

NEW VENTURE CREATION: RESISTANCE, COPING AND ENERGY

Anders Landberg



EFI THE ECONOMIC RESEARCH INSTITUTE



Dissertation for the degree of Doctor of Philosophy,
Ph.D, Stockholm School of Economics 2008

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ISBN 978-91-7258-771-7

Keywords: Resistance, entrepreneurship, ventures, venturing, start-up,
process, energy, energetic resources

Printed by:

Elanders, Vällingby 2008

Distributed by:

EFI, the Economic Research Institute

Stockholm School of Economics

P.O.Box 6501, SE-113 83 Stockholm, Sweden

www.hhs.se/efi

To my parents, Gull and Olle Karlsson

Preface

This report is a result of a research project carried out at the Centre for Entrepreneurship and Business Creation (E) at the Economic Research Institute at the Stockholm School of Economics.

This volume is submitted as a doctor's thesis at the Stockholm School of Economics. The author has been entirely free to conduct and present his research in his own ways as an expression of his own ideas.

Filip Wijkström

Carin Holmqvist

Director of the Economic Research
Institute at the Stockholm School of
Economics

Director of the Centre for
Entrepreneurship and Business
Creation (E)



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Address

EFI, Box 6501, SE-113 83 Stockholm, Sweden • Website: www.hhs.se/efi/
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Acknowledgments

Writing a thesis like this one is a one-person job, but having said that, there are so many people who have supported me and that I have depended upon to complete it. Actually, I would not even have begun without the inspiration of some people, and the problems created by some. This is a tribute to you who have somehow been involved in this study.

Prof. Carl-Göran Héden inspired me to do this study. In my previous work at a non-profit organisation, Carl-Göran, his colleague Tommy Jonsson, and I spent many hours discussing the difficulties in launching innovative projects and the solutions to those difficulties. Upon my leaving the non-profit organisation, Carl-Göran suggested that I should study these difficulties, what we then called bottle-necks in project development.

Inspired by Carl-Göran I contacted Prof. Carin Holmquist at the Stockholm School of Economics (SSE), she believed in the potential of my research idea and accepted me as a doctoral student. Carin has been my main supervisor since and has supported and encouraged me throughout my time at SSE. Later, Prof. Björn Axelsson and Prof. Sven-Erik Sjöstrand also joined as my supervisors. To all three I owe more than can be expressed. During the final stages, Prof. Leif Lindmark has also offered valuable comments with clear and succinct solutions to seemingly difficult passages in my thesis.

Doing a Ph.D. is not all work though, and I am fortunate to have found new friends at SSE. Frédéric made life as a junior doctoral student easier. Admittedly he offered some ideas about my research, but most of all he showed that being a researcher offers ample opportunities to do yoga, go fly fishing, rock climbing and randonné. Klara brightened things up with lots of laughter and also helped me with the final layout. My fellow doctoral students in pKval - Ebba, Svante and Per- were a source of laughter and above all, glamour. Ebba also read early drafts of

this thesis. Joanne is always a source of compassion and spirit and more earthly aspects like masterful proof reading.

Surely this thesis would have been much thinner and less interesting without my colleagues at the Section for Entrepreneurship and Business Creation at SSE. Ingela and I discussed life and being doctoral students at many lunches and coffees breaks. She also put a direct mark on this thesis by reading and commenting both early and late drafts. Erik's brilliance at organising and presenting complex data has been great for my own structuring. My colleagues, past and present, Kalle, Karin, Anna, Elena, Monica, Johan, Sven, Mikael, Jurgita, Jeanette and Gunilla all contributed to life as a doctoral student.

Per, Anna and Sofia helped me deal with my empirical material, and without Mårten, Karin, Bengt and Anna there would not have been any empirical material. Lena helped me structure the empirical chapter. The language skills of Ava made it readable. Anders always has ample fuel to refill my ER.

My parents, Gull and Olle, supported me in this endeavour as in all the others I have embarked upon in my life. Always with love and care, and lately also with some concern when my smile became less frequent than it used to be.

Monica changed my life in an instant, and made me realise the importance of being a humoristic, empathic, feminist. She may not be the typical house wife, but managed things beautifully while I was preoccupied with this study. Most of all, Monica is the real entrepreneur and my hero! Aston and Sixten, pure joy and energy!

To all of you, and to those not mentioned, with a feeling of lightness and joy, thank you all!

Stockholm, October 20, 2008

Anders Landberg

Contents

| | |
|---|-----------|
| 1 PERCEIVED RESISTANCE – AN INTRODUCTION..... | 13 |
| 1.1 DELIMITATIONS..... | 26 |
| 1.2 OUTLINE OF THE STUDY..... | 28 |
| 2 CREATING NEW VENTURES..... | 31 |
| 2.1 RESOURCES – THE NEED TO HAVE THEM..... | 31 |
| 2.1.1 <i>Dependence, control and entrepreneurship.....</i> | <i>34</i> |
| 2.2 ENTREPRENEURS' PERCEPTIONS OF RESISTANCE..... | 37 |
| 2.2.1 <i>How perceived resistance arise.....</i> | <i>40</i> |
| 2.2.2 <i>The influence of perceived resistance to venture creation.....</i> | <i>42</i> |
| 2.3 COPING – RESOURCES AND STRATEGIES..... | 44 |
| 2.3.1 <i>Capital – a resource at hand (or not..).....</i> | <i>46</i> |
| 2.3.2 <i>Coping strategies in action.....</i> | <i>52</i> |
| 2.4 A MODEL OF PERCEIVED RESISTANCE..... | 61 |
| 3 RESEARCH DESIGN..... | 65 |
| 3.1 A LONGITUDINAL STUDY OF ENTREPRENEURS' START-UP ATTEMPTS..... | 67 |
| 3.1.1 <i>Choice of unit to study.....</i> | <i>68</i> |
| 3.1.2 <i>Selecting cases.....</i> | <i>69</i> |
| 3.1.3 <i>Time of study and access to entrepreneurs.....</i> | <i>73</i> |
| 3.2 CONDUCTING THE STUDY..... | 76 |
| 3.2.1 <i>Feedback from entrepreneurs.....</i> | <i>78</i> |
| 3.3 ANALYSING THE EMPIRICAL MATERIAL..... | 78 |
| 3.4 QUALITY OF THE STUDY..... | 83 |
| 4 PERCEIVED RESISTANCE TO NEW VENTURE CREATION – FOUR CASES..... | 85 |
| 4.1 BROKERING MOBILE TUNES VIA THE INTERNET..... | 85 |
| 4.2 LIVE SOCCER MATCHES VIA LOW BANDWIDTH..... | 93 |
| 4.3 COSMETICS, BUT ONLY FOR MEN..... | 106 |
| 4.4 HOW TO CLEAN HORSES..... | 117 |

| | |
|---|------------|
| 5 ANALYSIS OF PERCEIVED RESISTANCE | 127 |
| 5.1 EMPIRICAL ANALYSIS | 127 |
| 5.1.1 <i>Introducing the analysis</i> | 128 |
| 5.1.2 <i>Where is resistance perceived?</i> | 130 |
| 5.1.3 <i>Why potential goal disruptions are perceived as resistance?</i> | 136 |
| 5.1.4 <i>How do entrepreneurs cope with perceived resistance?</i> | 138 |
| 5.1.5 <i>What are the outcomes of perceived resistance on a venture idea?</i> | 144 |
| 5.2 THEORETICAL ANALYSIS..... | 147 |
| 5.2.1 <i>Where is resistance perceived?</i> | 148 |
| 5.2.2 <i>Why potential goal disruptions are perceived as resistance?</i> | 151 |
| 5.2.3 <i>How do entrepreneurs cope with perceived resistance?</i> | 159 |
| 5.2.4 <i>What are the outcomes of perceived resistance on a venture idea?</i> | 166 |
| 5.3 A MODEL OF PERCEIVED RESISTANCE..... | 169 |
| 6 A NEW REVELATION OF PERCEIVED RESISTANCE AND COPING..... | 173 |
| 6.1 WHAT WE KNOW ABOUT ENERGETIC RESOURCES..... | 177 |
| 6.1.1 <i>Appraisal of goal disruptions</i> | 179 |
| 6.1.2 <i>Coping with goal disruptions</i> | 180 |
| 6.1.3 <i>Reappraising the outcome</i> | 183 |
| 6.1.4 <i>Concluding the theoretical overview</i> | 183 |
| 6.2 THE INFLUENCE OF ENERGETIC RESOURCES ON THE MODEL OF PERCEIVED RESISTANCE..... | 184 |
| 6.3 SUMMARISING THE INFLUENCE OF ENERGETIC RESOURCES' ON PERCEIVED RESISTANCE..... | 190 |
| 7 BRINGING IT ALL TOGETHER | 195 |
| 7.1 THEORETICAL CONTRIBUTION | 200 |
| 7.2 IMPLICATIONS FOR POLICY AND PRACTICE..... | 203 |
| 7.3 FURTHER RESEARCH..... | 204 |
| REFERENCES..... | 209 |
| APPENDIX A. DECIDING ON DESIGN – A PRE-STUDY..... | 227 |
| APPENDIX B. INTERVIEW GUIDE..... | 229 |
| APPENDIX C. EXAMPLE OF VISUALISATION OF A VENTURE CREATION MAP | 231 |
| APPENDIX D. OVERVIEW OF THE STEPS OF THE EMPIRICAL STUDY | 232 |
| APPENDIX E. ALL INSTANCES OF PERCEIVED RESISTANCE..... | 233 |

LIST OF FIGURES

| | |
|--|-----|
| FIGURE 1-1: ENTREPRENEURS' CONTEXTUAL ACTS OF COPING IN ADVERSE ENVIRONMENTS | 20 |
| FIGURE 2-1: TWO-STEP LEVERAGE (ADOPTED FROM GARGIULO (1993: 5)) | 54 |
| FIGURE 2-2: THEORETICAL MODEL OF PERCEIVED RESISTANCE | 62 |
| FIGURE 3-1: PACING OF INTERVIEWS AND OBSERVED PERCEIVED RESISTANCE | 75 |
| FIGURE 5-1: THEORETICAL MODEL OF PERCEIVED RESISTANCE AS A MAP FOR ANALYSIS | 128 |
| FIGURE 5-2: CATEGORISATION OF INSTANCES OF PERCEIVED RESISTANCE | 132 |
| FIGURE 5-3: COPING STRATEGIES – APPRAISED SIGNIFICANCE AND THE POSSIBILITY TO OVERCOME | 164 |
| FIGURE 5-4: MODEL OF PERCEIVED RESISTANCE..... | 171 |

LIST OF TABLES

| | |
|--|-----|
| TABLE 3-1: OVERVIEW OF STUDIED ENTREPRENEURS..... | 72 |
| TABLE 5-1: SUMMARY OF INSTANCES OF PERCEIVED RESISTANCE | 129 |
| TABLE 5-2: DISTRIBUTION OF INSTANCES OF PERCEIVED RESISTANCE OVER CATEGORIES | 134 |
| TABLE 5-3: ORIGINS OF PERCEIVED RESISTANCE..... | 135 |
| TABLE 5-4: TYPES OF COPING STRATEGIES..... | 143 |
| TABLE 5-5: OUTCOMES OF COPING WITH PERCEIVED RESISTANCE | 146 |
| TABLE 5-6: RESOURCE DEPENDENCE ANALYSIS OF INSTANCES OF PERCEIVED RESISTANCE | 158 |
| TABLE 5-7: FROOMAN'S DIMENSIONS FOR STAKEHOLDER INFLUENCING STRATEGIES (1999) | 159 |
| TABLE 5-8: CLASSIFYING COPING CATEGORIES | 162 |
| TABLE 7-1: JONAS' RESISTANCE PATTERN 1 – MULTIPLE GOALS | 233 |
| TABLE 7-2: JONAS' RESISTANCE PATTERN 2 – CONFLICT WITH EXTERNAL RULES OR BUREAUCRACY | 233 |
| TABLE 7-3: JONAS' RESISTANCE PATTERN 3 – CONFLICT WITH EXTERNAL RULES OR BUREAUCRACY | 234 |
| TABLE 7-4: JONAS' RESISTANCE PATTERN 4 – MULTIPLE GOALS | 234 |
| TABLE 7-5: ERIC'S RESISTANCE PATTERN 1 – KEY STAKEHOLDER BLOCKS OPERATIONS | 235 |
| TABLE 7-6: ERIC'S RESISTANCE PATTERN 2 – PERCEIVED INADEQUATE ABILITY | 235 |
| TABLE 7-7: ERIC'S RESISTANCE PATTERN 3 – EXTERNAL CRITICISM..... | 236 |
| TABLE 7-8: ERIC'S RESISTANCE PATTERN 4 – MULTIPLE GOALS..... | 236 |
| TABLE 7-9: ERIC'S RESISTANCE PATTERN 5 – RESOURCE NEEDS..... | 237 |
| TABLE 7-10: ERIC'S RESISTANCE PATTERN 6 – KEY STAKEHOLDER BLOCKS OPERATIONS..... | 237 |
| TABLE 7-11: NINA'S RESISTANCE PATTERN 1 – RESOURCE NEEDS..... | 238 |
| TABLE 7-12: NINA'S RESISTANCE PATTERN 2 – KEY STAKEHOLDER BLOCKS OPERATIONS..... | 239 |
| TABLE 7-13: NINA'S RESISTANCE PATTERN 3 – KEY STAKEHOLDER BLOCKS OPERATIONS..... | 240 |

| | |
|--|-----|
| TABLE 7-14: NINA'S RESISTANCE PATTERN 4 – CONFLICT WITH STAKEHOLDER | 241 |
| TABLE 7-15: NINA'S RESISTANCE PATTERN 5 – CONFLICT WITH STAKEHOLDER | 241 |
| TABLE 7-16: NINA'S RESISTANCE PATTERN 6 – PACE | 242 |
| TABLE 7-17: SUSANNE'S RESISTANCE PATTERN 1 – PRODUCT DEVELOPMENT | 242 |
| TABLE 7-18: SUSANNE'S RESISTANCE PATTERN 2 – PRODUCT DEVELOPMENT | 243 |
| TABLE 7-19: SUSANNE'S RESISTANCE PATTERN 3 – CONFLICT WITH RIGID STRUCTURES OR BUREAUCRACY | 243 |
| TABLE 7-20: SUSANNE'S RESISTANCE PATTERN 4 – PRESSURE TO PATENT | 244 |
| TABLE 7-21: SUSANNE'S RESISTANCE PATTERN 5 – PACE | 244 |

I Perceived resistance – an introduction

This study is about the resistance that entrepreneurs perceive towards their venture ideas. It looks at how entrepreneurs cope in adverse environments, how they survive or not against seemingly poor odds.

Resistance seems ever present if one looks for it. Well known examples of entrepreneurs and venture ideas that have met with resistance are abound in media. Most have heard of Håkan Lans, one of Sweden's biggest innovators of all time whose inventions, the Mouse and GPS have cost him millions of dollars in lawyer's fees and many years of processing because of lawsuits related to patent rights.¹ Other less known examples are Swedish firms Ellen and Naty, both of which entered established segments with large multinational corporations as market leaders. Their innovative products threatened to upset the market structure and both of them experienced that competing with multinational corporations is very difficult if one lacks sufficient means to counter their actions. This is particularly true for indirect actions of the market leaders, such as limiting the newcomer's visibility or access through resellers, and by challenging their patent rights.²

¹ The story about Håkan Lans and the troubles he has faced can be read in a book by David Lagercrantz (2006).

² Founders/owners of both ventures have revealed these problems in personal interviews – Marlene Sandberg (Naty, <http://www.naty.se/>) on February 1, 2000, and with Anna Weiner Jiffer (Ellen, <http://www.ellenab.com/>) on May 24, 2005.

These are high profile cases where ideas have been fiercely resisted by competitors. However one does not have to go that far to find problems facing entrepreneurs. By looking at the debate in media about facilitating the start-up of new ventures one can imagine other types of resistance opposing all new ventures. This debate focuses on policy issues such as lowered taxes, support structures and funding, all of which are deemed critical to entrepreneurs when starting new ventures. In addition, there are issues related to staffing where the union is a key stakeholder. This was something that the start-up restaurant Wild'n Fresh experienced first-hand when it implemented an employee policy which conflicted with the collective wage agreement supervised by the union. The restaurant refused to accept the union's demands which eventually forced it out of business (Appelgren, 2007).

Yet another level where one can suspect issues preventing the start-up of new ventures is related to individual entrepreneurs. Various studies³ and articles in the daily media (see for example Langlet, 2007) discuss how entrepreneurs hesitate because they feel unsure of their own capacity. Entrepreneurs seem request more support and more help to start – someone to hold their hand – and they want this to be continuous during the first years of starting up.

Additionally, as entrepreneurs, perhaps by default, enter a hornet's nest of competition when attempting to realise a venture idea. Existing competitors likely dislike new entrants on the market and suppliers might also be hesitant to new entrants as they could upset a profitable situation.

What all this implies is that there is a potential waste of resources with an uneasiness regarding where resources should be directed. Governments want to facilitate the processes of starting new ventures

³ See for example a customer survey carried out by Jobs and Society in 2007 at <http://www.nyforetagarcentrum.se>.

and make sure that policies are in place which can guarantee that invested resources generate maximum effect on growth and employment. However figures from current research indicate that policies so far fail to achieve this as more than 40 percent of started new ventures are terminated within five years (Delmar, Sjöberg, Wennberg, & Wiklund, 2004b). At an individual level, the hesitation to start means that society as a whole misses out on attempts at realising opportunities because the prospects of being an entrepreneur appear too risky. At a more aggregate level, the question is if it is the “right” 40 percent that terminates.

On the other hand, one could argue that the fact that individuals hesitate is a selection mechanism where only those fit to start actually attempt to do so. From this perspective, policies that help bring forward more entrepreneurs could help redundant venture ideas that should never have been attempted. However whichever perspective one takes, the fact still remains that a large percentage of entrepreneurs never get past the first one or two years, but it is unclear why and how some entrepreneurs go through fire to realise their ideas. Such knowledge is required if we are to implement the right policies for support. Furthermore it can help individual entrepreneurs to better value beforehand what they might expect when trying to realise a new idea, while investors and other support organisations can devise strategies to help entrepreneurial ventures develop.

This thesis attends to this very issue as it reveals the dynamics behind entrepreneurs’ perceptions of goal disruptions and their subsequent coping.

What is entrepreneurship?

This is a study of entrepreneurship, specifically entrepreneurs’ plans and actions to realise their venture ideas. The examples above indicate that entrepreneurs’ actions can explain the dynamics of venture creation. Additionally this holds a key to understanding the view I take

of entrepreneurship where entrepreneurs' actions are central. This builds on Gartner's idea that entrepreneurs realise entrepreneurial ideas through the creation of new ventures (Gartner, 1988). Here venture creation focuses on entrepreneurs' actions to create their ventures – what they do to achieve this end (Bird, 1988).

In this sense entrepreneurship starts with entrepreneurs with ideas and a willingness to act upon those ideas. To act entrepreneurially, entrepreneurs must be motivated (see for example Delmar, 1996) and also believe they have the ability (see for example Bandura, 1997) deemed necessary to be able to realise it. The entrepreneurs we see in media who are willing to face the trials of venture creation likely fulfil these requirements. They have the intention (Katz & Gartner, 1988; Krueger, Reilly, & Carsrud, 2000) to attempt to realise an idea through the creation of a new venture.

Issues relating to start-up

The primary focus of this study is on the early start-up of new independent ventures by novice entrepreneurs. "Novice"⁴ refers to entrepreneurs starting their first new ventures. This means that they have no previous experience of entrepreneurship on which to base their actions and perceptions of stakeholders. It also means that they have not established any prior relations with actors in the creation of new ventures. In addition to, and as a consequence of this, they have no experience of perceived resistance in an entrepreneurial context.

⁴ I use a definition from Westhead, Ucbasaran, and Wright: " Novice entrepreneurs can be viewed as individuals with no prior minority or majority business ownership experience either as a business founder, an inheritor, or a purchaser of an independent business but who currently own a minority or majority equity stake in an independent business that is either new, purchased, or inherited" (2005: 394).

Most of these entrepreneurs have certain resource constraints in common. They face an entrepreneurial paradox to “create something from nothing” (Baker & Nelson, 2005: 329), where they must gain control over resources they do not own but need in realising their ideas. This perspective of creating something from nothing in relation to resource acquisitions has been proposed to be a key issue in much entrepreneurship research (Baker, Miner, & Eesley, 2003; Baker et al., 2005) but it is still a largely unknown topic in entrepreneurship research.

Specifically, entrepreneurs’ need for resources open up to situations where they risk becoming dependent on certain stakeholders, which are defined extensively as involving any actor influencing the venture idea⁵. Those stakeholders have access to limited and critical resources for the realisation of the venture idea. In these situations the manner in which they cope with situations related to the acquisition of necessary resources is critical to the survival of their fledgling ventures. Resource dependence theory takes such a view of asymmetric relations and the consequences of those (Pfeffer & Salancik, 1978) and offers a theoretical foundation to approach entrepreneurs’ resource acquisition challenges⁶. Entrepreneurs have resources of their own to off-set these needs and asymmetries such as entrepreneurial capabilities (Arthurs & Busenitz, 2006), motivation (Delmar, 1996), and education and contacts (Davidsson & Honig, 2003), but it is how they use these which decides the outcome.

⁵ Research has identified stakeholders as consisting of shareholders, investors, employees, customers and the public stakeholder group, i.e. government and communities that provide infrastructures and markets (Clarkson, 1995). In addition to this, trade associations and environmental groups have also been identified as important stakeholders to organisations (Donaldson & Preston, 2000). For an entrepreneur, important stakeholders are also family, friends and peers (Birley, 1985). This extended definition of stakeholders has been used in the research behind this paper.

⁶ I will return to the choice of resource dependence theory as a perspective for understanding entrepreneurs’ resource acquisitions in more detail in chapter 2.1.

How entrepreneurs cope when creating ventures in adverse environments

The fact that so few start-ups survive is an indication of the difficult context that entrepreneurs act in. This has been described as highly unpredictable and filled with rapid change (Lichtenstein, Dooley, & Lumpkin, 2006) as well as adverse (Baker et al., 2005).

To date much research in entrepreneurship has focused on the start-up of entrepreneurial ventures, the discovery of opportunities and the creation of future goods or services (Aldrich, 1999; Carter, Gartner, & Reynolds, 1996; Katz et al., 1988; Shane & Venkataraman, 2000; Van de Ven, 1999). However despite the amount of research done on this, very little has been directed at understanding *how entrepreneurs cope* in situations related to the acquisition of resources critical to the realisation of their new ventures. How they actually do it and what they feel about it. Filling this gap in our knowledge offers a way to further understand how entrepreneurs cope and deal with the adverse context within which they act.

As I will return to in the theoretical framework (see Chapter 2), earlier research by for example Kouriloff (2000) and Terpstra and Olson (1993) has tried to explain the issues that entrepreneurs face in this context by categorising situations which would require entrepreneurial coping into different types of barriers or problems to venture creation. These categories convey one aspect of what issues entrepreneurs might face, but a problem with them is that they view these issues as inherently bad to venture creation and also see them as objectively given. As a consequence of this we have a limited understanding of the issues that entrepreneurs face, which likely also affect our view of their coping with these issues, as well as the outcomes on their attempts at realising their venture ideas. In order to approach entrepreneurs' coping in adverse situations it is necessary to define what these situations are and such definitions must go beyond concepts like barriers and problems.

More recently, research has begun looking into how entrepreneurs create their ventures under severe resource constraints (Baker et al., 2005). This is a major step in the direction of revealing how entrepreneurs cope, but the perspective taken focuses on resource acquisitions and sets aside the dynamics of the context. Another promising new aspect of entrepreneurship with relevance to this study of perceived resistance is how entrepreneurs cope with role stress, defined as a state of tension and anxiety whenever a person finds it difficult to perform an assigned role where the conflict between roles, as well as the ambiguity of roles influence role stress (Örtqvist, Drnovsek, & Wincent, 2007).

The phenomenon that I focus on in this study is captured in the three dimensional contextual model in Figure 1-17. It illustrates how goal disruptions arise in relation to the three axes: the degree of development of venture creation ideas, resource acquisitions and time. The degree of development of venture creation ideas depicts the complexity of the venture idea as it evolves into a more and more established firm with routines, borders and resources. As this is formed, issues occur which become goal disruptions. In addition to this, resources are needed to develop the venture idea where the types of resources, how much, as well as how important they are differ over time. Finally time in itself implies potential goal disruptions for example as certain venture ideas have a limited window of opportunity within which they must be launched, or as the entrepreneur only have a limited time to realise the venture idea because of other obligations. The model implies that entrepreneurs, as they attempt to realise venture ideas, must continuously cope with goal disruptions. At any point during the course of these attempts, the ideas might be terminated if sufficiently severe goal disruptions are not overcome.

⁷ The model is depicted in a box-like form, this is only done in order to depict the three dimensional character. Venture creation is in my mind the opposite to box-like situations, it is expansive and out-of-the-box thinking.

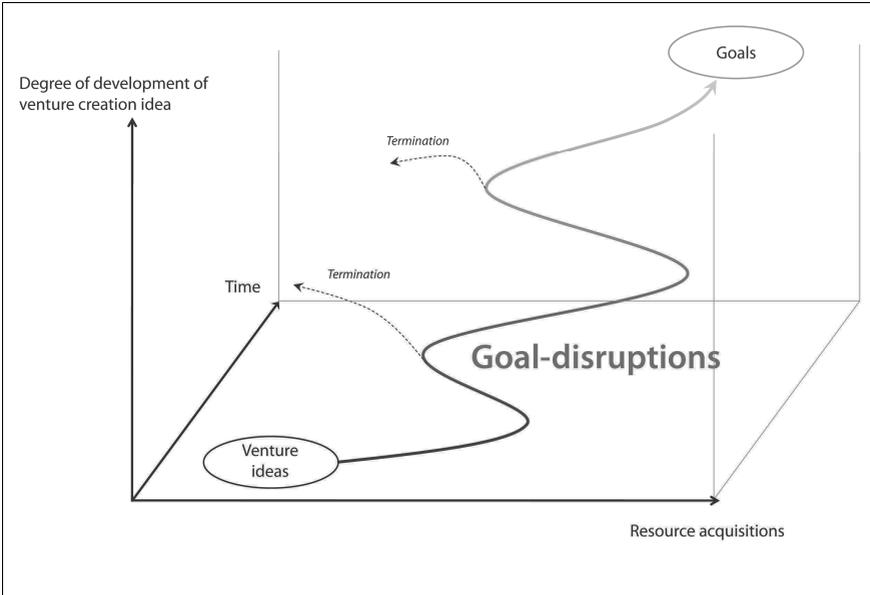


Figure I-I: Entrepreneurs' contextual acts of coping in adverse environments

Research quiz

With the above in mind we need to build knowledge about the contexts where it happens and the “it” is how entrepreneurs cope in situations related to the acquisition of resources that are critical to the realisation of their new ventures. During start-up, entrepreneurs often act in a micro context where they as individuals interact with other individuals and with organisations. These interactions hold a key to understanding the context of where and how entrepreneurs cope.

First however it is necessary to understand how entrepreneurs view these interactions. Which of them give rise to situations requiring coping, and why? By introducing the concept *perceived resistance*, an opportunity to address these questions is available. Perception is here related to the brain’s processing functions where “sensory information is interpreted in light of existing knowledge, concepts, ideas, and

expectations" (Passer et al., 2007: 130). In this way each entrepreneur will have different unique perceptions of what constitutes a resistance as well as how to respond to it. In the next chapter I discuss this concept in detail, eventually arriving at the following definition of perceived resistance: *disruptions⁸, internal or external, that entrepreneurs face and perceive as working against their efforts at venture creation.* Resistance influences entrepreneurs' intended planned behaviour of venture creation. As entrepreneurs attempt to realise their ideas, they perceive resistance at different instances throughout the process of venture creation. Resistance then elicits coping responses which demand attention from entrepreneurs. Taken together this forms a dynamics which affects the creation process in itself.

Resistance perceived by entrepreneurs is something that poses potential disruptions to their plans of how to realise their venture ideas and calls for their attention, thus drawing their focus from their original planned venture creation activities. That is, when something is somehow perceived as interfering with the development of the venture, resistance is perceived. Perceived resistance is in other words specific to an entrepreneur's perceptions. Two entrepreneurs could experience the same event, yet one could perceive it as resistance while the other perceives nothing potentially goal-disruptive about it.

To put this in a theoretical context, a Schumpeterian view of creative destruction⁹ can be used where, taking a view of the entrepreneurs, stakeholders that resist their creation efforts are perceived as opposing the dynamic of venture creation. With this view, old and

⁸ 1a: to break apart: rupture b: to throw into disorder <agitators trying to disrupt the meeting> 2: to interrupt the normal course or unity (Merriam-Webster, 2008).

⁹ The evolutionary process "that incessantly revolutionizes the economic structure from *within*, incessantly destroying the old one, incessantly creating a new one" (Schumpeter 1942: 83).

established¹⁰ actors likely have an incentive to keep the status quo of the old ways, thus making it difficult for new ideas or products to take hold (Schumpeter, 1942). However the old might not always behave according to Schumpeterian economics, and the old ways might not even be a relevant perspective depending on who the stakeholders are. As entrepreneurs depend on and interact with a broad set of stakeholders from family and friends to government authorities and venture capitalists, how can we judge them along the same measure? Which of those stakeholders represent the “old”? In fact here lies a key issue as it is not the perceived quality or utility of an idea that makes it a success. Instead Granovetter proposes that those ideas that survive and become widely adopted are those with the strongest support, he states: “...ways of doing things begin for reasons that relate to the various purposes of the actors involved and to the structures of relations they are embedded in” (1973). This turns attention back again to Figure 1-1 where entrepreneurs must navigate and cope with disruptions more in a Granovettarian way than a Schumpeterian. From a perspective of the acquisition of resources, stakeholders could have different purposes and goals in their interactions with entrepreneurs’ venture creation attempts. Entrepreneurs must thus try to unravel those purposes or at least cope with their influence on the creation process in order to cope with disruptions and survive.

With this view it is also apparent that different stakeholders are of differing importance to a venture at different stages¹¹ of its development. As it opens up to situations of dependency, particularly those stakeholders who are critical have the possibility to influence a new venture. This possibility means that they can resist, maybe to support or

¹⁰ The “old and established” here refers to for example the current industry, political decision-makers or others who have an interest in upholding the status quo.

¹¹ Although there are different phases in the development of a new venture, which they are and the order in which they come varies and is unpredictable (Van de Ven, 1999).

maybe to disrupt the venture idea. In the face of such perceived resistance from stakeholders, entrepreneurs' responses affect the outcome of the evolving venture, both whether it survives and regarding the direction it takes. This is empirically and theoretically important given that as many as 40 percent of those entrepreneurial initiatives that are launched fail at some point during the start-up phase (Delmar et al., 2004b; Ranft & O'Neill, 2001), but we know little of the dynamics involved in these failures (Aldrich, 1999).

The purpose of this thesis is thus to explore:

- Where and why do novice entrepreneurs perceive resistance to their venture creation efforts?
- How do novice entrepreneurs cope with perceived resistance?

and to describe:

- Which effects do perceived resistance have on outcomes of venture creation processes?

Issues of design

As a phenomenon, the purpose of this study was empirically derived, observed in my previous work as a senior associate for a non-profit organisation¹² working with innovative projects in multiple

¹² The Zero Emissions Research and Initiatives (ZERI), aims at building clusters of industries where one industry uses the unused output, or waste, of another as inputs in its own processes. At the same time as this cluster is formed, unwanted by-products, such as dioxin and other lethal substances are removed. ZERI ventures were radical and with innovative height, implying that existing production processes needed to be altered and remodelled. This often gave rise to strong reactions on behalf of executives within the industry, while venture capitalists and government officials were unwilling to consider such ventures. From the perspective of the entrepreneur these reactions were perceived as resisting his or her idea. The stakeholders on the other hand might have had an interest in keeping a status quo, keeping existing production processes as they often had sunk costs in those. In the case of the government decision makers, they could have perceived a risk in

cultural settings. Upon leaving the non-profit organisation in 2000, I discussed at length with Prof. MD. Carl-Göran Hedén¹³ about the problems we had come up against in the projects. Prof. Hedén's idea was to study project bottlenecks as a way to explore and build an understanding of the dynamics of problems met by entrepreneurs. With this idea in mind I began a literature review of the field of entrepreneurship research, and my initial interest quickly evolved into entrepreneurs' perceived resistance to their ventures.

This phenomenon could be studied at different stages in the venture creation process, but the focus I have chosen is on the very first steps of venture creation – from the first moment an entrepreneur decides to act on an idea. This first stage is relatively limited in time and sets specific demands on novice entrepreneurs. It is also of key importance given the high rate of termination among start-ups.

In Reynolds and Miller's definition of this period as gestation (1992) they take a perspective of individual entrepreneurs' actions as it "depicts many of the factors that affect the efforts of nascent entrepreneurs to bring their businesses into existence as well as the length of time involved in their start-up efforts" (Reynolds, Carter, Gartner, & Greene, 2004: 265). This definition is in line with the perspective taken in this study and with the specific focus on entrepreneurs actions it differs from other similar perspectives such as preorganisation (Katz et al., 1988), start-up (Vesper, 1990), and organisational emergence (Gartner, 1993).

supporting untested and complex technologies or processes with a high uncertainty of success. For more information see www.zeri.org.

¹³ Prof. Hedén, MD, is a member of the Club of Rome, former head of the UNEP/UNESCO/ICRO Microbiological Resource Center (MIRCEN), professor of microbiological engineering at the Karolinska Institutet and also Chair of the ZERI Scientific Advisory Council (1994-1997).

These first attempts at venture creation by entrepreneurs have path dependent implications on later development of their ventures (Cooper, Gimeno-Gascon, & Woo, 1994). An understanding of gestation could thus help improve our knowledge of how ventures grow and develop. Despite this, the gestation of new ventures is an understudied area of research (Reynolds et al., 2004). In particular the first steps of gestation are more or less uncharted territory. Gartner puts this succinctly by stating that “the majority of entrepreneurship scholars appear to be studying the problems of newer and younger firms” (2004: 207), as opposed to studying emergence of new ventures. This is due to the difficulty in capturing empirical material from very early points in venture creation. Identifying conception of an entrepreneurial venture is complex with the most common first event being the entrepreneur’s personal commitment. Commitment however follows an earlier and more elusive activity of speculation whether an idea is viable. A starting point in this has been said to be the appearance of the “entrepreneurial gleam in the eye” (Reynolds et al., 1992: 416).

The methodological difficulty of finding and following entrepreneurs from the instance that “entrepreneurial gleam” appears in their eyes can probably partly explain certain biases in entrepreneurship research. First of all, a majority of existing studies of entrepreneurs’ early start-up attempts are based on retrospective methods. Secondly, selection biases are problematic as they have retrospectively looked at successful entrepreneurs thus missing those that were not successful.

These retrospective and selection biases of successful entrepreneurs must be considered when looking at much of previous research (Davidsson et al., 2003). Consequently there is a lack of exploratory studies of entrepreneurs’ initial actions in venture creation. Instead research has looked at activities which are believed to be of importance or not for the success of venture creation. Examples of such activities are legitimacy through business planning (Delmar & Shane, 2003) and patterns of sets of activities (Lichtenstein, Carter, Dooley, &

Gartner, 2007). Moreover the focus of these activities and outcomes are on the later stage of start-up (Carter et al., 1996; Delmar et al., 2003; Delmar & Shane, 2004a; Gatewood, Shaver, & Gartner, 1995; Van de Ven, 1999), meaning that in the end, unfolding gestation activities in real time are largely unexplored.

With the lack of exploratory research on entrepreneurs' gestation activities there is little empirical research to turn to in order to begin unravelling *how* entrepreneurs perceive and respond to resistance. This is an underlying problem for any research studying gestation and for this study in particular. The manner in which I dealt with it was to begin with a pre-study (see Appendix A) parallel with doing an in-depth theoretical overview. With the learning lessons from the pre-study I set up four case studies of novice entrepreneurs with innovative ideas that I was able to follow from an early stage in their creation attempts. The study followed two interacting tracks which partly overlapped. It began with a theoretical one where I built a deductive model which served to deepen my understanding as well as to use as a starting point for the empirical study, both in gathering material and in the analysis. The empirical track in turn built an inductively derived model. As the study progressed, the inductive modes became more and more pronounced as is shown from chapter 5 and onwards.

I.1 Delimitations

Throughout this thesis I point to specific delimitations I make in context where they happen, mainly focused on considerations in relation to theory and research design. In addition to those delimitations that I make in the text to come, there are some which are appropriate to present here.

Perceptions

Entrepreneurs' perceptions of resistance from stakeholders to their new ventures will be studied. Entrepreneurs in this context are seen as the founders and active managers of new independent ventures. Only their perceptions of stakeholders' resistance to their ventures are studied. Other stakeholders' perceptions are thus not considered in this study.

Individual differences

As a consequence of focusing on entrepreneurs' perceptions, individual differences permeate the study. To try and explain these differences, individuals' identities and sense-making (Weick, 1979) could be used. However it is not within the scope of this study to build a model of individual entrepreneurs' differences and the impact of this, or try to categorise differences and individual characteristics. The aim with this study is instead to build an understanding of aspects of perceived resistance – where and why they are perceived and how entrepreneurs cope with them. It is thus enough to conclude that individual differences exist and as such offer depth and variation.

Gestation period

This study is built on four case studies of novice entrepreneurs during their first creation attempts. This places the study within the gestation period and it is not brought further into what could be for example a period characterised more by growth.

Goal-setting and planned behaviour

The pre-study indicated among other things that entrepreneurs set goals and make plans for how to achieve those goals. Furthermore it pointed towards those goals and plans as sources of, or areas where perceived resistance could arise. After carrying out the pre-study and

writing the research proposal I chose this way of viewing the manner in which entrepreneurs go about to realise their venture ideas. This implies that venture creation through a different mode of for example effectuation, as proposed by Sarasvathy (2001), is not conducive to the view taken as it implies that entrepreneurs do not plan but instead build their ventures through a creative process where they constantly adjust and adapt. As is evident from reading this study, goals and plans are integral aspects of novice entrepreneurs' venture creation attempts. Also when considering that the entrepreneurs studied here are chosen from business labs and courses on venture creation, the planning aspect and thus causation becomes further enhanced. This is so as business labs and such courses rely on business plans and set goals to evaluate and guide participating ventures.

1.2 Outline of the study

This section concludes *Chapter 1*, and has provided an introduction to, as well as an overview of this study. Next, in *Chapter 2*, I build the theoretical framework which lays the foundation for the empirical study. The chapter discusses the issue of resource constraint and entrepreneurs personal resources and abilities to overcome and cope with those constraints. A key aspect which influences coping is entrepreneurs' perceptions of both the constraint and their possibilities of successful coping. This is discussed in some detail and integrated into the conceptualisation of perceived resistance. The chapter is concluded with a theoretical model.

Chapter 3 presents the research design, including methodological considerations, gathering of empirical material and the consequent analysis. Part of the chapter is also dedicated to an evaluation of the quality of the study.

In *Chapter 4*, the empirical material is introduced through a presentation of the four cases. These are written in such a way that the resistance which the entrepreneurs perceive forms a red thread throughout the cases. This is done in order to highlight perceived resistance and facilitate an understanding of the process of each case, of the issues facing the entrepreneurs – their perceptions and responses as well as their coping attempts. In addition to the cases, Appendix E also includes all the instances of perceived resistance that were observed in the study. This serves as a guide to aid the reader gain an overview while reading the cases, as well as the analysis.

