the survey questionnaire, the procedure of selection of the respondents, the methodology of processing the survey results, and it also provides a justification for reasons of dividing the respondents by different groups during the analysis of the survey results. The developed methodology allowed to identify the most important business angels' investment criteria for evaluation of start-up founders, to assess the importance of evaluation criteria, as well as to compare the impact of the level of startup prospects on the assessment of evaluation criteria of business angels to the founders of startups.

2. RESEARCH METHODOLOGY

2.1. Formation of a Questionnaire

A questionnaire was developed and a survey of business angels was conducted on the purpose to determine the level of evaluation of the startup founders, at which business angels are ready to invest in this startup. The development of the questionnaire comprised two stages. At the first stage, the questionnaire was developed on the basis of studying the existing scientific literature related to the assessment criteria of business angels. It should be noted that in previous studies, more than 200 different investment criteria of business angels were identified, but there were no articles emphasizing the assessment criteria imposed on the founders of startups. Therefore, the assessment criteria were grouped based on the analysis of the criteria for estimating the founders of startups identified in previous studies, and five most important assessment criteria were formed (entrepreneurial skills, professional skills, managerial skills and reputation of the founders, as well as the trust of business angels in the founders).

Then, at the second stage, the content of the questionnaire was agreed with and approved by five experts. Five highly qualified business angels from the UK, Lithuania and Latvia acted as experts. Consultation with experts allowed the author to confirm the relevance of the most important assessment criteria.

2.2. Selection of Respondents

The next stage of the study was related to the search and selection of the respondents (business angels). Many researchers note that there is a limited access to the information about the venture capital industry, including non-formal investors, which comprises the business angels (Vanags et al., 2010; Lauza, 2012; Laboratory of Analytical and Strategic Studies, Ltd., 2010; Avdeitchikova, 2012; Kraemer-Eis et al., 2012; European Commission, 2010; Mason and Harrison, 2015). In addition, it is necessary to note the small number of business angels in relation to the total population. For example, in Latvia in 2019, the share of visible business angels in relation to the population is 0.004% (data on the number of business angels are taken from the EBAN report, 2019). The above-mentioned restrictions exclude the possibility of using the random sampling method when conducting a study of the visible market of business angels. Based on this, the overwhelming number of studies of the assessment criteria of business angels has a relatively small number of respondents. It should be noted that a review of all the studies

that considered the assessment criteria for startup founders among other evaluation criteria of business angels was conducted within the dissertation (see Table 2.1).

Table 2.1.

The number of respondents (business angels) in the previous studies of the assessment criteria of business angel

Authors	Number of respondents
Haar et al. (1988)	121
Sudek, R. (2006)	72
Brettel (2003)	48
Landström (1998)	44
Harrison and Mason (2007)	40
Mason and Harrison (1996)	31
Paul et al. (2007)	30
Ludvigsen, J. (2009)	24
Bachher, J. S., and P. D. Guild (1996)	20
Smith, D J, Harrison, R T and Mason, C M (2010)	12
Mason and Stark, (2004)	4

Source: developed by the author on the basis of the review of the studies on previously conducted analysis of business angels' assessment criteria

As a result of the conducted review, it was stated that in the previous studies of business angel assessment criteria the number of respondents varied from 4 to 121 (see Table 2.1). From the data presented in Table 2.1, it can be seen that the business angel researchers are forced to use a limited number of respondents in order to maintain the quality of respondents. It should be noted that there were identified the studies in the course of literature review, in which the authors used the data of GEM (Global Entrepreneurship Monitor) to increase the number of respondents. However, this approach leads to a decrease in the quality of the obtained results, since the definition of informal investors in GEM reports does not correspond to the definition of business angels in the EBAN (European Business Angels Network). This problem is reflected in the work of the most cited business angel researcher Mason (2016), who mentions that GEM data do not identify the business angels, and therefore, they cannot be used to evaluate the activities of business angels.

Based on the above-described situation, the following channels were used to search for respondents (business angels) within the frameworks of this dissertation:

- business angels' networks contacts listed on the European Business Angels Network (EBAN) homepage;
- Websites of business angels' associations and networks;
- Searching business angels at LinkedIn by the tag "business angels";
- Latvian Business Angel Network (LatBAN);
- Lithuanian and Estonian business angels' associations (LitBAN and EstBAN);
- Changer - International Business Club.

It should be said that the author carried out a thorough identification of respondents to determine whether they are business angels; it was done before sending the questionnaire to the respondents (business angels). Preliminary identification of respondents was carried out in professional channels. Then, the prospective respondents were addressed personally whether they are business angels. As a result, the questionnaires were sent only to those respondents who confirmed that they are business angels from the point of view of the definition of EBAN (European Business Angels Network). It should be noted that together with the link to the survey, a cover letter was sent to the business angels; this letter emphasized the importance of this research, its goal, and the guaranteed confidentiality of the respondents' personal data. In this way, 679 questionnaires were sent to the identified business angels; 123 questionnaires of them were completed; nevertheless, 7 questionnaires were excluded from the analysis as not fully completed. As a result, only fully completed questionnaires of 116 business angels from 26 European countries were considered in the analysis of the respondents' opinions. The largest number of respondents were business angels from Latvia, 38 people (which is at least 64% of the total number of visible business angels in Latvia).

Therefore, this dissertation is the second study in terms of the number of respondents (business angels) (see Table 2.1). And if to compare it with the studies after 2010 (when the trend of investing by business angels changed), then the largest number of business angels participated in this study (see Table 2.1).

2.3. Reasons and Types of Grouping the Business Angels

The reason for the division of business angels into groups was the gap in literature review identified in the process of sources study. Croce et al. (2020) noted that business angels are a heterogeneous group of investors, and this heterogeneity can affect their behavior and investment strategies. However, in the process of investigation previous literature, there was identified only one publication in which the assessment criteria for

various groups of business angels were evaluated. Therefore, within the frameworks of this study, the methodology of evaluation in four dimensions was applied; it allowed the comparison of estimation criteria to the founders for different groups of business angels. The business angels were divided by their country of residence, investment experience, investment method and age.

2.4. Identification of the Most Important Assessment Criteria of Business Angels Applied to the Founders of Startups

To identify the most important assessment criteria to the founders of startups, there was carried out the analysis of the responses of respondents (business angels) about their agreement with the statement that entrepreneurial, managerial and professional skills, as well as the trust of business angels to the founders and the reputation of the founders of startups are five most important evaluation criteria.

