UNIVERSITY OF NEW ENGLAND



Entrepreneurial Finance for Start-ups and Scale-ups: Empirical Evidence from Founders Located in Regional Australia

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A thesis submitted by

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Abstract

Financial capital is important to a start-up/scale-up's existence and obtaining it externally via entrepreneurial finance (including debt, grants, and equity) may enable venture success. Successful start-ups/scale-ups have been demonstrated to generate positive economic and cultural flow-on effects for local communities that are particularly valuable in regional contexts. Obtaining financial capital via entrepreneurial finance (EF) is challenging, and the segmented literature reports many complex and interrelated contributing factors. A focus on the micro level (individual founder) can provide insights for application in practice by founders and can address the gaps in the literature, including those related to segmentation by source and type of EF, venture-stage, and the minimal attention on regional locations.

The objective of this study was to explore the lived experiences of 20 founders located in regional Australia and describe their current situation to provide insights into their reported EF challenges. The founders' views, experiences, actions, and characteristics were identified via semi-structured interviews and questionnaires. The conceptually driven interpretivist approach utilised concepts from signaling theory and image theory to provide an overarching terminology regardless of the type/source of EF that founders pursued. Conceptual depth was added by referring to human, psychological, cognitive, and social capital as well as personality traits. Inductive concepts that arose during the thematic and content analysis were coded. The iterative nature of this exploratory research resulted in multiple literature reviews, conceptual frameworks, and information collected to inform the analysis.

The findings showed that participants were using a learn-as-you-go approach (learn-from-doing and learn-while-doing) in a mostly unstructured manner. A learn-as-you-go approach is well-suited to the entrepreneurial context; however, this approach would be most effective when combined with a system/structure and self-agentic/reflective tools to expedite optimal and timely outcomes. In undertaking an ongoing process of becoming prepared, many EF challenges stemmed from knowledge, skills, strategies, and contacts being at levels other than what was best needed for the task at hand. Challenges were compounded by the inadequate EF resources/contacts available in the regional location and by broader issues at the meso and macro levels. Using founder characteristics as the lens, the findings imply that the faster the founder can accumulate, interpret, and integrate the relevant actionable learnings and skills and couple these with conducive states, the more efficiently and effectively they can act to navigate and adapt their dynamic journey to successful EF outcomes. The thesis concludes that content-based EF education for founders (e.g., knowledge of all aspects of the EF process) is necessary but not sufficient for successful EF

outcomes, and measures to address EF challenges need to be both educational and also transformative/catalytic in nature to empower and leverage the self-agency of the individual founder and support their agentic endeavours in the contextually dynamic environment of entrepreneurship and EF. The impacts of timing and chance were concluded to play a role in EF outcomes irrespective of plans or preparations.

The research contributes to the field in several ways: it describes the EF process without segmentation by type/source of EF, it uses a descriptive, exploratory approach that complements the many quantitative hypothesis-bound EF studies, it focuses on regionally located participants, it provides an understanding of current lived experiences that can inform those who help founders (e.g., incubators, accelerators, advisors, and policy makers), and it suggests avenues of change for implementation in practice and for future research to explore.

Short 115 Word Abstract

This research draws on semi-structured interviews with regionally located founders in Australia who applied for entrepreneurial finance (EF) to explore the EF challenges they encountered. Participants' views, experiences, and reported actions revealed that both general and EF-specific capacity-building is required to boost knowledge and skills. The learn-as-you-go approach used by participants is suited to the entrepreneurial context however, this approach would be most effective when combined with a system/structure and self-agentic/reflective tools to expedite optimal outcomes. EF challenges may also be reduced by founders engaging in experiences and content-based education that are transformative/catalytic to generate actionable 'ah-ha' realisations sooner. The regional location and temporal elements contributed directly and indirectly to the EF challenges participants experienced.

Plain Language Summary

This research explores entrepreneurial finance (EF), which is money obtained externally from investors, lenders, grant providers, and donors. The main aim of obtaining EF is to assist the venture as it goes through the process of developing a business model that will enable it to self-sustain its operations in the future by making recurring profitable sales to its customers.

EF can be difficult to obtain, partly because the entrepreneurial context is challenging and contains many elements that are unknown, unpredictable, subject to change, and outside an entrepreneur's (founder's) ability to control or foresee. It is also partly because of issues that relate to the supply of the finance and also partly because of things that relate to the founder themselves, such as what they know and can do and how they think, act, and go about the task of obtaining EF.

This research interviewed 20 founders located in regional Australia who had experience in obtaining EF. The research explored and described their views and experiences and, by looking at what the founders said they did and experienced, the research found that some things could be done differently to get better results faster. In addition, the regional location has fewer resources to help founders obtain EF, which made some of their EF experiences more challenging.

The findings showed that the founders were learning as they went along, and that they could benefit from assistance in how to use this learning approach more effectively, as well as assistance to understand how to go about the EF process. The things that a founder could do differently to get better EF results faster were found to be, applying a system or structure to their learn-as-you-go

approach, asking experts for help sooner, and applying tools and techniques to enable them to respond to challenging situations/contexts differently.

This study suggests that three different types of people could do things to help founders get better EF results faster. First, policy makers could create grants that are designed and delivered so that grants are a worthwhile and cost-effective experience for both successful and unsuccessful applicants. Policy makers could also design and/or support ongoing EF educational programs that not only teach information but also give a founder experiences that may lead to 'ah-ha' realisations and result in a self-transformation of how founders think and use their own self-agency. The information component would need to include both specific EF knowledge and skills and general, transferable knowledge, skills, and tools/techniques that can help founders respond to challenging situations differently with more self-reflectiveness, self-agency, and meta-cognition (thinking about thinking), and help them learn how to learn better.

Second, those who help founders (e.g., advisors, incubators, mentors) could help deliver the above educational programs, as well as provide information, advice, and networks combined with catalytic experiences for founders to give founders support, contacts, and tools and to help them think differently about the things they need to do and learn. Those who help founders could also collaborate to be part of long-term, coordinated approaches in their community to create entrepreneurial ecosystems that engage in autonomy-respecting support.

Third, researchers could explore practical ways that the insights from this research could be developed and implemented by, for example, exploring catalytic techniques to assist founders have transformational experiences that are likely to lead to 'ah-ha' moments sooner.

Helping start-ups to grow and succeed can lead to benefits for their local communities, including the creation of jobs, goods and services, contributing to culture, economic growth, diversity, and community spirit, and the provision of role models. In this manner, founders and those who help founders can collaborate in an autonomy-compatible manner to create prosperity and resilience for their region.

Keywords: Entrepreneurial finance, start-up, scale-up, regional, founder characteristics, signalling (signaling theory), image theory.

Declaration by Author

This thesis is composed of my own original work and contains no material previously published or written by another person except where due reference has been made in the text. This thesis is entirely my own effort, and no part of this thesis has been jointly authored with another person. I have clearly stated the contribution of others to my thesis as a whole.

The content of my thesis is the result of work I have carried out since the commencement of my higher degree by research candidature, and no part of it has been previously submitted for the award of any other degree or diploma in any university or other tertiary institution.

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Zia Knörles	September 2025
Candidate Name	Date

Signature held at the university.

Acknowledgements

There is an expression that small business owners (including start-up/scale-up founders) can work ‘in the business’ and ‘on the business’. Both types of effort and attention need to occur but not necessarily always by the business owner/founder. For a PhD, the situation is a little different as there is no ability to leverage by delegating to employees or by outsourcing to contractors, with the valuable exception of some copyediting and proofreading tasks (thank you Sue).

Just as it is for founders working ‘on the business’, the ability to learn from advisors, mentors, and peers is most valuable, as is the support from communities, networks, friends, and family. To design, co-ordinate, conduct, and perform a higher degree research project in this independent manner would not have been possible without the support of many people.

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[1] My learnings extended beyond academic skills to, for example, nuances in formatting a complex Word document.

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Preface

A nascent researcher with a unique lens through which to view founders' experiences.

I set myself a goal which I knew was ambitious, to work autonomously on a PhD without having first done a Masters. I have since come to realise the full extent of my ambition; hindsight is wonderful! I came into this research journey as a regional chartered accountant, therefore, like the founders I interviewed, much self-directed and on-the-job learning occurred to achieve this big dream. Like a first-time founder, I was also wearing many hats, navigating an unfamiliar ship on unfamiliar seas and building that ship as I went along.

I can see how valuable the 'blank slate'[2] was that I came in as (method-wise and topic-wise) in shaping this unique contribution to the field of entrepreneurial finance in regional Australia. It has resulted in a work that appreciates the complexity and pervasiveness of context, crosses between disciplines and is driven by curiosity for understanding the current situation and for practical insights that can be applied by those who help founders, and by the founders themselves to change outcomes.

In the twenty-plus years during which I assisted small business owners with their tax and financials, I observed that factors at the individual level that related to the business owner themselves can significantly impact on a small business's outcomes, especially when the owners were seeking to take the business to a new level of growth. I carry that assumption into this research in relation to the entrepreneurial finance outcomes of a founder's start-up/scale-up. That is to say, my interest centres on the founder rather than on the other contributing factors of industry and market forces or macro-economic conditions.

In my research journey, I was, like the founders, continually learning whilst doing. Much of this learning was from reading the literature, from attending (post data collection) over 194 hours of events regionally and online that were aimed at founders seeking entrepreneurial finance, and from undertaking a 120-hour internship during which I assisted founders with equity finance raising and grant applications. This experience gave me context and firsthand knowledge through which to view and analyse the interviews and questionnaires that I had already collected as primary data.

I had to remind myself often during this journey of Professor Villano's advice given to our prerequisite coursework class that "The industry problem is not your research problem" (R. Villano, personal communication, 2021). Therefore, while my exploratory findings are not 'the'

[2] To ruin the metaphor, I was an 'almost blank' slate as we all have pre-conceptions and beliefs.

answer, they illuminate a way towards it, and as much as I would have liked to keep exploring and iteratively weaving closer, it is important to draw a finish line somewhere. So here it is! This amazing journey and PhD project has come to a close, but the learning will continue, and it is my hope that others will benefit from what I have observed so far.

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Abbreviations

ABS	Australian Bureau of Statistics
BA	Business angel
Big5	Big five personality traits / 5-factor personality model
CC	Cognitive capital
EF	Entrepreneurial finance (see Section 1.10.1 for definition)
FP	Finance provider (lender /investor /donor /grant provider. See Table 1-2)
GEM	Global Entrepreneurship Monitor
HC	Human capital
IntQ	Interview question
NENW	New England and North West region of NSW, Australia
NSW	New South Wales, Australia
PC	Psychological capital
PiQ	Post-interview questionnaire /question
RQ	Research question
SC	Social capital
SRI	SMART Region Incubator (UNE's SRI)
VC	Venture capital
UNE	University of New England

Chapter 1 Introduction

This chapter presents the rationale for this exploratory research into the experiences and challenges of regionally located founders accessing entrepreneurial finance (EF). It lays out the research objectives, sets the research scope and boundaries, and presents the research questions. The chapter then highlights the importance of context and the pervasiveness of segmentation in the EF literature. Next, it presents the gaps in the literature, followed by a summary of the significant contributions that the research makes to the literature, policy, and practice. It concludes with an outline of the structure of the thesis, and definitions of key terms used in order to address the definition variability present in the highly segmented field of EF, which hinders users' ability to access and interpret findings.

1.1 Rationale for the Research

It is widely agreed that having financial capital (or financial runway) is highly important, if not critical, for the success of a start-up/scale-up venture (Acs et al., 2020; Cassar, 2004; O. Colombo, 2020; Hill et al., 2024; Pounder & Merom, 2025), and that obtaining this financial capital from external sources is challenging (Bosma et al., 2020; O. Colombo, 2020; Cumming et al., 2018; Daniels et al., 2016; Hwang et al., 2019; Kraemer-Eis et al., 2019; Ughetto et al., 2019). These external sources of financial capital include providers of debt, grants, and equity, and both individually and collectively these diverse providers can be referred to as entrepreneurial-finance (EF) providers in the context that they finance entrepreneurship (i.e., the growth and scaling of entrepreneurial start-up/scale-up ventures). Given the definition variability that pervades the EF field; to provide clarity these terms are defined in Section 1.10 along with other key terms used in this thesis.

The majority of the literature, both academic and industry, refers to the challenges involved in obtaining EF regardless of the type of EF (e.g., debt, grants, equity). For example, financial support is listed as the first of the top four factors that constrain entrepreneurship in Australia (Bosma et al., 2020), and 24% of innovation-active businesses report financial support as a barrier (Australian Bureau of Statistics [ABS], 2020). The difficulty that start-ups/scale-ups encounter in accessing financial capital is both a national and global problem (Bosma et al., 2020; Daniels et al., 2016; Hwang et al., 2019; Kraemer-Eis et al., 2019). Some scholars suggest that the information required to successfully obtain EF is available and accessible to founders, which by implication means that

the challenges experienced by these ventures should not exist to the magnitude reported (Carpentier & Suret, 2015).

The segmented and extensive EF literature (Bellavitis et al., 2017; Cosh et al., 2009; Cumming & Johan, 2017; Cumming & Vishmara 2017; Drover et al., 2017) reveals that financing start-ups/scale-ups and entrepreneurship is complex, and that there are many interrelated issues (Fraser et al., 2015). Therefore, there are many possible factors that are contributing to the EF challenges and outcomes experienced by founders. These factors exist at all levels, macro (large systems e.g., society as a whole), meso (medium systems e.g., groups and parts of society) and micro (contained systems e.g., individuals), and they include economic, industry, and market contexts, government policy, geographic contexts including resource and population distribution, the presence or absence of entrepreneurial support mechanisms, the situation and needs of the finance provider (FP), the start-up/scale-up and founder's situation, and the dynamics of interaction between all of these factors (Bellavitis et al., 2017; Kerr & Nanda, 2011; Renando & Moyle, 2021). These many factors also have differing impacts on the EF challenges depending on the type of EF in question (e.g., debt, grants, equity) and the source of the EF (e.g., banks, government, individuals, syndicates, corporations). Further, the impact of these factors is not fixed and may change over time when, for example, macro-economic conditions change, industries evolve and mature, markets are disrupted, FPs move through cycles in their funding process, legislation and policy changes, interest rates change, the resource-mix in geographic regions changes, ventures grow and pass through various venture stages, and individual founder circumstances change (some specific examples of macro-level changes are provided in Section 5.5).

Due to the many complex contextual moving parts on the one hand and the many segmentations in the literature on the other hand, not only in relation to these parts in isolation but also to the segmentation by academic discipline (Cumming & Johan, 2017), there are gaps in understanding in a contextualised manner why EF continues to be challenging for start-ups/scale-ups to obtain. Valuable contributions to the gaps in the literature and to practice can be made by investigating the factors at all levels: macro, meso, and micro. Studies acknowledge the "nuanced and dynamic nature" (Fraser et al., 2015, p. 72) of the factors on both the demand and the supply side; however, it is beyond the scope of this thesis to address all possible factors that contribute to the EF challenge, or all three levels of factors (macro, meso, and micro). Therefore, the focus of this study is on the micro level; that is, the perspective of the individual founder seeking to obtain EF. There are three factors that underpin the rationale for choosing the micro level (individual founder) as the focus for this research project: the first is because the individual-founder level is of particular interest to the researcher, the second is because there is substantial literature that validates such a

focus, which has the potential to yield valuable actionable insights for the founder and those who help founders succeed (e.g. incubators, accelerators, advisors, and other institutions) thus creating a positive spill-over effect for the community/region (Audretsch et.al. 2017; Davidsson, 2016; Fritsch & Storey, 2014; Huggins & Thompson, 2016, 2020, 2025; McCarthy et al., 2023; Obschonka, Schmitt-Rodermund et al., 2013; Obschonka, Stuetzer et al., 2015; Rauch & Frese, 2007), and the third is because there is considerable literature that highlights the need for further empirical studies with a demand-side focus on the research topic (Fraser et al., 2015; Manigart & Khosravi, 2023; Shepherd, Douglas, & Shanley, 2000) as is shown in Section 1.7. Before discussing how the literature supports these latter two claims, a brief description of the researcher's background will help to contextualise the research focus on the micro level.

The researcher is a chartered accountant who has been working in the accounting profession for over 20 years in a regional location. During this time, it was observed that different small businesses operating in the same regional town in identical industries could have quite different financial results/outcomes such as sales, cashflow, profits, and quantity and frequency of bad debts. It was also observed that providing guidance on how to achieve improved results did not always have the desired effect. Of particular interest were the cases where the business owner requested assistance and acted on the information provided to the best of their ability but did not achieve the outcomes they desired or the outcomes that another similar business was achieving. The researcher concluded that there were two significant factors contributing to this situation, given that the external context was for the most part the same. The first factor was presumed to be related to the individual business owner themselves, and the second factor was about understanding (as an accountant) how to better help the business owner identify and address this aspect of themselves that was impeding their desired outcomes. The conclusion that factors at the individual level may significantly impact on the outcomes of a small business resulted in the assumption that the same may hold true for individual founder/s in relation to the EF outcomes of their start-up/scale-up, while also considering that running a business and raising external finance are two different skill sets that each have their own elements that need to be mastered. This and other assumptions are outlined in Section 1.3.

The second rationale for choosing the micro level (individual founder) as the focus is that there is a substantial body of research that recognises the impact that the founder has on their early-stage start-up/scale-up (Ferrati & Muffatto, 2021, and see sections 3.6 and 3.7 for further discussion), which suggests that a focus on the micro or individual-founder level perspective may be a source of valuable insights into EF challenges. In both supportive and unsupportive external environments and contexts, the founder may be impacted differently; however, as the *Global Entrepreneurship*

Monitor 2019/2020 Global Report notes, even in the most favourable environments some entrepreneurs fail, while others succeed in difficult situations despite the odds (Bosma et al., 2020). Therefore, the founder-related variables (founder characteristics) in entrepreneurship, and by extension EF, require further exploration. This focus on the micro level is a valuable counterpart to the ongoing explorations by other researchers on issues that are outside of a founder's individual ability to change, which is to say the issues at the macro and meso levels. The value of the micro level focus is due to a) amplification, whereby the gains of addressing shortcomings at the meso and macro levels can be amplified when the states, attributes, and qualities of the individual (founder-characteristics) are also leveraged and grown, b) mitigation, whereby the shortcomings at the meso and macro levels, if not addressed in the way or timeframe that they "should" be, can be mitigated better by a founder who develops and leverages their states, attributes, and qualities for operating in challenging contexts, and c) autonomy, whereby top-down measures addressing the meso and micro level work best when they understand and support (i.e., do not erode/overrule) the autonomy of the micro level (Ellerman, 2001, 2004, 2009). All three aspects (amplification, mitigation, and autonomy) support the case for integrated solutions to be developed by combining outcomes from this research with that of other scholars who choose to focus on the meso and macro levels.

Furthermore, understanding the micro level through the lens of founder characteristics can provide valuable insights into the EF challenges irrespective of the varying dynamics and issues at the meso and macro levels. Founder characteristics represent the internal resources that an individual draws upon to guide their actions, including actions to manage resources that are both external and internal to the founder and actions to manage the operation of the venture and to seek EF. In making these observations, it is acknowledged that entrepreneurial intentions may also lay latent in a founder where unsupportive external conditions exist (Obschonka & Schmitt-Rodermund et al., 2013). In unsupportive situations, it may be illogical and impractical for a founder to initiate or proceed with a venture without there being a parallel and coordinated effort at the meso and macro levels to address structural issues (Huggins et al., 2023; Huggins & Thompson, 2020, 2025); thus, gaining insights at the micro level serves to inform such a co-ordinated effort by complementing the insights from other studies that have focused on the meso and macro levels.

Studies show that a start-up/scale-up venture's success creates benefits for many stakeholders: its owners, customers, employees, suppliers, finance providers, the local economy, and the wider community and economy (Acs et al., 2018; Hindle & Rushworth, 2000; Huggins & Thompson, 2020; King & Levine 1993a, 1993b; Schumpeter, 1934, as cited in Ferreria et al., 2017). These flow-on effects include prosperity via jobs, goods and services (Bosma et al., 2020; Cully, 2015),

and from a regional perspective, cultural (Hamilton & Harper, 1994) and social change and mobility into the region (Baker & Welter, 2018; Bosma et al., 2020; Hisrich et al., 2007; Obschonka, 2017; Obschonka, Schmitt-Rodermund et al., 2013). All of these flow-on benefits are significant for the local economies in which the venture is embedded (Bosma et al., 2020; Steffens & Omarova, 2018). Many scholars argue that access to EF increases the chances of a venture's success (Fraser et al., 2015), and by implication, increases the chances of the above positive flow-on effects. These views are consistent with the increasing focus of policy (Kerr & Nanda, 2011; Pounder & Merom, 2025; Ughetto et al., 2019) and industry on start-ups/scale-ups and innovation as a means of adding economic growth and resilience in regional locations in particular, which have additional barriers to enterprise and access to EF (Mazzarol, 2007; Ughetto et al., 2019), as explored in Section 2.2.3. Thus, the outcomes from this research have the potential to be wide reaching and have a significant impact beyond the micro-level focus taken.

In conjunction with recognising the value of a focus on the micro level, the third rationale for choosing the individual founder as the focus is that there is considerable literature that highlights the need for further empirical research at this level because there is an under-representation of literature on the demand side (founder) perspective of EF (Moghaddam et al., 2017; Seghers et al., 2012; Williamson et al., 2021). The gaps in the literature that give rise to this demand-side need are covered in Section 1.7. Accordingly, this research focuses on the micro level through the lens of founder characteristics, which are defined in Section 1.10.7 as the states, traits, attributes, qualities, and intentions of a person that convey in particular what they know, how they think, the patterns in their thinking and behaving, who they are and are becoming, and who they know. The scope of this research is outlined fully in Section 1.3. Next, the objectives of the research are presented.

1.2 Objectives of the Research

The objective of this research is to better understand how regionally located founders experience and perform the task of obtaining EF and the challenges they encounter when doing so. Describing the current situation of the founders and contextualising it is the first step towards providing autonomy-compatible assistance because it starts by looking at where the founders currently are and how they see/experience things (Ellerman, 2001, 2004, 2009). The insights thus gained can subsequently be incorporated into theory with the formation of a hypothesis (Stebbins, 2001), and avenues for relevant change may then be identified that can be implemented in both policy and practice. Thus, EF challenges may be reduced and successful EF outcomes more readily obtained by founders in the future.

To meet these objectives, the research aims to explore and describe regionally located founders' EF views, experiences, and reported actions (self-reported strategies and practices) and to comment on various characteristics of the founder. Founder characteristics as defined in Section 1.10.7 are explored in the scoping literature review in Chapter 2. By exploring founders' views, experiences, reported actions, and characteristics, an understanding of founders' lived experiences can be obtained, and their current situation and challenges can be described and contextualised. Founders' views and experiences are interconnected in that either can be the product of the other and frame the way things are viewed or experienced (Beach & Connolly, 2005; Mitchell & Beach 1990), and as such, both can provide insight and context in relation to the other. In their interconnected feedback loop, both views and experiences can then have impacts on actions taken or not taken. The founder characteristics are also interconnected with each other and with the views, experiences, and actions. Examples of this interconnectedness are provided in chapters 2 and 3. Considered together, the views, experiences, reported actions, and founder characteristics contextualise each other not only to provide an understanding of how the EF process currently unfolds for founders but also to offer insights into potential ways the EF process could more optimally unfold. The scope of the research project is outlined in the next section, and the research questions are presented in the following section.

1.3 Scope of the Research

Many factors impact on EF outcomes and challenges: macro-economic conditions, market and industry forces, government policy, the geographic context, entrepreneurial support mechanisms, the needs and investment mandates of the FP, the elements of timing and chance, and variables specific to the founder's venture and to the founder themselves (Bellavitis et al., 2017; Kerr & Nanda, 2011; Renando & Moyle, 2021). Of these many factors that impact on EF challenges, the focus of this study is on the founder (micro level). Within this focus, the scope is T-shaped, in that it is both narrow and broad. It is narrow by being limited to founders located in the regional location of the New England and North West of New South Wales, Australia (NENW) who are associated with a business incubator, who have a venture in the early-stage category of start-ups/scale-ups, who will remain integral to operations and management post-finance, and who have already attempted to access EF (with both success and lack thereof). The scope is also broad in that it is not limited to any single finance source or type (see definition in Section 1.10.2) as reflective of the founder's situation of considering several types and sources of EF during their journey. The research is likewise broad in that it seeks to explore multiple components within the

concept of founder characteristics, as these interconnected components impact on the EF process in several ways.

