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RESEARCH ARTICLE

Does religion matter to angels? Exploring the influence of religion in entrepreneurial investor decision-making

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Abstract Despite the pervasive influence religion has on society, the role of religion in angel investor decision-making remains unknown. This study tests a model of how religion – both as a guiding institutional logic and a personal religious belief – influences angel investor evaluations. Drawing on the similarity attraction paradigm and expectancy violation theory, two scenario-based experiments find religion has a persistent but nuanced influence on investor evaluations. Generally, religious claims are a double-edged sword, either repelling or attracting angel investors. Specifically, faith-driven investors form positive evaluations of the venture but only when these evaluations are mediated by entrepreneur authenticity. By comparison, traditional angel investors form negative evaluations when religious claims are present, except for when angel investor religiosity is high. This suggests that faith-driven and traditional angel investors use different bases for evaluating entrepreneurs and ventures. Overall, our results have important implications for understanding the theological turn to entrepreneurship by finding religion as a double-edge sword, a multilevel influence, and a cognitive mechanism within investor decision-making.

Plain English Summary This research analyzes angel investor evaluations of religious claims made by entrepreneurial ventures. We conduct two experimental studies – one with faith-driven angel investors and another with traditional angel investors – and find religious claims are a double-edged sword. Our findings suggest that the dominant institutional context, either an economic return on investment or a religious mission, will drive whether investors resonate with religious claims made about the venture and entrepreneur. Interestingly, we find that religious claims are not universally evaluated and show when repelling effects are mitigated or aligning effects are not as strong as expected. Our results suggest religion has both positive and negative influences in angel decision-making, occurs at multiple levels, and is driven largely by beliefs rather than practices.

Keywords Angel investors · Religion · Investor decision-making · Religious logic · Religious beliefs

JEL Classification G11 · G41 · L26 · M13 · D81 · D91 · C90 · Z12

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1 Introduction

Religion is "one of the most pervasive and central topics in society" (Smith et al., 2019) and has a substantial influence on economic decision-making (e.g., Chircop et al., 2020; Hilary & Hui, 2009; Shu et al., 2012). Despite operating as "an elephant in the room" (Gümüsay, 2015, p. 199), only recently have scholars across different academic disciplines begun to examine how religion affects key decision-making processes (Adhikari & Agrawal, 2016; Shu et al., 2012). Although the entrepreneurship literature has recently begun to take seriously the role of religion in entrepreneurship (e.g., Block et al., 2020; Smith et al., 2019, 2023a), much remains unknown in how religion shapes investor decision-making, especially within the context of early-stage ventures.

Entrepreneurship scholars have established that religion provides a complementary rationale that moves beyond a myopic economic paradigm, thereby offering a more complete understanding of the science of entrepreneurship (Smith et al., 2021). Religion has been shown to have a profound influence on investor decision-making (Chircop et al., 2020; Smith et al., 2022). In this context, investors have limited information, often relying on institutional norms and cognitive frameworks to guide their evaluations (Ding et al., 2015; Kwon & Arenius, 2010). Nascent research on venture capitalists and impact investors suggests that both institutional (Chircop et al., 2020) and individual (Smith et al., 2022) religious factors affect how investors make decisions. While these studies advance our understanding of institutional and individual factors separately (e.g., Chircop et al., 2020; Smith et al., 2022), this independent focus underspecifies the likely interaction between institutional and individual factors.

To date, this stream has surprisingly neglected religion in the decision-making process of angel investors. Angel investors invest their own money at earlier stages of the entrepreneurial process, serve as a critical step in the future growth financing of ventures by later-stage investors, and confront unknowable risk (Drover et al., 2017; Huang & Pearce, 2015). Unlike venture capitalists who have more information about the entrepreneur, venture, and market opportunity, angel investors make decisions under extreme uncertainty before products are developed and markets are established (Huang & Pearce, 2015). As a result, angel investors rely on both economic and non-economic information in their evaluations of entrepreneurs and ventures (Becker-Blease & Sohl, 2015; Maxwell et al., 2011) and often "prioritize their intuitive assessments of the entrepreneur and symbolic meaning" (Huang & Pearce, p.41). Despite its potential relevance within investor decision-making, religion has been overlooked as a potential characteristic that angel investors look to as part of their evaluative process.

To address this issue, we build on prior research to develop and test a model of how religion – as both a guiding institutional logic and a personal religious belief – influences angel investors. Across two scenario-based experiments, we theorize that religious claims made by entrepreneurs will affect angel investors' perceptions of the entrepreneur and venture. To test this assertion, we conduct experiments with two types of angel investors – those affiliated with a faith-driven angel group ("faith-driven investors") (study 1) and those unaffiliated with a faith-driven group ("traditional angel investors") (study 2) – who vary in their dominant institutional logic and individual level of religiosity.

Our results suggest religion has a persistent but nuanced influence on angel investor decision-making. Namely, religious claims can be a double-edged sword, repelling or attracting angel investors. Building from similarity attraction theory (Byrne, 1971), study 1 finds faith-driven investors, despite an existing market logic, are strongly driven by a religious logic. Faith-driven investors form positive evaluations of ventures that make religious claims, but only when the evaluations are mediated by perceptions of the entrepreneur's authenticity. In contrast, study 2 builds from expectancy violation theory (Burgoon, 1993; Oo et al., 2022) and finds traditional angel investors form negative evaluations of both the venture and entrepreneur authenticity based on religious claims. However, this negative effect is attenuated when the angel investor's individual religiosity is high. Taken together, our findings suggest faith-driven and traditional angel investors use different bases of evaluation when considering religious claims, adding an important nuance to our understanding of angel investor decision-making.

This study contributes to the theological turn in entrepreneurship research by focusing specifically on the intersection between angel investor decision-making and religion. In that vein, our findings present several theoretical contributions. First, we extend the literature on religion and investor decision-making by demonstrating how religious claims are viewed as a double-edged sword. While our findings extend the general notion that religion does indeed influence investor evaluations, we also suggest this influence is not always as expected, even for faith-driven investors. Second, we elaborate on the theory of navigating institutional complexity by testing two specific religious mechanisms – institutional logics and personal beliefs – and their role within angel investor decision-making. We move beyond existing research that focuses on either logics or beliefs to both logics *and* beliefs. In doing so, we suggest religious claims may be more impactful within the context of investor decision-making than previously considered due to their multilevel impact. Finally, we contribute to the broader debate on religion and entrepreneurship by focusing on religious *beliefs* rather than practices as the mechanism driving investor decision-making. Contrary to longstanding research that focuses on functional measures of religion (Durkheim, 1912), we bring religious beliefs directly to the fore to depict the theological turn to economic decision-making more accurately (Finke & Stark, 2003).

2 Theory and hypothesis

2.1 Religion and investor decision-making

One of the greatest challenges investors face is decision-making under conditions of risk and uncertainty (Drover et al., 2017; Huang & Pearce, 2015). Although extant research has shown how investors confront these challenges using a dominant economic paradigm, recent scholars have suggested that the economic paradigm is myopic and urged researchers to consider additional rationales (Smith et al., 2021). This is because drawing on economically driven rationales may conflict with the rising number of investors who complement financial with non-financial considerations (Agrawal & Hockerts, 2021; Huang & Pearce, 2015).

While the influence of religion is increasingly a focus of attention on entrepreneurs, only recently have scholars begun to focus on the role of religion among entrepreneurial investors (e.g., Chircop et al., 2020; Maung et al., 2020). Recent research suggests that some investors evaluate non-financial indicators, such as religion, as equal to, or more important than, economic indicators (Smith et al., 2022). It is likely that investors will view religious claims as important when making resource provision decisions, such as an indicator of the investor's risk aversion (Chircop et al., 2020). Additional studies suggest religiosity drives risk aversion found in a negative relationship between religiosity and venture investing (Maung et al., 2020). While these equivocal findings shed light on a connection between religion and investor decision-making, they primarily focus on later-stage investors, such as venture capital or private equity (Drover et al., 2017). Thus, the role that religion plays within early-stage venture investing is unclear.

2.2 Religious logics and angel investor evaluations

Angel investors use their own money in contexts of unknowable risk, where they are "deciding among uncertain solutions to a market, while simultaneously grappling with inherent uncertainty about the services, products and markets themselves" (Huang & Pearce, 2015). Angel investors are distinct from traditional venture capitalists, who generally have more information about the entrepreneur, venture, and market opportunity in that they rely on both intuition and formal analysis to drive their "gut feel" in making decisions (Huang & Pearce, 2015). Scholars have suggested a more "socialized perspective" (Drover et al., 2017) and an understanding of "cultural groupings, such as those based on religion" (Lounsbury & Glynn, 2019: p.6) may help further explain angel investor decision-making.