For each of the proposed assessment criteria, the total number of positive responses was evaluated; there was also calculated the share of business angels who agree with the statement that entrepreneurial, managerial and professional skills, as well as the trust of business angels to the founders and the reputation of the founders of startups are five most important assessment criteria. The obtained result allowed assessing the importance of the estimation criteria and assigning them the ratings according to the level of importance.

Further, there was carried out the analysis of the assessment criteria proposed by respondents (business angels) who do not agree with the statement that entrepreneurial, managerial and professional skills, as well as the trust of business angels in the founders and the reputation of the founders of startups are five most important assessment criteria. The additional criteria, which business angels consider important when evaluating the founders of startups during making an investment decision, were identified in the frameworks of this analysis. The repeatability of additional assessment criteria was evaluated, and the share of business angels, who consider these criteria as the most important ones for evaluation of the founders of startups, was calculated. The proposed approach allowed comparison of the level of importance (frequency of repetition) of additional criteria in comparison with the criteria proposed in this study (entrepreneurial, managerial and professional skills, as well as the trust of business angels in the founders and the reputation of the founders of startups). In the case of a high frequency of repetition of additional criteria proposed by the respondents, they should be included in the set of the most important investment criteria for evaluating the founders of startups.

At the next stage of the research the ratings of the most important assessment criteria identified in this study were compared with the results of the previous studies. The ratings of the assessment criteria identified in the previous studies were evaluated based on the frequency of mentioning the criteria.

To compare the influence of the country of residence, investment experience, investment method and age of business angels on the importance of investment criteria, the total number of positive responses was estimated for each of these groups; there was also calculated the share of business angels who agree with the high importance of the assessment criteria proposed in the study. The obtained result allowed assigning the ratings to the criteria (according to the level of importance) within the groups of business angels under consideration.

2.5. Estimation of the Importance of Assessment Criteria of Business Angels to the Founders of Startups

The approach proposed in this section will allow assessing the importance of the evaluation criteria and testing the research hypothesis.

In order to switch from a qualitative assessment of the importance of assessment criteria to a quantitative assessment, respondents were asked the closed questions about the minimum level of each of the assessment criteria (applied to the founders) at which they would be ready to invest in a startup. The proposed answers were arranged according to the Likert scale from Low values to Very high values. Then, to proceed to the quantitative assessment, the points from 1 to 6 were assigned to the respondents' answers (see Table 2.2).

Table 2.2

Translation of qualitative assessments of respondents (business angels) into quantitative assessments

Qualitative assessment of the respondents' responses on the Likert scale.	**Quantitative assessment of the respondents' responses**
Low rating	1 point
Rating below average	2 points
Average rating	3 points
Rating above average	4 points
High rating	5 points
Very high rating	6 points

This approach allowed calculating the average scores and standard deviations for each of the assessment criteria and comparing them with each other. The comparison of average scores and standard deviations for each of the assessment criteria was carried out first for all respondents, and then for the separate groups, divided by country of residence, investment experience, investment method and age of business angels. In addition, a Box & Whisker Plot diagram was constructed in the paper; this diagram allowed observation of the spread of respondents' opinions, the median, and the values of the upper and lower quartiles.

To assess the statistical significance of the difference between the respondents' answers about the importance of five evaluation criteria, Friedman test was applied. This test provided an opportunity to assess whether the distributions of the evaluation criteria are statistically significantly different, as well as to check whether the differences in the assessment criteria are within statistical error. The Friedman test was carried out both for the entire population of respondents, and separately for each group of respondents, divided by the country of residence, investment experience, investment method and age of business angels.

The Kruskal-Wallis test was used to identify the statistically significant differences among the estimation criteria evaluations for different groups of business angels.

The choice of the Friedman and Kruskal-Wallis tests was due to the fact that they are non-parametric tests, and they were applicable because the Likert scale was used in the survey. In addition, non-parametric tests are used to evaluate small groups, which was also sometimes the case in this study.

To assess the correlation relationship between the considered evaluation criteria of business angels in relation to the founders of startups, the Spearman correlation coefficient was used.

It should be noted that all the statistical tests were performed under the condition that business angels rated the market prospects of the startup as very high. This decision was taken since the most typical situation for business angels is investing in startups with very high market prospects.

All the statistical tests were performed in the statistical analysis program SPSS.

2.6. Estimation of the Impact of the Startup's Prospects Level on the Assessment Criteria of Business Angels Applied to the Founders of Startups

To assess the impact of the startup's level of prospects on the estimation criteria of business angels, there were compared the average scores for each of the estimation criteria, in case if the startup's prospects are high and very high.

Related-Samples Wilcoxon Signed Rank Test and Related-Samples Sign Test were used for statistical evaluation of the influence of the startup level of prospects on the assessment of business-angel estimation criteria. Wilcoxon Signed Rank Test was applied when the differences in the respondents' responses (depending on the prospects of startups) were symmetrical, and Related-Samples Sign Test was applied when the differences in respondents' answers (depending on the prospects of startups) were not symmetrical. The coefficient of asymmetry was applied to test the symmetry of the differences between the respondents' responses.

Comparison of the respondents' opinions under the condition of high and very high startup prospects was produced first for the entire population of respondents, and then for the specific groups, divided by country of residence, investment experience, investment method and age of business angels.

3. ANALYSIS OF THE ASSESSMENT CRITERIA OF BUSINESS ANGELS APPLIED TO THE FOUNDERS OF STARTUPS

3.1. Identification of the Assessment Criteria Applied by Business Angels to the Founders of Startups

Table 3.1 presents the results of the respondents' (business angels') responses on their agreement with the statement that entrepreneurial, managerial and professional skills, as well as the trust of business angels in the founders and the reputation of the founders of startups are five most important assessment criteria. Table 3.1 calculates the share of business angels who agree with the importance of the proposed assessment criteria. In addition, Table 3.1 calculates the ratings of each criterion by the level of importance.

Table 3.1

The total number of BA who agree that the proposed five assessment criteria are the most important for making an investment decision

Criteria	Number of BA	Share of BA	Rating
Entrepreneurial skills	110	94,8%	1
Professional skills	105	90,5%	2
Trust	103	88,8%	3
Managerial skills	91	78,4%	4
Reputation	85	73,3%	5

Source: the author's calculations on the basis of the results of 116 European business angels' survey.