This scope is both practical and addresses the gaps in the literature. An explanation of these scope-choices is provided throughout this chapter and in the methodology chapter in sections 4.5.2 and 4.5.7. In particular, see Section 1.1 above and the 'Lens' row of Table 1-1 below. Assumptions about the EF process and the paradigms also act as scope boundaries. The boundaries of this scope and the inherent assumptions are presented in Table 1-1 below, and the key terms are defined in Section 1.10.

Table 1-1
Scope, Boundaries, and Assumptions Underlying the Research

Contextual element	Inclusions	Exclusions
Who	Individual founders (see Section 1.10.6) – of a start-up or scale-up venture (see Section 1.10.6) – who belong to, or are associated with, a regional business incubator (see Section 5.4) – who have already attempted to access entrepreneurial finance, including having unsuccessful outcomes.	**Not**: Meso or macro levels, (i.e., not supply, industry, market, government, macro-economic perspectives). **Not:** Founders who do not belong to the SRI regional business incubator (see Section 5.4). **Not:** Founders only intending or planning to apply for finance.
What	Founders' requests/applications for EF (see Section 1.10.1) – for any type or source of EF both dilutive and non-dilutive, including debt, equity, grants, and more (see Section 1.10.2).	**Not**: Bootstrapping or IPOs. **Not:** Segmented by or to any one type or source of finance.
Why	Finance to grow their start-up or scale-up venture (see Section 1.10.4) – where founders remain part of operations/management.	**Not**: Finance for founder exits or IPOs.
When	At early venture stages, that is start-ups and scale-ups: – as determined by the types of activities the venture is performing (see Table 1-5) – when the founders remain part of operations/management – during and prior to 2022 (the year of data collection).	**Not:** Using age or size to define venture stage. **Not**: Established small and medium enterprises (SMEs), unless they are scaling up. **Not**: Finance for founder exits or IPOs.
Where	Founders located in the regional area of the New England and North West (NENW) – regardless of the amount of time lived in the region. – who are interacting either in-person or online with finance providers who may be geographically located anywhere. (see Section 5.2 for a map and description of the NENW and Section 1.10.12).	**Not**: Founders/ventures currently located outside of the NENW region of NSW, Australia.
How	Qualitative, exploratory, and descriptive research.	**Not**: Testing hypotheses. **Not**: Conducted in a linear manner.
Paradigm	Interpretivist and constructivist (see Section 4.2).	

Lens	The focus is on the micro level: – the individual founder's views, experiences, and reported actions. – the characteristics of the founder. These are defined in Section 1.10.7 and include the states, traits, attributes, qualities, and intentions of a person that contribute to their skills, knowledge, and execution ability. These characteristics are interrelated, interdependent, and recursively linked and represent the internal resources that an individual draws upon to guide their actions, including actions to manage resources that are both external and internal to the founder and actions to manage the operation of the venture and seek EF. **Rationale for this lens** Insights at the micro level can inform co-ordinated efforts involving all levels (micro, meso, and macro) by complementing the insights from other studies that have focused on the meso and macro levels. – The micro-level focus is valuable to complement other insights due to: 1. *amplification*, whereby the benefits of addressing shortcomings at the meso and macro levels can be amplified when the states, attributes, and qualities of the individual are also leveraged and grown. 2. *mitigation*, whereby the shortcomings at the meso and macro levels, if not addressed in the way or time frame that they "should" be, can be mitigated better by a founder who develops and leverages their states, attributes, and qualities for operating in challenging contexts. 3. *autonomy*, whereby top-down measures addressing the meso and micro level work best when they understand and support (i.e., do not erode/overrule) the autonomy of the micro level (Ellerman, 2001, 2004, 2009).	**Not:** Segmented by or to any one type or component of founder characteristic. **Not**: Perspectives obtained directly from finance providers (but instead obtained indirectly via founders' views and/or via the literature). **Not:** A focus on EF challenges arising from elements external to the founder such as supply, industry, market, government policy, and macro-economic conditions. **Yet:** Acknowledging that these contribute to EF challenges. **And:** It is acknowledged that environment/context affects how one behaves i.e., in unsupportive environments, strengths may be tested and shortcomings may be magnified, while in supportive environments, shortcomings may be masked and strengths amplified. **And:** It is acknowledged that changing internal states and attributes is challenging and often requires time and outside support.
Assumptions	1. The finance application is a communication process between the founder and finance provider (FP). – Focus is on the founder's ability to convey the required information to the FP (signalling ability).	**Not:** A focus on the communication or signalling ability of the FP. **Yet:** Acknowledging that the FP's communication and signalling may contribute to EF challenges. **Not:** Segmented by finance source or type.

	2. Having an understanding of the criteria that a FP is looking for will assist the founder to demonstrate to the FP that they do meet the required criteria. − Focus is on the founder's ability to determine the required information to signal to the FP. − Focus is on the information (signals) sent by the founder and how these may be assessed in general by an FP. − Focus is on the criteria/signals that may be the most important for a FP to receive. 3. Founder characteristics are important criteria that the FP is looking for and that a founder needs to send signals to the FP about. − Focus is on the criteria that pertain to the characteristics of the founder. 4. The founder's ability to signal information to the FP is impacted by their founder characteristics. − Focus is on the criteria that pertain to the characteristics of the founder. 5. Founder characteristics are connected to the founder's strategies and practices in relation to how they go about obtaining EF (and entrepreneurship). − Focus is on the founders' actions taken (as self-reported). 6. Founder characteristics impact on how a founder views and experiences obtaining EF. − Focus is on founder characteristics in conjunction with founders' views and experiences. 7. There are various 'optimal' levels and combinations of founder characteristics (see Section 1.10.7) that together enable a person to think and act in a manner most conducive to EF success and also by implication success in the broader aims of their entrepreneurial venture. − These various, and multiple, optimal levels and combinations of founder-characteristic components can be developed and attained. − In the early stages of the study, it was implicitly assumed that developing founder-characteristics requires support, guidance, mentoring and conducive environments in conjunction with self-agency, self-reflectiveness and meta-cognition. The importance of	**Not:** A focus on criteria pertaining specifically to any one type or source of entrepreneurial finance. **Yet:** Acknowledging that these criteria will impact on EF challenges. **Not**: Perspectives obtained directly from FPs. **Not**: A focus on business metrics or financials. **Yet:** Acknowledging that business metrics and financials are likewise important criteria. **Not:** A focus on planned actions as yet unimplemented. **Not:** Researcher observations of founder's actions taken. **Not:** A focus on things outside of a founder's ability to control, influence and/or change. **Yet:** Acknowledging that external contexts contribute to EF challenges. **And:** Acknowledging that changing internal states and attributes is in itself challenging and often requires time and outside support. **And:** Acknowledging that environment/context affects how one behaves. **Not**: Context as something to be 'controlled for'. **Not**: Outliers as something to be excluded.

	these requirements became increasingly evident as the study progressed, and the need arose to communicate this assumption explicitly. 8. The environment and external contexts impact on the EF process. – Allows for unanticipated concepts to arise from the participants' responses (inductive coding).
Definitions	Definitions of key terms are provided in Section 1.10.

Source: Author's compilation

1.4 Research Questions

The research objectives and aims are delivered via the following research questions (RQ):

RQ-1: What views and experiences do founders located in the New England and North West region of New South Wales, Australia (NENW) report having of entrepreneurial finance (EF)? What can this information reveal about the EF challenges they are experiencing?

RQ-2 What strategies and practices (actions) do founders located in the NENW report (directly or indirectly via inference) having implemented when preparing and applying for entrepreneurial finance? What can this information reveal about the EF challenges they are experiencing?

1.5 Importance of Context in Entrepreneurial Finance Research

The views, experiences and actions related to the EF process and the outcomes that founders achieve cannot be considered to be independent of their context (both internal and external). The EF strategies that are chosen intentionally or unintentionally by founders are informed not only by their views and understanding of the EF process but also by their current situation, environment, goals, values and beliefs. The choice is also impacted by their various personal characteristics (founder characteristics). The constructivist view is that humans are not independent of their reality, nor are they objective observers of it, but rather they play a role in the creation of their experiences and the meaning and results derived from them (Bryman & Bell, 2015).

The term ‘context’ needs to be unpacked further, not only because it has different meanings to different scholars (Welter, Baker, & Wirsching, 2019) but also because it is important for understanding entrepreneurial research (Baker & Welter, 2020; Zahra et al., 2014) and EF research. Context can have not only a strong and nuanced effects on research results (Johns, 2006) but also can have varied effects on other activities such as the EF process that founders undergo. Context is more than the circumstances or environment and more than something “to be controlled for” (Baker & Welter, 2018; Welter, Baker, & Wirsching, 2019, p. 323). While context does encompass the who, what, when, where, why and how aspects of a situation, it also contains subjective elements and includes the “construction and enactment of contexts” (Welter, Baker, & Wirsching, 2019, p. 323). For example, different entrepreneurs faced with the same circumstances may interpret and react or respond to them in different ways (as shown in Baker & Nelson, 2005; Powell & Baker, 2014, 2017), which alters how the situation unfolds for them. The differences in the external environment, the circumstances in which entrepreneurship takes place and the internal context of the founder impact on the processes and outcomes. Examples of internal context include

the founder's knowledge, skills, mental state, cognition, psychological state, personality traits, beliefs and values, emotions, mood, bandwidth and capacity.

Context is important in entrepreneurship because each entrepreneurial situation is different (Welter, Gartner, & Wright, 2016). This feature is implicit in the definition of entrepreneurship as provided in Section 1.10.3 given the presence of unknowns, uncertainty, ambiguity, incomplete information and inherent risk as well as the creativity and innovativeness required. It is also implicit when one considers that no two humans are alike, and as entrepreneurs are humans "doing" entrepreneurship (see definition in Section 1.10.5), each will do it differently. However, in the literature and in popular media (Baker & Welter, 2017), there is a standard concept and thus a decontextualised view (Welter, Baker, & Wirsching, 2019) of what entrepreneurship is, known as the "Silicon Valley model", which represents one perspective of how entrepreneurship may be conducted (Welter, Baker, & Wirsching, 2019). The literature is segmented into studies that focus on this model and those that focus on other contexts (Baker & Welter, 2017). Section 1.10.3 provides more detail on this literature. The EF literature is also segmented in many other ways, as shown in the next section, and context is important for navigating this fragmentation.

1.6 Pervasiveness of Segmentation in the Entrepreneurial Finance Literature

The multiple dimensions that exist in problems such as EF access are not reflected in the specialisation mindset that has resulted in the segmentation in the literature on EF (Cumming & Vismara, 2017). However, many of the difficulties in gaining access to EF are due to the EF phenomenon being complex and multifaceted (Cumming & Johan, 2017; Hisrich et al., 2007; Marvel et al., 2016; Molina-Azorín et al., 2012). EF is segmented by discipline across both the finance and management/entrepreneurship fields, with each field having its own group of top-ranking journals where researchers publish their studies (Cumming & Johan, 2017). EF also encompasses a wide range of other disciplines, including economics, management, sociology, psychology, and many more (Cumming & Johan, 2017; Hisrich et al., 2007; Marvel et al., 2016), which all make valuable contributions to EF in their own journals. Scholars point out that some journals prefer not to publish articles that contain citations from differing fields, and that this situation occurs in the fields of finance, entrepreneurial finance, and management, amongst others (Cumming & Johan, 2017; Wallmeroth et al., 2018). This segmentation in the literature results in studies overlooking theoretical perspectives that have already been developed (Wicklund et al., 2009). Fragmentation can also occur within particular theories; for example, in entrepreneurial cognition theory (Grégoire, Cornelissen et al., 2015; Khelil, 2021), concepts are still being

developed not only for entrepreneurial application but also for entrepreneurial finance and growth (Wright & Stigliani, 2013).

EF is also presented in the finance literature as a subset of corporate finance, even though in practice, not all entrepreneurial ventures begin as companies. Historically, the EF literature did not cover privately held (unlisted) entities due to the lack of accessible data (Cumming & Johan, 2017). This limitation is problematic as it omits the bulk of ventures in the start-up/scale-up stages. This data-type segmentation (Cumming & Johan, 2017) also exists where particular providers of finance, such as venture capital firms, are approached for their existing data sets, and studies are undertaken from a supplier perspective without considering other providers or sources of that type of EF (Cosh et al., 2009). The situation is similar with finance-type segmentation where studies focus on only one type of finance (Cumming, Deloof et al., 2019), such as debt, equity, grants, and crowdfunding, and do not consider that in reality, many entrepreneurs attempt to access multiple types of finance from multiple sources (Bellavitis et al., 2017). The result of this segmentation is an inability to capture the full experience faced by founders as they navigate between multiple types and sources of EF (Moghaddam et al., 2017). As discussed in Section 1.5, there is also literary segmentation according to the activities of mainstream or Silicon Valley type entrepreneurs versus those who operate in other contexts (Baker & Welter, 2017).

In any highly fragmented field, it is common to have gaps in the literature, and many of these gaps have been implied in the sections above when conveying the rationale for the research and its objectives and scope. This state of high fragmentation in the literature reveals not only gaps but also the need for broad exploratory and descriptive research that addresses these, as per the research objectives outlined in Section 1.2. Within this context, the next section summarises the gaps in the literature that are of particular relevance to the micro-level focus chosen for the research.

1.7 Gaps in the Literature

It has been demonstrated above that exploratory and descriptive research is required in the contexts of both the current state of the highly segmented EF literature and in order to address the research objectives of understanding the experiences and challenges of regionally located founders accessing various types and sources of entrepreneurial finance (EF). The founders' experiences and challenges cannot be contextually understood from the literature that focuses on only one source or type of EF or from studies that do not draw on the perspectives of other fields. The iterative nature of this exploratory research requires that some information be presented out of chronological sequence because the written medium cannot convey the cycles in which the

literature was reviewed. Accordingly, this section summarises the more specific gaps in the literature that were identified as relevant to traverse given the broad gaps already identified above. The scoping literature review then explores the literature further with these identified gaps already in mind in order to guide the data collection in a suitable manner, as explained in Section 4.5. The specific gaps are summarised below. As outlined in Section 1.3 (scope) and explained in Section 1.1 (research rationale), the research focus is on the micro level (contained systems e.g., individuals) rather than the meso level (medium systems e.g., groups and parts of society) or the macro level (large systems e.g., society as a whole). Due to the segmented literature (Bellavitis et al., 2017; Cosh et al., 2009; Cumming & Johan, 2017; Cumming & Vishmara 2017; Drover et al., 2017), gaps exist at all levels; however, this section only focuses on gaps at the micro level (i.e., the individual founder).

The under-representation of literature on the demand-side (founder) perspective (Manigart & Khosravi, 2023; Moghaddam et al., 2017; Seghers et al., 2012; Shepherd, Douglas, & Shanley, 2000) does not enable a complete understanding of the EF experiences and outcomes of start-up/scale-up founders. We know that many fail to get funded and that they list EF as a main hurdle in growing and scaling (Alinejad et al., 2015); however, "we know little about why most entrepreneurs fail to get funded" despite the information they need being available to them (Carpentier & Suret, 2015, p. 819). Within the Australian context, governments also state there are "major information gaps" regarding equity and debt financing of young firms (which includes growing innovative firms) (Alinejad et al., 2015, p. 2).

In recognition of these issues, the literature contains calls for further research into EF that goes beyond the supply-side/market failure angles of investigation (Fraser et al. 2015; Manigart & Khosravi, 2023; Svetek, 2022). Some of these calls are to understand the signalling between the founder and the FP (O. Colombo, 2020), to "explore human capital in conjunction with other theories" in relation to EF (Marvel et al., 2016, p. 619), to understand the founders' interaction with multiple sources and combinations of EF (Bellavitis et al., 2017; Cosh et al., 2009; Cumming, Deloof et al., 2019; Moghaddam et al., 2017), including why founders decide to raise some types of funding but not others (Manigart & Khosravi, 2023), to distinguish between cognitive and financial constraints (Fraser et al., 2015) and better understand the role of cognition in entrepreneurial growth and financing decisions (Wright & Stigliani, 2013), to explore ventures that were unsuccessful in obtaining EF (Belitski et al., 2022; Cassar, 2004; Cumming & Johan, 2017), and to more sufficiently consider firm growth stage (Fraser et al., 2015, p. 83; Ko & McKelvie, 2018; Marvel et al., 2016). The "large and disparate literature on venture financing" (Drover et al., 2017, p. 1820) contains many more examples, and there are further and significant

gaps in the regional perspective in relation to entrepreneurship in general, doing business in a regional context in Australia (Adapa et al., 2021), and accessing EF specifically, as most studies focus on metro locations. Furthermore, studies in regional development and entrepreneurship have historically focused on regulatory and structural issues (i.e., the meso and macro levels) without integrating the bi-directional behavioural factors that exist at the micro level (Huggins et al., 2023; Huggins & Thompson, 2020), such as the views, experiences, and behaviours of founders. The next section outlines how the focus of this thesis on some of these gaps makes a significant contribution to the field.

1.8 Significance of Research Contributions

This study's significance flows from its consideration of the many gaps in the segmented literature identified in the section above. The contributions to filling these gaps emphasise the micro level (individual founder) and the navigation of all types and sources of EF (see Table 1-2 and Table 1-3) from the perspective of regionally located start-up/scale-up founders who have had both successful and unsuccessful EF attempts. The research contributions are valuable because they arise from taking a contextual rather than segmented perspective of the founders' EF experiences. As discussed in Section 1.5, context is highly important in EF research because each EF situation is different, and no two founders will engage with each situation in the same way.

From a methodological perspective, the research uses a qualitative, descriptive, and exploratory approach when many empirical studies in EF are quantitative (Rauch et al., 2014) and hypothesis bound. It fills a contextual knowledge gap by focusing on the geographic perspective of founders in a regional location, when most entrepreneurial and EF research focuses on metro locations (Adapa et al., 2021). From a theoretical perspective, the research is significant in the segmented literary context as it combines concepts from various disciplines and theories to provide common terminology and descriptive frameworks that can apply regardless of the type or source of EF sought by the founder.

In addition to literary contributions, the research contributes to both policy and practice by describing and contextualising how founders comprehend and perform the task of obtaining EF. Doing so provides an understanding of the current situation and challenges encountered by founders, which is valuable if not crucial when designing policy measures for EF (Ellerman, 2001, 2004, 2009). This research can thus also inform not only future targeted research but also the current actions that founders or those who help founders (e.g., incubators and accelerators) can implement in practice, irrespective of the changing macro-level factors at play. Sections 8.4 to 8.6

of the conclusion chapter expand on this section to summarise the unique contributions made to the literary field of EF and to practice and policy.

1.9 Structure of the Thesis

Chapter 1 introduced the rationale and significance of this research and outlined the objectives and research questions. The importance of context in entrepreneurship and EF research was highlighted, as was the highly segmented state of the field. The scope of the research was presented and the gaps in the literature within these bounds were noted, along with the contributions made to filling these gaps and to current practice. Chapter 1 concludes in the following section by providing definitions of the key terms to aid in contextualising the research.

Chapters 2 and 3 provide literature reviews for this exploratory and iterative research. *Chapter 2* is a scoping literature review that was performed concurrently with assessing the gaps in the literature that were presented in Chapter 1. This scoping review was undertaken before data collection with the aim to guide but not unduly influence the exploratory and descriptive aims of the research. It explores concepts in the EF process as they relate to EF challenges at the micro level (founder level), including concepts from signaling theory and those relating to various founder characteristics. The chapter concludes by combining these concepts into an initial conceptual framework that was used to inform the data-collection phase.

Chapter 3 is a separate and targeted literature review that was performed after the data collection to avoid bias, with the aim of aiding the data analysis. As a product of the iterative nature of the research process, this review focuses on the concepts explored in the scoping review from a different perspective. The angle taken is that of a founder-cum-researcher who seeks to discover the criteria that the FPs consider the most important so that they (the founder) can tailor their signalling efforts to best meet the FPs' criteria. Because this exploration is not limited to any single finance source or type, this chapter utilises concepts from image theory to provide a common terminology that can aid in the discussion of the segmented EF literature. The chapter concludes by creating a second conceptual framework that describes the study's exploration of an EF process that matches the circumstances of the participants, because the framework applies irrespective of the EF source or type pursued.

Chapter 4 presents the methodology. It details the iterative and conceptually driven interpretivist approach used for this exploratory project. The data-collection methods are described, and it is explained that in conjunction with the second literature review, information that aided the data analysis was obtained by attending EF events. The data analysis (thematic and content analysis) is

outlined, showing it to be a cyclical process. The chapter concludes with a discussion on research integrity and covers the quality criteria of transparency, authenticity, sufficiency, and transportability as required for qualitative research. *Appendices A1, A2, A3,* and *A4* contain the semi-structured interview guide, the post-interview questionnaire, the information sheet for participants, and ethics approval, respectively. It is noted that the iterative nature of this research created challenges in conveying in a linear (written) manner the cyclical journey that unfolded, and accordingly, foreshadowing, backfilling, and references to other sections are made where appropriate throughout, and some information may be presented in an academically unconventional manner in parts of the document.

Chapter 5 provides the background context that places the results in their geographic, temporal, and economic setting to facilitate appropriate comparison with other data sets and to assess the possible transportability of findings to other settings. This chapter describes the NENW region, the entities facilitating EF access in the region, the University of New England's (UNE) SMART Region Incubator (SRI) (which is the data source, and the only incubator located in the region), and significant global events that occurred during and since the data were collected. The chapter concludes by presenting the demographics and descriptive statistics of the cohort of heterogeneous participants, the full details of which are provided in *Appendix A5*.

Chapter 6 presents the results. It highlights the themes arising from the experiences, views, actions, and characteristics of the founders seeking to raise EF. This chapter serves as a foundation for the observations that are of interest to the research aims and that are laid out in the discussion chapter. It concludes with a summary of the results in two different tabular formats: Table 6-2 is grouped by themes arising and Table 6-3 is grouped by challenges, needs, and desires. This chapter is supported by *Appendix A6,* which presents the results in a granular format by interview question and grouped by research question (RQ1: views and experiences, and RQ2: strategies and practices).

Chapter 7 discusses the results by selecting 10 observations of interest arising from the analysis. By utilising concepts and terminology from the conceptual frameworks and engaging with the broader literature, it considers possible interpretations of these findings. It also uses observations from the findings to comment on the conceptual framework itself. The chapter concludes by presenting a third iteration of the conceptual framework as a descriptive version of the EF process.

Chapter 8 is the concluding chapter, which presents the major findings, conclusions, and implications of the research. It establishes the contributions made to theory and literature, to policy, and to the various stakeholders in practice, including the founders, those who support the founders,

and the wider community. Chapter 8 then wraps up the thesis by discussing the limitations of the research and avenues for further research, which will enable others to build on the foundation provided by this project.

1.10 Definitions of Key Terms

Entrepreneurial finance is segmented and multidisciplinary (Cumming & Vismara, 2017; Rauch et al., 2014), and in such conditions, each concept or theory that is drawn upon to help navigate the field has different boundaries, perspectives and assumptions (Repko, 2012). Therefore, and as indicated in Section 1.6, there is no consistent usage of terminology nor definitions across all disciplines and fields that contribute to the EF discussion. This situation makes it difficult for engagement to occur without the risk of misinterpretation, and it also makes it difficult to access relevant findings. Accordingly, and because of the importance of context (see Section 1.5), the key definitions used in this study are provided below. Other definitions are made as they arise. Due to the iterative and exploratory nature of this research, these definitions were crafted throughout the project, with some also being developed near the end when it became clear that those concepts in use also contained inherent assumptions that were not unanimously agreed upon by scholars.

1.10.1 Definition of Entrepreneurial Finance (EF)

Entrepreneurial finance (EF), which is the financing of entrepreneurship, is defined as external finance from any source and of any type that is sought with the aim of supporting an entrepreneurial venture in its endeavours to start up, scale up, commercialise or otherwise reach its next level of growth. This definition is not limited to any type or source of finance sought, and thus it encompasses debt, equity, grants, donations and more. Examples of the types and sources of EF are presented in the tables at the end of Section 1.10.2. Entrepreneurship is defined in Section 1.10.3.