The analysis is described in *Chapter 5* which is separated into three sections. The first is an empirical analysis which uses the theoretical model as an outline, but which takes the analysis beyond this to reveal the dynamics of perceived resistance. The second section returns to the theoretical framework and uses this to discuss the empirical findings. Finally the third section summarises Chapter 5 into the inductively derived model of perceived resistance. At a number of instances throughout this chapter I point to unresolved issues and signs of deeper aspects influencing the dynamics of perceived resistance. These issues are the focus of *Chapter 6* where an additional concept and theoretical field is introduced to discuss how entrepreneurs' energetic resources moderate the dynamics of perceived resistance. This chapter is divided into two main sections. The first lays out the theoretical framework and relies heavily on cognitive theory. The second is a discussion of the findings from Chapter 5 in light of this new theoretical framework.

Finally in *Chapter 7* I summarise the study and discuss the value of the findings to practice and theory, as well as opportunities and suggestions for future research.

2 Creating new ventures

This chapter builds a theoretical framework of entrepreneurship focused on issues pertaining to the start-up of new ventures. Entrepreneurs' acts or attempts to create new ventures are the underlying focus. Specific attention is directed towards understanding the theoretical concerns of where and why entrepreneurs perceive resistance to their ideas, as well as how they deal with perceived resistance.

To begin with, the definition of resources, and what they mean to entrepreneurs are discussed. Next, I take a resource dependence perspective to discuss the relationship between entrepreneurs' need for resources and external actors' possession of resources. Following this, I examine entrepreneurs' perceptions of resistance using cognitive appraisal theory to discuss how intentions and motivations influence these perceptions. Finally, I turn to coping strategies where social capital and social skills are discussed as part of novice entrepreneurs' resources to cope with resistance.

The chapter is concluded with a deductively derived theoretical model of perceived resistance which is then used to analyse empirical material.

2.1 Resources – the need to have them

Access to resources is commonly characterised as an integral part of setting up a new venture. From the moment an entrepreneur comes up with an idea, resources are needed if the idea is to be realised. Exactly

what sort of resources that are needed at different moments depends on aspects such as type of product or service, and the characteristics of the markets in which venture ideas are positioned. Resources that a firm can use to devise strategies for efficiency and effectiveness include “all assets, capabilities, organizational processes, firm attributes, information, knowledge” (Barney, 1991: 101). In terms of venture creation, Green and Brown (1997) classify needed resources as follows: physical, human, social, organisational and financial. This is an applicable classification for this study and is used when gathering empirical material as well as when structuring it.

In an entrepreneurial context, there are two sources of resources: those owned and those controlled by the entrepreneur. Most new ventures start out with very limited resources of their own and to survive, entrepreneurs must gain access to external resources which they do not own but which are needed in the start-up process. Through access to resources, entrepreneurs can thus control the use of resources they do not own. Stakeholders are motivated to provide their resources to a new venture if they believe that it is competent, efficient, effective, worthy, appropriate, and/or needed (Zimmerman & Zeitz, 2002). Herein lies the crux of the matter, how to gain control over something which is not in ones’ possession, particularly if the resource needed is perceived as critical to the realisation of the idea?

Baker and Nelson propose that a view of resources as objectively needed is incorrect as firms can use bricolage strategies to make do with what is at hand (2005). With this they mean that it is not about the acquisition of resources, but of what is seen and combined into resources. I agree with their view of resources, but I see it more as a coping strategy which can be chosen as a generic strategy, or as a strategy for certain situations depending on the context. In earlier work on bricolage they state that entrepreneurs choose what they believe to be the best strategy depending on the situation, whether bricolage or resource-seeking (Baker, Miner, & Eesley, 2003).

The issue of resources as objectively or subjectively needed furthermore points to the question of which approach to take when studying access to resources. There is more than one way to approach this, for example through a Weickian sensemaking perspective (Weick, 1979), by taking a view of dynamic capabilities (Eisenhardt & Martin, 2000) or at a more fundamental level, a resource based view (Penrose, 1959). However, the resource perspective in this study focuses on the perceived asymmetry of relations and consequent perceptions of resistance. This means that it is both the need for resources which drives entrepreneurs to seek them from stakeholders where dependent ties arise, as well as the risk of misappropriation of resources as a consequence of dependence that must be satisfied by the theoretical perspective of choice in this study. Given this, I chose to take a resource dependence approach such that is proposed by Pfeffer and Salancik (1978) as it specifically addresses the issue of asymmetry and resource needs. In addition to resource dependence theory, and as I will discuss in detail further on, theories on social networks will be used to view how ties are formed and their characteristics which links into strategies for coping. This approach to theories, combining resource dependence with social networks has recently been adopted in entrepreneurship research, for example in research into tensions that occur at the level of tie formation. Research has focused on tensions that face entrepreneurial ventures in need of resources while risking loss of their own resources to corporate “sharks” (Katila, Rosenberger, & Eisenhardt, 2008) and builds on a growing amount of research based on resource dependence theory (see for example: Gulati & Sytch, 2007).

This sets the stage for resource issues facing entrepreneurs during gestation. Resources can be viewed as both objectively and subjectively given, it is the perceptions of the entrepreneurs and their coping strategies that matters to this study. Thus the framework within which entrepreneurs act is described using a resource dependence perspective.

2.1.1 Dependence, control and entrepreneurship

This section discusses resource dependence theory and its implications to new venture creation, specifically to entrepreneurs' perceptions of, seeking and gathering critical resources. The resource dependence argument contains two elements. Firstly, actors are likely to respond more to those actors in the environment that control critical resources – this is the issue of external constraint. Secondly, actors attempt to manage these external dependencies, both to survive, and to achieve more autonomy from external constraints (Pfeffer, 1982).

Resource dependence theory claims that:

“organisational behaviours become externally influenced because the focal organisation must attend to the demands of those in its environment that provide resources necessary and important for its continued survival... organisations will (and should) respond more to the demands of those organisations or groups in the environment that control critical resources” (Pfeffer, 1982: 193).

This implies that when trying to gain control of external resources entrepreneurs have a challenge to manage, and must measure the need for external resources against the risk of losing control over their ventures.

At the same time as attempting to gauge these factors against each other, entrepreneurs' choices are limited to the extent that certain resources are critical to the survival of their ventures. “It is the fact of the organisation's dependence on the environment that makes the external constraint and control of organisational behaviour both possible and almost inevitable”¹⁴ (Pfeffer et al., 1978: 43). So when attempting to create

¹⁴ The key issue for this study is stakeholders' *possibility* to exert constraint and control, whether it is inevitable or not I leave to Pfeffer and Salancik and others to debate.

new ventures, at some points entrepreneurs are likely to find themselves in situations where they must consider giving up a certain amount of control in exchange for resources.

The external constraint imposed by stakeholders in turn leads to different interdependencies. One such interdependence focuses on outcome – the results achieved by one actor are interdependent on those of another actor. Another form of interdependence is connected to behaviour where the activities of one actor are dependent on the actions of another actor (Pfeffer et al., 1978). Entrepreneurs do not act in a vacuum, they relate, more or less interdependently with other actors. When taking a view of venture creation as presented in Figure 1-1 – starting with intention and then focusing on surviving long enough, in the face of disruptions, so that a venture idea can be realised – understanding the role of interdependence in the relations between entrepreneur and stakeholder is a key issue.

Entrepreneurs' level of vulnerability to influence from stakeholders is governed by their dependence on certain types of exchanges. Two dimensions of resource exchange affect this dependence: (1) the relative magnitude of the exchange and (2) the criticality of the resource to the entrepreneur. The relative magnitude is measured by the proportion of total inputs, or total outputs accounted for by the exchange. Entrepreneurs with a focus on fewer markets would thus face a higher dependence on specific customers than with a focus on multiple markets. New ventures requiring fewer primary inputs would, in a similar fashion, be more dependent on suppliers than if they had multiple inputs. The second dimension, criticality of the resource, measures the ability of an actor to continue functioning in the absence of a particular resource or market.

In other words, the problem for an entrepreneurial venture concerning resources is not that there are critical resources, but the supply of those very resources. If supply is abundant and stable, the entrepreneur will have few restrictions and can act without concern for

resources, even when in a position of high vulnerability as they can always find the resource elsewhere. However, when supply is limited, production instability and survival uncertainty become dilemmas in building the venture.

“An organisation’s attempts to satisfy the demands of a given group are a function of its dependence on that group relative to other groups and the extent to which the demands of one group conflict with the demands of another. Three factors are critical in determining the dependence of one organisation on another. First, there is the importance of the resource, the extent to which the organisation requires it for continued operation and survival. The second is the extent to which the interest group has discretion over the resource allocation and use. And, third, the extent to which there are few alternatives, or the extent of control over the resource by the interest group, is an important factor determining the dependence of the organisation” (Pfeffer et al., 1978: 45-46).

This refers to situations where resources are limited. In such situations stakeholders can manipulate resources in two ways: through discretion over resource allocation, or over resource use (Pfeffer et al., 1978). The first type is a withholding strategy where a stakeholder does not provide a firm with the requested resources. The second type is a usage strategy where a stakeholder continues to provide the requested resources, but does so with strings attached (Frooman, 1999).

However, relations brought about through dependency situations are asymmetric and assumed not to be stable. This means that the entrepreneur as the dependent or less powerful actor has incentives to undertake actions to address this imbalance (Blau, 1964; Emerson, 1962; Pfeffer, 1982). In order to do this, entrepreneurs have some leverage as they are in possession of social, human and organisational resources. Such intangible resources can in turn be exchanged for more tangible ones, where the complexity of the resources indicates the ease with

which they can be exchanged (Bourdieu, 1986; Brush, Greene, & Hart, 2001; Coleman, 1988).

Entrepreneurs' need for critical resources and the dependent situations that this could potentially lead to vis-à-vis their stakeholders constitute a basic part of the theoretical framework presented here. As such, resource dependence theory indicates that those relations with stakeholders in possession of critical resources of limited supply are of particular interest. These are asymmetric relations, characterised by greater dependency with lesser possibilities of managing and balancing the asymmetry. Entrepreneurs may perceive a loss of apparent control in such relations as potentially goal-disruptive to the planned behaviour which is a part of venture creation; in the context of this study this is characterised as perceived resistance from the stakeholder.

The focus of this study is on entrepreneurs' attempts to build new ventures; the micro-to-meso transition through the eyes of the entrepreneur, or the boundary creating activities which builds the new venture as a separate entity (Aldrich, 1999). One problem with resource dependence theory is that it studies relationships between organisations, and thus dependency appears on a meso-level between a venture and its stakeholders. This study offers a way to bridge the gap between micro and meso levels and I aim to do this by complementing resource dependence theory with a view of entrepreneurs' coping and their use of social capital and social skills. This also complements resource dependence theory as it focuses on the dyadic relations of entrepreneur-stakeholder, thus directing attention to asymmetric resource allocations and the needs of entrepreneurs.

2.2 Entrepreneurs' perceptions of resistance

The concept of perceived resistance is new in the field of entrepreneurship, but it has been used in other fields of research. In

particular, resistance to change has been extensively studied, for example as organisations' resistance to reversals in the direction of change in strategy and structure (Miller & Friesen, 1980); how employees resist change imposed by top management (Powell & Posner, 1978). In change studies, resistance has been defined as both the intentional acts of commission (defiance) or omission (Ashforth & Mael, 1998), and as a certain kind of action or inaction (Brower & Abolafia, 1995). Resistance to change studies have traditionally characterised resistance as "a reactive process where agents embedded in power relations actively oppose initiatives by other agents" (Jermier, Knights, & Nord, 1994: p 9). Other research has questioned this view of resistance as a generically negative aspect where employees should be convinced to see the correct thing and agree to change (Watson, 1982). In the case of employees and managers, managers will thus see employees as obstacles. This is problematic as one reason for employees to resist top management is that they want them to pay attention to critical issues for the organisation to succeed (Dutton, Ashford, Neill, Hayes, & Wierba, 1997); resistance to change is thus a proactive tool for the betterment of the whole organisation.

This study focuses on the resistance that entrepreneurs perceive while attempting to create their new ventures. As such, the concept has similarities to resistance to change if one, for example, sees a new venture as change agent in an industry. However, it differs in the sense that resistance is that which entrepreneurs perceive. To understand this I turn to cognitive appraisal theory where perceived resistance is related to hassles, defined as episodes of disrupted goal-directed behaviour (Lazarus, 1990).

The approach I take also differs from earlier entrepreneurship research which has used constructs such as obstacles (Macmillan, Block, & Narasimha, 1986), barriers to market entry (Gartner, Gatewood, & Shaver, 1991; Kouriloff, 2000; Vesper, 1990), problems (Terpstra et al., 1993), and challenges (Baum & Locke, 2004).

These earlier studies use concepts which reflect their view of what opposes entrepreneurs' venture creation efforts. Two of them use barriers¹⁵ and obstacles¹⁶ which are metaphors for a physical blockage like a wall. Kouriloff for example define barriers as "any condition, external or internal, adverse to creating a new business" (2000: 61), thus viewing barriers as entirely negative to venture creation and for that purpose the wall metaphor seems appropriate.

Problems are the opposite of barriers and obstacles in the sense that the concept is vague and refers to any issue facing a new venture. Terpstra and Olson ask CEOs about "their firms' most significant problems at two points in time – during the start-up stage and during a later growth stage of development" (1993: 8). This potentially captures broader issues than the concept of barriers but methodologically their study suffers from retrospective bias as it focuses on what the CEOs perceived as "the most significant problem" a number of years earlier.

Challenge is in turn related to issues of appraisal and stress, where eustress¹⁷ leads to a challenge approach. Baum and Locke see certain characteristics of entrepreneurs' situations as causing challenging situations. These situations are "(a) extreme uncertainty (newness of products, markets, and organizations; lack of information), (b) resource shortages (financing, knowledge, operating assets, and legitimacy), (c) surprises, and (d) rapid change" (Baum et al., 2004: 588). The definition

¹⁵ "a: something material that blocks or is intended to block passage <highway barriers> <a barrier contraceptive> b : a natural formation or structure that prevents or hinders movement or action <geographic barriers to species dissemination> <barrier beaches>" (Merriam-Webster, 2008)

¹⁶ "from obstare to stand in front of ... something that impedes progress or achievement" (Merriam-Webster, 2008)

¹⁷ Selye (1974; 1976) distinguishes between eustress and distress. He equals stress with arousal and claims that a certain amount of arousal is good (eustress), while too much is bad (distress). Lazarus (1993) goes on to propose that distress leads to a threat approach and eustress leads to a challenge approach. Threat is a response coming from a feeling that not much can be done, while challenge comes from a feeling that "I can cope with this".

of the concept of challenge and the legacy from stress research shows that it differs from the other studies in the sense that it does not imply a negative obstacle. Instead it points to something that needs attention to deal with. Given this, Baum and Locke's challenge concept is similar to perceived resistance. However, there is a crucial difference as the characteristics of the situation that Baum and Locke discuss is a state somehow imposed from the outside as opposed to resistance which is something perceived by the entrepreneur.

In summary, the concepts used in entrepreneurship research resemble the criticised resistance to change studies in the sense that they describe a force opposing the entrepreneur as something negative and external. These concepts embody a negative connotation, except for Baum and Locke's challenge concept. Taking a view of obstacles, barriers or the like does not capture the complex dynamics of new venture creation and the forces opposing entrepreneurs. Defined as *disruptions, internal or external, that entrepreneurs face and perceive as working against their efforts at venture creation*, perceived resistance, the concept used in this study, offers a more encompassing and useful alternative.

2.2.1 How perceived resistance arise

Resistance perceived by entrepreneurs poses potential disruptions to their goals of how to realise their venture ideas. This calls for their attention and distracts their focus away from planned venture creation activities. The type of goal which is of interest here is the task-level goal which involves immediate goals relating to the performance (Kluger & DeNisi, 1996) of their ventures. The disrupted goal's relevance to overall performance, the degree of incongruence resulted from the disruption, and the entrepreneur's personal reasons for pursuing the idea, influences how the goal disruption is evaluated (Lazarus, 1991). Thus, when something is perceived as interfering with the development of the venture, resistance is perceived. However, perceived resistance is not an

objective situation or something perceived by others, it is specific to an entrepreneur's perceptions. This is important to repeat and emphasise – two entrepreneurs experience the same event differently – one may perceive it as resistance while the other may perceive no potential goal disruption. This is equally relevant whether the disruption is one in the immediate vicinity of the entrepreneur or an environmental jolt (Venkataraman & Van de Ven, 1998) concerning an entire industry and even up to a global scale.

In these situations, stress levels caused by resistance depend on how an entrepreneur perceives the significance of goal disruptions to his or her values, beliefs, goal commitments and situational intentions (Lazarus, 1990, 1999). It has been found that an initial stimulus evokes an evaluative reflex, that is, a primary appraisal which seems to occur before a higher order cognitive appraisal takes place. A negative evaluation is interpreted as a threat (Duckworth, Bargh, Garcia, & Chaiken, 2002) but as evaluations are individual, the same situation could be interpreted as a challenge (Lazarus, 1999) depending on individual factors such as for example self-efficacy (Bandura, 1997), constructive thinking (Epstein & Meier, 1989), and hardiness (Maddi & Kobasa, 1984). It could even be interpreted as benign, neutral or irrelevant.

In an entrepreneurial context, a “threat” implies that something is about to take place that risks harming an entrepreneur's venture idea where the entrepreneur feels less confident in successful coping. A “challenge” on the other hand is something that the entrepreneur feels confident to be able to cope with¹⁸. Whether an event is interpreted as a threat or a challenge, in both cases it signals that something risks the achievement of a task-level goal and alerts the entrepreneur that “something is amiss”.

¹⁸ This discussion uses Lazarus' (1993) descriptions of “threat” and “challenge” and applies them to an entrepreneurial context.

2.2.2 The influence of perceived resistance to venture creation

One of the positive outcomes of perceived resistance is, for example that it forces entrepreneurs to further develop products or services or look for other sources of support in order to overcome the perceived resistance. It may also cause entrepreneurs to drop ideas that are unlikely to ever become successes and in that way free up resources for other ventures. Negative outcomes on the other hand may be, for example, the diversion of efforts from planned activities to fire fighting, eventually leading to a poorer result than expected, or even the termination of a viable idea. What these two outcomes have in common is that they depend on entrepreneurs' perceptions and consequent coping strategies. The outcome in other words depends on individual entrepreneurs.

Situations where resistance is perceived are, for example when relating to stakeholders¹⁹ who may resist a venture due to a positive intention of wanting to support it or on the other hand due to a negative intention of wanting to disrupt it (MacMillan, 1983). An example of resistance with a positive intention is a situation of errors in the development of an innovation that risk snowballing to crisis proportions (Van de Ven, 1999). A stakeholder with an interest in seeing a venture succeed may resist with an aim to influence the entrepreneur's strategy. Resistance with a negative intention may be for example situations where ventures need critical resources, but where stakeholders restrict access to those very resources. Other examples of negative intentions are stakeholders that see ventures as competitors, while at the same time

¹⁹ The stakeholders of an emerging venture may be positive or negative, thus wanting to aid or disrupt its realisation, or they could ignore it or be unaware of its existence or need. Various dynamics influence this process, where information asymmetry to the benefit of the entrepreneur for example could lead to a careful and vigilant approach towards the entrepreneur (Amit, Glosten, & Muller, 1990). This study however exclusively takes the perspective of the entrepreneurs when examining perceived resistance.

acting as gatekeepers of a critical resource or a critical relation. Restricting access to such resources would be a way of obstructing venture creation (MacMillan, 1983). On the other hand, acts of stakeholders that entrepreneurs perceive as resistance do not have to be intentional. Stakeholders do not even have to be aware of an entrepreneur's or venture's existence for entrepreneurs to perceive them as resistance.

Resistance may also come from stakeholders with closer relations to the entrepreneurs. As the focus here is on early start-ups, such stakeholders could be partners, first employees, or family. In addition to these stakeholders, there is also the entrepreneur him- or herself within whom resistance might arise. With this view, perceived resistance does not necessarily have to come as an unexpected and externally generated event. Examples of such resistance could be where an entrepreneur wants to achieve something outside the venture; this would then take attention away from the venture and the venture creation activities could become a perceived burden to the entrepreneur, pitting it against other aspirations. Family and children is one example of this where a desire to spend time with family could limit available attention for venture creation. The choice to spend time with family is not where resistance is perceived, but the consequences of making this choice could lead to perceptions of resistance in situations where it would not have been perceived otherwise.

The question of where resistance arises is also likely to be related to where in time or stage an emerging venture is. The concept of perceived resistance implies that different stakeholders have different weight and thus give rise to different levels of perceived resistance. As a new venture emerges, the importance of different categories of stakeholders varies over time. Those stakeholders with the most importance at a certain stage likely also have the greatest potential to cause perceived resistance.

2.3 Coping – resources and strategies

To recapitulate, so far I have discussed how entrepreneurs with limited resources and no previous experience of venture creation must gain access to resources outside their control in order to realise their venture ideas. This leaves them vulnerable to external control from stakeholders. If access to critical resources is restricted, and those resources are unavailable elsewhere, then there is a risk that entrepreneurs perceive it as resistance to their venture creation efforts.

For entrepreneurs with no personal resources, their social capital may be the only resource they possess themselves (Brush et al., 2001). Their social skills in effect hold the key to their ability to use their social capital and cope with the perceived resistance.

This is the topic of this section, how entrepreneurs cope, and specifically how they cope without any other personal resources than possibly their social capital and with no previous experience of new venture creation. The reason why I focus on entrepreneurs without any previous experience of new venture creation is that existing research shows that prior experience appears to be a reason why new ventures succeed (Rotefoss & Kolvereid, 2005).

Coping is a concept which is discussed in literature in relation to, for example, strategy and entrepreneurial activities, but little has so far been done to explore how entrepreneurs cope. When coping is studied, it is relation to failure and entrepreneurs coping with failure (Shepherd, 2003; Singh, Corner, & Pavlovich, 2007). When using the concept of coping in his study I define it as “cognitive and behavioural efforts to manage specific external and/or internal demands that are appraised as taxing or exceeding the resources of the person” (Lazarus & Folkman, 1984: 141). In short, as “the effort to manage psychological stress” (Lazarus, 1999: 111) where appraisal decides how individuals decide to cope. Accordingly, people respond differently to events depending on how the significance of these events is appraised (Lazarus, 1990, 1999).

This means that such significant events involve difficult situations which entrepreneurs perceive as requiring much of their available resources, maybe even more than they have. Coping refers to their emotions, thinking or concrete actions to deal with those situations.

Concerning typologies of coping, research is yet to agree upon one which can be applied to all kinds of stressful events (Folkman & Moskowitz, 2004). In order to further an understanding of how entrepreneurs cope it is however beneficial to develop a baseline view of likely coping strategies. There are two main type of coping, that is problem-focused and emotion-focused strategies (Folkman et al., 2004). In addition to this, I concur with the literature on how entrepreneurs rely on their social capital for support (see for example Davidsson et al., 2003; Hite & Hesterly, 2001) and thus also include social support as a third key coping strategy (Passer et al., 2007). *Problem-focused coping strategies* aim to deal with the situation itself in order to change it or make it less stressful. This is done, for example, by taking action to deal with the stressor, seeking instrumental support, suppressing competing activities, exercising restraint, and planning. *Emotion-focused coping strategies* focus on emotional responses that arise as a consequence of the situation. Attempts to manage these responses can for example involve suppression, restraint, acceptance, denial and disengagement, positive reinterpretations, acceptance, denial, escape-avoidance, wishful thinking, and controlling feelings. Finally the *strategy of seeking social support* involves looking for help and guidance, emotional support, affirmation of worth, and tangible aid such as the acquisition of financing.

Problem-focused and support seeking strategies are favoured when there is some way to control the situation (Passer et al., 2007). Emotion-focused coping however is a favoured strategy when the likelihood of control is low. This can be explained by turning to the outcome of coping, where the result of emotion-focused coping is a change in individuals' interpretation of circumstances, for example,

giving up a sought after goal or the denial of a certain threat (Lazarus, 1999).

Novice entrepreneurs can use different types of capital as a form of resource in their coping strategies. The following section will examine these forms of capital before the discussion of coping strategies is continued in section 2.3.2.

2.3.1 Capital – a resource at hand (or not...)

Specific resources for venture creation were previously introduced as physical, human, social, organisational and financial (Greene et al., 1997). A different word for such resources is capital²⁰ as introduced by for example Bourdieu (1986) and Coleman (1988). Capital can take monetary and non-monetary forms, as well as tangible and intangible forms, with each form carrying different meaning. Bourdieu (1986) proposed three forms of capital:

- Economic capital – financial resources and assets
- Cultural capital – education and knowledge
- Social capital – the sum of potential resources arising from a network of relationships.

Coleman described social capital as carrying elusive features due to its embeddedness in relations. He also expanded on Bourdieu's typology, and added physical and human capital.

- Physical capital – completely tangible and in a material form
- Human capital – not as tangible as it is embodied in an individual's skills and knowledge. (Coleman, 1988)

²⁰ When using the concept of forms of capital, I see it as a resource or an asset, social capital is for example a resource which is in line with Bourdieu's (1986) and Coleman's (1988) use of the same.

From an entrepreneurial perspective, one could also add the entrepreneur's idea as a form of capital, a kind of innovation capital. The idea is connected to the recognition of an opportunity and the start of the process of venture creation. When forming an idea and then deciding to pursue it, entrepreneurs use their capital to obtain other resources, enabling the establishment of new ventures.

In addition there has even been proposed a specific type of capital relating to entrepreneurs, namely:

- Entrepreneurial capital, defined as the multiplicative function of entrepreneurial competence and entrepreneurial commitment (Truls, 2002). The reasoning behind this multiplicative effect is that both competence and commitment are necessary components when creating a new venture. This type of capital involves an individual's or a team's potential for future entrepreneurial behaviour, and is thus a forward looking predictive construct and not something the entrepreneurs can use here and now.

All these forms of capital probably work in concert, but for an entrepreneur attempting to create a new venture, multiple studies show that social capital is the most critical (see for example Cooper et al., 1994; Davidsson et al., 2003; Nahapiet & Ghoshal, 1998).

Novice entrepreneurs, who lack experience and have limited financial assets, are restricted in the available means of dealing with resistance from external constituents, and are particularly dependent on using their social capital (Brush et al., 2001). Social capital is used extensively in the founding of new ventures (Baker et al., 2003; Baker et al., 2005; Birley, 1985) and forms nexuses of relationships, which influence the pattern of organisational mortality (Fichman & Levinthal, 1991). An entrepreneur's skills and objectives play a major role in deciding the direction of newly founded ventures (Bruderl, Preisendorfer, & Ziegler, 1992).

Although there are studies that question the unambiguously positive approach to social capital, there is still support for the claim that social capital increases the probability of new venture survival (Bruderl & Preisendorfer, 1998). Given that social capital is a resource available to novice entrepreneurs, and one with positive influence on the venture creation process, I chose to elaborate a little more on it. Thus in the following sections I focus on the personal, structural and relational aspects of social capital and connect it to entrepreneurs' dependence on resources. My aim with this is to show how entrepreneurs can use their social capital as a resource when launching problem-focused and social support seeking coping strategies.

Social capital as a personal resource

Entrepreneurs who do not have the means to buy needed resources need to devise alternative strategies in order to gain control of resources needed for the transformation of an idea into a new venture. Their primary source of access to resources is their pre-existing networks, both during and after founding their venture. This implies that entrepreneurs are dependent "on pre-existing contact networks as the means at hand" (Baker et al., 2003: 269). These relationships are used by entrepreneurs to build their ventures and serve several roles, where for example friends and family initially are important for inner support, advice and concrete help (Birley, 1985). This importance of entrepreneurs' personal networks is reflected in their use of them in gathering resources (Johannisson, 2000).

As ventures evolve, so do relationships and they take on an increasingly socio-economic form (Larson, 1992). For entrepreneurial ventures this means that entrepreneurs' social embeddedness influences their ability to draw on social and economic resources (Jack & Anderson, 2002; Uzzi, 1997). How this affects the entrepreneurial process can be exemplified by two ventures in the Swedish tobacco industry aiming at similar potential customers (Vikström, 2004). The two entrepreneurs of

venture A both had degrees from a Swedish business school. They also had a few years working experience where they had come in contact with a number of investors. The entrepreneur of venture B had worked as a nurse and had no contact with or experience from investor contacts. As a result, venture A very quickly acquired the venture capital deemed necessary, while venture B had to rely on personal bank loans. This initial choice of sourcing of financial capital decided much of the path of the respective ventures, both of which a couple of years later were in business, but only one had made a profit from start, venture B. The entrepreneurs of venture A later sold their shares to one of the world's largest tobacco companies which would seem like a rational thing to do given that they had brought in venture capital. The entrepreneur of venture B still owns her company.

When looking at entrepreneurs' social capital, context dependent issues such as favourable prior beliefs, trust, and goodwill become important in new ventures' emergence (Fichman et al., 1991). They aid emerging ventures to overcome liabilities of newness by helping to create stable links with stakeholders (Stinchcombe, 1965). However, in the process of forming links with external stakeholders, it is not necessarily the most efficient ideas that survive and become widely adopted, but the ideas that have the strongest support. As Granovetter (1973) states: "...ways of doing things begin for reasons that relate to the various purposes of the actors involved and to the structures of relations they are embedded in". In the case of the two ventures in the tobacco industry discussed above, the entrepreneurs who took in venture capital began with the intention to do so, to grow and to exit. The intention of venture B's entrepreneur instead was to create a new brand and build a company around it that would be hers. Her aim was to grow organically with some borrowed money which was the only financial capital available to her.

Studying embedded structures and relations – social capital – is crucial to understand how entrepreneurs acquire resources in the face of perceived resistance.

Structural aspects of social capital

Coleman defined social capital as any aspect of social structure that creates value and facilitates actions of individuals within that social structure. Just as the creation of physical capital involves changes in materials so as to facilitate production, and human capital involves changes in an individual's skills and capabilities, social capital is created when the relationships among people change in ways that facilitate instrumental action (Coleman, 1990).

Studies of entrepreneurs in relation to social capital began with researchers such as Coleman (1988) and Portes and Guarnizo (1991). Those studies focused on ethnic minority groups more than on individual entrepreneurs, but they inspired more specific research in the field of entrepreneurship. Research has since shown that issues such as: firm survival (Pennings, Lee, & Witteloostuijn, 1998; Uzzi, 1996), firm performance (Batjargal, 2003), acquisition of resources during start-up (Brush et al., 2001), creation of new ventures (Davidsson et al., 2003), and growth (Florin, Lubatkin, & Schulze, 2003), are all positively influenced by social capital.

In addition to the firm and population level research referred to above, social capital studies have lately also started to look at individual entrepreneurs. One example is Bowey (2002) who studied how entrepreneurs' social capital is affected by relationships, specifically the changes in entrepreneurs' social capital and what affected these changes.

Returning to the basics of social capital, at the core of this concept lies the idea of its appropriable and convertible qualities. Social capital is related to the notion that certain social ties, for example friendships, can be used for various purposes. Friends can for instance offer work advice

or financial support. Coleman (1988) calls this concept appropriability, that actors with multiplex relations²¹ can appropriate resources in one relation for use in another. The second quality of social capital, actually between all forms of capital, is its convertibility (Bourdieu, 1986) in the sense that it can be converted into other forms of capital, for example the more tangible economic capital. There are however differences in the convertibility between different forms of capital where social capital has a certain stickiness compared to economic capital, which is more liquid, as it takes time to convert it into economic capital (Smart, 1993). Further similarities with other forms of capital are that social capital can function as a substitute or a complement for other resources. Actors can for example substitute for a lack of financial resources or complement existing financial resources.

Social capital offers a way to identify the value of certain aspects of social structure to actors as resources which they can use to achieve their goals. In this sense location is a peculiar and important character that sets social capital aside from other forms of capital. It is located in the structure of relations between and among actors²², not in the actors themselves or in physical implementations of production (Coleman, 1988). An actor's location within this structure of social relations decides which resources are available. Granovetter also points to location in his discussion of weak ties, and although not made explicit, location would be where social capital resides and decides its quality (1973). Burt (1997) more concretely shows what these weak ties are in his discussion of structural holes. Like Coleman, he states that social capital is an asset arising in the location in a structure of exchanges. Those actors who connect two or more networks with each other can act as brokers. Such

²¹ Relations where actors are linked in more than one context, such as work, neighbourhood, family etc. (Gluckman 1967).

²² Coleman defines "actors" as both corporate actors and individuals (1988).

brokerage positions between networks are embedded with enhanced assets of social capital.

Relational aspects of social capital

Where the structural aspects of social capital set the stage, the relational aspects point to where activities happen. As such the relational dimension is of particular interest when studying perceived resistance as it describes personal relationships developed between people through a history of interactions (Granovetter, 1993). The relational aspect is also where an entrepreneur realises the potential value of social capital, decided by the structural aspects. To realise this value entrepreneurs use their social skills which I return to when discussing coping strategies in the next section.

In the next section I integrate social capital as a part of coping strategies and discuss where and how entrepreneurs cope.

2.3.2 Coping strategies in action

In situations of limited supply of resources entrepreneurs become dependent on stakeholders who are in control of resources. Faced with such asymmetric relationships, entrepreneurs seem to be at the mercy of key stakeholders, particularly if perceived as resisting their ventures. However, they are not entirely without leverage as they are in possession of social capital which can be exchanged for more tangible resources.

This concluding section of the theoretical framework focuses on entrepreneurs' coping strategies where they use what resources they have or can muster. It is structured according to the three coping strategies: (1) problem-focused, and (2) emotion-focused, as well as (3) social support seeking.

From the perspective of novice entrepreneurs, social capital is related to social support and problem-focused strategies, while emotion-focused strategies instead focus on entrepreneurs' emotional responses arising as a consequence of a situation which they are unable to overcome.

Problem-focused coping strategies

Problem-focused coping aims to deal with the situation itself in order to change it or make it less stressful. This can be a difficult strategy for novice entrepreneurs if their ventures lack both reputation and track-record, which would be the case when started by entrepreneurs with no previous experience of entrepreneurship. Their ventures may well be regarded as risky investments by resource providers. One problem-focused strategy that entrepreneurs can adopt to deal with this is to act *as if* they are trustworthy in order to gain access to the required resources (Starr & MacMillan, 1990). When acting *as if*, "an entrepreneur must engineer consent, using powers of persuasion and influence to overcome the scepticism and resistance of guardians of the status quo" (Dees & Starr, 1992: 96). In this way, entrepreneurs can begin to manage dependency relationships with critical stakeholders. An example of such a strategy is resource co-optation²³ through social contracting, where entrepreneurs use a social support focused strategy by activating social capital built through a network of associations to acquire necessary resources (Starr et al., 1990).

When attempting to manage dependence and asymmetric relationships, actors can choose direct or more indirect strategies. An example of a direct approach is when an actor A, being dependent on B, develops a co-optive tie with B. This can be done through deference, where B receives deference and status, and in turn provides A with the

²³ According to Merriam-Webster, to absorb, assimilate, take over or appropriate (Merriam-Webster, 2008).

needed resources (Blau, 1964). However, in an entrepreneurial context for new venture creation, a deference strategy is less likely as ventures being founded by novice entrepreneurs most likely have little status to offer a stakeholder. The indirect approach, or the two-step strategy, involves a third actor, C. Actor B is dependent on C while A is dependent on B, so A builds a co-optive relationship with C, thus indirectly affecting the relationship with B (see Figure 2-1). This two-step strategy has been shown to be utilised in relationships characterised by hostility. Instead of trying to manage the hostile actor directly, a third actor is involved (Gargiulo, 1993).

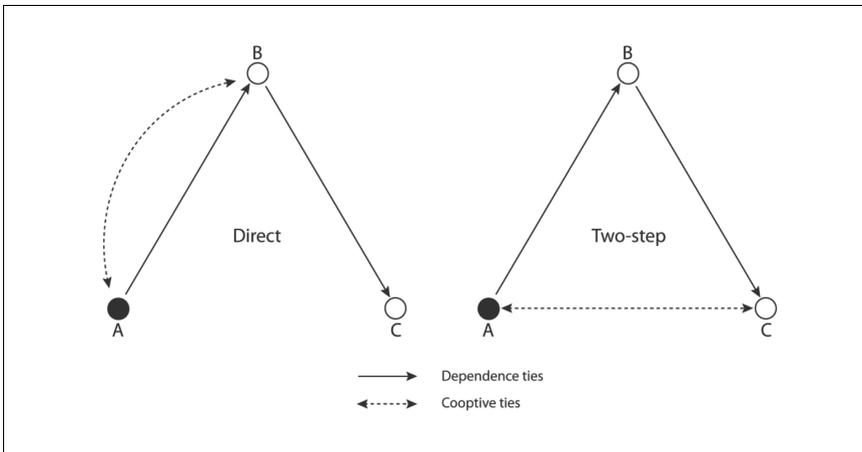


Figure 2-1: Two-step leverage (adopted from Gargiulo (1993: 5))

Aiming at achieving an exchange from social to economic assets, entrepreneurs utilise the appropriable and convertible characteristics of social capital (Larson, 1992). Appropriability and convertibility of social capital is what entrepreneurs can use to develop both direct and indirect strategies to deal with dependence, particularly in the face of perceived resistance.

However, in order to appropriate and convert their social capital into necessary resources, entrepreneurs need to be viewed as credible. To do this, potential stakeholders will want to see that the entrepreneurs acts in acceptable manners when they develop their venture ideas, following the norms in the industry (Deephouse, 1996). This is problematic because organisations that innovate or have unique strategies, as in Schumpeter's definition of entrepreneurship²⁴ (1942), have difficulties showing that they should be favourably evaluated. Stakeholders are more likely to view such ventures as unacceptable (Meyer & Rowan, 1977). The manner in which entrepreneurs use the relational aspect of social capital is therefore critical also with regards to credibility, which is required to overcome liabilities of newness. Lately studies have shown that what entrepreneurs do is more important than who they are or the market they are in when they attempt to build credibility (Tornikoski & Newbert, 2007).

Bricolage as a coping strategy

Bricolage has been proposed as a new view of entrepreneurial coping (Baker et al., 2003; Baker et al., 2005), and is of particular interest from the point of view of start-ups. Bricolage is an example of problem-focused coping and is defined as "making do by applying combinations of the resources at hand to new problems and opportunities" (Baker et al., 2005: 333). This implies that entrepreneurs who use a bricolage strategy have a bias towards action instead of waiting to see what will happen and whether a solution can be found.

In one sense, bricolage is close to a generic entrepreneurial strategy as it means to "disregard the limitations of commonly accepted definitions of material inputs, practises, and definitions and standards,

²⁴ Schumpeter defines entrepreneurship as: 1: Introduction of a new good. 2: Introduction of a new method of production. 3: Opening of a new market. 4: Conquest of a new source of supply of raw materials or half-manufactured goods. 5: Carrying out of a new organisation of any industry. (Schumpeter, 1942)

insisting instead on trying out solutions, observing and dealing with the results” (Baker et al., 2005: 334).

The strategies that Baker and Nelson observed related to the domains of:

- Physical inputs – discarded, worn or forgotten materials are converted into valuable inputs of some sort.
- Labour inputs – available and “free” potential labour such as hangers-on or customers are used for specific value creating tasks.
- Skills input – amateur or self-taught skills which are usually not applied in venture creation are applied in new ways.
- Customer/markets – new products or markets are created by offering otherwise unavailable products or services to customers (for example housing to homeless).
- Institutional and regulatory environment – create a context to get away with something which ordinarily is not allowed by disregarding standards or laws, by not seeing them as constraining.