The surprising omission of religion within research on angel investor decision-making may be attributed to an assumption that investors are uniformly driven by a common institutional logic. Institutional logics are the guiding factors by which individuals "organize time and space and provide meaning to their social reality" (Thornton & Ocasio, 1999: 804) and represent "broad belief systems" and create "shared understandings about what constitutes legitimate means and ends shaping cognition and decision making" (Gümüsay, 2020; p. 862). Much research assumes that investors are predominantly driven by a market logic, which reflects a view that "financial capital is committed to generate market returns through the private appropriation of value" (Fisher et al., 2017, p.57), rather than a religious logic (Gümüsay et al., 2020; Thornton et al., 2012). As one of seven institutional logics (Thornton et al., 2012), a religious logic "obtains its source of legitimacy through the importance of faith and sacredness in society" (Gümüsay, 2020: p. 865). Angel investors guided by a religious logic are likely to prioritize investments that align with their religious orientation, even at the cost of jeopardizing economic gains. We theorize this possibility to suggest that a religious logic is likely to be dominant among angel investors guided by a desire for faith-driven investments, whereas a market logic is more prevalent among traditional angel investors, predominately driven by profitability.

2.3 Religious claims as an alignment mechanism for faith-driven investors

Faith-driven investors, which we define as investors who explicitly tie their investment decision-making to a religious mission, are likely to incorporate a religious logic in their decision-making (Gümüsay et al., 2020). This is because, under a religious logic, "what matters is the long-term 'return' in the Hereafter" (Gümüsay et al., 2020: p. 126). Faith-driven investors are likely to perceive alignment between the investment opportunity and themselves at two different levels: both the venture and the entrepreneur.

We anticipate that a religious logic will guide the evaluation of *both* the venture opportunity and the entrepreneur's character. First, at the venture level, we hypothesize that faith-driven investors are likely to view religious claims as appropriate behavior within their religious logic and judge the venture as legitimate (Fisher, 2020). Investors with a religious logic are likely to seek claims related to a similar logic in the venture opportunity. When they see claims about the venture's mission related to religion, they are likely to view the claim as one that resonates with their broader cultural context and motivates their desire to support it (Navis & Glynn, 2011; Rindova et al., 2004). Absent this information, faith investors are left with additional uncertainty about the viability of the venture and alignment with their logics. Thus, when faith-driven investors evaluate religious claims, they are likely to view the claim in alignment with their religious logic and thereby see the venture as plausible.

Second, in a context where religious logics are made explicit via religious claims, faith-driven investors are likely to perceive entrepreneurs as more authentic within their role. Authenticity during role enactment is referred to as acting in alignment with one's social category (Lehman et al., 2019). Angel investors make decisions in a time where there is extreme uncertainty about the venture outcome and critically evaluate the attributes of the entrepreneur. Angels look for honest entrepreneurs (Ding et al., 2015) or ways to trust the claims they are viewing (Fairchild, 2011; Maxwell et al., 2011). Investors are likely to perceive entrepreneurs who genuinely act in alignment with their role as more favorable and trustworthy (Kim et al., 2017; Lehman et al., 2019). For instance, investors positively evaluate entrepreneurs who provide cues consistent with expectations tied to the entrepreneur role, such as enthusiasm and commitment (Cardon et al., 2017). Taken together, a venture's religious claims will likely yield direct associations with both a venture's plausibility and the perceived entrepreneur's authenticity. We anticipate the following:

> **H1a:** Among faith-driven investors, a venture's religious claims are positively related to investor perceptions of the venture.
> **H1b:** Among faith-driven investors, a venture's religious claims are positively related to perceived entrepreneur authenticity.

2.4 The interaction between individual beliefs and institutional logics

While institutional logics can explain the socio-cultural influence of the external environment on investor decision-making, extant scholarship recognizes investors are also guided by individual beliefs (e.g., Giacomin et al., 2022). The similarity attraction paradigm (Byrne, 1971) suggests that individuals are attracted to and prefer to work with others who are similar to themselves. Similarity can be formed on numerous bases, such as attitudes, values, and beliefs. When similarity exists, individuals are likely to expect that their relationship with an exchange partner will proceed more smoothly

(Byrne, 1971; Humberd & Rouse, 2016). For instance, buyers are more willing to trust, invest, and value the utility of a product when interpersonal similarity exists with sellers (Al-Natour et al., 2008).

Similarly, investors tend to positively evaluate venture teams who are similar to them on several dimensions, such as training, professional experience, and top-university affiliation (e.g., Shen et al., 2022). Given that early-stage investors rely on effect and intuition as part of their decision-making (Huang & Pearce, 2015), it is likely that their individual beliefs about religion will affect the evaluations of entrepreneurs, particularly when they view religious claims as reflective of the entrepreneurs' authenticity. Drawing from cognitive science and religious studies, beliefs are "the state of cognitive system holding information as true in the generation of further thought and action" (Barrett & Lanman, 2008: 110). Building on this definition, we define religious beliefs as investors' personal levels of religiosity. It is likely that faith-driven investors' religious beliefs will provide another frame that guides their evaluations.

Because investor evaluations begin in contexts of knowledge problems (Fisher & Neubert, 2022), investors can mitigate uncertainty when entrepreneurs act in alignment with investors' beliefs (Ahlers et al., 2015). This is especially the case for angels because they invest their own money and have greater discretion over their investments than venture capitalists or when evaluating later-stage investments (Drover et al., 2017). Given that individual characteristics influence investor evaluations (Mitteness et al., 2012), faith-driven investors' personal beliefs likely shape their evaluation of entrepreneurs. It is likely that faith-driven investors perceive religious claims as indicative of the similarity between their personal beliefs and those of the entrepreneur, yielding more positive evaluations of the entrepreneur. Thus, the positive relationship between religious claims and perceived entrepreneur authenticity may be stronger when investors' personal beliefs align with those presumed to be held by the entrepreneur. We hypothesize the following:

> **H2:** The positive relationship between religious claims and perceived entrepreneur authenticity is amplified for faith-driven investors with higher levels of religiosity.

2.5 Investor evaluations of both the entrepreneur and the venture

Perceived authenticity has been shown to mitigate investors' uncertainty about the venture (Hmieleski & Sheppard, 2019; Lewis, 2013). Research suggests that when an entrepreneur appears authentic, investors are more likely to be more interested in them and more likely to want to invest in their venture (Markowitz et al., 2022). As a result, entrepreneurs engage in steps to become and appear to others as authentic within their role (O'Neil et al., 2022). When an entrepreneur is perceived as authentic to their entrepreneur role in nascent stages, authenticity is likely carried into further stages of evaluation. Thus, we hypothesize a direct association between investors' perception of an entrepreneur's authenticity (individual level) and investor's perception of the venture (organizational level).

> **H3:** Perceived entrepreneur authenticity is positively related to faith-driven investor perceptions of the venture.

The prior hypothesis examined the direct effect of perceived entrepreneur authenticity and venture perceptions, regardless of religious claims. Among faith-driven investors, religious claims are likely to positively influence their perceptions of both entrepreneur and venture. Following this reasoning, an investor's perception of the venture is likely informed by their simultaneous perception of the entrepreneur as authentic. Thus, we hypothesize the following:

> **H4:** Perceived entrepreneur authenticity mediates the positive relationship between religious claims and faith-driven investor perceptions of the venture.

Figure 1 displays the overall research model.