For the purposes of this study, EF can also be thought of as obtaining financial capital *other than* in the form of sales and savings, that is, other than internally generated funds and/or bootstrapping. Bootstrapping entails the use of internally generated funds (sales) and/or founders' own savings with a focus on cash management techniques that can minimise, delay or eliminate outflows of funds and speed up inflows (Winborg & Landstrom, 2001). It involves "think[ing] with a different mindset and approach" to that of a corporate or venture-backed business (Bhide, 1992, p. 113). It is an example of effectuation (Grégoire & Cherchem, 2020; Sarasvathy, 2001), where one operates within ones means, and bricolage, where one makes do with what is at hand (Baker & Nelson,

2005). A founder may choose to use these avenues (sales, bootstrapping/effectuation/bricolage) in combination with obtaining EF.

Furthermore, for the purpose of this study, initial public offerings (IPOs) (public equity) are not covered in this definition of EF because the venture stage is usually not a start-up/scale-up even though it may recently have transitioned from being one and may be scaling its operations further. When the term 'equity' is used in this study, it refers to unlisted shares (unless specified otherwise) and thus to private equity. Note that even though equity crowdfunding essentially comes from the public, it is deemed to be private equity rather than public equity because it does not occur on a stock exchange.

1.10.2 Definition of Sources and Types of EF

It is important to highlight the many sources and types of EF. The EF arena is large, and as scholars have found, most entrepreneurs are not aware of all of the EF options that exist (Seghers et al., 2012). Also, depending on the nature and growth stage/potential of the business, not all of these sources and types of finance may be accessible (Bonini & Capizzi, 2019; Dutta et al., 2020; Marks et al., 2009; Svetek, 2022), either at the same time or at all. The reality of a founder's situation is that all types and sources may need to be navigated at some point in their EF journey.

A source of finance refers to where, or from whom, the money is coming from. Table 1-2 provides examples of sources of EF. Common examples are family, banks, business angels, venture capitalists and government. A type of finance refers to whether the finance is dilutive (equity is sold) or non-dilutive (equity is not sold). Table 1-3 provides examples of types of EF. Common examples are debt, equity, grants, and gifts. EF is most often thought of only as equity finance, with the most well-known sources being business angels (BAs) and venture capitalists (VCs). As can be seen in the tables, EF may be sourced from individuals or entities and syndicates of either/both, as well as from banks and government. There is great heterogeneity amongst FPs in general, and this heterogeneity exists within the categorisation of FPs as well; for example, BAs are often clustered together despite there being many different types (Bonini & Capizzi, 2019; Drover et al., 2017).

Table 1-2
Sources of Entrepreneurial Finance

Non-dilutive finance (no equity is sold)	Dilutive finance (equity is sold)
– Friends, family and fans (FFF) – Banks, credit unions, building societies – Non-bank lenders (including invoice factoring and crowdlending) – Venture debt funds (VD) – Educational institutions – Incubators and accelerators – Government (state and federal) – Industry bodies – Large corporates (e.g., Telstra awards) – Suppliers (e.g., vendor finance and extended credit terms) – The public/crowd (e.g., reward-crowdfunding and debt-crowdfunding) – Customers (e.g., pre-selling, as opposed to sales from 'ordinary' operations)	– Friends, family and fans (FFF) – Private equity – Business angels (BA) – High net worth individuals (HNWI) – Family offices – Venture capital funds (VC) – Accelerators – Employees (via ESOP) – Institutional investors – Industry bodies – Large corporations – Competitors – Supply-chain partners – The public/crowd (e.g., equity-crowdfunding) – Co-investment within and between any of the above, including via syndicates, collectives or 'funds-of-funds'

Source: Author's compilation

Table 1-3
Types of Entrepreneurial Finance

Non-dilutive finance (no equity is sold)	Dilutive finance (equity is sold)	Hybrid (equity may be sold contingent on future events)
– Debt/loans – Grants – Competitions and scholarships – Research and development (R&D) tax offset – Crowdfunding (pre-purchase, reward-based or debt-based) – Pre-selling – Donations/pro-bono/gifts (e.g., money, services, time, assets and vouchers)	– Equity/shares – Employee share ownership plan (ESOP) – Options – Crowdfunding (equity) – Initial public offering (IPO) (possible for later stage ventures)	Finance that converts from one form to another upon a trigger event or contains features of more than one form. For example: – Convertible notes – Convertible debt/mezzanine financing – SAFEs (simple agreement for future equity) – Initial coin offerings (ICOs)

Source: Author's compilation

1.10.3 Definition of Entrepreneurship

The term entrepreneurship is widely used but is not always used consistently either in the literature or by industry (Davidsson, 2016; Prince et al., 2021). This lack of consistency led to scholars posing the question "what are we talking about when we talk about entrepreneurship?" (Gartner, 1990, p. 15). In response to this question, Gartner (1990) found eight themes with two overarching viewpoints, one that centres on the characteristics of entrepreneurship and one that centres on the outcomes of entrepreneurship. Amongst the diverse range of definitions evident in the literature, it is clear that "entrepreneurship is a very complex idea" that encompasses many states of being and types of activities, with a consistent definition "yet to emerge" (Gartner, 1990, p. 28). The decades since Gartner's study do not seem to have provided a unanimous definition for many reasons, including matters of context (see Section 1.5) and the complexity of the phenomenon. The lack of one single definition highlights even further the importance of making clear the definition in use in any particular study (Gartner, 1990).

Because of how contextually sensitive entrepreneurship is (Baker & Welter, 2020; Welter, Gartner, & Wright, 2016; Zahra et al., 2014), this study presents its definition in the form of a table of contextual components that together make up the phenomenon of entrepreneurship. This is presented in Table 1-4 which draws on input from many scholars as discussed below the table.

Table 1-4
Definition of Entrepreneurship

Contextual element	Details of the contextual element
Who	Individuals who operate in the contexts described below are referred to as entrepreneurs in that they perform/do entrepreneurship. See definition of entrepreneur in Section 1.10.5 for more detail.
What	A process that − is dynamic, complex, iterative, multidimensional and contextual, and evolves in non-linear stages rather than predetermined steps − involves the creation of a business venture − mobilises various resources to capitalise on an idea/vision/opportunity − creates new value and economic activity − obtains a return, monetary or otherwise, for example in impact.
When	When action is taken to mobilise resources to bring into being/to fruition an idea or vision. For example, a vision for a gain/profit, for an impact, for a product/service/solution.
Where	In an environment that contains incomplete information, ambiguity, uncertainty, unpredictability and the unknown, and involves risk, probability, chance and speculation.

Why	For profit and/or for impact, to bring a vision into being, to create value, to meet a need of others, to fill a need within or for oneself, to solve a problem, to make a gain, for the pleasure and challenge of it.
How	− Having an idea that may arise from seeing what others see and thinking differently about it and/or imagining a 'thing/reality' they would like to bring into being, such as having a vision of something they would like to create (e.g., product, service, situation, outcome). − Utilising self-agency, cognition, critical thinking, creativity, innovation, effectuation, bricolage etc. to take action to access and mobilise resources towards bringing the idea/vision to fruition. − Creating, growing and appropriately scaling a business venture (the vehicle) with which to realise the idea/vision. − Determining, via a series of ongoing real-time innovative experiments (including creating prototypes and using rapid validation techniques), what a successful (repeatable, sustainable and sufficiently scalable) business model looks like for their venture so that the venture can then self-sustain the ongoing delivery of its vision/purpose with internally generated funds (profits from sales). − Thereby creating new value and economic activity, usually by commercialising a product/service/solution, bringing to market a new product/service or a new way of delivering one, and/or creating a new market. − Harvesting a return in dollars, impact or other format. The 'harvest' may be ongoing (e.g., profits/dividends) or a once off event (e.g., the sale of the venture).
With what	*Internal resources* (internal to the individual), including self-agency, self-efficacy, cognition, intuition, reflection, self-awareness, knowledge, skills, psychological states, energy, resilience, motivation, creativeness, innovation and communication skills. These are the various aspects and dimensions of an individual's characteristics (see definition in Section 1.10.7 of founder characteristics). *External resources* (external to the individual), including money, machinery, equipment, materials, labour, licences, patents, contracts, options, rights, referrals, recommendations, time and consultations with experts and mentors/advisors. External resources are identified/created and mobilised by virtue of the workings of the internal resources (founder characteristics), that is, taking action prompted by self-agency, cognition, beliefs, values, knowledge and skills to mobilise or draw upon these various assets (tangible and non-tangible), as well as relationships, connections and networks.

Source: Author's compilation

The definition in Table 1-4 draws on the commonly used concepts of creation of a venture, creation of value, aspiration for profits, innovation, uniqueness, growth and owner-managers (Gartner, 1990). It acknowledges that entrepreneurship is a complex multidimensional process (Cumming & Vismara, 2017; Marvel et al., 2016; Molina-Azorín et al., 2012; Pato & Teixeira, 2016) that can be seen as a non-linear journey (Dimov, 2020; McMullen & Dimov, 2013) during which actions are taken to mobilise resources in the face of risk, ambiguity, uncertainty, unpredictability, contingency and the unknown (Barreto, 1989, as cited in Hamilton & Harper, 1994; Gregoire, Cornelissen, Dimov & Van Burg, 2015; Knight, 1921; Shepherd, Williams, & Patzelt, 2015;

Zellweger & Zenger, 2023) to bring to fruition an idea or vision or to pursue an opportunity and realise a return (McMullen & Shepherd, 2006; Davidsson, 2016), financial or otherwise. These actions taken can be causal (Delmar & Shane, 2003) or effectual (Grégoire & Cherchem, 2020; Sarasvathy, 2001) and encompass the concepts of innovativeness and commercialisation to bring to the market a new product or service or new way of delivering an existing one (Schumpeter, 1976, as cited in Hamilton & Harper, 1994), which can often entail taking noteworthy market share from incumbents or creating and growing a new market (Blank, 2010a & 2003; Productivity Commission, 2015).

Entrepreneurship is a form of "creative destruction" (Schumpeter, 1942, as cited in Ferreria et al., 2017) as it disrupts equilibriums and creates change through innovation (Ferreria et al., 2017). Entrepreneurship includes the process of "generating and developing an idea for validation" (Prince et al., 2021, p. 29), and of determining via a series of ongoing, real-time innovative experiments what a successful (repeatable, sustainable and sufficiently scalable) business model looks like for their venture (Blank, 2010a; Blank & Dorf, 2012) so that it becomes self-sustaining. It is noted that this entrepreneurial process does not need to unfold according to the Silicon Valley model and that there is much diversity in how entrepreneurship can be conducted (Welter, Baker, & Wirsching, 2019). Entrepreneurship is a dynamic process that does not follow a set of predetermined steps but does evolve in stages and follow a method as the venture iterates towards its goal. These venture stages are explored in the next section (1.10.4) in the definition of a start-up/scale-up, noting that entrepreneurship is *not* simply the establishing of a new business.

1.10.4 Definition of Start-up/scale-up vs Newly Established Business

It can be difficult at times to distinguish between a start-up and a scale-up as these are stages within a process (Baker & Welter, 2018; Welter et al., 2019) that progresses in an iterative manner. What is important in the first instance is the distinction between a start-up/scale-up venture on the one hand and a newly established business on the other hand. The assumption is that the terms start-up/scale-up refer to stages in an entrepreneurial venture and that a newly established business is not necessarily an entrepreneurial business. See Section 1.10.3 for the definition of entrepreneurship. In the second instance, because this study covers all types and sources of EF, it aims to generalise the entrepreneurial stages without using terminology that is specific to the FP or finance already acquired, such as seed, pre-seed, series A, and series B. This requires a custom definition as the segmented literature does not provide a consistent definition of the entrepreneurial growth stages (Fraser et al., 2015).

The definitions in Table 1-5 below reflect a simple high-level summary of the stages within the entrepreneurial process, including examples of typical activities characteristic of each stage, which was created in an endeavour to not only define a start-up/scale-up for the purposes of this study, but to enable a more detailed description of the heterogenous participants. Being able to categorise the participants according to how they best fit into the five sub-categories used in this definition is important because there can be a large difference between the early stages of a start-up and the later stages of a start-up or of a scale-up. For example, there can be differences in assets, traction, risk, customers, revenue, proof of concept, product-solution fit, or product-market fit. See sections 5.6.2 and A5.2 for the data display and description of participants' venture-stage as at the time of the interview. It is important to note that the boundaries between the categories/stages depicted are porous and malleable, that iterative movements cycling between stages can occur, and that some of these stages may be brief. Further explanation is given below the table. Following that are further comments on the challenges with alternate definitions that centre around size or age.

Table 1-5

How Participants' Ventures have been Categorised for this Study in Relation to Their Venture-stage Applicable as at the Time the Interview was Conducted

	Start-up				Scale-up
	Idea/Concept	**Incubation & Acceleration**	**Launch**	**Plateau before Scaling up**	**Scale-up & Growth**
Simple definition	Exploring the idea to see if it has potential.	Turning the idea into something that can be launched to the public.	Launching the product/service to the public.	Launched, selling to customers, but not ready for scale-up operations.	Focus on growth by increasing sales, customer base, market share, geographic coverage etc.
Examples of typical activities	– Investing in research and development – Validating the problem – Conceptualising a viable product/ service/solution – Testing problem-solution fit – Developing a prototype or minimum viable product/service – Testing assumptions	– Testing prototypes or minimum viable product/service – Testing problem-solution fit – Testing product-market fit – Testing commercially viable business models (i.e., repeatable sustainable and sufficiently scalable) – Commercialising research and development – Testing assumptions	– Launching product/service – Acquiring customers – Establishing market presence – Testing assumptions	– Servicing existing customers – Engaging in slow 'organic' growth – Testing repeatable sustainable and sufficiently scalable business models – Testing assumptions	– Using/trialling a repeatable, sustainable and suitably scalable business model – Replicating business model in other locations – Expanding operations – Taking market share from the incumbents – Testing assumptions
Typical sales and customers	– Pre-revenue – No customers	– Pre-revenue or minimal revenue – Beta customers and early adopters	– Sales revenue may be minimal but growing – Customers are mostly early adopters	– Has sales revenue – Has customers other than early adopters	– Has sales revenue – Has customers and traction is building

Source: Author's compilation **Note:** This is a simple high-level categorisation for the purposes of this study to provide context in relation to the heterogenous participants, the boundaries between these five categories are porous and malleable, iterative movements cycling between them can occur, and some of these stages may be brief.

As illustrated in Table 1-5, and following on from the introductory paragraphs in this section, a start-up is defined for this study as an entrepreneurial business in the early stages of its formation where it is yet to achieve a repeatable and scalable business model (Blank, 2010b; Blank & Dorf, 2012) that will enable the delivery of value to its customers and the generation of sustainable profits/impact for the business and its owners/stakeholders. A venture is a scale-up when its business model is not just repeatable but also scalable (Blank, 2010a; Blank & Dorf, 2012) and sustainable. To be scalable, the business model needs to handle increased sales and customers in conjunction with the associated costs and activities of operating at that higher volume of demand. In other words, it needs to both serve its increasing customer base and remain a going concern, without compromising its capacity to do either. A business that is growing in a way that is taking industry share from the incumbents or is creating and growing a new market can also be said to be scaling up (Blank, 2010a & 2003; Blank & Dorf, 2012; Productivity Commission, 2015). This latter situation is more in line with the typical Silicon Valley and venture capital definition of a scale-up, and it usually implies both fast and large growth fuelled by the injection of a large amount of EF. It is not unusual for there to be a plateau between a start-up launching into the market and the subsequent scaling-up of its operations. The time frame of this plateau will be unique to the founder and venture. Plateaus can also occur between various stages of growth; for example, a business may scale up within its regional location, from a regional to a national presence or to an international or global venture with plateaus occurring in-between.

To return to the distinction between a start-up/scale-up venture on the one hand and a newly established business on the other hand, and to clarify this via way of a counter example:, a plumber or hairdresser may be starting up in the colloquial meaning of the word but are implementing an already proven business model with which to deliver an existing service offering in an existing market, so their enterprise is better described as a "newly established business" (Productivity Commission, 2015, p. 65) rather than as a start-up.

The following subsection makes comment regarding the challenges with alternate definitions in use that centre around size or age.

1.10.4.1 *Challenges with Definitions Based on Business Age and Size*

Equity FPs recognise that the growth stage of a venture is important and is tied to the assessment of risk and fit (see Section 3.2), which has given rise to terminology such as seed, pre-seed, series A, and series B. However, many definitions of start-ups and scale-ups that are in use in industry and in the literature centre around the age and size of a business, as demonstrated below. Those age/size definitions do not recognise that some ventures may be a start-up/scale-up in the entrepreneurial sense rather than the colloquial sense as mentioned above in Section 1.10.4, and they also do not recognise that the stages within entrepreneurship do not occur according to a preordained time frame, employee count, or turnover amount. It is complex to pinpoint the stages of the dynamic entrepreneurial process as the stages occur differently for each venture (Baker & Welter, 2018; Welter et al., 2019). Paradoxically the complexity of entrepreneurship may be one reason why start-up/scale-up definitions often centre around age and size or are left implicit. Another reason may be a function of utilising pre-existing data sets that were not designed to recognise and capture the stages in the entrepreneurial process.

Scholars agree that smallness does not equal entrepreneurial (Shepherd, Williams, & Patzelt, 2015), and they point out that there is not always the distinction made between small firms and "new firms" (Bellavitis et al., 2017, p. 6), the latter of which are not necessarily entrepreneurial either. Generalisation made in relation to what works for small firms may not be applicable to start-ups (Chua et al., 2011), just as generalisations in relation to big business may not be applicable to small business (Holmes & Gupta, 2015), because a start-up is not a little version of a mature/established/big company (Blank & Dorf, 2012). Furthermore, the "clear-cut negative relationship" (Pellegrino, 2015, p. 4) between low firm age and lack of financial resources does not provide enough context to distinguish between the difficulties of young entrepreneurial firms and young firms in general, let alone the different stages within an entrepreneurial start-up/scale-up. Using age and size as a definition means that research cannot be easily compared, which is a challenging situation, and attempts to use other measures such as those made by Pounder and Merom (2025), as highlighted below, serve to illustrate that definition variability continues to be an issue when comparing the findings from empirical studies and reports.

Table 1-6 provides examples of definitions based on size, age, and other metrics to illustrate the above challenges described.

Table 1-6
Examples of Alternate Definitions Based on Age, Size, and Other Metrics

Examples of age-based definitions	Examples of size-based definitions	Examples of other definitions
The Australian Office of the Chief Economist (OCE) uses "up to 2 years" as a definition of a start-up in some reports (R. Smith & Hendrickson, 2016, p. 3). In other reports (Cully, 2015), the OCE refers to start-ups as being both SME's "under 1 year old" (p. 84) and "firms two years old or younger" (pp. VIII-IX). Another OCE report states that "surprisingly, mature firms (5+ years) receive a large share of seed and start-up capital" (Alinejad et al., 2015, p. 2). The Global Entrepreneurship Monitor (GEM) considers a business to be an established business where it is "more than 3.5 years old" (Bosma et al., 2020, p. 26), and early-stage entrepreneurial activity is assumed to occur until this age.	Investment NSW does not appear to use a specific definition on their webpages. However, based on grant eligibility criteria, for example the MVP Ventures grant, definitions in use include having aggregated turnover less than $1 million and fewer than 20 full time equivalent employees, in conjunction with being at a certain technology readiness level. The Australian Bureau of Statistics (ABS) and the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) both classify small business into a homogeneous group based on employment, as having fewer than 20 employees. *There will be many start-ups/scale-ups within this grouping due to their small number of employees.* The Australian Taxation Office (ATO) defines a small business based on sales revenue, as having below either $2 million or below $10 million turnover. *There will be many start-ups/scale-ups within either grouping due to their turnover levels.*	The NSW Government's Pounder Review (Pounder & Merom, 2025) used ABS microdata to comment on innovation-intensive firms in NSW. Neither age nor size are used. The proxy measures centre around having presumably raised equity (see the calculation in their technical appendix on page 56) or having claimed an R&D tax offset. The review explains that these definitions were used "because undertaking R&D and receiving significant investments are two activities common to innovative firms but not to non-innovative firms" (p. 14). As they note, "not all businesses that raise equity are startups and scaleups, however this is likely a reasonable proxy based on available data in BLADE" (p. 12). *This measure also cannot capture start-ups/scale-ups that are yet to have success with equity EF attempts, nor those pursuing non-equity EF. Likewise, not all start-ups or innovative firms can claim the R&D tax offset, and timeframes will vary when/if they do. This highlights some challenges when using secondary data sets.*

Source: Author's compilation

1.10.5 Definition of Entrepreneur

The word entrepreneur is often "undefined, ambiguous and inconsistent[ly used]" (Davidsson, 2016, p. 629). Scholars often define it from the viewpoint or assumption that such an individual possesses some special attribute or characteristic that a non-entrepreneurial person does not possess (Ramoglou et al., 2020), which is what enables them to see or create opportunities that others do not and then act to create a return/impact from the opportunity where others do not/cannot. As Ramoglou et al. (2020) point out, this special something eludes scholars, because entrepreneurship is about exercising something we all have, rather than about possessing something that only a few have.

This research defines entrepreneurs as people exercising self-agency in an entrepreneurial context (Ramoglou et al., 2020). Self-agency is defined in Section 1.10.8, and entrepreneurship and the entrepreneurial context are defined in Table 1-4 of Section 1.10.3. This definition is used because the researcher came to the view during this study that two key concepts differentiate an entrepreneur from a so-called non-entrepreneur or latent entrepreneur: a) their state of being (thinking, feeling, acting) as characterised by exercising a high level of self-agency, and b) the entrepreneurial context they operate in. A person exercising high levels of self-agency while operating in other contexts would be given other contextually appropriate names.

This exploratory thesis began with the assumption that there would be certain optimal levels and combinations of malleable founder characteristics (see definition in Section 1.10.7) that would together enable a person to think and act in a manner most conducive to EF success and also by implication success in the broader aims of their entrepreneurial venture. The thesis rests on the assumption that these various optimal founder-characteristic levels and combinations can be developed and attained, even though it is not always easy and requires time and support. The iterative exploration of the data and of the literature carried out in the later stages of this study led to the conclusion that a high level of self-agency or human-agency is what brings the various personal characteristics (founder characteristics) into any number of optimal levels and combinations for success in their given pursuit (be that EF, entrepreneurship in general, or some other endeavour). It should be noted that the definition of success will vary from person to person and may vary for the same person in different contexts and/or at different points in time, and furthermore, that success can be contributed to by external factors and chance rather than being entirely of one's own making (see sections 3.8, 6.3.5 and 7.3.9).

In practice, people who are entrepreneurial may not be as common as the media and literature lead us to believe (Hindle & Rushworth, 2000; Productivity Commission, 2015; Shane, 2009). This is

not surprising as the parameters stipulated above for this entrepreneurial state of being require high levels of self-agency in a context this is characterised by uncertainty, ambiguity, unpredictability, incomplete information and unknowns. The nature of the context therefore requires, amongst other things, high levels of self-efficacy, metacognition, self-reflection, self-awareness, self-reactiveness and dialectic thinking. These "higher levels of cognitive functioning" are beyond what is commonly seen in the adult population (Merriam, 2004, p. 63), although they can begin to naturally develop in some adults from the age of 30 or 40 onwards as a result of life experiences (Kegan, 1994, as cited in Merriam, 2004; Mezirow, 1991). These abilities/states can, however, be learned and acquired, for example by transformative learning (Dirkx, 1998; Mezirow, 1991; Schnepfleitner & Ferreira, 2021) and double-loop learning (Argyris, 1977, 2002, 2003; Auqui-Caceres & Furlan, 2023). Such learning and changing of states takes time and requires effort support, guidance, mentoring and conducive environments. A regional location has fewer resources and support structures (Guaralda et al., 2020; Habersetzer et al., 2021; Huggins & Thompson, 2020; Kotey & Sorensen, 2014; Tonts & Larsen, 2002) to assist in this regard, which compounds the challenge of acquiring these abilities/states.

While the word entrepreneur is used in this thesis, the participants are referred to as founders rather than entrepreneurs to reduce the confusion and misinterpretation surrounding research transportability and the varying use of the term entrepreneur in the literature and industry. Section 1.10.6 below provides the definition of founder as used in this thesis. There will be temporal, environmental and contextual factors that impact on the thinking, feeling, and acting (state of being) of the person, and the degree/level of their self-agency exercised may fluctuate accordingly. The "entrepreneurial-ness" of the participants and their ventures was established by the occurrence of three separate prior actions they had taken: a) founding a venture, b) being involved in the SRI business incubator, and c) applying for EF to grow their venture (see Section 4.5.2 target group for sample). Due to resource constraints and the iterative nature of the research, the remaining components/concepts present in the definitions of entrepreneur, self-agency and entrepreneurship were not assessed when obtaining the data sample as the research scope did not set criteria beyond these three items regarding the degree, duration or frequency of entrepreneurial behaviour that the participants or their venture exhibit. The transparent presentation of the data collected helps the reader to make their own assessments about the transportability of the research (see Section 4.7.4).