Network bricolage connects social capital and bricolage, and is defined as the “dependence on pre-existing contact networks as the means at hand” (Baker et al., 2003: 265). Baker, Miner and Eesley found that personal and professional networks most often constituted the means at hand which entrepreneurs use to create something new (2003). Johannisson and Olaison further extend this by introducing social bricolage, which they see as a spontaneous collective action in response to an emergency that draws on “the same networking that is produced by and produces social capital” (2007: 72)

Bricolage is an out-of-the-box strategy that looks beyond limitations in resources which in itself is very interesting from an entrepreneurial perspective. However, one problem with the concept and its use in understanding entrepreneurs’ coping strategies is that the key work by Baker and Nelson (2005), with some exceptions only discuss engineering problems at for example motorcycle repair shops. The

authors do not empirically take the concept beyond the shop floor, although they continuously refer to entrepreneurial ventures. Despite its lack of cases of entrepreneurial start-ups dealing with issues of perceived resistance, conceptually the idea of bricolage is in line with the view of entrepreneurship and the theoretical framework that I take.

Emotion-focused coping strategies

Emotion-focused coping focuses on emotional responses arising as a consequence of a situation. To date, however, there are few examples of emotion-focused coping strategies in an entrepreneurial context. Singh, Corner, and Pavlovich (2007) found in their research on entrepreneurial failure that such strategies were used by entrepreneurs in relation to psychological aspects of venture failure. In that context, the coping strategies were of a type that the authors claim would be considered as reality-distorting and self-deceiving by researchers in the field of coping. Emotions have lately become a topic of interest to researchers of entrepreneurship as can be seen for example in Brundin's (2002) study of emotions in relation to radical change, and Cardon et al's (2005) study of emotions and entrepreneurial behaviour with a focus on the issue of passion.

Social support seeking coping strategies

The final coping strategy, seeking social support involves looking for help and guidance, emotional support, affirmation of worth, and tangible aid such as the acquisition of financing. Fichman and Levinthal (1991) propose that inter-organisational relationships are an initial asset or endowment that can buffer firms from selection pressures posed by stakeholders. This is thus the strategy that most directly links with social capital, although, as I have already pointed out, social capital can also constitute a resource in problem-focused coping; its' use differs however between the two coping strategies. In social support seeking strategies,

social capital is the key asset which enables entrepreneurs to choose this strategy, and it is what they use to cope with and overcome disruptions.

A stakeholder's location within this structure of social relations in turn decides which resources are available. However, social capital is problematic from an empirical point of view as it is difficult to both measure and to estimate its value before it is used; part of this problem resides in structures and relationships between actors. Conscious acts are needed and different actors have different skills in accessing social capital. The skills (or competence²⁵) component of social capital thus decides the structural and relational value of social capital, as well as influences structures and relationships formed. In line with this, Baron and Markman propose that social skills are necessary for financial success (Baron & Markman, 2003).

Social competence is defined by Baron and Brush as "the extent to which they [entrepreneurs] possess and employ discrete social skills that enhance their ability to interact effectively with others (e.g., venture capitalists, potential partners, employees, customers)" (1999: 1). They go on to describe the specific social skills based on earlier research as: (1) social perception - accuracy in perceiving others (e.g., their traits, intentions, motives), (2) impression management - a wide range of techniques for inducing positive reactions in others, (3) expressiveness - the ability to express one's emotions and feelings clearly, and so to generate enthusiasm in others, (4) persuasiveness - the ability to change others' views or behaviour in face-to-face encounters, and (5) social adaptability - the ability to adapt to, or feel comfortable in, a wide range of social situations.

Baron and Brush (1999) state that the most important of these skills is social adaptability, which they say may be a consequence of their

²⁵ Merriam-Webster gives exactly the same meaning to skills and competence (Merriam-Webster, 2008), and I use the two words interchangeably.

study including mainly entrepreneurs at a very early stage of venture creation. The implications for this thesis focusing on early stages, is that social competence is indeed a component that must be included in order to use social capital as a theory to study individual entrepreneurs. Thus entrepreneurs need social competence in order to use social support seeking strategies, as well as problem-focused strategies in their attempts to overcome perceived resistance.

Much research on social capital is built on the implicit assumption that individual and collective actors are driven by instrumental motivations (Adler & Kwon, 2002). This has led to a view of actors as individuals or groups *cultivating* and *exploiting* social capital to reach certain goals (De Graaf & Flap, 1988; Lin, Ensel, & Vaughn, 1981; Marsden & Hurlbert, 1988). Some caution is required when viewing social capital as an asset pursued in a calculative fashion as it is not necessarily an obvious asset, one that can easily be identified beforehand. It might instead be more of a by-product from pursuing other ends (Burt, 2000). This insight can also be drawn from the ability to quantify return on investment of capital. Compared with other forms of capital, social capital is not quantifiable, meaning that future return on investments in social capital is highly uncertain (Fernandez, Castilla, & Moore, 2000). An uncertain future return on investment implies that it is difficult to use social capital in a calculative manner. However, entrepreneurs invest in social capital based on an expectation of a future flow of benefits. These future benefits guide the development of social capital, but the reciprocating aspect is uncertain, and when called upon is interpreted in different ways by different actors (Bowey, 2002). In respect to the reciprocating aspect, social capital can instead be

motivated by other commitments such as norms of generalized reciprocity²⁶.

Social capital has been proposed to bring benefits and potential risks. On the positive side to individuals and organizations are issues such as access to broader sources of information as well as improved quality, relevance and timeliness of information (Burt, 1992; Granovetter, 1973), and the possibility of inter-firm exchange of detailed information enabled by social embeddedness (Uzzi, 1997). Structural holes and the bridging possibilities they bring to entrepreneurs provide influential benefits (Burt, 1992). The risky side actually brings potential for entrepreneurial advantage assuming that one places entrepreneurs opposite to established and highly embedded markets and industries. Uzzi points to the risky results of overembedded relationships when he states “feelings of obligation and friendship may be so great between transactors that a firm becomes a ‘relief organization’ for the other firms in the network” (1997: 59). Of course, the positive sides of information, influence and solidarity, discussed above, can also be reversed. Such a reversal could lead to a risk of domination and power games that would hamper collaboration at the cost of potentially missed opportunities, thus turning a coping attempt through social support seeking into greater perceived resistance.

Entrepreneurs’ responses to perceived resistance, activating their social capital to manage the venture-stakeholder relationship could backfire, pointing to the complexity of social capital. This happens as entrepreneurs attempt to balance asymmetric relationships by way of their social capital, which risk causing social liabilities in relation to other stakeholders. Balancing one relationship could cause new asymmetric ones (Gargiulo & Benassi, 1999; Portes & Sensenbrenner, 1993). Further

²⁶ Putnam explains generalized reciprocity as “ ‘I’ll do this for you now, knowing that somewhere down the road you’ll do something for me’ ” (Putnam, Leonardi & Nanetti, 1993: 182-183).

risks of investing heavily in relationships are that their values are sensitive to changes in the network. The defection of one actor can lead to a loss of assets, as more than one must commit to build it. The value of a social asset is in the relationship itself, not in any one actor (Adler et al., 2002).

A key issue when discussing social capital, whether as a problem-focused or social support seeking coping strategy is the importance of social competence. This is a factor that enables entrepreneurs to access the potential of social capital. In addition this connects to Truls' proposed concept of entrepreneurial capital discussed earlier, where entrepreneurial competence is a key component (2002).

These examinations of copings strategies constitute the final section of the theoretical framework which is next concluded into a theoretical model.

2.4 A model of perceived resistance

To conclude this chapter, I use the topics covered to build a theoretical model of perceived resistance (see Figure 2-2). The purpose of this theoretical model is to begin unravelling the path from entrepreneurs' venture ideas and towards their goal realisations while facing goal disruptions (see Figure 1-1). This model of perceived resistance will be used as a tool, both in gathering empirical material and structuring the initial empirical analysis. Its linear qualities serve the purpose of facilitating the initial perspective of perceived resistance in a simplified format.

The model begins with a *goal disruptive process or event* where entrepreneurs' goals and ideas of how to realise new venture ideas are somehow disrupted. Such disruptions are influenced by aspects of resource dependence and the entrepreneurs' means and abilities to

acquire the resources believed to be needed. Goal disruptions are also influenced by external actors' demands on the entrepreneurs.

Next the entrepreneurs appraise the goal disruptions; their perceived impact on the realisation of their venture ideas influence whether they are *perceived as resistance* or not. Aspects affecting appraisal are how dependent the entrepreneurs are on certain stakeholders and how easy or difficult coping appears to be. Appraisal of a goal disruption as perceived resistance or not thus influences coping as appraisal both takes into consideration and impacts how the entrepreneurs see their possibilities of overcoming the goal disruptions.

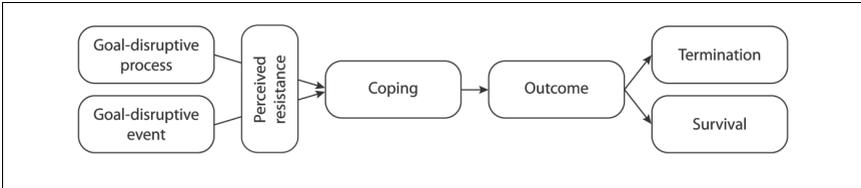


Figure 2-2: Theoretical model of perceived resistance

Coping requires resources, either creating them in a bricolage fashion, or controlling them in a more traditional way by gaining access. The entrepreneurs' view of the seriousness of the disruption furthermore influences the coping strategy they choose. Novice entrepreneurs' social capital plays a key role in coping, particularly if they lack ready access to other resources which limits their possibilities of choosing coping strategies.

There is an ongoing interplay between entrepreneurs' appraisal of their possibilities to cope successfully and their perceived means for coping. Linking these is their self-efficacy. Coping in turn is linked with its own *outcome*, how successful or not the entrepreneur is in coping with the disruption. This is continuously appraised and reappraised until the

perceived resistance is overcome or not. From a process perspective of venture creation, overcoming means surviving, while being unable to overcome a disruption then risks the termination of venture creation efforts.

The model captures the influence of perceived resistance, if a goal disruption is not appraised as serious to the realisation of a venture idea, it will likely not be perceived as resistance. In such instances, an entrepreneur does not even have to deem it necessary to cope with. If coping is attempted to deal with the disruption, this type of coping has low priority and is not liable to affect the overall venture creation attempts by the entrepreneur. This is very different compared to a disruption that is perceived as resistance where overcoming it is critical to the actualisation of the venture idea.

This concludes the theoretical framework, but I will return to this model again in the analysis of the empirical material.

3 Research design

Previous research has taken a perspective of external shocks to venture creation when studying problems, obstacles and such (see previous chapter). This generates objective problems for entrepreneurs to deal with. However, focusing on perceived resistance is a new way of studying venture creation which addresses subjective aspects and takes an internal view from the perspective of individual entrepreneurs. Thus when perceived resistance occurs, why and how it influences the entrepreneurial process has previously been largely unknown. Because of this I decided to carry out a pre-study²⁷ to explore themes of interest which could guide me in building a theoretical framework as well as which methodological issues I needed to consider when studying resistance.

All case studies were mostly retrospective and this fact turned out to be the most important lesson from the pre-study. The three pre-study cases all indicated that the entrepreneurs did experience resistance, but due to the time which had passed between the instances they described and the interviews, they could not specify what had happened or elaborate on their perceptions.

This difficulty is not new, Schein (1985) for example discusses how interpretations posed, acts executed and results deemed sufficient then fade into the past and becoming taken-for-granted aspects of the present. If the results from interpretations and actions within a venture are deemed sufficient in the eyes of the entrepreneurs, then their causes,

²⁷ The pre-study was based on three cases which are described in detail in Appendix A.

the situations around would become taken-for-granted aspects of the present. If this was the case with the ventures studied, then the method of choice would have difficulties revealing indications of the phenomena that I was looking for. Moreover it has been shown that perceived problems risk being remembered in a distorted manner. When this occurs, what did happen is remembered as having been viewed as more likely than it actually was (Fischhoff & Beyth, 1975). Thus methodological design is of crucial importance in respect to the phenomenon of study, and to be able to study perceived resistance, a longitudinal approach appears to be of particular importance.

Another critical issue to consider, when attempting to study the phenomenon at hand, is how it unfolds or appears. The process of new venture creation can be described through punctuated equilibrium. Processes of organisational formation evolve through long periods of stability or convergence and are then punctuated by short and intense periods of metamorphosis (Gersick, 1991; Miller et al., 1980; Romanelli & Tushman, 1994). The unpredictability of when these periods of punctuated equilibrium occur poses a methodological problem when trying to study them. A broader net is needed to capture these instances, but the question is how broad it needs to be.

With these three converging issues in mind - (1) perceived resistance being a phenomenon not previously studied, (2) the pre-study's revelation about retrospective methodological problems, and (3) the implications of venture creation as a process of punctuated equilibrium - a method of study could be outlined. First and foremost, these issues indicate that there is a great degree of uncertainty concerning this kind of study, and with that in mind, methods need to be developed such that they from the start address the quality of the study. The key point here is to ensure that what is meant to be studied is actually studied, and that the empirical phenomenon is explored without adding issues not observed (Maxwell, 1996).

3.1 A longitudinal study of entrepreneurs' start-up attempts

In order to study perceived resistance – a phenomenon which has not been empirically studied before and where it is unclear how it influences the entrepreneurial process – both the pre-study and previous research (Perren & Ram, 2004; Van de Ven & Engleman, 2004) show that an approach which enables the capturing of events as they unfold – the process itself – is required.

With this in mind I chose case studies as they enable an understanding of the dynamics present in a single setting (Eisenhardt, 1989; Perren et al., 2004) and thus allow the study and interpretation of the relation between entrepreneur and stakeholder as well as the specific perceptions and goals of the entrepreneur. Case studies furthermore offer the opportunity to both compare patterns within and between cases which is important when exploring a new concept such as perceived resistance. In addition, they enable the capturing of instances of interest in the evolving venture as they happen, minimising the chain of people interpreting events that happened in the past (Perren et al., 2004; Yin, 1994). Within the setting of the case studies I use a critical incident technique (Flanagan, 1954) where incidents are built for each perceived resistance. This also attends to Schein's taken-for-granted aspects of the present (1985).

The need for a longitudinal study has an additional advantage as it can give access to material otherwise difficult to obtain and directly related to the consequences of perceived resistance like failed entrepreneurial ventures and the process leading up to the decision to fold (Katz et al., 1988). Furthermore there has long been a call for more event-driven studies to build explanations of the dynamics of entrepreneurial activities (Aldrich, 2001; Van de Ven et al., 2004). So by choosing such an approach, not only is it the most suitable given the

phenomenon of study, methodologically it also contributes to the field of entrepreneurship.

More specifically and as will be presented in more detail below, an explorative approach is chosen so that the studied entrepreneurs' freely expressed views can be observed (Holme, Nilsson, & Solvang, 1991). This is practically carried out through a number of case studies of how novice entrepreneurs perceive and meet resistance from stakeholders to their ventures from the gestation period (Reynolds et al., 2004) and over time. This method implies that a substantial amount of empirical data is gathered for each case in order to build an overview and understanding of the process. Having such empirical data also offers the possibility to address the third purpose of this study which is of a descriptive character.

3.1.1 Choice of unit to study

Given the purpose of this study which focuses on entrepreneurs' perceptions of resistance, the most obvious unit of study is the individual entrepreneur. In addition to this, venture creation can be seen as a transition from micro- to meso-level, from an entrepreneur's idea to a venture. In this transition, the entrepreneur is the initiator and most often the actor at the centre deciding much of the development of the venture. This is particularly evident at an early stage, from the time an entrepreneur comes up with an idea and until he or she registers a company or generates a first sale, the period of interest in this study and which will be discussed in the next section.

Furthermore, we can describe the outcome of venture creation – the new ventures and innovations created by entrepreneurial activity in society – but not how this outcome is created (Aldrich, 1999; Reynolds et al., 2004), the choice of unit of study is also a contribution in itself. The entrepreneurs and the processes they initiate and are a part of constitute

an important source in building our understanding of how ventures are created.

One could argue that the venture idea should be the unit of study as it embodies the source of the evolving venture and the focus of enacted goal disruptions from stakeholders. However, as the focus of this study is on perceived resistance, the entrepreneurs are the units perceiving. The venture idea instead becomes a guide to the length of time for the study.

3.1.2 *Selecting cases*

As new venture creation follows a pattern of punctuated equilibrium, case selection needs to be geared towards maximising the possibility of observing perceptions of resistance during the period of observation. The characteristics of selected cases should then be at the extreme (Pettigrew, 1990), in the sense that I wanted entrepreneurs with the greatest likelihood of perceiving and facing resistance. I hoped to find this where entrepreneurs' need for coping with resistance was expected to be high while their means of coping was poor, and the potential social dramas around coping and resistance was high. This selection strategy might be criticised as "selecting extreme cases on the dependent variable [which] leads the analyst to focus on cases that, in predictable ways, produce biased estimates of causal effects" (Collier & Mahoney, 1996: 59). On the contrary, and in line with Pettigrew's argument this is a strength as such cases can be used to highlight the issue of perceived resistance. Thus a method of purposeful sampling (Patton, 1990) was used, guided by certain criteria for choosing cases (Merriam, 1994).

In order to find cases which could fulfil the characteristics I identified for the increased possibility of observing perceived resistance I searched for:

- Novice entrepreneurs.²⁸
- Entrepreneurs with no personal financial means.
- Entrepreneurs who were still very early in their venture creation process.²⁹

My reasoning behind this was that a new venture by a novice entrepreneur according to the selection criteria was likely to at least initially face more challenges by stakeholders than one by a seasoned entrepreneur. This is also agreed upon by Shepherd et al who propose that the management team's novelty increases the mortality risk of a new venture (2000). The chosen gestation period in itself is also interesting as it is an understudied period in the entrepreneurial process.

As a complement to the three criteria above, I also based selection on the would-be entrepreneurs' intentions. Only those with clear intentions to realise their ideas were selected to make sure that they would actually make efforts to overcome resistance (Gatewood et al., 1995).

In addition to finding cases at the extreme which were based on the background of the entrepreneur and timing of the entrepreneurial process, focus was also on the nature of the venture ideas. Radical ventures with innovative height and the potential of generating new markets or changing existing ones were especially interesting to study due to their liabilities of newness (Stinchcombe, 1965). This is so because they challenge existing structures and should thus face a stronger risk of

²⁸ Entrepreneurs with no previous experience of entrepreneurship.

²⁹ By early I mean that selection was made prior attempting to: register a firm, get funding, register patents, hire staff or generate sales - in other words during gestation (Reynolds et al., 2004).

opposition and resistance from stakeholders. With this in mind I selected ventures based on their:

- Technology – a radical one would be a new and unused technology.
- Marketing – a radical strategy would be creating new markets, or challenging old ones from within.

Finding ventures that fulfilled the technology or marketing characteristics was the first difficulty. The second was to find entrepreneurs very early in the venture creation process. As Reynolds Carter et al point out, “the primary problem in attempting a study of individuals who are starting businesses is in finding these individuals while they are actually involved in business start-up activities” (2004: 264). Others have also noted the methodological difficulty in finding ventures as early as possible in their start-up phase (Stevenson & Jarillo, 1990). Kim, Aldrich et al claim that per annum there are only 4-6 percent of the adult population who become nascent entrepreneurs (2003). I agree with this claimed methodological difficulty and consequently spent some time searching for entrepreneurs according to my criteria.

My choice of channels for finding potential cases eventually turned out to be university incubators, or business labs. To facilitate access to the entrepreneurs, I only chose those in Stockholm and approached the university business labs of the Stockholm University, the Royal Institute of Technology, and the Stockholm School of Economics. In addition I also contacted a business lab and business accelerator separate from the universities owned by the City of Stockholm, a university and large corporations.

To find cases I contacted the business lab directors at different times during winter and spring 2004 and presented my research project. They all responded positively to my project and suggested in total 25 entrepreneurs who had recently begun with their venture ideas. Using the selection criteria I narrowed this down to three entrepreneurs. I contacted them and they were all willing to participate. One of the three

was quickly abandoned though. This decision was made after three interviews and due to access difficulties associated with finding interview times, combined with unwillingness on behalf of the entrepreneur to freely share information with the researcher.

In addition to the business lab approach, in the winter of 2004, a presentation was made to a group of 20 novice entrepreneurs participating in a start-up course at the business lab/accelerator. In this way, two more entrepreneurs who matched the criteria were included in the study.

Table 3-I: Overview of studied entrepreneurs

| Case | Idea | Product or service | Conception of idea ³⁰ | Study began | Ended | Gender | Number of interviews |
|---------|-----------|--------------------|----------------------------------|-------------|---------|--------|----------------------|
| Jonas | Internet | Service | 2003-06 | 2004-02 | 2005-03 | Male | 7 |
| Eric | Soccer | Service | 2003-01 | 2004-01 | 2005-06 | Male | 11 |
| Nina | Cosmetics | Service | 2004-01 | 2004-06 | 2005-03 | Female | 6 |
| Susanne | Horses | Product | 2003-10 | 2004-03 | 2005-03 | Female | 7 |

Looking at the cases, all are novice entrepreneurs, and none have any personal financial means to invest in developing the idea. Furthermore, they are all at an early stage in their creation attempts. Their new venture ideas are:

- Jonas takes an existing service and builds a platform to share and capitalise on that, by doing so, existing markets are expanded.
- Eric uses existing technology in a radical new way, thus redefining existing markets and creating new uses of existing products;
- Nina combines multiple existing services into one shape, aiming at making the existing services obsolete while capturing their markets;

³⁰ This is the time when the entrepreneurs came up with their ideas and took actions on them.

- Susanne develops a new product for an existing market with the aim to make existing ones redundant.

Qualitatively following a sample of entrepreneurs from such an early stage in the venture creation process as my selected cases is uncommon in entrepreneurship research, but it is also a high risk given the high rate of failures at early stages of venture creation (Delmar et al., 2004b). With this in mind there is always a risk that the cases followed terminate during the course of study. For the purpose of this study however, this risk posed no problem, rather an opportunity as a termination could be related to the dynamics of perceived resistance.

3.1.3 Time of study and access to entrepreneurs

The next critical issue to consider was the length of time to follow each case. As pointed out, selection was partly based on the earliness of development of the idea. Given that an entrepreneur has just began the development of an idea, how long should he or she be followed to be able to study instances of perceived resistance? Earlier research has found it likely that the time it takes to either reach a point of termination or a first sale is around 12-18 months (Carter et al., 1996). This time frame is also hinted at in the Global Entrepreneurship Monitor³¹ where most of the new firms studied reached the point where a decision was made to go ahead or to terminate the venture within 7-14 months from start. An issue which influences this time-factor is what type of venture idea and which industry that is referred to, specifically the complexity of a venture idea. There are for example differences between a venture idea directed at internet service and one aiming at developing a new medical substance. The venture ideas chosen here had a comparatively low complexity and thus my aim was to follow each case 12-18 months,

³¹ GEM 2000 report, and discussion with one of the authors, Frédéric Delmar, Professor at EM-Lyon, France.

depending on their development. From the perspective of a longitudinal study, 12 months might seem like a short time, but as pointed out, in the life of a new venture it is a considerable time (Gersick, 1994).

In addition to be able to capture instances of perceived resistance there were also practical considerations to bear in mind – asking an entrepreneur to participate in a study for an indefinite time seemed like a poor strategy when trying to convince them to take part.

The longitudinal approach I took was a direct consequence of the pre-study which indicated that this was necessary in order to catch instances of perceived resistance as they happened. Thus, in order to be as close as possible to the events as they happened and with enough space between interviews for disruptive events to actually occur, each entrepreneur was interviewed every six to eight weeks.

Before the case studies began, and to delimit the study, I set up a number of criteria to guide when the gathering of data would end. The four criteria were:

- when the ideas were developed to the point where sales began
- if the venture creation attempts were cancelled
- if progress stopped and effort appeared low
- or if I felt that an empirical saturation of data was attained.

The actual decision to stop gathering data supported the notion that one year is a considerable length of time at the start of a new venture. When I left the entrepreneurs, three of them had decided to abandon their creation attempts, and one had launched the idea to customers. The actual time spent with the four entrepreneurs varied, 11 months with Jonas, 17 months with Eric, 6 months with Nina and 12 months with Susanne. As depicted in Figure 3-1, the time following each entrepreneur was sufficient to capture a number of instances of perceived resistance, as well as seeing them through either termination or launch. In retrospect one can thus conclude that the estimates

discussed above concerning time until termination or first sale were accurate.

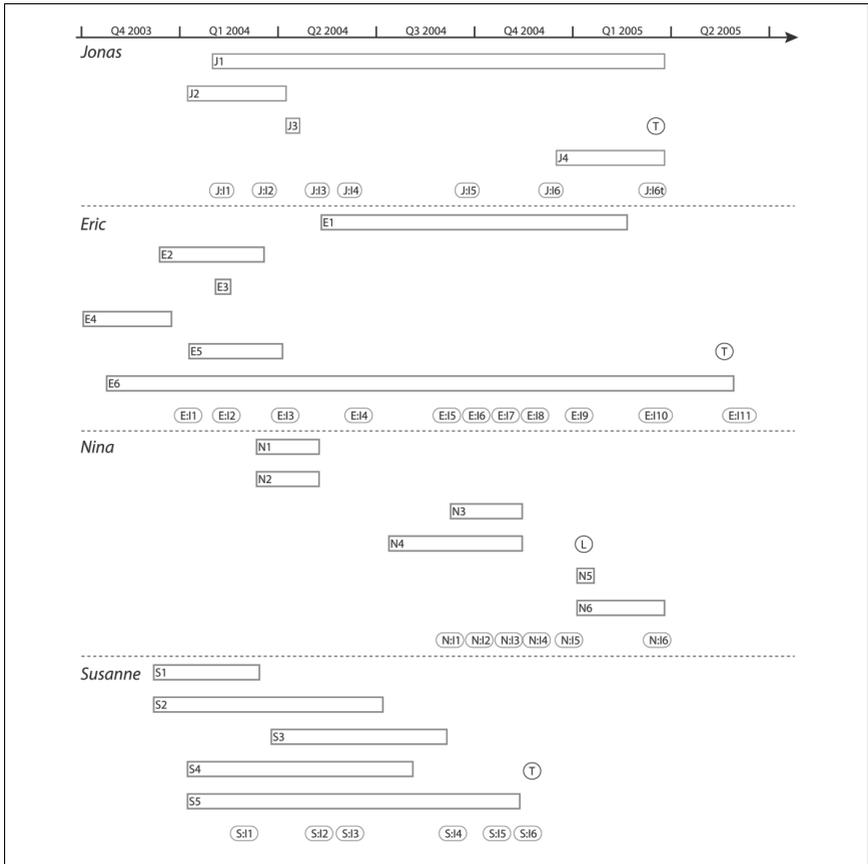


Figure 3-1: Pacing of interviews and observed perceived resistance³²

³² The labels in Figure 3-1 indicate: J1, E1, N1, S1 and so forth – instances of perceived resistance and their times of unfolding (for complete descriptions see Appendix E), J:11, E:11 and so forth – face-to-face interviews, J16t – phone interview, T – termination, L – launch.

With the extended period of time interacting with the entrepreneurs under study, managing the interviewer-interviewee interaction was important. I wanted to keep a detached approach while at the same time being present. In retrospect it is evident that despite being aware of this issue, a study of this magnitude likely affects the studied and thus also affects the outcome of the interviews. To metaphorically use the Heisenberg effect, this would mean that a researcher interacts with the object of study, thus altering the nature of what is being studied (Vinten, 1994). On the other hand, the flip side of this would then be the Hawthorne effect, stating that a known research focus on for example work activity may lead to higher levels of work productivity (Reynolds et al., 2004). Thus, I concur with what is a concern in most social science research - that the relation interviewer/interviewee influences what is being studied. The extent of this influence and its implications are however difficult to judge. To deal with this I made an effort to be as rigorous as possible in both design and description of study. This approach is aimed to offer the reader a chance to judge the work for what it is.

3.2 Conducting the study

Each case began with a longer interview of 1½-2½ hours with each entrepreneur. During this interview, focus was on the idea itself, how it worked, the aim with it, how it started and when, and critical experiences thus far. This first interview gave a process description up until the time of the interview and served as a springboard for the following interviews and the forming of an understanding of the case. During the interview, I encouraged the entrepreneurs to elaborate and describe their processes thoroughly. The questions focused primarily on interactions with stakeholders, from family, to friends, partners and others.

After the first interview the subsequent interviews lasted between 50 minutes and 2 hours and as mentioned earlier, occurred every six to eight weeks except for a more extended break over summer. Their aim was to understand the nature of relationships, deemed necessary in order to understand social and organisational behaviour, embedded in the relationships (Granovetter, 1985). To understand the novice entrepreneurs' perceptions of and responses to resistance, the focus of the interviews needed to be posited in a broader perspective of relationship-building. It has been shown that entrepreneurs start from informal networks of friends, peers and associates, and from that generate more formal relations (Birley, 1985; Larson & Starr, 1993). Following how this evolved revealed critical stakeholders, critical incidents and how those unfolded concerning issues such as trust, reliance and credibility. As is evident from Figure 3-1, some of the observed instances occurred before the first interview. These were described by the entrepreneurs during the first interview, and in addition to this the entrepreneurs spontaneously returned to them in subsequent interviews. With the open-ended structure of the interviews, it was the entrepreneurs' repeated concern about those instances that led me to include them in the list of observed instances of resistance.

The interview foci was thematic and directed at how the entrepreneurs built their ventures and the role of their relationships in this, who the critical stakeholders were, how those stakeholders' responses to their ventures were perceived, how they perceived the development of their ventures, how they viewed their own choices and what their own actions were in the face of perceived resistance (see Appendix B).

After each interview I summarised it into an abstract covering the main issues discussed. At the following interview this helped in reminding the interviewee about "where we were last time", and to make sure that issues covered and discussed earlier were followed up.

The interviews were recorded and transcribed in their entirety resulting in approximately 600 A4 pages.

In addition to interviews I also suggested to the entrepreneurs that I would like to do participant observation as well as interviews with some key stakeholders. Originally the entrepreneurs were positive to this, but as their work unfolded they became more hesitant to having someone with them during sensitive meetings with key stakeholders. Similarly they were hesitant about having someone talk to key stakeholders about issues concerning their creation attempts as they took place. The entrepreneurs being at very early stages and lacking previous experience of entrepreneurship were concerned about disturbing their relationships with stakeholders through the involvement of me as a researcher. This was not taken as distrust in me as a researcher, as trust was expressed in the openness they showed during interviews. I instead interpreted it as an expression of uncertainty about how their venture ideas were being realised and that bringing me as an observer could be an additional risk to this realisation.

3.2.1 Feedback from entrepreneurs

The completed cases were sent to each entrepreneur for comments. The aim with this procedure was to help assure that my interpretation of the material was something that the entrepreneurs could agree with (Guba & Lincoln, 1989). None of the entrepreneurs required any changes to be made to the cases.

3.3 Analysing the empirical material

In the analysis of the empirical material I used both within-case and across-case methods (Miles & Huberman, 1994). To improve the means of analysing the large amount of empirical data comprising this

study I saw it as key issues to be rigorous as well as to be able to easily work with the data. The software NVIVO³³, which is specifically developed to explore and analyse qualitative data, offered the means I sought. Through NVIVO one can code data by building nodes for certain themes, events or actors. These nodes can then be used to explore patterns and build models. They can also be given specific attributes which can in turn be used to explore other dimensions and connections within the data. As I describe in this section, these tools for coding, sorting and analysing were a key part of this study.

The analysis of the empirical material began as I started the interviews. After each interview I made notes of what could be potential instances of perceived resistance and aspects related to it (see Appendix D for an overview of how the empirical study evolved). The theoretical model served to deepen my understanding of the phenomenon, as an outline for the analysis and a starting point when approaching the empirical material. With the early theoretical focus, the study began in a deductive fashion. As it progressed however it became more and more inductive as I gathered empirical material and began the analysis. Eventually this resulted in the inductively derived model of perceived resistance that is presented in section 5.3.

After transcribing each interview I imported it into NVIVO, keeping separate files for each entrepreneur to separate the cases and the coded nodes. Simultaneously as I gathered the empirical material I studied the transcribed interviews and developed codes to tag themes and statements of interest. Codes were a reflection of both the themes used in the interviews, and of the patterns that emerged during the course of the study. The codes I developed in this way were:

- All stakeholders

³³ For more information about NVIVO, see <http://www.qsrinternational.com>

- Deliberations about the development of the firm, like funding and growth
- Issues regarding patenting
- Discussions specifically concerning the venture idea, like market potential and business plan
- Entrepreneurial circumstances/characteristics, like beliefs in self or about others or feelings about being an entrepreneur
- Perceived resistance

The first four are the theme-based codes, while the last two are the pattern-based codes. The manner in which this is done in NVIVO is that all passages in the transcribed text discussing for example a certain supplier of an entrepreneur is marked and in that way made into a node with the name of that supplier. Thus it is possible to open that specific node and have all the information about that supplier gathered in one place.

Coding the material was an iterative process and I went over the material several times adding new nodes. In some instances this led to certain passages having more than five nodes overlapping such as multiple stakeholders, different entrepreneurial circumstances and/or characteristics, and perceived resistance.

Next I focused on each of the nodes I had created, specifically the stakeholder nodes and their relationship with the entrepreneurs. I used Froomean's dimensions of relationships (1999) to characterise them and give attributes to each. This revealed the entrepreneurs' degree of dependency on each stakeholder.

To make sense of the coded material, I did what Miles and Huberman call displaying the data (1994) by sorting it according to three questions: (1) what were the key events and decisions in each case; (2) how and (3) why did they come about. In addition to this method of making sense of the material I also contextualised the data in graphic form in order to increase understanding of the material as a whole. The

way I did this was to build maps and matrixes which helped me grasp the big picture and how things related in the cases (Maxwell, 1996) (see Appendix C for an example of a venture creation map of one of the cases).

When the empirical gathering was finished and all transcribed interviews were coded I returned to the node for perceived resistance in each case which consisted of passages of transcribed interviews concerning resistance in one way another. This node made little sense as a whole as it contained all the material of perceived resistance in each case. I now recoded it in order to separate it into individual instances of perceived resistance. One tool for sorting the resistance nodes was the attributes for stakeholder nodes that I earlier created. This helped me understand how the dependency of the entrepreneurs influenced their perceptions of the situations. Other tools I used were the maps and matrixes I had built. In this way 55 preliminary instances of perceived resistance from all four cases were found.

With all these nodes for perceived resistance I now compared all of them where I again returned to the attributes of nodes contained within as well as which nodes that they were contained within. I sorted them and categorised them accordingly in order to reveal patterns between them. I also merged some earlier nodes into one, and removed some that I had earlier created. What I ended up with were stepwise lists of how each instance played out (see Appendix E).

Next I began sorting the instances into patterns, narrowing the node labels to reflect patterns. To gain an overview of the cases I then built longitudinal models displaying the resistance nodes.

At this stage I could write drafts of the cases as they are presented in the next chapter. These drafts were sent to the entrepreneurs for feedback and then rewritten. By using the written cases and the resistance nodes I now visualised each instance of perceived resistance using the theoretical model (see Appendix E).

Finally with all of this material in place I could move from an overview mode of studying the data through the case descriptions and the venture creation maps, to a detailed one of every single step in each instance of perceived resistance, and for each step I could also easily access the underlying data through the nodes. Using these parts that I developed with the aid of NVIVO I could analyse the empirical material. The analysis took the resistance patterns and viewed them from the different perspectives offered by the theoretical model. To exemplify, when taking the perspective of why a potentially goal disruptive event or process is perceived as resistance, I put all the instances of perceived resistance from all the cases next to each other and sorted them into groups of ever larger categories until I could not take it any further. Next I focused on the key aspects of the categories I had sorted the instances into, specifically what they meant, and what dynamic that was involved in creating them. This formed the basis for the analysis presented in section 5.1.3.

During the work with the empirical material and the analysis I also wrote a number of papers to develop my analysis in writing and also share and receive feedback from other researchers. The first was a conference paper accepted for the Babson Kaufmann Conference in 2005 which presented and discussed the concept of perceived resistance³⁴. The second was a conference paper presented at the Academy of Management in Philadelphia, 2007, which discussed the implications of energetic resources in new venture creation (Landberg, 2007), and the third was a book chapter outlining perceived resistance and the importance of taking entrepreneurs' energetic resources into account (Landberg, Forthcoming).

³⁴ Unfortunately I could not participate and present my paper at the conference due to personal reasons.

3.4 Quality of the study

Given the research design, the quality of the study is the final piece to consider. Primarily, the issues of importance for quality are to ensure that what is meant to study is actually studied, and that the empirical phenomenon is explored without adding issues not observed. Three main types of understanding influence this: description, interpretation, and theory (Maxwell, 1996).

In order to ensure a representative description of the empirical material I recorded all the interviews, and then transcribed them all.

To attend to the issue of interpretation – that the study takes account of the perspective of the people studied, and the meanings they attach to what they say – I focused on a number of things. We all have our own views and thoughts about the empirical context which we study. All through the study I made an effort to be aware of my own frame of view, tried to be attentive to the entrepreneurs’ meanings, and to make sure to ask open-ended questions. Another strategy that helps in this sense, and which I have used has been to discuss findings with the observed entrepreneurs. I did this by asking for feedback on both data and conclusions from the people I study (as suggested by Guba et al., 1989).

Understanding a phenomenon is at the core of doing qualitative research. A key issue in developing this understanding is ensuring that discrepant data is taken into account and that alternative explanations are considered. When working with data, it is easy to become blind to these issues. This is also closely related to the issue of validity, which in qualitative research is used to refer to “the correctness or credibility of a description, conclusion, explanation, interpretation, or other sort of account.” (Maxwell, 1996). The manner in which I have dealt with this has been to write conference papers presenting preliminary data and analyses in order to get feedback on the issues Maxwell points out. I also continuously asked colleagues at the Stockholm School of Economics for

feedback on methods, models, concepts, theories and analyses. In addition I presented my findings in teaching situations to undergraduate students at the Stockholm School of Economics and in seminars to entrepreneurs and actors somehow involved in supporting the start-up process. This helped me question and develop my own view of the data, and to stay open to alternative explanations.

A guiding principle in the process of carrying out this research has been to focus on the performative criteria. With this the text itself is not the focus, instead it is the readers' responses to whether they deem the work as being *useful*, and primarily *edifying*. A text perceived as edifying is one that helps to take us out of our old selves and aid us in becoming new beings (Czarniawska, 1998). From the perspective of my research I interpret this in a way that I provide an account that is deemed useful and edifying – that the contributions of this study bring our understanding of the start-up process forward in a way that readers find useful.

4 Perceived resistance to new venture creation – four cases

These are the four cases written into stories that follow the instances of perceived resistance of each. Specific effort has been put in towards making them complete in the sense that they offer the reader a basis to judge the analysis and conclusions made from them. As a reading guide, Figure 3-1 offers a time-line which depicts the observed instances of perceived resistance as they occur and come to a conclusion. In addition, Appendix E contains a set of tables of all these instances of perceived resistance.

4.1 Brokering mobile tunes via the Internet

Jonas is a lecturer at a technical college in Stockholm, in many of his courses, students carry out assignments of varying length and difficulty. As a part of what his department could offer students, he nurtures an idea where students can develop their own venture ideas as a part of course assignments. In the middle of 2003 Jonas comes up with an idea of his own – a service which would offer anyone with a mobile phone to produce and sell ring signals for mobile phones over the Internet.

