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Abstract

The major part of the research conducted has a focus on one type of investor – venture capitalists. The academic literature about business angels remains underdeveloped. Because of that, they are the least understood source of funding for the start-ups, especially during the post-investment stage. This study concentrates on the finding ways of engaging the business angels during the post-investment stage, through the lens of psychological capital as the crucial factor of engagement as well as the framework of psychological ownership, to investigate the underlying emotional and cognitive state of angel investors during the venture development and growth.

The main research question is ‘How angel investors can be more engaged during the post-investment stage?’ The question was answered by discovering the psychological characteristics of angel investors, defining the angel investors’ engagement and the ways how to increase psychological capital. The study adapted qualitative approach, enabling the researcher to explore the phenomenon and expand the knowledge about angel investors’ engagement. The semi-structured interviewing and surveying were chosen for this research and in total nine business angels had participated in the study. The business angels had more four and more years of operational experiences in the investment field.

The empirical data confirmed the assumption that activating different capitals of engagements can increase the integration of the business angels into the venture beyond financial involvement. It was also concluded that non-financial factors of the engagement can equally impact on the engagement of angel investor as well as applicability of the investor’s expertise, knowledge and experience from the venture’s founder point of view. Thus, this study provides important managerial implications for the founders on how to engage angel investors more during the post-investment stage in the venture development.

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| Key words | business angels, engagement, psychological capital |
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**UNIVERSITY
OF TURKU**

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Economics

ENGAGEMENT OF BUSINESS ANGELS DURING THE POST-INVESTMENT STAGE

Master's Thesis
in International Business

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1 INTRODUCTION

“The desire to have and to hold something of one’s own is basic to the spirit of man”

Margaret Thatcher

(Pahl & Wallace 1988, 145)

1.1 Background

Over the past 40 years private equity investments have kept a key role in new venture development to boost entrepreneurial growth and innovation (Dutta & Folta 2016, 39). Around the globe, governments are concerned about the ability of small- and medium-sized enterprises (SMEs) to acquire enough funding. Even though, not all SMEs are highly innovative, they are still challenging existing models and use different opportunities missed by established companies. (Ali-Yrkkö et al. 2019). Another rationale of government concerns about role of SME’s in job creation. In most EU countries, SMEs have experienced the highest employment growth (de Kok et al. 2011, Ali-Yrkkö et al. 2019). In several countries, the significance of informal investor financing is present due to the factor of “equity gap” (Croce et al. 2018). Despite the significant size of institutional capital for supporting ventures and SMEs, it is still not enough to cover the whole equity gap necessary for new ventures. Therefore, it led to the substantial increase of investments coming from private resources and particularly: investors. (Avdeitchikova 2009.)

In a nutshell, investor is a person who allocates capital with the expectation of future financial return on investment. (Lin 2015.) As alternative to the debt financing, private equity can be provided either through formal or institutional venture capital market or the informal equity commonly known as angel investors (Amatucci & Sohl 2004). In this study, the terms “angel investors” and “business angel” mean equally the same in the context of the research. Angel investors are in particular interest of the study because these are most likely to be ending up into the company’s board of directors and they are relying on their ownership feeling from the purchasing the stocks of the company or investing into the capital. What is also interesting, that in the most cases this group of investors is not involved as coming from close circle of relatives, friends or peers and does not represent the financial institution. (Bernstein 2018.) According to the most traditional definition, angel investor is a *“high net worth individual acting alone or in formal or*

informal syndicate, who invests his or her money directly in an unquoted business in which there is no family connection and who, after investment generally takes an active involvement in the business for example, as an advisor and member of the board of directors” (Mason & Harrison 2008, 309).

The major part of the research conducted previously has a focus on one type of investor - venture capitalist, however not as well on the other key player in the investment field: angel investors. Despite being one of the most important players in the entrepreneurial landscape, angel investors are the least understood ones out of all sources of funding (Harper 2005). In 2013, 86% of all angel investment was invested in seed and early stage ventures, which makes angel investors to become a crucial part of launching and longevity of new ventures (Dutta & Folta 2016, 40). Typically, angel investors operate as bridge between informal sector and the formal venture capital sector, becoming a valuable contributor to the entrepreneurial community. On the contrary from venture capitalists, angel investors do not manage formal funds on the behalf of external investors. In addition, angels also have distinctions from crowdfunding as they are clearly professional, participate actively and have an important ownership share in their investments. In general, angels invest in risky ventures which contain a high probability of failure and relatively a small probability of creating outstanding returns. (Ali-Yrkkö et al. 2019.)

Angel investments on the contrary from venture capitalists are likely to be committed over a longer period (Dutta & Folta 2016, 43). This happens because angel investors locate their own funds into the venture, and they are not constrained to exit within limited and predefined time horizon. (Croce et al. 2018, Ali-Yrkkö et al. 2019). Another suggestion for the time frame would be that angels provide patient capital and create relatively long-term investments, typically in the range of 5 to 7 years (Sohl 1999).

In Europe and the US, the number of angel networks had increased by three times in the decade between 1999 and 2009. In addition, the amount of investments provided by business angels and the amount of deals have been increasing during the 2000s despite the influence of financial crisis. Since around 60% of overall angel investments are located in such sectors as biotechnology, ICT and environmental technologies, the majority of investments tends to be concentrated in the most innovative sectors. (Cipollone & Giordani 2019.) According to the recent research the total market of business angel investments had been estimated to be the same size to the venture capitalists' markets, being the US (European) venture capital market at 18.3 billion USD (5.3 billion USD) and the US (European) business angel market at 17.7 billion USD (5.6 billion USD) (Croce et al.

2018). Even though there is plenty of research conducted on business angels in US and the UK, there is a limited knowledge on characteristics and investment behavior of Finnish business angels (Lahti, 2011). In Finland, the importance of angel investors in fostering entrepreneurship and additionally the economic growth is acknowledged by policy makers and the media (Lahti, 2011a). Annually, Finnish business angels make an investment in few hundred startup firms, typically operating in knowledge-intensive industries. According to the recent research by ETLA, firms receiving angel investor funding have more chances to survive in business and receive positive effect on follow-up funding. (Ali-Yrkkö et al. 2019.) However, it is important to note that performance and survival of angel-backed ventures is positively associated with angel investor presence and hand-on involvement of the angels (Bonini et al. 2019).

However, it is important to note that key characteristic of the angel investor is its post-investment involvement with the “hands-on” approach to the business activities of the venture, to where investment took place. (White & Dumay 2017). Furthermore, Avdeitchikova et al. (2008) argues that business angels represent a heterogeneous group, meaning that in some ventures the same angel investor might be more involved and take a leader position and at the same time they are passive in others, where they let other business angels to lead. This point makes the relationship between entrepreneur and angel investor to be the crucial factor of developing the business, as the angel considered to contain and share previous business experience which acts as a support for the venture development. (Avdeitchikova et al. 2008.)

The relationship between angel investor and entrepreneur goes through three stages: pre-investment, deal and post-investment. In general, pre-investment activities involve search, first screening and analyzing by potential investors and due diligence. The event of investment consists of contract negotiation and determination the prerequisite of the term sheet. During the post-investment period, there is an occurrence of post-investment relationships together with future rounds of financing and possible exits. Post-investment involvement is the most crucial period in entrepreneur-investor relationship, because investor is trying to maximize the value of investment during this stage. (Paul et al. 2007, Fili & Grünberg 2014.)

The post-investment stage is divided into two consecutive stages as managing and harvesting. During the managing stage angels are typically expected to take a role which allows them to make input strategically and operationally. During this stage, the angel investors become more involved in the venture which enables them to increase the value

of the investment not only by monitoring but also by assessment and active management of their venture. (Paul et al 2007.) In most cases, the focus is on the initiative involvement rather than reactive management, besides, there is no major difference between experienced and inexperienced business angels. Therefore, it is quite often that angel investors normally land at the official position at venture's board of directors and become involved at the consulting role. More seldom case occurs when angel investor is having employment at the venture. (Fili & Grünberg 2014.) During the harvesting stage the venture succeeds in the way that brings the return on investment (ROI) to the business angel. If the investment is failing, business angels might consider the possibility of exiting the venture. However, in order to maximize tax advantages, majority of the angels prefers to keep their investment if possible, making them be more long-term players than venture capitalists. (Paul et al 2007.)

Understanding cognitive aspect of post-investment involvement of angel investors is very crucial for post-investment involvement analysis (Fili & Grunberg 2014). The motivation of angel investors behind the roles taken is also one of the key aspects to mention here. In addition to traditional motivation factors of business angels as gaining the profit and having a source of income, researchers also introduce non-financial motivation factors behind the post-investment roles. Some investors can be altruistic, some want to support the next generation of entrepreneurs, for someone it might be even a hobby. In non-financial motives case, the monitoring will most likely turn into the advisory role which enables for venture entrepreneurs to access the value-added knowledge transfer. (Hoyoz-Iruarrizaga et al. 2017.)

1.2 The purpose of the study

According to the Cipollone & Giordani (2019) the post-investment stage has been much less described by the scientific literature, mostly with the focus on the exit strategy and margin of ROI from angel investments (Cipollone & Giordani, 2019), (Hoyoz-Iruarrizaga et al. 2017). Therefore, researcher suggests exploring the angel investor behavior, when they are shareholders and belong to the board of directors, during the period when the new venture had been established, successfully launched and had gone through novice stage with the rise and falls which naturally occur in the new ventures' lifecycles. According to Harrison et. al. (2016) the nature of engagement between angel investors and investee ventures and the implications of involvement of business angel capital arises from ensuing pattern of post-investment relationship stage. Consequently, investment

attitudes and behavior represent the biggest source of risk for new and growing ventures, as they play a key role in entrepreneurial ecosystems. (Harrison et. al., 2016.) Since angel investors play a key role in the strategical decisions of the new companies, the influence comes from the authority coming from formal presence on the venture's board of directors and from their knowledge and expertise. Quite often angels have entrepreneurial experience of their own and they act as a reflector of reliability and validity of decisions made by entrepreneur(s) managing the venture on daily basis. (Wiltbank et. al., 2009.) Author sees an importance of studying investment ownership in post-investment stages, as it frequently under the extreme uncertainty because of the early stage focus of angel investment (Wiltbank et. al., 2009). The borderlines of post-investment stage of the angel investment process are important to consider as post-investment involvement is the most crucial and key characteristic of business angels in general (Wetzel, 1983).

Naturally, if to look at major contributors to the angel investor research, it is noticeable that the key characteristic outlined for angel investors is their involvement with further progress of the venture (Wetzel 1983, Paul et al. 2007, Avdeitchikova et al. 2008, Bonini et al. 2019). However, the concept of 'involvement' particularly means a motivational state which occurs by activated attitude and self-interest (Johnson and Eagley 1989). In other sources, the psychological state of involvement with an entity of the environment (job, family, etc.) is a cognitive or perceived state of identification with that entity. Root of involvement lies in the need-satisfying potential of the environment. It can be considered as the experience of satisfaction which is the result of fulfillment of the individual's self-esteem and self-actualization needs. (Kanungo 1979.) I believe that the term 'involvement' is not enough for the business angels to be actively immersed in the activity of the ownership in the invested venture. On the contrary, analysis of closely related literature has discovered such thing as ownership engagement which is a defining for investors being shareholders in the company (Çelik & Isaksson 2014).

As a conclusion, in order to research the degree of interest and participation of the angel investors in the venture invested, the 'hand-on involvement' ought to be replaced with 'engagement' since it will better show the degree of motivational stated and input of the resources of the angel investors during the post-investment stage. By providing a new dimension for angel investor research – engagement – there is an opportunity to discover new ways how to keep business angels interested in the venture invested despite the fact of having several ventures running in the business angels' portfolio at the same time.

Therefore, the importance of the chosen topic from the managerial perspective arise because investment attention and engagement are important to the company. According to Kempf et al. (2017) distracted shareholders (who angel investors are usually represented as) in the company are more likely to make losing acquisitions. Moreover, they are also more likely to cut dividends, and less likely to fire CEO for bad performance. Thus, it makes it very crucial for companies, entering the market and starting the business and for the companies, who are confidently present on the market. (Kempf et al. 2017).

In a nutshell, this study concentrates on the finding new ways of engaging the business angels during the post-investment stage. In general, academic literature on angel financing remains underdeveloped (Dutta & Folta 2016), therefore it creates the importance of the additional research.

Thus, the research question is “How angel investors can be more engaged during the post-investment stage?”, where the sub-research questions would be:

1. How to define angel investor engagement?
2. What are the business angels’ psychological characteristics?
3. How to increase the psychological capital of angel investors?

According to Fili & Grünberg (2014), investor is a principal with the label of outsider, which is not trusted. The activities of an outsider are perceived differently. However, outsiders can earn the trust and become insiders. As the business angel becomes an insider, the relational risks are decreased, and the trust is built. One way to become an insider is through doing, because tacit knowledge mutual exchanges involves shared experiences and understandings, which makes business investor to become an insider. Another way to turn business investor into insider is through boundary spanning process engagement, so that the angel identification with the process will make him/her tightly identified with activities of the venture. Since the investor is perceived is either insider or an outsider, it is suggested that only those actions which is relevant for the status of investor would be executed. For instance, formal monitoring activities are suitable for the business investors with “outsider” status, whereas for “insider” it is more appropriate and legitimate to use informal mechanisms such as leading and mentoring. (Fili & Grünberg 2014.) In author’s belief, if the angel investor will receive the status of insider, he/she would be more engaged in the process of venture development and would be less willing to exit from the investment deal. Therefore, it becomes important to change the status of investor to the insider, through the engagement. In order to measure the engagement more thoroughly, the conceptual framework of the psychological ownership was utilized,

because of the dimension of psychological capital proposed by Thompson et al. 2015. This group of researchers believe that in addition to three dimensions of engagement (human, social and family capital), the psychological capital strengthens all three mentioned and intensifies the engagement feeling inside the individual's mind, as the psychological capital is the important adhesive of the engagement feeling inside the individuals. It is also proved that when the individual contains the psychological capital towards the working tasks, he or she 'acquires' or 'owns' the tasks (Luthans et al. 2015, 125). 'Ownership' of tasks is directly connected to the psychological ownership, which is the concept of possessive feelings which attach individuals to the object, showing itself in such descriptions as "my" and "mine" (Pierce & Jussila 2011). The developed conceptual framework of psychological ownership allows us to measure the level of engagement in the chosen target group, since when psychological ownership is at higher levels, shows individuals who are responsible and ready to step up for work (Luthans et al. 2015, 125). Since the psychological ownership is much narrower concept than psychological capital, it is easier to use it as a tool for investigating the sources of engagement of business angels during the post-investment stage (Avey et al. 2009). Moreover, in the psychology literature there is an argument that psychological ownership can play a role of the factor, which may determine the relationship between prior experience of business angels and intention to stay in the game of entrepreneurship in the venture invested, the usage of its theoretical framework makes it very appealing for fulfilling the research purpose of this study (Hsu 2013).