The results presented in Table 3.1 demonstrate that the highest proportion of business angels who participated in this study recognized the entrepreneurial skills of the founders as one of five most important assessment criteria (when evaluating startup founders), followed by the professional skills of the founders, the trust of business angels in the founders, managerial skills and the reputation of the founders.

Despite the fact that 54 respondents out of all 116 respondents in this study did not agree with the importance of at least one of the five criteria proposed in the survey, only 11 respondents suggested adding the list of the most important evaluation criteria to the founders of startups. Table 3.2 presents the results of an analysis of these criteria proposed by respondents (business angels) who disagree with the statement that entrepreneurial, managerial and professional skills, as well as the trust of business angels in the founders and the reputation of the founders of startups are five most important assessment criteria.

Table 3.2

Number of respondents (business angels) who offered the additional assessment criteria for evaluating the start-up founders

Criteria proposed by the respondents	Number of BA proposed this criterion	Number of BA proposed this criterion
Immersion in the project on 7/24 basis	2	1,72%
Previous experience in the field	2	1,72%
Willingness to work in a team	2	1,72%
Broad outlook	2	1,72%
Readiness for changes	1	0,86%
The ability to "sell" the idea	1	0,86%
Strategy (vision)	1	0,86%
Leadership	1	0,86%
Enthusiasm and passion	1	0,86%

Source: the author's calculations on the basis of the results of 116 European business angels' survey.

The analysis of the data presented in Table 3.2 shows that the frequency of repetition of the additional criteria proposed by the respondents was low and the share of BA, proposed this criterion, does not exceed 1.72%. Therefore, the additional criteria proposed by the respondents cannot be included in the list of the most important investment criteria when evaluating startup founders by business angels.

Based on the analysis of the data presented in Tables 3.1 and 3.2, it can be concluded that the following investment criteria are the most important when evaluating the founders of startups by business angels: entrepreneurial skills, professional skills, trust of business angels to the founders, managerial skills and reputation of the founders of startups.

3.2. Estimation of the Importance of Assessment Criteria for Startup Founders (for the Entire Sample)

To conduct a quantitative assessment of the importance of business angels' evaluation criteria applied to the founders of startups, there was made a transition from the Likert scale to the assessment of respondents' (business angels) responses in points (see Table 2.2). Next, the average scores for each of the investment criteria were calculated and

a comparison was made between them. Table 3.3. demonstrates a generalized assessment of the importance of estimation criteria of business angels to the founders of startups, obtained on the basis of an analysis of the responses of all respondents in this study.

Table 3.3

Average values of the points and standard deviations of the business angels' investment criteria for evaluating start-up founders

Criteria	Average values (for the entire sample), in points	Std. deviation
Entrepreneurial skills	**4,41**	**1,047**
Professional skills	**4,41**	**1,031**
Trust	**5,21**	**0,919**
Managerial skills	**3,90**	**1,122**
Reputation	**4,37**	**1,169**

Source: the author's calculations on the basis of the results of 116 European business angels' survey.

If to compare the level of importance of assessment criteria presented in Table 3.3 with the ratings of criteria from Table 3.1, a significant difference in the importance of estimation criteria can be noticed. These differences may be due to the fact that the ratings in Table 3.1 show only the agreement of business angels that the assessment criteria under consideration is one of five most important criteria for evaluating the founders of startups. Thus, the rating of the criteria in Table 3.1 answers the question whether it is necessary to include the investment criteria under consideration in the set of the most important criteria for evaluating the founders of startups. On the other hand, the average scores calculated in Table 3.3 demonstrate how business angels assess the importance of five proposed assessment criteria to the founders of startups.

At the first stage of analysis, Box and Whisker Plot was presented; it demonstrates the distribution of respondents' responses according to all five assessment criteria (see Figure 3.1). The spread of respondents' responses, the median, as well as the values of the upper (third) and lower (first) quartile can be seen in the Box and Whisker Plot (see Figure 3.1).

As it can be seen in the Box and Whisker Plot (see Figure 3.1), business angels rated the trust in the founders as the highest criterion. In the respondents' assessment of trust, the lower (first) quartile was 5 points, and the upper (third) quartile was 6 points. In addition, according to the confidence assessment, the spread of respondents' opinions was minimal, compared to other evaluation criteria. When assessing entrepreneurial and

professional skills, the respondents' opinions about the importance of these criteria were very similar. According to the respondents, the entrepreneurial and professional skills of the founders received the same spread (from 3 to 6 points), as well as the same values of the lower and upper quartile (from 4 to 5 points).