Before thinking about how to start his venture idea in any more detail, he talks to a colleague who is an expert at programming Java which is the language of choice for the application. The reason for this is that Jonas wants to have an indication to whether the idea is at all possible to realise. The colleague is impressed with the idea and even

comes with some thoughts about how to realise the idea into a concrete service.

The opportunity to launch the idea comes in the autumn of 2003 when a group of five students are interested to work on the idea as a part of their course assignments. Before actually beginning to work with the students though, Jonas talks to the head of the department to make sure that it does not violate department policy. The response is positive, even to the point where entrepreneurial initiatives are encouraged within the department and as parts of courses. Discussions at department level are initiated to try and set some sort of framework for how such initiatives can be encouraged and supported.

For Jonas the set up works perfectly as he acts as the tutor and teacher for the project at the same time as he is the lead person in the venture idea. This way he feels that he can legitimately spend a number of work hours per week on the venture idea, it is even expected of him to do so and he is paid for it.

During autumn Jonas also participates in a start-up course where he develops a business plan and learns the basic first steps of starting a venture. He manages to combine this with his work so that he does not have to spend any less time with his family. At the same time the students begin developing the service, but the time they spend on it depends on the amount of hours allocated towards the assignment per week. During autumn this allocation is low so work is directed at developing basic paper work so that programming can begin in spring. In addition to preparing for programming, Jonas also carries out a technical overview of the idea to see whether it is patentable or not. This is not positive from his perspective as there are already a number of patent applications in areas overlapping with his idea. But although it might not be patentable, the market in Sweden is not restricted to them and they can continue developing the service as they had planned.

The development runs smoothly, but slowly, and Jonas does not feel that he can put any more time into it than he already does.

A case of structure

In spring the student begin programming and by the time that the course assignment ends in March 2004 they present a prototype of the service. This is well ahead of plan as they originally aimed at having a completed prototype by autumn 2004. As the course ends and the students present their assignments, their involvement in the venture idea is discussed and all of them want to continue as they believe in the viability of the idea.

Unfortunately as soon as the course assignment ends, Jonas loses the computer that has been allocated to the students as it was only theirs to use during the course. He talks to the university's lawyers to see if they can continue using them despite the course ending, but they respond that *"it is obvious, you cannot do that"*. Jonas is offered the possibility to formulate the problem in a letter and hand it to the lawyers to look at. He hesitates whether it is any point though as they explained to him that it is an issue of government institutions and the possibility of running commercial activity. Giving up his attempts to keep the equipment, they now have nowhere to sit and no computer to work on.

Trying to find a solution Jonas talks to pre-incubators at his school and also the organisation responsible for the start-up course that he participated in, but none of them can offer any help. This is not completely in vain though as the school's pre-incubator supplies a business coach to the two students involved in the venture through their thesis.

To continue working Jonas manages to find a room at his institution where they can bring computers from home to work from. Jonas is not satisfied with this though as it limits their work not having proper equipment. Instead he contacts computer distributors to try and

get sponsoring. To improve the credibility of the venture idea Jonas stresses that the pre-incubator of the school supports it and that they have a business coach appointed from there. After some searching he manages to work out a deal where they borrow computers over a period of two months.³⁵

Having everything in place they decide to run live tests and ask the people who take care of the institution's IT environment to help them set it up. Contrary to doing so, they respond that *"no, you can't run commercially from here, you can't do that"*. As long as it was a student project without a specific domain name, they had no objections, but as soon as that ended and it became a wholly commercial project still on the school's premises they reacted.

In order to deal with this, Jonas again contacts the university's lawyers. To his relief they have no objections to using the university's server to run commercial web sites. They say *"it sounds okay"* and promises to get back to him when they have looked in to it in more detail. Jonas says that as long as they do not get back to him, he continues with the site as if everything is fine.

The key issue in order to continue using the university's premises and server is that the students programming the service still do so within the framework of a course. To fulfil this, the student and Jonas agree that he should wait with giving them their final grades for the course until the service is ready to go public.

Wanting to keep costs at a minimum, Jonas looks for mobile phone operators that can be used for the SMS pay service that they need. The problem is that they all have high starting costs, and that cost would become their largest cost and entirely impossible for the venture to bear during beta testing. Thus, again it seems impossible for them to even

³⁵ When the two months are up Jonas manages to extend their borrowing over summer after which he himself buys a server.

begin testing. Jonas has no other way than using an operator and so he tries to negotiate a deal to do away with the fixed cost. One operator is indeed willing to make a deal, but in return for removing the fixed cost they demand 50 percent of the income of sold ring signals. Jonas has no other option and agrees to their terms.

Finally in May 2004 everything is in place to be able to start beta tests of the prototype.

Reaching out, or not

In spring 2004 as the students work on the prototype, Jonas begins looking for people who can test it and finds them in students who study digital media. At the same time he thinks about marketing, which channels to market the service through. The ideal places for this are large chat sites but he is unsure of how to best get in contact with them. To begin somewhere he talks to the business advisor of the students involved in the venture. Luckily he has connections with the largest Swedish chat site and Jonas asks for his help to contact them.

However as they talk about it contacting the chat site, Jonas begins to worry that the possibility of marketing might be off-set by the risk that such a large actor steals his idea. Together with his programmers, Jonas has spent a considerable amount of time developing the service, but for a large actor with vast resources such a feat is small if it really wants to copy it. With this in mind Jonas rethinks his strategy and decides not to approach them for fear of losing his idea, at least not at this moment.

Instead of contacting the chat site, Jonas is now a little worried that if the idea makes waves, someone with resources could copy and steal it. He tries to figure out how he should relate to this threat, but cannot see anything he can do at this moment, so he lets it go for now.

Finding beta testers is a more pressing issue at this stage but Jonas has difficulties finding them. The only contacts he is able to make are

with the digital media students and with a class of high school students making digital music. However only two actually log on and upload music before the summer begins. Jonas says that the low number of beta testers is an issue of focus that has had a low priority until now, and that this will change by autumn.

Time – a critical resource in short supply

Until the end of spring 2004 Jonas puts in approximately half a day per week at work developing the idea. This is the time allocated for working with the student project within which he has included his venture. However this possibility ends by summer and in autumn he will also partly be on paternity leave. In spring he says about the time and effort he puts in now and will be able to put in by autumn that *“I try not to think about it. It will be difficult. Somehow it would be good if I failed, but of course I will continue working on it with the aim of succeeding, in some way I have to go for it”*.

As autumn comes, it turns out as he fears. He now only spends one day per week at work and the rest at home on paternity leave. Under these circumstances he puts in *“maybe one hour per week”* on his venture. He even sees the day he spends at work every week as a rest-day compared with being at home with his child.

Even though he is not able to put in much time into the venture, he does not feel stressed. His stress levels even drop compared with spring as there is less immediate work that needs to be done with the project. The service is up and running and *“can sit idly for a long time without problems”*. He is not worried about the actual service as it is developed to a point where it works.

At the same time as his available time has decreased, the project has entered a new phase and he begins reaching out to people to find users who can test the service, it is *“the big thing now that we should put a lot of effort into, recruiting testers”*. To do this successfully he again feels

that he should spend more time on it than he does. He tries to squeeze in time where he can, but with his family and work situation he does not see that he has much leeway at all. Jonas prioritises his family before the venture, and as he has little time at work he must use it to fulfil his commitments. Towards the end of September he says that *"I will contact high school classes [to find beta testers], but the question is when. Not this week. The question is if it will be next week or the week after."* So beta testers remain few, some from outside the venture team and some from within the team. Jonas is not overly concerned with this and believes that they can still develop a robust platform.

When autumn turns into winter the venture enters another stage with a focus on marketing the service and getting users to notice it. For this he sees a number of tasks that he must carry out, and so his stress levels again increase. Jonas can only put in the same amount of time that he did earlier in autumn and he feels that it is not enough. He worries about the pace at which things are running, he feels it is too slow *"it is about time and opportunity, time is an article in short supply"*.

Finding a market

Within the confines of his available time Jonas markets the service the best he can. In November 2004 he says that *"most things concerning the venture depend on me right now. It is what I do that... it is about marketing this service and it has come about slower than usual."* The high school approach he initially chose turns out to be too slow. Instead he finds a web site for music groups without a record label, a site where they market themselves.

He sees this as a new opportunity where they can sell their own songs through his service. The problem now is that he is only allowed to sell ring signals 30-45 seconds long because of legal rights. With this restriction he cannot seize this opportunity, to sell entire songs, so to find out about the situation he contacts the organisation responsible for music rights. They say that the difference between songs and ring signals is

about to be removed, making it possible for them to shift their strategy to also include songs.

There are hundreds of bands registered on the site and he contacts as many as possible, but time restricts how fast he can work and how many he can all and get feedback from.

Jonas feels that they must have enough songs on the site to attract potential buyers – they must reach a critical mass. This however is not the case at the moment as they only have one band that has uploaded songs, but it is something he works towards.

Returning to the issue of time Jonas says that *“the problem is time. I have the energy and the motivation. The problem is that it competes with other projects that I am involved in. But it feels like I can handle it through focused and temporary efforts.”*

Abandoning the old business model

After a few months the list of people who upload music increases and with this Jonas and his team realises that their original business model will never work. The reason for this is that it depends on downloading the music to mobile phones. The downloading cost of a 4 MB song ends up being eight times as high as the cost of purchasing the song. The seller of the song and the venture make approximately a quarter each of what is paid for the song. Thus the only winners are the mobile phone operators.

The music uploaded on the site consists mostly of complete songs by the bands that Jonas contacted. Those bands are interested in marketing and distributing their songs. With this in mind, Jonas decides to abandon the idea of downloading ring signals and instead focus on selling music that uses the Internet to download to computers. In this way, paying for downloaded music also becomes easier as there is no longer any need to go through a mobile phone operator.

This also means that the service must be reprogrammed and tested towards the new goal. Meanwhile the students who earlier worked at the prototype as a part of their course assignments now either take other courses or have graduated and work full-time. Earlier Jonas was the bottleneck regarding time, now it is both him and the programmers, no one has time and everything has to be done in the evenings or weekends. Jonas says that *“everyone are interested [in developing the service], but no one has any time.”*

Jonas ponders pushing the programmers to quickly develop the new prototype, but he worries that if he does they might pull out. He cannot do the job himself and they are moving into other projects or jobs, so even though the new path forward with the new strategy is promising, the pace of development risks being too slow. The bands that have already uploaded their music on the site want to see some development and if nothing happens, they will likely give up and go somewhere else.

What is the outcome?

Jonas does not put in any more effort into his venture idea, and as the students graduate and leave the school, no one is left to work on it.

4.2 Live soccer matches via low bandwidth

The idea and opportunities to realise it

Being an ardent soccer fan, Eric is annoyed each time he misses a match with his favourite team, especially if he is away from a TV. He begins thinking about if this could somehow be dealt with, if one could watch soccer games live on low bandwidth cell phones. In the spring of 2003 he becomes unemployed and decides to use his time to try and realize his idea, so he starts developing a service broadcasting real

movements of the ball while simulating players' movements using low bandwidth.

Before losing his job, Eric worked as a project manager and not being employed anymore makes him realise how much of his identity is influenced by what he does. He feels uncomfortable for not having a job, not contributing and not being appreciated for his skills. So his new venture is something he fills this with, something he can *"talk about at parties"*. He wants to do something productive and his venture is that which gives him meaning.

At the same time, family is important to Eric. *"I like to picture myself as a modern and equality minded family man. I want to see myself as taking responsibility at home, being equal with my wife and taking responsibility for the children. Knowing which pants belong to Philip and which belong to Peter."*

With his first child, he had a job to go to and structured hours, which meant that when he was home he could be with his son. Now that he is home working on realising his venture idea, his situation is different. Being home and unemployed, he and his wife decide that their youngest son should be home with him. This however conflicts with his focus on his idea. The stress he feels from being unemployed and the pressure he puts on himself to develop his idea means that he focuses less on his son and more on his project. This in turn confuses his self-image of being an equal at home and caring for his children.

Taking the next step

His first steps are to develop the service, sitting at home and spending long hours of programming. However he feels that he needs to know what other people think about his idea, is it something soccer fans would want. In order to do a market survey he contacts some friends who run a website where fans can follow their teams in soccer and ice

hockey. They agree to help him and in early autumn 2003 he does a market survey which is distributed through a questionnaire on their site.

The questionnaire indicates that his idea is a service that many fans would want to have access to. Spurred on by the strong support Eric continues to work on the programming to build his idea as he envisions it to work. The questionnaire also attracts two people who want to join him in his endeavours. One of them, Martin, engages in the idea on equal terms with Eric who comes to see him as a partner, albeit not an equal as Eric feels that he still has the final word in decisions. To show good faith Eric promises him a share in the venture when they register the firm. The other person has studied computer programming, and as Eric wants to focus on other things than only programming he is taken in as the lead programmer.

Eric has a background in engineering and project management and is comfortable with the technical parts of developing the idea. When it comes to issues like financing, business plan and such he is less confident. To learn more of how to realise his venture idea he signs up for a start-up course which runs from the autumn of 2003 until the beginning of 2004. Martin also joins him as a co-participant on the course.

Taking the course, Eric hears again and again that a business plan is something one must have. During the course, all participants write one and as an examination they are expected to do a presentation of their venture ideas with the business plan as the basis. The problem is that when sitting down to write one, Eric cannot gather the information he thinks he must have. He does not feel that he has the skills needed to write one, to do a market analysis and such. He begins pondering if he should have a business person involved in the venture who can take care of things like this.

During the start-up course participants are also encouraged to sign up for a business plan competition. As all participants in the competition receive feedback, Eric thinks that it would be a good idea to

take the opportunity and participate. He wants suggestions for improvement on his idea and his business plan, and he also hopes for the off chance of finding funding for the development of the idea. Thus he decides to participate in the competition starting at the beginning of 2004.

Entering a competition means that he opens up to criticism, but this does not worry him, on the contrary he sees it as a necessity to develop the idea. The criticism that he has earlier received never angered or offended him, but by participating in the business plan competition he experiences a different kind of criticism. The feedback he receives in the business plan competition is the opposite of being constructive. The members of the jury who evaluates his venture idea come with comments such as *"this will never work!"* and *"how do you think you can compete with television, I do not understand this, you have got it wrong"*. Eric is deeply disappointed and regrets participating in the competition. He does not think that the people who evaluated his idea even read his business plan. Instead of talking out of knowledge of the market, they seem to talk from some gut feeling. In this way he perceives the feedback he receives as *"totally destructive"*.

Summing up his participation he describes the business plan competition as having the effect of *"pouring cold water over entrepreneurs on fire"*. He never got any suggestions for improvement, only comments like *"this is really bad"*. In order to keep himself motivated and his spirits up concerning his venture idea, he directs his anger at the organisers.

New venture versus employment

When he became unemployed, Eric immediately began applying for new jobs, but as the economy was in the middle of a recession at that time, finding a job turned out to be a difficult feat. Thus his new venture received more and more of his attention. As autumn comes Eric feels that he should quit sending out applications and instead focus entirely on his idea. His feelings are *"chaotic"* and he is unsure of what to do. He

ponders his options saying *“I give up looking for jobs and try to live on this [his venture idea]”*.

His wife reacts to this with nervousness and tells him that *“you have to contribute to the household; you have to have a salary”*. Eric takes this as her scepticism to his venture idea. When he gets carried away and wants to realise it at all costs, she doubts it. Eric tries to convince her that the venture has the potential to offer a solid financial situation, but she is still sceptical.

Thus Eric feels that he must have a paying job in order to contribute to his family, as the solid base. So he continues applying for jobs and eventually lands one in October 2003. His wife is still unsure of his intentions and continuously expresses her worry that *“you won’t quit your job, will you!”* Eric reflects on this, that she accepted it as long as it did not interfere with the family situation and that it all changed when he began voicing that he would like to drop everything else and only work on his venture idea.

Even though he was hesitant to continue applying for jobs, when gets a new job he is *“ridiculously grateful”* to his new employer and says that getting the job is one of the greatest kicks of his life as he again feels a certain level of self-worth. He even feels in some kind of debt to his employer for hiring him at a time when he was vulnerable. He has what he calls irrational feelings towards his employer – he is so thankful to them for being kind to him that he can endure many problems and still be happy. And so he does as his employer forbids employees to have job on the side, or their own companies, and even wants that in the contract. Eric agrees to this restriction, but he does not abide to it. In the end it is his venture idea which makes his heart pound and that which he wants to put effort into.

So in order to work on his venture he sneaks away to meetings and to the start-up course. However when he sneaks away he still feels guilty towards his employer and his colleagues. He explains his view of his employment in relation to his venture by saying that working on this

venture *“feels like being unfaithful... employment is the stable relationship, that which one build upon, the accepted, while the venture is a fleet footed mistress whom you sneak around with”*.

New venture versus family

From the start of his venture creation attempts, Eric feels an inner conflict between time spent with his family and time focused on the venture. Initially it is his youngest son who is at home with him when he is unemployed who he feels does not get the same attention as his first son's early years.

Eric views his venture idea in relation to his family as *“the battle for the venture against those we share our lives with”*. With the venture idea as his life project, the battle arises as his wife's life project is their family. He thinks that in her dream world, Eric can let go of the idea and instead focus on her project. He says that she thinks his idea is fun, but also equally difficult and inconvenient for her and their life together. When he is unemployed and begins his creation attempts, this is no big issue. But as his wife's concern with his thoughts about not looking for a job showed, it becomes an issue when his creation attempts infringes on what Eric believes is her vision for the family.

Describing himself as a responsible father and an equal with his wife he is torn regarding this. He *“likes”* her vision also, but cannot give up on his idea. Time is an important aspect to Eric, and something that he has plenty of as long as he is unemployed. As soon as he lands his new job in the autumn of 2003, everything changes. Eric now feels that time is not sufficient to fulfil his commitments to employment, venture and family.

Eric squeezes in time towards his venture where he can. Getting the new job, his wife wants to support him in by picking their sons up from kindergarten so that he could show his commitment to work. Instead of spending time at work, he uses this time to attend the start-up

course. When the course ends his wife tells him that *“now that this start-up course is finished maybe you could pick up the boys from kindergarten sometimes. We did say when you started working last autumn that you wouldn’t pick up the boys so that you could show that you work well. But in actuality you have left early to go to the start-up course. So actually you have been able to pick them up all along. Now you will start picking them up.”* In other instances she points out that he spends too much time in front of his computer at night, working on his venture while the boys watch television. Eric wants to have a relationship built on equality, and this gives him a bad conscience. He ponders what to do and considers limiting the time he spends at his idea.

Later in spring 2004 he and his wife decide to renovate their house in the suburbs of Stockholm. This new project takes a further toll on his venture creation efforts, both time- and money-wise. He says that it would be *“difficult if the renovation project would be pitted against his venture”*. Then he could never motivate why he would take of his money and put it into the venture which his wife does not believe in, instead of putting it towards renovating their house.

At this time Eric expresses that *“I cannot put in less time in this [the venture] and still keep some kind of control and initiative. I would rather only work with this, that is for certain, but I get less and less time for it. The demands from my job and my family increase all the time, especially my job.”*

The needs of the venture

Eric thinks that in order to develop the idea to where he wants it to go, he needs funding. The key issue for funding is programming where he needs both programmers and hardware. However he is hesitant to bringing in investors at all. He compares bringing in investors with bringing in his wife into the project. With investors he risks losing absolute control over the development of his idea. With his wife he would take what he calls *“soft risks”* if he were to ask her to put time into

the venture. This risk arises as he puts himself in debt to her. Such a debt would alter the equality of their relationship.³⁶

Hesitant or not, Eric decides to talk to some people and see what his chances are to acquire funding. At the beginning of 2004 he makes contact with people in the venture capital industry, using already established contacts with leads into the industry. At his first meeting he ends up in a discussion of the requirements he has to consider before approaching a venture capitalist. He is told that he must have a solid business plan which includes among other things a market survey.

The requirements for venture capital are more than he believes he can live up to. Eric ceases his plans to look for external investors and instead decides to fund his venture on his own through loans from family, friends and possibly banks.

There are some people close to Eric with means that could be invested in his idea, but he wants to wait as long as possible before asking them. As they have just started renovating their house which they have borrowed money towards, taking an additional loan from banks to fund his venture idea feels like a closed door also.

As an unsolved issue, funding continues to be a problem. Eric says in spring 2004, *"I ponder it all the time 'darn, should I go to the government funding agency or something and try to get funding'"*. The thing that stops him from this is what calls his lack of competence, drive and ability concerning funding issues. When he forces himself to work with the business plan he states that he does not *"have the stamina to sit down and write the business plan. In the best of scenarios I get stuck in front of a spreadsheet in Excel, counting millions in expected turnover, and the hours pass without getting a second closer to... well finishing the business plan."*

³⁶ He describes their relationship as really good and he does not want to risk an alteration of this kind. He extends this soft risk to all his friends.

When he talks about funding and the need for a business plan Eric begins talking in staccato *"it is hard to do a marketing analysis for the venture... in a business plan it must show that we have a clear grasp of the situation... that we have checked what the market wants... there should not be any question marks... it should be like fill in the blanks and give us the money... but our plan... it is like lame... a little bit lie 'this is nice'"*. He leaves the issue of a business plan as an unresolved issue and instead works with the little saved capital he has.

Eric prefers to work with people with whom he has no previous history. The main reason for this is that he worries that if he works with his friends, he risks the relationships. Risking relationships is something that he worries about; he fears that if he involves his friends, things could go wrong. His fears open up to pressures to separate his friends and primarily family from his venture development attempts. As his wife is a patent engineer with many years in the industry and he in need of a patent engineer this makes him pause. She refers a friend of hers to him and he talks to this person, but does not involve him any deeper as he feels that it might affect his relationship with his wife.

Beta testing

After giving up plans on attracting external funding, the main foci during spring are to develop the service and to gain access to soccer games in order to run live tests. So far Eric has not registered any type of firm, but in order to be able to pay the programmer he is forced to register a non-limited company where he can use his private means to pay him. The computer programmer is now a key person to the development of the venture idea and Eric also promises him a share in the future limited company given that he completes his tasks according to schedule.

To gain access to soccer games and run tests, Eric finds the firm that distributes broadcasting rights on the Swedish market through a series of people starting with a long time friend. At the first meeting with

the director of this firm, the executives of two large cable and satellite pay-TV providers are also present. Eric assumes that they are there as he could be a potential competitor to them and the broadcasting firm relies on them for profit, they are in other words there to protect their interests. The meeting turns out to Eric's advantage and again his affiliation with his friends' internet site is an important aspect to show that he means business and is trustworthy. The meeting results in him getting what he wants, a promise to run tests during the full season of the Swedish Premier League. However, when he receives written confirmation it is only the first half of the league that is confirmed. Not to risk upsetting anyone and maybe lose the permission completely Eric accepts this, thinking that it will be easy to prolong it into the second half.

They start testing, and all three of them, Eric, Martin and the programmer engage in the work. There are some glitches but they work them out, and Eric is happy to see that it works as he had envisioned. Towards May 2004 he begins making plans for how to market the service, seeing beyond Sweden and thinking about the big European teams. In Sweden he thinks that the association responsible for soccer is likely to be a key actor, but so far he has not been in contact with them.

At this time when he begins to see how and when the idea can be realised, all changes in an instant when Eric at the end of May 2004 receives an email from the director of the firm responsible for broadcasting rights. The email is a forward of a mail he received from the lawyer at the association of Swedish soccer and it basically orders the broadcasting firm to terminate Eric's rights to test his service at the Swedish Premier League games, effective immediately. Eric *"feels like a bucket of cold water poured over my head"*. He assumes that the reason for termination is his affiliation with the Internet site owned by his friends which until then had been a key for credibility, advice and contacts. The site cooperates with foreign Internet betting firms aspiring to enter the Swedish market which is controlled by a Swedish monopoly, which in

turn is the soccer association's largest sponsor. He never connected this before, but now in retrospect says that it is all clear.

As soon as he receives the email Eric calls the lawyer to ask why. The lawyer seems prepared for his call, expecting it. Eric finds out that his assumption of why it happened is correct. He asks *"we [referring to his affiliation with the Internet site owned by his friends] have a very informal partnership, there is no ownership and no money involved, we can get rid of this burden today. Am I right if I say that if we do this we can get back to you in the future?"* and the lawyer responds *"I think you should get back to us in autumn. We encourage this kind of projects."* Eric is willing to give up his connection with his friends *"it is worth to break completely with the Internet site; we can do that and still stay friends"*.

Eric is happy that he made the phone call, if he had not done so he thinks he could have terminated the project as it would have been futile without a chance to test and develop the service. The phone call instead turns it to something positive, he sees a new opening, *"you have to stand up and speak and not take a 'no' for an answer, even a 'no' can be turned into a yes in some other direction"*. Now this could be a door into the soccer association.

Earlier during spring Eric has had problems motivating himself to continue and he puts the blame for this towards not being forced to work directly with programming anymore. This is both good and bad, the computer programmer is much better at what he does than himself, but he misses the long nights programming when he felt that he *"did something"*. However when they are blocked from testing their service on the Swedish Premier League, he again feels that his enthusiasm for the venture soars. He has something important to do. The problem is that as his enthusiasm goes up, so does his workload and then he immediately feels the conflict when trying to make enough time for the venture in pockets in his other commitments.

A new start

Without the opportunity to run tests Eric focuses on the interface of the service, to make it as visually appealing as possible, and on removing glitches in the code. He does this work with his programmer, but the programmer now has a job and less and less time to spend at developing the venture idea.

By late autumn they have a service without glitches and developed to a level where Eric feels that he can show it to the soccer association. Thus he contacts them again and manages to set up a meeting. At the meeting he brings his programmer with him and can show a beta version of the service which has been greatly improved since the live tests in spring. The representatives from the soccer association express that they like what they see and ask Eric what he needs. He is now again ready to run tests, and is invited to do so at an international match with the Swedish national team at the beginning of 2005. Leaving the meeting Eric is relieved and happy to again see a future for his idea.

The beginning of the end

However he never makes it for the test run, instead he refocuses on an old topic, patenting the idea. Patenting was originally his partner's responsibility to work with, but without a word he disappeared from the picture in the early autumn of 2004. As summer approaches Eric gradually gives up on the idea, or rather other things take over his attention. The reason why he decided to register the patent is unclear, subscribing it loosely to a wish to leave something behind from all the effort he put into realising the idea.

In Eric's case, he tried to be innovative in the way he approached the market, but as it was governed by a monopolistic structure his attempts to circumvent the main actor were thwarted. Eventually he had to deal directly with that actor. Before doing so he expressed worries

about it being bureaucratically rigid and difficult to work with, however the organisation turned out to be open and supportive.

This meant that the Internet site of his friends which was instrumental in the start of his venture turned into a liability. As he began realising his venture idea and worked through his friends, he had no way of knowing of this potential problem looming in the future. As events unfolded though, the entire basis of his idea risked falling apart because of affiliations within the industry he targeted and also between actors in his industry and actors in the betting industry.

Family, employment and a choice of effort

Eric submits to his situation saying that he realises that it will probably not change, on the contrary it will just continue with more things to do. More things subscribing to his time do indeed occur and in the autumn of 2004 he works hard for a soccer club which he is an ardent supporter to and which is in need of help. Now his venture *“feels like... it feels like it is in the balance. It could easily just disappear if we lose focus as so many other things happen right now”*.

He continues to commit himself to his venture, but in the Spring of 2005 while focusing attention on the patent he comments on his situation that *“now we have another child coming [their third] and it... then it is even more important with, well... each time one puts a nail in one’s beautiful and panoramic, but still one’s coffin, each time one do things like having a child, taking out a mortgage on the house or buying another car, one limits oneself.”*

To Eric, the structural demands from the different parts of his life conflict and he has problems with up-keeping his goals for each and all of the parts. His venture idea is pushed further and further down the list in view of the attention he puts on it.

Partner and workload

In the autumn of 2004 Eric starts complaining about the amount of work that his partner David puts into the venture, or rather the lack of work. When David got involved one year earlier Eric made him an equal partner. Now he begins thinking about what to do if David does not deliver.

He ponders having a talk with him about it, but he has not talked to him for a long time. Simultaneously when he did talk to him, David said that he wanted to have fun with the venture and he wanted to work hard on getting the patent organised.

As time goes by David does not put in the effort he promised with the patent, instead Eric is forced to take care of it himself. They still hardly speak, but Eric does not contact him to discuss the issue. Eric is annoyed with himself for not doing this, and with David for being evasive, he is also worried about the implications for the venture.

David's lack of contribution is a source of confusion to Eric as he does not understand why he is so aloof. This affects Eric by diverting his attention at the relational issues instead of at the realisation of the venture idea.

What is the outcome?

Eric gradually ceases his venture creation attempts and finally terminates all efforts by the summer of 2005.

4.3 Cosmetics, but only for men

Nina begins thinking about her venture idea in the winter of 2004. The idea comes to her when she writes her Master's thesis in Business Administration about beauty products for men. Prior to her business

degree she studied to be a make-up artist, so her interest in and knowledge about the cosmetics industry is already well grounded.

During the course of her thesis work, she realises that the cosmetics industry in Sweden is almost exclusively focused on women, while men are only catered for as a sub-group of cosmetics for women. She reads a text by a professor in economic history about the cosmetics industry's development in the 20th century which discusses how the industry and media together created a demand for the products. Prior to this, the market for cosmetics was very limited but as demand was created it grew rapidly. It dawns on her that male only cosmetics could offer similar potential today as history shows for the female cosmetics.

She realises that male-only cosmetics stores exists solely as small web based ones. The opportunity she sees is to open a male-only cosmetics store in the form of a physical location as well as a web based one.

The problem is that she has never thought about starting a venture of her own before, and she does not know how to do it. A while earlier, in the autumn of 2003 a friend of hers had talked about a university incubator that she had visited. Nina thought that this might be an avenue to start and get some initial support. She contacts the incubator and is quickly accepted to sit there for a period of six months, starting in December 2003.

With the aim of simultaneously setting up a store in Stockholm and on the web, Nina takes her first steps by doing a survey on the Internet to try to find out the interest in her idea. While doing the survey, she also writes a business plan and begins thinking about where to find funding, primarily for the physical store which she aims at setting up at a central location in Stockholm city. She uses the Internet to do the survey, some friends with websites market it and she complements this by spreading word through discussion forums. The survey indicates that there is a lot of interest in her idea, and together with discussions on the

Internet forums this helps her to further develop the concept. These positive responses bolster her determination to continue with the idea.

One step towards communicating and testing her idea is to participate in a business plan competition where her venture idea is celebrated as one of the most interesting ones.

Funding the store

Nina needs funding to achieve her goals but the problem she says is that *“well as long as you have money, if you have started a venture and begun generating income you can borrow any sum you want”*. She has no personal fortune and her venture has not yet started generating an income. As she does not have any mortgageable assets either she feels that her means of acquiring funding are limited. One option is to borrow from family or friends but none has much extra to invest. She considers asking her parents who could borrow on their house, but she is hesitant to involve them.

In addition to funding the store and the web shop she needs to survive while starting her venture, she needs money to pay rent and food. To get some money while still being able to focus fully on her venture idea she enrolls in a course at the university, this way she can live off her study loan. Living on a shoestring and working long hours in order to both get enough study points to ensure continued funding, and to develop her venture, she focuses her attention at finding external capital to realise her idea.

As the sources for capital are limited given her situation she considers venture capital. However she does not see it as a viable option because of the consequences of bringing in venture capitalists. She says that she would rather *“own 80 percent of a SEK20 million company than 20 percent of an SEK80 million company”*.

With this in mind, borrowing money seems like the only possibility, and the only place where she believes she can borrow what

she needs is from banks. In spring 2004 when she finally finds the store location she has been looking for with an available lease, funding becomes the critical issue for the venture idea. So despite her perceptions of banks being unwilling to lend her what she needs, she contacts one of Sweden's major banks to book a meeting.

She meets with a man at the bank for 5-10 minutes where he asks her brief questions about her venture idea. He takes her business plan which he promises to read and then return to her to discuss funding options. The meeting was a disappointment to her, she feels³⁷ that the attitude of the person she met was diminishing and that his lack of interest and professionalism showed incompetence, *"the guy I talked to at the first bank was rather young and I did not feel much trust in his capabilities as he did not seem to know very much"*. This is her first meeting with someone who shows disinterest in her idea and she is annoyed as she has so much to show how good the idea is through her business plan, the market survey and comments from the business plan competition.

When the man at the bank eventually calls her back, it is to say that the bank can not lend her any money, actually that the bank does not extend any loans at all to start-ups. Instead he proposes that her boyfriend who has a steady income takes a personal loan to cover the needs of the venture. This proposal angers Nina, what does her boyfriends' credit worthiness have to do with her venture idea. She also wonders if her being a woman influences the response. All in all, the bank's response confirms her perception of unprofessionalism and she turns to another bank for funding.

At the new bank she meets with two female bankers and receives a completely different reception to, and evaluation of her idea. The meeting with them lasts 45 minutes and in addition to hearing her idea out, they discuss different loan alternatives and their impacts on her

³⁷ The word "feel" is frequently used as a synonym throughout the case descriptions for instances where the entrepreneurs perceived resistance.

firm. In the end however they too express that they cannot lend her what she needs as her venture is untested and she has no mortgageable assets of her own. They do offer a potential solution though. They explain that if she can get funding from a government agency³⁸ offering seed capital to start-ups they would be able to lend her half of what she needs. They can do this as the government agency would then share in the risk and also make a risk evaluation of their own. This also means that if her application with the government agency is rejected, the bank will be forced to do the same.

Nina thus contacts the government agency to apply for funding. As the banks rely on the government agency's judgement of the viability of the idea, it is critical for Nina to realise her strategy. She is appointed a handling officer whom she meets to discuss her project and her needs. Meeting her handling officer Nina gradually forms the impression that the ideas that are supported are more traditional ones with less of an entrepreneurial approach which she fears is an indicator that her application will be rejected. Despite this feeling she perseveres and tries to work with her handling officer to convince her of the business model. Her situation is precarious as she needs the support of the agency in order to get loans from the banks. However her initial hesitation with the handling officer's ability to judge her venture idea is deepened for each point of contact that they have. She describes her as *"a lady in her 50s who does not even live in Stockholm and who does not have any idea about what it looks like here [in Stockholm]"*.

After applying for funding both from the agency and the bank Nina waits. She expects a response first from the agency as that will decide the bank's evaluation. The phone call she gets is not from the agency though, but from the bank who tells her that the loan application

³⁸ Company controlled by the government with a goal to stimulate new businesses and enable more innovators to reach the market with their products or services.

has been rejected because the agency turned her down. Nina is taken aback and hit hard by the verdict, her whole strategy and way forward is destroyed.

Ending the phone call she drops what she is doing and walks away to be alone and think. She is angry, disappointed and frustrated with being rejected and most of all by finding out from the bank and not from the agency directly. She feels that her handling officer should have called her first and given her a chance to respond instead of ignoring her and calling the bank. Nina considers giving up, her motivation is at zero and she feels helpless, wondering how she will be able to start without money.

Feeling despair she calls her best friends, who have followed her start-up attempts at a distance, and talks to them about her frustration and about giving up. They console her and say that she must continue with her idea and that it is great no matter what those people at the agency and the bank think. This lifts her spirits and as the day ends she again feels confident that she will find a way to realise her idea regardless of not getting the money she applied for, she says *"if one route is closed off, one has to find another instead"*.

The day after the phone call Nina calls her handling officer to ask why her application was rejected. She says that she believes in her idea, but that her strategy of having a high profile store in an expensive location is not the way to start and that was the reason for rejecting her application. This response infuriates Nina, and she wonders how the handling officer can question her idea at such a fundamental level without talking to her about it before deciding on the loan. Nina is not able to make the handling officer reconsider the decision so she also asks her contacts to try and convince her, but at no avail and the decision is final.

Shifting strategies

Realising that she cannot carry on as she had originally planned, and with no way to circumvent the problem of funding Nina begins to rethink her business model. She sits down with her boyfriend to think things through. They discuss temporarily postponing the physical store and instead focus on the web shop only. After thinking about this for some time she decides on this new strategy. This requires much less funding and a way for Nina to build credibility in the sense that she can show that her idea is feasible, and with that return to investors.

Thus by summer of 2004, with a new strategy she begins approaching suppliers. The market for male cosmetics products has one main supplier whose brands in 2004 has approximately 80 percent market share. Next comes a few brands with a large share of what is left. However there are many newcomers entering. As a consequence of this Nina feels that it is important to have the major brands, both for generating sales and to signal to others that her web shop is “real”. Initially she bases her focus on this analysis and decides to go for the main brands.

The established and the new

Meeting with the marketing director of the company, Nina describes her venture idea and that she wants to sell their products. Although being a potential client to the distributor Nina somehow feels inferior and as if she is begging them to sell her their products. She also perceives their response as conveying superiority when they question why she should be allowed to sell their products with her current business model [web shop only (author’s note)]. They claim that they do not sell their products via the web, but that they are only sold in stores. Nina on the other hand knows that this is not so as one can already buy their products through web shops, albeit not Swedish ones. Instead they

go on to tell her that this is the way they have done business since they started and it is something they will not change.

She tries to persuade them to sell her their products but they maintain that their policy prevents them from selling to a web shop. She argues that she will shortly have a physical store and that stores already exist on the web selling their products. However they still refuse to sell to her. Their response frustrates her, before she began contacting potential suppliers she thought they would be happy if someone wanted to buy their products, now she sees that that is not the case.

Refusing to give up Nina contacts mid-sized suppliers but many of those are also hesitant to sell her their products. The most annoying thing she experiences is suppliers who do not even bother to get back to her after she has tried to make contact and left several messages. She does not understand why they are not interested in selling her their products or even talking to her. This takes a toll on her motivation to work on her venture idea and thoughts of giving up arise.

To deal with her thoughts of giving up and anger with suppliers – *“bureaucrats who refuse to cooperate”* – she has a few friends and especially a person who is in a similar situation as she, starting up a new venture. With her she talks about the feeling of uncertainty and thoughts of giving up and they support each other. She once more has to reconsider her strategy. She decides to turn to smaller suppliers, even suppliers in start-up situations similar to her own. What she thought would be easy, buying her shop’s range of products turned out to be an arduous task. Eventually, five months later in the autumn of 2004 and despite the biggest actors’ resistance she has a range of products large enough to be able to open her store.

Issues of design

In the autumn of 2004 Nina begins developing her web shop and signs up a small web design firm to do the job. With an education as a

make-up artist Nina feels confident in her ability as far as design and colours go, and takes an active role in the development of the website.

Her wish to be a part of the process however creates tensions with the designers. Their view of how to work, they say, is to have total freedom to do the design as they want. This way Nina feels that she constantly argues with the designers to push her ideas through. Shortly into the project the design firm demands that she must pay more for their services because they do things that were not included in the original agreement. Nina is rather angry with how they handle things and tells them that she agrees to pay more but that things then have to be done her way, otherwise the deal is off. To her surprise the designers agree to her demands.

Now things settle down but after a while she again feels frustrated about how they relate. The design of the website is nearing finalisation but Nina does not agree with the colours used in the site. She tells this to the designers and asks them to choose a different colour which she also suggests. They refuse and express their irritation with her demands which they feel infringes on their artistic freedom. They claim that they have done web design for many years and know better than her, that she should trust in their experience.