3 Methods

3.1 Research design

We develop a within-subject scenario-based experiment examining how faith-driven investors evaluate religious claims. Scenario-based experiments allow

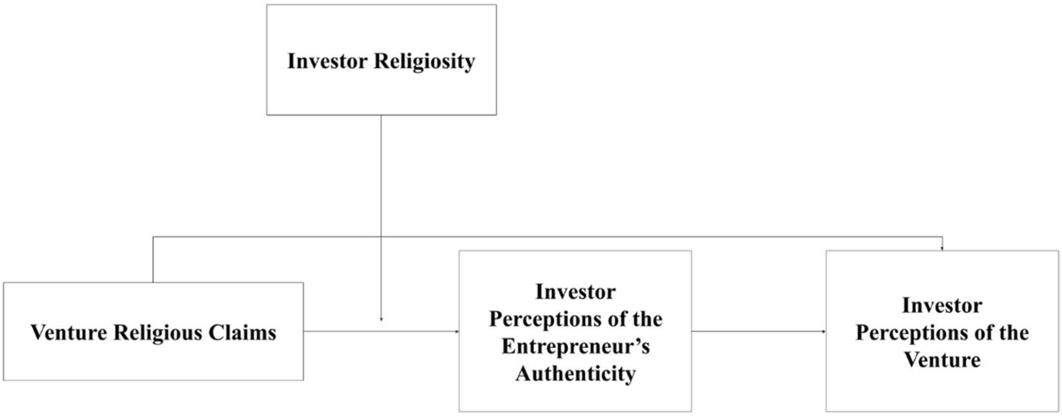


Fig. 1 General research model

participants to evaluate hypothetical but realistic situations (Hsu et al., 2017) in order to illustrate causality (e.g., Short et al., 2010). We use a full-factorial, within-subjects, 2×2 research design by manipulating (1) religious claims and (2) venture form. Holding the quality of the business and objective entrepreneur characteristics (e.g., experience, education) constant, investors evaluated all four scenarios. To account for the possibility that religious claims may appear as reflective of a social business model (Smith et al., 2022), we use the social business model (yes/no) as an additional control variable. To account for religious alignment, we use investors associated with Christianity and the use of Christian religious claims.

Investors were presented with one scenario at a time. Each scenario is reflective of what they would typically see during the screening phase of the investment process (Mitteness et al., 2012) to ensure ecological validity (Gregoire et al., 2019). Investors were then asked to evaluate the venture and decide whether to (1) move the investment forward to the next stage, (2) invest in the venture, and (3) recommend it to a friend (e.g., Murnieks et al., 2011).[1] Figure 2 provides an example of the manipulations. After they evaluated the scenarios, participants were asked questions related to their religious beliefs. Table 1 lists how each variable was operationalized.

Pre-study manipulation checks ($N = 110$) were conducted using the Prolific recruitment platform (e.g., Zunino et al., 2022) to ensure the validity of our scenarios and manipulations (Gregoire et al., 2019). The manipulation checks allowed us to adjust our manipulations prior to collecting the main study experimental data, ensure face validity (Aronson & Carlsmith, 1968), and mitigate the possibility that respondents' evaluations were biased (Gregoire et al., 2019).

4 Study 1: faith-driven investors

4.1 Study 1 sample

We sourced a sample of angel investors affiliated with Christian faith-driven investment groups in the USA. There is a growing subset of angel investment groups that prioritize their religion in their investment practice. For example, one of the larger investment groups that we partnered with has over 200 members across three locations in the USA. Using personal relationships with various Christian faith-driven investment groups, we recruited a sample of 56 US-based investors; 7 investors were dropped for being outliers in time taken to complete the experiment per standard practice for using interquartile ranges (i.e., removing those that were 1.5 times the interquartile range – all responses that were greater than 37.94 min; Brown, 2015; Hair et al., 2010; Lemonaki et al., 2021; Penn State, 2022). Our final sample for study 1 is 49 investors (196 investor-entrepreneur observations).

[1] We reran our results with our single-item indicators within the DV and with different factors in the religiosity measure; results were qualitatively similar. Results of these analyses are available from the authors upon request.

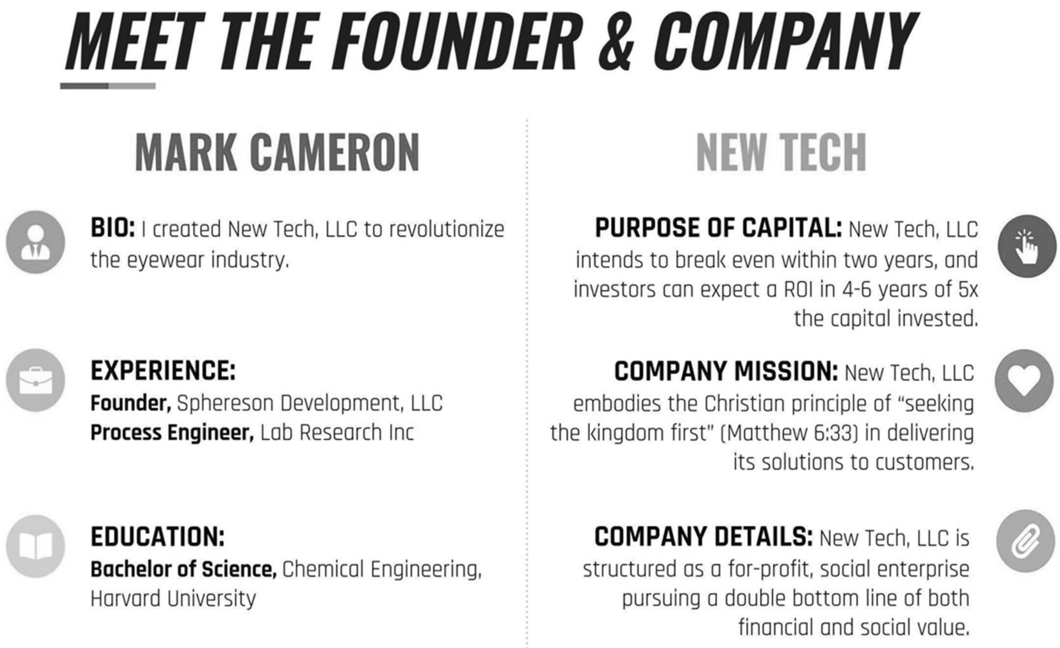


Fig. 2 Example scenario

The investors in our sample were predominantly male (88 percent), with an average age of 50 years (M = 50.27, SD = 11.58). All investors resided in the USA. Our measures are listed in Table 1. For our dependent variable, we considered prior research (Li et al., 2017; Parhankangas & Ehrlich, 2014; Roccapriore et al., 2021), methodological standard practices (Brown, 2015; Cox et al., 2002), and our own analyses on these variables (e.g., factor loadings, correlations between variables) when determining how to operationalize investor perceptions of the venture. For our authenticity variable, we adapted one item from the perceived authenticity scale to ask investors to evaluate their perception of the entrepreneur's authenticity (Likert scale 1–7). For the religiosity scale, we took the summation of the responses to the Faith at Work Scale (Lynn et al., 2009). This scale yielded a Cronbach's alpha of 0.91, indicating high reliability. Table 2 presents the correlation matrix with descriptive statistics. We applied a multilevel structural equation model to test our hypotheses, given the nested nature of our data. Following the *gsem* procedure in Stata, our models did not drop any observations or variables, indicating multicollinearity is not an issue with our data (StataCorp, 2015). Table 3 contains the models testing our hypotheses, and Fig. 3 illustrates the direction of the hypothesized relationships.

4.2 Study 1 results

Hypothesis 1a stated that among faith-driven investors, religious claims will be positively related to investor perceptions of the venture. As shown in model 5 of Table 3, we find a non-significant relationship with venture perceptions ($\beta = 0.10$, $p = 0.125$). Counter to our expectations, Hypothesis 1a is not supported, suggesting an important nuance that religious logics do not directly garner positive venture evaluations. We expand on this in the discussion below.

Hypothesis 1b stated that among faith-driven investors, religious claims will be positively related to investor perceptions of entrepreneur authenticity. As shown in model 2 of Table 3, we find a positive, significant relationship ($\beta = 0.34$, $p = 0.001$); thus, Hypothesis 1b is supported.

Hypothesis 2 stated that investor religiosity moderates the relationship between religious claims and perceived entrepreneur authenticity, such that the relationship is more positive for faith-driven investors who are high in religiosity. As shown in model 3 of Table 3, investor religiosity has a non-significant