1.10.6 Definition of Founder

A founder is defined as a person/s who starts or founds a business. They are the initial creator/s responsible for the starting up of the start-up (which may now be a scale-up), and they may not be

the sole owner, depending on how the business was established and/or financed. The term founder is used loosely in this study to include co-founders who may not have been present at inception, but who came on board to be active in the control and management of the start-up/scale-up and any person acting for all intents and purposes as a founder/co-founder of a start-up/scale-up. Because of this study's scope, the term founder refers to the founder of a start-up/scale-up (see Section 1.10.4) rather than of a small/medium business, and importantly, the founder is assumed to be integral to the control, operation and management of the venture.

The word regional as applied to the founder means that the founder and their business are located in a regional location (see definition of regional in Section 1.10.12), even if the business was not initially established regionally and/or the founder/s have moved recently to the regional location or have not lived their whole life in a regional location.

1.10.7 Definition of Founder Characteristics

The term founder characteristics is used throughout the study to refer to all the various personal characteristics of the founder (founder is defined in Section 1.10.6 above). These characteristics are the states, traits, attributes, qualities and intentions of a person that convey in particular what they know, how they think, the patterns in their thinking and behaving, who they are and are becoming, and who they know. These five broad components that make up the larger concept of founder characteristics are labelled in this study using five terms drawn from pre-existing theories: human capital (HC), cognitive capital (CC), 5-factor personality traits (Big5), psychological capital (PC) and aspects of social capital (SC). These components are explored and defined in the scoping literature review in Section 2.4 and summarised in Table 2-1 (Section 2.4.6), which shows the many ways these five components are interconnected and influence each other (see also Section 4.7.2.5). It is beyond the scope of this study to explore the full extent of the complex and recursive interconnectedness. Founder characteristics thus represent the internal resources that an individual draws upon to guide their actions, including their actions to manage resources that are both external and internal to the founder (see last row of Table 1-4 for examples) and actions to manage the operation of the venture and seek EF.

There are some key takeaways about founder characteristics and the components that make up this broad concept that are relevant to this study:

- They are criteria that the FP looks for and assesses (see Figure 3-1).
- They can be signalled to the FP (see Figure 3-5 and also sections 3.6 and 3.9).

- They are arguably more important overall than business metric criteria for an early-stage venture as they can signal execution ability (as shown in sections 3.6, 3.7 and 3.8).
- They influence the signalling ability of the founder (see Section 2.3).
- They influence how the founder carries out the task of obtaining EF; that is, they influence the strategies and practices (defined in Section 1.10.11) that the founder chooses and utilises.
- They influence how the founder views and experiences the world and EF.
- They influence how the founder reacts or responds to the world and to EF.
- They are state-like and able to be changed (see the last paragraph in Section 2.4) as are a person's beliefs, see Section 1.10.9.
- An optimal mix of founder-characteristics occurs when the individual level of each characteristic component in combination with the other components becomes optimal for success in an endeavour. There are multiple optimal mix's possible, as there are multiple paths to success (N. Krueger, 2007; McCarthy et al., 2023; Sarasvathy, 2001).
- Self-agency, self-reflectiveness, self-efficacy and meta-cognition are key to developing optimal mixes of founder characteristics. As this exploratory study progressed through its iterations this element became clear. (See Section 1.10.8. for the definition of self-agency)

As mentioned in Section 1.10.5, changing one's characteristics, for example knowledge, skills, patterns in thinking and behaving, thought processes, predominant states and traits, is not always easy, takes time, support, guidance, mentoring, and conducive environments in conjunction with self-agency, self-reflectiveness, and meta-cognition; and because a regional location has fewer support resources (Guaralda et al., 2020; Habersetzer et al., 2021; Huggins & Thompson, 2020; Kotey & Sorensen, 2014; Tonts & Larsen, 2002) to assist in this undertaking the challenge of doing so may be compounded.

This study's use of founder characteristics as a lens through which to focus does not deny that macro and meso factors need improvement, and the study takes the approach that one must also be able to continue on in the here and now with the current situation until those improvements in the macro/meso level are made (or not made, as the case may be). Furthermore, by focusing on developing their internal resources (founder characteristics), when/if macro/meso changes occur, the founder will be even better placed to make optimal use of those external resources provided (e.g., EF) for the benefit of all stakeholders, including their wider community. The alternative is to abdicate self-agency in favour of fate and other people's agendas and that does not align with the spirit of entrepreneurship, which is considered to be a self-agentic endeavour to create new

value whilst operating in dynamic, ambiguous and uncertain contexts (as described in sections 1.10.3 and 1.10.5).

The definition given above of founder characteristics does not utilise age, gender, race or other demographics because demographics are attributes over which one has no control (Spence, 1973), and this study focuses on attributes that can be altered by the founder. It is acknowledged that the playing field is not level for those who are subject to biased actions from others due to their demographics. One the one hand, these founders may have to exert significant effort to overcome such barriers, and on the other hand, they may be eligible for targeted assistance because of their demographics. In this study, the demographic information is collected for contextual purposes and the impact of demographics, or rather of the stereotypes and biases that one may face because of one's demographics, generally remains implicit in this study unless mentioned directly by the participants. For further discussion on demographics see Section 5.6.1.

1.10.8 Definition of Self-agency

It is important to clarify what self-agency means as the concept is integral to the definition of the term entrepreneur given in Section 1.10.5, which, due to the iterative nature of this exploratory research, was re-examined in the latter stages of the study in light of the findings, analysis, and conclusions drawn.

The definition of self-agency used in this study is taken from Bandura (2006) to mean where a person intentionally influences their own "functioning and life circumstances" (p. 164). Bandura (2006), who uses the term 'human agency', lists its four core properties as: 1) forethought (anticipatory self-guidance through visualised goals), 2) intentionality (action plans and strategies), 3) self-reactiveness (ability to self-regulate and be self-directed), and 4) self-reflectiveness (functional self-awareness that examines one's own functioning). Bandura (2006) states that self-reflectiveness is the most distinctive property of human agency (self-agency) and is "the metacognitive capability to reflect upon oneself and the adequacy of one's thoughts and actions" (p. 165). Self-reflectiveness can also be referred to as the concept of reflexivity: the act of continual/ongoing reflecting and questioning of how one's thoughts and actions are influenced by one's beliefs, values, assumptions, motives, reactions, feelings etc (Jamieson et al., 2023). Furthermore, a central mechanism of self-agency is the belief of self-efficacy (Bandura, 1997, 2006), because self-efficacy impacts on cognitive, affective, motivational, and decisional processes and shapes people's expectations, views (Bandura, 2006), and actions/inactions. Hence, the definition of self-agency is also tied to the concept of malleable founder characteristics (see Section 1.10.7).

The concept of agency is referred to as self-agency (i.e. individual personal agency) in this study to distinguish the concept from terminology within agency theory (principal-agent theory), which is used in some chapters in relation to the principal-agent relationships between the FP and the founder.

1.10.9 Definition of Values and Beliefs

A definition of values and beliefs is required to clarify the recurring theme of values that arose in different parts of this exploratory study. Values and beliefs are central to the discussion in Section 3.3 that uses image theory as a common terminology for discussing the broad and segmented EF literature. The theme of values then occurs in the results (see in particular Section 6.3.1) and throughout the discussion chapter (see in particular Section 7.3.7). Values and beliefs are concepts that are relevant to the actions taken to modify founder characteristics, and to double loop learning, which is a concept that is raised in both the discussion and conclusion chapters.

A value can be defined as something one assigns importance or worth to. Values are determined by a person's beliefs about what is important or worthy. Beliefs can be defined as something one holds to be true. Beliefs can be formed from a wide variety of influences, including direct experience; observation; reflection; cognitive and affective reasoning/processes; innate, cultural and societal norms; religion; media; peers; primary care givers; teachers and mentors.

There are some key takeaways relevant to this study in relation to the concept of values:

- Values drive the goals a person sets and the strategies a person uses, as well as the way they frame and make decisions. See sections 3.3 to 3.6 for a detailed discussion.
- A person's beliefs and therefore values can change over time and in response to new information, knowledge, perspectives, environments and experiences (Krueger, 2007; Sharot et al., 2023). This change can happen without conscious intention or with conscious intent, for example by practising double loop learning which entails self-reflection on, and questioning of, beliefs, assumptions and values (Argyris, 1977, 2002, 2003). Transformative learning (Mezirow, 1991) is another deliberate self-reflective approach that can be fostered in a person to this effect (Dirkx, 1998; Schnepfleitner & Ferreira, 2021).
- A person may espouse certain values and beliefs but behave/act contrary to the espoused values/beliefs, this situation is common in all humans (Argyris, 1977, 2002, 2003).
- A person may not always be aware of all of the values they hold, and which values they rank more highly than others (Argyris, 1977, 2002, 2003). For example, an FP may espouse certain criteria as being important but in reality, they may unconsciously make their

decision based on assigning higher importance to different criteria (Ferrati & Muffatto, 2021; Hanak et al., 2021; Shepherd, 1999; Zacharakis & Meyer, 1998).

- A person may hold competing values, and their behaviours in each situation will indicate what is valued more at that point in time. For example, valuing the achievement of a high-growth venture and valuing work-life balance with modest working hours are potentially competing values. A choice needs to be made, and the value that is ranked higher will be the one that the behaviour supports.
- In the circumstances where one person operates via values that are perceived by a second person to be, for example, poor, unfounded, wrong, or unfair, then that second person may label the first person as operating from a place of bias. This is because biases are essentially automatic habits or policies for behaviour (Beach et al., 1996; Mitchell & Beach 1990), and habits/policies are automatic decisions resulting from prior cognitive or analytic efforts (Dunegan, 1996). Further, as explained by image theory, decisions are ultimately founded on values (see Section 3.3), which, as defined above, are determined by beliefs.

Three categories of values can be seen in the EF process, 1) the FP's criteria as an explicit value for example believing it is important to have *x* probability of a profitable exit in *n* years, 2) the implicit values inherent in the FP's criteria, for example valuing fast growth rather than organic growth or valuing certain business models over others, and 3) the personal values held by both parties, for example, valuing a particular type of work-life balance or valuing respectfulness.

1.10.10 Definition of EF Preparedness

Preparedness is about readiness and being able to suitably respond to a situation or opportunity encountered. It is also about being suitably equipped. Preparedness in the entrepreneurial context encompasses an ongoing and cyclical developmental process of becoming prepared, as is implicit in the definition of entrepreneurship, and as discussed further in Section 7.3.8. The definition of entrepreneurship given in Section 1.10.3 also shows that preparedness includes mobilising various resources. The last row in Table 1-4 gives examples of internal and external resources and shows that internal resources are encompassed by all the founder-characteristic components (see Section 1.10.7), which play an integral role in executing strategies and identifying, accessing, and mobilising the external resources (e.g., assets, networks, and time). As Section 2.4.3 discusses, preparedness has a strong cognitive component and involves psychological states.

There are three elements in EF preparedness: 1) the resources to be mobilised, which may be internal or external to the founder, and their quality, appropriateness, and sufficiency, 2) the ability

to strategise how and when to mobilise the resources, which requires cognitive capital, self-agency, awareness, foresight, and planning ahead so possible resources are able to be identified, called upon, and deployed when required, and 3) the ability and self-agency to execute that strategy in practice and mobilise the resources appropriately which requires various elements of human, psychological, and cognitive capital and self-agency.

1.10.11 Definition of Strategy and Practice

It is beyond the scope of this study to investigate the detailed nuances of the terms strategy and practice, as whole bodies of literature are still exploring these terms. Accordingly, for the purpose of this study, a brief definition of these terms is provided:

- Strategy is defined as the plan of action or approach chosen for achieving an outcome/aim/goal. It could be as simple as the choice to rely on intuition to guide actions or as complex as the creation of a detailed cognitive-derived schema of if-then action scenarios to be followed.
- In practice is defined as the actions actually taken, regardless of strategy chosen, plans made, intentions set or how they were set/created.

1.10.12 Definition of Regional

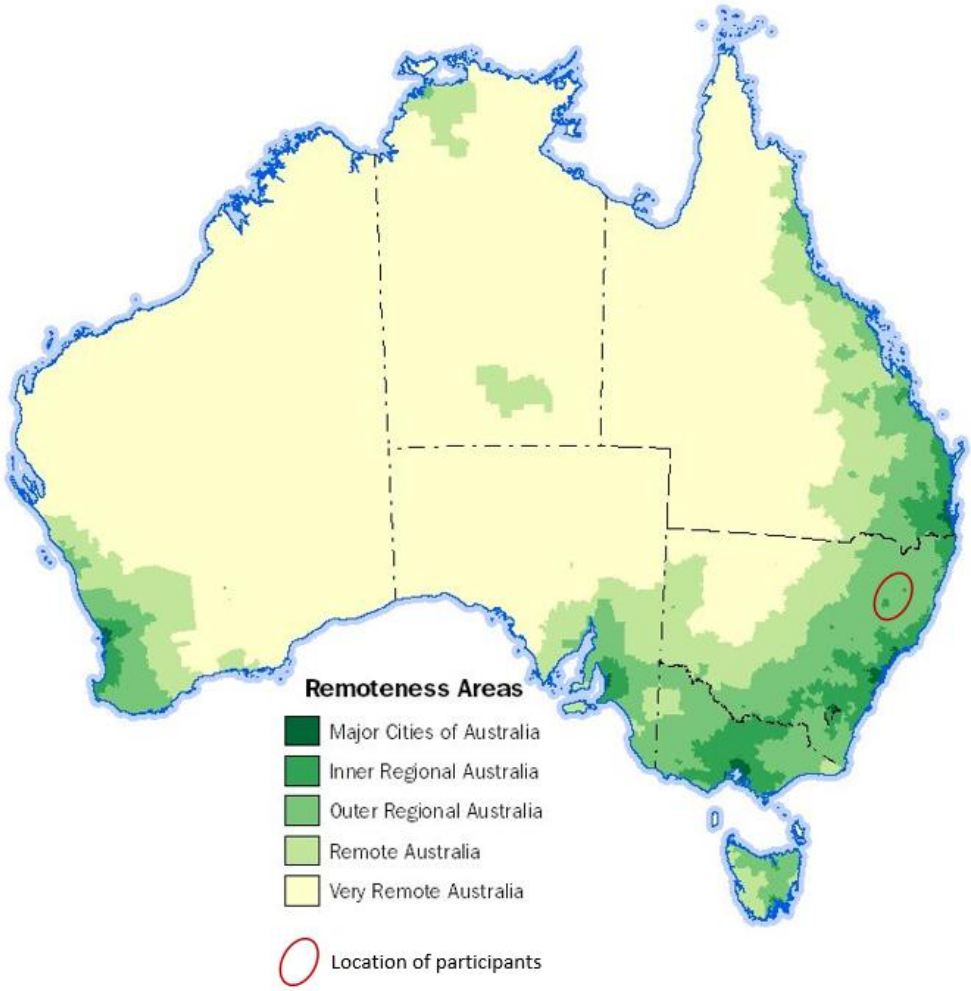
The definition of regional used in this study is based on the Australian Bureau of Statistics' (ABS)[3] classification of remote areas, in which there are five classes. This measure has been designed to be stable over time because it is based on geographic remoteness with reference to accessibility rather than to socioeconomic status or population size (Australian Centre for Housing Research, 2023). Utilising this definition of regional aids with data set comparability and potential transportability of the research to other regional locations in Australia.

For this study, regional is defined as including both inner regional and outer regional areas (ABS, 2023c). These two terms correspond to the Accessibility and Remoteness Index of Australia (ARIA+) classification of "accessible" and "moderately accessible". The map in Figure 1-2 is reproduced courtesy of the ABS and shows the most recent classification (2016) that was available at the time of data collection (2022), none of the localities relevant to the research have changed in remoteness area in the latest classification release (ABS, 2023c). The red ellipse shows the location of the participants in this study. This location is within the New England and North West

[3] The ABS uses the Australian Statistical Geography Standard (ASGS) to define remote areas, which in turn measures remoteness using the Accessibility and Remoteness Index of Australia (ARIA+)

(NENW) region in the state of New South Wales, see Section 5.2 for a description of this region. This study is about founders who are located in a regional location, regardless of the amount of time they have lived in the region. This is a function of the resulting data set obtained, see sections 5.6.3 and A5.4, where participants had lived for varying amounts of time in the region. Exploration of the regional context is made in Section 2.2.3.

Figure 1-1
Australian Bureau of Statistics 2016 Map of the Remoteness Areas of Australia



Source: Modified by the author from :
https://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/1270.0.55.005Main%20Features5July%202016?opendocument&tabname=Summary&prodno=1270.0.55.005&issue=July%202016&num=&view=

1.11 Summary

This chapter provided an introduction to the themes that are expanded on in the thesis. The rationale was given for the research's exploratory foray into founders' entrepreneurial finance views, experiences, and challenges, and for the focus on the micro level of analysis (individual founder) through the lens of founder characteristics. The focus taken provides the potential for actionable insights for the founder and those who help founders succeed (e.g., incubators, accelerators, advisors, and other institutions), both of which can lead to positive spill-over effects for the community/region in which the founder and their start-up/scale-up venture is situated.

The many complex contextual moving parts in the EF process and in its challenges necessitated a discussion on the importance of context and the presentation of a detailed research-scope in tabular format. Key terms were defined due to the existence of definition variability and segmentation in the literature, matters of contextual relevance, and the non-linear research process in which concepts and themes arose throughout. Key concepts that were present at the onset of the research were mentioned and are discussed in the next chapter. The structure of the thesis was presented, which provided an outline of how the non-linear progression was captured in this conceptually driven interpretivist study.

Chapter 2 Scoping Literature Review

2.1 Introduction

Many studies make the connection between founder characteristics, entrepreneurial finance outcomes, and founders' signalling ability on entrepreneurial finance (EF) outcomes. These are not the only factors that have an impact on EF challenges, as macro-economic conditions, market and industry forces, government policy, geographic contexts, elements of timing and chance, the finance-providers' (FP) situation and needs, the dynamics of interaction between all of these factors (Bellavitis et al., 2017; Kerr & Nanda, 2011; Renando & Moyle, 2021) and the start-up/scale-up and founder's own situation also pose challenges. Acknowledging that meso and macro factors contribute to EF challenges due to issues at those levels and noting that this study has chosen instead to focus on the micro level (as outlined in Section 1.1 and Table 1-1), this chapter presents a scoping review of founder characteristics and signaling theory.

This chapter first explores demand-side (founder) perspectives of EF from global, national and regional angles to further contextualise the research problem (presented in Section 1.1) of regionally located start-up/scale-up founders encountering challenges in accessing EF. Secondly, the chapter introduces signaling theory to explore how the literature uses the concept of signalling to explain the EF process and its challenges, including issues of information asymmetry and the incorporation of founder characteristics. Thirdly, the chapter discusses the founder characteristics identified in the literature that impact on the EF process (including on a founder's signalling ability) and on EF outcomes. The chapter concludes by presenting the initial conceptual framework that was used to collect the data in an exploratory manner before a subsequent and targeted literature review was undertaken (Chapter 3) and from which an updated conceptual framework was later developed to aid the data analysis. This scoping literature review is thus a sketch of the terrain explored. Due to the exploratory and iterative nature of the study, it was conducted prior to compiling many of the definitions presented in Section 1.10.

2.2 Global, National and Regional EF Perspectives

The *Global Entrepreneurship Monitor 2019/2020 Global Report* states that while barriers around access to EF may be caused by the supply-side issues of the financial system and its actors, there are also demand-side factors (Bosma et al., 2020). As explained in Chapter 1, it is the micro level or individual-founder level that is the focus of this research, and this section focuses predominantly

on this angle when reviewing the differing geographic perspectives (for some examples of recent macro-level changes that affect EF see Section 5.5).

2.2.1 Global Perspective on EF

The global perspective of EF is that access to capital is a prominent barrier that entrepreneurs face worldwide that impedes their ability to succeed in their venture (Bosma et al., 2020; Colombo, 2020; Daniels et al., 2016; Hwang et al., 2019; Kraemer-Eis et al., 2019; Cumming, Johan, & Zhang, 2018; Ughetto et al., 2019). While SMEs globally list access to finance as a "highly important problem" (UK) (Kraemer-Eis et al., 2019, p. 19) and their "top challenge" (USA) (Rajah et al., 2021, p. 4), it is harder for "fast-growing, innovative firms, micro-enterprises, start-ups" (OECD, 2020, p. 77). This long-standing problem (Fraser et al., 2015) received considerable supply-side focus both in the literature and in government policy after the Global Financial Crisis (GFC) in 2009 when difficulties were exacerbated by the resulting economic conditions (Fraser et al., 2015) and relative rejection rates increased by 50–163% (Fraser et al., 2015). Economic conditions during and post COVID-19 have likewise impacted on EF access (see Section 5.5 for further comment).

From a demand-side perspective, the global literature notes that individual attributes such as demographics, having the necessary skills, experience and knowledge (capabilities), personal traits and psychological states such as motivation, confidence and belief play a role in successful entrepreneurship (Bosma et al., 2020; Steffens & Omarova, 2018), including the financial aspect of entrepreneurship. There is also a theme in the literature in relation to fear of failure. Beliefs that a debt finance application will be unsuccessful are held by 27% of American entrepreneurs, which results in many not even applying (Hwang et al., 2019). Similarly, many European SMEs, and particularly microenterprises[4], do not apply for finance for fear of rejection (Kraemer-Eis et al., 2019). Fear of failure deters 40.3% of entrepreneurs in developed nations globally (Steffens & Omarova, 2018). In the UK, this figure is 35%, in Canada it is 48.8% (Steffens & Omarova, 2018) and in Australia it is 47.4% (Bosma et al., 2020).

2.2.2 National Perspective on EF (Australia)

In Australia, "financial support" is listed as the first of the top four factors that constrain entrepreneurship (Bosma et al., 2020, p. 85). EF was a top barrier to performance for 13.7–24.6%

[4] Defined as less than 10 employees and less than 2 million euros in revenue (Kraemer-Eis et al., 2019, p. 2).

of start-ups in the five years following the GFC (Cully, 2015), with on average 18–27%[5] (Cully, 2015; 2017) of innovative firms reporting "lack of additional funds as a barrier to innovation" during that period (Cully, 2017, p. 92). Costs of development or implementation was the third highest barrier to entrepreneurial growth in Australia (Cully, 2015) and is another way of expressing that finance inflows are not enough to cover the required outflows for growth. In more recent years, "access to finance [is] still a concern" (Business NSW, 2013, p. 9; 2020, p. 9), and the figures are similar, with 20% of founders of start-ups and SMEs citing access to finance as the greatest barrier hampering their business (Connolly & Bank, 2018; Productivity Commission, 2021), despite the "urgent need" to address access to EF issues for innovative and scaling SMEs (Australian Chamber of Commerce and Industry, 2015, p. 7) having existed for some time.

Figures reported in relation to SMEs often include start-ups/scale-ups due to the latter's small size, and there is not always sufficient granularity in data sets to distinguish between the two (see also Section 1.10.4 regarding the definition variability surrounding start-ups/scale-ups). The figures quoted in the remainder of this paragraph are affected by this definition issue in that they relate not only to SMEs but also to start-ups/scale-ups. Australian SMEs in general find that locating finance with terms that meet their needs is an ongoing difficulty (Australian Small Business and Family Enterprise Ombudsman, 2017 & 2018; Black et al., 2021) with 40–50% seeking finance to "ensure the survival of their business" or "maintain short term cashflow and liquidity" (ABS, 2021, Table 1). The ABS *Characteristics of Australian Business* survey for the 2021–2022 financial year (ABS, 2023a) states that 18% of businesses reported "one or more factors having prevented or limited the business from accessing [business] finance"[6] (p. 1). For NSW SMEs, 30% cited EF difficulties as the reason for missing an opportunity, and of those who experienced a finance rejection, 55% reported this "significantly constrained" their growth (Business NSW, 2013, p. 1).