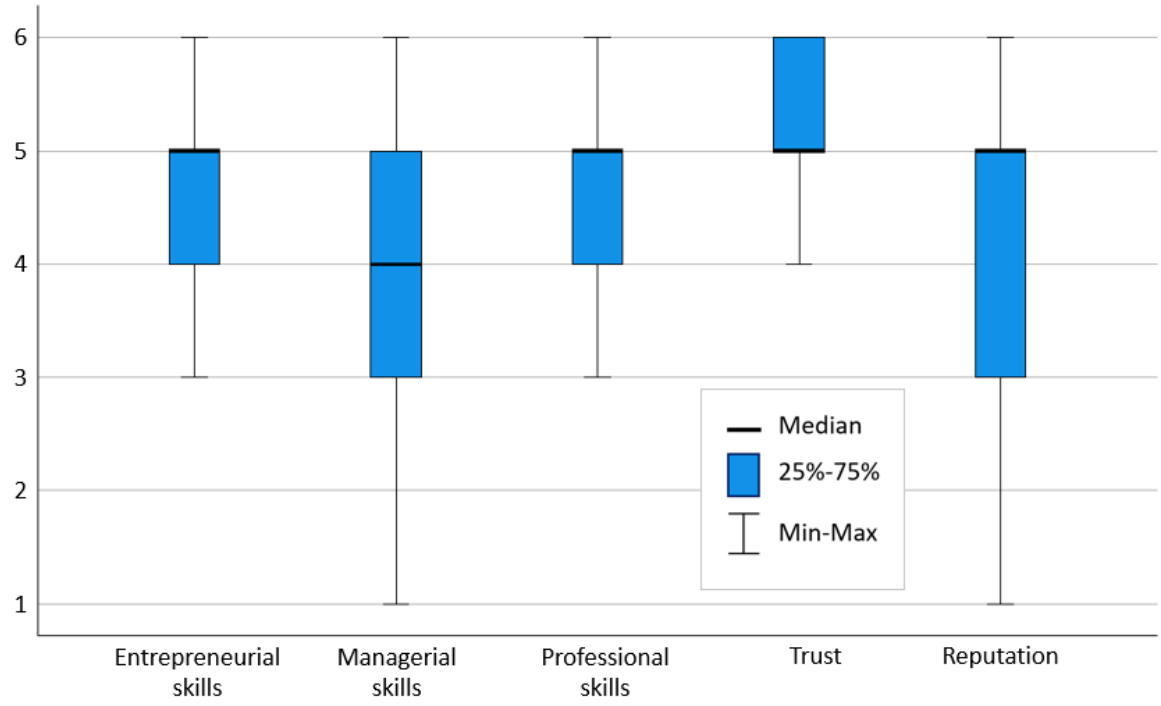

Figure 3.1 Box and Whisker Plot with the distribution of responses from 116 European business angels on the importance of five assessment criteria for the assessment of start-up founders

The results of the assessment of managerial skills and reputation of the founders showed a spread of opinions in the range from 1 to 6 points. Furthermore, the comparison of the managerial skills and reputation of founders with the assessments of entrepreneurial or professional skills, we can observe that the managerial skills and the founders' reputation have a great difference in values between the first and third quartiles (from 3 to 5 points). In addition, it should be noted that the analysis of the data presented in Table 3.3 demonstrates the highest standard deviation for business angels' assessment of the reputation of the founders (1.169) and the lowest standard deviation for business angels' assessment of the confidence in the founders (0.919).

By applying Friedman test, the distributions of five assessment criteria were compared with each other (see Table 3.4).

Table 3.4

Friedman test result for testing the difference between the distributions of the respondents' answers on the importance of five business angels' investment criteria for evaluating the startup founders

Criteria	Values
Number of observations	116
Test Statistic	110,252
Degree Of Freedom	4
P-value	0,000

Source: the author's calculations on the basis of the results of 116 European business angels' survey with application of SPSS software

The results presented in Table 3.4 show that the distributions of the respondents' answers when assessing the five estimation criteria are statistically significantly different. (p-value < 0.001). Thus, it can be concluded that the estimates of five assessment criteria considered in the dissertation differ statistically significantly and are not within the statistical error.

The results of the evaluation of the correlation relationship (Spearman coefficient) between the assessment criteria under consideration (see Table 3.5) for all business angels (who participated in this study) revealed a very low linear relationship between the assessment criteria. The obtained result can be explained by the fact that the author estimates not the qualifications of the founders of startups in the frameworks of this dissertation, but the effect of the individual qualities of the founders on the decisions of business angels to invest. Therefore, it can be concluded that business angels evaluate each investment criterion based on their own principles and independently of other assessment criteria.

Table 3.5

Estimation of the Spearman's correlations of the investment criteria for evaluating start-up founders based on the opinion of business angels, participating in the study

Criteria		**Entrepreneurial skills**	**Managerial skills**	**Professional skills**	**Trust**	**Reputation**
Entrepreneurial skills	Correlation coefficient	1,000				
	P-value					
Managerial skills	Correlation coefficient	0,481**	1,000			
	P-value	0,000				
Professional skills	Correlation coefficient	0,495**	0,345**	1,000		
	P-value	0,000	0,000			
Trust	Correlation coefficient	0,319**	0,106	0,388**	1,000	
	P-value	0,000	0,255	0,000		
Reputation	Correlation coefficient	0,319**	0,242**	0,146	0,319**	1,000
	P-value	0,000	0,009	0,118	0,000	
** Correlation is significant at 0.01 level (2-tailed).						

Source: the author's calculations on the basis of the results of 116 European business angels' survey with application of SPSS software

Next, an analysis of the importance of assessment criteria presented by business angels to the founders of startups will be performed (see Table 3.3). As it can be seen from Table 3.3, the respondents of this study assessed the importance of the trust of business angels in the founders of startups. The obtained results on the importance of business angels' trust in the founders of startups confirm the point of view of many researchers.

Gulati and Switch (2008) and Disks and Perrin (2001) emphasize that trust is especially important in situations characterized by risk and uncertainty, which is directly related to venture investment. It should be noted that the investments of business angels are always associated with a high level of uncertainty and information asymmetry. A similar position on the importance of trust is held by Ludvigsen (2009), who notes that business angels in the process of evaluating founders consider whether the founder of a startup deserves trust. Bottazzi, Daring, and Hellman (2010) also emphasize that in venture capital investment, trust has a positive effect on the willingness to invest. On the other hand, a number of researchers note that the lack of trust in the founders of startups can lead to a business angels' refusal to invest. For example, Mason and Harrison (2002) stated that one of the main shortcomings (as a result of which projects are rejected) are the founders and

the team, which do not inspire confidence in business angels. Bretel (2003) also emphasizes that the lack of trust in the founders is the most important criterion that leads to a refusal to receive investments. A similar position is held by Sudek (2006), who notes that if angels do not have confidence in the founders, then in some cases they will not invest money, no matter how attractive the project may seem to them.

A comparison of the assessment of the importance of trust obtained in the frameworks of this study with the results of previous studies, which consider the evaluation criteria of business angels to the founders of startups, revealed the following features and differences. Mason and Harrison (1996), Bachelor and Guild (1996), Sudek (2006) recognize the importance of business angels' trust in the founders when making an investment decision. However, according to the results of a study by Mason and Harrison (1996), trust is not the most important criterion when making an investment decision by business angels. Bachher and Guild (1996) consider two groups of assessment criteria, the Key Criteria and the Important Criteria. "Trust" criterion, according to Bachher and Guild (1996), can be referred as an Important Criterion, but the authors do not assess the importance of the criteria. Bachher and Guild (1996) rates the criterion "trust" as the most important one, but the authors compare different assessment criteria (most of which do not apply to the founders of startups).

Further analysis of the results presented in Table 3.3 showed that the professional and entrepreneurial skills of the founders were in the second and the third place by importance (with a slight difference).