Table 1 Study 1 and Study 2 Measures

Variable	Construct name	Measurement
Dependent variable	*Investor evaluations of the venture*	Composite index measure made up of three measures evaluated on a Likert scale ranging from 1 to 7 (1 = very unlikely; 7 = being very likely).* Investors were asked the following: 1. Their likelihood to recommend the entrepreneur move forward to pitch their idea to a group of angel investors (Parhankangas & Ehrlich, 2014) 2. Their likelihood to recommend the venture to others (Li et al., 2017; Radoynovska & King, 2019) 3. Their likelihood to invest in the entrepreneur's venture (Murnieks et al., 2011)
Mediator variable	*Perceived entrepreneur authenticity*	1-item Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree), asking investors to evaluate their perception of the entrepreneur's authenticity (Gino et al., 2020)
Independent variable	*Venture religious claims*	Dummy variable based on the manipulated scenario of our experiment; 1 = high religious claims; 0 = low religious claims Manipulations in the experiment: *High religious claims:* LLC embodies the Christian principle of "seeking the kingdom first" (Matthew 6:33) in delivering its solutions to customers *Low religious claims:* LLC exists to bring advanced optical technology solutions to consumers
Moderator	*Investor religiosity*[a]	Total summation of responses to the faith at work scale (Lynn et al., 2009) from a Likert scale ranging from 1 to 7 (1 = strongly disagree; 7 = strongly agree)
Control	*Duration (in seconds)*	Continuous variable: number of seconds it took respondents to complete the experiment
	Investor gender	Categorical variables of 0 (male), 1 (female), or 2 (other)[b]
	Investor age	Continuous variable of investor's age
	Investor education	Study 1: Binary variable of education, with 1 indicating an advanced education (i.e., master's or doctoral degree) and 0 indicating a bachelor's degree Study 2: Binary variable of education, with 1 indicating a college education (i.e., bachelor's, master's, or doctoral degree) and 0 indicating otherwise
	Investor ventures founded	Continuous variable of number of ventures founded
	Investor prior investments	Continuous variable of number of investments
	Investor location	Study 1: categorical variable by state in the USA, alphabetically (i.e., 1 = Alabama, 50 = Wyoming) Study 2: binary variable of 0 (USA) or 1 (UK)
	Social business model	Dummy variable based on the manipulated scenario; 1 = for-profit social enterprise seeking social and financial value; 0 = for-profit enterprise seeking to maximize financial value

*Factor analyses showed that all three venture evaluations load on the same factor (study 1: $x^2(3)=378.08$; $p=0.000$; study 2: $x^2(3)=542.85$; $p=0.000$). Therefore, we took the z-score for each and created an indexed measure (Song et al., 2013)

[a]While the Faith at Work Scale (Lynn et al., 2009) is a 15-item scale, a factor analysis determined that 12 of the dimensions loaded on the same factor ($x^2(66)=0.00$; $p=0.000$). This is in line with the 12-item measure found in Lynn et al., 2009; the Cronbach's alpha for this is 0.91

[b]Of our respondents from both study 1 and study 2, 1 individual from each indicated "non-binary" or "other."

Table 2 Study 1 descriptive statistics and correlations

	Mean	Std. dev	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12
1. Likelihood to recommend venture to a friend	3.26	1.46	1	6	1											
2. Likelihood to move the venture forward to pitch	4.30	1.72	1	7	0.68*	1										
3. Likelihood to invest in the venture	3.35	1.60	1	6	0.74*	0.82*	1									
4. Perceived entrepreneur authenticity	4.36	1.06	2	7	0.48*	0.55*	0.62*	1								
5. Duration (in seconds)	858.24	366.78	316	1,831	−0.28*	−0.22*	−0.15*	0.01	1							
6. Investor age	50.27	11.58	24	72	−0.07	−0.10	−0.05	0.01	−0.01	1						
7. Investor education	0.55	0.50	0	1	−0.07	−0.11	−0.07	−0.07	0.10	−0.05	1					
8. Investor ventures founded	2.06	2.16	0	9	0.10	−0.11	−0.03	−0.20*	0.03	0.31*	−0.11	1				
9. Investor prior investments	15.22	20.78	0	100	0.17*	0.08	−0.03	0.07	0.16*	0.04	0.12	0.20*	1			
10. Social business model	0.50	0.50	0	1	0.04	0.05	0.06	0.14*	-	-	-	-	-	1		
11. Venture religious claims	0.50	0.50	0	1	0.08	0.04	0.03	0.16*	-	-	-	-	-	-	1	
12. Investor religiosity	76.67	7.68	47	84	0.16*	0.24*	0.09	0.16*	−0.16*	−0.19*	−0.10	0.20*	0.32*	-	-	1

$N = 196$ for all variables except 14. Investor religiosity where $N = 192$

moderating relationship on religious claims and perceived entrepreneur authenticity ($\beta = 0.02$, $p = 0.244$). Thus, Hypothesis 2 is not supported.

Hypothesis 3 stated there would be a positive effect of perceived entrepreneur authenticity on venture perceptions. As shown in model 6 of Table 3, perceived entrepreneur authenticity is positively related to investor perceptions of the venture ($\beta = 0.39$, $p = 0.000$). Thus, Hypothesis 3 is supported.

Lastly, Hypothesis 4 stated that perceived entrepreneur authenticity will mediate the positive relationship between religious claims and investor perceptions of the venture. Our model meets the criteria for testing mediation given the non-significance of H1a ($\beta = 0.10$, $p = 0.125$), yet the significance of H1b ($\beta = 0.34$, $p = 0.001$) and H3 ($\beta = 0.39$, $p = 0.000$). To confirm whether a mediation effect exists, we implemented both bootstrapping (Preacher & Hayes, 2008) and Sobel tests (Sobel, 1982), in line with recent studies employing mediation analyses (Dushnitsky & Sarkar, 2022). Sobel tests show significant results (t: 3.01, $p = 0.003$); however, this result can be biased given its assumption of a normal distribution. More conservative bootstrapping analyses with 5000 bootstrapped samples illustrate that the direct effect of religious claims on venture perceptions is − 0.09 (95 percent confidence interval includes zero – LLCI: − 0.27, ULCI: 0.09); however, the indirect effect through perceived entrepreneur authenticity is 0.18, and the 95 percent confidence interval does not include zero (LLCI: 0.03, ULCI: 0.35), indicating that the effect is significant, and our model demonstrates full mediation. While we predicted partial mediation and do not find support for our prediction, we find full mediation. This counterintuitive result suggests a nuanced influence of religion, which we discuss in in section 4.4.

4.3 Study 1 post-hoc analysis – broken out DV

While our analyses were conducted in line with recent literature creating a composite investor perception variable (Roccapriore et al., 2021), we also wanted to understand if any one outcome variable significantly differed from the other (i.e., differences between the investor's likelihood to (1) move the investment forward to the next stage, (2) invest in the venture, and (3) recommend it to a friend). Thus, we broke the variable apart and reran our analyses. As shown

Table 3 Study 1 multilevel structural equation model results

	DV: positive perceptions of the entrepreneur's authenticity			DV: positive perceptions of the venture		
	(1)	(2)	(3)	(4)	(5)	(6)
Duration (in seconds)	0.00	0.00	0.00	−0.00†	−0.00†	−0.00**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Investor age	0.01	0.01	0.02*	−0.01	−0.01	−0.01
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Investor education	−0.21	−0.21	−0.09	−0.11	−0.11	−0.02
	(0.19)	(0.19)	(0.18)	(0.18)	(0.18)	(0.14)
Investor ventures founded	−0.12*	−0.12*	−0.15**	0.05	0.05	0.10**
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)	(0.04)
Investor prior investments	0.01	0.01	0.00	0.00	0.00	0.00
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
Social business model	0.30**	0.30**	0.29**	0.09	0.09	−0.02
	(0.11)	(0.11)	(0.11)	(0.07)	(0.07)	(0.06)
Venture religious claims		0.34**	−0.92		0.10	−0.03
		(0.11)	(1.08)		(0.07)	(0.06)
Perceptions – entrepreneur authenticity			-			0.39***
			-			(0.04)
Investor religiosity			0.03†			
			(0.02)			
Venture claims * investor religiosity			0.02			
			(0.01)			
Constant	4.25***	4.09***	0.90	0.65	0.60	−0.99
	(0.93)	(0.93)	(1.78)	(0.90)	(0.90)	(0.69)
N	196	196	192	196	196	192
Log-likelihood	−440.16	−434.07	−386.87	−440.16	−434.07	−386.87
AIC	924.31	916.15	827.74	924.31	916.15	827.74
BIC	996.43	994.82	915.70	996.43	994.82	915.70

†$p < 0.10$

*$p < 0.05$

**$p < 0.01$

Two-tailed tests. Location and gender effects were included in the model but were not reported for parsimony

in Table 4, our results remain consistent. Wald tests in Table 5 show that the differences between these measures are not significantly different.

4.4 Study 1 discussion

Study 1 provided partial support for our hypothesized model. Among faith-driven investors, religious claims result in positive perceptions of the entrepreneur's authenticity due to a shared religious logic that resonates with the investor. Our findings are consistent with the narrative regarding investors who share a similar religious logic with entrepreneurs – aligning logics will yield more positive evaluations. However, this finding is not generalized to both the venture and entrepreneur. We did find support for the entrepreneur (H1b) but do not find direct support for the venture (H1a). Instead, we find a fully mediated effect. In other words, religious claims only result in perceptions of venture plausibility when the entrepreneur is perceived to be authentic. This suggests that when faith-driven investors see the entrepreneur as genuinely acting in alignment with their role, only then do they positively evaluate the venture.