The research study has been done within the scope of Finland due the fact of levels of social trust discovered during the literature reviewing and also the fact that there is a restricted information on the investment behavior and characteristics of Finnish angel investors (Lahti, 2011). According to the study made by the Ding et. al. (2015) the level of social trust in Finland is the third highest among 25 countries participated in the research and the radius of trust is the second highest. It was concluded in the research, that countries with higher levels of trust are more likely to make angel investments. In addition, whereas the level of trust and the radius of trust are found to increase positive relationship between an individual's perceived entrepreneurial skills and angel investment, at the same time the same factors weaken the relationship of perception of new business opportunities and angel investments. (Ding et. al., 2015). This and as well as the convenience of investing the start-up, angel network and the companies who are international and well-established on the market made Finland an interesting place to study this phenomenon.

The study was conducted by using the qualitative study including mixed data collection methods as qualitative interviews and survey based on researched measurement tool of engagement components in order to investigate the research problem further.

As a realistic researcher, I understand that my research study contains the limitations, which influence the research process. First of all, it is about respondents themselves: the definition of angel investors by Mason & Harrison (2008, 309) excludes micro-angels, family and friends from the scope of research, which could be valuable sources of information, however, they cannot be invited to participate. Other limitation contains one of the critical challenges to study angel investors which is the fact that their investments are difficult to observe (Dutta & Folta 2016). Additional invisibility of an-gel funding activity is the major barrier in the theoretical research on business angels (Landström & Mason 2016, 47). Both factors create a difficulty in finding sufficient amount of business angels to participate as well as evaluate the appropriateness of the participants' background for the research. However, since the qualitative approach is the base of mixed method study, it allows different points of view and different back-grounds to be considered, since according to Avdeitchikova (2008), angel investors are heterogeneous group of investors and contain mixed backgrounds, skills and work experience.

2 THEORETICAL BACKGROUND

2.1 Business angels

Raising the capital under risky circumstances is always a challenging and complicated task. Despite its difficulty, such type of capital is very important as it provides opportunities for highly innovative sectors to develop. Angel investors play a key role in the risk capital market by providing the capital for inventors, start-ups and small technology-based firms. (Wetzel 1983.) In comparison to venture capitalists, business angels are more involved in the venture with the primary goal of helping the entrepreneurs to achieve success. (Landström & Mason 2016, 135) This happens, because many angel investors have an entrepreneurial track record with personal experience of owning and running small business. (Landström & Mason 2016, 149).

2.1.1 Definition and classification of business angels

The first scholar who succeeded in the giving the launch for the business angels' research and set a new research field was Wetzel (1983). In his seminal study, he clearly outlined that angel investors do not include founders, friends or relatives (Wetzel 1983). In addition, he was the father of the term 'business angels', which meant people who provide similar type of risk investments to new ventures. Also, he outlined important characteristic that the population of business angels *'is unknown and probably unknowable'* due to their desire for anonymity, invisibility and undocumented nature of their investments. Overall, his pioneering work had increased the interest in the business angel research among scholars and discovered the importance of business angel market as a driver of innovation. (Landström & Mason 2016, 3, 25, Wetzel 1983.)

The scholars who actually gave the classic description of business angels definition, which is still used in modern research came from the study by Mason and Harrison (2008, 309): *"high net worth individual acting alone or in formal or informal syndicate, who invests his or her money directly in an unquoted business in which there is no family connection and who, after investment generally takes an active involvement in the business for example, as an advisor and member of the board of directors"*. Further research had highlighted that business angels are value added investors who contribute their commercial skills, entrepreneurial experience, business know-how and contacts (Lahti 2011 a). In general, there are four fundamental features, which distinguishes this form of investment from the other forms:

- Business angels invest their own money
- Business angels invest in private unquoted companies and therefore willing to accept the potential loss of liquidity.
- Angel investors make direct investments and make their own investment decisions
- Business angels primarily seek for commercial returns. However, non-commercial reasons also play an important role. (Landström & Mason 2016, 28-29.)

Another fundamental feature is hands-on involvement; however, practice shows that there is a significant minority of angels taking on a passive role in their investments, therefore this feature cannot be considered as a compulsory to be added in the general description of business angels. (Landström & Mason 2016, 29)

Nevertheless, it is still the major characteristic of the angel investment: the active involvement during the post-investment stage. The involvement had been deeply researched by the scholars, who built the framework of the hands-on involvement during the post-investment stage, which is going to be described below (Politis 2008). Angel investors with participating in the new venture by investing in them, provide signals to other investors either to co-invest or provide a follow-up financing (Landström & Mason 2016, 2). Therefore, they are hands-on investors, adding values to the ventures in which they invest. (Landström & Mason 2016, 4). Additionally, to their financial role in new venture development, angel investors keep a crucial role in the strategic decision-making process of the new start-ups. Their influences come from the authority from formal participation in the venture's board of directors and from their knowledge and expertise. (Wiltbank et al. 2009.)

Business angels can be classified in the following categories: entrepreneurial, corporate, professional, enthusiast and micromanagement, presented in the Figure 1.

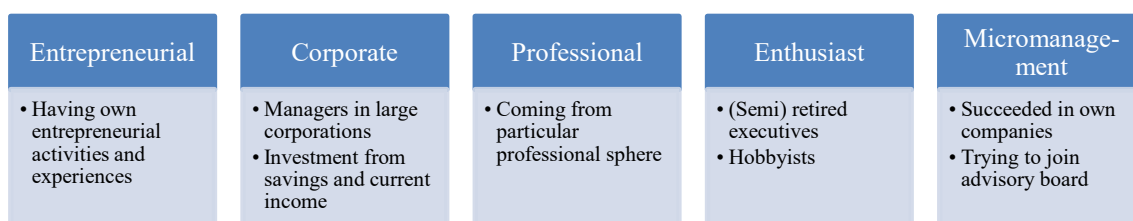


Figure 1. Classification of business angels

Entrepreneurial angels are considered to be the most valuable in the industry, as they gain their capital from own entrepreneurial activities from creating a venture. Corporate angels are managers in large corporations, investing from their savings and current income. The issue with those that, once they get into the management board of the venture, they need to realize that ventures have a restricted amount of resources, in comparison with corporations, in which this type of angels are employed. Professional angels are those who are working at medical, legal or other field, which is well-paid, and they invest their savings/incomes into the start-up. Enthusiast angels are usually retired or semiretired executives and entrepreneurs, who contain enough wealth to invest into start-ups as a hobby and be passively involved. Micromanagement angels are those who succeeded in their own companies and after investing in other ventures, try to become the member of advisory board and receive the regular updates from the company and even intervene if the venture does not go the right way. (Zacharakis et al. 2017, 415.) Regarding the Finnish Business angels, according to one of the old studies, 83% of the business angels had established at least one venture. The average angel investor had founded 2.8 companies. (Lahti, 2011.) That makes quite a big number of entrepreneurial angel investors to be part of Finnish Business Angel Network at the point of year 2011. Usually business angels are active investors with industry connections and networks which endorse recruitment of the human capital and attract other potential source partners (Dutta & Folta 2016, 43).

2.1.2 Motivations for angel investments

Even though the financial returns are very significant for the business angels, there are also nonfinancial reasons existing, which strongly influence the desire for investing such as: desire for mentoring, desire for involving into startups without full immersion, to have fun, to be part of network of other business angels, to be on the edge of new commercial developments and to involve with product and services which would benefit society. (Zacharakis et al. 2017, 416.) One of the important things to understand is that angel investors are not charitable and prefer to put their money into the secure ventures with minimal risk possible, however, due to the entrepreneurial background, they are embracing risks and uncertainties while making an investment. In addition to the equity gap, angel investors fulfill management gap as well, by providing management assistance to an emerging firm and being present at the board of directors. In addition, angels are also noteworthy because they provide money with patience with longer investment time horizon than most banks and venture capital firms have. (Harper, 2005.) Moreover, it is

important to remember that angel investors are very heterogeneous group due to their backgrounds: career, professions, interests, personalities and etc. (Landström & Mason 2016, 87).

Angel investors can maintain the control more easily by simply becoming actively involved in the ventures. However, if the angel investors are looking for non-financial gains, their post-investment activities are not based on seeking the control. In this case monitoring turns into close advisory for better value transferring. (Hoyoz-Iruarrizaga et al. 2017.) Angels generally prefer to rely on relational rather than contractual management and adopt a flexible control mechanism and have an informal hands-on approach. It is noticed that more actively involved and experienced angel investors utilize more sophisticated contractual terms for the self-protection. (Dutta & Folta 2016, 43). Usually angel investors lack the analytical tools, resources and sophistication for writing down the contracts, therefore they rely a lot on the post-investment period in order to execute risk management (Hoyoz-Iruarrizaga et al. 2017).

2.1.3 Business angels' contribution and involvement

The angel markets had changed over the 30 years from being total invisible to the current situation, where there are two segments: one which is visible and the one which remains invisible. The visible segment is supported by various business angel networks, initiatives supported by public investments or supported by the group of like-minded enthusiasts, forming managed angel group. (Landström & Mason 2016, 44-45.) Overall, the contribution of business angels can be divided into four types:

1. Raising the supply of financial capital (direct contribution to increase the flow of finance to the venture);
2. Add to the venture's ability to attract more financing (strengthening the venture's balance sheet, increasing the attractiveness of the venture to other investors);
3. Increase the quality of the ventures through value-adding activities (active involvement of the investor: advising, coaching, providing access to investor's network, as a result increased a non-financial value);
4. Strengthening the entrepreneurial eco-system (improving of attractiveness of local communities for further investing and development into eco-system with highly intensive angel investments). (Avdeitchikova & Landström 2014)

Avdeitchikova criticizes some of the earlier studies, because they find investor behavior during the post-investment period static. She argues that contributions of the

investors may change of the time, as they accumulate more wealth. Moreover, she found out that relying on co-investors in sharing the management for the investment may create a passive role for the angel investor. Additionally, she found out that such factors as the stage of development, the source of the deal, investor's industry-related characteristics and geographic proximity. (Avdeitchikova 2008). In order to investigate the drivers of angel investor's involvement, Lahti (2011a) created a categorization of the Finnish business angels by their investments. In his study, the researcher outlined four categories of the investment:

1. Gambles (speculative nature, low and limited involvement, limited risk management before and after investment). This approach to investment might be taken because business angel might not be familiar with the investee's industry and the gamble approach reflects their lack of competence.
2. Conventional angel investments (intuition-based evaluation, incomplete contract approach, active involvement during post-investment). The most consistent with the style of angel investing.
3. Due-diligence driven investments (detailed analysis prior to investment, very limited post-involvement). The investment style is more resembling the venture capitalists.
4. Professionally safeguarded investments (risk management, active involvement). (Lahti 2011a.)

Degree of involvement for business angels tend to decrease, when they are not lead investors in the syndicated investments (Lahti 2011a). In addition, such factor as the product novelty is usually associated with lower level of involvement. Furthermore, the country-level differences might explain the higher or lower degree of involvement among angel investors. (Landström & Mason 2016, 168.) Overall, the degree of post-investment involvement and its variables, which make some business angels to contribute more actively are under researched. (Hoyoz-Iruarrizaga et al. 2017).

Distinguishing feature of angel investment is the fact that it remains hidden from statistics. Usually networks of investors are formed within the regional surroundings and the sources of information and finance are very localized. Despite that factor, certainly there are investments which are done outside of the regional bubble, however this percentage of investors is very small. The angel investments are done locally mostly due to the fact that monitoring costs then are much lower, therefore local proximity of investments is a relevant matter for angel investors. (Ali-Yrkkö et al. 2019.) Moreover, the proximity can go beyond the geographical one and also include social proximity,

technological proximity, cognitive proximity and cultural proximity (Landström & Mason 2016, 89).

Angel investors seldomly involve into daily operators directly, they still can be described as active investors through active board work and providing consultancy services upon request. (Landström & Mason 2016, 149). The level of involvement may range from management consulting to the engagement with daily operations. The degree of involvement tends to be tied up with the venture's stage of the development. The angel investor is more engaged with very young ventures. (Harper, 2005.)

The preferred ways for Finnish angel investors of involving themselves is the membership on the board of directors instead of a participation in daily operations. Over the time, participation in the board of directors have increased. However, it would be useful if business angels do participate in the everyday activities, because new ventures are missing those skills in order grow the venture from the seed stage. As a result, active involvement of angel investors is crucial during the post-investment stage. (Lahti, 2011.)

On the other hand, despite the positive influence and input of angel investors, angels can become a liability for the growing firm. Entrepreneurs should be aware of the many potential drawbacks associating with inviting an angel into the firm. Following points can be used as a reality check for new coming angel:

- The distinction between help and micromanagement. There is a big difference between being a valuable mentor or unwelcome burden. It should be clear that angel investor has an advisory capacity and entrepreneur is one who is in charge.
- Having the patience to keep the distance. Inexperienced angels tend to be more worried about roller-coaster nature of the growing firms, which makes them ask too many questions and clarification from entrepreneurs.
- Adding value. The angel's experience, knowledge and contacts should bring real value added to the new growing venture. As well as angel's reputation, which is important factor.
- Wearing or not wearing the halo. Entrepreneurs should make sure that angel is committed to help the venture rather than taking control over it.
- Expectation of performance. It should be noted that angels invest in the offensive rather than defensive manner, since angels rarely invest when the firm is in trouble. (Harper, 2005.)

2.1.4 Angel investors' value-added process

Value added process in business angel's activities during the post-investment stage can be divided into four stages: behavior, context, reception, impact. (Landström & Mason 2016, 9). 'Value added' means a hands-on involvement process of angel investor which results in potential value enhancement in a business. Thus, it makes a hands-on involvement as a sequence of interdependent and connected procedures or activities. 'Behavior', in referral to the hands-on involvement, means the way angel investors behave in relation to portfolio ventures, as variations may occur due to personal motives, characteristics and competence profiles. These behaviors produce a set of value-adding benefits, which a new venture can receive from the investor. (Landström & Mason 2016, 150-151.) 'Impact' means influence or effect on the behavior and performance of the ventures coming from hands-on involvement of angel investors. This dimension provides answers whether such involvement provides significant and measurable output which can be determined by calculation and evaluation. 'Reception' corresponds with receiving and value of business angel involvement. This dimension shows the variations and differences among entrepreneurs to appreciate, understand, effectively implement and utilize value-added benefits coming from investors. 'Context' as a dimension shows the critical role of environmental circumstances and conditions on the ongoing process of venture development as well as business angels' involvement. (Landström & Mason 2016, 151.)

Value adding roles of business angels can be as board/strategic role (strategic advisory, building and protecting valuable sources in the venture); supervision and monitoring role (investment protection, reducing conflicts of interests by formal control mechanisms); resource acquisition role (providing resources through network, creation and maintenance of stable flow of key resources) and mentoring role (helpful and trustful advices, reducing conflict of interests by informal control mechanisms). (Landström & Mason 2016, 161, Politis 2008.) However, the value-added process can be influenced in the positive as well negative sides due to the contingencies appearing in the environment or in behavioral patterns of business angels (Landström & Mason 2016, 168).

The value adding roles are connected because they are based on business angels accumulated human and social capital, which are an important part of engagement (Politis 2008, Thompson et al. 2015).