The challenge of EF access in Australia has remained significant over the last decade and a half (and indeed earlier) and was the source of much government attention leading up to 2015. Differing interpretations of the data emerged, even within government departments. For example, during 2015 and 2017, the Department of Industry Innovation and Science, Office of the Chief Economist (OCE), issued Australian Innovation System reports (Cully, 2015, 2017) and a *Financing Innovative Entrepreneurship* research paper (Alinejad et al., 2015) in which contrary views were presented (all reports used ABS data). In the latter, disagreement is expressed with

[5] Depending on the age and reference year of the venture.
[6] Firm size (by employee count) does not significantly impact on this figure until a head count of 200 employees is reached, and most firms of that size are unlikely to be start-ups/scale-ups.

surveys that suggest adequate access to finance is "one of the biggest hurdles to growing innovative firms" (Alinejad et al., 2015, p. 1), particularly regarding debt finance, which the OCE states has a 90% success rate. The OCE concedes that the data are "insufficient to conclude that there is no systemic issue with equity finance in Australia", which is reported to have a 50% success rate (Alinejad et al., 2015, pp. 1-2), and also that there are "major information gaps" in the data available for debt and equity financing of young firms in Australia (p. 2). The *Business Set-up, Transfer and Closure* inquiry report of the Productivity Commission of the Australian Government (Productivity Commission, 2015) likewise takes the stance that the problem of obtaining finance is not widespread, as of the 25–34% of nascent businesses that sought financing, only 9–10% were unsuccessful in their attempt, and those unsuccessful firms usually did not have, or could not demonstrate, a viable business case. It therefore concludes that neither debt nor equity finance is an issue for Australian entrepreneurship, even though it notes on pages 120 and 124 that it received many submissions to its inquiry that claimed the contrary.

The *Australian Government Response to the Productivity Commission Inquiry into Business Set-up, Transfer and Closure* report (The Australian Government the Treasury, 2017) agrees that access to finance is not a barrier, and the statement is qualified by saying that access to finance depends on the nature and stage of the business. The comments in both government documents point to business metrics being the reason for unsuccessful EF applications; however, the "rate of external finance-seeking" figures quoted in their data (25–34%, and lower at 15% for the 2022 year (ABS, 2023a) excludes external finance in the form of personal finances such as credit cards and other personal debt that are used for business purposes. Personal finances are reported to be the "dominant source" of financing for new business (Productivity Commission, 2015, p. 16 & p. 119), as is the case the world over (Bosma et al., 2020; Daniels et al., 2016; Hwang et al., 2019), and both government reports state that the personal finances of business owners form part of the "array of potential finance sources available" (The Australian Government the Treasury, 2017, p. 16; Productivity Commission, 2015 p. 119). Bakhtiari et al. (2020) state that such informal financing is often the only choice available due to "inefficient credit markets and lack of appropriate financing instruments" (p. 509).

This situation raises some questions: what are the rates of EF finance-seeking and rejection for personal external finances sought for the venture (i.e., informal financing), and are the formal (non-personal) external finance-seeking rates low because most entrepreneurs do not think they will be successful? Could this fear of failure be playing a role, as it does in other parts of the world? While the Productivity Commission (2015) cites several sources that claim that fear of rejection is not a widespread reason for not applying for finance in Australia, other researchers (Bosma et al., 2020)

state that fear of failure stops at least 47.4% of Australian founders from applying for formal business debt, with most founders relying instead on personal credit cards and savings (Cully, 2015). It can be questioned what the application and success rates would otherwise be for EF if founders were not discouraged or did not perceive access to external finance to be more difficult (Fraser et al., 2015). Also, if access to EF is indeed not a problem in Australia, as these reports state, then it can be questioned why this is the case when businesses in other first-world economies, such as the USA, the UK and Europe, are experiencing these difficulties. It appears that differing perspectives, assumptions and definitions have contributed to different conclusions on the matter even in cases where the same data set is utilised, which highlights that the current situation founders face when accessing EF requires further exploration.

2.2.3 Regional Perspective on EF

Businesses in regional areas have more difficulty accessing finance (OECD, 2020). The literature globally does not focus the same amount of attention on EF in regional areas as in metropolitan areas (Bosma & Sternberg, 2014; Gorgievski & Stephan, 2016; Habersetzer et al., 2021; Korsgaard et al., 2015; Mason, 2010; Pato & Teixeira, 2016; Trettin & Welter, 2011; Ughetto et al., 2019), and the EF literature pertaining to regional Australia is even more minimal, which is not surprising given entrepreneurial research in general or focusing on doing business in a regional context in Australia has received limited attention to date (Adapa et al., 2021). However, we know from many scholars that regional entrepreneurs operate in different spatial, cultural and social contexts to their metropolitan counterparts (Bosma & Sternberg, 2014; Habersetzer et al., 2021; Huggins & Thompson, 2014; Kille et al., 2022; Korsgaard et al., 2015; Mason, 2010; Munoz, 2019; Stimson, 2011) and that not all regional locations are identical in their cultural and social contexts (Huggins & Thompson, 2014; Obschonka, Schmitt-Rodermund et al., 2013; Obschonka, Stuetzer et al., 2015).

From a spatial perspective, Australia is no exception to the fact that entrepreneurship in regional areas can suffer from “thin markets” (Ughetto et al., 2019, p. 618) due to “limited agglomeration effects, missing elements of entrepreneurial ecosystems and organisational thinness” (Habersetzer et al., 2021, p. 1), even to the point that cities are viewed as a requirement for entrepreneurship and innovation to occur (Florida et al., 2017). Australia’s low population density may make this regional challenge more of an issue than for other countries (Adapa et al., 2021). The geographic distance of a regional location from urban resources and support (Guaralda et al., 2020; Habersetzer et al., 2021; Huggins & Thompson, 2020; Kotey & Sorensen, 2014; Tonts & Larsen, 2002) in the case of EF includes distance from innovation and entrepreneurial ecosystems,

investors/FPs, fellow founders, support services, and organisations that facilitate entrepreneurship (Kille et al., 2022; Mason, 2010; Mazzarol, 2007). This distance can be a setback because studies show that a start-up is more likely to grow to become a scale-up where founders have connections to other local founders and local investors (Startup Genome, 2023) and where there is ease of access to EF (Hill et al., 2024) and the required physical, commercial, and professional infrastructure (Feldman, 2001). Banks are the most common and often the only form of entrepreneurial finance physically present in regional locations, and some studies show that the price at which they lend can be more expensive than for those in non-regional locations (Cowling, Lee & Ughetto, 2020). Other studies call for further research on the issue and maintain that there are "huge differences" in the provision of bank capital at differing geographic levels (Ughetto et al., 2019, p. 617).

Social and cultural aspects can also govern the way a community functions due to the shared dominant mindsets that its inhabitants operate from and which influence how they behave (Huggins & Thompson, 2014). Regional culture can be seen to play out in "psychological maps" of the geography (Obschonka, 2017), and studies have found distinct differences in geographical clusters of personality/culture across regions within Britain (Rentfrow, Jokela, & Lamb, 2015; Stuetzer, Obschonka et al., 2016), the USA (Obschonka, 2017; Rentfrow, Gosling et al., 2013) and Europe (Beugelsdijk & Noorderhaven, 2004; Bosma & Schutjens, 2011), with some geographic locations displaying cultures that are more entrepreneurial than others (Obschonka, Schmitt-Rodermund et al., 2013; Obschonka, Stuetzer et al., 2015). Australia is no exception to this phenomenon (Renando & Moyle, 2021). These geographic differences in culture occur because once formed, self-reinforcing processes perpetuate the culture of a place (Feldman, 2001) and remain in place unless a transformation of culture occurs. An example of such cultural transformation is de-industrialisation, where the demise of an industry combined with the withdrawal of capital from the region (Huggins & Thompson, 2020) occurs when there is no success (or attempt) in creating a renewal by "reworking the legacies from preceding economic cycles" (Huggins & Thompson, 2020, p. 576). A positive cultural transformation usually occurs when there are combined, intentional, and co-ordinated efforts of the inhabitants, institutions, and policy makers of a region (Huggins & Thompson, 2020), which means that existing cultures persist in the absence of such collaborative agentic labours.

The challenges that a founder encounters when accessing finance for their venture will occur within the culture/environment of their particular regional context, which is a context where there are usually limited resources or support compared to metro locations (Guaralda et al., 2020; Habersetzer et al., 2021; Huggins & Thompson, 2020; Kotey & Sorensen, 2014; Tonts & Larsen,

2002) and where the pervasive narrative and culture may or may not be conducive to entrepreneurial success. Because the local conditions of a place play a role in entrepreneurial success (Bosma et al., 2020), this challenge extends to EF success, which highlights the need to appreciate the context of the regional environment from both a spatial and a cultural perspective. This context shapes and is shaped by its members' beliefs, thoughts, and actions (Huggins & Thompson, 2014; Rentfrow, Jokela, & Lamb, 2015), so much so that they can be measured in terms of economic outputs and levels of entrepreneurial activity (Obschonka, 2017).

The sparse Australian literature pertaining to EF in regional locations suggests that regional founders are more likely than their metropolitan counterparts to face barriers from lack of access to financing (Mazzarol, 2007). For example, 64.2% of founders in a recent regional South Australian study (Williamson et al., 2021) reported lack of finance as the top barrier to enterprise development, which far outranked COVID-19 as a barrier. Williamson et al. (2021) suggest that pre-pandemic barriers such as a lack of skills and knowledge to pursue grant funding were the reasons for these difficulties, and they call for further research on whether regional entrepreneurs "have the skills and knowledge required to profit from new opportunities" (p. 222). Prior studies suggest they do not, as Sorensen (2015) implies by his recommendation that rural entrepreneurs need to "reorient to the future and develop skills, attitudes and behaviours necessary to propel ...[]… forward" (p. 13). Any gaps in regional founders' skills and knowledge may impact on all areas of entrepreneurship, including the EF process and its associated challenges, and these challenges may also be intensified if the regional context has a culture that is not conducive to the financing of entrepreneurship and/or does not contain sufficient support resources to aid the internal capacity-building required.

In summary, this demand-side perspective foray into the EF literature globally, nationally and regionally has alluded to a debate that is covered more fully in the second literature review in Chapter 3, Section 3.6. This debate is on the importance of business metrics on the one hand for a "viable business case" (Productivity Commission, 2015, p. 122) to present to the FP, and the importance of an array of founder characteristics on the other hand. A viable business case can include metrics such as traction, projected growth and return on investment, sales (revenue), profits, margins and other financials, as well as holding patents, the venture stage and other 'venture demographics' that may give insight into risk and return, including size, age and the composition and quality of its management, leadership and governance. In relation to founder characteristics, concepts that have been touched on in this section are demographics, skills, experience and knowledge, psychological states, confidence, beliefs, fear of failure and networks in relation to EF. Founder characteristics are explored in more detail in the following sections of

this chapter (and also defined in Section 1.10.7), and signaling theory is discussed in the next section as it is the means by which the founder communicates with the FP.

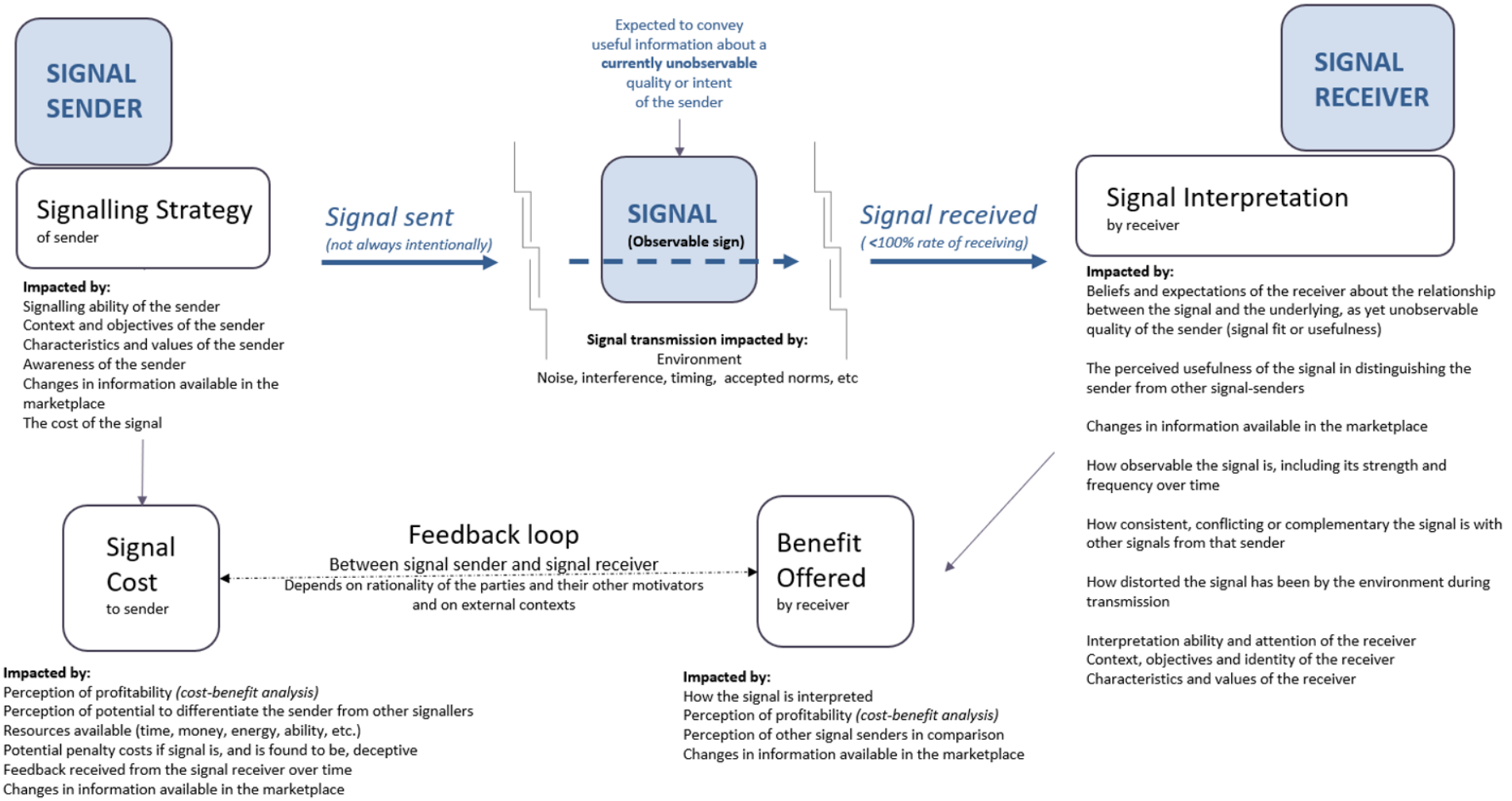
2.3 Signaling Theory and EF

The EF process can be described as a communication process between the founder and the FP in the context of information asymmetry (O. Colombo, 2020; Svetek, 2022). Signaling theory (Spence, 1973), which is often used in entrepreneurial finance studies, is highly relevant due to the unknowns, uncertainties and unpredictable characteristics of entrepreneurship in general (see Section 1.10.3) and the relative newness of the venture, which means that there is scant observable information readily available on a venture's quality (O. Colombo, 2020; Svetek, 2022), and the FP is relying on the founder to directly provide this information.

Figure 2-1 visually describes signaling theory and its main constructs, which are then illustrated with examples below. The initial examples come from signaling theory, and the subsequent examples are drawn from the EF literature. This detailed exploration is undertaken to establish these signalling concepts as the common language and perspective that is used throughout this study to view and discuss the topic of EF and describe and explore the EF process and the challenges founders face regardless of the type or source of EF that is being applied for. The second and targeted literature review (Chapter 3) also devotes a section to signaling theory, where it builds upon the content provided in this section by incorporating further analysis of the EF literature, see Section 3.9.

Figure 2-1

Summary of the Main Concepts in Signaling Theory as Drawn from Multiple Sources



Source: Author's compilation inspired by concepts from signaling theory (Spence, 1973) and incorporating concepts from reviews by Connelly et al. (2011), O. Colombo (2020) and Bafera and Kleinert (2023).

Signals are a means of communication. They are observable signs that convey unobservable information from a signal sender to a signal receiver. Signaling theory (Spence, 1973), which originated in the field of economics, uses this concept with a focus on contexts where there is information asymmetry and where the information conveyed by the signal relates to a currently unobservable quality or intent of the sender (or an entity that the sender is signalling on behalf of) (Connelly et al., 2011). This 'un-observability' distinguishes it from resource-based views (Bafera & Kleinert, 2023) where both the signal and the underlying quality are observable.

The context in signaling theory is that of a marketplace in which information asymmetry exists such that "an investment under uncertainty" needs to be made by the signal receiver (Bafera & Kleinert, 2023, p. 2421). The illustrative[7] example Spence (1973) uses to model his theory is the job market, and this example is used for the first part of this overview before later providing EF examples. A key concept in this marketplace is the operation of a feedback loop whereby the beliefs and expectations of the signal receiver (e.g., the employer) can drive outcomes (e.g., the level of education obtained and signalled by the job applicant) and create various equilibrium points in the interactions that occur in that particular marketplace (Spence, 1973, 2002). These equilibrium points occur because of the cost-benefit calculation done by the signal sender (e.g., job applicant) who is assumed to have no other motivators in investing in the signal (e.g., in obtaining said education). It is assumed that the applicant is economically rational in their actions whereby they choose to invest in a signal (e.g., investment in obtaining a level of education) whose cost is satisfactorily proportionate to the benefits received (e.g., a certain pay grade according to the employer's wage schedule) (Spence, 1973, 2002). That is, the signalling costs are negatively correlated to the benefit sought (e.g., particular pay grade), and there is a "sufficient number of signals within the appropriate cost range" (Spence, 1973, p. 367) available for the signal sender to invest in (e.g., affordable/possible education options available that would correlate to a corresponding pay grade).

Another assumption of the marketplace context in which Spence's signaling theory operates is that there are many signal senders (e.g., job applicants), all of whom spend relatively limited time in the marketplace, as once the signal sender obtains their desired goal (e.g., a job), they leave the marketplace so they are not present long enough to develop a reputation (Spence, 1973). Hence, there is an inability to take what signal senders say at face value, and there is the need for a signal (O. Colombo, 2020). Conversely, the signal receiver (e.g., employer) is in the market frequently

[7] Spence's model is theoretical, and his papers are not empirical. His examples are illustrative of signaling theory and not intended to inform human capital theory or labour markets (Spence 1973, 2002)

enough over time (i.e., repeated interactions with various signal senders) to create a reputation for themselves (Spence, 2002), and hence the schedule of "offered benefits that correlate with signals" is relied upon by the signal sender and used to guide their signalling efforts (Spence, 1973, p. 358). In this way, self-confirming expectations of the signal receiver are often created (Spence, 1973).

The receiver interprets the signal according to their own beliefs and expectations (Spence, 1973, 2002), which means the unobservable information conveyed is thus subjective and will depend on the receiver's context. In the example of job-applicant education levels, the receiver utilises beliefs around the productivity levels assumed to be associated with various education levels and offers pay grades accordingly. These beliefs and assumptions of the receiver may change over time as the receiver has the opportunity to observe the unobservable quality of the signaller and use this feedback to update their expectations and interpretations of signals received, which improves the usefulness of the signal. For example, the job applicant with an education level of 'y' is hired and their productivity levels can be observed directly, which provides feedback on the accuracy of the proxy measure (education level) utilised as a signal. Some scholars use the term "signal fit" to describe the degree of correlation between the signal and the underlying quality in the signaller (Connelly et al., 2011), whereas Spence (1973) captures this concept within the term signal usefulness. This concept does not encompass cases of deception by the sender, which are described as matters of signal honesty (Connelly et al., 2011).

Signals are powerful communication tools in the hands of the signal sender because a signal is something that is able to be altered or modified by the sender (e.g., education levels are able to be changed), unlike an index like gender, age or race (Spence, 1973). However, signals are only useful if they convey information that can differentiate the signal sender from other signal senders (or non-senders) in order that the signal receiver can identify those who possess the desired and unobservable quality (e.g., a certain productivity level as signalled by education level). The main way that this differentiation is achieved is by a signal being difficult and costly to produce such that it requires significant investment, but it is not out of proportion to the benefit sought. Because of this cost and difficulty, a signal sender who is of low quality (i.e., is not what the signal receiver is looking for) is unlikely to be able to achieve or imitate that particular signal which the signal sender is looking for, it is this situation which gives the receiver the confidence to rely on the signal (Connelly et al., 2011; Durcikova & Gray, 2009; Spence, 2002). However, signalling risk is still present, for example, if either party signals or behaves opportunistically or over-optimistically, as it is then possible for an adverse selection to occur (Grichnik et al., 2018; Shepherd & Zacharakis, 2001) because the signals sent do not convey accurate or realistic information. In such situations, penalty costs for sending false information, for example reputation

loss (Bafera & Kleinert, 2023), rectification time, or fines, either do not exist or are unanticipated or disregarded by the signal sender.

The substantial volume of recent EF literature that utilises signaling theory is testament to its applicability in understanding the communications interactions between the founder (signal sender) and the FP (signal receiver) in the EF marketplace. In all of the many, varied and segmented entrepreneurship studies that draw on signaling theory (O. Colombo, 2020; Bafera & Kleinert, 2023; Svetek, 2022), the signal examined differs according to context and the aims and objectives of the scholar, which reflects the complexity also inherent in the real-world context that an entrepreneur will find themselves in. EF signals may need to vary depending on what the founder is seeking to convey at any point in time in their encounters with various sources and types of FP. Examples of signals in the EF context are showing traction, providing financial statements and projections, accreditations, certifications, patents, having the 'right' body language, communication style and demonstrated passion, displaying endorsements from credible third parties, having a reputation, possessing certain social capital, having certain education levels and experience, and having demonstrated product-market fit and a viable business model (Bafera & Kleinert, 2023; Benjamin & Margulis, 2005; Carpentier & Suret, 2018; O. Colombo, 2020; Svetek, 2022).

Signalling examples from EF are now used to illustrate some key constructs in signaling theory that have not yet been covered. These constructs help to better understand how a signalling interaction and its outcomes may be impacted by the signal receiver (FP) and the environment and be influenced by the signal sender (founder). This aspect is important when providing insight into the EF experiences of founders and their strategies, practices and challenges because it refers to the 'how' of signalling rather than just the 'what'. Bafera and Kleinert (2023) performed a systematic review of signaling theory use in the entrepreneurship literature and present a list of signalling constructs that complement and add to the list of signalling constructs created in Connelly et al.'s (2011) review of signalling in the field of management. Some of the terminology from these reviews are drawn upon in the discussion below.

In relation to the signal receiver (FP in the EF context), the point has been made that their beliefs and expectations play a large role in the interpretation of the signal and in the type of signal they are looking for. Such presumptions and assumptions are evident in, for example, Huang's (2018) study of business angels. The implication of the role of beliefs and expectations is that the FP's interpretation is subjective, and a signal will have different meanings to different FPs (Connelly et al., 2011). This meaning and interpretation may be based on the objectives and motivations of the FP (Vazirani et al., 2022). Studies also show that the FP may act irrationally by using cognitive

shortcuts, heuristics (Maxwell et al., 2011) or judging based on bias (Vazirani et al., 2022). Subjectivity in signal interpretation can also be tied to similarities/differences between the receivers' identity and that of the sender (Bafera & Kleinert, 2023). Studies show that the FP's perceived similarity with the signal sender (founder) increases the chance of a favourable interpretation of the signal, as, for example, in the case of the loan officer with similar human capital levels in Bruns et al., (2008) study, or the case of the VC who ranks highly a founder who has similar professional experience and training to themselves (Franke et al., 2008). The FP's ability to notice a signal is important, and this ability may be due to the degree of attention they give to looking for signals (Connelly et al., 2011; Gulati & Higgins, 2003; Plummer et al., 2016).

All these issues cause problems for a founder in the EF process as an FP may not see a signal they are not looking for, may dismiss a signal they do not understand, or may give a different meaning to a signal than the signaller intended. For example, an FP whose has had experience of being a founder will see, understand, interpret and look for different signals than an FP who has had no such experience (Dimov & Shepherd, 2005; Khan, 1987). Crowdfunding, which is characterised by less experienced/'sophisticated' investors, is an example where costly signals may not be valued (O. Colombo, 2020) and where signals in general may be widely interpreted (Bonini and Capizzi, 2019). The environment and external contexts may also impact on the ability of the FP to observe and interpret a signal, as there may be noise that makes it difficult to see signals, for example when there is information overload (Bafera & Kleinert, 2023). The environment may also set expectations or norms (Bafera & Kleinert, 2023) relating to signals and their meaning as they pertain to that specific marketplace. For example, a crowdfunding platform will have different inherent rules and expectations about the interactions possible and the signals and their meanings than a venture-capital pitch event or a venture-debt meeting. The degree of information asymmetry will also differ depending on the context, for example the newness of the industry that the founder is operating in or the geographic proximity of the founder to the FP (Bafera & Kleinert, 2023).