The assessment of the professional and entrepreneurial skills of the founders was revealed in the studies by Haar et al. (1988), Mason and Harrison (1996), Bachher and Guild (1996), Landström (1998), Sudek (2006), Harrison and Mason (2007). All the authors of the above studies recognize the importance of the professional and entrepreneurial skills of the founders. However, the authors compare the professional and entrepreneurial skills of the founders with other assessment criteria, and therefore it is not possible to symmetrically compare the results of this dissertation with the previous studies. Nevertheless, an examination of previous studies has shown that Mason and Harrison (1996), Bachher and Guild (1996), Landström (1998), Mason and Stark (2004), Harrison and Mason (2007), Ludvigsen (2009), Rostamzadeh et al. (2014), Estapé-Dubreuil et al. (2016) agree that the previous experience of the founders is important for evaluating the founders of startups by business angels, and this experience significantly affects the professional and entrepreneurial skills.

The reputation of the founders was estimated by business angels participating in this study as the fourth most important criterion for making an investment decision (see Table 3.3). Since there was identified only one publication on the previous researches, considering reputation as an investment criterion for business angels, here are considered a number of studies on the importance of reputation for making investment decisions. According to Shapiro (1983), and Weigelt and Kammerer (1988), reputation is very important under the conditions of high uncertainty, especially at the initial stages of a young company. As it was mentioned above, it is the high level of uncertainty and financing at the initial stages of startup development which are the features of business angel investments. Therefore, a good reputation of the founders can contribute to a positive decision of business angels about investing in a startup. Nicolò (2015) also notes that if the company's reputation is positive, then, all other things being equal, the level of business risk is perceived by investors as lower, and therefore, can facilitate receiving the external financing.

The author found only one publication considering the assessment of the reputation of startup founders as an investment criterion. It is research by Harrison and Mason (2007). The authors identified the conditions under which business angels can invest beyond their assessment criteria. As a result, Harrison and Mason (2007) found that the high reputation of startup founders is the most important criterion for which business angels can invest beyond their evaluation criteria.

The revealed differences in the assessment of the reputation of the founders within the frameworks of this dissertation and the results of previous studies may be due to a number of reasons. First, the thesis examines the criteria that business angels use for making an investment decision, while Harrison and Mason (2007) consider the conditions under which business angels can invest beyond their assessment criteria. Secondly, Harrison and Mason (2007) did not consider such a criterion as trust in the founders of startups in their study. It should be noted that according to Nicolo (2015), Zhukova (2017), a positive reputation allows the company to gain the trust of interested parties. Therefore, it can be assumed that when choosing between trust and reputation, the business angels who participated in this study pay more attention to trust, rather than the reputation of the founders of startups.

The final analysis of the results presented in Table 3.3 showed that the managerial skills of startup founders are of the least importance for all business angels who participated in this study.

The assessment of the managerial skills of the founders was revealed in three of the previous studies: by Haar et al. (1988), Bachher and Guild (1996) and Harrison and Mason (2007). However, the authors compare the managerial skills of the founders with other estimation criteria, and therefore, it is not possible to symmetrically compare the results of this dissertation with the previous studies. Nevertheless, it should be noted that according to Mason and Harrison (2003), the managerial skills of the founders are crucial for attracting external investors. The differences in the opinions of Mason and Harrison (2003) and the business angels who participated in this study may be due to the following reasons. First, the study by Mason and Harrison (2003) did not compare the importance of the managerial skills of the founders with other assessment criteria of business angels specifically for the founders of startups. Mason and Harrison (2003) compared such assessment criteria of business angels as market, product, people, business strategy, etc. Secondly, it can be assumed that the business angels, who took part in this study, put the managerial skills of the founders in the last position, since business angels can take an active part in the operations of the enterprise after investing and help the founders adjust the managerial aspects of their activities.

It should be noted that the complexity of the above comparison of the evaluation of the assessment criteria of business angels presented in Table 3.3 with the results presented in the previous studies is due to a number of reasons. First, after reviewing the previous studies, it can be stated that there were identified no researches, in which the emphasis would be placed only on the evaluation criteria of business angels to the founders of startups. Secondly, all previous studies compared the estimation criteria for startup founders with other assessment criteria, such as product, market, financial and investment characteristics, etc. Thus, the difficulty of comparing the results obtained in the dissertation with the previous studies is connected with the situation when the earlier researchers considered other assessment criteria and did not compare between different assessment criteria applied specifically to the founders of startups.

The result obtained in Table 3.3 shows the aggregate opinion of all respondents (business angels) who participated in this study. Therefore, further, for a more in-depth analysis, the thesis compares the assessment of the importance of evaluation criteria for business angels, grouped by country of residence, investment experience, investment method and age.

3.3. Estimation of the Importance of Assessment Criteria for the Founders of Startups, Depending on the Country of Residence of Business Angels

To compare the assessment of the importance of evaluation criteria for startup founders, depending on the country of residence of business angels, respondents were divided into three groups (Latvia, CEE countries excluding Latvia and Europe excluding CEEC) and for each group, average scores were calculated for each of the investment criteria. Table 3.6 presents the results of comparing the influence of the respondents' country of residence (business angels) on their assessment of estimation criteria for founders.

Table 3.6

Average values of the respondents' (business angels') responses, depending on their country of residence, in points, and the standard deviation

Criteria	Latvia		CEEC excluding Latvia		Europe excluding CEEC	
	Average values	Std. deviation	Average values	Std. deviation	Average values	Std. deviation
Entrepreneurial skills	**4,47**	**1,084**	**4,07**	**1,174**	**4,55**	**0,923**
Professional skills	**4,37**	**0,942**	**4,22**	**1,155**	**4,55**	**1,026**
Trust	**4,97**	**0,944**	**4,96**	**0,980**	**5,51**	**0,784**
Managerial skills	**4,24**	**1,261**	**3,56**	**0,801**	**3,82**	**1,108**
Reputation	**4,45**	**1,005**	**4,30**	**1,295**	**4,35**	**1,230**

Source: the author's calculations on the basis of the results of 116 European business angels' survey.

Friedman test was used to assess the differences in the respondents' answers across five assessment criteria shown in Table 3.6. This test provided an opportunity to assess whether the distributions of the estimation criteria are statistically significantly. Friedman test was performed separately for each group of business angels, disaggregated by the country of residence.

Friedman test showed that for all the groups of business angels, divided by the countries of residence, the distributions of answers across five assessment criteria differ statistically significantly ($p < 0.001$). Table 3.7 shows the results of Friedman test on the example of the Latvian business angels group.