2.2 Components of angel investors' engagement

In general, engagement happens when one is completely immersed into the task and the personal resources of effort and attention are directed fully toward the work (Thompson et al. 2015). Engagement is widely considered as a motivational state that describes the degree to which individuals apply their physical, cognitive and emotional energies to their tasks which improves the performance of task completion (Kahn 1990, Newton et al. 2020). If to look more closely at the concepts, one of the definitions 'to involve' means 'to enfold or envelope', whereas 'to engage' means 'to come together and interlock' (Ferlazzo 2011). Therefore, involvement means 'doing to' and engagement underlines 'doing with', making an involvement as an antecedent and the engagement as an outcome. (Ferlazzo 2011, Martínez-Del-Río et al. 2012.) As it was mentioned earlier, the nature of engagement between angel investors and ventures in which they invest and its determination of finding out the extent of patient capital partially depends on the pattern of post-investment relationship because by actively involving with the venture, the business angel gets an opportunity to manage the risks related to the venture (Harrison et al. 2016). It is important to note that engagement differs from such concepts as identification with and commitment to a role. Identification concerns about importance of a role to the person, whereas commitment describes the person's attachment to the role. Identification and commitment are reasons of why someone might become engaged with a role. (Rothbard 2001.) Other sources define engagement as stronger and deeper concept than involvement is the cognitive state which is characterized by energy, involvement and efficacy (Maslach & Leiter 1997, 102).

The seminal paper of Kahn (1990) had provided the first complete definition of the engagement as a concept. He stated that engagement in a role indicates to one's psychological presence in or focus on role activities which is key ingredient for the effective role performance. In the engagement state, the individuals express and employ themselves physically, cognitively and emotionally while completing the tasks. (Kahn 1990.) Thus, the engagement consists of two components: attention and absorption at role. Attention is connected to the cognitive availability and the amount of time individual spends thinking about the role. Absorption relates to being immersed into the role and intensity of focus upon the role. (Rothbard 2001; Kahn 1990.) In other words, Kahn discussed the engagement in the way of people's choice of investing themselves into their work roles (Madden & Bailey 2017). Even though, Kahn's presented model provided a complete

theoretical model of psychological presence, Kahn have not proposed the operationalization of the construct (Schaufeli et al. 2002).

2.2.1 Engagement as an affective-cognitive state

Furthermore, engagement is not a momentary and specific state, it is very persistent and pervasive affective-cognitive state which is not focused on any particular object, event, individual or behavior (Schaufeli et al. 2002). In general, the engagement is described as positive, fulfilling and work-related cognitive state of mind which is characterized by vigor, dedication and absorption. Vigor is described by high energy levels and mental resilience meanwhile working, the desire for investing effort into own work and persistence during the times of difficulties. Dedication is described by the sense of significance, enthusiasm, inspiration, pride and challenge. Absorption is described as being fully concentrated and happily immersed in own work, at where the time goes by quickly and the one has complications in detaching themselves from work. (Schaufeli & Bakker 2004.)

In order to measure the engagement, there was created the Utrecht Work Engagement Scale (UWES) by scholars Schaufeli and Bakker (2003), which primary goal was to outline the level of engagement among employees in different countries. The scale includes 17 statements which are needed to be measured and the statements are describing the respondents' vigor, dedication and absorption which are key measures of engagement. In order to present the UWES better, it is located in the Appendix 4. (Schaufeli & Bakker 2003.)

Even though, Schaufeli et al.'s (2002) definition of the engagement is cited quite a lot and considered to be the classic definition (Lee 2013, 26), there are additional descriptions which are necessary to be mentioned, because they create a complete picture of engagement as a conceptual framework, which is going to be utilized for further research in this study.

2.2.2 Engagement as a capital

A recent study of engagement by Thompson et al. (2015) stated that engagement is a complete cognitive, emotional and physical immersion of the self into the own work. These scholars outline that engagement happens when the person is fully immersed into the job and the personal resources of effort and attention are fully directed towards work. In this study, the engagement is viewed as capital or a store of the common resources

which can be chosen to draw from or can endeavor as needed or required. (Thompson et al. 2015.) Such conclusion came out of the suggestion that engagement is a result of high level of resources (Halbesleben et al. 2014).

The research on the engagement outlines four forms of capital, which supports the process of engagement and provides a different way of looking at the dimensions of engagement: human capital (what can be done at work based on innated or learned qualities), social capital (the people in the network and how they can be leveraged at work), family capital (level of support in the work-life balance) and psychological capital (internal positive psychological resources) (Thompson et al. 2015). These dimensions are going to be described in more details for better understanding below.

Human capital can be divided as general human capital and unit-specific human capital. General ones are those which can be applicable across the companies such as knowledge, skills and abilities. They are easily transferrable from company to company. Unit-specific human capital relates to the specific needs of the organization or unit and they are not valuable for other units/organizations. (Thompson et al. 2015, Barney & Wright, 1998.) Human capital has a direct link to the engagement. Employees with more know-how knowledge are more able to express themselves through the work and by thus they become more immersed with tasks and work. (Thompson et al. 2015.)

Social capital as a concept, concerns the individual's relationship with others, relationship between own group and other groups as well as relationship with broader organization to which the individual belongs. The development and strengthening the networks everywhere improve the social capital. (Thompson et al. 2015.) Social resources, as the part of the social capital, include also social support and networks, necessary for balanced well-being and coping with stress (Hobfoll, 2002). More and higher quality of relationships within the organization provides the strength of successful integration within the organization. In general, social capital is critical for development of engagement because strong bonds, friendships and ties within venture provided by social capital enables see the impact on venture development. (Thompson et al. 2015.)

Family capital is related to the work-life balance, which is affecting the engagement. The more balanced relationship between work and family creates higher engagement with role or task. (Thompson et al. 2015.) However, at the same time, engagement in a role might negatively respond on the work-life balance of an individual (Rothbard 2001). Additionally, when the individual can clearly divide the work and life, they are getting more engaged with tasks or role (Thompson et al. 2015). Gender-wise men experience

enrichment from work to family, meanwhile women find enrichment from family to work (Rothbard 2001).

Since the human capital is an evaluation of individual's talent- and knowledge-based resources, social capital is an evaluation of individual's external network resources and its utility and family capital is an evaluation of individual's work-life balance, the psychological capital – fourth dimension of engagement – has an emphasis on internal self-appraisal. (Thompson et al. 2015.) Luthans et al. (2007) outlined main psychological mechanisms behind this fourth dimension as 'who you are' and 'who are you becoming'. Thus, psychological capital presents a type of capital which reflects internal resources, especially positive psychological resources which one can use in order to succeed. It is important to consider and analyze psychological capital in more detail, because engagement does not develop in vacuum: it is impacted by individual's internal capabilities to use external resources or capabilities, which affects the probability of being engaged. (Thompson et al. 2015.) Development of psychological capital is considered to be way of gaining competitive advantage by using the human resources to its full potential (Luthans et al. 2007, 7). Therefore, below there will be presented the four dimensions of psychological capital furthermore.

2.2.3 Psychological capital

If to present the definition of psychological capital, taken from the book of Luthans et al. (2007,3): "*Psychological capital or PsyCap is an individual's positive psychological state of development and is characterized by: (1) having confidence (self-efficacy) to take on and put in in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering towards goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success.*", it can be clearly seen that four dimensions of psychological capital have been incorporated in this definition: hope, efficacy, resilience and optimism (Thompson et al. 2015; Luthans et al. 2007, 3).

Hope has a direct relationship with engagement (Thompson et al. 2015). Many people mix hope with wishful thinking, positive attitude, high emotional level or even an illusion (Luthans et al. 2007, 66). Hope is defined as positive motivational state of mind, which is based on interactive goal-directed energy and planning to meet goals. Hope is empirically proved to be related to performance in various domains (Luthans et al. 2007,

17), because it is a cognitive state in which a person is able to set realistic and at the same time challenging goals and expectations, so afterwards they would achieve them through self-directed determination, energy and perception of internal control (Luthans et al. 2007, 66).

Efficacy has a connection with confidence levels which an individual obtains in order to complete task or take a specific action. Such confidence provides suitable context for the engagement. Because of the context feelings, the feeling of immersion into task increases, which creates possibility for the engagement. (Thompson et al. 2015.) Bandura (1997, 79) had outlined several sources which can influence on the level of individual's perceptions of self-efficacy: mastery experience of the task, learning-through-modeling approach, encouragement/positive feedback from others for the performance and psychological or physiological arousal. In addition, these sources suggest that hands-on learning is crucial to improve efficacy. (Bandura 1997, 79; Thompson et al. 2015.) Therefore, people with high level of efficacy are choosing difficult tasks and set high goals, like to meet challenges, very self-motivated, provide a necessary effort to accomplish the goals as well as they persevere when dealing with obstacles. In nutshell, efficacy provides the confidence to succeed in the engaging task or role. (Luthans et al. 2007, 38.)

Resiliency is the individual's ability to work towards desired result despite of negative and positive events happening in the individual's life (Luthans et al. 2007, 18). It is also the personal ability to be persistent and cope with risks in order to produce desired outcome. Resilience is necessary and critical for the sustained engagement, so that the engaged participants are willing to discuss, improve, manage and master the aspects around their role or task in order to reach optimal result. (Thompson et al. 2015.) It is crucial because resiliency allows individual to take advantage of the hidden potential, which would not be discovered in the case of events not happening. Therefore, risks are capable to stimulate growth and development and by thus, help people to reach their full potential. (Luthans et al. 2007, 118.)

Optimism is the individual's perception of the probability of a positive outcome of the event (Thompson et al. 2015). It explains positive events in the terms of personal, permanent and convincing causes and negative events as external, situation-specific and temporary (Luthans et al. 2007, 17). Optimism is necessary for the engagement as without it the probability of engagement significantly drops down (Thompson et al. 2015). However, it is important to notice that, as a dimension of psychological capital, optimism is characterized as realistic and flexible (Luthans et al. 2007, 93).

Beside the resources, it is very important to mention that psychological capital has a capability to enhance the influence of other capitals – human, social and family – on engagement. For instance, despite having human capital, which is attitudes, abilities and skills of the individual, the one will not realize the engagement without resiliency or hope. Psychological capital allows to enhance an individual's ability to use skills and knowledge by providing enthusiasm and courage to achieve his/her goals. Another example would be strengthening social capital which is network, by optimism and resiliency respectively – one must believe that his/her network would help to achieve the goal and one must be ready to bounce from and back to networks for further progressing with task and goal. As for the strengthening the family capital, while the work-life balance tends to allow cognitive and emotional resources to be available, psychological capital allows those resources to be sustained. (Thompson et al. 2015.)

As any capital, psychological capital can be measured. Measurement of psychological capital allows to see the strong and weak sides of the engagement, by measuring the psychological capital's resources and at the same time provide the grounds for the roadmap on improving the engagement among the target group. Measurement can be done with the help of Psychological Capital Questionnaire (PCQ), which is presented in Appendix 2 and was taken from the seminal work of scholars studying the psychological capital. (Luthans et al. 2007, 210-214.) As an example of possible improvements which could be executed in order to raise sources of engagement, it is going to be presented based on the sources of psychological capital. For instance, in order to raise self-efficacy, more modeling, learning experience and social persuasion has to be introduced. For raising hope, more goal-setting, participation and planning for alternative routes to reach set goals could be introduced. For optimism, further opportunity-seeking and appreciation of the present situation. For the resilience, such type of strategies as asset-focused, process-focused and risk-focused may help to raise the resilience. (Luthans et al. 2007, 213.) In my opinion, above-mentioned techniques are very well applicable for the improvement of the angel investors' engagement during the post-investment period, which can have positive outcomes in further development of the venture. In general, when people are engaged with one role or task, they are less engaged with the others (Rothbard 2001). Same might happen with business angel and its ventures-investees, that level of engagement will be unequal among the ventures (Avdeitchikova et al. 2008).

2.2.4 Ownership engagement

According to Çelik & Isaksson (2014) there are differences between level of so-called ownership engagement (i.e. engagement during the post-investment stage) among the investors belongs to the same group (in our case: business angels). Degree of ownership engagement is not determined solely by share ownership or equity ownership. Instead it is determined by number of various factors such as purpose of the investment, liability structure, investment strategy, portfolio structure, fee structure and regulatory framework. These factors four different levels of ownership engagement from no engagement to inside engagement. In fact, it is important to notice that these levels are broad categories and they may vary in the real life. However, the purpose of outlining these four levels is to connect the ownership engagement and the factors of engagement, presented above. In a nutshell, the levels are presented in the Figure 2.

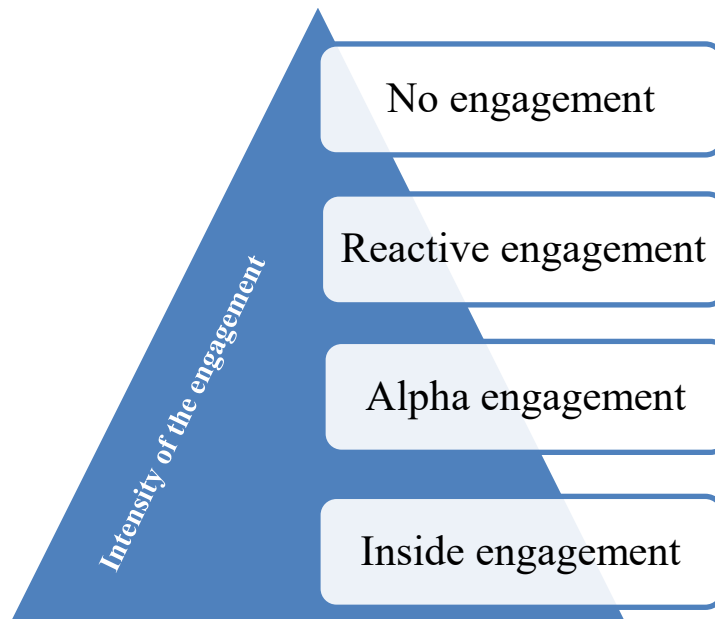


Figure 2. Levels of ownership engagement

1. No engagement: investors, who do not monitor venture-investees actively, who do not vote with shares as well as do not participate in any dialogue with the managers of venture-investee.
2. Reactive engagement: investors, who buy advice and voting services from advisors and consultants. In addition, such type of investors reacts to engagement by other shareholders.
3. Alpha engagement: investors, who are looking to support either short-term or long-term returns above set benchmark. Therefore, they are actively engaging to

improve venture performance, restructure venture if necessary or even sell the venture in order to gain profit.

4. Inside engagement: investors, who are carrying out fundamental capital analysis, vote directly with the shares and at the same time holding board responsibilities. At this engagement level, investor is usually holding a controlling or large stake at the venture. (Çelik & Isaksson 2014.)

Since business angels' ownership engagement is deeply connected with ownership feelings, for deeper research and fulfilling the aim of the study, there is a given overview on concept of psychological ownership in order to better explore cognitive and emotional state of angel investors during the post-investment stage.

2.3 Psychological ownership as cognitive element of angel investment

The creation of psychological ownership was born from the broader studies about psychology of "mine", possession and property (Dittmar, 1992; Furby, 1978), adjusting the psychology of possession and ownership to the organizational context.

