

Summary

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“Venture Capital, Investment Decisions, and Uncertainty - A Process Perspective”

This article analyses the decision-making process of venture capitalists and examines the uncertainty they encounter in evaluating investment proposals. Based on the economics of information we identify different degrees of uncertainty in the course of the investment process. Empirical results are provided that highlight how uncertainty differs between three stages of the investment process: the business plan evaluation phase, the due diligence, and the deal structuring phase.