Table 3.7

Friedman test results: test of statistical significance of Latvian business angels' responses of five assessment criteria for start-up founders' assessment distribution

Criteria	Values
Number of observations	38
Test Statistic	22,404
Degree Of Freedom	4
P-value	0,000

Source: the author's calculations on the basis of the results of 116 European business angels' survey with application of SPSS software

Kruskal-Wallis test was applied to assess the statistically significant differences in the evaluations of start-up company founders according to the business angels' assessment criteria in the distribution of business angels by countries of residence (see Table 3.8).

Table 3.8

Kruskal-Wallis test results of examining whether there are statistically significant differences between the ratings of startup founders on business angels' assessment criteria in the distribution of business angels by the country of residence

Nr.	Null hypothesis	Name of the test	p-value
1	The distribution of the entrepreneurial skills scores does not differ depending on the business angels' country of residence	Kruskal-Wallis test	0,132
2	The distribution of the managerial skills scores does not differ depending on the business angels' country of residence	Kruskal-Wallis test	0,036
3	The distribution of the professional skills ratings does not differ depending on the business angels' country of residence	Kruskal-Wallis test	0,427
4	The distribution of ratings of trust to founders does not differ depending on the business angels' country of residence	Kruskal-Wallis test	0,003
5	The distribution of the reputation scores does not differ depending on the business angels' country of residence	Kruskal-Wallis test	0,922

Source: the author's calculations on the basis of the results of 116 European business angels' survey with application of SPSS software

Kruskal-Wallis test results (see Table 3.8) at the significance level of 0.05 demonstrate that the statistically significant differences in the distribution of business angels by the country of residence are observed in the assessment of criteria such as trust and managerial skills. It should be noted that trust and managerial skills were rated the highest or lowest in all groups of business angels, regardless of their countries of residence (see Table 3.6).

On the other hand, the results of Kruskal-Wallis test (see Table 3.8) at the significance level of 0.05 showed that there were no statistically significant differences in the evaluations of business angels' groups on such criteria as entrepreneurial skills, professional skills and reputation of founders.

The results of Kruskal-Wallis test show the absence of statistically significant differences in the evaluations of business angels on the assessment criteria by the countries of residence of the business angels; this fact can support the assumption that the respondents' opinions between the values of the upper (third) and lower (first) quartiles fluctuate in a small interval between 3 and 6 points.

The revealed differences in the assessments of estimation criteria of business angels from different countries can be explained by country peculiarities (Bruton and Ahlstrom, 2003; Bruton et al., 2004; Naqi and Hettihewa, 2007; Burke et al., 2008), and by the different level of economic development of the groups of countries under consideration (Bliss, 1999; Silva, 2004).

However, it is not possible to compare the assessments of evaluation criteria by business angels from different groups of countries with the results of previous studies, since no similar studies have been identified.

The special attention should be paid to the importance of a high estimate of the level of trust for business angels from Western Europe. This result can be interpreted as an aspect of the country distinctiveness for business angels assessing the start-up founders. Thus, it is possible to conclude that for business angels from Western Europe (who have a longer investment experience), the "trust in the founders" factor is more important than for business angels from Eastern Europe.

3.4. Estimation of the Impact of the Startup's Prospects Level on the Assessment Criteria of Business Angels Applied to the Founders of Startups

To conduct a generalized assessment of the impact of the startup's prospects level on the evaluation criteria of business angels (for the entire sample), Table 3.9 presents the

average scores for each of five assessment criteria considered in the study, divided by startup's prospects level.

Table 3.9

The compilation of average values of five key business angels' assessment criteria for the evaluation of the start-up founders, depending on the start-up's market prospects, in points

Criteria	The prospects are HIGH	The prospects are VERY HIGH	The level of changes
Entrepreneurial skills	4,56	4,41	-0,15
Professional skills	4,57	4,41	-0,16
Trust	5,26	5,21	-0,05
Managerial skills	4,13	3,90	-0,23
Reputation	4,43	4,37	-0,06

Source: the author's calculations on the basis of the results of 116 European business angels' survey.

The results presented in Table 3.9 demonstrate that in the case of very high startup's prospects, business angels are ready to lower the level of importance of all assessment criteria. It should be noted that business angels are least ready to lower the level of importance of trust (a decrease of 0.05 points), and most of all business angels are ready to lower the level of importance of managerial skills (a decrease of 0.23 points).

Related-Samples Wilcoxon Signed Test was used for the statistical assessment of the level of impact of the start-up prospectivity on the business angels' evaluation criteria. Related-Samples Wilcoxon Signed Test was applied since the coefficient of asymmetry showed that the differences in respondents' answers (depending on the prospectivity of the start-ups) were symmetrical (see Table 3.10).

Table 3.10

Asymmetry coefficient for the estimation of differences in responses (for the entire sample)

Criteria	Business skills (differences)	Managerial skills (differences)	Professional skills (differences)	Trust (differences)	Reputation (differences)
Number of respondents	116	116	116	116	116
Asymmetry factor	-0,372	-0,206	-0,030	-0,384	-0,306

Source: the author's calculations on the basis of the results of 116 European business angels' survey with application of SPSS software

As shown in Table 3.10, the asymmetry coefficients demonstrate that the differences in the respondents' answers can be considered symmetric in the assessment of all evaluation criteria.

The summary of the results of Related-Samples Wilcoxon Signed Test, which were performed in the SPSS software, are presented in Table 3.11.

Table 3.11

Summary of Related-Samples Wilcoxon Signed Test results on the significance of differences in respondents' answers depending on the prospectiveness of start-ups (for the entire sample)

Criteria	**p-value**	Results
Business skills	**0,038***	**Significant differences**
Professional skills	**0,005***	**Significant differences**
Trust	0,180	Insignificant differences
Managerial skills	**0,001***	**Significant differences**
Reputation	0,178	Insignificant differences

*: $p<0.05$

Source: the author's calculations on the basis of the results of 116 European business angels' survey with application of SPSS software

The results presented in Table 3.11 demonstrate statistically significant differences (depending on the prospectivity of the start-ups) in the assessment of business angels' evaluation criteria, such as entrepreneurial, professional and managerial skills. The lack of statistically significant differences for such criteria as trust and reputation demonstrates that, despite the high level of prospectivity of start-ups, business angels are not ready to downgrade the ratings of these criteria.

The influence of the prospects of startups on the assessment of estimation criteria by business angels, presented in Tables 3.9, 3.10 and 3.11, shows the aggregate opinion of all respondents (business angels) who participated in this study. Therefore, further, for a more in-depth analysis, the dissertation examines the impact of the prospects of startups on the assessment of the importance of estimation criteria by business angels, grouped by country of residence, investment experience, investment method and age.