Possession is the omnipresent phenomenon of our everyday lives and in addition, it is quite complex phenomenon containing various characteristics. In general, several dimensions characterize possessions: control of objects and right to control those objects, positive feelings such as enjoyment and attachment about possessions, heightened individuality and feeling of importance due to owned possessions, as they imply power and status. (Furby 1978.) In nutshell, three pillars of possessions are outlined: control, emotional value and association with the self, which not only show the social aspect of material possessions but also prove that possessions are also the symbol of identity. (Dittmar 1992, 9.) Material possessions contain deep symbolical significance for the owners of those as well as for other people. Therefore, possessions have an important role in our everyday life: possessions affect the ways in which we think of ourselves and about others. (Dittmar 1992, 3.)

Another important aspect of material possession is that it allowed individuals to have a transition from ascribed to achieved identity through the increased amount of material possessions which became available for individuals to be acquired in order to increase status and power. Therefore, it became possible to construct own identity through possessions. (Dittmar 1992, 12-14.) As such, possessions become a part of individual's extended self (Dittmar 1992, 43).

Even though, the possession as well as ownership is generally experienced towards the objects, it can also be targeted at non-physical entities such as ideas, artistic and organizational creations and also other people. The so-called “target of ownership” is the concept which assumes importance for the way people define themselves including tangible and intangible targets. Feelings of ownership contain significant behavioral, emotional and psychological consequences (Pierce et al. 2001.) Moreover, possessive feelings can occur based on legal ownership and at the same time in the case of absence of legal ownership (Van Dyne & Pierce 2004).

2.3.1 Definition of psychological ownership

A sense of possession is the core of psychological ownership (Van Dyne & Pierce 2004). Psychological ownership is the concept of possessive feelings which attach individuals to the object, showing itself in such expressions as “my” and “mine”. Psychological ownership can be defined at the individual and collective level. Importance of psychological ownership on the organizational level reveals in the role of shaping the emotions and feelings and subsequently many of the human behaviors, which could be constructive and destructive in their nature. (Pierce & Jussila 2011.) Psychological ownership is an attitude with both affective and cognitive elements. It is distinguished from other work-related attitudes and obtain a special explanatory power because the core of its conceptual framework is feelings of possession which become a trigger for affect-driven behaviors. (Van Dyne & Pierce 2004.) In a nutshell, there has been two schools of thought describing the state of ownership. In one group, the scholars believe that individuals have a natural need to possess and it is applicable across the cultures for humans. However, the other group of scholars argue that the ownership is a learned behavior, which appears during early development process of an individual. (Dawkins et al. 2015.) At the same time scholars agree that, psychological ownership takes place because it fulfills particular human motives, some of them are genetic and others are social in nature (Pierce et al. 2001).

Therefore, it is suggested by the first group of scholars (Pierce et al. 2001) that there are three fundamental needs that psychological ownership serves: (1) efficacy; (2) self-identity and (3) belongingness. The efficacy is a basic need of individuals to feel accomplished in given domain. The possession of any kind of “target of ownership” can heighten the feeling of efficacy because they provide a sense of power, control or influence. (Pierce et al., 2001.) At the same time, the possessions can clarify the sense of the self and express the core values of individual (Dittmar 1992, 43). Finally, the possessions

and the ownership feelings provide individual with the sense of belongingness, which is essential in providing the feelings of comfort, pleasure and security (Pierce et al. 2001).

Pierce and Jussila (2011) identified three potential routes to psychological ownership: exercised control over the object; coming to intimately know the object and investment of the self into the object. All three routes are interrelated and can be differently important for individuals (Jussila et al. 2015). In the terms of exercising the control, quite many people consider that legal ownership (ownership rights specified and protected by the legal system) and psychological ownership (an individual's sense of possession). Thus, it is also underlined that legal ownership creates an opportunity for the sense of ownership and conversely, an individual can develop a sense of ownership to an object, which he or she does not own. (Jussila et al. 2015). The second route relates to the right for the information, per se it is not about the right, but about the actual development of close understanding of the object, which rises a sense of possession (Jussila et al. 2015). Particularly, by the understanding the meaning of the possessions, individuals learn about themselves and become more aware of who they are (Dittmar 1992). The third route is suggested by Csikszentmihalyi and Rochberg-Halton (1981) by stating that individuals have feelings of the ownership toward the object through investing into it. The investment may happen by time, ideas and skills as well as physical, psychological and intellectual energies (Csikszentmihalyi & Rochberg-Halton 1981). Through these three routes objects external to the self, are brought into the self-region and become the part of the self (or the extended self). At this moment, the fine line appears between what is me and what is considered mine. The state of psychological ownership suggests that property becomes grounded psychologically and it is turning into mine; thus, the individual finds his/herself psychologically connected to the target of ownership, seeing him/herself in the target or feeling a sense of one with the target of ownership. (Pierce & Jussila 2011.)

As a particular example of the legal ownership of angel investors, angel-backed deals are usually more entrepreneur-friendly and the governance mechanisms are less strict than those of more formal investors. The reason of having that lies in the holding of majority of the voting rights in the new ventures by angel investors and moreover, more active involvement with the venture. However, the contract terms are more sophisticated and more similar to those provided by venture capitalists in the terms of amounts, stage of investments and incentives. (Cipollone & Giordani 2019.)

According to O'Driscoll et. al. (2006) and Davis et. al. (1997), the psychological ownership can produce a few positive outcomes such as citizenship behavior,

discretionary effort and personal sacrifice (O'Driscoll et al. 2006) as well as experienced responsibility and stewardship (Davis et al. 1997). At the same time, the psychological ownership can also produce negative effects such as: feelings of personal loss and reluctance to accept advice (Baer & Brown 2012), interpersonal conflict (Brown & Robinson 2011) and resistance to change. (Dirks et al. 1996.) It is noted that when individuals create a bond of ownership over the targets (which can be physical, informational or social objects), they might be looking for underline those possessions as belonging exclusively to themselves. Moreover, if individuals feel that their psychological ownership claims are violated, they may show their territoriality, in order to keep the desired level of ownership and at the same communicate the message about their ownership to potential threats. (Avey et al. 2009.)

In contract to Pierce et al. (2001), other scholars add that psychological ownership reflects the sense of responsibility for the object. Parker et al. (1997) proposed that individuals have a stronger sense of ownership for what they have concern and perceived responsibility for the target. Additionally, Avey et al. (2009) expanded Pierce et al. (2001) conceptualization of psychological ownership by inclusion of extra dimensions of accountability and territoriality, where accountability is implicit or explicit assumption that one may be called on to justify their beliefs, feelings and actions and territoriality is the way of protecting the targets of ownership from external claims. This group of scholars particularly outline the manifesting of psychological ownership in individual's minds when they feel the following: (1) efficacious about dealing with target of ownership; (2) accountable for the target of ownership and (3) a sense of having a place and personal identification with the target of ownership. This statement deviates from Pierce et al. who argues that psychological ownership and responsibility are different states, when sense of responsibility comes as a result of psychological ownership. (Avey et al. 2009, Dawkins et al. 2015.)

2.3.2 Forms and measurement of psychological ownership

Furthermore, two forms of psychological ownership have been suggested: promotive and preventative, originated from regulatory focus theory, which suggests that individuals have two self-regulatory systems determining how individuals set the goals for themselves. Promotive approach concerns about accomplishments and aspirations, so that the goals are reflecting the hopes and aspirations, whereas preventive relates to the duties and obligations, so the goals help to avoid the punishment and uphold obligations and rules.

Therefore, these self-regulatory systems have an influence on psychological ownership. Promotive psychological ownership is an order of concepts comprising four sub-constructs such as self-efficacy, belongingness, self-identity and accountability, therefore for instance, management with the promotive approach concerns with fulfilling hopes and aspirations and at the same time sharing the information. Preventive psychological ownership is concerned with meeting obligations and avoiding punishment and can be associated with individuals feeling very possessive and territorial about their targets of ownership so that the management style will not want to share information in order to maintain status quo and avoid the change or risk potential. (Avey et al. 2009.)

The model offered by Avey et al. (2009) enables comparison between different approaches of psychological ownership. Initial findings propose that promotive aspects of psychological ownership have more positive outcomes for organization than a preventative aspect of psychological ownership. However, it is not confirmed yet, therefore a more in-depth analysis was suggested on if and how these approaches may complement one another to provide greater understanding of psychological ownership. Another theoretical gap hides within analysis of personal differences and cultural differences influencing the psychological ownership and how it affects the development of it in the managerial context. (Dawkins et al. 2015, Avey et al. 2009.)

Just like concept of psychological capital, described earlier, psychological ownership can be measured, invested in, developed, managed for impact on performance and creating a competitive advantage (Avey et al. 2009). Avey et al. (2009) have created a measurement tool of 16 items for the complete reflection of ownership levels. Each of the domain of promotion-oriented psychological ownership is represented by three items (implying for self-efficacy, accountability, belongingness and self-identity with the target). In addition, four more items were added in order to represent the dimension of territoriality which is the dimension of preventive-oriented psychological ownership. (Dawkins et al. 2015, Avey et al. 2009.) Due to the copyright issues, the complete tool was not available for the author in order to execute the research according to the tool created. However, using of the sample items presented in Avey et al. (2009) articles allows to form an understanding of level of psychological ownership of the respondents. Therefore, not 16-item questionnaire was used, but 10-item survey was used in the research.

2.3.3 Application to angel investing, entrepreneurship and innovation

Recent studies show another interesting fact about psychological ownership that it can be a direct determinant of entrepreneurial orientation, that is defined as the organizational process which ventures use in order to act entrepreneurially (Pittino et al. 2018). As study of other scholars show, psychological ownership can be a main driving force for the innovation activities in the ventures, because the relationship between psychological ownership and entrepreneurial orientation is boosted by knowledge sharing (Rau et al. 2018). Knowledge sharing is an exchange and mutual absorption of knowledge among individuals and groups (Pittino et al. 2018).

As an organizational-level concept, entrepreneurial orientation is a result of attitudes and behaviors adopted by individuals in the venture, especially by the decision-makers. Therefore, angel investors are crucial in driving entrepreneurial orientation in ventures, as they reside in the board of directors and are in charge, in the case of hand-on involvement and especially, engagement. Psychological ownership is the key antecedent in the angel investors' behavior within the organization. (Pittino et al. 2018.) That happens because individuals are looking for being able to produce effect or in other words be efficacious. Such human desire can be satisfied by finding optimal solutions for questions related to venture. Moreover, the venture, with whom business angel identifies himself/herself acts as an extended self and helps in self-identity. Additionally, venture can feel like home as well. Therefore, psychological ownership of the venture satisfies all three needs. Since the needs are satisfied, in the business context, three routes of psychological ownership occur:

1. Controlling the object of possession;
2. Gaining intimacy of knowledge;
3. Investing of one self into the venture.

In addition, these routes cause high level of psychological attachment to the target of ownership, as consequence of that, the object (in this case it is venture), becomes a part of extended self. As a result, angel investors start to protect their venture, take care of it and then constantly look for the more information about it. (Rau et al. 2018.) In addition, internal drive to protect the venture which is psychologically owned forces individuals (business angels) to change their behavior (Avey et al. 2009).

As it was mentioned in the literature, in order to increase the longevity of the venture, it should constantly innovate (Schumpeter 1912, Ahlstrom 2010). As a result of studying

conducted by Rau et al. (2018) the innovation output exists in the case of interaction of legal and psychological ownership. In other words, the executive managers with high levels of both ownership which are not only motivated to look for opportunities, in addition they also have power to take decisions and to hold responsibility for the related risks. The higher the perceived level of knowing, controlling and investment of one's self into the firm, it is more likely that the angel investor as a shareholder will be more trying to extend current capabilities of the venture in order to satisfy customer needs both of present customers and future customers. Therefore, high level of ownership influences innovation outcomes. As a conclusion, the psychological ownership has an effect on strategically relevant behavior in the ventures. (Rau et al. 2018.)

All things considered, it is important to measure the level of psychological ownership among angel investors as the high levels of it keep the venture's longevity, growth and development through the innovation activities, which is the clear sign of their engagement with the venture invested.

2.4 The study framework

All things considered between angel investors' engagement and angel investors' involvement, for the easiness of understanding, there is presented Figure 3 below, which graphically explains the researcher's conclusion on the theory presented above.

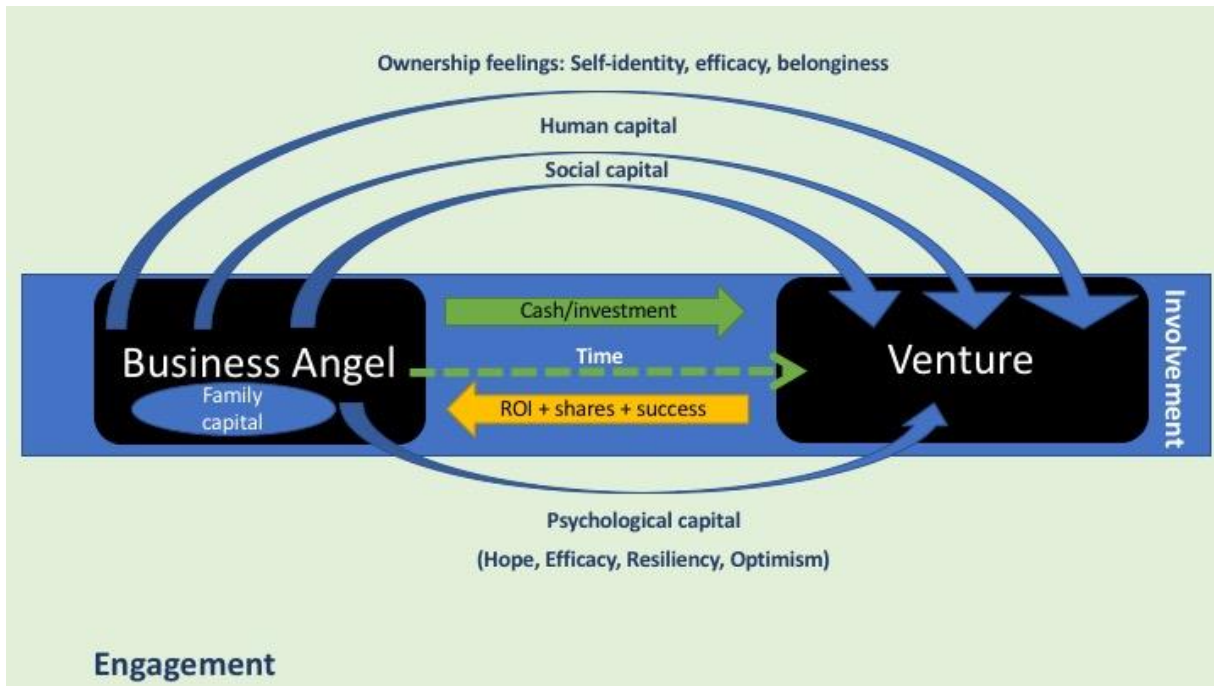


Figure 3. Graphic visualization of theory

In nutshell, the involvement of business angels is shown as their money and sometimes time invested in the exchange for shares, possible return on investment (ROI) and possible success that the venture can bring in positive outcome. However, the author would like to look at other factors that angel investor is inputting into the venture as an engagement, due to the pre-researched theoretical background. In this particular case, the input human capital is business angels' own skills, expertise and knowledge, which investor brings to the venture. Social capital is the broad range of networks as well as building the relationship with the founder of the venture. Family capital is kept at the business angel side, because according to the theory, as long as work-life balance (which is the essence of family capital) remains untouched and harmonious, it will not affect the engagement of the investor. In addition, psychological capital is also under the conclusion here as the business angels' internal positive psychological sources such as hope, efficacy, resilience and optimism, are also put into the venture, which possibly makes the engagement more

intensified. Moreover, when psychological ownership feelings are arising, that is also brings angel investor to be more engaged with the venture-investee along the journey.