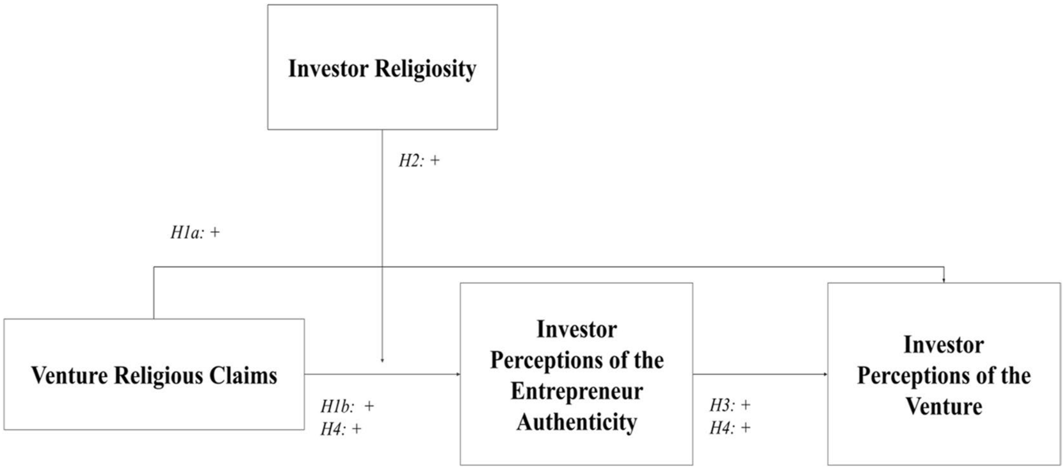


Fig. 3 Study 1 research model: faith-driven investors

This finding also suggests the need to compare how religious claims are viewed by angel investors in a context where religious logics do not align (Soublière and Lockwood, 2022). Among traditional angel investors, religious claims may seem out of place and judged as unfavorable. Thus, as a second step in our theorizing, we consider the possibility that traditional angel investors (angel investors unaffiliated with a faith-driven group), whose decision-making is often dominated by market logics (Fisher et al., 2017), may perceive religious claims differently than faith-driven investors. We examine this possibility in study 2.

5 Study 2: traditional angel investors

5.1 Study 2 overview

In study 2, we consider whether traditional angel investors view religious claims in direct conflict with the market logics that they hold of the entrepreneur and venture. Whereas religious claims may yield positive evaluations of entrepreneurs and ventures due to shared religious logics between entrepreneurs and faith-driven investors, religious claims may instead repel traditional angel investors. This is because traditional angel investors may perceive religious claims as an *expectancy violation* of market logics that they hold of the entrepreneur and venture.

Research on expectancy violation theory ('EVT') suggests that individuals (e.g., an investor) hold expectations for how others (e.g., an entrepreneur) should act in specific situations (Burgoon, 1993). For instance, investors may lean on expectations tied to attributes of an entrepreneur, such as warmth and competence, when evaluating them and their venture (Oo et al., 2022). When an individual demonstrates behaviors that align with one's expectancies, the expectation is confirmed. However, when an individual demonstrates behaviors that misalign with one's expectancies, the expectation is violated ("expectancy violation"). Positive expectancy violations tend to result in increased desirability toward a target (e.g., investor, venture), whereas negative expectancy violations tend to result in the opposite.

Within the domain of investor decision-making, expectancies are often tied to expectations of what one intends to gain from the relationship (Ciuchta et al., 2018). A central expectation among traditional angel investors driven by market logics is the desire to maximize financial returns (e.g., Zott & Huy, 2007). According to this view, angel investors expect claims related to entrepreneurial and institutional capital (e.g., industry experience and social capital) that signal the likelihood of profitable venture outcomes (Cassar, 2004; Drover et al., 2017). Entrepreneurial training programs often also stress this expectation, containing investor lingo and financial acumen as common topics taught to entrepreneurs in preparation for investor meetings (Hallen et al., 2020). Thus, market logics likely guide angel investors' decisions to further the relationship with an entrepreneur or

Table 4 Studies 1 and 2 multilevel structural equation model results – separated DV measures

	Study 1: Faith-Driven Angel Investors (N = 196)				Study 2: Traditional Angel Investors (N = 204)			
	Authen	Recom	Pitch	Invest	Authen	Recom	Pitch	Invest
Duration (in seconds)	0.00	−0.00**	−0.00*	−0.00†	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Investor age	0.01	−0.02	−0.02†	−0.01	−0.01	−0.02*	−0.01	−0.02†
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Investor education	−0.21	−0.06	−0.09	−0.03	0.17	−0.13	−0.35†	−0.10
	(0.19)	(0.24)	(0.26)	(0.26)	(0.15)	(0.19)	(0.19)	(0.19)
Investor ventures founded	−0.12*	0.16*	0.21**	0.14†	0.02	−0.06	−0.10	−0.14
	(0.05)	(0.07)	(0.08)	(0.07)	(0.09)	(0.11)	(0.11)	(0.12)
Investor prior investments	0.01	0.01	−0.00	−0.00***	−0.00	0.00	−0.00	0.00
	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)
Investor location	-	-	-	0.01	0.05	−0.22	0.19	−0.17
	-	-	-	(0.01)	(0.26)	(0.33)	(0.32)	(0.34)
Social business model	0.30**	−0.03	−0.02	−0.03	0.22†	0.13	0.04	−0.03
	(0.11)	(0.15)	(0.15)	(0.15)	(0.13)	(0.14)	(0.14)	(0.14)
Venture religious claims	0.34**	0.09	−0.08	−0.14	−0.59***	−0.63***	−0.87***	−0.81***
	(0.11)	(0.15)	(0.15)	(0.15)	(0.13)	(0.16)	(0.15)	(0.15)
Perceptions – entrepreneur authenticity	-	0.45***	0.67***	0.71***	-	0.33**	0.43***	0.32***
	-	(0.12)	(0.13)	(0.10)	-	(0.13)	(0.11)	(0.08)
Constant	4.09***	2.86*	2.75*	1.15	4.51***	3.73***	3.71***	3.577***
	(0.93)	(1.26)	(1.39)	(1.31)	(0.62)	(0.97)	(0.91)	(0.88)

†$p < 0.10$

*$p < 0.05$

**$p < 0.01$

Two-tailed tests. Location effects were included in the model for study 1, and gender effects for both studies 1 and 2, but were not reported for parsimony

For both study 1 and study 2, the gender variable should be interpreted with caution given it is a categorical variable, as should location for study 1

Table 5 Studies 1 and 2 Wald test results – separated DV measures

	Study 1	Study 2
Religious claims → Pitch *vs* Religious claims → Invest	$\chi^2 = 0.07$; $p = 0.79$	$\chi^2 = 0.06$; $p = 0.80$
Religious claims → Pitch *vs* Religious claims → Recommend	$\chi^2 = 0.75$; $p = 0.39$	$\chi^2 = 1.25$; $p = 0.26$
Religious claims → Invest *vs* Religious claims → Recommend	$\chi^2 = 1.28$; $p = 0.26$	$\chi^2 = 0.75$; $p = 0.39$

abandon the relationship and look for investments elsewhere with higher anticipated gains (Blau, 1964).

Traditional angel investors assess anticipated gains when interacting with entrepreneurs according to market logics (Cumming & Johan, 2017; Fisher & Neubert, 2022). Ventures that provide claims that contrast with market logics, such as religious logics, may be evaluated negatively by angel investors (Fisher et al., 2016). Angel investors may perceive religious claims as an entrepreneur's effort to align their venture with a higher-order calling or purpose (Smith et al., 2019), as opposed to focusing their venture on the economic potential of the venture. As a result, angel investors may see religious claims as irrelevant to the venture's purpose and consequently view the entrepreneur as less likely to help them realize a return on their investment (Smith et al., 2022).

Religious claims will likely also influence traditional angel investors' evaluations of the entrepreneur. Specifically, religious claims are likely to result in negative perceptions of the entrepreneur's authenticity. As mentioned, traditional angel investors likely expect entrepreneurs to adhere to the principles of profit maximization. Traditional angel investors are likely to view entrepreneurs who display this role expectation as more authentic role actors and hence seen as more legitimate (O'Neil et al., 2022; Wagenschwanz & Grimes, 2021). However, when entrepreneurs make religious claims, traditional angel investors likely perceive their expectations of the entrepreneur as violated and hence see the entrepreneur as less authentic by demonstrating actions inconsistent with their role.