Nina gets *"a little irritated"* and asks some people she knows who are involved in design for a second opinion on the designers' choice of colours versus her choice. Their responses strengthen her belief in her own choice of colours as the best one, so she sends an email to the designers demanding that they choose her colours. The designers respond by saying that she is the client and they will do as she says but that they think it is inappropriate to involve others in this.

During this work with the web shop, Nina worries about the uncertainty she feels towards opening it. Not knowing how it will work out is hard. At the same time she invests a lot of time and money into the venture. Some days she says she feels like, *"yuk, I just want to end*

everything, just give it up”, but then on other days she feels like this is the only thing she wants to do. Those good days she instead ponders how to make sure that she will survive long enough to be able to launch her idea where one idea is to take weekend jobs to make money which she needs in order to continue.

Being seen

After some delay caused by the dealings with the web designers, the web shop finally opens in the winter of 2004. At the beginning of 2005 Nina arranges a meeting with media to promote the site and her business concept. In order to get as big an impact as possible she brings in a professional event organiser with premises at a prime location in the centre of Stockholm. Despite her efforts she feels that her press release is largely ignored by most of the larger magazines and papers.

To media she and her venture idea is a minor issue, but despite this she is able to get some articles written about her web shop. She believes that part of this success is subscribed to her strategy of using an established event organiser. This media coverage in turn eventually helps her gain more interest and more articles.

About the same time, at the beginning of 2005, Nina stumbles over a newspaper article about a competitor whom she was previously largely unaware of. It says things about the competitor’s strategy which makes her wonder where the competitor got the market information from. The competitor opened their store before Nina opened hers, and as she had her survey done one year earlier she suspects that they got hold of it and quickly implemented it in order to be ahead of her.

Even though she suspects that they copied her, Nina is not overly worried as she believes that her store is the best. What annoys her though is that they beat her to it, opening their store before her and thus became the first store with her concept in Sweden.

Chores of starting up

From the very start, Nina works hard at realising her venture idea. In order to save money she uses her home both as an office and a warehouse. When the web shop opens up, her boyfriend questions whether her venture is a real job. He does not think that there is so much to do, just taking care of orders and that is it. Nina believes that he has that attitude as a consequence of having an employment and place to go and work, something that he deems as important. She knows her own situation, and that time is not enough and is irritated with him for not being aware of her situation. He makes demands on her to spend time with him when she feels she must work, and she considers keeping a diary of how her days look like so he can see and understand.

In spring 2005 when the web shop has been up and running for a few months she is beginning to feel that she is stretched out over too many activities. So far she has kept much of administration and also issues concerning design on her own shoulders, but she is beginning to feel that she should have outsourced some things. At the same time she says that she wants to have control of design issues, and the best way she sees is if she does the job herself.

Some issues of design she does outsource but they turn out to be a source of frustration as they are not done in the way she wants. A consequence of this is that she is even more hesitant to outsource and feels that she can do things better than specialists, although it would take her six hours to do an advertisement which would take an advertisement firm two hours.

In this manner Nina perceives that the grind of just keeping her venture operational is a constant battle and blocks her need to work with strategic and future oriented issues. She especially experiences the seriousness of this as her venture is new and fragile and without further work on these pressing issues she worries that it will be less likely to succeed in the longer run.

In addition to this multitude of chores, supplier mistakes eat up more of the time she needs to spend on developing her venture. She desperately needs slack, but there is less and less available. As soon as something does not work or run as planned her time is eaten up. One example of this is delivery problems from one of her suppliers. When her customers order through her web shop and she does not have enough in stock to cover the order, then it is critical that her suppliers can deliver the correct item on time. In one instant this did not work and she had to spend a considerable amount of time trying to communicate with a customer while sorting out the delivery from her supplier. At the end of the day she is the one who has to give her customer a discount as compensation but she in turn gets no compensation from her supplier.

What is the outcome?

Nina realises her venture idea and launches the web shop. This becomes highly successful and she is elected as one of the most influential business women in Sweden. Eventually she also opens up additional stores, all at a prime locations in Stockholm.

4.4 How to clean horses

A passion

Susanne loves her horse, but one of its greatest joys is to roll itself in the mud. Each time this happens she has a lot of work to clean it. She figures that there has to be a better way to clean horses than what is offered by the available items on the market.

Her father is a hobby inventor and there are many inventors in her family and among the friends of her family with a number of patents among them. Susanne also describes herself as inventive, saying that "*I have always had a lot of ideas*". Together with her father she ponders the

problem of cleaning horses and in the autumn of 2003 she comes up with an idea to make a special type of brush. About the same time the pre-incubator at the business school where she studies announces a venture idea competition. She signs up for the competition, wins, and moves in to the pre-incubator where she begins developing her idea.

As she moves into the pre-incubator she puts her attention towards the product. She finds what she believes to be a perfect design engineer with experience from product development through her father. Together with him she builds her first prototype but the design engineer turns out to be a disappointment and the prototype a complete failure.

As the first prototype does not become what she had hoped she afterwards says that *“it was not thought through enough, it was not the correct solution and we also made some mistakes, we should have done the review in media of similar products first and taken it a bit slower.”* Parallel to building the prototype with the design engineer, Susanne and her father begin developing their own prototype as soon as they start to doubt the viability of what the designer does. The functionality of this prototype however turns out to be dangerous as it rotates in a way that risks injuring the horses.

At the end of 2003 she registers a limited company and writes up a business plan which she also competes with in a business plan competition. As 2004 begins she carries out a review in the media of similar products while talking to potential producers in order to map the market structure. The review reveals no similar products. Simultaneously and to keep the pace she conducts a market survey where she interviews more than 100 people, both users and producers in the horse industry. The survey indicates that there is a demand for her product.

Bolstered by the positive news she develops the second prototype in wood together with her father at his job where they have access to certain tools they need. They attempt to solve the initial problems with

the rotation of the prototype through a safety latch. Working on the prototype, other people at her father's work also join in and help. However it turns out that wood is not a good material to work with, so through her boyfriend she tries to develop a prototype in metal with the help of a garage, this also is a dead end.

While working on building the prototype herself, Susanne puts a lot of effort into finding someone who can build the brush. She talks to everyone she knows with the aim to find someone relatively close by with an expertise in plastics which she feels is the best material. Eventually in late spring 2004 another person in the pre-incubator tells her of a person in the suburbs of Stockholm who might be the right person. She talks to the producer and feels that he is a perfect match for what she has been looking for. To her it is important to be able to interact closely with the producer while building the prototype. The extra cost of having a producer in Sweden is something she gladly accepts in return for being able to easily discuss the process with him, something which she feels would have been much more difficult with a producer in for example China.

Happy to have found someone who can both develop and eventually produce the brush she signs an agreement with him to develop the next prototype based on what she and her father have built in spring. The producer immediately comes up with an idea for how to do the safety latch that she and her father worked on, and with that she hands over the prototype development.

As this all unfolds she meets few people who question the viability of her idea. Some do, like a jury person of the business plan competition who at a social event expresses doubt in her idea by questioning whether it is at all feasible to produce and sell. Susanne's responds to such critique with attack, and enlists the jury person's friend to express how wrong he is to doubt her. She does not take critique of her idea home with her to improve or change her product. Instead her

experience is that it is based on ignorance of the potential and the design of the product.

Underlying expectations and functional contacts

Susanne knows of the trials and tribulations of developing a new product through her family. Thinking about the time it takes to develop her product she says *"I am really fond of my idea and it sort of feels like a fantastic market which suits me very well, but it would actually have been better if someone else had done the inventing part so that I could have done the entrepreneurship part, but..."*. She wants to leap past the development stage as quickly as possible to the point where she has a finished product, *"I want to be an entrepreneur, not an inventor. Entrepreneurship is the fun thing"*.

She wants quick results and adopts a strategy to find key people who can help her, either as mediators of other contacts or as concrete help with specific questions. With this strategy she quickly builds a network of more than 100 more or less active contacts. She focuses her networking on issues she needs help with like funding, support on issues of licensing, office space and a product development. When looking for people Susanne actively and openly focuses on exchange of utility and barter with contacts, offering a potential lead in return for another. She wants results and it is only those contacts that have the potential to aid her in realising the venture idea that she includes in her network.

One in a line of such contacts for example leads to an opportunity to test the brush together with an agricultural university. The university has a research project on horses where they have a set date in 2004 where the brush could be tested and surveyed under laboratory conditions. Susanne is thrilled at this possibility and agrees to participate given that she can have the brush ready in time.

At the same as she has an instrumental approach to building her network, she also feels that most of the stakeholders she interacts with have some kind of interest in her. That interest in turn is what decides how much they are willing to invest in her, whether it is work, money, contacts or something else. She exemplifies with the industrial designer who wants to see that she is professional and that the time he invests is likely to lead to something only if she shows herself to be professional enough to bring it to the market. Regarding the producer she believes that he feels a social responsibility to bring good products forward and is benevolent to ideas like hers.

Despite her focus on speed of development and working on many fronts at the same time, there is a limit to what she can influence which she realises when trying to bring in funding.

Capital needs

Susanne feels that she needs to hand in the patent before she can start talking to potential users and licensees which is the next step in the venture development. She also needs it to be able to present her business plan in competitions which is a way to make money to sustain herself in the short run – *“I cannot say anything until I have handed in the darn patent”*. To do this she needs money as patent engineers are costly and she does not have that kind of money herself.

In March she estimates that she needs SEK2 million to develop and launch her product. She looks for sources offering the potential to get money without reciprocal demands to give up equity or pay interest. Borrowing will be a necessity and in addition she hopes to bring in some money through business plan competitions that she participates in, by applying for all the stipends she can find and eventually through venture capital.

Her best option for borrowing is from a government run funding agency and she hands in an application at the end of March 2004. She

makes it clear to them that she needs a decision and money at the very latest by June 10 as she will participate in a big business plan competition which starts then and that she of course want to get going with patenting and product development as soon as possible.

To Susanne the government run funding agency is the most important stakeholder at this point in spring 2004. She talks to them regularly and keeps them up to date with the development of the brush, saying that *“it is really important that they are positive to the idea and to me.”*

Still she hears nothing from them and even though she calls people she knows within the organisation basically every day towards the end, they do not respond in time. She believes they will approve her application when they look at it and is frustrated that they do not prioritise it more given her urgent need.

Trying to explain why they do not process her application faster she categorises them as bureaucrats with certain routines that seem next to impossible to change and that they probably want a certain number of applications to process each time.

Until she receives a decision on her application, she feels prevented from continuing with the development of the venture idea and she worries that it might not happen until after summer.

When she realises that it could take too long to get a response to her loan application she applies from another funding agency with a mix of government money and venture capital. However she is hesitant to do so, both as it takes time and effort to write the application and as the loan conditions are less favourable compared with the other source. This time she receives a fast response with an approval but the terms for the loan are too hard so she decides to keep it as a backup while waiting for the first lender to make a decision.

Susanne dislikes waiting so she focuses her time on the only thing she sees that she can do, working with the producer on developing the prototype of the brush. She feels that she must understand everything

about the plastics used herself, she wants to know why certain qualities are needed and how for example temperature variations and high levels of ammonia affect the material used. So while waiting for money towards patenting, she has something to do. Still if she does not get any responses regarding funding before summer she thinks that she will work on her other project instead and let the brush wait.

Summer comes and with no money to pay the producer she has to put that work on hold. With no money she is also forced to turn down the offer from the university to test the brush as it will not be completed in time.

Summer goes and there is still no response from the first lender. This is much too slow for her planned activities so she feels forced to change strategy and schedule for how to develop her product. Actually it becomes a key to a major shift in direction of her venture creation activities.

Time, slack and a new strategy

Although the change in strategy and focus, directing it towards the licensing idea is definite in September 2004, the shift can be traced back to spring the same year.

Going back in time again to early spring 2004, Susanne's time spent on developing the brush varies between weeks, sometime it is far more than full time and sometime it is more of a part time job. In times of low intensity she begins looking for other opportunities where she can fulfil her entrepreneurial dream. In late spring such an opportunity arises.

In April 2004 she meets with Richard who is in charge of a university pre-incubator and something of an expert in licensing issues. Susanne's reason for meeting him is that she feels stuck and unsure what to do, there are so many things to do and serious technical problems with the prototype at the same time. Everything is slow and much

harder than she had expected, she says she suddenly realised that *“well, if it takes four years until the product is out in the market is it... is there and point to it from a business point of view?”*.

Richard gives her an understanding of what she can expect when developing a completely new product and which her alternatives are. This opens her eyes to licensing and the requirements for licensing a product, and acts as a watershed in how she views her product and what she really wants to do. It connects with her desire to be an entrepreneur more than an inventor and gets her thinking how to do it, how to become an entrepreneur and skip the inventing step. After the meeting she starts looking at how to license the brush, trying that as a business model. The problem is that she cannot describe her product to any licensees until she has a patent.

Somewhat later in spring Jack enters the pre-incubator where she is at since the end of 2003. He has an idea to develop a venture specialised in licensing inventions ready for the market. With Susanne’s experience from her brush and her talks to Richard, she decides to join forces with Jack who is happy to have a partner. Parallel with the brush she now spends time on the licensing venture also where her network expands and becomes a key component in how they find innovations and how they work on developing and licence them.

Then when she is blocked from working on the brush from summer because of the stalling lender she focuses all her attention on the licensing idea. The brush is included in the portfolio of innovations that she and Jack work on.

In September she finally receives the response she has been waiting for since June from the funding agency and they extend her credit as she had hoped and expected. She takes the loan and again activates the development of the brush. Now there is a difference from before however as it is now one of many in the expanding portfolio of their licensing venture.

With the money she has been waiting for she aims to build the prototype and patent the brush within two months. Yet again she is disappointed as the technical difficulties she has had from the beginning persist.

Fading effort

Her view when getting the funding is to do the final tests, patent it and work on it parallel with the other portfolio projects. The producer who was put on hold before summer is again asked to continue with the brush and he now works more or less without Susanne's active involvement as she has other pressing issues to tend to with the licensing idea.

As time goes he is unable to solve the problems with their original idea and instead introduces a new solution, but it turns out to be costly, too costly for the budget Susanne has set up. Her involvement grows lesser and lesser and she relies more and more on the producer to work on the project on his own, but as she says *"he has other projects that are more fun so I have to be happy if he works anything at all with my brush"*.

With the technical problems and the failure to participate in the study by the agricultural university Susanne hesitates whether the brush actually belongs in the product portfolio of their licensing venture. If someone else would have come to them with the idea she says that she is *"uncertain whether they would have taken it on board"*, if so then only at a later stage. The university study would have been a key component for them to see it as a viable product. If that would have shown that it does not work, then the whole idea of the brush would fall.

At this point the brush is so far down on their list of portfolio products that she hesitates to even count it.

What is the outcome?

Susanne never moves the brush up on her list of priorities. Instead she focuses whole heartedly on her licensing idea.

5 Analysis of perceived resistance

Now I turn to the analysis where I address the purpose of this study, to explore:

- Where and why do novice entrepreneurs perceive resistance to their venture creation efforts?
- How do novice entrepreneurs cope with perceived resistance?

and to describe:

- Which effects do perceived resistance have on outcomes of venture creation processes?

This chapter is divided into three sections. In the first I use the empirical data to analyse the research questions. In order to structure this section, the theoretical model forms an outline. In the second section, the theoretical framework is further used to discuss the empirical analysis. Finally in the third section I conclude the analysis by proposing an inductive model of perceived resistance.

5.1 Empirical analysis

The deductively derived model from the theoretical framework is used to analyse perceived resistance through the empirical material. After an introduction to the analysis in section 5.1.1, the model forms the outline of this section and a starting point to the inductive analysis. Thus sections 5.1.2 (1) and 5.1.3 (2) address the first purpose of this study – to explore *where and why do novice entrepreneurs perceive resistance to their venture creation efforts* – by discussing (1) where potential resistance could

arise, what the origin of it could be, as well as (2) why resistance is perceived. Section 5.1.3 (3) turns to the second purpose – to explore *how do novice entrepreneurs cope with perceived resistance* – where I argue how entrepreneurs cope with perceived resistance in section 5.1.3 (3). Finally in section 5.1.5 (4) I focus on the third purpose – to describe *which effects do perceived resistance have on outcomes of venture creation processes* – and discuss the implications of the above on the evolving venture itself.

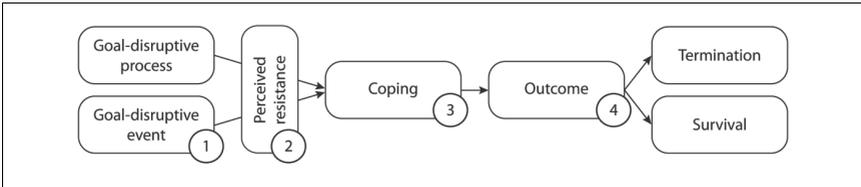


Figure 5-I: Theoretical model of perceived resistance as a map for analysis

5.1.1 Introducing the analysis

Comparing the four entrepreneurs, they and their ventures have more differences than similarities. Two are male and two are female, one has a product, the others a service, two are married with children and a house while two have a significant other that they live with, two are around 25 and two are around 35. Despite this, there are overlaps in the instances of perceived resistance that I observed. What varies is their individual appraisal of goal disruptions where the level of severity decides whether it is perceived as a resistance or not. This issue of variation is however a question outside the scope of this study as it relates to the question of whether an entrepreneur will perceive resistance in a particular instance or not.³⁹

³⁹ As I stated in the delimitations to this study, I explore instances of entrepreneurs’ perceptions of resistance, not differences between individuals’ perceptions or whether an entrepreneur is likely to perceive resistance or not.

Throughout this analysis I refer to the resistance patterns described in Appendix E. In order to facilitate for the reader, Table 5-1 summarises all instances of perceived resistance.

Table 5-1: Summary of Instances of perceived resistance

| | |
|----|---|
| J1 | Jonas' time available to focus on his venture idea is insufficient in relation to its needs |
| J2 | Access to computers for programming through the university is lost |
| J3 | Access to university servers is restricted |
| J4 | The core business model is deemed as unfeasible |
| E1 | Eric's key stakeholder for the development of his service terminates his testing |
| E2 | A business plan is required to gain access to funding |
| E3 | Jury members in business plan competition gives destructive criticism |
| E4 | The process of applying for a job takes attention away from venture idea |
| E5 | Lack of funding limits development of programming |
| E6 | Partner does not fulfil his responsibilities |
| N1 | Nina lacks the funding she needs to acquire her store |
| N2 | Handling officer at government funding agency is unsupportive |
| N3 | Suppliers do not want to supply the needed goods |
| N4 | Conflicts with web designers |
| N5 | Family questions work with venture idea |
| N6 | Multitasking and poor performance of outsourced work |
| S1 | Susanne has difficulties with product development |
| S2 | Not interested in product development and lack of funding to outsource |
| S3 | Handling time by government funding agency on loan application is too long |
| S4 | Patent is needed for sales to begin, but funding is lacking to patent |
| S5 | Pace of development is slow and other projects requires attention |

Furthermore, tables are used extensively to summarise observations of which resistance patterns that are involved in different issues. From those tables I pick a few resistance patterns to describe my reasoning and exemplify from the cases. Choosing a few examples is done in order to facilitate the readability of the text and highlight issues, and should not be seen as way to prioritise between cases and resistance patterns.

5.1.2 *Where is resistance perceived?*

Earlier in the theoretical overview I discussed previous research that has looked at problems, obstacles, barriers and challenges that entrepreneurs face. A number of lists of such issues have been created which taken together cover most of the process of new venture creation. What they indicate is basically that difficulties could arise anywhere and anytime.

The instances of perceived resistance observed in this study also generate a list (see the resistance patterns described in Appendix E), which shows a number of situations where it arises. However I want to point out that this is an exploratory study of perceived resistance such that this list is what was revealed in *this study*. These listed instances serve to develop categories and discuss the dynamics of perceived resistance. They are not a complete set of potential instances that entrepreneurs face. Furthermore they are not the end product of this study, but instead the condensed empirical material upon which I build my analysis.

In many aspects these instances overlap with examples from previous research which could be taken as an argument that instances of perceived resistance have been observed in previous research. However it has never been categorised as such but merely put into more objective categories such as barriers or obstacles. The focus of this study is what entrepreneurs perceive as resistance which makes it entirely subjective to

each individual entrepreneur. Previous studies have started with an obstacle and then asked individuals whether that obstacle was an issue or not (see section 2.2 for an in depth discussion of this), this study has explored where resistance has been perceived, thus allowing the entrepreneurs to decide from the start what the issues are. As will become evident while reading this chapter, viewing perceived resistance as subjective to each individual opens up to a broader range of issues that what has been included through more objective issues like obstacles.

Overall, although the frequency of perceived resistance varies between the four cases, all of them show the existence of at least some instances of perceived resistance, either as discrete events or processes. Whether these instances are discrete events or processes, they correlate with Lazarus' episodes of disrupted goal-directed behaviour (1990) that I discussed in the theoretical framework.

Naturally resistance is perceived in relation to venture creation activities, but there are also situations outside specific venture creation activities where resistance is perceived. In such instances, issues affecting entrepreneurs' lives have spill-over effects on their venture creation activities and resistance is perceived in the interface of those. For example Eric's wife's scepticism about his venture idea (E4)⁴⁰ influences his work towards realising his venture idea. Jonas' prioritisation of his family directly limits his time available to work on his venture idea (J1). The questioning attitude of her boyfriend makes Nina feel that she needs to show him how much she works, diverting her focus from building her venture (N5). Those are examples where demands from, or in relation to the entrepreneurs' families cause them to perceive resistance.

Taking a view of all the observed instances of perceived resistance, they fall within three broader categories (see Figure 5-2). The

⁴⁰ All through the analysis I will refer to the instances of perceived resistance which are described as resistance patterns in Appendix E where E stands for Eric, J for Jonas, N for Nina and S for Susanne.

first category refers to entrepreneurs' *dyadic interactions* with individuals that have some kind of stake in the venture. Nina's arguments with the web developers (N4) and Eric's partner who does not live up to their agreement (E6) are two examples.

The second category includes meetings with *depersonalised gatekeepers* such as certain rules and regulations or government linked organisations that offer help to entrepreneurs, but with strings attached. Susanne's attempts to speed up her loan application with the government lending institution to get the loan she needs to realise her venture is one example (S3), another is when Jonas' access to computers for the student programmers is cut by the university as the student's course where they needed them ends (J2).

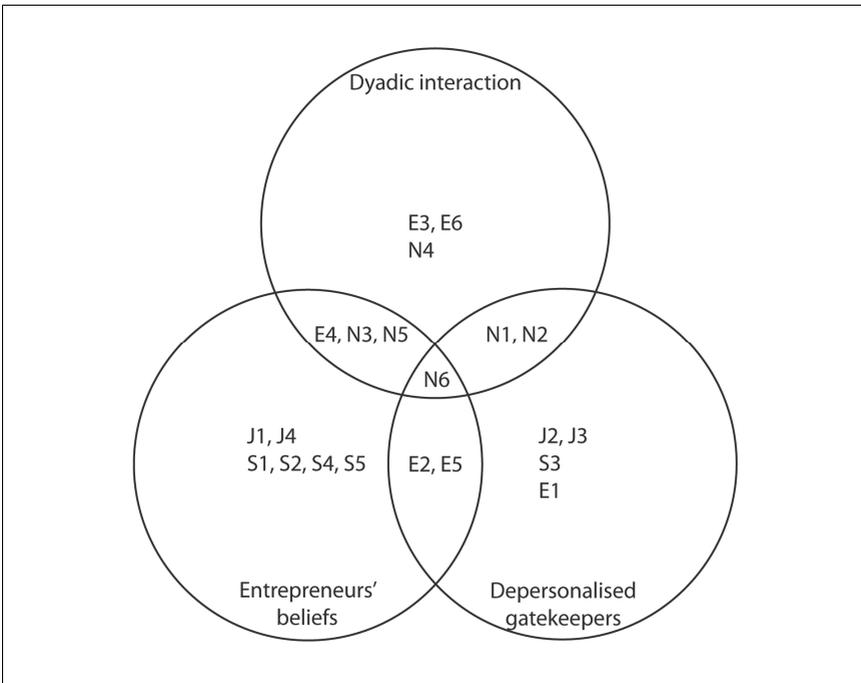


Figure 5-2: Categorisation of Instances of perceived resistance

The third and final category of where resistance is perceived refers to *entrepreneurs' beliefs* of what is required in order to realise their ventures. Susanne does not think that innovation is any fun, what she wants to do is to be an entrepreneur (S1). She furthermore believes that she needs a patent before she can take the next steps and begin selling her products, but to patent she needs money which is difficult and she begins doubting whether she should continue focusing on the product idea (S4). Jonas worries about insufficient time to put into the venture idea (J1), and fears putting pressure on the programmers to quickly complete the service (J4). These beliefs are entrepreneurs' subjective convictions of their situations. They are based on their appraisals and non-related to external relationships, although they could still have an impact on those.

These three categories are not mutually exclusive but in some cases instead overlap each other. On the border between entrepreneurial beliefs and depersonalised gatekeepers is for example Eric's belief that he needs a business plan while being unsure of who might need it and what it should look like (E2, E5). Between entrepreneurial beliefs and dyadic interaction is Nina's meeting with a large supplier that she feels has bureaucracy-like rules of interaction with potential customers which excludes her venture idea (N3). Nina can also exemplify the border between dyadic interaction and depersonalised gatekeeper with her handling officer who refused her loan (N2).

To complement the figure of the categories, Table 5-2 shows the distribution of each entrepreneur's instances of perceived resistance between the three categories⁴¹. The table shows that all of Nina's perceived resistances are set within dyadic interaction and some bordering to the other two categories. Eric's are distributed equally between all three, while Susanne's and Jonas' look somewhat different.

⁴¹ Note that the instances that span more than one category are counted more than once.

Neither Susanne nor Jonas perceives any resistance within the category of dyadic interaction. To both of them, their beliefs are a source of perceived resistance, as well as depersonalised gatekeepers. Why dyadic interaction is non-existing could in Susanne’s case be explained by her use of a large network of relationships which makes her less dependent on specific individuals, and also the speed by which she moves to a new venture idea. Jonas’ venture idea is placed in an academic context with specific rules and regulations built for academia. He thus faces more depersonalised gatekeepers than dyadic ones. In addition to this his pace of venture creation is less intense than the other three entrepreneurs of this study which could indicate that he does not push so hard and thus does not have much dyadic interaction.

Table 5-2: Distribution of instances of perceived resistance over categories

| Perceived resistance \ Case | Nina | Eric | Susanne | Jonas |
|------------------------------------|-------------|-------------|----------------|--------------|
| Entrepreneurial beliefs | 3 | 3 | 4 | 2 |
| Dyadic interaction | 6 | 3 | 0 | 0 |
| Depersonalised gatekeepers | 3 | 3 | 1 | 2 |

Another issue which needs to be taken into account when looking at where resistance is perceived is its origin. This origin of the disruption can be traced to before the occurrence of the perceived resistance itself. In each of the instances it comes as a surprise to the entrepreneurs when they perceive resistance. When studying the cases in retrospect however, it is possible to trace the origin of each instance to an event, a decision/action or a frame of mind which leads to the discrete event or process that is perceived as a resistance (see Table 5-3)⁴².

⁴² Again note that the instances that span more than one category are counted more than once.

The origin as exemplified in the cases is important from the perspective of understanding the venture creation process. The cases show that much of the perceived resistance seems to arise from issues internal to entrepreneurs' start-up attempts. In this respect, perceived resistance is mostly a consequence of the entrepreneurs' own involvement in and perceptions of the actual venture creation process. It is not so much dependent on the acts of external stakeholders, although it appears to be so at first impression. When the soccer association stops Eric's testing for example, he perceives that as a resistance from that stakeholder, but the origin is his decision to use his friends at the website that initially promoted him. His affiliation with that Internet site was the reason behind the soccer association's decision (E1). Another example of this is Susanne's impatience with the process of innovation and product development. She wants quick results and her brush to reach the market. When this does not happen she becomes less and less inclined to put in the effort to work on her product (S5).

Table 5-3: Origins of perceived resistance

| Categories \ Origin | Event | Decision/Action | Frame of mind |
|----------------------------|--------------|------------------------|----------------------|
| Entrepreneurial beliefs | 2 | 10 | 3 |
| Dyadic interaction | 3 | 8 | 0 |
| Depersonalised gatekeepers | 2 | 6 | 1 |

This is not to say that external stakeholders lack importance, on the contrary. In the theoretical framework I discussed that entrepreneurs are more likely to perceive resistance from actors in control of critical resources. Restricted access to such resources is likely perceived as goal disruptive in relation to goals of high relevance. Pfeffer and Salancik would say that this is likely to occur when supply is limited, production

in stable and survival uncertain (1978). I will discuss this aspect of resource dependence in more detail further on.

5.1.3 Why potential goal disruptions are perceived as resistance?

When looking at where resistance is perceived I earlier showed that it falls within three categories, dyadic interactions, depersonalised gatekeepers and entrepreneurs' beliefs. At a basic level, why resistance is perceived in relation to these categories does not differ between them though. There are two common themes in all of the instances: *significance of a goal disruption to the venture idea* and *uncertainty of outcome of coping*.

First of all, resistance is perceived when the entrepreneurs feel that something poses a threat to the realisation of their venture ideas. This means that it is subjective to each individual entrepreneur and the degree of perceived resistance depends on how critical they believe something to be to the realisation of their venture ideas. The degree of incongruence resulting from the disruption and their personal reasons for pursuing their ideas influences how a goal-disruptive event is perceived.

To describe how significance affects the entrepreneurs' creation attempts and consequent perceptions of resistance I use some examples from all four cases. As I stated above though, significance is an element of all observed instances of perceived resistance which can be seen by studying the resistance patterns in Appendix E. Susanne for example depicts how commitment is lowered because of a difference in expectation of what venture creation is about and her experienced actuality of it. In her case this means that she perceives the resistance as severe which confirms her view that such a mode of venture creation is not what she wants (S1, S2, S3, S5). Nina is burdened by operational tasks and has difficulties keeping up the pace she wants (N6). Jonas perceives a conflict with bureaucracy when his access to necessary computer equipment and server is severed because the student

programmers no longer work on the venture idea as a part of a course, without this he can no longer continue developing his venture idea (J2, J3). Eric's testing of his service at Premier League matches is abruptly ceased by the soccer association, forcing him to halt his development (E1).

However, significance is not a sufficient requirement on its own for entrepreneurs to perceive resistance. The second theme mentioned above is also required, namely entrepreneurs' uncertainty about their ability to cope successfully in order to overcome resistance. This is not necessarily related to their actual coping and the outcome of that, but it is their notion of whether they *will be* successful or not.

In order to describe the entrepreneurs' uncertainty of coping outcome I use a few instances of perceived resistance to exemplify. In the same manner as with the examples of significance, the extent of uncertainty as a factor in all instances can be seen in Appendix E. For example, when Nina's loan application is rejected she is first gripped by despair as she sees no other way to realise her venture idea, no other way to get funding or launch. She recovers and can handle the situation again, but only after a while. To Nina the severity of the resistance was so intense that she suffered both physically and mentally (N2). Developing her product, Susanne has problems with the prototype to a point where she begins looking for alternative venture ideas, she lacks funding and contacts to solve her problems and sees lesser and lesser solutions (S1, S2). Jonas prioritises his family and work highly, giving him less time to put into developing his venture. He feels that in order to succeed, he should put in more time, but does not see he can do that (I1). From the beginning of his venture creation efforts Eric struggles with his business plan. He tries time after time to write it, but does not feel that he has the necessary skills to do it (E2).

Understanding why resistance is perceived through the interaction of significance and uncertainty of outcome of coping also reveals how entrepreneurs meet goal disruptions without perceiving

resistance and how this affects their venture creation efforts. Susanne for example needs funding to realise her idea, particularly to patent it which she feels is a requirement before she can begin contacting potential producers, resellers and such. Thus she goes about coping with this by applying for funding from a government funding agency. All is well until she realises that she will not get her loan application approved in time to achieve her goals, which she had expected. Now, when coping outcome is not certain anymore, she begins perceiving resistance from the funding agency for not approving her application (S3, S4). This shows how entrepreneurs can shift from a coping mode of no perceived resistance into one where resistance is perceived when their coping attempts fail.

5.1.4 How do entrepreneurs cope with perceived resistance?

So far, the analysis has looked at where as well as why resistance is perceived. In this section the focus of attention is turned to how entrepreneurs cope with perceived resistance.

The entrepreneurs use a multitude of coping strategies which are chosen based on certain characteristics. In the following, I discuss this, particularly the relationship between appraised significance, the possibility to overcome a resistance, and the chosen coping strategy.

The entrepreneurs' chosen way to cope varies depending on how they appraise the significance of the resistance and their chances of successfully overcoming it. In the previous section I showed that when entrepreneurs appraise the significance of a goal disruption as high, they are more likely to perceive it as resistance. The problem here is that the more relevant it is to the venture, the more important it is to overcome, and when this is paired with an uncertainty of how to overcome it, it becomes a source of distress.

The entrepreneurs in this study use five types of coping, which I label accommodating, bold, output, network and ostrich coping (see

Table 5-4). In the following I describe these in detail with examples from the cases and with the intention to convey my choice of labels. Firstly, *accommodating*⁴³ coping is used in relation with stakeholders and means that they accommodate to the demands of a stakeholder. The entrepreneurs do this by giving in to resistance and thus limit their creation activities. Early in his start-up activities Eric for example contemplates focusing entirely on his venture idea, thus stopping his search for an employment. This worries his wife who states that he must contribute financially to the household. He tries to convince her that his venture has the potential to offer a solid financial base for them but she is not convinced. Eric sees no choice but to give up his ideas about focusing all his effort towards his venture idea and instead continues looking for a job (E4). This pleading with stakeholders to change their opinion of course of action is also exemplified by Jonas' loss of computers. When this happens, he contacts the university lawyers and asks them to change the rules and continue lending his team computers. Jonas' pleading with the lawyers is at no avail though as they refuse to change their decision (J2). The final observed strategy that the entrepreneurs use to accommodate stakeholders is to try to fulfil the demands of a stakeholder. Having his testing halted by the soccer association Eric talks to their lawyer about what he can do to again gain access to soccer matches for testing. He is told that he should get back to them in autumn to set up a meeting to show his venture idea. With this opening Eric works on developing the service to a state where he can show it to them and at the meeting succeeds to get a new chance at testing (E1).

⁴³ Transitive verb 1: to make fit, suitable, or congruous 2: to bring into agreement or concord : reconcile 3: to provide with something desired, needed, or suited (as a helpful service, a loan, or lodgings) 4 a: to make room for b: to hold without crowding or inconvenience 5: to give consideration to : allow for <accommodate the special interests of various groups>. Intransitive verb: to adapt oneself; also : to undergo visual accommodation (Merriam-Webster, 2008).

The second type is what I call *bold*⁴⁴ coping where the entrepreneurs use coping strategies that for example redefine relationships, create new resources and change strategies for how they are to develop their ventures. This means that they challenge rules and develop innovative solutions to cope, in a sense fearless and the opposite of accommodating coping. Here follows the observed ways in which they apply bold coping. Jonas for example uses a strategy where he bypasses the IT-department at his university in his attempt to continue having access to university servers for the development of his service. His aim is to find someone higher in the hierarchy who can verify that he can continue using the servers. He is successful in this as the university lawyers have no objections to this (J3). Putting pressure on a stakeholder is something that Nina is able to do when her web designers do not work the way she pays them to do. Although they claim their artistic freedom, she uses her power as customer to force them to do as she wishes (N4). A radical form of bold coping is to change strategy. When Nina fails to borrow the money she needs to open her store and her web shop, she decides to initially only focus on a web shop (N2), and when Jonas realises that his business model with downloading music to a mobile phone does not work because the cost of downloading is much higher than the price for the song, he decides to shift away from mobile phones and instead download via the Internet to computers (J4). Another radical form of bold coping is when entrepreneurs attempt to find or create complementary resources in new ways. Feeling stuck and unsure of what to do with her brush, Susanne uses her network to find solutions to both the prototype issue and how to sell and market it. She eventually talks to someone who is an expert on licensing and a new horizon opens to her which offers new ways of selling and also new possibilities to

⁴⁴ 1 a: fearless before danger : intrepid b: showing or requiring a fearless daring spirit 2: impudent, presumptuous 3 obsolete : assured, confident 4: sheer, steep <bold cliffs> 5: adventurous, free <a bold thinker> 6: standing out prominently 7: being or set in boldface (Merriam-Webster, 2008).

develop her venture (S5). When Jonas' access to computers for programming is severed by the university, and when he has exhausted his options to try and change the university's decision he ponders how he could gain access to computers without any money. Brainstorming with student programmers they decide to look for sponsoring and after contacting computer companies and discussing conditions he successfully strikes a sponsoring agreement (J2).

Output coping is the third type where the entrepreneurs attempt to cope by working harder or outsourcing part of their operations, all aiming at for example increasing pace and the amount of resources working with the venture idea in order to overcome a resistance. The possibly first available such strategy is to work harder which is what Nina does with her operations as she opens her web shop. From the start of her venture creation attempt she does basically all tasks, whether it is administration or design. As her web shop opens, her available time decreases when she starts working with orders, logistics and deliveries also. Her desire for full control is a contributing reason that she decides to do as many tasks as possible herself and the only way to achieve this is to work even harder than she did before the shop opened (N6). Susanne is in a similar situation when she launches her venture, with no resources, a problematic prototype and chore of other tasks to do she increases her effort to try to do it all herself (S1). At some point though, working harder is not feasible as a coping strategy which Nina finally experiences with her shop and she feels forced to outsource some tasks to manage. However this turns out to be yet another source of frustration to her as the job is not carried out the way she want it be (N6).

The fourth type, *network* coping is where entrepreneurs use friends and family to overcome a resistance. All of the entrepreneurs use this type of coping. Susanne for example has a deliberate strategy to continuously use her network to develop her venture and uses this in a focused way to solve her problems with the prototype (S2). Nina also uses her friends for advice in her argument with the web designers. Her

friends strengthen her in her decision and help her stand firm in her view of how the website shall look like (N4).

The fifth and final type is *ostrich*⁴⁵ coping which in a sense is a non-coping strategy. Here entrepreneurs avoid taking the consequences of perceived resistance or externalise it, thus the likeness with the ostrich that burrows its head in the sand. Jonas has difficulties accepting the consequences of perceived resistance as his time spent developing his venture becomes limited because of prioritising other aspects of his life. Although he is aware that his time is too limited to achieve that aspires to, and that his venture might fail because of it, he does nothing to try to alleviate this (J1). When Susanne is unable to get funding in time to realise her planned activities for her venture idea, she instead puts her mind to a completely new project (S5).

As I discussed earlier, there is a relationship between coping strategies, the resistances' relevance to the venture and the entrepreneurs' beliefs in whether they can overcome the resistance or not. The entrepreneurs choose strategies based on the relevance and ability to overcome it. Ostrich types of coping are strategies where their belief in successfully overcoming a resistance is low, but the relevance can vary. Bold types are characterised by a stronger belief in successful coping with a lower or varying relevance. Accommodating types on the other hand come into play when the relevance of the resistance is high and the belief in successful coping varies. Output types have lower relevance and higher belief in successful coping while network types have varying levels in both relevance and belief in successful coping.