To sum up, my proposal is such that the more “arrows” or capitals are activated, the more angel investors are engaged, bringing more positive influence on the venture growth and development. To check this proposal, the following empirical research and findings are presented in chapter four and five.

3 RESEARCH METHODOLOGY

3.1 Research approach

The starting point for this research was my interest in the researching on the intersection of two fields: international business and psychology. Thus, there has been formed research question on “How angel investors can be more engaged during the post-investment stage?”. This question has been answered through discovering what the angel investors’ psychological characteristics are, how to define angel investor’s engagement and how to increase psychological capital of the business angels. Therefore, this research discusses whether are there new ways of keep angel investors interested in venture-investees.

It is important that the researcher makes a correct decision on choosing the research method, as on the way of conducting and implementing the research (Adams et al. 2014, 5.) A feature of business and management research is that knowledge of how things are, why they happen and what the intentions are held by people. Consequently, in order to obtain the data, talking to people is crucial. Research field of social sciences is also dependent on talking to people, therefore choosing the qualitative method for research method, seems like an obvious choice for this study. (Adams et al. 2014, 5.)

However, when moving on to the actual process of research design, it is crucial to consider the knowledge claims, the strategies for the research study as well as methods contributing to the chosen research approach (Creswell 2003, 18). The researcher has had to decide on the combination as well as type of research form, which would the best serve the goal of this study. In a nutshell, there are two principal domains of research, which is usually used in the literature which are quantitative and qualitative research forms. Other types of research forms are usually the combination of elements from both domains. (Adams et al. 2014, 6.)

A quantitative approach is the one where researcher mostly employs postpositivist claims for knowledge development, which is using the reality formed by hypothesizes and specific variables and uses the strategies of inquiry such as surveys and experiments, which collect data on instruments which were chosen before starting the data collection and also the statistical data is used (Creswell 2003, 18). It is important to notice that quantitative approach has a criteria of strict research design planning and development before the actual research (Adams et al. 2014, 6).

On the other hand, a qualitative approach is the one where researcher makes knowledge claims which are based on constructivist perspective, which uses multiple meaning and interpretations reality. The researcher is collecting emerging and open-ended data with the main goal of developing themes from the collected data. (Creswell 2003, 18.) Qualitative approach has aims for exploration of social relations and in addition, provides description for the reality, as experiences of respondents (Adams et al. 2014, 6).

According to Hurmerinta-Peltomäki and Nummela (2006), the field of international business (which sub-group of business and management studies is mentioned earlier and is where to this study belongs) is multidimensional field of research which crosses national, cultural, organizational and personal boundaries which is capable to inspire complicated research questions. Thus, in order to answer the complicated reality formed by the research questions, new research approaches can be used as mixture of qualitative and quantitative practices, which are called as mixed methods. (Hurmerinta-Peltomäki & Nummela, 2006.) Mixed methods research is described as a type of research where a researcher combines qualitative and quantitative research techniques, methods, approaches or concepts into the single study (Lee & Smith 2012). Collecting data may happen simultaneously as well as sequentially and collected database may include both numeric and textual information (Creswell 2003, 18-21). The use of mixed methods can be justified by the researcher's desire to acquire deeper understanding of research subject (Hurmerinta-Peltomäki & Nummela, 2006).

For answering the research question, the researcher chose the qualitative method of study, with mixed methods of data collection, where survey is used to "enlarge on qualitative study" (Tashakkori & Teddlie 1998, 44). In this method, collected qualitative and quantitative data was analyzed qualitatively, due to the reason of small sample of participants in the interviewing and surveying (Hurmerinta-Peltomäki & Nummela, 2006). Reason was doing that lies in the pragmatic approach, where qualitative method refers to what kind and quantitative methods on how much of a kind (Kvale 2007, 47). Therefore, in the context of the study, the qualitative part helps to answer questions about angel investors' psychological characteristics, definition of angel investor's engagement and how to increase angel investors' engagement overall. Moreover, the survey part assists to see the level of engagement of business angels in their successful ventures-investees as well as explore the phenomenon of psychological capital rising in the case of success of a venture. In theory, such mixed data collection method strategy is called sequential

exploratory strategy, where the priority is given to the qualitative aspect of the study, as it happened in the case of this research process (Creswell 2003, 215).

3.2 Data collection

The collection of the data was executed during the March 2020. Typically, for the interviewing it is recommended to employ between four to ten respondents, so that the sufficient amount of data would be collected and at the same time, the amount of data would not be too large and complex for the analysis (Eisenhardt 1989, 545). The researcher had acquired in total nine respondents for the research process, the number was not planned exactly, it happened due to the number of agreed prospects after email invitation.

All the respondents except one are active business angels in their fields of interest. Due to confidentiality reasons presented in the Appendices, Appendix 1, the researcher will not disclose the names, titles and even gender of the respondents, leaving them completely anonymous in further describing the research process and results of the empirical study. Every respondent is marked under the sequenced number like Respondent 1, 2, 3 and etc. The privacy notice was created after the legal aspects of the research had been analyzed.

At first, data collection process started at the point when the literature review had been complete, which provided the base for forming research questions and sub-questions. Further on, the topics and general themes were chosen, drafting the direction for the interviewing. The operationalization plan, illustrated in the Table 1, presents how the research question and sub-questions have been operationalized into the interview questions.

Table 1. Operationalization plan

| Research problem | Sub-problems | Themes | Concepts | Concepts in literature (chapter number) | Interview questions |
|---|--|--|---|--|----------------------------|
| How angel investors can be more engaged during the post-investment stage? | How to define angel investor engagement? | Engagement vs Involvement | Value-added framework | 2.1 | 1,2 |
| | | Drivers of engagement | | 2.1 | 3, 3a, 9 |
| | | Necessity of engagement | | 2.1 | 4 |
| | How to increase the psychological capital of angel investors? | Engagement measurement | Utrecht Work Engagement Scale (UWES) | 2.2 | 5 |
| | | | Engagement as a capital: Psycap Test (PCQ) | 2.2 | 5 |
| | | Ownership engagement | Levels of ownership engagement | 2.2 | 6, 7, 8 |
| | What are the psychological characteristics of angel investors during that stage? | Measurement of psychological ownership | Psychological Ownership Questionnaire (POQ) | 2.3 | 5 |

| | | | | | |
|--|--|--|--|-----|--------|
| | | Con- tion be- tween psy- chological ownership and inno- vation ac- tivities of the venture | Cognitive and emo- tional state of investors | 2.3 | 10, 11 |
|--|--|--|--|-----|--------|

As mentioned earlier, in total nine interviews were conducted with the respondents. All the interviewees were people with extensive experience in the angel investing, who had been in this field for at least four years and more. The choice had been made on the potential prospects meanwhile reading in the public e-articles published by FiBAN about the experiences of business angels in Finland. Some interviewees have been angel investors as their part-time occupancies, some have been full-time in it. For research purposes it has not had any difference, because angel investors are very heterogeneous group due to various working backgrounds that they may have (Avdeitchikova et al. 2008).

All interviews were conducted in English. Eight out of nine interviews were conducted via audio and video means of communication and one interview have been face-to-face. The initial plan was to execute the face-to-face interviews with all participants, however due to global situation with pandemic in spring 2020, it was not possible. Nevertheless, no technical difficulty has occurred during the interviewing execution. A list of respondents, their descriptive summary as well as date and channel of interview are presented in the Table 2. In addition, the table contains the comment whether the survey had been executed or not with the Respondents and what was the reason of no execution.

Table 2. The main characteristics of respondents and research interviews

| Respondents | Descriptive Summary | Date of the inter- view | Channel of the interview | Execution of survey (reason for no execut- ing) |
|--------------|-------------------------|----------------------------|-----------------------------|--|
| Respondent 1 | Founding angel | 11.03.2020 | Face-to-face in- terview | Yes |
| Respondent 2 | Professional an- gel | 16.03.2020 | Hangout video call | Yes |

| | | | | |
|--------------|--------------------|------------|---------------------|----------------------------------|
| Respondent 3 | Former angel | 23.03.2020 | Teams voice call | No (no active presence as angel) |
| Respondent 4 | Professional angel | 24.03.2020 | Teams video call | Yes |
| Respondent 5 | Professional angel | 24.03.2020 | Teams voice call | Yes |
| Respondent 6 | Part-time angel | 25.03.2020 | Teams voice call | Yes |
| Respondent 7 | Professional angel | 26.03.2020 | Voice call | No (timing limitation) |
| Respondent 8 | Professional angel | 26.03.2020 | Whatsapp voice call | Yes |
| Respondent 9 | Part-time angel | 27.03.2020 | Teams voice call | Yes |

There are three types of interviewing, which can be used for answering the research question such as open interview, pre-coded interview and semi-structured interview. Open interview has an informal approach, where the interviewer has an informal conversation with respondent about the field of interest and in this case, the respondent leads the direction of the interview. On the contrary, the pre-coded interviews are totally under the control of the researcher, where the interviewer has a pre-recorded script and follows it as it has a logical sequence. The final option, semi-structured interview is in-between of abovementioned two – there are issues and topics to be covered, however the respondent has more freedom on how to respond to the questions as well as in what order. (Fisher et al. 2010, 175.)

In order to have important themes covered however at the same time to allow a freedom in the discussions and changing the sequence of questions, the semi-structured method had been chosen for this study. It allowed to retrieve explorative answers from the respondents and at the same time be precise with the schedule and timing. A preliminary set of questions have been prepared, however not sent to the respondents (except for two respondents because they asked so), in order to keep the element of unexpected discussions and more free flow, so that more data material can be collected for analysis. The list of questions is presented in the Appendices, Appendix 2. As it was mentioned earlier, one Respondent was not an active business angel at the moment of conducting the research, however due to extensive working experience of the Respondent, he/she was still invited to participated, however the list of questions has been slightly changed and

reduced to the experience of this business angel. The changed set of questions to the Respondent is presented in Appendices, Appendix 3. The invitation for the interview was sent to the participants through the emails together with the privacy notice enclosed. During the interviewing, the order of the questions was decided by the researcher at the moment of the interview, depending on the direction of the research interview and answers of the respondent. The researcher was keeping a distant role of “interested listener” (Denzin 2008, 125), when the distance of researcher’s involvement into the conversation was kept, however with clarifying questions further discussions were encouraged on the topics arising.

After interview, researcher invited respondents to answer survey questions in order measure the level of their engagement and psychological ownership in their most successful venture, in order to discover the factors behind successful engagement of angel investors during the post-investment stage. The survey questions have been prepared as well beforehand based on three surveys described in the chapter 2, subchapters 2.2 and 2.3 particularly. The formulation of the questions has been slightly modified so that it would measure the feelings and engagement towards the venture. The list of survey questions is presented in the Appendices, Appendix 4.

It is important to note that heterogeneous background of angel investors have brought different angels and various responses to the questions, which enriched the data material for the study. The chosen approach of semi-structured interviews has embraced this heterogeneity and allowed the respondents to share their rich experience in venture development as well as angel-founder relationship.

3.3 Data analysis

Qualitative research and analysis of the data creates a challenge to the researcher in ways how to reduce a vast amount of data from transcribed interviews and other documentation (Adams et al. 2014, 152). As it was mentioned earlier the data from the interviews and survey are going to be analyzed qualitatively, therefore this is going to be the central approach for the analysis. This is possible because in practice, qualitative approach as set of interpretive activities has no single methodological practice which would be privileged over others. As well as there are no distinct set of methods or practices which would be completely its own. It is allowed to use various types of data both textual and numerical for the analysis. (Denzin 2008, 8-9.)

As a popular approach to the analysis of qualitative information, content analysis includes analyzing the key phrases and words as well as their frequencies. The purpose is to describe the content of respondents' comments systematically and at the same time classify the different meanings expressed in the recorded material. Since the reporting of semi-structured interviews contains the assumption that findings are going to be presented as a representative of what has been said, the analysis contains six steps which are necessary to follow. First, the unit of analysis has to be identified, then the choice of set of categories has to be made. Third stage is coding, followed by tabulation and illustration of material as next steps. Finally, the results are getting summarized for further presentation. (Adams et al. 2014, 159-162.) Other experts named it as analysis which is focused on meaning of texts, involving such steps as coding, condensation and interpretation of meaning (Kvale 2007, 104).

Initially, the unit of analysis was identified: respondent, which in this study represents opinions of angel investor. Further on, the set of categories was chosen, it was formed through the operationalizing the interview themes and forming the interview questions. Chosen set of categories were very necessary into the creating the direction with further coding of the results of executed interviews. In this research, all interviews were audio-recorded and transcribed afterwards, creating a "solid rock-bottom empirical data of an interview project" (Kvale 2007, 93). Transcription of interviews facilitates constructive basis for reliable and valid initial analysis of the collected data (Kvale 2007, 94-97).

Coding is the method where one or more keywords get attached to the text segment in order to allow further identification of a statement (Kvale 2007, 105). Coding happened with the help of NVIVO program, where each assertion was assigned to the created code correlating with the pre-chosen set of categories. Afterwards, the results of the interview were tabulated and are currently presented in next chapter, as a summary and as a table, as tabulation is the common way of presenting the information available in the content-analyzed data (Adams et al. 2014, 164). The citations of the Respondents were incorporate into the empirical findings chapter, presented in the chapter four.

As for the survey results, they were evaluated according to the frameworks of the researchers who created the original questionnaires (Schaufeli & Bakker 2003, Luthans et al. 2007, 237-238, Avey et al. 2009) and the results were presented Respondent-wise, describing the viewpoints from emotional and cognitive aspects of venturing for angel investors.

3.4 Data evaluation

Singular method usage to evaluate the phenomenon inevitably creates biased conclusions as both qualitative and quantitative methods of data collection have their own limitations, since using the mixture of two methods enhances the validity of findings. Mixed data collection methods accept paradigms of both approaches, contains the strengths of both and minimizes weaknesses of each research method. The method used in this study utilizes a small sample size of respondents to exploit rich information which gives more weight to the qualitative methods. (Lee & Smith 2012.)

During the reliability discussions of the research, such issues as research being consistent, dependable and accurate. Reliability can be considered as a pre-requisite for the validity, an unreliable research can not be considered valid. Reliability is under the threat during the measurement or assessment process, if it is too long/intense or on the other hand, ambiguous of different kind. (Lincoln & Guba 1985, 292.) Meanwhile conducting this research, it was not affected by the enduring measurement process – the research tried to be efficient with interviewing as well as survey, due to the factor that time was a limitation constraint. Ambiguity was also excluded as the research was keeping the research process clear for the respondents right from the beginning.