Thus, we hypothesize that among traditional angel investors, religious claims will result in evaluations of the venture as less plausible (H1a) and the entrepreneur as less authentic (H1b), with investor religiosity attenuating the negative relationship between religious claims and perceived entrepreneur authenticity (H2). Similar to study 1, we expect that perceived entrepreneur authenticity will positively relate to venture plausibility (H3); however, among traditional angel investors, perceived entrepreneur authenticity will mediate the negative relationship between religious claims and venture plausibility (H4).

5.2 Study 2 sample

Our sample consists of angel investors sourced from the Prolific Platform and was collected from March to April 2022. Prolific is an online recruitment platform (Zunino et al., 2022) with data integrity and respondent appropriateness filters that enable high-quality data collection (Palan & Schitter, 2018). Respondents ($N=56$) were located in the USA or the UK, with English as a first language, and were part of an angel syndicate (i.e., angel investors that are part of a structured angel investment group). We again used a multilevel structural equation model for study 2 and replicated our research design and measures from study 1 in study 2 (Table 1).

Following the same procedure as study 1, we dropped 3 respondents who failed our attention check (i.e., did not correctly answer the question "This is a check to make sure you're paying attention: Please select 'Strongly Agree'") and 1 investor for being an outlier in time taken to complete the experiment (i.e., less than 3 min) as this can result in poor quality data (Greszki et al., 2015; Qualtrics, 2019). Thus, our final sample for study 2 is 52 respondents and 208 observations. Investors were predominantly male (71 percent), with an average age of 43 years (M = 42.79, SD = 14.82). Investors were almost evenly split between the USA (42%) and the UK (58%).[2] The correlation matrix with descriptive statistics for study 2 is presented in Table 6. Table 7 contains the models testing our hypotheses. Figure 4 presents the direction of the hypothesized relationships.

5.3 Study 2 results

Hypothesis 1a stated that religious claims are negatively related to investor perceptions of the venture. As shown in model 5 of Table 7, religious claims have a negative, significant relationship with investor perceptions of the venture ($\beta = -0.59$, $p = 0.000$). Thus, Hypothesis 1a is supported.

Hypothesis 1b stated that religious claims are negatively related to perceived entrepreneur authenticity. As shown in model 2 of Table 7, religious claims have a negative, significant relationship with perceived entrepreneur authenticity ($\beta = -0.59$, $p = 0.000$). Thus, Hypothesis 1b is supported.

Hypothesis 2 stated that investor religiosity moderates the relationship between religious claims and perceived entrepreneur authenticity, such that the relationship is less negative for investors high in religiosity. As shown in model 3 of Table 7, investor religiosity has a positive, significant moderating relationship on religious claims and perceived entrepreneur authenticity ($\beta = 0.02$, $p = 0.001$). Thus, Hypothesis 2 is supported. As shown in Fig. 5, when the scenario does not include religious claims, there is little

[2] Given that much of the research on religion highlights religious differences by geography (Giacomin et al., 2022), we reran our analyses comparing US and UK respondents; however, there was no difference in our main effect findings compared to either geographic location.

Table 6 Study 2 descriptive statistics and correlations

	Mean	Std. dev	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Likelihood to recommend venture to a friend	3.81	1.59	1	7	1												
2. Likelihood to move the venture forward to pitch	4.25	1.76	1	7	0.80*	1											
3. Likelihood to invest in the venture	3.63	1.67	1	7	0.86*	0.81*	1										
4. Perceived entrepreneur authenticity	4.76	1.30	1	7	0.52*	0.57*	0.50*	1									
5. Duration (in seconds)	489.40	224.73	191	1,269	0.08	0.10	0.03	0.13	1								
6. Investor age	42.79	14.82	18	72	−0.20*	−0.06	−0.20*	−0.01	0.35*	1							
7. Investor education	0.85	0.36	0	1	−0.05	−0.17*	−0.06	0.10	0.07	0.17*	1						
8. Investor ventures founded	1.29	1.45	0	7	−0.07	−0.13	−0.15*	−0.02	0.10	0.15*	0.27*	1					
9. Investor prior investments	10.40	34.39	0	250	−0.00	−0.02	−0.00	−0.10	0.04	−0.12	0.06	0.11	1				
10. Investor location	0.58	0.49	0	1	−0.05	0.04	−0.02	−0.04	−0.01	−0.08	−0.26*	−0.15*	0.11	1			
11. Social business model	0.50	0.50	0	1	0.06	0.04	0.01	0.08	-	-	-	-	-	-	1		
12. Venture religious claims	0.50	0.50	0	1	−0.25*	−0.31*	−0.30*	−0.22*	-	-	-	-	-	-	-	1	
13. Investor religiosity	25.06	19.78	12	78	0.38*	0.24*	0.38*	0.26*	0.20*	−0.30*	0.09	−0.01	−0.01	−0.29*	-	-	1

$N = 208$ for all variables except 6. Investor gender and 14. Investor religiosity, where $N = 204$

Table 7 Study 2 multilevel structural equation model results

	DV: positive perceptions of the entrepreneur's authenticity			DV: positive perceptions of the venture		
	(1)	(2)	(3)	(4)	(5)	(6)
Duration (in seconds)	0.00	0.00	0.00	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Investor age	−0.01	−0.01	−0.00	−0.01†	−0.01†	−0.01*
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Investor education	0.17	0.17	0.12	−0.08	−0.08	−0.12
	(0.15)	(0.15)	(0.14)	(0.13)	(0.13)	(0.11)
Investor ventures founded	−0.03	−0.03	0.01	−0.06	−0.06	−0.05
	(0.09)	(0.09)	(0.09)	(0.08)	(0.08)	(0.06)
Investor prior investments	−0.00	−0.00	−0.00	−0.00	−0.00	−0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Investor location	0.05	0.05	0.29	−0.04	0.04	0.00
	(0.26)	(0.26)	(0.16)	(0.22)	(0.22)	(0.19)
Social business model	0.22	0.22†	0.23†	0.08	0.08	0.02
	(0.14)	(0.12)	(0.13)	(0.09)	(0.07)	(0.07)
Venture religious claims		−0.59***	−1.10***		−0.59***	−0.45***
		(0.13)	(0.20)		(0.07)	(0.07)
Perceptions – entrepreneur authenticity			-			0.25***
			-			(0.04)
Investor religiosity			0.01			
			(0.01)			
Venture religious claims * investor religiosity			0.02**			
			(0.01)			
Constant	4.21***	4.51***	4.10***	0.67	0.96	−0.36
	(0.62)	(0.62)	(0.65)	(0.52)	(0.52)	(0.46)
N	204	204	200	204	204	200
Log-likelihood	−550.87	−512.73	−480.21	−550.87	−512.73	−480.21
AIC	1145.74	1073.46	1014.43	1145.74	1073.46	1014.43
BIC	1218.73	1153.10	1103.48	1218.73	1153.10	1103.48

†$p<0.10$

*$p<0.05$

**$p<0.01$

Two-tailed tests. Gender effects were included in the model, but not reported for parsimony

difference between low and high religiosity among investors (a difference of less than 10 percent). However, when the scenario does include religious claims in their mission, the difference between low and high religiosity investors is over 35 percent. This implies that the lower the investor's religious beliefs, the more he/she will perceive entrepreneurs affiliated with religious ventures as considerably less authentic.

Hypothesis 3 stated that perceived entrepreneur authenticity is positively related to investor perceptions of the venture. As shown in model 6 of Table 7, perceived entrepreneur authenticity has a positive, significant effect on investor perceptions of the venture ($\beta=0.25$, $p=0.000$). Thus, Hypothesis 3 is supported.