⁴⁵ I use this in its adjective meaning, "[from the belief that the ostrich when pursued hides its head in the sand and believes itself to be unseen] : one who attempts to avoid danger or difficulty by refusing to face it" (Merriam-Webster, 2008)

Table 5-4: Types of coping strategies

| Accommodating coping | |
|--|----------------------------|
| Pleads with stakeholder | E1, E3, E4, J2, N2, N3, S3 |
| Works to fulfil demands of stakeholder | E1, E2, N1, S4 |
| Bold coping | |
| Bypasses stakeholder to one with more power | J3 |
| Puts pressure on stakeholder | N4 |
| Changes strategy | E6, J4, N2 |
| Finds/creates complementary resource | J2, N3, S3, S5 |
| Output coping | |
| Works harder | N5, N6, S1 |
| Outsources work | N6 |
| Network coping | |
| Uses friends and family | E5, J2, N1, N2, N4, S1, S2 |
| Ostrich coping | |
| Avoids taking consequences of perceived resistance | E5, E6, J1, S5 |

To conclude, the strategies that the entrepreneurs choose are highly dependent on context and individuals where a perceived resistance's significance to a venture idea as well as entrepreneurs' ability to overcome decides their coping strategies. Previously I have pointed towards the pattern between where resistance is perceived and why. In this section I have discussed how the reasons why entrepreneurs perceive resistance influences which coping strategy they decide upon. Next I turn to the outcomes of perceived resistance on entrepreneurs' venture ideas.

5.1.5 What are the outcomes of perceived resistance on a venture idea?

There are two alternative outcomes from coping with perceived resistance, resistance is either overcome or not (see Table 5-5). However in between those two are shades of grey. In addition to this grey scale is also the dependence on perspective taken. If it is strictly the present venture idea which is the focus, then it is easier to distinguish what is overcome and not. If the perspective is that of the entrepreneur and the development of new ventures it becomes more difficult as the boundary blurs between the current venture idea and subsequent ones which may come out of the current one. Susanne's venture creation process is an example of this where she almost from the start, at least from when her difficulties with prototype development began, looked for alternative venture ideas that would be more conducive to her own view of what entrepreneurship should involve.

Yet this study is delimited to the original ventures of the entrepreneurs and does not take the interest or analysis further into new venture ideas that the entrepreneurs embark upon. Given this, the result of overcoming resistance has two subcategories, to temporarily overcome resistance and to overcome resistance but with restrictions. Resistance not overcome also has two subcategories, when entrepreneurs give in to the resistance and decrease their venture creation efforts and the above mentioned creation of and focus on a completely new venture idea. The only obvious pattern between coping strategies and outcome is that none of the strategies that used the ostrich type leads to an overcome resistance.

Nina's argument with the web designers is an example of overcome resistance. She uses bold coping to put pressure on the designers and demand that they do it her way, disregarding their artistic freedom. After some discussions and back and fro with the web shop she stands firm and they finally deliver a solution that she is satisfied with

(N4). Jonas faces two resistances in succession which are related to access to computer equipment that is necessary in order to develop his idea. Both are overcome by using bold coping strategies, but one is only temporary while the other has restrictions. Losing the students' computers he manages to convince a computer company to sponsor them with computers, but for a limited time only (J2). Next when his access to internet servers is cut by the university's IT-department he manages to overcome this by enlisting the support of the university's lawyers. The lawyers however add the restriction that the servers can only be used within the framework of a course that the student programmers participate in (J3).

Turning to resistance not overcome, Eric's partnership with David is an example. As he started up, Eric took David on board and made him partner while David took certain responsibilities on his plate. When Eric feels that David shirks his responsibilities he plans to talk to him about this, but his coping is of the ostrich type and it never happens. Time goes by and after not having spoken to David for many months, Eric plans to take care of David's responsibilities himself. This does not happen either as his commitment is lost and he gives up on the idea completely (E6). Jonas can exemplify the outcome where the entrepreneur gives in to the resistance and limits his or her venture creation efforts. He has a limited time to put into his venture idea, and knows that time will become even more limited as he is about to go on paternity leave. He does not consider changing his time allocation between family, work and his venture idea, and his venture thus receives less and less time and effort from him (J1). Finally Susanne is an example of how the current venture idea is deserted in favour for a new one. She has difficulties with her prototype and needs money to develop it. The government funding agency however takes a very long time handling her application, too long for her as she begins looking for other venture ideas. By the time her application is approved, she has already given up the idea and refocused on another (S3).

That perceived resistance is not overcome does not necessarily imply that an entrepreneur gives up. He or she could do so as some of the instances indicate (see for example E6 and S3 above), but it could also have other meanings. In a number of observed instances the entrepreneurs loop back once, twice or more to try new approaches to their coping (see for example J2, J4, E1, E4, N2, N4, S1 and S3). Yet another observed outcome is when an entrepreneur decides that what was initially perceived as a significant resistance actually is not that significant and can be more or less ignored. Jonas displays this when he first worries that his time will not be enough as he goes on paternity leave, but as soon as he does he plays down the need for his time and instead claims that although development is slow he can still handle it (J1). This outcome is connected to the ostrich coping strategy which means that it is easier for an entrepreneur to ignore it than try to deal with it, despite its significance to the venture idea.

Table 5-5: Outcomes of coping with perceived resistance

| | |
|---|----------------------------|
| Resistance is overcome | E1, N4, N5, N6 |
| Temporarily | J2 |
| With restrictions | J3, N3 |
| Resistance is not overcome | E2, E3, E5, E6, N1, N2, S1 |
| Gives in and decreases venture creation efforts | E11, E4, J1 |
| New venture idea | J4, S2, S4, S3, S5 |

What I so far have discussed are the outcomes of the individual instances of perceived resistance. In addition to those, something happens between them, something influences entrepreneurs' commitments and appraisal of new instances of perceived resistance before they happen. Eric for example meets a multitude of resistance from various stakeholders and also from within himself, but his

commitment is always strong. As he finally gets his big break and the soccer association agrees to let him test his service at a national soccer match, he fails to set it up for no particular reason and says that he does not understand why himself. A few months later he realises that he has given up on the idea. Nina on the other takes each instance of resistance at a time. Although her initial strategy fails and she is forced to completely rethink her business model, she never falters and is able to realise her venture idea.

Each one of these examples individually hints at what influences the process of venture creation. Eric discusses his own energy and how important it is to his ability to achieve what he sets out to do. Nina shows in her coping how she uses friends to help her overcome moments when she doubts her own abilities and ponders giving up. Here is an aspect that affects coping both in each instance as well as over multiple instances – the entrepreneurs’ energy. I leave this for now, but will return to it later on.

This concludes the empirical analysis of perceived resistance. In the next section I build on the empirical analysis and add a theoretical lens to it.

5.2 Theoretical analysis

This section is the second step in the analysis where I use the theoretical framework to discuss the empirical findings. As in the empirical analysis the theoretical model is used as an outline.

Section 5.2.1 discusses where potential resistance is perceived, section 5.2.2 why resistance is perceived, and together they address this study’s first purpose – to explore *where and why do novice entrepreneurs perceive resistance to their venture creation efforts*. Section 5.2.3 focuses on how entrepreneurs cope with perceived resistance, which correlates with

the second purpose – to explore *how do novice entrepreneurs cope with perceived resistance*. The final section, 5.2.4, elaborates on the outcome of perceived resistance on the venture idea, and thus concerns the third purpose – to describe *which effects do perceived resistance have on outcomes of venture creation processes*.

5.2.1 Where is resistance perceived?

Entrepreneurs' vulnerability to influence and in effect the risk of perceived resistance is influenced by their dependence on certain exchanges of resources. Resource dependence theory states that particularly two dimensions are important, relative magnitude of the exchange and the criticality of the resource (see for example Pfeffer, 1982). Looking at the cases, Eric being barred from testing by the soccer association is an example where both the relative magnitude and the criticality are high and indeed he perceived this as a major resistance (E1). The market leader that Nina wants as a supplier is another example where both dimensions are high (N3). This section mainly uses resource dependence theory to analyse where resistance is perceived, as well as to discuss the empirical findings from a theoretical point of view.

The empirical material indicated that entrepreneurs' entire life situation is critical to the creation of ventures. If a resource dependence perspective is focused on the venture creation process only, the impact of an entrepreneur's whole life situation is difficult to use as a way to analyse where resistance occurs. However when viewing entrepreneurs' entire lives as a part of their venture creation efforts, the picture changes and taking a resource dependence perspective becomes a key issue in order to further the analysis. Jonas' prioritisations that put his family and his employment before his new venture idea, for example, indicate that his whole life situation is a critical resource which acts as a complementary resource to his creation efforts (J1). Jonas needs these resources, his family and his employment, in order to be able to work on

his venture. This means that they are highly critical to him and the potential absence of them, or even minimising them in relation to his venture idea could have a devastating effect on his venture. The same line of reasoning can be applied to both Eric's and Nina's circumstances. The issue of entrepreneurs' whole life situations as an integrated aspect of their venture creation attempts is an understudied aspect in entrepreneurship literature and something I will return to more in the next chapter.

In the previous section I categorised three areas where resistance occurs, namely in dyadic interactions, with depersonalised gatekeepers and in the beliefs of the entrepreneurs. Where resistance is perceived in dyadic interactions it is a matter of asymmetric relationships which are characterised by greater dependency on behalf of the entrepreneurs. They also perceive lesser possibilities of managing and balancing the asymmetry. With a loss of apparent control, entrepreneurs perceive the asymmetry as potentially goal-disruptive to the planned behaviour towards venture creation. Eric for example relies on his partner David to take responsibility for and fulfil his obligations, but he fails to do so with difficult implications for Eric who then spends considerable effort pondering how to handle his relationship with David (E6). When Nina brings in web designers to build her web shop, their unwillingness to consider her views of design and a tight dead line initially puts her at their mercy (N4).

The category of depersonalised gatekeepers is similar to dyadic interactions in the sense of asymmetry. Here it is not the asymmetry in meetings with individuals though, but in meetings with structures, bureaucracies or companies. Jonas meets this when his access to servers and computers is severed (J2, J3), Susanne when she applies for a loan from the government lending agency (S3), and Eric when the soccer association halts his testing (E1).

In both dyadic interactions and depersonalised gatekeepers, an asymmetry between stakeholders and entrepreneurs is not in itself a

sufficient condition for resistance to be perceived. The resource targeted in the exchange must also be critical to the entrepreneur and/or the relative magnitude of it must be sufficiently high. This is illustrated by the examples of Eric (E1) and Nina (N3) given at the beginning of this section. Furthermore the character of the venture idea influences how dependent it risks becoming on certain stakeholders. If the focus is limited and only a few stakeholders can supply the needed resource, the risk of perceived resistance is higher than with many potential suppliers. A number of aspects relating to the venture idea and also to the entrepreneur come into play here. When Nina tries to buy products for example (N3), the more established suppliers are the ones resisting the most, while newer ones are more likely to support her creation efforts. This can be viewed from a legitimacy perspective where the established are used to more established customers who behave in a predictable fashion while the less established actors are more similar to Nina's own venture and thus view her as more legitimate (Delmar et al., 2004a; Zimmerman et al., 2002).

Resource dependence theory as a way to theoretically analyse where resistance occurs has, as I have shown, a good fit with the categories dyadic interactions and depersonalised gatekeepers. The final category, entrepreneurial beliefs however is where resistance arise as a consequence of the entrepreneurs' own thoughts and beliefs thus appearing to make resource dependence a far-fetched theory to use. This is not necessarily so as it is, in part at least, in the eye of the beholder that a goal disruptive event is perceived. If entrepreneurs believe that they need a resource or that they must conform to expectations in their surroundings, this becomes a source of resistance with resource dependence characteristics. Resource dependence theory moreover discusses interdependencies where results achieved by one actor are interdependent on those of another actor or where the activities of one actor are dependent on the actions by another actor (Pfeffer et al., 1978). If an observer from the outside would view the situation, it might appear as a non-issue, but to the entrepreneur it is not. Jonas' belief that he

needs to put in a certain amount of time, while at the same time prioritising other issues higher than the venture idea, and in addition knowing that it will get worse in the future (J1) is a matter of critical resources with a high relative magnitude to the venture idea. The same goes for the other instances under the entrepreneurial beliefs category.

Concluding this discussion of where resistance is perceived I turn to a specific area, namely entrepreneurs' families. From a theoretical point of view this is particularly interesting as it is the flip-side of what entrepreneurship literature so far has described as a key positive aspect in the start-up of new ventures. Family is a central support base for entrepreneurs from a social capital or social assets point of view (Birley, 1985; Greve & Salaff, 2003; Renzulli, Aldrich, & Moody, 2000). This study however shows that resistance is perceived as particularly acute if those closest to the entrepreneurs, their families and friends, question and doubt their venture ideas. As such, family can be both a blessing and a curse to entrepreneurs attempting to realise a venture idea

5.2.2 Why potential goal disruptions are perceived as resistance?

According to theory, an underlying reason why goal disruptions are perceived as resistance could be found in how entrepreneurs perceive their significance to their goal commitments and situational intentions (see Lazarus, 1990; Lazarus, 1999). This decides their stress-levels which is a key issue for how they cope. It also explains the subjective aspect of perceived resistance where two entrepreneurs can perceive similar goal disruptions in completely different ways, one as resistance and the other as a minor issue.

In the empirical analysis, I showed that significance is a focal issue of goal disruptive events, and only when entrepreneurs perceive that an event has a significant influence on their evolving ventures will they perceive it as resistance. Significance is also a concept similar or identical to the resource dependence dimensions of relative magnitude

and criticality, with the difference that significance more strongly indicates that is a subjective measure.

Significance however is a consequence of entrepreneurs' appraisal of the origins to, and category of resistance. Appraisal takes into consideration the *potential consequences* of failing to cope successfully with the situation and secondly how *psychological meaning of the consequences* are related to the entrepreneurs' basic beliefs of themselves and the world (Passer et al., 2007). Hence, if an entrepreneur views succeeding in the entrepreneurial endeavour as important for feelings of self-worth, meeting resistance can then affect self-worth if coping seems difficult. Susanne's feelings that being only an innovator is not what she wants, and that it is different from being the entrepreneur she strives for, means that all that is related to product development becomes a source of perceived resistance to her. With that content of realising her brush, the actual work of realising it becomes a source of resistance (S1, S2). At the beginning, the venture is a source of self-worth to Eric and he cannot allow himself to fail. Thus, the more difficult it becomes, the more effort he puts in. This has a snowball effect on the resistance he perceives as it affects his relationship with his family and his own view of himself (E4).

A related issue that is put forth as affecting appraisal is the entrepreneurs' views of their abilities to cope with the resistance – the lower their beliefs in successful coping, the higher the perceived resistance (see Folkman, Lazarus, Dunkel-Schetter, DeLongis, & Gruen, 1986; Lazarus, 1999; Lazarus et al., 1984 about appraisal stress and coping). In the previous empirical analysis, this uncertainty of coping outcome was revealed to be the second factor next to significance that influence whether entrepreneurs perceive resistance or not. The empirical material furthermore shows that this is affected by self-efficacy (Bandura, 1997) and constructive thinking (Epstein et al., 1989). In the case of self-efficacy, Eric's low confidence in his ability to write a business plan first of all prevents him from writing one and secondly means that he is unable to acquire funding for his venture idea (E2, E5).

Susanne on the other hand believes that she has all the skills she needs to realise her idea, either herself or in her network. Despite this she perceives a number of instances of perceived resistance, indicating that high self-efficacy does not insulate an entrepreneur from resistance. Constructive thinking is something that Nina displays as she perceives multiple instances of perceived resistance which she is forced to cope with in order to realise her idea. When her loan application is rejected she is able to rethink her strategy and continue despite bleak prospects of successful coping (N2). Additionally she faces a set of resistances of similar significance and is able to overcome them all (N3, N4). These examples from Nina are counter indicative of how a lower belief in successful coping leads to a higher level of perceived resistance as these aspects of her outlook on the resistance allows her to believe in successful coping. That is, the lack of these aspects would lead an entrepreneur to perceive an instance of resistance as more significant.

Returning to the issue of how entrepreneurs perceive the significance of goal disruptions. First of all, their situational intentions link in with the intentions behind their venture ideas, which is a topic of some interest in entrepreneurship research (see for example Bird, 1988; Katz et al., 1988). The important thing here is that they intend to create a venture and commit to do what it takes to do so. With such an overall goal, their situational intentions reflect this and thus carry a high commitment and also a desire to achieve the set goals. The cases reveal the role of intentions in how entrepreneurs perceive goal disruptive events. Nina's intentions are set at realising her venture – meaning in the long run a store location and a web shop – and she enters each situation with the same intentions. Thus her frustration and anger intensifies when things do not happen as she had planned (N1, N2, N3, N4). Similarly Susanne also has a high level of situational intentions, and although she does not respond with anger as Nina, her frustration at the slow pace and setbacks is instead manifested by her impatience and search for something meaningful to do (S3, S4, S5). Jonas on the other hand, despite perceiving resistance is mostly unperturbed by it, going

about in a manner that *"it will be alright"*. This could be an indication that his situational intentions are not high enough for him to become stressed enough to take action that would put his venture idea higher on his list of priorities (J1, J4). The cases thus indicate that higher situational intentions increase the likelihood of perceiving resistance from goal disruptive events.

Secondly, and along a similar argument follows the influence of entrepreneurs' goal commitments. The empirical study shows that a disrupted goal of significance has to be dealt with, while committing to such a disrupted goal increases stress and possibly also the perception of resistance. In addition, goals sometimes conflict with each other, a motivational conflict. As one gets closer to a goal, the avoidance or approach tendencies get stronger. Avoidance grows quickest so the drawbacks that from the start only partly repelled a person grows in strength the nearer one gets (Passer et al., 2007). Eric's testing at the national soccer match (E1), Jonas' time input (J1) and Susanne's disinterest in being an innovator (S2) are all examples of this.

Of special interest here are entrepreneurs' life goals as they influence both perceptions of resistance and the consequent coping. Life goals put entrepreneurs' intentions and commitments to their ventures to test. Multiple life goals either make entrepreneurs more vulnerable to external influence or pressure or more susceptible to perceiving personal goal conflicts. All of the studied entrepreneurs have the intentions to realise their ideas and an initial commitment to do so. However when they are forced to weigh commitments to different life goals under pressure from goal disruptive events, in some cases they choose to lower their priorities in relation to their venture creation attempts in favour of other life goals. This is partly related to their personal reasons for pursuing their ideas (Lazarus, 1991) as well as the critical resources that highly prioritised parts of their lives are to them.

Thus in the same fashion as goal commitment and situational intentions, the number of life goals and the importance ascribed to their non-venture life goals increase the likelihood of perceiving resistance from goal disruptive events. As mentioned earlier though, through goal setting and commitment, life goals have an indirect effect on perceived resistance. This effect can be influential which can be seen in the cases of Jonas and Eric, where it was strong enough to be a key contributor to the termination of their venture ideas. I will return to life goals in more detail further on in Chapter 6.

The resource perspective of perceived resistance

So far I have discussed how entrepreneurs' goal commitment and situational intentions influence how they perceive the significance of a goal disruptive event on their ventures. Together with their life goals these aspects represent the issues that entrepreneurs bring with them into the situation. There is more to it though as context and circumstances also influence how entrepreneurs perceive goal disruptive events or processes.

During the starting up of a new venture, some resources are likely to be more critical than others. Eric needs access to soccer games to test his service (E1), Jonas needs computer equipment to develop his service (J2), Nina needs high market share products in her inventory (N3), and Susanne needs funding (S3). They are all denied access to those resources and embedded in those denials are goal disruptive events which they perceive as resistance. The dynamics of this dependence of critical resources and subsequent denial to accessing them fits with what is described through resource dependence theory (Pfeffer et al., 1978) and thus directly links with where resistance arises as discussed in the previous section.

Here I use this to further deepen the analysis of perceived resistance by looking at four instances of perceived resistance with specific focus on the symmetry or asymmetry of relationships to

understand why resistance is perceived. I use the instances above from each case and apply Frooman's dimensions for stakeholder influencing strategies to study them (1999). The choice of instances, one from each case, is made to illustrate the result of the analysis on each case, the instances within each case are selected at random.

The overview of the four instances of perceived resistance in Table 5-6 shows for each one how asymmetries in relationships can cause entrepreneurs to perceive resistance. Eric meets a monopolistic stakeholder. Jonas faces university bureaucracy, Nina a very established supplier with a majority market share and Susanne the bureaucracy of a government funding agency. In all four instances the entrepreneurs have few means to deal directly with the stakeholders and all four entrepreneurs are in dire need of the resources controlled by the stakeholders.

There are some differences between the four instances. Eric seems to score highest in his dependence on the soccer association's benevolent attitude to his venture idea for him to succeed. Indeed the development of his venture idea is also completely stopped when the soccer association decides to cease his ability to test it. There is little else he can do than to talk to them.

Jonas must deal with a university bureaucracy built to handle research and teaching, not new venture creation. The bureaucracy does not accommodate the needs of his venture idea and he is forced to find a new solution where he does not upset the university's rules but at the same time acquires the equipment he needs. Although the university controls the resource within the context where his venture exists, and while it is critical to his venture idea's realisation, there are other means for him to gain control over it.

Nina faces an absolute market leader with what she feels antiquated views of how to market and sell their products. Her business model does not fit the supplier's requirements and she is not allowed to

sell their products. The problem is that the brands of the supplier have an almost complete market share so she worries about her own sales volumes without those particular brands in her shop. Despite this worry she turns to mid-sized suppliers but many of those are also hesitant to distribute their products to her. In order to build her inventory she eventually turns to start-up brands that are more than happy to work with her.

Finally Susanne who needs funding relatively quickly to both develop her prototype and to patent her product in order to begin talking about it with external stakeholders, like potential resellers. External funding is her only way to be able to do this, and there is only one lending agency where she believes she can get a loan at this stage. However this agency is government run and very slow, too slow for Susanne's liking, but there are no viable alternatives so she is forced to wait.

What this analysis of the resource perspective of perceived resistance indicates is that the issue of external constraint places entrepreneurs in situations where they perceive resistance. In addition to this, the relative magnitude and criticality increase entrepreneurs' predicaments. However I also want to point out that the issue of supply is a key resource aspect which decides whether entrepreneurs can overcome restrictions or not, since.

The supply aspect is also where the ingenuity of an entrepreneur in finding ways to circumvent or overcome access restrictions to resources comes to play, which I discuss in depth in the next section. Previous entrepreneurial experience could help entrepreneurs become more mentally prepared for supply issues and the need for unorthodox thinking in order to overcome restrictions posed by stakeholders. If this is so it could indicate that seasoned entrepreneurs perceive less resistance and instead subscribe what novice entrepreneurs perceive as resistance to the process of venture creation, ie. something inherent to the process itself.

Table 5-6: Resource dependence analysis of instances of perceived resistance

| | Eric (E1) | Jonas (J2) | Nina (N3) | Susanne (S3) |
|-------------------------------------|---|--|---|---|
| External constraint ⁴⁶ | Actor has full control of a resource Eric needs | University system limits available computers but does not have absolute control | Supplier is the absolute market leader. When Nina contacts them, their products are a necessity to sell to her target niche | There are a number of potential ways to acquire funding but Susanne sees few that would lend her at the stage she is at |
| Relative magnitude | Involves all resources | All resources needed for development | Nina feels that the products of the market leader are a guarantee to generate sales | Funding would cover her immediate needs for patenting and product development |
| Criticality | Eric sees no other way to continue without access to soccer matches to test his service | Jonas must have computers | There are other suppliers but their brands are small and relatively untested on the Swedish market | Susanne tries to develop the product through the new producer, but he needs pay. The patent is also necessary before she feels that she can talk about her product to external stakeholders |
| Limited supply | No other supply available | There are other means available and Jonas manages to acquire computers through a sponsor | She contacts mid-sized suppliers but they are also hesitant, so she contacts start-up brands in similar positions as she | The stakeholder she depends on for funding is too slow, so she turns to another but that one has poorer conditions which she does not want to accept. |
| Discretion over resource allocation | Strategy used by stakeholder | Strategy used by stakeholder | Strategy used by stakeholder | - |
| Discretion over resource use | - | - | - | The effect of the stakeholder's actions is perceived by Susanne as this type of strategy |

⁴⁶ Each of Frooman's (1999) dimensions are described in Table 5-7.

Table 5-7: Frooman's dimensions for stakeholder influencing strategies (1999)

| | |
|-------------------------------------|--|
| External constraint | Actors are likely to respond more to those actors in the environment that control critical resources |
| Relative magnitude | The proportion of total inputs, or total outputs accounted for by the exchange |
| Criticality | Measures the ability of an actor to continue functioning in the absence of a particular resource or market |
| Limited supply | When supply is limited, production instability and survival uncertainty arise as dilemmas in building the venture |
| Discretion over resource allocation | A withholding strategy where a stakeholder does not provide a firm with the requested resources |
| Discretion over resource use | A usage strategy where a stakeholder continues to provide the requested resources, but does so with strings attached |

However, and as I initially discussed, the reasons why entrepreneurs perceive resistance are subjective. Although this resource dependence analysis seems to be easily applicable when attempting to analyse why they perceive resistance, different entrepreneurs appraise goal disruptions in different ways. Nina for example displays constructive thinking and hardiness in a way that lets her believe she can overcome seemingly impossible resistance, and this certainly affects the influence the potential outcome of a resource dependence analysis. It is thus vital to weigh in multiple aspects affecting entrepreneurs' appraisal of goal disruptions in order to understand why they perceive them as resistance.

5.2.3 How do entrepreneurs cope with perceived resistance?

The analysis, applying the theoretical framework to the empirical findings has hitherto looked at potential sources of resistance, the goal-disruptive events or processes, and also why these are perceived as resistance. Now the discussion focuses on entrepreneurs' coping strategies.

Earlier I showed that entrepreneurs differ in how they appraise the significance of a perceived resistance to their venture ideas, which is also in line with Lazarus appraisal theory (Lazarus, 1990, 1991). A key aspect of this theory is that the appraised significance influences how they respond or cope. As stress is a central aspect connected to situations of perceived resistance, appraisal theory furthermore states that coping is “the effort to manage psychological stress” (Lazarus, 1990: 111).

In addition to this, I have shown that dependency situations and asymmetric relationships influence where resistance arises. Moreover, theory claims that such relationships are unstable and change over time, indicating that it is in the interest of entrepreneurs as the dependent part to try to address the imbalance (Blau, 1964; Emerson, 1962; Pfeffer, 1982). Entrepreneurs may use their social, human and organisational resources as leverage when attempting to achieve this. The empirical material shows that the entrepreneurs do attempt to change the balance of asymmetric relationships. A difference in how they do this, compared with theory is that their whole life situation is taken into consideration. With this perspective their own selves become a tool to leverage some asymmetries, for example when Eric negotiates with his wife (E4). Another difference can be ascribed to the newness of their ventures as they do not use any organisational resources, they do not even consider any that could be used. Instead they use their social and human resources to a large extent. Similar findings have been made in research into networks where entrepreneurs use those to simultaneously operate both pro-actively and re-actively while handling both dependence and independence (Johannisson, 1988), and relating to nascent entrepreneurs’ use of social capital to construct their resource base for venture creation (Brush et al., 2001).

Furthermore in the theoretical framework I discussed that coping, from the perspective of entrepreneurs’ perceived resistance represents their emotions, thinking or concrete actions to deal with this. There is an overlap here between entrepreneurs’ emotions and why they perceive a

goal disruption as resistance to their coping. Nina for example reacts emotionally to the rejection of her loan application from the government lending agency which drives her coping where there is anger in her attempts to overcome the resistance (N2). However her coping is not focused on emotions, although it could be fuelled by them, but is instead directed as overcoming the concrete resistance. As far as their thinking and concrete actions to deal with resistance, thinking is an integral part in all coping, but concrete actions are not as I showed in the empirical analysis with the ostrich strategy.

There are three coping strategies available to entrepreneurs: (1) problem-focused, (2) emotion-focused and (3) social support seeking (Passer et al., 2007). These relate to the different types of coping strategies derived from the empirical material (see Table 5-4). The three active types of coping used by the entrepreneurs, accommodating, bold and output coping are all problem-focused strategies. They focus directly at the perceived resistance in an attempt to overcome it or make its implications less severe to the evolving venture idea. Eric's discussions with the soccer association to give him a chance is a case of persuasion (Dees et al., 1992) which is in line with accommodating coping. In some cases bold coping is of a bricolage type where the entrepreneurs aspire to adopt an out-of-the-box approach that looks past resource limitations (see discussion in the theoretical framework about the concept of network bricolage proposed by Baker et al., 2005), and in some cases it is about taking an extended risk in order to cope. Susanne's relationships with her stakeholders where she aims at gaining knowledge and funding which she needs for product development is a case of acting *as if* she was trustworthy and with the required structure (Starr et al., 1990) which also falls within the category of bold coping. Output coping is directly linked to action, either the entrepreneurs themselves work harder or they add effort to their creation activities by outsourcing.

A social support seeking strategy is naturally the network type where the entrepreneurs use their social capital and reach out to friends,

family or other contacts they can access in an attempt to elicit support, resources and such to deal with the resistance. Nina’s attempt to make her handling officer change her mind and support her application is for example a case of co-optation by using others for persuasion (Gargiulo, 1993; Starr et al., 1990).

Finally the ostrich type of coping is to a large extent an emotion-focused strategy where the entrepreneurs attend more to their feelings about the resistance they perceive than actually trying to overcome it, in effect the opposite of a problem-focused approach. People with high internal strategies commonly do not chose this type of strategy (Ingledeu, Hardy, & Cooper, 1997), but instead vie for a more constructive thinking (Katz & Epstein, 1991) displayed in the problem-focused approaches.

Table 5-8: Classifying coping categories

| Empirical\Theoretical | Problem-focused | Emotion-focused | Social support seeking |
|------------------------------|--|------------------------|-------------------------------|
| Accommodating | E1, E2, E3, E4, J2, N1, N2, N3, S3, S4 | | |
| Bold | E6, J2, J3, J4, N2, N3, N4, S3, S5 | | |
| Output | N5, N6, S1 | | |
| Network | | | E5, J2, N1, N2, N4, S1, S2 |
| Ostrich | | E5, E6, J1, S5 | |

The empirical material furthermore concurs with what theory says about efficiency, that problem-focused and support seeking strategies are favoured choices when there is some way to control the

situation (see Passer et al., 2007). Susanne can exemplify this when her loan application takes too long given her goals. She then focuses on motivating the government lending agency to speed up the process, and when this does not work she looks elsewhere for funding, all the while she fully believes that she will get the money she applied for (S3). The result of emotion-focused coping on the other hand, is a change in individuals' interpretation of circumstances, for example giving up a sought after goal or the denial of a certain threat (Lazarus, 1999). The entrepreneurs vouch for emotion-focused coping strategies when the likelihood of control is low. Jonas for example does not see that his time will be enough once he begins his paternity leave, and he can do nothing to change his priorities. The only option to him is to further disengage from the venture idea and take an escape-avoidance stance to it (J1).

The chosen strategy to cope varies depending on how the entrepreneurs appraise the significance of the resistance and the uncertainty of coping outcome. In the empirical analysis I showed that when entrepreneurs appraise the significance of a goal disruptive event or process as high at the same time as feeling uncertain about the outcome of coping, they seem more likely to perceive it as resistance. These two form a framework within which it is possible to depict the most likely coping strategy (see Figure 5-3).

The figure shows the relationship between chosen coping strategy and how entrepreneurs perceive the resistance. The higher the uncertainty of successful coping and the higher the significance of the goal disruption to the development of their venture ideas, the more likely it is that they adopt the ostrich emotion-focused strategy. Conversely the lower the uncertainty of successful coping and the lower the significance, the more likely it is that they will vie for the output problem-focused strategy. These two thus appear to be opposing strategies where ostrich coping is chosen as a consequence of failure to find a coping strategy that can overcome the resistance and the entrepreneur instead attends to his or her feelings about this. Output

coping is a work-harder strategy where such effort is seen as the necessary input to overcome the resistance.

When the significance of the perceived resistance and the uncertainty of successful coping are in between low and high, entrepreneurs seem to choose either a bold or a network strategy. It appears that in this situation, entrepreneurs are relatively more certain of overcoming a goal disruption than when they choose ostrich coping, but they still have to be inventive in order to do so. An accommodating coping strategy differs somewhat from network and bold as it is favoured when the significance is higher than in the case of the other two strategies. Here the entrepreneurs have more to lose as the resistance is more significance and thus appear more vary of meeting the demands posed in order to overcome the resistance instead of being inventive.

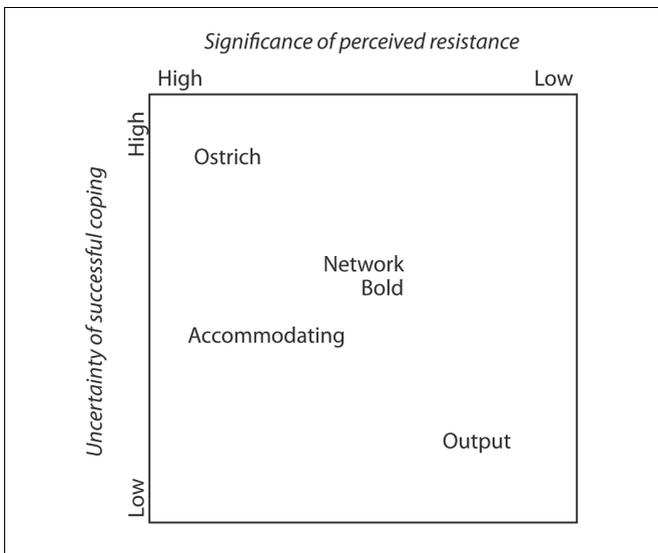


Figure 5-3: Coping strategies –appraised significance and the possibility to overcome

The result depicted in the figure is also strengthened by late research into role expectations where a study of 183 Slovenian entrepreneurs showed that structural role definitions and/or reactive role behaviour to stakeholders have a positive influence of new venture performance. Furthermore the connection between reactive role behaviour and new venture performance is affected by role stress and in a similar manner as this study finds, the authors state that role stress “depends on the level of challenge of stakeholders’ expectations that an entrepreneur experiences” (Örtqvist et al., 2007: 299). Assuming that this level of challenge influences entrepreneurs uncertainty of successfully overcoming perceived resistance, role stress influences which coping strategies entrepreneurs decide to use.

With all this said, there are some curious issues in relation to how entrepreneurs cope. I mentioned this earlier also when concluding the section in the empirical analysis about the outcome of perceived resistance on a venture idea. Something seems to influence how much effort entrepreneurs put in and how long they endure, something which is not captured within the model. Eric for example diligently strives to realise his idea, and when he finally gets his break and strikes an agreement with the soccer association to test his service at a national soccer match, he fails to do so and shortly after terminates his venture idea (E1). What happens there, why does he not take the final steps towards completing his idea? How does Nina again and again overcome seemingly impossible resistance? And why is Susanne’s persistence so low while her intentions are so high? This is the topic of the next chapter which explores a deeper dimension of perceived resistance, and how entrepreneurs endure in adverse environments while trying to realise their venture ideas.

5.2.4 What are the outcomes of perceived resistance on a venture idea?

In the introduction I quoted Granovetter who states that it is not necessarily the best ideas that survive but those that gain the greatest support (Granovetter, 1973). Judging the best ideas is outside the scope of this study, but the need to gain the best support is in line with what is revealed in the empirical material. It is not enough for an entrepreneur to have a good idea, or believe to have one – it is the realisation of it that is crucial. Gaining support is, as has been discussed above, a key feature of coping. Thus all of the previous steps in the model of perceived resistance naturally influence the outcome, whether it is overcome or not.

In the empirical analysis I came to the conclusion that there are two general outcomes – overcome or not overcome. What happens here is that entrepreneurs reappraise the original perceived resistance and the effect that their coping has had on it. When reappraising the situation, two aspects are important. The first is the discrepancy between task goal and actual situation, in other words, the effect of the applied effort or coping strategy. The second is the rate of progress in terms of discrepancy reduction, for an entrepreneur this means how fast a disruption is overcome and if it is overcome. Research has shown that positive or negative mood is directly affected by this progress (Carver & Scheier, 1990).

Thus when reappraising, the entrepreneurs not only judge the status of the resistance they perceived, the process of reappraising also influences how they feel about their coping and their entire venture idea. There is anguish in these as can be seen for example in Susanne's feelings in response to the government run funding agency's extended handling time to her loan application (S3) or in Nina's strife to buy products from the market leader where she is baffled by their disinterest in selling to her (N3).

In the case of a perceived resistance that is not overcome there is a loop back to coping until the entrepreneur either gives up, or has overcome the resistance in some way. In addition to this there is also the situation where the original resistance is reappraised and deemed as no resistance anymore. This could be because it is emotionally too difficult to deal with the prospect of failing to overcome it, and thus a result of an ostrich emotion-focused coping strategy. Jonas' issue with time spent towards developing his venture is one such example. Initially he worries that time is not enough to realise his venture idea. He is unable to change this fact and instead lowers his goals with the venture idea which removes his perceptions of resistance in that area (J1).

If an entrepreneur does not perceive a goal disruption as resistance, but fails to cope, he or she will loop back from not overcoming it to perceiving it as resistance. This is caused by reappraising the goal disruption when it is not overcome (see the examples from S3 and S4).

The cases furthermore indicate that the time from perceived resistance to termination of a venture idea is relatively extended. Eric's movement from highly motivated and focused on realising his idea to the point where he admits that he has deserted is a gradual shift from July/August 2004 until May 2005. The strategies he adopts during this period are both related and unrelated to those observed in failure studies where they are mainly emotion-focused (Singh et al., 2007), and the psychological aspects underlying coping are characterised by issues such as grief, guilt and depression (Shepherd, 2003; Singh et al., 2007). As discussed above, the entrepreneurs might act emotionally and out of psychological aspects like grief and anguish, but this is not to say that such strategies are the dominant choices. During the final year of his venture idea, Eric for example displays an on-off behaviour where he acts, then steps back and largely ignores his venture idea, then acts again and so on with more and more emphasis on the non-action.

When comparing Nina with the others, and taking a view of the outcome, there are definite differences between them. Nina continuously takes a more problem- or social support seeking focus than the others and she has a higher rate of overcome resistances. It appears that she is able to keep a positive undertone in her venture creation while the others are over time unable to shift from a negative and resistance enhancing to a positive movement. Each cycle of coping with resistance, whether overcoming it or not, implies an accumulation of experience on behalf of the entrepreneurs. Previous research has revealed that entrepreneurial experience is the strongest indicator as to whether a venture idea reaches certain creation milestones with business founding as the highest one (Rotefoss et al., 2005). This study concurs with this, with particular emphasis on within-venture experience.

However Nina is the only of the four who benefits from this experience, the others seem to become weighed down by their increasing experience. The difference between Nina and the others is that she succeeds in her coping, while the others have greater difficulties and doubt in the abilities to successfully overcome perceived resistance. In this respect, positive experience strengthens perceptions and coping in a positive manner, while negative has the opposite effect. Recently there has been an increased interest in self-efficacy from an entrepreneurial perspective which offers a theoretical explanation to this aspect of the experience loop. Entrepreneurial self-efficacy, specifically in relation to skills concerning networking, uncertainty management, and product development as well as procurement and allocation of critical resources, influences how entrepreneurs view their opportunities of launching their new ventures (Kickul & D'Intino, 2005). Thus the outcomes of coping with perceived resistance, entrepreneurs' cognition and perceived abilities interact in forming their experiences which influence their current and future appraisal of goal disruptions and consequent coping strategies.