In general, issues of validity in qualitative and quantitative research tend to be determined differently, therefore, when outlining validity, it is crucial to be attentive to the criteria of validity. Since both methods of data collection were used in this study, the validation framework offered by Dellinger and Leech (2007) provides the foundation for claiming the validity for this study. It consists of several elements such as foundational element, inferential consistency, utilization/historical element and consequential element. Foundational element is the researcher's initial understanding of the phenomena being studied, which implies critical review of theoretical and/or empirical literature in the area studied. Such action provides an initial study of the topic itself, the results of literature review are establishing credibility and provide evidence during the validation process. (Dellinger & Leech, 2007.) The literature review was conducted prior to the research process starting, outlining the focus of the study and impacting the choice for the design methods. The research methods were chosen due to the nature of chosen topic (exploration of engagement factors), which implies the qualitative research. Surveying was added due to the discovery of the questionnaires which have potential of enlargement of the qualitative results.

Inferential consistency is the focus on the choosing the appropriate study design, measurement and analysis, where researcher would evaluate the whether the methodology used was adequate in order to maximize the amount of information available in order to answer selected research questions opposing to the existing alternatives. (Dellinger & Leech, 2007.) The chosen strategy was the best fit for the current research, as using only qualitative method would not be able to provide enough information corresponding with the literature review, if the questionnaire would be out. On the other hand, using only surveying would miss the whole human interpretation aspect of the research on engagement and the results would be narrowed down.

Utilization/historical element contains the judgement of the appropriateness of usage measurements and inferences are made at this stage. (Dellinger & Leech, 2007.) From the researcher's perspective, the measurements used for this study were appropriate considering the research questions and the results of literature review.

Consequential element is defined by judgement of social acceptability of consequences, appearing as research findings of the study. Therefore, consequential validity of the whole study is determined by continuous review of the literature and examination of using the measurements and the data so that consequence of use can be assessed. However, social acceptability cannot be defined by the researcher, it has to be end users of the results produced by the research. (Dellinger & Leech, 2007.) As data collection process shown, the respondents had a positive reaction on the invitation for the research and asked to provide them ready thesis for the reading, as they defined the phenomenon chosen by the researcher to be interesting and relevant for business angel and start-up communities.

As for the trustworthiness of the study, it can be outlined with the confirmation of the credibility of findings, which can be confirmed in three ways: prolonged engagement, persistent observation and triangulation. Prolonged engagement is putting enough time in order to achieve the purpose. In other words, it is going through interviewing of respondents in order to achieve research purpose. (Lincoln & Guba 1985, 301.) As for this study, the total amount of nine respondents has been interviewed which provides enough data for analysis. It also created an opportunity to build trust with the interviewees. Persistent observation is the ability to concentrate on the depth of the collected data and see the main thoughts and answers among the "raw data" (Lincoln & Guba 1985, 304). This was achieved by the using of the coding method, which allowed researcher to stay focused on the main points while screening through the data. Finally, triangulation is the usage of various methods, sources, investigators and theories, which allows to validate data

collected from various perspectives and at the same time, reduce uncertainty of interpretation (Lincoln & Guba 1985, 305-306). This study had used one investigator (researcher), however, two methods of data collection (interview and survey), several sources of information (nine respondents from various fields of angel investing) and several theories to build a theoretical framework in order to test it.

To sum up, the trustworthiness of this research study has been confirmed via discussions about reliability, validity and credibility of the methods used and data collected.

4 FINDINGS AND DISCUSSION

4.1 Psychological characteristics of business angels during post-investment stage

Before moving on towards the understanding of underlying processes of engagement for angel investors, it is important to analyze them *holistically*, so that the reader will have an idea, what kind of people the angel investors are in the reality and in addition, the reader will get a chance to draw a psychological portrait of an angel investor. Certainly, the amount of secondary resources provided in chapter 2.1 already provide us with the idea of who the business angels are and their classification and so forth. However, from researcher's point of view, the angel investors are mostly considered to be as human financial tools providing their money and expertise in order to support venture development and growth. However, the curiosity which arises in researcher's mind is: who they are as people, what kind of human qualities, character and distinctive feature do angel investors have? The answer to these questions, provided by data collected, are going to be presented in this subchapter.

First of all, despite for constant looking for the financial return on investment, the angel investors are initially very people-oriented. Most of the respondents have agreed on this, that the team is the first thing what they are looking for when funneling through ventures. Respondent 4 explains this by such that when the investor enters the start-up, it is usually in very fragile state (as angel investors are dealing mostly with seed and growth phase ventures as mentioned in Landström and Mason (2016) in chapter 2.1) and in the end it is all about people who is working on it. Same respondent also mentioned the phrase that *"I might like the team but not the business plan, because a top idea does not fly with an average team, but an average idea will fly with the top team"*. Respondent explains it by such fact that top team *"can make pivots"* or make venture to arrive to the break-even point. In addition to this, Respondent 7 also noted that in notorious times like in this spring because of corona virus influence on overall economy, the expertise, experience and networks *"are more valuable than gold"*. Furthermore, Respondent 6 have underlined that the trust is very much prioritized, without the trust or with the lost trust it is very hard to continue working on the venture.

In addition to the people-orientation point of view, quite a big number of respondents were mentioning such words as *"chemistry"* between investor and the venture and the *"marriage"* relationship between angel investor and its venture. Both terms in this case

show very clearly the people and team orientation of the angel investors while looking for the start-ups to invest into. The term “*chemistry*” the investment relationship came up several times, meanwhile answering the interview questions. For example, Respondent 4 when answering the question about the differences between involvement and engagement have outlined that when getting engaged with start-up, the business angel should also be attentive on how the chemistry is going between him/her and venture team. Respondent 6 also have come up with “*chemistry*” term, while answering the similar question, however with clarification what would be better for the venture. Respondent stated that the level of involvement/engagement should be decided based on the “*chemistry*” happening within start-ups. Moreover, Respondent 8’s claimed that such chemistry can make the investment relationship between venture and business angel achieve the level of the “*marriage*”, in other words, long-term and mutual aspiration to make venture successful between founder/venture and angel investor. Respondents 1, 4, 9 have also called the investment relationship as “*marriage*” and justified it by start of venturing being very exciting and like in every marriage the differences and clash of interests and characters would start to happen which requires extra work and patience.

Secondly, the next feature of the business angels would be their striving to learn. Continuous learning experience was spotted by the researcher to be very much more valuable even then the lost investment. As Respondent 4 described its angel investing experience as “*learning journey*” and Respondent 6 dropping a note that “*I had chance to learn from other people, that is actually more important for me than was losing the money*” and also that such hobby gives a lot of learning experience, can also be a characteristic of angel investors to be striving for knowledge. Speaking of learning, Respondent 1 also underlined that the speed of learning is very crucial in the venturing, which also shows the importance of learning process for the investor. Respondent 9 also commented on the drivers for the angel investor to participate in venture is the desire to “*learn something*”, even in the area, where angel is already having an expertise.

Thirdly, with the striving to learn comes open-mindedness. Business angels are keeping their opportunities open in order to see the possibilities of getting into the venture and earning money. Respondent 8 clearly showed that in the example of using the investment vehicle established by the respondent and its partners, who are ready to experiment with different fields of business to try the luck with. Respondent 1 was also considering ability to “*open doors*” as to discover opportunities to be an added value for angel investors in venturing. With the open-mindedness also, the curiosity and risk-taking capabilities are

going hand-in-hand. Majority of the respondents outlined how risky business the angel investing is, however it still drives them to continue doing what they are into. Respondent 7 clearly stated that *“all angel investors are risk-takers, it is pre-condition for an angel investor”*.

Next, angel investors are very good time managers due to the multitasking nature. For example, as Respondent 4 noticed, 80% of FiBAN members are working full-time, leaving only a restricted time per day to be used for angel investor activities. This is confirmed by Respondents 6 and 9 as being employed in the private sector and at the same time playing on the angel investment side. Respondent 2, who is professional investor being engaged with angel investing full-time and having portfolio of more than 20 companies, also notes that for investors *“it is impossible to be engaged all the time as there is not enough of days and hours”* Respondent 1 also noticed that dealing with many start-ups momentarily is very *“time-consuming”*, that’s why time is considered to be *“more valuable resource than money”*, which makes angel investors appreciate their time quite a lot. Respondent 7 also noticed that the timing was a limited source in the working with start-ups. However, having a limited time resources allows angel investors to be very multitasking with the different operational tasks coming up.

The following quality has been also appearing in the comments of the respondents: is the desire of angel investor to help with the ventures. Respondent 8 noted that this is because angel investors *“feel very privileged and they would like to give back to the ecosystem”*. Respondent 9 also contributed that one of reasons for angel investor to participate in ventures is desire to *“mentoring, contribute to the society and help out”*. Respondent 4 concluded that business angels are *“very smart business people but also very kind”*, arguing it by their ability not only contribute with the money, but also contribute with the knowledge, expertise and even pro bono and in-kind contributions. Respondent 5 also commented on the altruistic motives behind the angel investing.

Ability to be flexible and adaptive in the investment business, as an angel investor feature was also noted by the researcher in the received answers. Respondent 7 was claiming that was a must for the business angel to operate. Respondent 4 noticed that the angels should be flexible with the new things. Respondent 9 also highlighted that all *“what is needed to do as angel investor is to be adaptive”*.

To sum up, angel investors’ psychological traits were discovered as such: they are people- and team- oriented, open-minded and risk-taking, eager to learn and also help, excellent time managers and also flexible and adapting as well.

4.2 Angel investor's engagement

This subchapter is tightly connected with the synthesis presented in the Figure 3, where it was hypothesized that activating multiple capitals of engagement as well as ownership feelings may raise the engagement level.

Firstly, when addressing the question about how respondents see the difference between angel investor's involvement and engagement, not all respondents saw the difference the concepts or were able to give the definition and/or their viewpoints without researcher elaborating her point of view on this topic. Those who did try to give their definitions without asking beforehand the clarification mostly agreed on the fact that engagement is deeper feeling than the involvement, which goes beyond of the investment of money and time. Respondent 8 claimed the opposite point of view that involvement is the one which is deeper, whereas engagement is simply signing off the deal and investing the money. Those group of investors, who required prior explanation of concepts from researcher's point view, had similar opinions with the researcher about engagement being much stronger than involvement. Respondent 5 added that there are a lot of shades of grey between those two concepts, it is not one or another. Respondent 8, with the opposite view on the engagement and involvement as researcher had, has offered interesting thought: due to the fact that English language is not native for any of the respondents and researcher herself, it might be also language issue: each of us sees those concepts differently according to their own mother tongues. The researcher found it as a very good limitation to this study. Despite this, the hypothesis is still going to be continued that engagement forms a much more in-depth agreement between business angel and venture than the involvement, including the input of non-tangible resources, particularly capitals which is going to be discussed below.

As it was shown on the Figure 3, elements of engagement include human capital, social capital, family capital, psychological capital as well as psychological ownership feelings. The examples of such capital inputs were found in the respondent answers which support the study framework presented in 2.4 and in addition, support the viewpoint of researcher that by the intensifying the "capitals", the venture will have a growth and development. The conclusions belonging to each type of capital are presented in the appendix (Appendix 5), collected for answers to the questions about drivers of the engagement, non-financial motivators and also answers to the question whether the engagement from angel investor is needed.

However, it is important to note that such non-tangible inputs are not diminishing the fact that financial motivators for angel investors are still prevailing over the non-financial according to the respondents' comments and the non-tangible inputs are intensifying the level of the financial engagement. This dependence on financial returns was very well justified by Respondent 3, stating that *"Finland is not as capital-intensive market as Sweden or Denmark for instance and the taxation instruments supporting the philanthropic aspirations are not developed like in the United States for example. These two factors do not allow the non-financial motivators to be leading reason for angel investor's engagement, because business angels still need to keep their heads cool and make an investment rationally"*. This viewpoint is also supported by Respondent 1, 2 and 5 stating that the financial outcomes are prevailing as well as by the Respondent 8 claiming that angel investors are not *"charity makers"* and they do expect the return. As the Respondent 5 have remarked: *"engagement is definitely better for venture as long as there is something compensating for angel investor"*. However, Respondent 6 contributed in the very peculiar way to the financial factor, explaining that in most cases the angel investor money is *"emotional money"*, which *"does not keep the head clear"*. At the same time, Respondent 8 have mentioned that *"but at the end, we are humans and all this start-up and investing, all this is people's business"*.

4.3 The psychological capital of angel investor

Another factor which sparked up the interest of the interest of researcher was also the enhancement of psychological capital, as the enhancing the "internal resources, especially positive psychological resources which one can use in order to succeed" (Thompson et al. 2015, 187.) Therefore, there has been done the analysis of the data again, looking for the key traits of psychological capital being present within business angels and also whether the advices on enhancing engagement were also correlating with the theory.

Key traits of psychological capital found in the Respondents' answers:

- **Hope:** Respondent 3 mentioned that in one venture where the respondent is still present *"which I hope it would be a successful experience"*. Respondent is keeping own levels of hope towards the venture, which activates own interest and involvement into the venture's development. Another interesting example is respondent 8, who is hoping to share experience and knowledge meanwhile working with venture. Here hope enhances the chances of sharing Respondent's human capital with the venture.

- **Efficacy:** it was noticed among the answers given that business angels are not making the investment without confidence in the product/innovation or the team, since money is “*emotional*” (Respondent 4, 6). Therefore, it enhances the overall presence of angel investor in the venture, especially during the initial phase of the post-investment stage.
- **Resilience:** Respondent 6 mentioned that angel investing is the question of resilience and adaptivity, on how “*you can hold the team to tackle difficult moments and problems*”. Therefore, the success is dependent on how resilient you are as an investor, keep on going doing things.
- **Optimism:** Many respondents have agreed on that beginning of venture journey is quite often optimistic: like in the “*marriage*”, there is a “*rosy picture*” of the plan. Optimism supports angel investors’ interest in the venture-investee, which is also enhancing the decision of sharing human and social capitals for reaching the success of the venture.

To sum up, the traits of psychological capital, which could enhance the engagement were noticed meanwhile analyzing the data and correlating it with the theory given in the chapter 2.3. The provided correlation can be used by the venture founders on the way of securing angel investor’s presence in the following rounds of financial capital raising.

4.4 Analysis of business angels’ engagement and ownership in the successful ventures

This subchapter is going to show the results of the researcher’s analysis of the surveys that seven respondents have got through, to measure the level of engagement and ownership feelings of the investors in the case of their most successful venture. The results are present individually on each investor.