There may be cases where the signal receiver relies on others to do the signal interpretation for them, and therefore a third-party signaler is created (Connelly et al., 2011, p. 55). For example, in crowdfunding (Shen et al., 2020; Xiao, 2020) and amongst venture capitalists and business angels it is possible to have a lead investor and for multiple investors in a funding round to follow this lead investor rather than perform some or all of their own due diligence and interpret the signals sent by the founder for themselves. In this case, the FP is interpreting the signals sent by a third-party signaller (the lead investor) in relation to the founder and their venture. Note, other EF studies use the term third-party signalling to refer to affiliations with third parties and in those cases the

affiliation is the actual signal (Anglin et al., 2020) rather than the third party being a signal interpreter on behalf of the signal receiver.

As has been demonstrated, there are many elements external to the founder that will impact on the effectiveness of the signal they send to the FP. Signal effectiveness is also influenced by the founder's ability to send a clear and appropriate signal to the FP in the first instance (Gao et al., 2008; Spence, 2002). This concept of the founder's signalling ability is highlighted by the fact that signals are modifiable and thus can be used strategically. While it pays to be strategic, signalling can also be unintentional, with the founder being unaware that they are signalling a particular attribute (Connelly et al., 2011; Folta & Janney, 2004; Spence, 2002) which could lead to undesirable signals being inadvertently sent. To be strategic, the entrepreneur (signal sender) needs to be self-aware and know what, how and when to signal, depending on the FP's (signal receiver's) objectives and characteristics and the environment and context of the interaction.

This awareness requires that the knowledge, skills and other characteristics of the founder are at sufficient levels for the signalling task; in other words, that they have sufficient signalling ability. This signalling ability includes the founder's ability to interpret any feedback (counter signals)[8] received from the FP (Connelly et al., 2011) or any other signals sent by the FP, in which case the FP has become the signal sender and the founder the receiver. These FP signals may be signals in relation to EF availability, the EF process, the criteria valued or the reasons for rejection. The EF process is thus a two-way signalling interaction; however, the EF literature focuses predominantly on only one direction, that of the founder as the signal sender. Signalling ability is defined in this study to include an ability to send, receive and interpret signals, including feedback or counter signals received, as relevant to the role of either sender or receiver.

In EF, not all signals that an FP (signal receiver) is looking for will relate to venture metrics, as signals will also relate to founder characteristics; therefore, strategic signalling requires the currently unobservable founder characteristics of, for example, knowledge, skills, states, qualities and intentions to be at certain levels so they do in fact match what the FP is looking for and what the signal is intending to convey. Because of the multifaceted importance of founder characteristics in an EF context (see Section 1.10.7), including as information signalled and as impacting on the signalling ability and thus the signalling strategy of the founder as well as overall EF strategy and actions, the components that make up founder characteristics are explored in the next section.

[8] Note, this is different from countersignalling theory (Feltovich et al., 2002)

2.4 Founder Characteristics and EF

Founder characteristics are defined in Section 1.10.7 as the states, traits, attributes, qualities, and intentions of a person that in particular convey what they know, how they think, the patterns in their thinking and behaving, who they are and are becoming, and who they know. This section delves into the five components inherent in that definition, which are human capital (HC), cognitive capital (CC), psychological capital (PC), social capital (SC), and personality. These are discussed in this section with two aims: the first is to gain a broad insight into how their presence or absence and the signalling of them may impact on the founder's EF process and experience, and the second is to provide a common terminology for use in this study in light of the segmentation in the discipline/field (see Section 1.6).

Scholars recognise that founder characteristics are important criteria that an FP is looking to assess (Carpentier & Suret, 2015; Ferrati & Muffatto 2021; Hanak, 2021), that founder characteristics must be signalled to the FP by the founder during their EF applications (O. Colombo, 2020), that founder characteristics influence the signalling ability of the founder (e.g., their communication skills and knowledge), and that founder characteristics also influence how founders go about the EF application process in general (e.g., their execution skills and knowledge). The focus on founder characteristics is detailed in Section 1.1, which explained that in the dynamic context of entrepreneurship (see definition in Section 1.10.3) and the many EF issues at the macro and meso levels, insights from the micro level are a valuable counterpart for enabling co-ordinated solutions to be developed by collaboration with all levels (micro, meso, macro). Founder characteristics influence how the founder views and experiences the world and also how the founder responds and reacts to it according to their motivation, ability, and beliefs. The founders' entrepreneurial and EF journey and the challenges encountered throughout will thus be impacted by their characteristics in conjunction with the un/favourable environments and contexts in which the founder is seeking to obtain EF.

As mentioned in sections 1.6 and 4.7.2.5, most theories and concepts used in EF do not originate from the EF field or even from the field of entrepreneurship. Rather, such borrowed concepts take on different nuances and/or are adapted for the new contexts (Whetten et al., 2009). Accordingly, this section explores the definitions and key concepts of the components of founder characteristics by referring to scholars in the field from which the concept originates. Examples are given to illustrate how these concepts have been used in empirical EF studies. Further examples are given in Chapter 3, which explores founder characteristics from the perspective of the FP's criteria. Issues of interconnectedness between the components are mentioned throughout and discussed in

Section 2.4.6 (see also Section 4.7.2.5) to tie together these overlapping and recursively linked components that form part of the broader concept of founder characteristics.

An important attribute that these founder-characteristic components have in common is that they are state-like and/or able to be changed. This means actions can be taken based on insights obtained. Knowledge and skills (human capital) can be gained, and cognition skills can be taught/learned, and thus cognitive-capital levels can be changed. Luthans, Avey et al. (2006) show that practical 'micro-intervention' tools can yield over a 200% return on psychological capital investment. While personality is trait-like and the least malleable of these constructs, it is able to adapt to the environment (Jones & Hartley, 2013) and may also change gradually over time (Jackson & Wright, 2024). Faster changes may occur as a result of applied self-awareness and intentful self-regulation (Hennecke et al., 2014) as well as the experiencing of life events (Büuhler et al., 2023; N. Krueger, 2007). Lastly, social capital is something a founder can change if alignment of the above characteristics makes them feel so inclined. This changeability demonstrates that each component can be seen as actionable avenues for developing better strategies, policies, and practices for founders to apply to their EF process. To make changes to founder characteristics requires resources, including time, and often requires support, guidance, and mentoring amongst other factors. See Section 1.10.7, which includes key takeaways about founder characteristics. These key takeaways were implicit when this scoping review was performed and were subsequently made explicit to aid in positioning this exploratory study as it evolved. See Table 1-1 for a summary of the research assumptions, some of which were likewise implicit when this preliminary chapter was drafted.

2.4.1 Human Capital (HC)

Human capital (HC) comprises the skills, knowledge, and experience of a person that are acquired as a result of deliberately investing in themselves, particularly in relation to their education, work experience, and health (Becker, 1962, 1993; Schultz, 1961; Weisbrod, 1966). Such investments are expected to generate outcomes that lead to returns (usually monetary e.g., higher salary). Distinguishing between HC investments and HC outcomes is important (Marvel et al., 2016), with the former being an indirect indicator and the latter a direct indicator of human capital (Marvel et al., 2016). HC investments are activities such as education and work experience that will lead to HC outcomes, and HC outcomes are the knowledge and skills gained from such investments. This distinction is significant because not all HC investments necessarily lead to the outcome of "increasing the resources in people" (Becker, 1993, p. 11). For example, investments in education create the ability to signal the possession of the knowledge and skills that one is expected to have

obtained from the investment, even if the knowledge and skills are not fully manifest upon completion.

HC investments are often used as measures of human capital because they are more easily obtainable data than HC outcomes. Thus, the literature often deals with assumed HC outcomes. This approach is a particular problem in the field of entrepreneurship given the tendency for entrepreneurs not to follow a traditional education route, which weakens the connection between formal education obtained (an HC investment and a common measure of HC) and knowledge and skills possessed (HC outcome). Using formal education as the definition of HC may explain the views of some scholars such as Storey (2011) that HC is fixed over noteworthy periods of time. In fact, HC may change in short periods of time as a person undergoes informal and on-the-job learning or participates in, say, an eight-week business accelerator program. Experienced entrepreneurs are significantly less likely to face EF rejection than novice entrepreneurs, particularly where that experience is industry and/or management related (Carpentier & Suret, 2015). Accordingly, experience and non-formal education are an important HC input for EF. Some examples of HC for EF are a founder's knowledge, experience, and skills in relation to communicating, pitching (Crosetto & Regner, 2018; Moritz et al., 2015; Pollack et al., 2012), and signalling desirable factors (Ahlers et al., 2015; Anglin et al., 2018; Connelly et al., 2011) in relation to their industry (Benjamin & Margulis, 2005; Carpentier & Suret, 2018; Marks et al., 2009), in preparing and managing budgets and cashflows (Carpentier & Suret, 2018; Marks et al., 2009; Talaia et al., 2016), and generally knowing what the FPs' criteria are (Gompers et al., 2020; Marks et al., 2009; Moritz et al., 2015).

While these examples all fit within the definition of human capital theory (Becker, 1962), some areas of the entrepreneurial literature use the term HC more broadly to include attributes that form part of the person other than their knowledge or skills. For example, Marvel et al. (2016) and Talaia et al. (2016) use the psychological state and/or cognition of the person, which takes a broader perspective and recognises that a human's ability and contribution to a task/goal/job are more complex than the two concepts of skills and knowledge and their antecedents of education and experience. This study remains with the definition of HC as being knowledge and skills and acknowledges the use of HC inputs of education and experience as proxy measures where needed, and it deviates from the definition in that it encompasses all types of education and experience (HC inputs) and all types of knowledge and skills (HC outputs) rather than only formally recognised qualifications or technical skills. The other human characteristics of psychological and cognitive capital that are sometimes included within HC definitions (as mentioned above) are given their own separate definitions and are discussed next, noting that they impact on the gaining

of HC inputs and the execution of HC outputs. The issue of the permeability of the definition with other components is further addressed in Section 2.4.6.

2.4.2 Psychological Capital (PC)

Psychological capital (PC) comprises the four positive psychological states of self-efficacy, hope, optimism, and resilience (Avey, 2014; Luthans, Youssef, & Avolio, 2007). All are capable of being developed in an individual, and both the states and the outcomes of possessing them are positively correlated with success under psychological capital theory (Avey, 2014; Luthans, Youssef, & Avolio, 2007; Newman et al., 2014) and considered to be renewable psychological resources (Avey et al., 2011). Psychological capital is a significant predictor of entrepreneurial success (Hmieleski & Carr, 2008), and Baluku et al. (2016) find that it is a better predictor of entrepreneurial success than start-up capital. One can assume that the influence of psychological capital on the EF process may be significant.

The first state, self-efficacy, is self-confidence or a conviction in one's ability to mobilise the necessary resources, including cognitive resources and motivation, and paths of action to succeed at a task (Avey et al., 2011; Luthans, Youssef, & Avolio, 2007; Newman et al., 2014). This state correlates strongly with the definitions of entrepreneurship and entrepreneur given in sections 1.10.3 and 1.10.5, respectively. The second state, hope, is persevering and re-directing where required to always stay on track towards the goal (Luthans, Youssef, & Avolio, 2007). It is a mix of goal-directed energy (self-agency), planning to meet goals (pathways) and a strong expectancy of attaining the goal (Avey et al., 2011; Luthans, Youssef, & Avolio, 2007; Newman et al., 2014; Snyder et al., 1991). Perseverance has a bearing on a founder's ability to maintain a "no is for now" attitude (Benjamin & Margulis, 2005, p. 31) and carry on despite fear of rejection (Mac an Bhaird et al., 2016) until a 'yes' is achieved. In general, it is a signal of tenacity and is highly valued in dilutive finance (Benjamin & Margulis, 2005; Mueller et al., 2017; Murnieks et al., 2016; Stevenson et al., 2020; Van Gelderen, 2012).

The third state, optimism, is the expectation of a positive outcome for the present and future (Luthans, Youssef, & Avolio, 2007; Newman et al., 2014) and contains the concept that anything negative is external, transient, and a construct of the situation (Luthans, Youssef, & Avolio, 2007). It is a state that provides strength to go again in the face of many rejected EF applications. Optimism is most beneficial when it is realistic and flexible (Camerer & Lovallo, 1999; Luthans, Youssef, & Avolio, 2007). If it leads to over-confidence, it can have a negative relationship with firm growth (Hmieleski & Baron 2009), which is a variable of importance to most FPs. The fourth state, resilience, is bouncing back from any adversity, conflict, or an overwhelming or challenging

event (even where positive), and sustaining the effort required to adapt and succeed (Luthans, Youssef, & Avolio, 2007).

Psychological capital is defined as only existing when positive states are present, as the construct is drawn from the field of positive psychology (Luthans & Youssef-Morgan, 2017; Newman et al., 2014). Two major antecedents of PC are perceptions of external prestige and high level of meaning (Newman et al., 2014), which are usually associated with entrepreneurs. Inhibitors of PC are also associated with entrepreneurship, such as environments containing stress and high levels of uncertainty (Newman et al., 2014), as well as tasks or jobs that are overly complex and not easily feasible (Avey, 2014), which highlights that the theory of PC may be enriched by exploring the field of entrepreneurship. This task is beyond the scope of this study. Regardless of antecedents, it is the states and outcomes of psychological capital that an FP values in a founder because these are positive states of attitudes, behaviours, and performance (Avey, 2014; Avey et al., 2011; Luthans, Youssef, & Avolio, 2007; Newman et al., 2014) that can result in high levels of innovation, creativity, and problem solving as well as health and wellbeing and positive relationships (Luthans & Youssef-Morgan, 2017). Passion signals positive PC and is a combination of positive psychological states. It is correlated with successful EF applications in dilutive finance, for example when pitching to business angels (Mitteness et al., 2012), crowdfunding (Davis et al., 2017), and venture capitalists (Chen et al., 2009; Morawczyński, 2020). Psychological states also contain elements of cognition (Chen et al., 2009) and have a bearing on cognition by impacting on the context in which cognition occurs. Cognitive capital is discussed in the following section.

2.4.3 Cognitive Capital (CC)

Cognitive capital (CC) is the term used in this study for the cognitive resources of an individual (or team) as explained by cognitive resource theory, which considers the dynamic interplay between context, perception, cognition, environment, and actions in the process of thinking (Grégoire et al., 2011; Mitchell et al., 2007). Cognition can be thought of as a verb (Grégoire et al., 2011, p. 1456) because it is how an individual thinks or "the way in which individuals gather and process strategic information" (Hodgkinson & Clarke, 2004, p. 5; Hodgkinson & Healey, 2008; Mitchell et al., 2007, p. 10). Grégoire et al. (2011) identify three key concepts of cognitive resource theory: mental representations, process orientation, and levels of analysis. The first concept, mental representation, contains two cognitive aspects that can affect human action: the cognitive resources of the person and their "perception and interpretation of the circumstances" (Grégoire et al., 2011, p. 1446). The former includes genetics, knowledge, ideas, mental

representations, and desires and the latter involves various mental states, including motivations and attitudes (Grégoire et al., 2011). There is a large overlap with the concepts of HC and PC presented earlier.

The second concept, process orientation, encompasses "the dynamic interactions between environment, cognition, and action" (Grégoire et al., 2011, p. 1446) from the viewpoint of routines and "computational rules" (p. 1447) and also from the viewpoint of context. It considers how this interaction affects the variables that are interacting (Grégoire et al., 2011), or in this case, how the situation affects entrepreneurs' thinking and actions (Mitchell et al., 2007). Examples of cognitive processes are memory, categorisation, perception, attention, alertness, reasoning, decision-making, learning, self-representation, intentionality, rationality, and emotion (Hodgkinson & Clarke, 2004; Kästner & Walter, 2013; Mitchell et al., 2007; Newen, 2017). Cognitive processes can be systematic/logical/rational, based on shortcuts/heuristics (Mitchell et al., 2007), rely on intuition rather than analysis (Allinson & Hayes, 1996), and be founded in effectuation as well as causation (Grégoire & Cherchem, 2020; Sarasvathy, 2001). The third concept considers levels of analysis and states that cognition exists at both individual and group/organisation levels (Grégoire et al., 2011; Hodgkinson & Healey, 2008). Even though a team will not have cognition as such, there is what some scholars term "collective cognition", where the team schemata is more than the sum of the perspectives of the individuals (Mitchell et al., 2007, p. 10).

Antecedents of CC include both internal (the person) and external (the environment/situation) factors. The distinction is important not just between these but also between the influencing factors that pre-date the actions taken and the influencing factors that arise from the experience (and environment) of taking action (Grégoire et al., 2011). In other words, the process-orientation construct is important. Internal antecedents are person-centred (Mitchell et al., 2007) and include mindset, beliefs, knowledge,[9] and motivation. These could be measured, for example, by assessing a founder's unscripted language in the question-and-answer sessions of a pitch event (Demann et al., 2021). External antecedents are situation-centred in the context of the environment, for example in the presence of and changes in incentives or laws and regulations (Mitchell et al., 2007), any of which could affect many elements of a new venture.

Two examples of outcomes that arise from a person's CC, albeit in combination with HC and PC, are preparedness and trustworthiness. Preparedness has the cognitive components of thinking ahead and making decisions that drive the actions of preparing. They are favourable characteristics

[9] Cognitive capital can also be viewed as a human capital outcome because thinking is a skill that can be learned/taught (e.g., critical thinking skills).

in EF (Chen et al., 2009; Fraser et al., 2015; Marks et al., 2009; Mollick, 2014; Pollack et al., 2012; Stevenson et al., 2020), especially when it involves not only preparedness for the application process but also preparation for the possible ways it may unfold, including the ability to make counter offers, ask pertinent questions, or mobilise resources contingently that lead to the creation of a beneficial outcome. These actions can signal to the FP that the founder is capable and serious. A pro-active approach to the EF process greatly increases the chance of success (Chavoushi & Valliere, 2021; Marks et al., 2009). Preparedness is also said to be the cognitive component of passion (Chen et al., 2009), and it would therefore also be an extension of (and signal of) positive psychological states. (After performing this scoping review, EF preparedness was defined and added as Section 1.10.10.) Trustworthiness is another trait that many FPs look for in a founder (Benjamin & Margulis, 2005; Carpentier & Suret, 2018; Ding et al., 2015; Maxwell & Lévesque, 2014; Moritz et al., 2015; Parhankangas & Ehrlich, 2014; Prowse, 1998). An FP may assess trustworthiness by gut feel and non-verbal cues and also by assessing the founder's cognitive state and actions (e.g., their honouring of commitments) because trustworthiness can be categorised as an expression of the way the person thinks and whether they are thinking of mutual benefit.

The CC construct has measures and definitions that are fragmented across disciplines (Daspit et al., 2021; Khelil, 2021). In the field of EF, for example, Fraser et al. (2015) found in their review of the EF literature that what appear to be, and are measured as, financial constraints are often cognitive constraints, and they illustrate this statement with words like discouragement, lack of motivation, and perceptions. These words could equally be captured within the definition of psychological capital (optimism, hope, and efficacy, see Section 2.4.2) or within components of personality traits (e.g., negative emotionality), which are discussed next.

2.4.4 Personality (Big5)

Personality can be defined as the "patterns in thinking, feeling and behaving" in a person (Soto & John, 2017, p. 117). How a person thinks, feels, and behaves in general (personality) will have a bearing on how they do so in their entrepreneurial activities (Rauch & Frese, 2007); therefore, a personality profile can offer insight and context as to how the founder may view, approach, and perform their entrepreneurial task of accessing finance.

Prevalent personality models in the literature are 5-factor models, while industry prefers 4-factor models (Jones & Hartley, 2013). There is significant but incomplete correlation between the 4-factor and 5-factor models as evidenced by the work of Jones and Hartley (2013). In line with the trend in the literature, this study uses the concepts and terminology from the 5-factor models, and the term "Big5" is used to refer to them as a collective and imply the concept of personality traits.

These 5-factor models condense all the multiple variations in personality characteristics into five domains. The differences between the various 5-factor models appear to be mostly in semantics; however, the lower-level factors within each category will be different if clustering is done via relationships to other variables or nomological clustering (Hough, 1992). Drawing on the work of John and Srivastava (1999), these five domains or traits are 1) openness to experience/open-mindedness, which refers to the inclination to try new things, to think 'outside the box', and be innovative and creative, 2) conscientiousness, which refers to the ability to control impulses to complete or accomplish goals, 3) extraversion, which refers to how a person interacts with their environment, 4) agreeableness, which refers to how a person interacts and relates with other people, and 5) negative emotionality/neuroticism, which refers to the emotional stability of a person.

Personality can be thought of as a tendency or enduring disposition of a person (Bergner, 2020; Rauch, 2014). It is usually seen as unchangeable because of its trait-like nature; however, it is able to adapt to the environment (Jones & Hartley, 2013) and may also change gradually over time (Jackson & Wright, 2024). Faster changes may occur as a result of applied self-awareness, intentful self-regulation (Hennecke et al., 2014), and the experiencing of life events (Buhler et al., 2023; Krueger, 2007). At an individual-question and subcategory level, the Big5 model overlaps with the malleable founder characteristics discussed in the sections above, in particular with concepts from psychological capital and cognitive capital (see sections 2.4.2 and 2.4.3, respectively). It also recognises that people sit on a continuum within personality-trait categories, which means that people with the overall same personality type will have different magnitudes of the sub-components (Jones & Hartley, 2013). Looking at the traits in isolation and the subcategories within each broad category (i.e., the presence/absence or strength of specific components) allows tie-in with the FPs' criteria and acknowledges the overlap with other founder characteristics (HC, PC, CC). For example, the FP criterion of coachability (openness to new ideas, strategies, and way of doing things) ties in with the personality construct of openness to experience and also with the concepts of cognitive capital and psychological capital. Other Big5 subcategories that directly tie to founder characteristics are trust (psychological capital and cognitive capital), productiveness (cognitive capital), and intellectual curiosity (cognitive capital).

A 2021 literature review of the criteria of equity FPs (Ferrati & Muffatto, 2021) revealed that in relation to founder-characteristic criteria, personality was the most highly applied criterion. Svetek (2022) likewise finds that personality traits appear repeatedly as investment criteria of BAs and VCs. These are difficult findings to act on in practice due to the subjectivity involved in using and defining the terms. Many scholarly definitions of entrepreneurship centre around personality, and

when compiled, they reveal that there are a multitude of, at times, contradictory states that characterise an entrepreneur (Gartner, 1988; Rauch, 2014) and are part of the definition of personality. (After performing this scoping review, the definitions of entrepreneurship and entrepreneur were revisited and defined in sections 1.10.3 and 1.10.5, respectively.)

Scholars have been seeking to identify the optimal entrepreneurial personality to give insights into the preferred or ideal traits to be cultivated for success (Brandstätter, 2011; Salmony & Kanbach, 2021). Such traits would therefore be relevant for an FP to look for in a founder. For example, a high tolerance for risk is one preferred entrepreneurial trait that was identified in a meta-analysis undertaken by Stewart and Roth (2001), and the need for achievement (Collins et al., 2004; Stewart & Roth, 2007) and the presence of self-efficacy (Rauch & Frese, 2007) have also been found to be ideal. The entrepreneurial personality that an FP would presumably be looking for is often considered to belong to those founders who score "low [in] agreeableness and neuroticism, [and] high [in] extraversion, openness, and conscientiousness" (Schmitt-Rodermund, 2004, p. 498). However, while these tendencies have been found to have a positive correlation with entrepreneurial success (Obschonka, 2017; Salmony & Kanbach, 2021; Schmitt-Rodermund, 2004), the findings for high extraversion or low agreeableness are not consistent (Salmony & Kanbach, 2021). When looking at the reviews of these attempts to identify the ideal personality, it appears unlikely that there is one ideal personality, because in practice, success is created by all types of personalities/characteristics (McCarthy et al., 2023; Sarasvathy, 2001). Humans are heterogeneous and so are the paths to success. The concept of venture stage is also important to acknowledge because different traits can be more useful at different points in the entrepreneurial process. See sections 1.10.3 and 1.10.4 for what this process and its stages may entail.