The negative and positive effect of experience also relates to emotions. Overcoming resistance is likely to have a positive influence on entrepreneurs' emotions through decreased stress while the opposite is also likely. Previous research has interesting implications here as it for example indicates that failure leads to a "realistic view of what starting a business is like" (Singh et al., 2007: 342). Thus a realistic view according to Singh et al is a lowered expectation of success or in other words, one with a more resistance focus. Indeed Singh et al's result was revealed in this study as Eric, Jonas and Susanne gradually perceived more and more resistance which became more and more difficult to overcome. This emotional aspect of perceived resistance also links in to the next chapter which will focus on entrepreneurs energetic resources.

5.3 A model of perceived resistance

This analysis began with the theoretical model as a guide to follow (see Figure 5-1), but as has been discussed throughout, that model is not able to capture that which has been revealed in the analysis. Instead here I present and discuss an inductively derived model of perceived resistance (see Figure 5-4).

The model begins with a goal disruption facing the realisation of a venture idea. This disruption is appraised by the entrepreneur on the basis of its significance to the venture idea and the degree of uncertainty of coping outcome. These two aspects work in concert and the higher they are, the more likely it is that the disruption will be perceived as a resistance. Furthermore, the more uncertain the entrepreneur is of coping outcome when the disruption is significant, the higher up on the coping scale the strategy to deal with it will be.

Next the entrepreneur attempts to cope by using the chosen coping strategy, and when this effort is completed, its' affect on the disruption is reappraised. Either the disruption is overcome, or it is not.

If it is not overcome, a new attempt at overcoming it is launched, and this continues until either it is overcome, or coping attempts are abandoned. At some point however, the entrepreneur's self-confidence is affected if these loops continue, and/or coping takes longer time than what was initially expected. When this happens, the choice of strategies is shifted upwards on the scale and they become more emotion-focused, thus further decreasing the possibility of overcoming the disruption.

In addition to the developmental steps described above there are also experience loops which feed back to appraisal from both of the results not overcome and overcome. These loops bring experience from attempting to overcome a goal disruption, whether successful or not. When a perceived resistance is not overcome and coping continues, an entrepreneur's appraisal of goal disruptions is thus also influenced by his or her experience of the process. This aids in fine-tuning and improving coping strategies, but through lowered self-confidence and motivation it also deteriorates the entrepreneur's possibilities of overcoming the disruption. The more loops from coping, through reappraisal, to not overcome and back to coping, the longer it takes to overcome the perceived resistance and thus the more affected are self-confidence and motivation. This upper half of the model thus represents a loop which over time negatively influences entrepreneurs' perceptions of resistance and their subsequent coping attempts. The results over time are more emotional-focused coping strategies which in turn further decreases entrepreneurs' possibilities of overcoming resistance, and also lead to a higher probability of the next goal disruption being perceived as resistance.

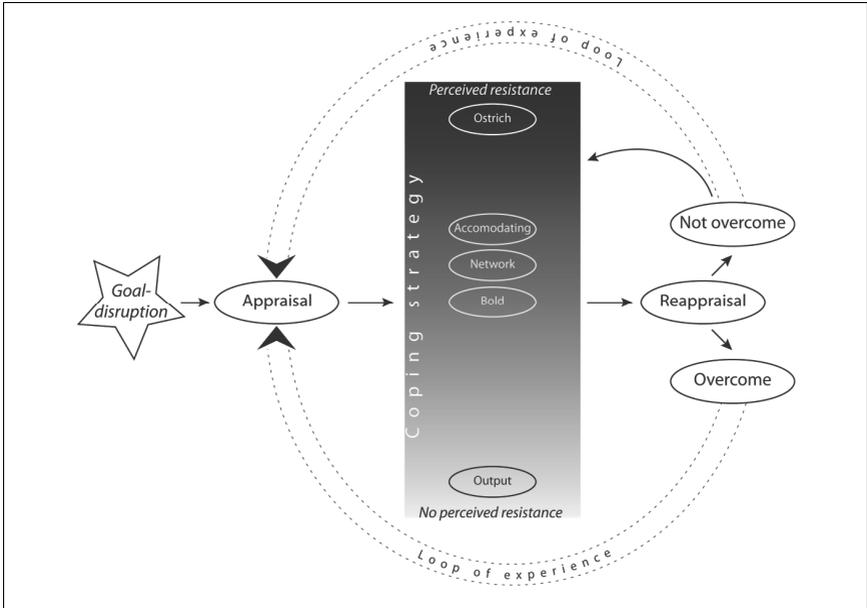


Figure 5-4: Model of perceived resistance

When facing a goal disruption, coping is required even when no resistance is perceived. This type of coping differs from coping with perceived resistance as stress levels are lower, and either factors of the disruption's significance to the venture idea, or entrepreneurs' uncertainty of overcoming the resistance, or both are non-existent. With this in mind, coping strategies focus on the lower part of the coping strategy scale and given that the disruption is overcome emphasises the lower half of the model.

6 A new revelation of perceived resistance and coping

Entrepreneurs continuously face goal disruptions in their attempts to realise their ideas, which should be evident from the empirical material presented. Depending on how they perceive these disruptions, one way or another they have to cope with them, and how they do this will eventually decide the fate of their venture ideas.

By looking only at the individual instances of perceived resistance, the model presented in the previous chapter can be used to describe the process. When expanding the view and looking at the entire start-up process however, something else seems to influence how entrepreneurs perceive and respond to individual instances of perceived resistance.

In the cases, Eric comes up with his idea while he is unemployed and begins developing it. Through a number of instances of resistance he continues with a firm belief that it is an idea with much potential. He even fights for it in relation to his family. Then his efforts are halted by the monopoly actor in Swedish soccer, but he still continues to cope and work on solutions. Eventually he negotiates an agreement with the soccer association and can begin testing again, authorised by the association. But instead of launching his new test series, he lets the idea lay fallow and a few months later admits that he is no longer pursuing it.

There is no single instance of resistance that forces Eric to abandon his idea, instead he receives positive feedback. So why does he let go of it? By looking at his venture creation attempts over time, focusing on cycles that span multiple instances of perceived resistance

there is a build-up of strain and a continuous stress and a pressure to manage his life situation. The effort he exerts in all aspects of his life eventually takes its toll. Not even a big win from the agreement with the soccer association inspires him to continue.

I have already hinted at what it is that either lifts the entrepreneurs' spirits or leads to a decision to terminate – it is a matter of entrepreneurs' energy. In daily talk people often refer to the importance of drive and energy when trying to explain what is needed of an entrepreneur⁴⁷. How the two concepts differ in meaning is unclear as they are used in media as one. However turning to theory, drive can be likened to motivation which has been extensively studied in entrepreneurship research (see for example Delmar, 1996; Raphael, Kenneth, Charlene, & John, 2001). Energy on the other hand, has thus far been largely ignored and except for directing attention at individual entrepreneurs' *levels* of energy (Bird, 1992), little help is found in existing theory⁴⁸. Research has instead focused on matters such as passion and perseverance. It has for example been proposed that start-up survival and success is enhanced if entrepreneurs dislike giving in and passionately hold on to their goals (Cardon et al., 2005) or that they have the tenacity or perseverance to overcome obstacles (Baum et al., 2004).

Passion has been put forth as a driver that entrepreneurs use when facing uncertainty and resource shortages (Timmons, 1999) and it has even been said that it is “perhaps the most observed phenomenon of the entrepreneurial process” (Smilor, 1997: 342). However passion or

⁴⁷ This was found in a survey of Swedish media: magazines, newspapers and the Internet.

⁴⁸ There are very few references to energy in entrepreneurship research. The two that I have found relate it to social energy in maintaining strong or weak ties (Podolny & Baron, 1997) which is a different definition from the one used here and in the psychology research referred to, and to the energy level of entrepreneurs which is used to point to individual differences (Bird, 1992). Bird's use of energy is close to the one used here, however she never extends her discussion of the concept in any detail.

perseverance does not explain how or why entrepreneurs endure and continue to cope like Nina or drop their efforts like Eric, Susanne and Jonas. All four of them are passionate about their ideas and all of them display perseverance, yet they differ in how they cope over time when facing consecutive instances of perceived resistance. This puzzling issue was something that I noticed in the early interviews with both Eric and Nina. Eric mentions how energy is something that is important to him in the very first interview: *“it was destructive to look for a job. It took a lot of energy and it was difficult to call on, evoking the power to sell, what you need in order to find a job. Calling people and be challenging and enjoyable and present oneself as a good person. To do it again and again with negative results, in the first place you doubt in it yourself. You think after all that you are lying. I mean before I was unemployed I could say that I can do this, this and that. Lots of technology and programming and everything, and after half a year so I wondered, can I tie my shoelaces... and it is very destructive for your self-esteem, at least for me anyway. And therefore, it was with increasing energy that I had to bring forth this power to sell which is required when you want to become employed, and the energy took ... made it so that I could not focus on my idea.”*

Nina on the other hand discusses how she uses friends to inspire her and give her energy to continue, especially when she faces what she perceives as strong resistance. As a consequence of these revelations I included energy as a topic of interest to explore all through the gathering of empirical material in all four cases.

Four types of energy have been proposed, relating to humans: physical, cognitive, emotional, and spiritual (Loehr & Schwartz, 2001; Schwartz, 2007). The energy, or rather energetic resources (ER) that I refer to throughout this chapter is defined in the field of cognitive psychology as the energy available in individuals to deal with stress and effort to cope (Gaillard, 2001; Hockey, 1997; Hockey, Gaillard, & Coles, 1986). Current psychological research has among other aspects found that ER intensify negative emotions and fatigue as a result of goal-disruptive events (Zohar, Tzischinski, & Epstein, 2003). As such the

concept of ER offers an avenue to deepen our understanding of how entrepreneurs endure over time, realise their venture ideas and cope in adverse environments where they face multiple and consecutive instances of perceived resistance. Thus all four types of energy come into play, but I delimit this study to focus primarily on the cognitive and emotional aspects of ER.

How can we understand the dynamics of ER? To begin with, one can see that when everything runs well and there are no disruptions or stress involved, ER is a non-issue to the entrepreneur. As soon as conditions become less favourable though, ER are likely to become important. In a theoretical scenario, if behaviour cannot proceed as planned, additional effort must be invested by the individual in mental problem solving and decision-making. This additional effort begins to tax on the amount of energy available to the entrepreneur and, if demand for energy is greater than its supply, this risks becoming a reason for termination. What is intriguing and complicating here is that it is not only an entrepreneur's coping efforts that tax on ER, but also that which happens to him or her in a wider perspective. In other words both mental effort and stress⁴⁹ will influence how rapidly ER are being depleted⁵⁰.

To explore this, I start with an overview of what existing theory says about ER which is necessary in order to understand how it influences entrepreneurs during the start-up of new ventures. The overview primarily focuses on the concept of ER in relation to cognitive

⁴⁹ Selye (1974; 1976) distinguishes between eustress and distress. He equals stress with arousal and claims that a certain amount of arousal is good (eustress), while too much is bad (distress). This implies that a deviation from an optimal level of arousal is negative to an individual. The problem however is to define an optimal level of arousal. With the approach taken in this chapter it is the distress that is studied, that which requires effort and taxing of energetic resources.

⁵⁰ This paragraph was written using Kahneman's (1973) capacity model of attention as a basis for developing an entrepreneurial scenario involving energy.

appraisal theory (Folkman et al., 1986; Lazarus, 1999; Lazarus, 2001) behavioural economics (Schonpflug, 1986b, 1986a; Schonpflug & Battman, 1988) and specific studies of ER (see for example Gaillard, 2001; Hockey, 1997; Hockey et al., 1986; Wright & Brehm, 1989). With the theoretical understanding of ER in place, the empirical material will be used to discuss the implications of ER on the model of perceived resistance. The purpose of this discussion is to address the questions raised in the previous analysis which was concluded with the model of perceived resistance (see Chapter 5.3).

6.1 What we know about Energetic Resources

The idea of energy as a limited resource influencing behaviour has existed for a number of years (Duffy, 1962; Freeman, 1948). Explorations of its behavioural and physiological aspects began with studies such as that by Pribram and McGuiness (1975) who studied how the coordination of arousal⁵¹ and activation constitutes a demanding activity requiring energy and converging on the hippocampus. Lately researchers have begun looking into how the ER construct in terms of efforts such as activation, arousal, stress, fatigue and resources can be added to models of behaviour (Hockey et al., 1986).

Regarding the applicability of ER, it has been proposed that it provides a framework for amongst other things fatigue, individual differences in adjustment and coping, specifically with regards to work related demands (Hockey, 1997). The use of ER has been proposed to be “a generic term encompassing all mechanisms that energise and regulate the organism and directly or indirectly influence psychological processing” (Gaillard, 2001: 625). To understand the characteristics of ER

⁵¹ “to rouse or stimulate to action or to physiological readiness for activity” (Merriam-Webster, 2008).

one can examine why they are applied and the results of application. ER are activated in an effort to protect performance under stress and the result is behavioural and physiological costs (Hockey, 1997). This effort to protect performance is difficult to maintain (Kahneman, 1973) because conflicts likely crop up between the emotional goals of maintaining personal well-being and desired affective states (Hockey, 1997).

An underlying concept when studying ER and adopting Hockey's perspective (1997) is emotions. Stress, emotions and coping have been suggested to have a part-whole relationship with emotions as the superior conceptual unit (Lazarus, 1999). As will be discussed further on in this chapter, emotions or the risk of emotions influences how ER develop and how entrepreneurs cope. What influences emotions in turn is the person-environment relationship (Lazarus, 1993).

The manner in which ER are discussed in this study follows the model of perceived resistance previously developed (see Figure 5-4). It starts with a stimulus which in the model is the instance of resistance. This event or process is appraised in two steps where a disruptive event could be evaluated as threatening or challenging (Lazarus, 1999).

Appraisal then leads to an activation response which is regulated according to available ER. Depending on how the situation is appraised, regarding available resources, various coping strategies are applied. These strategies are moderated by issues such as effort, motivation, and context-dependent factors. The result of coping with perceived resistance causes a reappraisal which affects arousal and ER mobilisation in the sense that it is increased, sustained or decreased. Depending on the ER available to mobilise, performance risks being degraded if the outcome of coping strategies is not positively appraised. In the sections 6.1.1 to 6.1.4, the role of ER in the model of perceived resistance is discussed in more detail, forming a framework to analyse the implications of ER in the analysis of the empirical material.

6.1.1 Appraisal of goal disruptions

Cognitive appraisal theory states that emotions arise from individual's appraisal of events based on their relevance to the individual. Appraisal specifically affects emotions, through a loss of vital ER (Lazarus, 2001). This is problematic as such a loss of resources needed to pursue a goal will become a threat to the achievement of that goal and result in negative emotion. The intensity of emotional reaction is further moderated by the desirability of the goal and the effect of environmental change on the estimated probability of achieving it on time (Lazarus, 1990, 1999).

There are two types of appraisal, primary and secondary, which happen simultaneously and are part of the same process, but with different foci (Lazarus, 1999). Primary appraisal relates to the process of evaluating whether an event is worthy attention and mobilisation of ER. It sets a frame of reference for how an entrepreneur perceives a resistance.

Secondary appraisal relates to the options an individual has for coping – what can be done about a stressful situation appraised as a threat or a challenge. Emotions play a part in this and entrepreneurs base their secondary appraisal on blame or credit for the disruptive event, coping potential and future expectations (Lazarus, 1999). ER come into play when entrepreneurs face goal disruptions and thus blame is likely to be the first choice. Coping potential is whether an entrepreneur believes that a goal disruption can be successfully overcome or not, and where future expectations have negative or positive outcomes.

The amount of available energy when facing an affective event also influences appraisal through both an emotional reaction and fatigue. Energy available is influenced both by the amount and the character of workload immediately before the event. With an already decreased level, negative emotions will be stronger than with a higher level of initial energy (Zohar et al., 2003). In addition the incremental loss of resources

also plays a role as cognitive appraisal proposes that a lesser possibility of successful coping poses an even larger threat (Hobfoll, 2001; Lazarus, 1991).

6.1.2 Coping with goal disruptions

To understand the process in which ER become critical, two states of being can exemplify the dynamics involved. Our normal state is one where our ER are balanced with the activities we do and want to do. Mechanisms continuously regulate our body so that it is in an optimal state, energy-wise, to perform tasks and process information. This optimal state is a necessity for us to efficiently process, as well as determine, the available capacity to perform a certain task. Under these normal state conditions, we do not need to worry about regulating ER and adapting. It is only in states when individuals experience stress, fatigue and strong emotions that ER become an issue in need of regulation and direction in order to uphold selected performance goals. To entrepreneurs, such states arise when behaviour is disrupted and cannot proceed as planned.

Regulating input of energetic resources

Behavioural economics states that individuals are forced to invest additional resources in mental problem solving and decision making when behaviour is disrupted and cannot proceed as planned. ER are limited, quickly consumed and require far more time to replenish than to consume, therefore the effort invested into problem solving and decision making must be regulated. This implies that individuals must engage in coping based on a process aimed at gaining the most from costs invested in challenging situations. (Schonpflug, 1986b, 1986a; Schonpflug et al., 1988)

Management of ER when facing and coping with goal disruptions thus becomes critical and is done by mobilising mental effort, which is

actively used by individuals to maintain performance stability in demanding situations. In other words, increasing task goal commitment will decrease the relevance of other personal (Hockey, 1997).

As energy is a limited and critical resource for self-regulated action, depleting it most likely leads to negative emotions (Hobfoll, 2001). This also relates to energy expenditure and recovery balance in stressful situations which influences the intensity of emotional reactions (Schonpflug, 1986b; Schonpflug et al., 1988).

Coping strategies and moderating variables

Coping is “cognitive and behavioural efforts to manage specific external and/or internal demands that are appraised as taxing or exceeding the resources of the person” (Lazarus et al., 1984: 141), or “the effort to manage psychological stress” (Lazarus, 1999: 111) where appraisal decides how individuals cope.

The entrepreneurs in this study use three general coping strategies: problem-focused, emotion-focused and social support seeking. In addition to this, other research has shown that people can, when facing issues perceived as potentially goal-disruptive, exert mental effort to mobilise extra energy in order to maintain performance at a certain level, a “try harder” approach (Gaillard, 2001). This approach can only be maintained for a limited amount of time as it brings with it high physiological and psychological costs. Examples of situations demanding mental effort are: sleep loss or fatigue which leads to a non-optimal energetic state; emotions that continuously demand attention and thus upset the energetic state; an attention challenging task through varying input-output relations or strong demands on working memory; a complex task context forcing the division of attention between different tasks; or a learning situation involving the acquisition of new skills.

An emotion-focused strategy is used when a person does not believe that the stressful condition can be changed and aims at

decreasing the experience of negative emotions (Lazarus, 1999). Strategies involved are for example suppression, restraint, seeking emotional support, acceptance, denial and disengagement. The result of emotion-focused coping is a change in individuals' interpretation of circumstances, for example giving up a sought after goal or the denial of a certain threat (Lazarus, 1999). Resorting to an emotion-focused strategy is risky as intense emotions take "control precedence", meaning that they continuously require attention, which in turn decrease the available capacity for task relevant information processing and action (Gaillard, 2001).

This points to the importance of regulating ER, especially under time pressure or threatening situations, in order to uphold an efficient task performance. This is difficult though as it is costly and risks conflicting with personal goals, for example well-being or having a positive approach to other people. Availability of ER on demand is a critical emotional factor as affective events require effort investments to cope with the disruptions (Zohar et al., 2003).

As stress and negative emotions arise, coping becomes a dual process where individuals cope with emotions in relation to internal aspects of the self, at the same time as they cope with stress and emotions in relation to the social self, roles and relations (Martinovski & Marsella, 2005). When stress and negative emotions take precedence, fatigue is the result. Fatigue can be characterised as the mind and body's response to the reduction of ER, resulting from carrying out mental tasks where there is a risk of performance failure in relation to task goals. It is affected both by the work that has been done and is being done, as well as work that will have to be done in the future – expectations of what is to come (Gaillard, 2001).

6.1.3 Reappraising the outcome

When reappraising a goal disruption after a coping effort, two issues are important. The first is the discrepancy between task goal and actual situation, in other words the effect of the applied effort or coping strategy. The second is the rate of progress in terms of discrepancy reduction, in this study this means how fast a disruption is overcome and if it is overcome. Research has shown that positive or negative mood is directly affected by this rate of progress (Carver et al., 1990). Even a change in the rate of progress influences mood, meaning that goal disruptions likely result in negative mood as they have a negative impact on the rate of progress towards a focal goal (Zohar, 1999).

So if a goal disruption is overcome after exerting effort in order to cope, an entrepreneur's venture creation efforts continue, but ER are diminished. Entrepreneurs are thus more sensitive to new goal disruptions after recently having overcome one. ER available are decreased leaving less leeway for attention to multiple tasks. To deal with this problem, rest might be needed which requires time.

If a goal disruption is not overcome, the process of appraisal-coping-reappraisal will again take place, but this time with even less ER at hand. Hence ER is further taxed when the cost of continued coping outweighs the benefit of overcoming and when coping itself becomes a source of stress (Schonpflug et al., 1988).

6.1.4 Concluding the theoretical overview

In this theoretical overview of ER it has been argued that perceived resistance brings ER into focus. As elaborated upon in section 5.2, goal disruptions force entrepreneurs to appraise their efforts, the significance to their plans and their abilities to cope and overcome the goal disruption. In the stress that arises as a result, their ER are depleted when they attempt to cope. The consequence to their venture creation

efforts is that their planned or intended actions are delayed as they have to turn their attention towards coping with the resistance.

Gradually as ER are diminished, even more effort is required to pursue goals. This becomes problematic as ER are limited, quickly consumed, slow to replenish, and need regular replenishment. Moreover the actual lowered level of ER in itself leads to additionally taxed levels. Entrepreneurs hence risk ending up in a potentially negative spiral that could lead to the final demise of a start-up attempt.

6.2 The influence of energetic resources on the model of perceived resistance

During the study, all four entrepreneurs faced the problem of diminishing ER and they responded to this in diverse ways which had implications for the prospects of their venture ideas. ER actually bring some of the instances of perceived resistance together in the sense that diminished ER lead to additional instances of perceived resistance. This section looks at this by bringing together the empirical findings of the role of ER in an entrepreneurial context with a theoretical framework for ER.

As I discussed in the analysis of perceived resistance in Chapter 5, the manner in which entrepreneurs perceive resistance impacts the entire process of venture creation. Interpreting resistance as a threat brings negative stress, more likely to incapacitate action and generate negative emotions, while interpreting it as a challenge has the opposite effect (Lazarus, 1993). When examining the cases from an ER perspective it is possible to see how ER influences the process of venture creation and in effect moderates the model of perceived resistance.

In the four cases, ER initially becomes an issue during perceptions of resistance and consequent coping. Jonas for example adopts an

emotion-focused coping strategy in relation to the time needed to achieve his goals; he believes he will face resistance as a consequence and indeed he does. To cope he hopes to fail so that there will be no problems, a little like closing his eyes and it will disappear. He takes no active initiatives but waits and hopes that it will somehow solve itself (J1). Jonas sees these problems coming and attempts to regulate his ER by decreasing his efforts and thus also lowers his aspirations for the venture idea.

When coping efforts are made, an important stage in the influence of ER is reached, the point where negative emotions arise or are kept at bay. Eric depicts what happens when emotions take “control precedence” as Gaillard (2001) has pointed out. He believes that it is important to fulfil one’s obligations to others and he places high demands on himself. This eventually puts him in a situation where he has three major aspects in his life to live up to, his private and professional spheres as well as his venture idea. As long as his venture idea works smoothly without incidents everything is fine, but when disruptions arise, he feels that his life gets complicated. On top of that, there are problems at work, and at home they begin a major project renovating their house. Initially he attempts to cope with all aspects, but over time his ER are reduced and eventually his problem-focused strategy for coping turns into an emotion-focused one. Now other aspects of his life take precedence and eventually the venture idea itself becomes a resistance to fulfilling his other life goals. As fewer ER are available, his appraisal of new disruptions is also affected. Eric is able to cope for shorter periods of time, investing heavily in extra effort. But over time he is forced to regulate his ER to cope with other aspects of his life. This validates ER as a limited resource that needs regulation and replenishment, and in Eric’s case it means decreasing the overall goals in his life (see Eric’s full list of instances of perceived resistance in Appendix E, Table 7-5 through Table 7-9).

Additionally this shows that ER spans multiple instances of perceived resistance which is consistent with previous research of work-related performance episodes where affective states influencing performance spans multiple episodes (Beal, Weiss, Barros, & MacDermid, 2005). It furthermore depicts how issues with no direct connection to perceived resistance, through ER affect entrepreneurs' perceptions of resistance. These issues are the deliberate choices that entrepreneurs make in relation to other aspects of life. An example of this is Jonas' choice to go on paternity leave which limits his ability to channel ER towards his venture idea.

Nina responds differently to similar situations as Eric faces. She regulates her ER by focusing more effort on coping and by implicitly decreasing her attention to other aspects of her life (N2, N5, N6). At the same time as she actively regulates her use of ER she uses strategies to energise herself (N2, N3, N4). Through this she avoids the emotional consequence of depleted ER.

This indicates that it is important for entrepreneurs to have ER available on demand as argued in the theoretical framework (Zohar et al., 2003). Increasing levels of stress and decreasing levels of ER go hand in hand, and negative emotions arise as an effect of this. In such situations, theory and empirical findings indicate that overcoming perceived resistance becomes difficult as other aspects of an entrepreneurs' life take over as more important to channel existing and decreased ER towards.

As I have pointed out in a number of instances throughout this study, the cases show that entrepreneurs' entire life situations come to play in how they evaluate and cope with a certain goal disruption. This issue of life goals and how entrepreneurs' entire life situations influence their venture creation attempts is an understudied area in entrepreneurship research. Some research has focused on the life

experiences or life issues⁵² of entrepreneurs, their past, and how those shape entrepreneurial strategies (Kisfalvi, 2002). However this research does not take entrepreneurs' current life situations into consideration, only their past. Lately there has also been a call to use the work-family interface to address business owners' actual experiences and challenges. To argue their case, the authors point to how male and female entrepreneurs differ in the work-family interface concerning experiences and coping strategies and how this can be used to explain the performance differential between the two sexes (Jennings & McDougald, 2007). Jennings et al also propose that there is a call "for a reframing of the literature, encouraging researchers to analyze the activities of entrepreneurs within the context of their whole lives" (2007: 747). However when reviewing the literature, this is not so much a call concerning entrepreneurs' whole life, but relating to more specific issues such as the support from family during start-up (Dyer & Handler, 1994), how family resources, roles, norms and attitudes influence the venture creation process (Aldrich & Cliff, 2003). Although family is one aspect of entrepreneurs' whole lives, it concerns interesting issues which relate to the findings of this study. Previous research for example proposes that family goals and values influence strategic decisions and that sources of conflict might arise from within the family which influences organisations (Dyer, 2003), and that female small business owners experience significant conflicts between work and home roles (Stoner, Hartman, & Arora, 1990) while valuing personal life orientations higher than their male counterparts (DeMartino & Barbato, 2003; DeMartino, Barbato, & Jacques, 2006). The issue of life goals revealed in this study moves beyond the family as primary interest as it focuses on how mobilising mental effort to maintain performance stability in demanding situations incurs costs to entrepreneurs' lives. The more severe the

⁵² "The thorny issues that are the legacies of developmental stages in which an individual experienced frustration and in which his or her coping abilities were severely tested" (Kisfalvi, 2002: 493).

resistance, the more effort is needed and the greater the costs. Eric for example states again and again that his relationship with his wife is characterised by equality, and that he takes responsibility for his sons and his home.⁵³ He chooses to make commitments which compete for attention with his venture idea, much like those made by Jonas in relation to his work and family (J1). With a view of the importance of such responsibilities, they are likely to generate conflicting demands with other goals in times of decreasing ER, which is exactly what happens and what eventually leads to Eric's decision to abandon his venture creation efforts and brings Jonas' fading of efforts to a standstill.

Another aspect of decreasing ER and the need for exerting mental effort is the increase in moodiness and fatigue. Jonas keeps his mood in check but grows gradually more and more tired of coping with disruptions and balancing his life (J1); this is also the case of Eric who experiences a similar development. Susanne on the other hand becomes irritated and less and less interested in her venture idea (S2, S4, S5).

Increasing moodiness and fatigue is a result and a signal of decreased ER and also indicates that negative side-effects to an entrepreneur's start-up attempts risk occurring. As Jonas' and Eric's weariness grow, they have to invest more and more effort into coping, and the cases show how they finally have no more energy to continue this negative spiral. This in turn makes them feel even more stressed with more pressure to be all that they want to be at home, at work and with their venture ideas. Ultimately this begins to influence their perceptions of the resistance they meet. As they appraise their situations as becoming more and more difficult to handle, what they earlier perceived as disruptions possible to overcome, turn into something impossible. Eric for example fails to do the tests at the national soccer

⁵³ These aspects come from Eric's deliberate choices in areas of his life outside the venture idea. They influence perceived resistance indirectly through ER as discussed here and thus have no resistance pattern to refer to.

match, something he originally even saw as desirable, even necessary for his venture idea (E1). This feeds back into the system and additionally increases stress levels and emotional reactions. In a similar manner Susanne is stuck in a negative spiral where she views her venture idea and what is required to realise it as something she is not so interested in doing, while she also needs additional funding. This affects her mood as she perceives resistance.

Over and above entrepreneurs' entire life situations, the negative side-effects show the importance of regulating emotions, especially under time pressure or threatening situations in order to uphold task performance as a key issue. As stress and effort to cope are involved here and both tax on ER, regulation requires minimising goals and deciding which are important to uphold as well as active strategies to recover and refill energy.

Nina exemplifies how successful regulation of ER and an energising approach helps her to avoid many of the negative side-effects. What she has to do is to try harder and increase the amount of effort she puts into realising her idea. As she overcomes resistances, she prevents negative spirals that risk increased stress and perceptions of resistance. Instead her self-regulation, energising and successful coping puts her on a positive spiral towards further increased ER and higher self-confidence. Research has confirmed this effect where positive emotions in the present have been found to generate enhanced emotional well-being in the future (Fredrickson & Joiner, 2002). This strengthens the importance of focusing on self-regulation and energising when coping with perceived resistance as strategies to sustain positive emotions.

6.3 Summarising the influence of energetic resources' on perceived resistance

ER act as a moderator to the model of perceived resistance. To begin with, the initial level of ER when an entrepreneur faces a goal disruption, which could potentially be perceived as a resistance, influences the actual perception. Lowered ER increases the sensitivity to disruptions and increases the risk of perception of resistance, whereas where ER levels are complete, no resistance would be perceived. Furthermore, if an entrepreneur perceives a resistance, this in itself is likely to negatively affect ER levels due to the stress that comes from this perception.

As entrepreneurs attempt to cope with an instance of resistance, they further tax their ER levels through the effort they exert. There are ways to refill these stores, which Nina's case illustrates when she uses her friends as sources of energy in times of need. Entrepreneurs' social assets have an important role in energising through emotional support primarily from friends in times of hardship. The importance of emotional support from friends has long been discussed in entrepreneurship research (see for example Bird, 1989; Jianwen & Harold, 2005; Nelson, 1989), but the use of emotional support as an energising strategy is new and thus further directs attention to its importance for the survival of emerging new ventures. In addition to this, an awareness of the need for regulation of ER and the monitoring of this process seems to enable entrepreneurs to move to and stay on a positive spiral.

The outcome of coping is in effect the entrepreneurs' appraisal of the status of their venture idea in relation to the resistance they perceive. If they manage to overcome it, it strengthens their ER but this does not necessarily mean that ER levels are restored. Eric exemplifies this when he does not test his venture idea at the national soccer match after overcoming the resistance perceived from the soccer association. In

many of the instances of perceived resistance the entrepreneurs loop from outcome to coping once or multiple times. The longer and the more effort it takes to overcome an instance of resistance that is of key importance to their venture idea, the more stress it creates and the more it drains their ER.

ER levels are decreased by stress which arises as a consequence of perceived resistance. The impact this has on entrepreneurs' venture creation attempts connects to their life goals. When ER levels drop, entrepreneurs have to consider which goals to uphold and which to drop or lower and as the cases show they all make different choices in relation to their overall life goals. Furthermore the empirical material indicates that entrepreneurs' commitment, coping skills, and cognitive control are related to the initial amounts of available ER; these factors also moderate the speed with which ER is decreased when facing goal disruptions. The importance of commitment, coping skills, and cognitive control has also been pointed out in earlier research on executives' abilities to handle stress without becoming ill (Kobasa, 1979). The observations from this study indicate in a similar vein that these concepts offer entrepreneurs the possibility to handle more stress without depleting their ER.

This also connects to the experience loop in the model of perceived resistance which indicates how entrepreneurs, over time and as a consequence of coping with perceived resistance, can either enhance their possibilities of overcoming resistance, or risk ending up in a negative spiral (see section 5.2.4). Nina's successful coping and energising strategies enabled her to move towards the lower half of the model of perceived resistance. This was a consequence of increased abilities and a strengthened self-efficacy, as discussed in Chapter 5). From an ER perspective, increased abilities and self-efficacy buffer against decreased ER as stress levels from goal disruptions are likely lowered.

In addition to the direct connection with perceived resistance, ER also influences entrepreneurs' perceptions of and abilities to cope with

resistance from “the outside”. This study concludes that entrepreneurs’ entire life situations need to be included in order to understand their venture creation efforts. When entrepreneurs’ activities outside venture creation are disrupted, an effort to cope is required which causes stress. As a result, ER are diminished which forces goal prioritisation and thus indirectly affects their start-up attempts.

Additionally, this offers an explanation for new venture survival or not as there appears to be a proportion between the ER put into a venture and ER required by a venture to survive. Apparently individuals put in different amounts of effort into the realisation of their venture ideas. This effort can be approximated by calculating the percentage of total time used for all life goals that is spent on their venture ideas. The greater the percentage, the more venture creation effort their ER need to cater to in order to achieve the venture creation goal, and the more sensitive entrepreneurs will be to goal disruptions that affect non-venture life goals. Comparing Nina and Jonas, Nina invests nearly all her time in her venture creation attempts, while Jonas invests a very limited amount. Nina maintains a steady pace and overcomes a number of instances of resistances while sustaining her ER levels so that her coping efforts are not negatively influenced. Jonas, on the other hand, has difficulties keeping a sufficient pace to ensure progress, and also suffers from decreasing levels of ER, particularly in relation to other life goals.

The issue of proportion of ER input in relation to the requirement of the venture idea furthermore connects to the world of sports. Athletes must invest a substantial amount of ER to reach their goals if they aspire to reach world class. However an amateur whose goal is to play and have fun does not at all have the same demand for ER and can thus allow him- or herself to have a number of other life goals in parallel. Aspirations and requirements for ER expenditure are equally significant for entrepreneurs and, as exemplified by Jonas and Susanne, result in a significant difference in outcome.

The world of sports has more contributions to make because research in that field has identified athletes' lives as a whole as a key factor in order to understand their stress levels and need for recovery (Kenttä & Svensson, 2008). In the case of athletes it has been observed that sustained effort to cope and perform, with consequent lower priority to other important life goals, eventually leads to an insufficient recovery. This, in turn, undermines focused effort directed towards a specific goal (Lundqvist, 2006). It is important to emphasise that increased effort without sufficient recovery leads to fatigue and subsequently to a need to rest in order to refill ER. An increased effort thus requires additional attention to recovery, which includes rest and activities that generate positive emotions (Kenttä et al., 2008).

By adding ER to the model of perceived resistance it is possible to gain both a deeper understanding of the process, as well as to connect individual instances of perceived resistance.

7 Bringing it all together

The very first paragraph of this thesis began by stating that this study is about *“the resistance that entrepreneurs perceive towards their venture ideas... how entrepreneurs cope in adverse environments, how they survive or not against seemingly poor odds”*. The four cases focusing on Jonas, Eric, Nina and Susanne have illustrated how entrepreneurs perceive and cope with resistance. These cases have also depicted how the contexts in which entrepreneurs act may be adverse, but also how the entrepreneurs themselves are involved in creating those contexts.

In the introduction, examples of how entrepreneurs are portrayed in the media were given. One issue is related to entrepreneurs' requests for support, someone to hold on to and who can guide them in their first steps. In at least three of the cases this was a relevant issue. At the same time, when the entrepreneurs realised that no one would be there for them in the way they wanted, they attempted to cope with problems themselves. This is perhaps the spirit of entrepreneurship, which this study illustrates, that is as an entrepreneur you have to do it yourself, and the manner in which this is approached and achieved directly influences the venture creation process. I will return to the policy implications of this in section 7.2, and focus here on the purpose of this study.

How entrepreneurs perceive and deal with resistance is an important aspect of the venture creation process, and yet it is hereto unknown. This study offers the potential to deepen our understanding of venture creation as a whole, and thus the aim of this study, to explore:

- Where and why do novice entrepreneurs perceive resistance to their venture creation efforts?

- How do novice entrepreneurs cope with perceived resistance?
and to describe:
- Which effects do perceived resistance have on outcomes of venture creation processes?

In theory this appeared to be a relatively straight forward topic with a simple model. In practice however, the empirical study however revealed a different picture. A linear step-by-step model can be used to describe the process and the steps of venture creation when perceiving and coping with resistance, but it fails to make visible the underlying dynamics that influence the process as a whole. The results of this study show that entrepreneurs' energetic resources are a key aspect of these underlying dynamics, and thus should be included when creating a model. Furthermore, when contemplating the creation of a model of perceived resistance, entrepreneurs' contexts illustrated by the contextual model (see Figure 1-1) also needs to be considered.

The analysis concludes by building a model of perceived resistance (see Figure 5-4), which embodies the result of exploring and describing the dynamics of perceived resistance, that is, fulfilling the purpose of this study. It proposes that perceived resistance arises as a consequence of goal disruptions within three categories: dyadic interactions between entrepreneurs and stakeholders, relationships with depersonalised gatekeepers like government authorities, and the beliefs of the entrepreneurs. These categories are influenced by the origin of the goal disruption. The origin of the goal disruption refers to three contexts: events like a stakeholder deciding to block an action, decisions or actions where entrepreneurs' own behaviour causes it as the building of certain relationships that seems appropriate but eventually turns out to be a liability, and finally entrepreneurs' frame of mind which directly affects their perceptions.

Entrepreneurs chose to cope with perceived resistance by using strategies that depend on their view of the significance of the resistance

to the venture idea and to their perceived ability to successfully cope with the resistance (see Figure 5-3). The lower the significance and the higher their perceived coping abilities are, the more likely it is that they chose a problem-focused coping strategy. Such a strategy can be accommodating in the sense that the entrepreneur tries to meet the demands placed on them, bold through bricolage or other innovative means, or output focused where an effort is invested to “work through” the resistance either on their own accord of the entrepreneur or by outsourcing tasks. On the opposite end of the scale, in the case of high significance and lower perceived coping abilities, an emotion-focused coping strategy is likely. This is a strategy which focuses on the entrepreneurs’ feelings in relation to the resistance, instead of actually trying to overcome the resistance they deal with their feelings of (probably) not overcoming it. The observed emotion-focused strategy is an ostrich strategy where entrepreneurs figuratively stick their heads in sand, in that they are unwilling or unable to deal with the practical consequences of the resistance and instead focus on minimising the pain from not being able to overcome the perceived resistance. In between the problem-focused and emotion-focused strategies are social support seeking strategies, where entrepreneurs perceive their own abilities to overcome a resistance as poor, but where they instead use their social network to complement those abilities.

These coping strategies are continuously appraised in relation to the perceived resistance, whether it is overcome or not. The manner in which progress in coping with perceived resistance is appraised takes into consideration both the status of the resistance as well as the time it has taken to cope and is likely to take until resistance is overcome. At any point, coping can be deserted if possibilities to overcome it are deemed to be futile, but until then there is a continuous loop from resistance appraised as still existing and back to coping. Why entrepreneurs give up coping can be a result of having tried all they can think of at no avail, but it can also be a matter of lacking in ER.