Respondent 1 shows high levels of the vigor, which means that Respondent has a lot of energy and stamina when working on the venture. The dedication scores are very high too, showing that the Respondent finds own work meaningful, inspiring and challenging and at the same time feels enthusiastic and proud of own work. As for absorption scores, Respondent also shows very high results, meaning that the Respondent feel very happily on immersing into the working tasks related to the venture. Since these three scores were high, it shows very high engagement of the angel investor into the venture according to the UWES scale (Schaufeli & Bakker, 2003). Moving on towards measuring of the

psychological capital of the respondent: all four components (hope, efficacy, resiliency and optimism) had shown high scores, which means that the Respondent obtains very high level of positive internal resources which are directed towards venture growth. In addition, the psychological ownership was also tested and the results show that the Respondent is experiencing a high level of psychological ownership (self-efficacy, accountability, belonging and self-identity have go high scores, but the territorial feelings were scored at the moderate level, which shows that the Respondent feels like the venture is his own, however, does not acting against sharing the work with other team members. Such high level of psychological ownership can be explained by the fact that Respondent 1 is the founding angel in this particular venture.

Respondent 2 shows good levels of vigor and dedication and average level of absorption with his/her successful venture. Even though the Respondent finds the work meaningful, inspiring and showing good levels of energy, the absorption does not happen strongly with the venture. As for the psychological capital, the positive internal resources show themselves at very high scores. As for the psychological ownership, the respondent is experiencing average territoriality and at the same time high levels of self-efficacy and self-identification with the venture and very high levels of accountability and feeling of belongingness to the venture.

Respondent 4 shows good levels of vigor, dedication and absorption towards the successful venture, which shows good level of engagement. As for psychological capital, the scores are at the good levels, meaning that the positive internal resources are relatively high. As for the psychological ownership, it is average territoriality, high level of self-identification with the venture and good levels of self-confidence, accountability and sense belongingness towards the venture.

Respondent 5 shows good levels of vigor and absorption and high level of dedication towards the successful venture. The Respondent is quite ready to persevere and sometimes absorb, but also very much into being dedicative to the role in venture. As for psychological capital, the level of positive internal sources show itself on high level: self-confidence and resiliency are at high level and hope with optimism show themselves at good level. As for the psychological ownership, this respondent has a bit higher territoriality than the Respondents before. Other psychological ownership qualities had scored high level, which shows the Respondent feeling towards the successful venture as if it is own kind.

Respondent 6 shows the highest level of dedication towards the successful venture among other Respondents. The level of vigor and absorption is also very high, which overall identifies high engagement with the successful venture. As for the psychological capital, the Respondent acquired high level of confidence and optimism and good level of hope and resiliency, which overall indicates high level of internal positive resources. As for the psychological ownership, the respondent showed remarkably low territorial feelings and at the same time very high self-efficacy and self-identity level with the venture. The accountability and sense of place were at the high level too. The Respondent treats venture as if it is own one.

Respondent 8 shows average level of vigor and absorption, however good level dedication to the successful venture. This means that even though the Respondent is not highly pursuing the goals and absorbed into the work with the venture, Respondent is still very dedicated to the venture development and growth. As for the psychological capital, level of self-confidence and resiliency shows high as well as level of optimism and hope shows at the good level. As for the psychological ownership, the Respondent shows one of the lowest levels of the territoriality, good self-efficacy and self-identity with the venture and high sense of accountability and sense of belongingness to the venture.

Respondent 9 shows high vigor and absorption and good dedication level towards the venture. As for the psychological capital, the Respondent showed high level of self-confidence and hope and at the same time good levels of resiliency and optimism. As for the psychological capital, the Respondent showed low territoriality and high level of all of the other constructs of psychological ownership.

What does it mean in total? It means that engaged angel investors can bring success to the venture. In all seven cases of the investor, going through the measurement of engagement and ownership feelings, the scores for all factors were either good or high. Even though, one thing that the researcher found interesting, that level of territoriality was low in all cases, meaning that investors are eager to cooperate with other participants of the venture team.

5 CONCLUSIONS

In this chapter, conclusions are presented in the form of discussions about the preliminary theoretical framework from the angle of empirical findings. Furthermore, recommendations for the ventures' management on how to manage the investor relationship are presented. At last, the suggestions for future research are outlined.

5.1 Theoretical implications

The primary interest of this study was the phenomenon of the engagement of angel investors during the post-investment stage, its potential to replace "hands-on" involvement and provide more positive influence on the development of angel investor – venture's founder relationship, leading to the venture's development and growth. The extant literature review had connected three topics under one chapter: description of angel investors as a phenomenon in entrepreneurship studies, the viewpoints on the concept of engagement from the different angles: as cognitive-affective state and as capitals and moreover, the overview of the concept of psychological ownership, as cognitive element of business angel's participation in the venture's progress during the post-investment stage. The focus of the literature review was to provide the summary of pre-researched information on the angel investors, to show the engagement factors and its necessity for the venture's growth and in addition, to outline the psychological factors behind the entrepreneurial activity of the angel investors in the venture.

Overall, this study provides necessary insights on the angel investors' background and activity and how it is influenced by the psychological factors, presented in the conceptual frameworks of engagement and psychological ownership and the new explanation of the engagement factors of the angel investors.

After reviewing the literature sources, the preliminary theoretical framework of the study was created, where the angel investor engagement was represent being beyond the angel involvement phase, with the arrows signifying the components of the engagement. Components of business angels' engagement are primarily based on the capital-based theory of the Thompson et al. 2015, including the psychological capital component from Luthans et al. 2007 and as well adding one more component of psychological ownership, taken from Rau et al. 2018 and Avey et al. 2009. Major part of the framework was confirmed by the empirical research; however, the theory had the differences in the reality on the implementation in the reality, which is going to be discussed below.

Before moving to the description of the components of angel investor's engagement, it is wise to discuss business angels themselves, to conclude about their psychological portrait. First of all, the business angels are dependent on the financial returns of the ventures, when they are working with them. However, despite financial factor to be the cornerstone of the business angel – venture's founder relationship, it is good to also remember about human factors of angel investor's interest into the venture, which distinguishes them from the venture capitalist.

In general, angel investors are very people-oriented, finding the right team is a priority for them, as the top team has much more potential to succeed rather than a top idea. Certain type of "*chemistry*" has to occur between angel investors and entrepreneur, meaning the similarities in the interests, goals and values have to match between those two. Secondly, they are continuous learners. Continuous learning process is the major theme in angel investing, considering the fact presented by Respondent 2 "*around 90% of ventures will fail*", meaning that a formidable majority of angel investments are at the high risk. Thirdly, high risk at investing brings such quality as open-mindedness, bringing natural curiosity and risk-taking together, as these three usually appear hand-in-hand. Next comes the time management skills, as for business angels time is much more valuable than money spent, which implies that angel's skills and knowledge are valued much higher among business angels rather than amount of used capital. Furthermore, pure desire to help is one of the crucial drivers of angel investing, was also noted during the research process. And last, however not the least, is the ability to be flexible and adapting to the circumstances around the venture progress.

After outlining the characteristics of angel investors, the next topic of angel investor's engagement can be discussed. It was theorized in the Figure 3, representing preliminary theoretical framework in this study, that activating multiple capitals of engagement as well as ownership feelings may raise the engagement level and by thus, bring positive influence on venture growth and development. The viewpoint of researcher represented by framework was confirmed during the analysis and summary of collected data in the chapter four.

In the theoretical framework it was stated that engagement of angel investors consisted of several components such as human capital (business angels' own skills, expertise and knowledge, which is brought to the venture), social capital (broad networks together with built relationship with the venture's founder), family capital (work-life balance), psychological capital (business angels' internal positive sources such as hope, efficacy,

resilience and optimism) and psychological ownership (cognitive ownership feelings). In the framework, it is contrasted to the involvement which is outlined as a as business angels' money and sometimes time invested in the exchange for shares, possible return on investment (ROI) and possible success that the venture can bring in positive outcome.

As it was confirmed by the analysis of the collected data, activating different capital of engagement and in addition, psychological ownership, can raise the engagement level of the business angels. For example, speaking of the human capital, many respondents underlined the importance of it in the angel investor's engagement. The key points and themes have arisen such as engagement due to professional background and skills, where expertise steps out as a motivator for the investment and at the same time, the investor with matching experience and skills becomes the priority for the venture. In addition, one of the respondents noted that without the experience and expertise matched, this business angel would not proceed with the investment of financial assets, as non-financial engagement is prioritized over the investment. To sum up, human capital is a necessary component of business angel engagement.

Next is about social capital. The importance of bringing the business angels' networks was as well highlighted by the respondents. The networks and human resources have a very high potential to make business angels engaged, as it makes them feel that they are useful and the most important, are needed to the venture. One of the respondents even named bringing the networks by the "*investing of the social capital*".

Family capital in the Figure 3 was shown to be inside the angel investor, as in order to keep angel investors engaged it is important to keep this capital untouched. In the business angel case, it is work-life balance. One of the respondents have directly confirmed this factor, especially noting that as long as the business angel's investing activities will not affect the wealth of own family. Some of respondents mentioned the importance of having work-life balance in their life, speaking of their time.

Psychological capital, represented by such forces as hope, efficacy, resilience and optimism, is also considered to be one of strongest components of engagement, as it intensifies the all of other capitals. There was found confirmation for this part of framework as well. For example, hope is necessary for the business angels' investments, as it is a high-risk investment and unpredictable to guess how the venture development will continue. Therefore, hope for success becomes one of the key elements of the angel investor's engagement into the venture's development. Next one is efficacy, it is outlined in the angel investing context by "*emotional*" nature of angel investments, couple respondents

named business angel's financial input into the venture as an "*emotional money*". That is why, no business angel would invest the money without confidence in the product, innovation or the team. As a result, it is crucial for angel investor to have efficacy into the venture, otherwise the engagement might not take place.

Psychological capital examples are continuing with the resilience. Resilience is about the persistence to achieve the goals despite the positive and negative events which can happen during the goal aspiration. In the business angels' context, it concerns about the ability to cope with difficulties of the venture's growth during the post-investment period. The engagement of angel investors is enhanced by their ability to keep on supporting and doing things for venture's benefit and being participative in the venture's development despite the circumstances. Finally, optimism was also confirmed to be an important component of angel investors' engagement as it supports the relationship between investee founder and investor, enhancing the desire to cooperate from the investor's side.

Lastly, about the psychological ownership, as it explains the cognitive ownership feelings of business angel towards the venture during the post-investment period. Research outlined high ownership feelings towards the venture-investee by following parameters: self-identity, territoriality, sense of belongingness and gaining intimate knowledge. It means that angel investors see the ventures as their own and project their ownership feelings towards them. In addition, the peculiar study of Rau et al. (2018) showed that high level of psychological ownership indicates and influences the innovation activities in the ventures. That it was also confirmed by the research, as all of the respondents had underlined that they would not get engaged with the venture if it would not be innovative with the product and/or idea.

In addition to the qualitative part of the research, consisting of interview, the researcher also executed minor survey part in order to measure components of engagement in the case of most successful venture in the investment career of respondents. Results confirmed that in the successful ventures business angels have high levels of engagement indicated by vigor, dedication and absorption, as well as high level of psychological capital and high levels of psychological ownership. Interesting result which came out of this measurement, that all respondents show low levels of territoriality around the venture-investees, which shows their readiness to be cooperative regarding matters arising with the venture.

All things considered, the preliminary framework got confirmed during the empirical research process, meaning that activating different factors of the engagement gets angel

investors to become more integrated with the venture and its growth and development. Moreover, such engagement also brings the good influence on the venture's development, as results showed that engaged angel investors are very likely to bring success to the venture.

5.2 Managerial implications

The challenges regarding the angel investors' engagement lies within the venture and venture's founding team itself. The discussions about the necessity and intensity of angel investor engagement has aroused during the respondents answering the question about ownership engagement. The managerial implication of the suggested theoretical framework by the researcher appeared after one of the respondents admitted that some ventures do not ask business angels to be engaged as they do not need it. It might also happen even if angel investor expresses the wish to be engaged himself.

Such phenomenon is explained by the nature of ownership engagement and the needs of the ventures. If the venture requires the necessary skills, knowledge and networks of the investor, it is going to request inside or alpha engagement from the business angel. In this role, the business angel is going to be like a "parent" of the venture, providing necessary supporting resources to make a venture grow. Depending on the founding team, the angel investor will take insider or alpha role.

In the case if venture is not in need of non-tangible support of the angel investor during the engagement, the options of limited or no engagement will be offered. In addition, some of the respondents noted that these two roles might come up during the later stages of the venture development, when too much "caring" is not necessary anymore, as it was during the initial stages.

Therefore, due to mentioned circumstances, all respondents have been participating in the all levels of ownership engagement, because during their investment career they had come across ventures at different stages of development. As a result, researcher discovered that there is no such thing as perfect level of engagement for the venture. It depends on the phase of venture, timing, desire of founders, internal sources of angel investors and many other factors. In addition, this result supports Avdeitchikova (2008) argument that angel investor behavior should not be considered static. As presented above, it also changes over time and depending on the situation with venture.

Overall, this research provides to founders of ventures (as executive managers) the important information about the mindset of the angel investor during the post-investment

stage, what attracts them to get interested in the venture and how to keep them motivated into the venture during this stage, named as engagement. Firstly, founders need to understand the suitability of angel investor, what kind of other “capitals” of engagement the business angel can bring to the venture beyond the capital. It is crucial to conduct a comparative analysis in order to see which angel investors can be invited as an insider engaged business angels or as limited or even no engaged partnership.

Secondly, founders need to treat business angels as a part of the founding team, especially in the initial phases of post-investment relationship. As mentioned by the respondents, angel investors have a need to help and contribute to the entrepreneurial society. It is crucial for the venture’s success to keep angel investors feeling necessary for the company’s benefit.

Lastly, founders as executive managers of venture ought to recognize and manage investor relationships at the same importance as customer relationships. Both group of stakeholders require equal level of attention in the entrepreneurship world, without each other the success will not take place.

To sum up, angel investors are key contributors to the ventures during the initial and seed phases of venture growth. That is why it is crucial to keep them in the attention of the venture’s founders and most important, they should be considered beyond their financial input.

5.3 Future research opportunities

Limitations of the study which give a path to the opportunities for the future research will be discussed in this sub-chapter. First of all, the chosen mixed data collection method of study has its own limitations. Even though it allowed researcher to use various tools in order to find answers for the research question, it requires sufficient amount of time as a necessary resource in order to coordinate different phases of the research process. (Hurmerinta-Peltomäki & Nummela 2006, 453.) Therefore, one of the suggestions for future research would be to expand the survey part to many respondents in order to conduct statistical analysis of the major sample of angel investors which allows to discover major trends in the engagement’s components among business angels.

In addition, in the relationship between venture-investees and angel investors there are two sides and viewpoints: from investor and investee point of view. So far, only the business angels’ viewpoints, opinions and expertise were considered. It would be beneficial to conduct the research either solely from entrepreneur’s point of view, where this

phenomenon has potential to open from the other side; or to conduct research with simultaneous interviewing from both parties, creating a venture-based case study analysis, which would completely explain the relationship between angel investor and venture's founder.

Furthermore, as the interviewing was mostly conducted through audio and video calls, the possibility for the face-to-face meetings would be more beneficial, as more clarifying questions would be possible to ask, which would allow exploring phenomenon much deeper. Therefore, suggestion would be to utilize personal meetings as much as possible.