3.5. Recommendations on the business angels' investment criteria for the evaluation of start-up founders

Taking into account the fact that business angels from Western Europe have a longer investment experience (at least 10-15 years more than in Eastern Europe, including Latvia), when developing the recommendations on evaluating the of business angels' assessment criteria applied to startup founders, it is advisable to consider the business

angels from Western Europe (with the largest number of investments) as the basis for evaluating the assessment criteria. Moreover, since the assessment criteria of syndicates and the assessment criteria of individual business angels differ (Carpentier and Suret, 2015; Bonini et al., 2019), the opinions of only those business angels who have experience in individual investment were taken into account when developing the evaluation recommendations. The assessment of the evaluation criteria of Western European business angels with the most experience is reflected in Table 3.12.

Table 3.12

Average values and standard deviation of the assessment criteria of Western European business angels with the greatest experience

Criteria	Average values, in points	Std. deviation
Trust	**5,47**	**0,803**
Professional skills	**4,53**	**1,135**
Entrepreneurial skills	**4,50**	**0,916**
Reputation	**4,50**	**1,244**
Managerial skills	**3,75**	**1,136**

Source: calculations made by the author based on the opinions of 32 of the most experienced Western European business angels

In the process of developing the recommendations for evaluating business angels' assessment criteria for startup founders (based on the data presented in Table 3.12), we can find that the most important investment criterion is "trust in founders" with 5.47 points, followed by the "professional skills" with 4.53 points, "entrepreneurial skills" with 4.50 points, "founders' reputation" with 4.50 points, and the last position is occupied by "founders' managerial skills" with 3.75 points. In addition, it should be noted that the analysis of the data presented in Table 3.11 demonstrates that the largest standard deviation (1.244) appears in the assessment of the reputation of business angels' startup founders, while the smallest deviation (0.803) is found for business angels' trust in founders.

Based on the recommendations on investment criteria (see Table 3.12) for evaluating the founders of startups, business angels can focus on the ratings of more experienced business angels during the evaluation of startup founders. The estimates presented in the recommendations for evaluating the founders of startups can be especially important for business angels who have not yet made investments, as well as business angels who invest only as part of syndicates and do not have experience in individual investments.

Friedman test was applied for evaluating the differences in the answers of the most experienced Western European business angels, which is demonstrated in Table 3.12 (on the basis of them the assessment criteria evaluation recommendations were created), across five investment criteria. This test gave an opportunity to assess whether the distributions of the assessment criteria differ statistically significantly (see Table 3.13).

Table 3.13

The result of Friedman test: statistical significance test of the distribution of the evaluations of startup founders according to five assessment criteria of the 32 most experienced Western European business angels

Criteria	Values
Number of observations	32
Test Statistic	49,733
Degree Of Freedom	4
P-value	0,000

Source: calculations made by the author based on the opinions of 32 of the most experienced Western European business angels with application of SPSS software

Friedman test showed that the distributions of the respondents' answers across five assessment criteria are statistically significantly different ($p < 0.001$), and not just within the limits of statistical errors (see Table 3.13).

Chapter 3. Conclusions

1. The analysis of the opinion of 116 European business angels and the comparison of the results obtained with previous studies related to the assessment criteria of business angels allowed identification of five most important evaluation criteria applied by business angels to the founders of startups when making an investment decision. Five most important assessment criteria comprise: entrepreneurial skills, professional skills, the trust of business angels to the founders, managerial skills and the reputation of the founders of startups.
2. The assessment of the importance of estimation criteria imposed by business angels on the founders of startups, based on the opinion of 116 European business angels, showed that business angels give the highest estimations to the importance of trust in the founders. The second and third most important positions were the professional and entrepreneurial skills of the founders. Business angels rated the

reputation of the founders at the fourth most important place, and the management skills of the founders were rated at the lowest position.

3. The use of Friedman test in the study allowed substantiation of the statistical significance of the difference in the estimates of investment criteria for evaluation of the founders of startups by business angels. The obtained result confirmed that the various estimates of evaluation criteria are not the result of a statistical error.
4. The assessment of the importance of evaluation criteria imposed by business angels on the founders of startups, depending on the country of residence, investment experience, investment method and age of business angels, showed significant differences in estimates. However, it should be noted that for all groups of business angels, the most important investment criterion is trust in the founders, and the least important is the managerial skills of the founders of a startup.
5. Kruskal-Wallis test made it possible to detect the statistically significant differences in the evaluations of a number of assessment criteria in the distribution of business angel groups by countries of residence and age. There were no detected statistically significant differences in the distribution of business angels groups by investment experience and investment methods. It can be assumed that the reason for the absence of statistically significant differences in the evaluations of a number of business angel groups is that the respondents' opinions between the values of the upper (third) and lower (first) quartiles fluctuate in a small interval between 3 and 6 points.
6. A comparison of the assessment of the importance of the prospectivity of start-ups on the business angels' estimation criteria, performed on the basis of the analysis of the opinions of all respondents involved in this study (116 European business angels), using the Related-Samples Wilcoxon Signed Rank Test, demonstrates statistically significant differences in the assessment of such evaluation criteria as entrepreneurship, professional and managerial skills. The lack of statistically significant differences for such criteria as trust and reputation demonstrates that, despite the high level of prospectivity of start-ups, business angels are not ready to downgrade the ratings of these criteria.

CONCLUSIONS

As a result of the study allowed the author to draw the following conclusions:

1. The author proved the first thesis of the study – the most important evaluation criteria for assessing the startup founders by business angels for making an investment decision are trust in founders, founders' entrepreneurial skills, professional skills, reputation and their managerial skills.
2. The second thesis of the study has been proven - for all groups of business angels who participated in this study, there were revealed statistically significant differences (within groups) in the evaluation of the most important assessment criteria for the founders of start-ups.
3. The third thesis of the study has been proven – despite the certain differences in opinions, all groups of business angels participated in this study, consider the trust in the founders as the most important investment criterion, while the managerial skills of the founders of a startup were the least important criterion.
4. The hypothesis about three most important evaluation criteria of business angels was partially confirmed. The hypothesis was confirmed in relation to two criteria: trust in founders and professional skills, which were included in the top three assessment criteria, among the most important assessment criteria of business angels. The hypothesis was not confirmed regarding the managerial skills of the start-up founders; this criterion took only the 5th place among the most important assessment criteria of business angels.
5. Estimates of the correlation relationship (based on the opinions of 116 European business angels) between the assessment criteria under consideration revealed a very low linear relationship between the assessment criteria. The obtained result permit concluding that business angels evaluate each investment criterion based on their own principles and independently of other investment criteria.
6. There was identified only one publication on the previous studies, which presented the evaluation of the assessment criteria of business angels depending on the investment experience of business angels (Smith et al., 2010). It should be noted that Smith et al. (2010) investigates the business angels from only one country (Great Britain), and divides business angels into three groups depending on the investment experience. However, Smith et al. (2010) considers the opinions of only four business angels in each group. Since the study by Smith et al. (2010) was conducted on the basis of the opinion of business angels from only one country,

and also due to the small number of respondents, the obtained results cannot be considered as sufficiently accurate, and therefore, they cannot be fully used when comparing the opinions of business angels from other countries. Thus, the uniqueness of this research is based on considering a sufficiently large volume of primary data for determining the influence of the experience of business angels and the impact of the country of residence of BA, the participation of BA in syndicates and the age of the BA, which were not considered in the previous studies.

7. By applying Kruskal-Wallis test, it became possible to find out that in the distribution of business angels by countries of residence, the statistically significant differences (between groups) are observed in the assessment of such criteria as trust and managerial skills.
8. A comparison of the assessment criteria of business angels from Latvia with the assessment criteria of the Western European business angels (who have significantly longer investment experience) shows that business angels from Latvia underestimate the importance of trust in founders and overestimate the managerial skills of the startup founders. The comparison of trust in founders and managerial skills is made because these criteria showed statistically significant differences in the distribution of business angels by countries of residence.
9. In the distribution of business angels by age, Kruskal-Wallis test showed statistically significant differences (between groups) for such a criterion as professional skills.
10. The comparison of professional skills in the distribution of business angels by age showed that they are most valued in the group of business angels aged from 51 to 61 years, and the lowest in the group from 30 to 40 years old. This comparison was made because the professional skills showed statistically significant differences in the ratings of business angels disaggregated by age.
11. An analysis of the opinion of the most experienced business angels from Western Europe showed that the most important assessment criteria for respondents is trust, followed by the professional, entrepreneurial skills, the reputation of the founders was in fourth position by its importance, and the last position is occupied by the managerial qualities of the founders of start-ups.
12. Related-Samples Wilcoxon Signed Rank Test was used to evaluate the influence of the level of prospectivity of startups on the assessment of the evaluation criteria (within separate groups of business angels). Analyzing the influence of the prospectivity of start-ups, certain differences were found within the different

groups of business angels. However, all groups of business angels demonstrate a lack of statistically significant differences for such criteria as trust and reputation. Therefore, it can be concluded that despite the very high prospects of startups, business angels (from all groups) are not ready to lower their ratings for such assessment criteria as trust and reputation.

RECOMMENDATIONS

The developed proposals based on the study results

Suggestions for business angels

1. The recommendations developed in the study suggest that business angels evaluate the assessment criteria for the founders of start-ups in the following sequence. Trust in startup founders should be considered first, followed by the professional skills, followed by the entrepreneurial skills and founders' reputation, and lastly, founders' managerial skills.
2. The recommendations on the evaluation of assessment criteria of business angels proposed in the study in relation to the founders of startups allows business angels to use the opinion of more experienced business angels as a reference point. These recommendations could be especially important for business angels who have not made any investments yet, as well as business angels who invest only as part of syndicates and have no experience of individual investment (since the assessment criteria of syndicates and the assessment criteria of individual business angels differ (Carpentier and Suret, 2015; Bonini et al., 2019).

Suggestions for startup founders

1. While looking for business angels willing to invest in a project, it is recommended for the start-up founders to evaluate how well they meet the most important assessment criteria of business angels. The founders of start-ups need to understand whether they are able to gain the trust of business angels, as well as how much they have developed entrepreneurial, managerial, professional qualities and reputation.
2. In order to meet the estimation criteria of business angels, it is recommended for the founders of startups either to improve their qualifications (when it is possible), or to attract the founders, who have the qualifications, which are not sufficiently developed by the founder (or several founders) of a startup.

Suggestions for the representatives of the startup ecosystem

1. To help to the start-ups attract financing from business angels, the representatives of the start-up ecosystem are recommended to assess whether the founders are able to gain the trust of business angels, as well as the degree at which the

founders have developed their entrepreneurial, managerial, professional qualities and reputation.

2. It is recommended for the representatives of the start-up ecosystem to help to the start-up founders develop their competencies (if it is possible), which business angels primarily pay attention to when making a decision about investing in a start-up.
3. Assessment and development of the necessary competencies of the start-up founders will allow representatives of the start-up ecosystem (business incubators, accelerators, consultants and mentors) to help to start-ups more effectively raise funding, provide the substantial growth of start-ups and, accordingly, the development of the entire start-up ecosystem.

Suggestions for the managers of venture capital funds

1. Despite the fact that the assessment criteria of venture capital funds differ to some extent from the assessment criteria of business angels, both venture capital fund managers and business angels consider startup founders to be one of the main investment criteria for making an investment decision (Bachher and Guild, 1996; Mason and Harrison, 1996; Landström, 1998; Bretel, 2003; Sudek, 2006; Harrison and Mason, 2007; Paul et al., 2007; Gompers et al., 2020). Therefore, the venture capital fund managers can also use the recommendations proposed in this study to evaluate the founders of startups; in this process they should pay attention to the trust in the founders, as well as to the degree at which the founders have developed their entrepreneurial, managerial, professional qualities and reputation.

Suggestions for the researchers (application in the academic environment)

1. This study can become the basis of a scientific discussion for researchers studying the assessment criteria of business angels to the founders of startups.
2. The estimations of importance of business angels' assessment criteria for founders developed within the frameworks of this thesis allow the future researchers to have a reference point (a starting point) and, when conducting similar studies, compare their results with the results obtained during the preparation of this dissertation.

Recommendations for further research

1. In future research, it may be of scientific interest to expand the geography of the study and to evaluate the assessment criteria of business angels to the founders of start-ups outside Europe.
2. A comparison of assessment criteria for founders by business angels from different countries could be of particular interest. For example, a comparison of the assessments of evaluation criteria to the founders of start-ups by business angels from European countries and countries outside Europe.

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