As I stated earlier, the model cannot be understood by adopting a rational and simple cause and effect approach. The empirical study revealed that something more than what is captured in the model seemed to influence perceptions of resistance, applied coping strategies, as well as the entrepreneurs' persistence in coping. This "something more" is proposed to be entrepreneurs' ER. The way in which ER influence the model of perceived resistance can be described as a positive or negative moderator of the different stages, all depending on the current level of available ER in relation to the effort needed to cope. With optimal levels of ER, the model is initially unaffected by ER, but the stress involved in perceiving resistance immediately begins to diminish ER. Thus ER always affect the model of perceived resistance.

The lower the levels of ER, the more resistance entrepreneurs are likely to perceive, and this resistance will also be perceived as more significant than with an optimal level of ER. When entrepreneurs have low levels of ER, they view their ability to cope with resistance as poor. As a consequence, lower levels of ER increase both the likelihood of entrepreneurs resorting to emotion-focused coping strategies as well as the risk of failing to overcome resistance.

To complicate matters, ER levels are unique to each individual and can be refilled and regulated. This was evident when the four entrepreneurs in the empirical material were compared. Nina actively regulated her ER, refilling them in times of need, which helped her maintain her effort and apply problem-focused or social support seeking strategies. The three others were more at the mercy of ER and they used emotion-focused strategies more extensively. They also gradually lost ER over time which eventually influenced the termination of their ventures.

This study has also explored the effect that perceived resistance has on the venture creation process. There are four specific issues that appear to be important, issues which also happen to be more or less researched in the field of entrepreneurship. They are the influence of *family resistance* towards venture creation, how entrepreneurs' *life goals*

affect the prospects of dealing with resistance, the importance of *entrepreneurs' selves* to the venture creation process and how this interacts with external context and stimuli, and the *positive/negative spirals* observed where entrepreneurs' ER levels affect their abilities to cope which in turn, through appraisal and reappraisal, affects ER levels.

Much previous research has shown that family and friends are key supporters for entrepreneurs in their start-up endeavours (see for example Greve et al., 2003; Renzulli et al., 2000). The current study shows however that examining *both* support *and* resistance on the part of family and friends is important. This study reveals that such resistance is exceptionally difficult for entrepreneurs to deal with, possibly as those stakeholders are emotionally close and coping thus becomes more difficult.

The life goals of entrepreneurs is one of the most central aspects affecting how entrepreneurs cope with perceived resistance, and whether they manage to realise their ventures or not in adverse environments. When entrepreneurs perceive resistance and try to cope with it, they are simultaneously forced to pit their venture idea against all their other life goals. This comes as a consequence of having to allocate ER to cope with perceived resistance, and ER are limited resources. In effect, what entrepreneurs must do is to re-evaluate their goals, their desire to reach them and then choose which goals are the most important. This study has illustrated what happens when goals related to family have higher importance than the venture idea. In those circumstances, the venture idea is down-prioritised and then likely to suffer when resistance is perceived.

Entrepreneurs, for good and bad, bring their feelings with them into the venture creation process. This is especially evident when taking an ER perspective as this directly governs the feelings and emotions of entrepreneurs. Examining a start-up process without taking entrepreneurs' feelings into consideration is likely to miss out valuable

aspects that can help interpret what happens and why, specifically in relation to decisions made and activities chosen.

Finally, the positive and negative spirals of venture creation efforts that were observed underline the importance of taking the aspects discussed so far into consideration when approaching venture creation processes. These aspects and the model including ER hold a key to where an entrepreneur carries a venture idea, but can only be understood by considering all aspects put forth here. Breaking it down into smaller parts on which to focus may simplify analysis but as I have shown throughout this thesis, lessens the possibility of correctly assessing the situation.

Using knowledge created by this study, we can attend to policies that support in the right places and individual entrepreneurs can better value beforehand what they can expect when trying to realise a new idea.

This concludes the summary of the study and I now turn to the theoretical and empirical contributions as well as to the need for further research.

7.1 Theoretical contribution

Few studies have followed novice entrepreneurs' venture creation attempts over time, one exception is Mosey and Wright's study on the relationship between novice entrepreneurs and social networks, where novices were compared with nascent and habitual entrepreneurs (2007). By longitudinally following four novice entrepreneurs in real time from the start of their ideas, this study adds to our knowledge of how novice entrepreneurs go about realising their venture ideas. This study also addresses the issue of gestation of new ventures which is an understudied area of research (Reynolds et al., 2004). Furthermore, the

method in itself – longitudinal exploration of how entrepreneurs create their ventures – is a contribution to the field of entrepreneurship where such methods are in demand (Aldrich, 1999; Reynolds et al., 2004).

Studies of entrepreneurs tend to describe them (most often a “he”) as risk-takers and success-driven individuals (Kodithuwakku & Rosa, 2002; Mitton, 1989; Stewart, Watson, Carland, & Carland, 1999). In this context there is little room for perceived resistance in the relationships between entrepreneur and stakeholder. However, as I have discussed, the issue of resistance depends on what one looks for in a study. To date, much research within entrepreneurship has focused on success factors in one or the other way contributing to for example growth (Wiklund, Davidsson, & Delmar, 2001). The concept of perceived resistance develops our understanding of the dynamics behind *both* termination and survival in venture creation. This is crucial in forming a complete picture of the start-up process, which is lacking in entrepreneurship research (Katz et al., 1988). Furthermore by using a perspective of resource dependence (Pfeffer et al., 1978) when longitudinally exploring the concept of perceived resistance this study identified the tensions between goal commitment and stress as a consequence of entrepreneurs’ attempts to acquire critical resources.

An increasing number of researchers are looking at the importance of social capital in the creation of new ventures (Batjargal, 2003; Brush et al., 2001; Davidsson et al., 2003; Florin et al., 2003). However, current research mostly focuses on finding and testing factors that may contribute to the success of new ventures. Few studies aim to understand how entrepreneurs use their social capital in developing their ventures, with some exceptions (see for example Bowey, 2002). This study addresses this issue by revealing entrepreneurs’ social support seeking strategies as central to their coping efforts when facing goal disruptions. Their social capital forms the basis for their social support seeking strategies, and this is particularly important when they lack other resources. In addition to the support aspect, perceived resistance

also reveals the opposite, namely family and friends who oppose an entrepreneur's attempts at creating a new venture. The study found that this type of perceived resistance as particularly important.

Studies of interorganisational relations have primarily looked at structural aspects, for example the number of external relationships a young firm has is important (Dollinger & Golden, 1992; Jarillo, 1988). Simultaneously, the coping strategies of new entrepreneurial firms have been proposed as being of critical importance in the field of entrepreneurship (Alvarez & Barney, 2001; Venkataraman, Van de Ven, Buckeye, & Hudson, 1990). Lately, the approach of measuring the number of external relationships in order to explain entrepreneurial outcome has been questioned. Findings instead propose that the key issue is the manner in which relations with critical stakeholders are managed (Yli-Renko, Sapienza, & Hay, 2001) - i.e. entrepreneurial coping strategies. However, in-depth studies of entrepreneurs' responses to relationships characterised by resource dependence are lacking. Studies have focused on finding the implications of dependence to the venture, not how entrepreneurs cope with this dependence (Eisenhardt & Schoonhoven, 1996; Larson, 1992; Yli-Renko et al., 2001). In this study this gap is illuminated by studying entrepreneurial coping strategies in dependence relationships with stakeholders. This focuses on how entrepreneurs manage their relationships with stakeholders, also including a broader range such as family and friends, and moves beyond this to how the entrepreneurs' selves influence their perceptions and behaviours.

For entrepreneurship research in general, the study shows that a consequence of bringing in ER is that the world outside start-up activities needs to be taken into consideration. The study points to direct links between entrepreneurs' whole life situation and their perceptions and responses to goal disruptions pertaining to their creation attempts. This means that it extends the call of bringing the whole life situation of entrepreneurs into the picture when carrying out entrepreneurship

research from family only (Jennings et al., 2007), to actually include all life goals of entrepreneurs. By bringing in life goals when studying entrepreneurs also connects to current research in management where researchers take a life perspective in order to further an understanding of leadership (Pirie, Forthcoming).

The moderating aspect of ER in itself also contributes to the understanding of entrepreneurs by the use of cognitive psychology, in itself an emerging and active field in entrepreneurship research (see for example Baron, 2008; Busenitz & Arthurs, 2007; Krueger, 2003). In addition to the moderating aspect, ER thus contributes to theory by extending the scope and impact of cognitive psychology on entrepreneurship research.

7.2 Implications for policy and practice

This study and others⁵⁴, show how entrepreneurs face a great number of potential goal disruptions. Perceptions of these goal disruptions vary depending on the individual. The model developed in this study facilitates the understanding of this process.

There are three groups in particular that can benefit from this study: entrepreneurs, those supporting entrepreneurs and policy makers.

It is likely to be futile to prepare for specific issues that arise when attempting to realise a venture idea as there is no way of knowing exactly what will happen. However, understanding the process of perceiving and coping with resistance and the issues influencing and moderating that process can better prepare entrepreneurs for goal disruptions. When also adding the dimension of ER to the picture,

⁵⁴ I discussed these earlier in the theoretical framework, see page 25.

entrepreneurs have a tool to understand and explain the process. Moreover they have a way to deal with it. By sustaining ER levels, the probability of perceiving resistance is decreased and entrepreneurs' abilities to overcome resistance is improved.

In the same manner, understanding the process enables those with the intention to support entrepreneurs to direct measured support that can aid entrepreneurs in realising their venture ideas. Even policy makers can make use of this knowledge when forging policies which encourage entrepreneurial initiatives, because supporting entrepreneurs to overcome perceived resistance at start-up helps decrease individuals' hesitation to start. This in turn facilitates that invested resources generate a better effect on growth and employment.

As a general implication, this study indicates the importance to entrepreneurs to move towards and stay in the lower half of the model of perceived resistance (see Figure 5-4), as well as continuously moderating and refilling their ER. While in the lower half, entrepreneurs appraise their abilities to successfully cope with goal disruptions as high thus limiting stress and the taxing effect it has on their ER. Attaining this enhances the survival of new venture ideas through maintained ER levels and the possibility of entrepreneurs to attend to building their venture ideas instead of being forced to continuously cope with goal disruptions.

7.3 Further research

The manner in which life goals influence the entrepreneurs of this study contradicts studies of microenterprises which have found that when there is a higher demand for attention from both business and family, the needs of the family does not get more consideration than the needs of the business (Miller, Winter, Fitzgerald, & Paul, 2000). However this is slightly off subject as the entrepreneurs studied in this thesis do

not compare with microenterprises. Instead it would be more interesting to look at research of work and family in the field of entrepreneurship. Unfortunately this interface is understudied in entrepreneurship research. Lately there has been a call to include it as a way to for example explain why there is a difference in performance between firms run by women and firms run by men (Jennings et al., 2007), and where family is proposed to be an important embedded issue in the entrepreneurial process (Aldrich et al., 2003). From the perspective of this study, what would be particularly interesting would be to focus on entrepreneurs' goal setting in all life goals, thus moving beyond the limits of the family only, and how this influences their perceptions of resistance and subsequent coping.

The study furthermore suggests that research is needed into the implications of entrepreneurs' perceptions of disruptions as a threat or a challenge and the implications this has on the model of entrepreneurs' ER and venture creation. The contribution of such research could help further explain why owners make certain choices in respect to their ventures (Gimeno, Folta et al. 1997; McGrath 1999), and the development of new ventures over time, particularly in the early phases (Bruderl and Schussler 1990; Fichman and Levinthal 1991). ER could thus aid in bridging our knowledge gap between seeing the results of entrepreneurial activity and understanding how new businesses come into existence (Reynolds et al., 2004). In addition to this, the study indicates that future research should explore the influence of ER on entrepreneurs' decisions to cease creation attempts.

The empirical data of this study is based on novice entrepreneurs, but in the analysis and conclusion, experience is discussed as an issue which appears to influence entrepreneurs' perceptions of and coping with resistance. This indicates that a study including serial entrepreneurs would further our understanding of perceived resistance. Moreover, studies of mental workload indicate that such comparison could be important as mental workload acts as a go-between between task

difficulty, skill-level of the individual and observed performance (Moray, 1979). It thus seems to support previous studies of entrepreneurs pointing to experience as a key factor to success (Baron & Markman, 2000; Bruderl et al., 1992; Shepherd et al., 2000; Wennberg, Forthcoming). According to this, and compared with novice entrepreneurs, entrepreneurs with previous experience can potentially deal with relatively more difficult tasks without adversely affecting performance. When using the concept of ER this conclusion becomes less certain as this study shows. As individuals during limited periods of time can “try harder” by incurring additional costs to ER in order to maintain performance levels (Hockey et al., 1986). However this study also points to experience as an issue with positive effects on ER. Future research should explore this and untangle the dynamics of ER and its effects on novice versus serial entrepreneurs in relation to perceived resistance.

This study also reveals how ER levels and entrepreneurs’ abilities to refill their ER moderates their perceptions of resistance and their subsequent coping. Given this, further research into entrepreneurs’ levels of ER would be beneficial. Specifically comparing differences between entrepreneurs, the speed at which they are depleted in comparable situations and the manner in which they are refilled should be the foci. This would also contribute to our understanding of entrepreneurial persistence which so far has been addressed through constructs such as passion (Cardon et al., 2005) and perseverance (Baum et al., 2004).

Most of the research drawn upon when developing the ER construct has primarily used subjective reports of affective states to measure effort. Much of this research has carried out cross-sectional analyses of demand and outcome variables or experiments. Although research methods differ considerably, it has been shown that results produced from laboratory studies do not differ from those generated from field studies and the findings from one can thus be used in another

(Locke, 1986). Furthermore and in order to develop and explore theory, concepts, and dynamics of ER further, there has been a call for longitudinal studies (Hockey, 1997). Examples of such studies now exist with longitudinal surveys (see for example Zohar et al., 2003), but more is needed. The further research proposed here would thus also contribute methodologically when employed as a development from this explorative study.

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Appendix A.

Deciding on design – a pre-study

Previous research has taken of a perspective of external shocks to venture creation which generates objective problems for entrepreneurs to deal with (see page 40). Through its subjective aspects taking a view from the entrepreneurs, perceived resistance is a new way of studying venture creation which makes earlier research difficult to reconcile with. Thus when perceived resistance occurs, why and how it influences the entrepreneurial process is largely unknown. Because of this I decided to carry out a pre-study to explore themes of interest which could guide me in building a theoretical framework as well as which methodological issues I needed to consider when studying resistance.

The pre-study was based on three cases:

Case 1: Two novice entrepreneurs who had just started a venture together were interviewed twice, in Autumn 2001 and in Autumn 2003.

Case 2: An entrepreneur who had previously started a venture which had failed was interviewed in Autumn 2003.

In both case 1 and 2, the interviews focused on the process of starting their venture, relationships with stakeholders during this process, and the entrepreneurs' feelings and thoughts throughout.

Case 3: The start up of a venture was followed in Spring 2002, primarily through written material, e-mails sent over a period of 1 ½ years and meeting notes. The venture⁵⁵ was started by novice entrepreneurs in 1999/2000, and I was given access to the e-mail correspondence of one of five co-founders from December 1999 to April 2001. The data contained more than 11.000 e-mails and covered the start-up phase, as well as all meeting notes from the same period. In combination with this, two of the founders were interviewed at two occasions. The e-mails were analysed in a fashion akin to a longitudinal study in order to simulate as closely as possible a study in real time. This meant that the e-mails were browsed beginning from December 1999. During this browsing a log was

⁵⁵ *The venture* [name omitted by author] was a game development studio. At the time of the study it had nine employees, three game titles, and four customers in Europe.

kept of names of stakeholders, keywords and expressions, I also deleted e-mails which I perceived as being unrelated to the venture, narrowing the amount to little over 9000. Parallel to browsing the e-mails I also read the meeting notes as they took place in time. Next all the material was imported into NVIVO. In NVIVO I created nodes based on occurrences of stakeholders and added them under the case nodes venture capital companies; customers (actual and potential); partners; entrepreneurs; and their personal networks. These nodes I then searched using the keywords and expressions from my log.

Although attempting to study at least the third case over time, the case studies were mostly retrospective. This fact turned out to be the most important lesson from the pre-study. All cases indicated that the entrepreneurs did experience resistance, but due to the time which had passed between the instances they described and the interviews, they could not specify what had happened or elaborate on their perceptions.

Appendix B.

Interview guide

Each interview contained three main themes of questions directed at:

- Venture creation strategy
 - how the entrepreneurs built their ventures
- Relationships
 - the role of their relations
 - who the critical stakeholders were
 - how those stakeholders' responses to their ventures were perceived
- Perceptions and choices
 - how they perceived the development of their ventures
 - how they viewed their own choices
 - what their own actions were in the face of perceived resistance

The structure of each interview in turn followed three parts: retrospective, issues of concern and future goals. Specifically which question each part contained depended on the issues that came up. As a general guide, each part focused on:

Part 1: Retrospective

Which stakeholders have been the most important ones since the last interview?

Why have they been important?

How do the actions taken connect with the goals expressed during the previous interview?

What has happened outside the venture creation attempts? Family, friends, work etc.

Part 2: Issues of concern

The retrospective part thus revealed critical stakeholders, critical incidents and how those unfolded concerning issues such as trust, reliance and credibility.

This in turn generated new questions like:

How does the entrepreneur feel about the process of realising the venture idea?

How do the issues found in the retrospective part interact with each other?

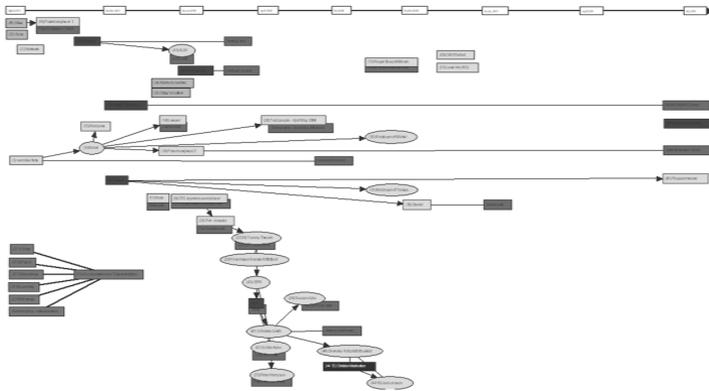
Part 3: Future goals

What are the main goals that the entrepreneur plan to achieve until next interview?

Are there any potential difficulties that might arise? Why?

Appendix C.

Example of visualisation of a venture creation map



Appendix D.

Overview of the steps of the empirical study

Pre-study phase

Empirical problem

Reading of theory to appraise the theoretical viability of the empirical problem

Test cases

Construct criteria to guide selection of cases

Construct criteria to guide the manner and time of data collection

Construct themes as interview guides

Real life phase

Interviews

Notes of observation and ideas for potential perceived resistance

Pre-analysis phase

Transcription

BCERK conference paper

NVIVO phase

Create projects in NVIVO, one for each case

Code into nodes

Add attributes for each stakeholder node

Recode each case's resistance nodes with a focus on earlier coded nodes within those

Resistance nodes are separated into instances of perceived resistance, each generating a new node

Each resistance node is analysed with a focus on nodes contained within and those nodes' attributes

Between case comparison of resistance nodes – focus on identifying similar patterns

Sort instances of perceived resistance into resistance patterns, based on between case comparison

AOM conference paper

Build longitudinal visual models for each case of resistance nodes

On paper phase

Write cases stories for each case based on the instances of perceived resistance

Entrepreneurs read and respond to written case stories

Visualise each resistance pattern through the theoretical model of perceived resistance

Compare resistance patterns and build categories of instances of perceived resistance

Study phase

Book chapter

Write analysis into study – iterative process back to NVIVO analysis and on paper analysis

Appendix E.

All instances of perceived resistance

Table 7-1: Jonas' resistance pattern 1 – Multiple goals

| Item | Date | Actions or events |
|------|---------|---|
| J1A | 2004-02 | Jonas has limited time to put into his new venture as he is occupied by employment and family |
| J1B | 2004-05 | He is worried that time will not be enough when he goes on paternity leave in autumn. He even thinks it would be good if he fails |
| J1C | 2004-09 | Time becomes as limited as he feared |
| J1D | 2004-09 | Because the development of the service is finished, it does not matter to product development that he puts in less time |
| J1E | 2004-11 | The project enters a new phase and he begins marketing it, now his available time is again restricting pace of development |
| J1F | 2004-11 | Time with his family and towards his employment is still prioritised above his venture idea |
| J1G | 2004-11 | Even though it is slow, Jonas still feels that he can handle development through focused and temporary efforts |
| J1H | 2005-03 | The students complete their courses and the venture idea becomes something that they work with in their spare time |
| J1I | 2005-03 | The speed of development of the venture idea drops further |

Table 7-2: Jonas' resistance pattern 2 – Conflict with external rules or bureaucracy

| Item | Date | Actions or events |
|------|---------|---|
| J2A | 2004-01 | Jonas loses the computer that had been allocated to the student projects when the course ends |
| J2B | 2004-01 | Development of the venture idea cannot continue without computers |
| J2C | 2004-01 | He tries to convince the university's lawyers, but they refuse to change the rules |
| J2D | 2004-02 | He tries to get help from the university's pre-incubator and the start-up course he participated in, but they offer no help |
| J2E | 2004-02 | Eventually he finds a room they can use at his institution, but they still need to get their own computers |
| J2F | 2004-03 | To find computers Jonas contacts a computer company to ask for sponsoring |
| J2G | 2004-04 | After some time the computer company agrees to sponsor them for two months |

Table 7-3: Jonas' resistance pattern 3 – Conflict with external rules or bureaucracy

| Item | Date | Actions or events |
|------|---------|--|
| J3A | 2004-04 | When they have completed the development of the service, they ask the people responsible for the institution's IT environment to help them set it up |
| J3B | 2004-04 | They are refused to run commercial activities on the institution's servers |
| J3C | 2004-04 | Development of the venture idea cannot continue without access to servers |
| J3D | 2004-04 | Jonas contacts the university's lawyers who have no objections to using the servers commercially |
| J3E | 2004-04 | The only requirement for using the servers is that it is within the framework of a course assignment |

Table 7-4: Jonas' resistance pattern 4 – Multiple goals

| Item | Date | Actions or events |
|------|----------|--|
| J4A | 20004-12 | The cost of downloading a 4 MB song charged by the mobile service provider is eight times as high as the cost for the song itself |
| J4B | 2005-03 | After a few months of marketing the service Jonas realises that the current business model is not feasible given the high cost of downloading |
| J4C | 2005-03 | Jonas decides to abandon the old idea and instead sell music downloadable via the Internet to computers |
| J4D | 2005-03 | The service must be reprogrammed |
| J4E | 2005-03 | With the new strategy, the student programmers' time again becomes a bottleneck. None of them have any time to spare and can only work during the weekends |
| J4F | 2005-03 | Jonas and the students start reprogramming the service |
| J4G | 2005-03 | The bands that have uploaded songs want to see some development fast, otherwise they might desert it and instead sell their songs through other services |
| J4H | 2005-03 | Jonas worries that the programmers might abandon the project if he pushes too hard |

Table 7-5: Eric's resistance pattern 1 – Key stakeholder blocks operations

| Item | Date | Actions or events |
|-------------|-------------|---|
| E1A | 2004-05 | Testing at Swedish Premier League games is terminated by the association of Swedish soccer. |
| E1B | 2004-05 | Eric feels like "a bucket of cold water" has been poured over his head and the development of his venture idea is halted |
| E1C | 2004-05 | He assumes that the reason for the termination is his affiliation with the Internet site owned by his friends |
| E1D | 2004-05 | He calls the lawyer at the association to talk about why this has happened and what can be done about it |
| E1E | 2004-05 | The lawyer confirms his suspicions about the Internet site being the reason and tells him to get back again in autumn |
| E1F | 2004-05 | Eric feels motivated and hopeful that he will secure continued testing at the meeting in autumn |
| E1G | 2004-10 | The service has been improved and a user interface has been set up, with this Eric contacts the association and a meeting is arranged |
| E1H | 2004-10 | The meeting is a success and Eric is offered to run tests at a match with the Swedish national team at the beginning of 2005 |
| E1I | 2005-02 | After the meeting Eric never manages to organise his team to run tests at the match, instead he focuses on the patenting issue |

Table 7-6: Eric's resistance pattern 2 – Perceived inadequate ability

| Item | Date | Actions or events |
|-------------|-------------|---|
| E2A | 2003-12 | Eric must write a business plan within the framework of the start-up course and also needs it to get external funding |
| E2B | 2004-01 | He does not feel that he has the skills necessary to write a business plan |
| E2C | 2004-01 | He starts thinking about bringing in a person with business know-how |
| E2D | 2004-01 | He tries to force himself to work on the business plan but only gets stuck in Excel charts counting millions |
| E2E | 2004-03 | Eric cannot find a solution to how to produce a business plan |
| E2F | 2004-03 | Without a business plan he is forced to make do with the personal means he has |

Table 7-7: Eric's resistance pattern 3 – External criticism

| Item | Date | Actions or events |
|------|---------|---|
| E3A | 2004-02 | Eric wants suggestions for improvement and participates in a business plan competition for that purpose |
| E3B | 2004-02 | He receives what he describes as destructive criticism from the members of the jury |
| E3C | 2004-02 | He is very disappointed with the reception he gets, says that it is like "pouring cold water over entrepreneurs fire" |
| E3D | 2004-02 | He directs his anger at the organisers to ventilate it and to boost his belief in himself |
| E3E | 2004-02 | Eric is disillusioned regarding people who supposedly have know-how of the start-up process |

Table 7-8: Eric's resistance pattern 4 – Multiple goals

| Item | Date | Actions or events |
|------|---------|---|
| E4A | 2003-09 | Eric contemplates stopping his job application efforts and focus entirely on his venture idea |
| E4B | 2003-09 | His wife states that he has to contribute to the household, that he has to have a salary |
| E4C | 2003-09 | He interprets his wife's views as scepticism towards his venture idea |
| E4D | 2003-09 | He tries to convince his wife that his venture has the potential to offer a solid financial base for them |
| E4E | 2003-09 | She doubts the viability of it and wants him to get a job |
| E4F | 2003-10 | Eric feels that he must have a paying job to contribute and continues applying for jobs |
| E4G | 2003-10 | He finds a job |
| E4H | 2003-12 | His wife worries that he might quit his job to focus on his venture and wants to make sure that he wont |

Table 7-9: Eric's resistance pattern 5 – Resource needs

| Item | Date | Actions or events |
|------|---------|---|
| E5A | 2004-01 | In order to develop his idea, Eric believes that he needs funding, particularly to hire programmers |
| E5B | 2004-01 | He is hesitant to bring in investors as he fears that he would then lose absolute control of his venture idea |
| E5C | 2004-02 | He decides to talk to some people he knows in the venture capital industry to see what his chances are of acquiring funding |
| E5D | 2004-02 | He finds out that he must have a business plan with amongst other things a solid market survey |
| E5E | 2004-02 | Eric does not feel that he can produce what is required so he stops looking for venture capital |
| E5F | 2004-02 | Borrowing from banks is a possibility, but he is hesitant as they have taken a mortgage on their house to renovate it and therefore doubts that banks would extend more credit to him |
| E5G | 2004-02 | He ponders borrowing from friends and family, but wants to wait as long as possible with that, seeing it as a last option |
| E5H | 2004-04 | Eric says "I ponder it [funding] all the 'darn time, should I go to the government funding agency or something and try and get funding" |
| E5I | 2004-04 | He feels that he lacks in competence, drive and ability concerning funding issues and is unable to solve it |

Table 7-10: Eric's resistance pattern 6 – Key stakeholder blocks operations

| Item | Date | Actions or events |
|------|---------|--|
| E6A | 2003-10 | David joins in the venture idea and Eric makes him an equal partner |
| E6B | 2004-08 | Eric talks to David who says that he wants to feel that his work with the venture is fun, and that he wanted to work hard at getting the patent organised |
| E6C | 2004-10 | Eric is displeased with the lack of work with the venture idea on David's part |
| E6D | 2004-10 | Eric has not talked to him for a long time and considers talking to him, asking him to make a better effort with his areas of responsibility |
| E6E | 2004-12 | Time goes and Eric does not talk to David |
| E6F | 2005-01 | He starts organising the patent himself |
| E6G | 2005-02 | He is annoyed with himself for not talking to David, and worried about the consequences for the venture idea |
| E6H | 2005-05 | Eric says that he has given up on the venture idea and that his last efforts at sorting out the patent probably came out of a wish to leave something behind of all the efforts he has put into the idea |

Table 7-II: Nina's resistance pattern I – Resource needs

| Item | Date | Actions or events |
|-------------|-------------|--|
| N1A | 2004-03 | Nina finds the store location she wants, but lacks in funding to acquire it |
| N1B | 2004-03 | She feels that "well as long as you have money, if you have started a venture and begun generating income you can borrow any sum you want". Without any personal fortune or mortgageable assets, and her venture still untested she sees her means of acquiring funding as limited |
| N1C | 2004-03 | She considers borrowing from family or friends but none has much extra to invest |
| N1D | 2004-03 | Venture capital is no option because of the consequences to her venture idea. She says that she would rather "own 80 percent of a SEK20 million company than 20 percent of an SEK80 million company" |
| N1E | 2004-03 | Decides to try and borrow money from banks |
| N1F | 2004-05 | First bank is a disappointment, the bank person gave an unprofessional impression and they reject her application unless her boyfriend, who has a steady income applies |
| N1G | 2004-05 | Second bank more trustworthy but still rejects her application. Recommends that she talks to a government funding agency |

Table 7-12: Nina’s resistance pattern 2 – Key stakeholder blocks operations

| Item | Date | Actions or events |
|-------------|-------------|---|
| N2A | 2004-03 | Nina needs to receive funding from a government funding agency in order to also have her loan application from the bank approved. The funding is necessary to rent her store and realise her venture idea |
| N2B | 2004-03 | She forms the opinion that the government funding agency tends to support ideas that are more traditional with less of an entrepreneurial approach and fears that this indicates that her application will be rejected |
| N2C | 2004-04 | She tries to work with her handling officer to convince her of the business model |
| N2D | 2004-04 | Her initial hesitation with the handling officer’s ability to judge her venture idea is deepened for each point of contact that they have. She describes her as “a lady in her 50s who does not even live in Stockholm and who does not have any idea about what it looks like here [in Stockholm]” |
| N2E | 2004-05 | The bank informs her that the loan application has been rejected because the government funding agency turned her down |
| N2F | 2004-05 | Nina is angry, disappointed and frustrated with being rejected and most of all by finding out from the bank and not from the agency directly |
| N2G | 2004-05 | She considers giving up, wondering how she will be able to start without money |
| N2H | 2004-05 | She calls her best friends for emotional support |
| N2I | 2004-05 | The day after talking to the bank, Nina calls her handling officer to ask why her application was rejected |
| N2J | 2004-05 | She fails to make the handling officer reconsider the decision and asks her contacts to try and convince her, but the decision is final |
| N2K | 2004-05 | She rethinks her business model |

Table 7-13: Nina's resistance pattern 3 – Key stakeholder blocks operations

| Item | Date | Actions or events |
|------|---------|---|
| N3A | 2004-09 | Nina wants to have products from the market leader in her store |
| N3B | 2004-10 | She meets with the marketing director of the company, but they do not want to sell to a web shop |
| N3C | 2004-10 | She feels inferior when meeting the company, and as if she is begging them to sell her their products. She also perceives their response as conveying superiority when they question why she should be allowed to sell their products |
| N3D | 2004-10 | She tries to persuade them to sell her their products but they maintain that their policy prevents them from selling to a web shop |
| N3E | 2004-10 | She argues that she will shortly have a physical store and that stores already exist on the web selling their products |
| N3F | 2004-10 | Nina contacts mid-sized suppliers but many of those are also hesitant to sell her their products |
| N3G | 2004-10 | The most annoying thing she experiences are suppliers who do not even bother to get back to her after she has tried to make contact and left several messages |
| N3H | 2004-10 | Her motivation to work on her venture idea suffers from the set-backs and thoughts of giving up arise |
| N3I | 2004-10 | Talks to a friend who is in a similar situation as she – starting up a new venture – and they support each other |
| N3J | 2004-10 | She reconsiders her strategy |
| N3K | 2004-10 | Decides to turn to smaller suppliers, even suppliers in start-up situations similar to her own |
| N3L | 2004-11 | Manages to buy a range of products large enough to be able to open her store |

Table 7-14: Nina's resistance pattern 4 – Conflict with stakeholder

| Item | Date | Actions or events |
|-------------|-------------|--|
| N4A | 2004-07 | Nina begins developing her web shop and signs up a small web design firm to do the job. Her wish to be a part of the process creates tensions with the designers who say they want total freedom to do the design as they want |
| N4B | 2004-08 | She feels like she constantly argues with the designers to push her ideas through |
| N4C | 2004-09 | The design firm demands that she must pay more for their services because they do things that were not included in the original agreement |
| N4D | 2004-09 | She agrees to pay more but that things then have to be done her way. The designers agree to her demands |
| N4E | 2004-10 | Things settle down but after a while she again feels frustrated about how they relate |
| N4F | 2004-10 | As the web site is nearing finalisation Nina has an argument with the designers about the colours used |
| N4G | 2004-10 | She suggests a different colour, they refuse and express their irritation with her demands which they feel infringes on their artistic freedom |
| N4H | 2004-10 | Nina asks some people she knows who are involved in design for a second opinion on choice of colours. They agree with her |
| N4I | 2004-10 | She demands that her choice of colours is used |
| N4J | 2004-11 | The designers express annoyance about her demands, but do as she says |

Table 7-15: Nina's resistance pattern 5 – Conflict with stakeholder

| Item | Date | Actions or events |
|-------------|-------------|--|
| N5A | 2005-01 | Her boyfriend questions whether her venture is a real job. He does not think that there is so much to do, and wants her to spend more time with him |
| N5B | 2005-01 | Nina believes that he has that attitude as a consequence of having an employment and place to go and work, something that he deems as important. Her own time is not enough with all the work she has and she is irritated with him for not appreciating her situation |
| N5C | 2005-01 | She feels she must work more, and considers keeping a diary of how her days look like so he can see and understand |

Table 7-16: Nina's resistance pattern 6 – Pace

| Item | Date | Actions or events |
|------|---------|--|
| N6A | 2005-01 | Nina has kept much of administration and also issues concerning design on her own shoulders. Now she is beginning to feel like she is stretched out over too many activities and that she should have outsourced some things |
| N6B | 2005-01 | She perceives that the grind of just keeping her venture operational is a constant battle and blocks her need to work with strategic and future oriented issues. |
| N6C | 2005-01 | She wants to have control of design issues, and the best way she sees is if she does the job herself |
| N6D | 2005-02 | Some issues of design are outsourced |
| N6E | 2005-02 | Outsourcing turns out to be a source of frustration as it is not done in the way she wants, thus she is even more hesitant to outsource and feels that she can do things better than specialists |
| N6F | 2005-03 | Supplier mistakes eat up more of the time she needs to spend on developing her venture |
| N6G | 2005-03 | As soon as something does not work or run as planned her time is eaten up |

Table 7-17: Susanne's resistance pattern I – Product development

| Item | Date | Actions or events |
|------|---------|--|
| S1A | 2003-11 | Problems developing the prototype |
| S1B | 2003-11 | Does not think innovation is any fun |
| S1C | 2003-11 | Enlists a friend of her father to build the prototype |
| S1D | 2004-02 | Friend of father not as competent as she had expected |
| S1E | 2004-03 | Media review of similar products |
| S1F | 2004-04 | Susanne and her father develop their own prototype |
| S1G | 2004-04 | Fails to construct a safe product |
| S1H | 2004-04 | Finds a producer working in plastics |
| S1I | 2004-05 | New producer solves basic problems with brush |
| S1J | 2004-05 | Susanne drops her direct involvement in developing the prototype |
| S1K | 2004-06 | Producer stops working on prototype when no money is paid |

Table 7-18: Susanne's resistance pattern 2 – Product development

| Item | Date | Actions or events |
|-------------|-------------|--|
| S2A | 2003-11 | Problems developing the prototype |
| S2B | 2003-11 | Wants to be an entrepreneur, not an inventor |
| S2C | 2004-02 | Tries to solve the prototype issue quickly by searching through a network of more than 100 points of contact |
| S2D | 2004-05 | Happens upon licensing through one contact and sees it as a way towards being an entrepreneur instead of an inventor |
| S2E | 2004-05 | Need to patent before the brush can be licensed, and need money to patent |
| S2F | 2004-05 | Problems with prototype persist |
| S2G | 2004-06 | Decision on her loan application does not come through in time for when she need patent to present her innovation |
| S2H | 2004-07 | Susanne's attention is turned towards a new licensing project |

Table 7-19: Susanne's resistance pattern 3 – Conflict with rigid structures or bureaucracy

| Item | Date | Actions or events |
|-------------|-------------|---|
| S3A | 2004-03 | Susanne needs money to develop her prototype and patent it |
| S3B | 2004-03 | Applies for a loan from a government run funding agency, but after a couple of months there is still no response to her application |
| S3C | 2004-05 | She fears that her plan of action might fail if she does not get the funding in time |
| S3D | 2004-05 | She calls the handling officer to try and speed up the application process |
| S3E | 2004-06 | Views the government run funding agency as slow bureaucrats |
| S3F | 2004-06 | Until the loan is approved she cannot continue developing the prototype |
| S3G | 2004-06 | Worries that loan will not be approved until after summer |
| S3H | 2004-06 | Applies for a loan from another agency with poorer conditions |
| S3I | 2004-06 | Dislikes sitting idle and waiting, tries to work with the producer to develop the prototype |
| S3J | 2004-08 | Summer goes and no response to her application |
| S3K | 2004-08 | She now refocuses her venture creation activities on the licensing project instead |
| S3L | 2004-09 | Application is approved, but the brush is now only a low prioritised product in a portfolio owned by her new licensing project |

Table 7-20: Susanne's resistance pattern 4 – Pressure to patent

| Item | Date | Actions or events |
|-------------|-------------|---|
| S4A | 2004-01 | Susanne feels that she must have a patent |
| S4B | 2004-01 | Without a patent she cannot start talking about her product to potential stakeholders as she is afraid that they might steal her idea |
| S4C | 2004-03 | To patent she must have funding and thus applies through a government run funding agency |
| S4D | 2004-05 | Funding process is too slow for her liking |
| S4E | 2004-08 | The project is more or less abandoned because she finds more promising ideas to work on while waiting for funding |

Table 7-21: Susanne's resistance pattern 5 – Pace

| Item | Date | Actions or events |
|-------------|-------------|--|
| S5A | 2004-01 | Susanne believes that the product will take years to bring to the market |
| S5B | 2004-01 | She is impatient and feels that the pace of development is too slow and that it is more difficult than she had expected |
| S5C | 2004-03 | Feeling stuck and unsure of what to do Susanne finds out about licensing as a way to develop the product |
| S5D | 2004-03 | Susanne join forces with Jack in setting up a new project focusing on licensing a portfolio of products for inventors |
| S5E | 2004-06 | When lack of funding prevents her to keep the pace up on developing her brush she spends more and more time on the licensing project |
| S5F | 2004-11 | Without much success in prototype development Susanne questions whether the brush even belongs in the licensing projects product portfolio |

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