Additionally, the choice of respondents was restricted to the one location: Finland. From phenomenon's perspective, it would be more beneficial if the study would be also conducted in other countries in order to see the differences in the perceptions and opinions. In addition, using the quantitative method would be very suitable to meet the goals. Thus, it also becomes one of the potential future directions for the research.

Moreover, the potential study could also explore the phenomenon behind different categories of angels, giving the topic to open up in wider way, allowing to discover heterogeneity of the angel group. However, the current study had an opportunity to interview business angels from various fields, who brought very valuable input to the research findings.

All things considered, there are plenty of opportunities for the future research, including investigation of angel investor – venture's founder relationship, expanding the scope of respondents, trying different geographical locations and in addition, exploring beyond one category of business angels.

6 SUMMARY

The study has concentrated on discovering new ways to engage business angels into the ventures during the post-investment stage by exploiting the point of view that engagement is a concept which encourages deeper cooperation rather than involvement. The study was conducted from the perspective of angel investors who had proved experience in the field and had always invested into the ventures.

The existing literature resources were scrutinized in order to form basic understanding about the nature and character of business angels, who they were and how they acted during the post-investment stage. Thus, the main characteristic of ‘hands on’ involvement was discovered, which was key element of post-investment behavior. In order to promote deeper integration of angel investors, the concept of engagement was introduced. Further on, the concept of engagement was further elaborated, discussing its components and theories behind it. Additionally, the psychological ownership was also discussed as a base for the describing of the ownership feelings of the business angel. The components of engagement and psychological ownership were illustrated in the preliminary theoretical framework, explaining the idea behind the study.

For the empirical part of the study, a qualitative research method was utilized with mixed data collection methods. Survey was used to enlarge on the qualitative study. At first, semi-structured interviews were conducted, and all respondents had to answer open end questions which were pre-defined. Afterwards, all participants except two participated in the survey for the on-the-spot analysis of the engagement. In total, nine respondents had participated in the interviewing, with the various angel investing experiences for more than four years.

The empirical findings confirmed the preliminary theoretical framework of the study however discovered managerial implications of the application of the framework in the real life. The framework of components for angel investor’s engagement was confirmed: by activating various components or ‘capitals’ of the engagement, the venture’s founder can integrate investor much deeper into the venture’s activities. However, the implication is that not all ventures require the engagement of business angels. It purely depends on the expertise what the venture requires, and the expertise of what business angels have. If they match, then the mutual interest for engagement will appear. If they do not, then it is either financial involvement of angel investor or no cooperation at all.

Furthermore, this study had drawn the psychological portrait of the angel investors, outlining that they are people-oriented, risk-taking, open-minded, efficient time-managers, flexible, patient and adapting as well as constant learners.

Overall, this research provided important insights about the field of angel investments, what the factors of their engagement during the post-investment stage are and how activating these components can influence the success of the venture. The empirical findings of this study provide for the venture's founders information on the way how to increase the integration of angel investor, if the venture's founder is willing to do so.

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APPENDICES

Appendix 1. Privacy notice for an interview

| | |
|---|--|
| Name of the register | A research involving interviews and/or survey which collects angel investors' point of view on their engagement in venture development during the post-investment stage |
| Data Controller | Alexandra Maksheeva Master student of MSc Econ and BA University of Turku, Turku School of Economics, Department of Marketing and International Business |
| Contact information of the responsible person | Alexandra Maksheeva +358***** A**@gmail.com a***@utu.fi |
| Purpose and legal basis of processing the personal data | The research collects business angels' views and experiences on their participation in venture development during the post-investment stage. Email addresses are used when sending out invitations to interviews. The interviews involve collecting information on the business angels' views on improving the venture growth, their own engagement level with venture-investees. The legal basis for processing personal data in the Article 6 of the EU General Data Protection Regulation is: <input checked="" type="checkbox"/> Processing is necessary for scientific research (public interest, Point 1a of the Article 6) <input checked="" type="checkbox"/> Data subject has given their consent to processing personal data (consent, Point 1e of the Article 6) |
| Processed personal data | The following information of the data subjects is stored in the register: Email address, gender, name and surname, venture's name, phone number, own experiences and answers to the survey |
| Recipients and recipient group of a research data | The data will not be transferred or disclosed to parties outside the researcher's hands |
| Information on transferring data to the third countries | Personal data will not be disclosed to parties outside the EU or the European Economic Area. |

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| Retention period of personal data or criteria for its determination | The recorded interviews will be transcribed into text files and the recordings will be destroyed. Simultaneously, the research data will be anonymized by erasing identifiable personal data. If the option of survey is used, all personal details are going to be erased and pseudonymized. Personal data is stored until 1 June 2020, after which the data is disposed of securely. |
| Rights of a data subjects | The data subject has the right to access their personal data retained by the Data Controller, the right to rectification or erasure of data, and the right to restrict or object the processing of data. The right to erasure is not applied in scientific or historic research purposes in so far as the right to erasure is likely to render impossible or seriously impair the achievement of the objectives of that processing. The realisation of the right to erasure is assessed on a case-by-case basis. The data subject has the right to lodge a complaint with the supervisory authority. |
| Information on the source of the personal data | In order to send the invitations to the interview, email addresses are requested from the FiBAN network or other parties related to start-up and/or entrepreneurship. The other data is collected directly from those who participate in the interviews for the study |
| Information on the existence of automatic decision-making, including profiling | The data will not be used for automatic decision-making or profiling. |

Appendix 2. Questions for the semi-structured interview

Question 0: What kind of experience do you have as an angel investor? (came up in latest interviews: What kind of characteristics do you have as angel investor?)

Theme 1: Engagement vs involvement

Question 1: How do you see the difference between angel investor's engagement and angel investor's involvement?

Question 2: What do you think would be more important for the venture: engagement or involvement?

Theme 2: The drivers of the engagement

Question 3: What are the true drivers for the involvement for angel investors?

Question 3a: what kind of role are you having in the ventures you invested?

It is stated by one researcher that angel investors might involved in one venture and less involved in others. From your point of view, what does it depend on?

Theme 3: Necessity of the engagement

Question 4: Do you think there is a need to improve the engagement among angel investors in Finland? And in general?

Theme 4: Measurement of engagement and psychological ownership

Question 5: Please participate in the survey.

Theme 5: Ownership engagement

Question 6: To which level of ownership engagement described can you relate yourself as shareholder in the venture? (No engagement, reactive engagement, alpha engagement, inside engagement).

Question 7: What level of ownership engagement would be the best for making venture grow and develop for good? And how to achieve this level of engagement?

Question 8: How to increase the engagement of the angel investors, what 's your opinion?

Theme 6: Level of Psychological Ownership

Question 9: Do you consider your venture to act innovatively and why?

Question 10: How would you describe a typical behavior of the Finnish angel investor during the post-investment stage?

Question 11: According to the study, there are non-financial motivators for angel investors to be into the venture? Is it really true? And how much does it influence the engagement?

Appendix 3. Special set of questions for respondent - former business angel

Question 0: What kind of experience do you have as an angel investor?

Question 1: How do you see the difference between angel investor's engagement and angel investor's involvement?

Question 2: What do you think would be more important for the venture: engagement or involvement?

Question 3: How would you describe a typical behavior of the Finnish angel investor during the post-investment stage?

Question 4: According to the study, there are non-financial motivators for angel investors to be into the venture? Is it really true? And how much does it influence the engagement?

Question 5: What has changed during the times when you have been acting as angel investor to nowadays?

Question 6: How much do you think ventures need the deeper involvement of angel investors?

Appendix 4. Survey joint questionnaire

Theme: Engagement

Respond on the following statements on Likert scale from 0 (Never) to 6 (Always, every day)

1. At my role I feel bursting with energy
2. I find the work what I do full of meaning and purpose
3. Time flies when I am working at my role in venture
4. At my role in venture I feel strong and vigorous
5. I am enthusiastic about my role in venture
6. When I am working on my venture, I forget everything else around me
7. My job at venture inspires me
8. When I get up in the morning, I feel like going to my venture's office to continue working
9. I feel happy when I am working intensely with my partners on venture
10. I am proud on the work for venture what i do
11. I am immersed in my work
12. I can continue working on my venture project for a long time
13. To me, my role at venture is challenging
14. I get carried away when I am working on the venture development
15. At my role I feel mentally resilient
16. It is difficult to detach myself from my role in venture
17. At my role I always persevere even things with venture do not go very well

*sourced and slightly modified from Schaufeli & Bakker 2003.

Theme: Psychological Capital

Respond on the following statements on Likert scale from 1 (Strongly disagree) to 6 (Strongly agree)

1. I feel confident analyzing a long-term problem to find a solution
2. I feel confident in representing my work area in meetings with board
3. I feel confident contributing to discussions about the venture's strategy
4. I feel confident helping to set targets/goals in my work area
5. I feel confident contacting people outside the venture (customers/suppliers) in order to discuss problems
6. I feel confident presenting information to the other members of the board
7. If I should find myself in a jam at work with venture, I could think of many ways to get out of it
8. At the present time I am energetically pursuing my work goals within venture
9. There are a lot of ways around any problem
10. Right now I see myself as being pretty successful at venture development
11. I can think of many ways to reach current goals for venture development
12. At this time, I am meeting the venture development goals that I have set for myself
13. When I have a setback with venture development, I have trouble recovering from it, moving on

14. I usually manage difficulties one way or another within venture development
15. I can be "on my own" so to speak, at work if I have to
16. I usually take stressful things at work calmly
17. I can get through difficult times at work because I have experienced difficulty before
18. I feel I can handle many things at a time at this position of mine
19. When things are uncertain for me at work with venture, I usually expect the best
20. If something can go wrong for me venture-wise, it will
21. I always look on the bright side of things regarding my venture
22. I am optimistic about what will happen to me in the future as it refers to work with the venture
23. With this venture, things never work out the way I want them to
24. I approach this venture development as if "every cloud has a silver lining"

*sourced and slightly modified from Luthans et al. (2007, 237-238)

Theme: Psychological Ownership

Respond on the following statements on Likert scale from 1 (Strongly disagree) to 6 (Strongly agree)

1. I feel I need to protect my ideas from being used by others inside my venture team
2. I feel that people I work with in my venture should not invade my workspace
3. I am confident in my ability to contribute to venture's success
4. I am confident I can make a positive difference in this venture
5. I would challenge anyone within my venture team if I thought something was done wrong
6. I would not hesitate to tell my venture team if I saw something was done wrong
7. I feel like I belong to this venture
8. I am totally comfortable being in this venture
9. I feel that this venture's success is my success too
10. I feel being a member of this venture team helps me to define who I am

*sourced and slightly modified from Avey et al. (2009)

Appendix 5. Summary from respondents' answers

| Elements of angel investors' engagement | Summary from respondents' answers |
|---|--|
| Human capital (about the bringing own expertise, experience, skills and knowledge, this very much correlates on how the respondents saw the ways to get angel investors engaged.) | <p>For example, Respondent 1 is engaged into the venture due to the professional background and the skills, which are now very useful in the venture's development.</p> <p>Respondent 2 is also outlining that sometimes the expertise is needed as motivator to step into the venture.</p> <p>In Respondent's 3 career there has been times when help was done by contributing knowledge and competence without contributing actually the money.</p> <p>Respondent 5 outlined that angel investor becomes a priority for the venture, when his/her skills and experience can help.</p> <p>Respondent 6 has acquired certain set of skills which are very valuable and needed for the venturing, especially for high tech firms. Therefore, the engagement bond might get created without financial investments.</p> <p>Respondent 7 admits that no deal is going to be made with only financial support: there has to be something else, for example experience and expertise that the Respondent can bring to the venture. Also, same respondent added that in hard times <i>"experience and expertise are more valuable than gold"</i> and it is important to agree among investors and founders within one venture who is going to be responsible and to be the best fit for certain roles due to the expertise. At the same time, the Respondent also outlined that as an investor <i>"I use all of my skills and expertise, to make company where I am involved as a success story"</i>.</p> <p>Respondent 8 shared that usually in the start of venture journey business angels <i>"are involved in something where they have knowledge and experience, in sector where they have worked and where they actually have started their venture"</i>.</p> |
| Social capital (about bringing social networks and relationships) | <p>In the start-ups, where Respondent 3 was involved, it was mostly helping to find out founders, clients, suppliers and etc. In the Respondent's opinion all kinds of companies depend on their networks.</p> |

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| <p>with people. Also, correlation found with respondents' answers)</p> | <p>Respondent 4 considers the human resources to be the most valuable in the venture, especially on the initial stages.</p> <p>Respondent 6 particularly outlines the term “social capital” which had been invested by Respondent.</p> <p>Respondent 7 was occupying high managerial positions due to vast extensive network, which was considered to be very valuable as <i>“startups have seen investors as source of networks”</i>.</p> |
| <p>Family capital (about work-life balance, some correlation was found)</p> | <p>Respondent 6 had communicated the desire <i>“to have life”</i> as well as <i>“not to affect family’s welfare with venturing activities”</i>.</p> |
| <p>Psychological ownership</p> | <p>Respondent 1 has been the founding angel, acquiring decision-making stake in the venture and becoming the managing director of it, which strengthens the sense of belongingness and self-identity.</p> <p>Respondent 2 mentioned about protecting the money and <i>“looking after my money”</i>, as the driver for the involvement, which is clearly shows the territoriality and ownership feelings via exercising the control.</p> <p>Respondent 4 noted that investor and venture founder are in the <i>“same boat”</i> while venturing, which shows the investing of respondent themselves as well as gaining intimacy about the venture.</p> <p>Respondent 6 spoke about how come the company where the investment was done <i>“won’t succeed if I am in there”</i>. This small comment also outlined the increased level of ownership, as the venture becomes the part of self-identity.</p> <p>In addition, all respondents except for Respondents 2, 5 and 7 have confirmed that in all of the ventures, where they had been involved, there were innovation activities and they were innovative. It confirms the theory of Rau et al. (2018) that in the companies where the level of psychological ownership is high, tend to act more innovatively.</p> <p>However, Respondents 2,5 and 7 have agreed on that some of the ventures were innovative and some were not (as Respondent 7 commented, some <i>“are needed to be pushed to be more innovative”</i>), which can also hypothetically show in which ventures the business angels have been engaged more.</p> |

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| <p>Ownership engagement (discussion about levels of ownership engagement described by Çelik & Isaksson (2014))</p> | <p>Quite many respondents shared that they have been participating in all levels of the engagement described, because it very much depends on the ventures, what kind of needs do they have. Respondents 6 and 7 have jointly compared venture to be like a kid, which in the beginning needs a lot of engagement from business angels' side (inside engagement-alpha engagement) and then, as it grows, investors might take position of less engagement (no engagement-reactive engagement), due to the fact that the company is running and does not need more of "<i>parental care</i>".</p> <p>Other reason for low engagement level was mentioned by Respondent 2: sometimes companies do not need extra engagement, they do not want it or do not need it. And this also has to be considered.</p> <p>Therefore, researcher found that there is no such thing as perfect level of engagement for the venture. It depends on the phase of venture, timing, desire of founders, internal sources of angel investors and many other factors. Moreover, this result supports Avdeitchikova (2008) argument that angel investor behavior should not be considered static. As presented above, it also changes over time and depending on the situation with venture.</p> |
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