2.4.5 Social Capital (SC)

Social capital theory examines the type and extent of a person's (or community's) relationships (Woolcock, 1998) with regard to their ability to obtain (and provide) resources or benefits by virtue of these social ties that they have worked to create (Portes, 1998, 2000). Social capital (SC) sources are the social networks/structures and "the norms of reciprocity" and trust that are inherent within them (Portes, 1998, p. 7; Woolcock, 1998, p. 185) as well as the sense of duty of their members (Portes & Sensenbrenner, 1993). SC outcomes are the benefits and costs of belonging to and maintaining the social network (Adler & Kwon, 2002; Woolcock, 1998). At the individual

(micro[10]) level of analysis, the benefits are informational and physical gains (Adler & Kwon, 2002; Portes, 2000), usually in the form of gifts, favours, recommendations, and information flows.

There are various types of SC that are each characterised by combinations of varying levels of embeddedness and autonomy (Woolcock, 1998). From an individual perspective, embeddedness ('being contained within' and/or 'fixed to' the whole) can be described as intra-community ties or integration, and autonomy (independence/self-governing) can be described as extra-community ties or linkage (Woolcock, 1998). Deep embeddedness creates strong ties or bonds within a group, as these help one to achieve common goals and also to get by but not necessarily to get ahead (Woolcock, 2001; Woolcock & Narayan, 2000), because resources and information are limited to what is within that network, and strong communal obligations, commitments, and restrictions may limit attempts at outside access (Woolcock & Narayan, 2000). High autonomy allows for many weak ties or bridges to form between other groups, which can be beneficial for advancement (De Carolis et al., 2009), as these enable access to diverse resources and information that span the divides of socioeconomic status, religion, caste, or ethnicity (Granovetter, 2005; Woolcock & Narayan, 2000).

SC, or who you know, is clearly demonstrated to be an important variable in the EF process and can greatly reduce a founder's EF challenges by opening up access to opportunities and resources that are helpful in the EF process. These resources may be a recommendation, a guarantee, testimonials, affiliations that will carry weight in an EF application (O. Colombo, 2020; Marks et al., 2009; Moritz et al., 2015;), an affiliation with a business or university (Demirel & Parris, 2015; Gustafsson et al., 2020), or being connected to a suitable lending officer, finance expert, 'home office', and VC network. SC is especially important in helping to overcome financial constraints in small communities that lack access to finance (Bauernschuster et al., 2010). SC is particularly beneficial in equity crowdfunding (Mollick, 2014) and reward crowdfunding (M. Colombo et al., 2015) where the founder needs to bring their own crowd for the most part.

The concept of trust, upon which SC is built, draws back to cognitive capital because CC can be used as an indicator of trustworthiness and whether a person thinks of mutual benefit. The type of SC a founder has is thus impacted by how they think (CC) and act, which is in turn impacted by (and impacts on) what they know and can do (HC) and the contexts of their psychological states. All of these capitals have been discussed above, and SC is no different to the others in the

[10] The micro level can also include households, families, and small groups/communities that have shared values and norms but no administration processes. The macro level includes cities and nations and is characterised by bureaucracies, administration processes, and structured networks (Woolcock, 1998, pp. 168-169).

challenges of definition variability and interconnectedness. For example, notwithstanding the summary given in this section, in SC theory, there are three main branches of differing definitions, each giving rise to different measurement requirements, none of which can be easily converted to the entrepreneurial context (Ferri et al., 2009). The next section ties together the five components of founder characteristics used in this study to summarise them and show how they are recursively linked.

2.4.6 Interrelatedness of Founder Characteristics

The sections above covered the concepts used in the literature to describe various components of the characteristics of a person (human, psychological, and cognitive capital and personality traits) and a concept that relates to the connections people have with others (social capital). These components are now summarised in tabular format to show their interconnectedness and illustrate these as aspects within the one larger concept of founder characteristics. Table 2-1 provides a short definition of each component and highlights that they arise from different disciplines, are context bound, are state-like or able to be changed, and can have different definitions in use, with the term human capital often being used in the literature to include or imply any of the other components. This information adds to the point made earlier that the EF literature is segmented (Section 1.6), the definitions in use are not consistent (Section 1.10), and human characteristics are intertwined (Section 1.10.7).

The table shows that these components or aspects are within the one larger concept of founder characteristics by giving examples of antecedents and outcomes of each (positive and negative) and illustrating that each component helps to not only create others (see the second row) but also create feedback loops of influence between them. For example, a person's psychological and cognitive capital and personality tendencies affect their decisions and actions in all areas of life, including in business and finance, which means these components influence what type of knowledge, skills, and experience (human capital) a person builds and what type of networks (social capital) they create, as well as how these are created, leveraged, and signalled as part of their actions in accessing EF. For example, antecedents could be created, such as obtaining a qualification (HC) or joining a group/network (SC), but the benefit (outcome) from these actions may not be fully generated if the person does not also possess, for example, the cognitive skills (CC) or the resilience, efficacy, and optimism (PC) to utilise these new skills and resources in an optimal way. Further comment on the difficulties arising from the interconnectedness of these components is given in Section 4.7.2.5 in relation to the impact on the validity of the measures used. See also Section 1.10.7 for other key takeaways in relation to founder characteristics.

Table 2-1
Summary of the Interrelated Components within the Concept of Founder Characteristics

	Human Capital (HC)	Social Capital (SC)	Psychological Capital (PC)	Cognitive Capital (CC)	Personality Traits 5-Factor Model (Big5)
Simple definition	What you know and can do (knowledge and skills)	Who you know (network connections /relationships)	Who you are and are becoming (psychological states)	The way you think (gather and process information)	Patterns in thinking, feeling, and behaving (disposition towards behavioural traits/ behavioural tendencies)
Helps to create:	SC, PC, CC	HC, PC, CC	CC, SC, HC	HC, SC, PC	HC, SC, PC, CC
Context affected?	Yes	Yes	Yes	Yes	Yes
Can be developed / changed?[11]	Yes	Yes	Yes	Yes	Yes, but not common
Antecedents	– education – training – experience	– network – social structure – trust – reciprocity – sense of duty	– efficacy – hope – optimism – resilience – supportive SC – supportive environment – high level of meaning in tasks performed	– cognitive resources (cognitive skill, knowledge, ideas, processes, states etc.) – perception & interpretation (mental states, motivations, and attitudes) – cognitive processes (systematic/logical/rational or shortcuts/heuristic)	– n/a beyond the scope of this research
Examples of positive outcomes	– knowledge – skills (including signalling ability)	– gifts & favours – recommendations – influence – solidarity	– positive behaviours, attitudes, and performance – innovation/creativity – positive SC	– optimal decisions[12] – less bias – informed use of heuristics – increased awareness	– drawing on the strengths of one's predominant traits

[11] See sections 2.4 and 1.10.7
[12] A decision is optimal not because of its outcome but because it is made in the best manner possible with what was known at the time.

	Human Capital (HC)	Social Capital (SC)	Psychological Capital (PC)	Cognitive Capital (CC)	Personality Traits 5-Factor Model (Big5)
		– trust – mutual benefit – reciprocity – goodwill	– increased HC	– optimal processes and policies – efficient systems	
Examples of negative outcomes	– false signals – deceptive signals	– inhibit advancement – resource hoarding – large obligations – restrictions on activities and/or advancement – control/power – dependency	– n/a – only exists as a positive as per psychological capital theory (Newman et al., 2014). – acknowledging that when in excess, positive things can create negative outcomes, for example overconfidence	– poor decisions – inappropriate use of heuristics – cognitive biases – poor processes and policies – inefficient systems	– succumbing to the limitations of one's predominant traits
Examples of the tie-in to criteria that an FP will often look for	– capability (skills & knowledge) – industry experience – management experience – start-up experience – education	– referrals – testimonials – guarantors	– passion – confidence – perseverance/tenacity – optimism – innovativeness – resilience	– preparedness – trustworthiness – mutual benefit – credibility – motivation – perceptions – pro-activeness – commitment	– coachability (open-mindedness) – curiosity (open-mindedness) – conscientiousness – confidence – character
Examples of the tie-in to EF in general	– knowledge of EF options available (sources and types of EF) – knowledge of FP needs/values/criteria	– connections to networks containing FP's – connections to the FP's own networks	– perseverance/tenacity – resilience – passion – confidence – optimism – innovativeness	– preparedness – pro-activeness – planning – persuasion – innovative thinking – creative thinking	– conscientiousness – trust-building behaviour – charisma – enthusiastic behaviour

	Human Capital (HC)	Social Capital (SC)	Psychological Capital (PC)	Cognitive Capital (CC)	Personality Traits 5-Factor Model (Big5)
	– skills re signalling/ communication – skill in EF – knowledge in EF	– connections to advisors & mentors – peer support	– resilience	– critical thinking	– 'business-like' behaviour – even-tempered
Discipline of origin	Economics	Sociology	Positive psychology	Cognitive science/psychology	Psychology
Often implied when referring to HC	N/A	Sometimes	Yes	Yes	Yes

Source: Author's compilation drawing on many sources from the literature and in particular the articles cited in the relevant subsections in Section 2.4

2.5 Founder's EF Decision Process

According to general decision-making concepts, the founder will be approaching decisions of whether to, how to, which to, and when to obtain EF by following a path that includes the decision steps of deciding they need EF (triggered by an event or realisation), searching for EF and information about EF options (types, sources and locations), evaluating EF options, choosing and applying for a particular type/source of EF, or choosing a known option without exploring other options. All of the components of a founder's characteristics will impact on their decision-making process because, as established in the subsections of Section 2.4 above, founder characteristics influence how they approach and execute entrepreneurial tasks, what strategies they choose, and the actions they take. The decisions and strategies chosen are also impacted by the constraints they face from the environment and external contexts, their venture's current situation, and the resources available for the task at hand. Furthermore, how they choose to signal to the FP during their EF application is another important set of decisions they make, even though, as seen in Section 2.3, not all signalling is done consciously. After data collection, and therefore also after this scoping literature review was completed, a targeted literature review was undertaken in which a specific decision-making theory (image theory) is discussed in detail. This is presented in Chapter 3 in relation to the FP and their decision process and criteria in order to provide a common terminology and set of concepts for use in the analysis. Accordingly, while those decision-making concepts will not be repeated here, it should be noted that they apply equally to the founder. The next section combines the concepts discussed so far into an initial conceptual framework.

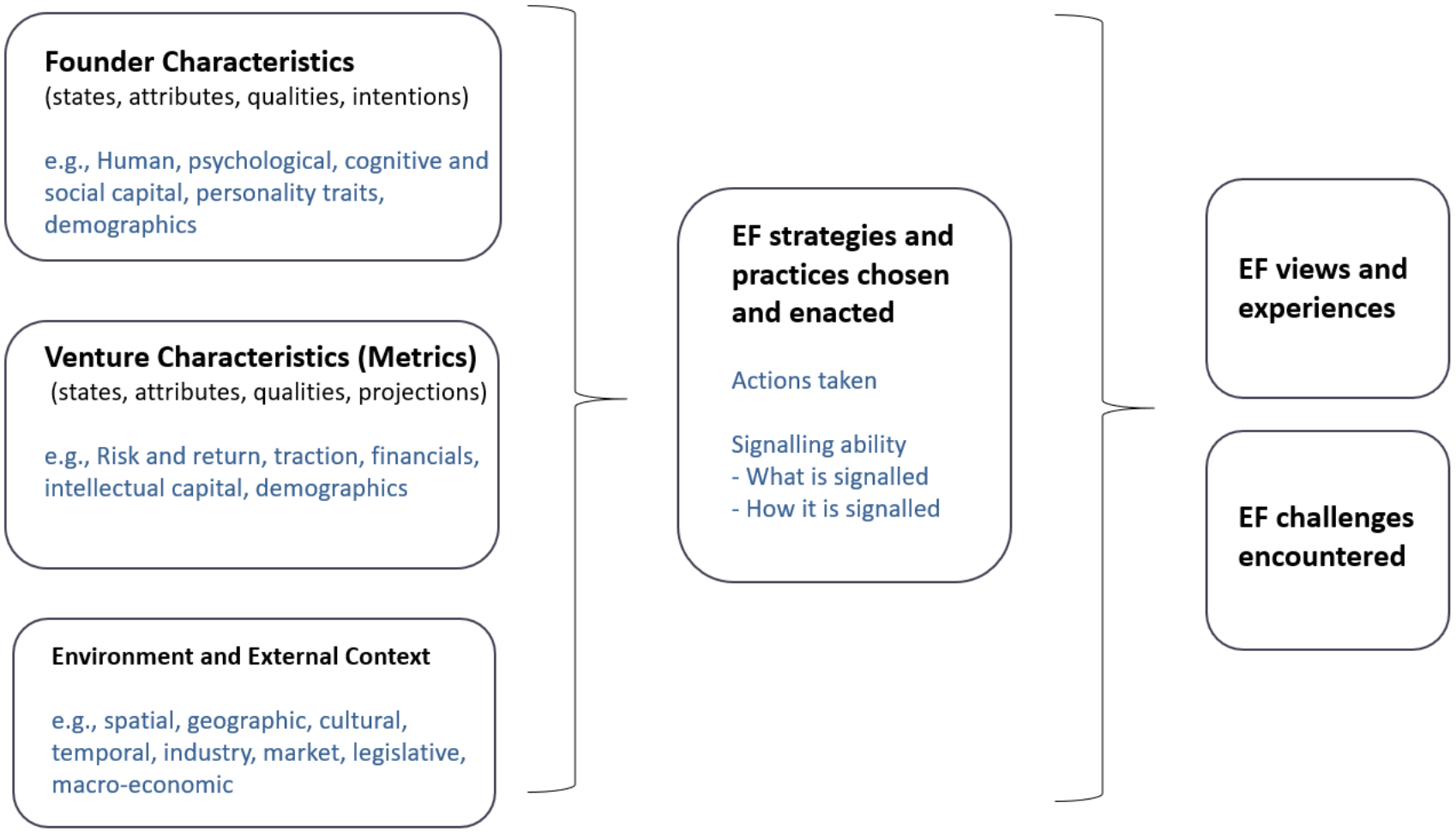
2.6 Initial Conceptual Framework to Guide Data Collection

Exploratory research has no hypothesis or theory to test; however, it is impossible to have no initial assumptions or concepts about the topic and what may be impacting on founders' lived experiences. The full scope boundaries of the research and its inherent assumptions are outlined in Table 1-1, which was compiled in iterations throughout this exploratory study. This section presents the initial conceptual framework as an outline of the concepts that were explicit upon completing the scoping literature review and that were subsequently used to guide the data collection. This initial framework assumes that the characteristics of the venture and of the founder will, in conjunction with the context and environment, influence not only signalling ability and what may be signalled but also the EF strategies and practices that the founder chooses and implements. The inherent assumption is that the characteristics of the venture and founder and the EF strategies and practices used all have the potential to impact on EF outcomes and therefore can

be emphasised in the exploration of the research problem and the creation of the data-collection instruments. Implied in this assumption is the necessity of the founder remaining with their venture post finance and being an integral part of, and/or having a large impact on, the management and operations of the venture. As explained in Section 1.1, this thesis focuses on the micro level of analysis (individual founder) as the unit of interest.

The initial conceptual framework is presented in Figure 2-2 below. It can be seen in the centre segment that the concepts from signaling theory feature as the guiding assumptions and direct the exploration towards what and how the founder may signal (communicate) to the FP. It is assumed that the FP uses information from these signals to assess the EF application. The left-hand segment of the framework assumes the founder signals information about their own characteristics and those of their venture. Signals in relation to either the venture or the founder include information about states, attributes, qualities, and intentions or projections. Founder characteristics are made up of human, psychological, cognitive, and social capital, personality traits, and demographics (see Section 1.10.7,) and encompass the features of knowledge, skills, efficacy, resilience, preparedness, proactiveness, and trustworthiness. Examples of the characteristics of the venture are risk and return, traction, financials, intellectual capital, and demographics. (More detailed examples are provided in the targeted literature review completed post data collection; see Section 3.2.) The conceptual framework acknowledges that the founder is impacted by context and environment, which encompass spatial and geographic location, cultural and temporal circumstances, industry, market and legislative infrastructure, government policy, and macro-economic conditions; hence, these are also included in the left-hand side as these will impact on the choices the founder makes and actions they take, including signals chosen and sent. On the right-hand side segment, it is assumed that all of the concepts in the framework will combine in a unique manner to result in the views, experiences, and challenges that the founder has and encounters. The non-linear temporal elements and the recursive interconnectedness of elements have been left implicit.

Figure 2-2
Initial Conceptual Framework (Used to Guide the Data Collection)



Source: Author's compilation

2.7 Summary

In exploring the global, national, and regional EF perspectives, this chapter illustrated that at the micro level, EF experiences and challenges can be impacted by the spatial, cultural, and social contexts in which the founder is located as well as the characteristics of the founder themselves, the metrics of their venture, and the networks they are part of. This chapter focused in particular on signaling theory and components within the concept of founder characteristics (human, psychological, and cognitive capital and personality traits) and social capital to understand the EF phenomenon from the perspective of the individual founder needing to communicate with (signal to) the FP.

It is via the signalling process that the founder conveys unobservable information about themselves and their venture and the issues of information asymmetry between the founder and finance-provider (FP) are addressed. This unobservable information may be states, attributes, qualities, intentions or projections. It is via their characteristics that the founder views, experiences, and interacts with the world including with prospective FPs. This chapter combined the concepts covered into an initial conceptual framework to guide the data collection.

The next chapter contains a second literature review that, contrary to this one, was conducted after data collection had occurred so as not to bias the analysis. It concludes with an updated conceptual framework to guide the data analysis. The methodology chapter then follows and outlines the exploratory nature of the research, revealing how it unfolded in iterations and led to these two literature review chapters.

Chapter 3 Targeted Literature Review

3.1 Introduction

This second and targeted literature review, which was performed after data collection so as not to cause bias, seeks to inform and aid the data analysis (see section 4.5.7). It gives a perspective through which to view the challenges that may arise from founders' strategies and actions when preparing and applying for entrepreneurial finance (EF) (RQ2) and with which to interpret participants' views and experiences (RQ1), in particular their views on what the finance provider (FP) values the most, which presumably informs the participants' EF strategy and actions. In the context of entrepreneurship (see Section 1.10.3), which often entails short runways of money, time and other resources, and in the context of EF, which involves the consideration of many types and sources of potential funds (see Section 1.10.2), it is assumed that without having an insight into the FPs' criteria, certain challenges may be experienced or exacerbated unnecessarily. Therefore, to "attract investors" (Douglas & Shepherd, 2002, p. 220) it important for the founder to understand the FP's criteria and the factors most important to the FP (Zacharakis & Meyer, 1998), and a founder needs to do this before the founder's runway of funds runs out.

This chapter seeks to uncover insights into the FPs' criteria through exploration of the empirical studies of other scholars, including published reviews and meta-analyses, rather than soliciting perspectives directly from FPs, Section 4.5.7 explains the rationale for this choice. Accordingly, this chapter takes the approach of a founder-cum-researcher who seeks to discover the criteria that the FPs consider the most important so that they (the founder) can tailor their signalling efforts (Section 2.3) to best meet these criteria. To "signal effectively and successfully and deliver their message" to the FP (O. Colombo, 2020, p. 255) the founder needs to know what the FP is looking for. As Section 2.3 and Figure 2-1 demonstrated, signaling theory states that the FP (the signal receiver) is initiating the feedback loop of communication by making known to the market the types of criteria that are being looked for in a founder/venture (the signal sender). If the FP is satisfied that a founder meets these criteria, the FP will (theoretically) provide EF (the benefit offered to the signal sender) to the founder. It thus becomes important when discussing the research problem and analysing the data to understand what these FP criteria and desired signals are purported to be. An underlying assumption in this chapter is that both business metrics and founder characteristics are important to the FP, and that the founder can gain an edge by focusing more on the one that the FP overall values the most, and that a founder may also experience challenges if

they do not give that criteria sufficient attention. This does not imply that one (metrics or founder characteristics) should be focused on at the expense of the other.

Because this study encompasses all types and sources of EF, a set of common terminology and unifying concepts is required to aid the discussion of the segmented literature. Accordingly, this chapter uses the terminology and concepts from a decision theory called image theory in conjunction with signaling theory as a means to guide the exploration of the literature and to offer insight into how the FP (signal receiver) may interpret and use the signals pertaining to the FP criteria that the founder (signal sender) sends during the EF application.

Section 3.2 discusses risk, return, gambling and agency theory (principal-agent theory) as concepts in relation to EF in the literature. In doing so, it also presents a summary of general FP criteria. Section 3.3 introduces image theory (a decision theory), Section 3.4 provides further information on image theory and uses it to provide a common terminology to discuss what the EF literature says in relation to an FPs' decision phases (including pre-screening and screening), and Section 3.5 discusses the FPs' decision style/strategy. Section 3.6 considers the FP decision criteria via a discussion on the horse/jockey metaphor to determine whether business metrics or founder characteristics are more important as FP decision criteria; image theory also aids in this discussion. Section 3.7 discusses the criteria deemed to be the most important overall by the EF literature (founder characteristics that signal execution ability), which ties in with the discussion already presented in the prior chapter where founder characteristics were summarised. Section 3.8 briefly discusses another theme in the EF literature relating to the concept of chance and timing, and Section 3.9 concludes the chapter by discussing the implications for the founder's EF outcomes and presenting a second conceptual framework that shows how these concepts discussed guided the data analysis and ongoing iterative exploration of this study. This review carries the underlying assumption inherent in the research that the founder remains with their business post finance as a package deal integral to the operation and management of the business. This assumption reflects the actual situation in the data collected and ensures that this post data-collection review of the literature informs a conceptual framework (see Section 3.10) that is relevant for use in the data analysis.

3.2 Finance Provider, Risk, Return, Gambling, and Agency

There is a theme in the EF literature that the FP assesses risk and return. This action is implicit in the many gambling-based decision models used and in agency theory (principal-agent theory), which is a subset of such models (Cable & Shane, 1997). However, viewing and describing the FP only through a risk-return lens does not allow the founder and those who assist founders to

appreciate the nuances and context of the signal receiver (the FP) and their decision process and criteria. For example, the FP may be looking for signals of fit before they look for signals of risk, such that it is the lack of fit that sends signals of risk. The concept of fit may relate to fitting in with the FP's investment mandates around, for example, industry type, venture stage, or portfolio mix, and it may also relate to the pending relationship with the founder where the FP may look simultaneously for trustworthiness and co-operation rather than aiming only to use controls (e.g., deal terms) to manage moral hazard risk (Shepherd & Zacharakis, 2001). Signaling theory is an example of a situation where a desired and currently unobservable characteristic is actively looked for by the signal receiver (Spence, 1973; Section 2.3). The sections that follow explore this further and in doing so apply image theory to the FP's situation in an attempt to increase understanding of what is happening to the signals a founder is sending to the FP and how the FP's decision process goes beyond the assessment of risk and return. The concepts of risk and return and by implication gambling and agency are first explored in the paragraphs that follow.