Hypothesis 4 stated that perceived entrepreneur authenticity mediates the negative relationship between religious claims and investor perceptions of the venture. As mentioned earlier, religious claims are negatively associated with investor perceptions

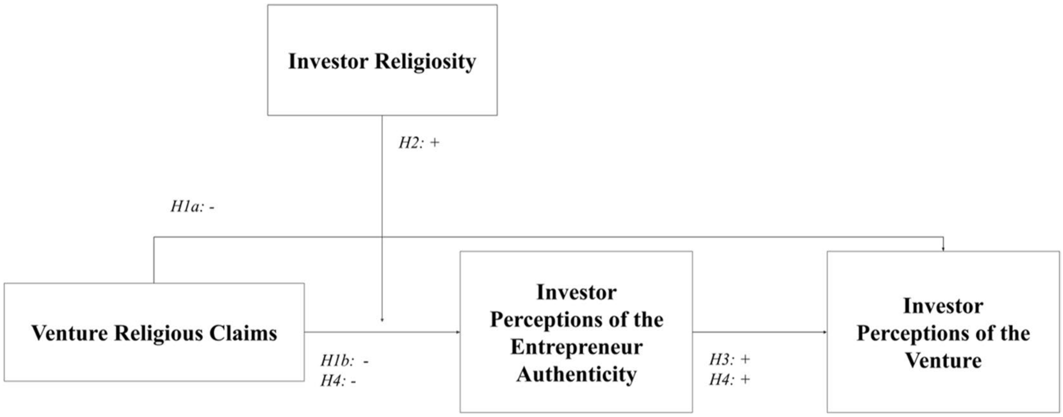
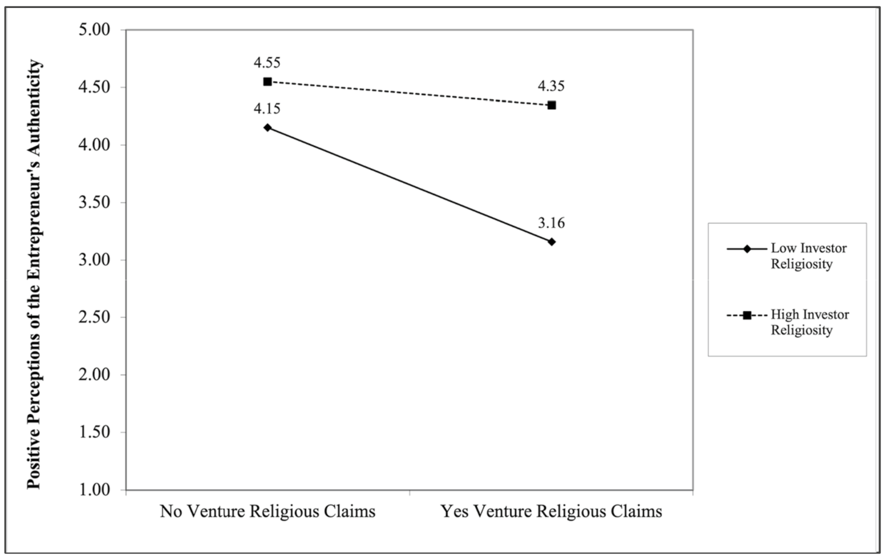


Fig. 4 Study 2 research model: traditional angel investors

Fig. 5 Study 2 hypothesis 2 moderation effect



of the venture ($\beta = -0.59$, $p = 0.000$) and perceived entrepreneur authenticity ($\beta = -0.59$, $p = 0.000$). Furthermore, perceived entrepreneur authenticity is positive and significant, as demonstrated in Hypothesis 3 ($\beta = 0.25$, $p = 0.000$). As we did in study 1, we leveraged both bootstrapping and Sobel tests to determine this mediation effect. Bootstrapping analyses with 5000 bootstrapped samples illustrate that the indirect effect is -0.37 and the 95 percent confidence interval does not include zero (LLCI: -0.59, ULCI: -0.14). Because our confidence interval does not contain zero, we can confirm that perceived entrepreneur authenticity mediates the relationship between religious claims and investor perceptions of the venture. Mediation is also confirmed by a Sobel test, indicating a significant indirect effect (t: -3.96, $p = 0.000$). Thus, Hypothesis 4 is supported.

5.4 Study 2 post-hoc analysis – broken out DVs

Similar to our post-hoc analysis for study 1, we broke out the various dependent variable measures and reran our analyses. As shown in Table 4, our results remain consistent, and Wald tests in Table 5 show that the differences between these measures are not significantly different.

5.5 Study 2 discussion

In study 2, we extended our study 1 findings by examining our hypothesized model among a group of traditional angel investors driven by market logics. As expected, we find that angel investors, guided by market logics, view religious claims as less appropriate and more repelling of both the venture and entrepreneur. Interestingly, although individual beliefs (investor religiosity) did not have a significant moderating effect on the relationship between religious claims and perceived entrepreneur authenticity in study 1 (faith-driven investors), it did in study 2 (traditional angel investors). This suggests two important theoretical findings.

First, we see that individual beliefs interact with religious logics to counteract contextual cues for what is deemed appropriate. In general, religious claims may repel traditional angel investors unless they share a similar religious belief. This multilevel finding elaborates on how religion – both as an institutional logic and personal belief – interacts in the evaluation process of others. Second, we find individual religiosity is insignificant in the context of faith-driven investors. This may be because faith-driven investors are inherently more religious and thereby exhibit little variance in their levels of religiosity. Indeed, investor religiosity among study 1 participants ranked high (average of 77, with a maximum score of 84) on their investments. Lastly, we see that the correlation between investor education and the "likelihood to move the venture forward to pitch" is negative and significant. We suspect that more educated investors may be more critical of the information posed. However, this finding may also be an artifact of the experimental design, presenting an opportunity for future research to explore investor education and the criticality of venture claims. While our quantitative data in this study is unable to confidently theorize our non-significant findings, a few topics emerged from qualitative responses generated by our study 1 respondents. We offer ideas for future research based on these data in the discussion below.

6 Discussion

6.1 Religion as a double-edged sword

Our study advances research on the theological turn in entrepreneurship and religion by studying the influence of religious claims on angel investor decision-making. In doing so, we make the following theoretical contributions. First, we extend research on decision-making beyond contexts of uncertainty to decision periods laden with unknowable risk (Huang & Pearce, 2015) by responding to calls to understand how religion impacts angel investor evaluations of entrepreneurs and their ventures (Garud et al., 2014; Giacomin et al., 2022). Studies have consistently shown ventures are judged more favorably when their claims can both align with institutional norms and allow them to distinguish themselves from other ventures in meaningful ways (e.g., Navis & Glynn, 2011). Our findings illuminate how a religious claim made about the organization's mission acts as a double-edged sword: The same claim can be attractive to some investors and repelling to others. The key theoretical explanation for this is that the guiding institutional logics of an investor's environment (religious and/or market logics) create expectations for whether (or not) religious claims facilitate the sensemaking of the entrepreneur and venture (Navis & Glynn, 2011). In this way, we move beyond prior mechanisms used to reduce uncertainty such as names, certifications, memberships, and awards (Glynn & Abzug, 2002; Zott & Huy, 2007) to include institutional logics and the important but neglected sociocultural context of religion, which varies considerably between investors (Fisher et al., 2017).

Our findings also suggest religion does not always resonate with the audience as expected, even for faith-driven investors. Our finding that faith-driven investors view ventures favorably only through perceptions of an entrepreneur as authentic suggests an important nuance to angel investor decision-making. While angel investors consistently rely on social mechanisms to facilitate trust in the context of unknowable risks such as high-status affiliations (Burton et al., 2002) and familiarity with other members of syndicates (Kelly & Hay, 2003), the trust does not automatically and directly flow to the venture but operates through perceptions of the entrepreneur. We find that both faith-driven and traditional angel investors "trusted their perceptions of the entrepreneur more than analytical data in making unknowable-risk investments" (Huang & Pearce, 2015: 658). Our study moves beyond emotion cognitions (Huang & Pearce, 2015) to include religious cognitions and highlights the primacy of entrepreneur authenticity in contributing to legitimacy and plausibility in resource exchange for early-stage investors (Navis & Glynn, 2011).

Furthermore, our finding that individual beliefs influence investor evaluations despite countervailing cultural norms (study 2) suggests a reliance on individual preferences in the context of early-stage investments. Existing research suggests institutional and cultural norms, including religion, directly impact investor decision-making (Chircop et al., 2020). In addition, research on investor decision-making has begun to detail the unique differences among different types of funding sources (i.e., angel and venture capital), suggesting that angel investors operate with significant uncertainty, lack significant information required to evaluate future performance, and rely on behavioral characteristics for evaluation (Drover et al., 2017). Despite this understanding, it is unclear whether "cultural differences in active groups of angel investors" influence "differing attitudes toward risk and how it can be managed" (Huang & Pearce, 2015). Thus, focusing on similarity preferences (and differences) among two different kinds of angel investors (faith-driven and traditional) directly addresses this call. Our experimental studies suggest that the cultural influence of religion will either exacerbate an angel investor's risk based on their religious similarity or reduce risk based on their religious differences. This also suggests that future research might further explore angel investor decision-making through additional lenses such as taste-based discrimination (Becker, 1957; Gafni et al., 2021). Because angel investors "informally gathered information in making their decisions" (Huang & Pearce, 2015), such decision-making may lead to intergroup bias based on religious similarities and differences. Beyond religion, additional non-financial aspects could be considered, such as social impact focus, in isolation from religion and in combination with religion (Agrawal & Hockerts, 2021; Huang & Pearce, 2015; Smith et al., 2022).

6.2 The interactive effects of logics and beliefs: a more holistic notion of religion

Second, we elaborate on research at the intersection of institutional complexity and investor decision-making (Fisher, 2020; Zunino et al., 2022) by demonstrating how religion influences evaluators based on their guiding institutional logics *and* their own beliefs. Prior work on investor decision-making has previously examined religious influences by demonstrating the roles of religious logic (e.g., Chircop et al., 2020) or a religious belief (e.g., Smith et al., 2022), when in reality, both institutional logics and individual beliefs are likely to surface in many investors' decision-making processes. Thus, our finding that investors' evaluations differ based on both their guiding logic and their individual beliefs demonstrates a more holistic understanding of religion's influence across multiple levels of analysis.

Our findings suggest that both religious logic and religious beliefs positively influence angel investor decision-making in the presence of a religious claim. In short, religion is persistent across levels of analysis. Our results align with research that finds religion contributes to social trust across multiple levels of analysis (Traunmuller, 2011). Our results also challenge a common view in the literature that suggests religion leads to risk aversion in entrepreneurship (e.g., Chircop et al., 2020; Noussair et al., 2013). Our study shows religion positively influences venture assessment in the context of extreme uncertainty for faith-driven angel investors and traditional angel investors with religious beliefs. This implies that religion – both as a guiding logic and an individual belief – may be an important boundary condition for understanding investor-entrepreneur relationships.

Our study also examines investor decision-making on different levels of analyses related to the outcome. Despite scholarly understanding that investors make judgments about *both* the entrepreneur and the venture as part of their evaluative process, research tends to examine the entrepreneur or the venture independently (e.g., Chircop et al., 2020; Smith et al., 2022). Whereas prior work finds that venture claims tend to affect venture-level outcomes (e.g., Glynn & Lounsbury, 2022; Soublière & Lockwood, 2022), our work suggests venture claims – in this case, religious claims – may also affect how investors perceive the entrepreneur, which subsequently influences perceptions of the venture. Thus, venture claims may be more impactful than previously considered due to the multilevel impact they have on investor perceptions of both the entrepreneur and the venture.

6.3 Shifting from religious practices to religious beliefs

Our third contribution is to bring the study of religious beliefs back into the theological turn to entrepreneurship research. For over a century, the study of religion has been strongly influenced by the functionalist sociologists who ushered in a "social science orthodoxy: religion consists of participation in rites and rituals, only" (Stark, 2004: 368). Extant research has resulted in equivocal findings (e.g., Ford & Richardson, 1994). To counterbalance this view, Stark conducted elaborate research across 34 countries on the relationship between religion and ethical behavior and found rites and rituals had little or no impact, but religious beliefs had a significant and positive relationship in each country, thereby concluding belief in "God matters, ritual doesn't" (Stark, 2004: 374). In a similar way, the extant literature has resulted in equivocal findings regarding the relationship between religion and entrepreneurship (for a review of these results, see Audretsch et al., 2013). Scholars continue to rely on distal measures of religious practice, such as denominations and church attendance, rather than more proximal measures of religious beliefs. This approach is likely driven by convenience and data availability but introduces potential theoretical tradeoffs and inconsistent empirical results (Block et al., 2020).

Our study highlights the need for and importance of bringing religious beliefs back into the study of entrepreneurship. We find religious beliefs have an important role in the angel investor decision-making process. The role of religious beliefs remains significant even in the presence of a market logic. Our results are consistent with theorizing that recognizes the important role of religious beliefs in entrepreneurial action, as well as navigating entrepreneurial processes and outcomes (Smith et al., 2019, 2021, 2023b). The importance of religious beliefs also aligns with the robust literature on the cognitive perspective of entrepreneurship (Gregoire et al., 2011) and the goal of pursuing research that is "cognitively hot" to advance the field of entrepreneurship (Shepherd, 2015). Taken together, these empirical and theoretical findings lead us to encourage the inclusion of religious beliefs in studies of the entrepreneurial phenomenon, lest we be doomed to repeat history and underappreciate the role of religion in entrepreneurship.

6.4 Practical implications

These findings hold several practical implications. First, our findings provide insight into investor decision-making by suggesting investors consider the potency of religious claims as they pertain to their own expectations when evaluating entrepreneurs. That is, investors ought to consider how an entrepreneur's messaging is likely to resonate (or repel) and consider their potential evaluations based on taste preferences. Second, our findings provide entrepreneurs with direction regarding if, and when, they ought to integrate religion into their organizational mission. Entrepreneurs may use religious claims to increase favorable perceptions by investors only when they are aware of an investor's role expectations (guided by their dominant logics and individual beliefs). Entrepreneurial support organizations can train entrepreneurs that amplifying their venture's religious claims may be favorable when religious logics or beliefs exist. Lastly, our findings highlight the importance of alignment between a venture's claims and the logics held by the investor. Entrepreneurs can harness similarity between themselves and investors when communicating their venture's claims to increase the likelihood of positive evaluations of their character, but also understand that claims may not extend to the investment itself.

6.5 Limitations and future directions

Like any study, our findings carry some limitations which present promising opportunities for future research. First, an inherent limitation of the scenarios used in our study is they may suffer from reduced external validity. Investors within our study relied entirely on the information presented, which may be less informative than what they would receive in natural settings. To overcome this limitation, we designed the scenarios based on actual pitches presented to early-stage investors obtained from our data partner. Future researchers examining religious claims may consider additional approaches to reduce external validity threats.

Second, our study may not generalize to other religions. Our approach aligns theoretically with the institutional logics literature, which has predominately studied the Christian religion (Friedland & Alford, 1991). Our study also studies Christianity in that our investor sample is from Christian-based investment groups, and the venture claims are made about the Christian religion. However, more recent theoretical research has called attention to the plurality of the religious institutional logic (Gümüsay, 2020; Zhao & Lounsbury, 2016). It is possible, for example, that Christian investors may apply different criteria and weightings to those criteria when evaluating Christian and non-Christian ventures. It is also possible that the role of religion within investment decision-making is unique to one's religion and not generalized to other religions. Future research is needed to understand whether our results hold among different religions and to assess possible boundary conditions therein.

Third, the non-significant effect in study 1 (Hypothesis 2) regarding the moderating role of investor religiosity highlights a possible limitation of our theorizing and the applicability of the similarity attraction paradigm as a mechanism for this moderating effect. One reason may be due to the smaller variance in religiosity; mean faith-driven investor religiosity was 76.67 (min of 47 and max of 84, when the scale items were summed) in study 1, whereas the mean traditional angel investor religiosity in study 2 was 25.06, suggesting investor religiosity in study 1 was already high. Another reason may be that there are additional factors that may make an angel investor more likely to scrutinize an entrepreneur and their venture. For example, angel investors – faith driven or traditional – place a high value on the authenticity of the entrepreneur. These attributions may be especially relevant when the investor is highly religious themselves and holds religious claims to a higher standard than those that do not. In addition, it is possible that more highly educated investors are more critical of entrepreneurs and their ventures. Exploring how such individual differences of the investor are factored into their evaluations is an important area for future research.

Another possible limitation relates to how religious claims are disclosed to the investor. In reality, investors are likely to learn about the entrepreneur and their venture from sources beyond the information presented in a pitch presentation. Additional research could explore when disclosure of such personal values is made in the exchange process. For example, how does disclosure of cultural attributes in public differ from private interaction in the investor-entrepreneur exchange process? On the one hand, entrepreneurs may not have the opportunity to know about their audience ahead of time and may not be able to garner specific role expectations, leading them to withhold potentially important distinguishing characteristics that resonate with the investor. On the other hand, entrepreneurs who assume a particular role and intend to portray authenticity but instead are perceived as the exact opposite may fail in the process of acquiring necessary resources. Such tensions provide opportunities to explore how additional cultural and social attributes beyond religion influence perceptions and subsequent investment decisions. In sum, future work can further our understanding of the boundary conditions for how religious claims play a critical role in the evaluation of entrepreneurs.

7 Conclusion

Our aim was to examine religion in the context of angel investor decision-making. We studied whether religious claims affected investor evaluations of venture plausibility and entrepreneur authenticity. Importantly, we find religion acts as an influential factor for faith-driven angel investors and traditional angel investors, but not always as expected. By bringing religion to the fore, we show how it affects both individual investor decision-making and institutional contexts in which investors are embedded. Although recent research has shed light on the influence of religion in economic decision-making, our findings serve as strong evidence that suggests angel investor decision-making often rests on both the environmental context and deeply held beliefs.

Declarations

Conflict of interest The authors declare no competing interests.

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