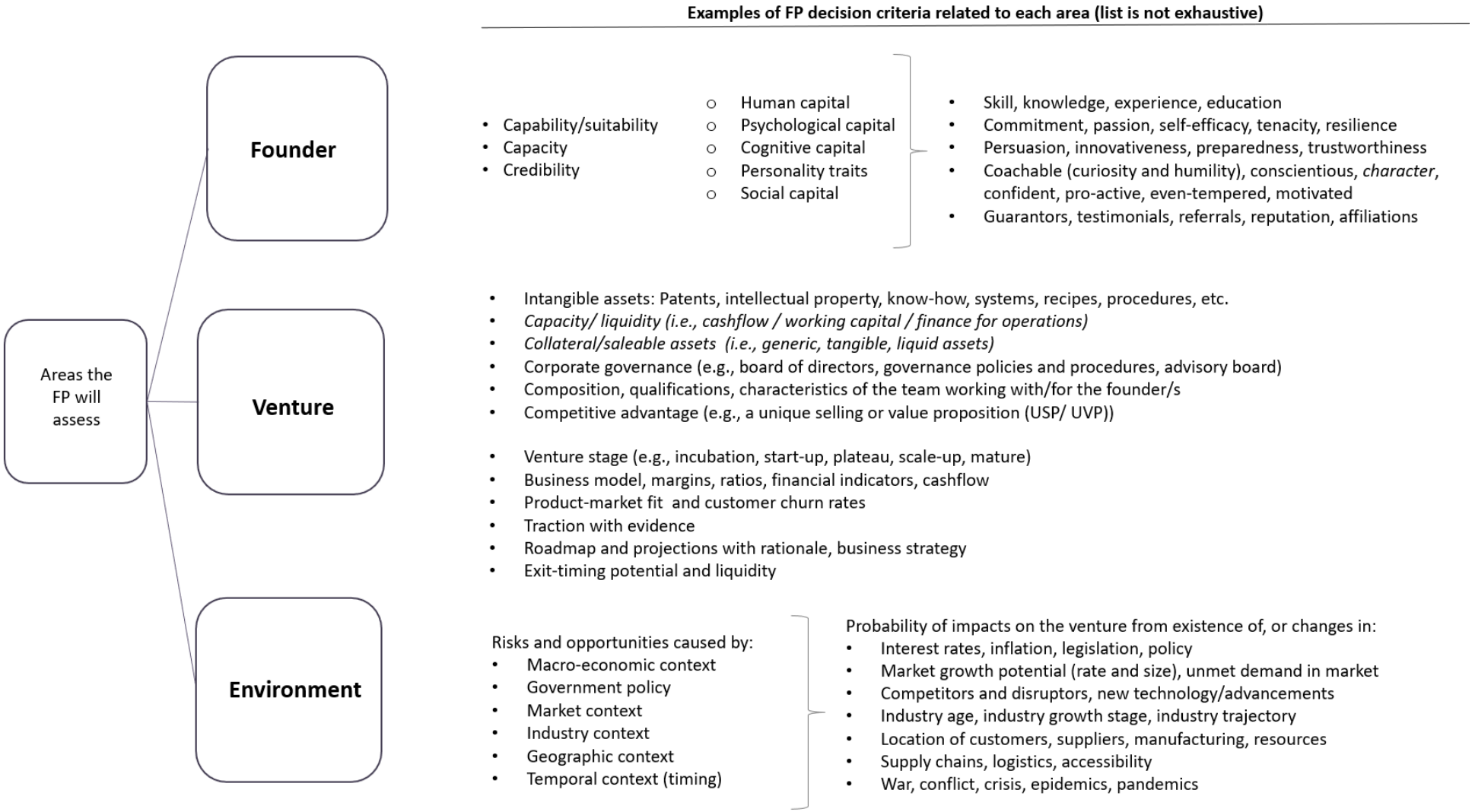
A risk is a type of uncertainty where the outcomes of the options are known beforehand and the probabilities can be assessed in some manner, as opposed to full uncertainty where neither the possible outcomes nor the probabilities of them occurring can be identified (Knight, 1921). There are two overarching adverse-selection risks faced by the FP. The first risk is of financing a venture that will not provide an adequate return on the investment (type 1 error). The outcome is the loss of all or part of investment, and the maximum loss possible is quantifiable (capped at the amount invested). The second risk is of not financing a venture that will provide a desired return on the investment (type 2 error). Here the outcome is not the loss of investment but rather the loss of opportunity, that is the loss of the (unquantifiable) potential return. For debt finance providers, the second risk may be mitigated if a steady stream of qualifying customers exists, because the return on any one deal is capped at interest rates set by the FP themselves. However, in equity finance, a type 2 error of a missed opportunity or foregone return may be many times that of the proposed investment had it been made. For grant and competition providers, both risk types exist in terms of gained or lost benefits to society and community (i.e., impact potential).

The risk of making a poor investment (adverse selection) can be assessed via criteria and signals that address the concepts of feasibility, viability and profitability (noting that just because a venture/product/service is possible does not mean it will be profitable). Conversely, the same criteria and signals can also assess the probability of a good fit. There are three broad areas that can be considered in these assessments: the founder, the venture and the environment. The term founder includes co-founders (see Section 1.10.6) and in this study, the operations and management of a venture are assumed to be performed by the founder/s themselves due to its start-

up/scale-up stage (Section 1.10.6). Within each of these three broad areas of the founder, the venture and the environment, there are many criteria with which to assess the inherent risks or, equally, to assess the degree of fit. Figure 3-1 below, presents examples of FP criteria for each of the three areas. This list is by no means exhaustive, as evidenced by a recent literature review performed by Ferrati and Muffatto (2021), which identified 208 "investment assessment criteria" for equity finance alone (p. 166).

Figure 3-1

Examples of Categories of FP Criteria for Founder, Venture and Environment as Used for Assessing Risk or Fit

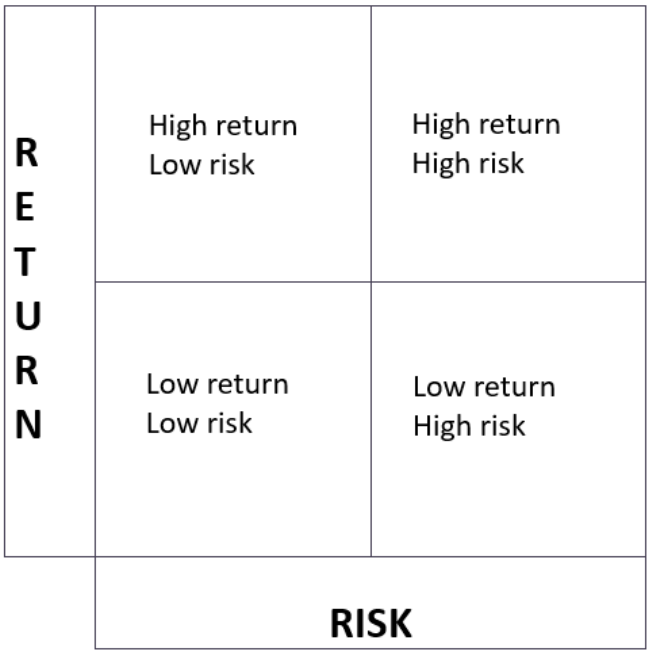


Source: Author's compilation

The FP's own context, including as impacted by the macro-economic environment and other factors, also impacts on their assessment of risks or fit. For example, an FP's decision may involve an investment mandate for diversification of a particular type or a focus on a particular industry or area of speciality. FP-related factors that impact on their assessment also include the FP's own characteristics, such as their human capital (Dimov & Shepherd, 2005) and their beliefs and expectations (Spence, 1973). These elements are not reflected in Figure 3-1 above, which focuses instead on areas external to the FP.

The decision process and criteria chosen by the FP may reflect both risk and return (Shepherd & Zacharakis, 1999). The magnitude of a potential return, or the profitability of the investment, is often associated with the inherent risk although reality may differ. This stereotypical relationship can be visualised as a quadrant of four combinations of high and low levels of risk and return as shown in Figure 3-2.

Figure 3-2
Stereotypical Risk /Return Matrix



Source: Author's compilation

Depending on the FP's risk profile, their level of ambition and the associated business model they use for investing, the FP may be looking more in certain quadrants of Figure 3-2 than in other quadrants. This variety in FP risk/return focus ties in with the opening comments in this section that some FPs look for fit before they look for risk. Those in the upper right-hand side of the

quadrant, such as VCs, seek high returns to cover their high risk, and it is an integral part of their business model that drives the criteria they use. These criteria assess the potential for high growth and scalability, as the FPs in this category require a high absolute return. “VCs are not willing to spend time on small investments that offer low absolute returns, even if the rate of return is high” (Fried & Hisrich 1994, p. 31). In relation to potential high returns, FPs will also not invest “if the risk exceeds a certain level”, no matter the high predicted return (Jeffrey et al., 2016, p. 190); however, this level will vary according to the FP. Those in the bottom left-hand side have a business model that is built around low risk and frequent small returns, such as banks. The dominant criteria in use assess the potential reliability and stability of returns, including capacity to repay and presence of collateral. A business angel will typically sit between the two quadrants, having less capital to invest (and put at risk) than a VC and more tolerance for risk than a bank. Friends, family, and fans may be found in any quadrant, especially as risk and return definitions can be subjective to the FP, and what may seem as risky to one may be acceptable to another depending on contexts.

Risk coupled with uncertain returns suggests that the decision to finance start-ups/scale-ups could be a gamble. Making choices about the assessments of risk and return (probability-discounted utilities and payoffs) is a characteristic of normative gambling-based decision-making theories such as utility theory and probability theory (Beach & Connolly, 2005). Behavioural economics is likewise “rooted in the gambling metaphor” (Beach & Connolly, 2005, p. 90), with the most famous example being prospect theory (Kahneman & Tversky, 1979, as cited in Beach & Lipshitz, 1996) and even signaling theory, which describes a game of investing under uncertainty (Bafera & Kleinert, 2023; Spence, 1973). It is also not unusual to see analogies to poker on FP websites that advise would-be equity investors or educate founders on how to pitch. Direct quotes from participants in qualitative empirical studies (such as Huang, 2018) also reveal that some equity investors see and assess the EF situation in relation to poker.

However, the FP may be attempting to influence the outcome rather than placing their bet and leaving the rest to luck. When the FP chooses a venture for investment, they are entering into a principal–agent relationship (Jensen & Meckling, 1976). Usually, the FP is the principal tasking the agent (the founder) with providing a return on investment in dollars or impact on the funds invested/lent. This reference to agency theory (principal-agent theory) is common in the EF literature (Drover et al., 2017). Agency theory is characterised by the different contributions made by the principal as the delegator, and the agent as the delegate with some decision-making authority, towards partly aligned goals in an environment where it is difficult or costly to obtain

relevant information on the agent's values (Eisenhardt, 1989; Jensen & Meckling, 1976). This situation is referred to as information asymmetry, and it is due to the hidden characteristics of the founder and their venture, which can also include hidden moral hazards that are potentially inconsistent with the FP's own interests. It is from values that goals, strategies and actions arise (Beach & Connolly, 2005), and under agency theory (principal-agent theory), the values of particular concern relate to the possibility that the agent's (founder) risk preferences and integrity/ethics misalign with those of the principal (FP) and result in negative outcomes for the latter. Jensen and Meckling (1976, p. 41) illustrate this point in relation to debt finance:

> Potential creditors will not loan $100,000,000 to a firm in which the entrepreneur has an investment of $10,000. With that financial structure the owner-manager will have a strong incentive to engage in activities (investments) which promise very high payoffs if successful even if they have a very low probability of success. If they turn out well, he captures most of the gains, if they turn out badly, the creditors bear most of the costs.

In EF, the agent (founder) also has cause for concern regarding the principal's (FP) values and integrity (Shepherd & Zacharakis, 2001). This concern can be seen, for example, when founders fear their idea being stolen by the FP (Ueda, 2004), especially if the FP has other investments in competitors' ventures (existing or emerging). In some forms of EF, especially where advice, mentoring and other value-add services and resources are provided as may occur in equity finance, the principal–agent context can be described as two agents working together in partnership with highly aligned goals, where their cooperation sees each better off than an act of low integrity such as shirking or even defection would. While an agent–agent relationship can be seen as a movement away from gambling compared to a principal–agent relationship, agency costs are still incurred (Jensen & Meckling, 1976). Some scholars explain an agent–agent relationship as being a subset of the prisoners-dilemma situation from game theory (Cable & Shane, 1997) and argue that agency theory in general is a gambling-based decision theory, being a game against person's game rather than a game against nature game as per von Neuman and Morgenstern's (1947) game theory. It is beyond the scope of this thesis to explore in more depth the concepts of agency risks in EF and to what extent EF constitutes gambling. However, it is interesting to point out that these concepts have a connection with the founder characteristics and the FP characteristics, in particular with the elements of credibility, trustworthiness, integrity, capability and skills and psychological states and the alignment with values, goals, and outlook.

Founder characteristics are not easy to assess because of the subjective interpretation possible in these areas (see Section 2.4) and because of the difficulty in measuring them (see Section 4.7.2.5) and/or in choosing what signals imply their presence/absence/magnitude (see Section 2.3). These

difficulties make signalling founder characteristics to the FP potentially more challenging, and the challenge may be further complicated where a founder also does not understand the decision process being used by the FP and therefore how and when to best send what signals relating to the criteria. The founder is not alone in this respect, as the EF literature itself does not yet offer a clear or unanimous understanding of the decision process being used by the FP, as is demonstrated below.

Many decision theories are used in EF, and as seen above, many of them are normative, even though descriptive theories also exist, such as the lens model and social judgment theory (Brunswik, 1956, as cited in Ferrati & Muffatto, 2021; Zacharakis, Meyer, & DeCastro, 1999). Other EF scholars refer to the use of decision heuristics as examples of deviations from normative decision theory, but they cite that this "fail[ing] to follow traditional portfolio theory" (i.e., where the trading of risk and return in a compensatory manner is abandoned and replaced with a non-compensatory based decision heuristic) is something that only occurs in "time-constrained situation[s]" (Jeffery et al., 2016, p. 193), which by extrapolation would not apply to the whole EF decision process from start to finish. In their EF literature review that focuses on the VC decision-making process, Fried and Hisrich (1994, pp. 28-29) quote Sandberg et al. (1988, p. 13) to point out that human decision-making is a process that comprises more than the "final decisions". Attempts have since been made "towards a model of business angel investment process" (Paul et al., 2007, p. 107), and many years on from those observations, Carpentier and Suret (2015) identified that the EF literature still does not have complete knowledge of the BA decision process, in part because most empirical studies have a cross-sectional design and look at a single step of the process rather than the process in its natural environment.

As Drover et al. (2017) comment in their review of EF research, many EF scholars' investigations into investor decision-making reveal "the irrational and often biased nature of such decisions" (p. 1827), which "defy rational formulas and rigid approaches" (p. 1828). Likewise, scholars from the field of psychology demonstrate that decision-making is a process of steps that involves more than the making of choices, as in real life, risk and return are not assessed in the rational manner assumed by the normative/prescriptive models of decision-making, and even seasoned gamblers often do not act according to gambling-based or normative theories (Beach, 1993; Beach & Connolly, 2005; Beach & Lipshitz, 1996; Beach & Mitchell, 1996; van Zee et al., 1992; Wagenaar, 1988). This situation does not bode well for the founder-cum-researcher seeking to understand which criteria the FPs' consider the most important in order to tailor their signalling efforts to best meet these criteria. The next section introduces a decision theory that originated outside of the entrepreneurship field, and which is used to further this discussion and review of the EF literature.

3.3 Image Theory: A Decision-making Theory to Provide a Common Terminology

A decision theory from the field of psychology is introduced to aid the rest of this review on the FPs' decision criteria and decision process. This theory is used to describe the FPs' decision process beyond the normative and gambling-based view that underlies agency theory (principal-agent theory) (Cable & Shane, 1997) and that resides in much of the EF literature. Utilising this decision theory provides a common terminology and assists in placing the risk-return aspects of the FPs' decisions into the broader decision context, which allows the FPs' decision criteria (see Figure 3-1 for examples) to be better understood by the founder. This theory is image theory (Beach & Mitchell, 1987, 1990), and it can be applied at both an individual decision-maker level and an organisational level (Beach & Connolly, 2005; Weatherly & Beach, 1996), which makes it applicable regardless of whether the FP invests individually, as an organisation, or as part of a collective or a syndicate. It is therefore also applicable across all sources and types of EF (refer to tables 1-2 and 1-3 for examples).

Image theory is a decision theory that was pioneered by Beach and Mitchell in 1987 and 1990. It is a descriptive decision theory as opposed to a normative or prescriptive theory that proposes there are three different "schematic knowledge structures" that make up the decision process (Beach & Mitchell, 1996, p. 5). First, the decision-maker has underlying values and principles that shape their world view on how things should be and what types of behaviour are good, right or acceptable. Second, the decision-maker has a goal they wish to achieve that may involve, for example, tangible or intangible items, events or abstract states of being. Third, the decision-maker adopts various plans and strategies to obtain the desired goal, which involves undertaking actions/behaviours and also forecasting the outcomes of these actions/behaviours/plans/strategies to determine if they are likely to lead to the desired goal (Beach & Connolly, 2005; Beach & Mitchell, 1996).

Image theory refers to these three schematic knowledge structures as images that the decision-maker holds in their mind. These images are the value image (values and principles), the trajectory image (goal or target) and the strategic image (plans and corresponding forecasts re actions and behaviours that should lead to the goal) (Beach & Connolly, 2005; Beach & Mitchell, 1996). These three images are held in a frame that gives the images meaning and organisation and represents the context, perspective or filter through which the decision-maker is seeing the images (Beach & Connolly, 2005). This frame contains both objective and subjective elements because it arises as a consequence of recognising situations from prior experience that make it possible to label and view the current experience (Beach & Connolly, 2005; Mitchell & Beach, 1990). Frames can also

arise from world views, beliefs and culture (Beach & Connolly, 2005), and hence they are influenced by the value image.

Under image theory, there are two types of decisions: decisions to continue progress with the current course of action or the current goal (progress decisions) or decisions to adopt a new course of action or adopt a new goal (adoption decisions). Progress decisions involve comparing the fit between the current plans/actions/behaviours and their forecast outcomes (strategic image) with the goal that is being worked towards (trajectory image) (Beach & Connolly, 2005; Beach & Mitchell, 1996). If things look off track for reaching the goal, then the current plan will be revised or replaced with a new one, otherwise it will remain unchanged. Similarly, the goal itself (trajectory image) may be revised or replaced if it becomes apparent that it is no longer compatible with the decision-maker's principles and values (value image). The second type of decision, adoption decisions, are about adopting or rejecting either the plans and their actions and behaviours (strategic image) or the goals (trajectory image) (Beach & Connolly, 2005; Beach & Mitchell, 1996). Progress and adoption decisions can both also be made around principles and values (value image). However, this association is rare in adults (Beach & Mitchell, 1996) and more likely in young decision-makers where value images may be in flux (Stevens, 1996) so more likely to change. Studies show that a person's beliefs and therefore values can change over time and in response to new information, knowledge, perspectives, environments and experiences (Sharot et al., 2023; Krueger, 2007). See section 1.10.9 which defines values and beliefs and comments on how this may intentionally be achieved.

Adoption decisions can be further separated into screening or choice decisions. In screening decisions, the decision-maker compares candidates to the three images from image theory as described above (these are used as criteria or form the basis of criteria used), and unacceptable candidates are rejected (Beach & Mitchell, 1996) to arrive at a shortlist of compatible options. The decision process then progresses to a choice decision between the shortlisted options to assess their profitability. There will be no need for a choice decision unless more than one candidate has passed the screening process (Beach & Connolly, 2005; Beach & Mitchell, 1996).

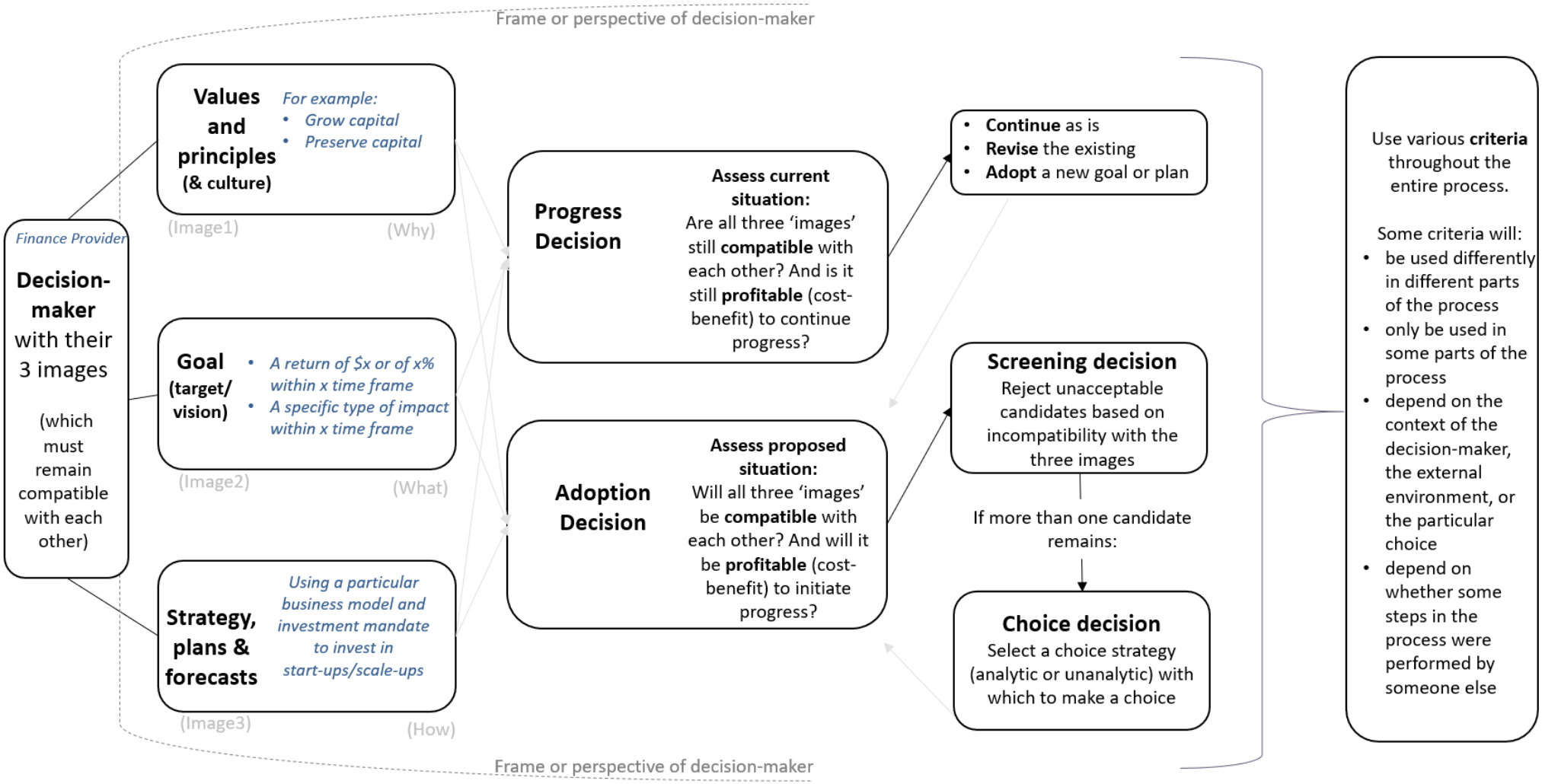
There are many strategies that can be used to make a choice. The strategies are either analytic (both aided and unaided) or unanalytic. Christensen-Szalanski (1978, 1980, as cited in Beach & Mitchell, 1996) show that the strategy the decision-maker selects for use is influenced by three types of characteristics: those of the decision-maker themselves, those of the environment the choice is situated in and those of the choice itself (Beach & Mitchell, 1996). Beach and Mitchell (1996) give examples of characteristics for each of these three types. In relation to the decision-maker, the characteristics are their personal repertoire of choice strategies, their ability to

implement these strategies that they know of, and their incentive to minimise the costs (time, money, effort) in implementing the strategy without sacrificing the quality of the decision process. Characteristics in relation to the environmental impacts are whether the choice is irreversible, whether the choice can be made in iterations, how significant the choice is, the consequence of unacceptable outcomes and the constraints on the choice strategy due to time and money. In relation to the choice itself, the characteristics are the complexity, uncertainty, unfamiliarity and volatility of the choice. Another way of expressing this is to say that frames impact on the decision strategies that are chosen (Beach & Lipshitz, 1996), as frames are a combination of the three images organised from a certain perspective as derived from a mix of past experience and the value image.

Interwoven in all of the above is the concept that progress and adoption decisions, which are the only two types of decisions in image theory, can be made by assessing either or both compatibility (with goals, values or other aligned criteria) and profitability (cost-benefit mechanism) (Beach & Connolly, 2005; Beach & Mitchell, 1996; Christensen-Szalanski, 1978). In addition, because compatibility between the three images is central to the decision-making process, it is possible for screening decisions to reject candidates that might be very good in all respects other than violating a particular moral, value or principle held by the decision-maker (Walsh, 1996). Therefore, framing plays a role in decision bias because framing affects the "process of selecting a course of action" (Dunegan, 1996, p. 182) by distorting the information that guides the process and therefore affects the outcome (Dunegan, 1996). In other words, image theory describes a decision process that has general principles and components that are assembled in a manner unique to the context of the decision-maker and their interpretation of themselves, their environment and the decision.

Image theory is used as a reference point when discussing the concepts from the EF literature in relation to the FPs' decision process and criteria. Figure 3-3 below summarises the FPs' decision process using the concepts from image theory. Further nuances and concepts presented in the figure are discussed in the following sections in relation to screening, choice, criteria and decision style or strategy, and a second related diagram is presented in Section 3.5.

Figure 3-3
FP's Decision Process Described Using Image Theory



Source: Author's compilation describing image theory (Beach & Mitchell, 1978, 1990)

The choosing amongst bets analogy that is often presented in the EF literature can now be seen as a phase within a larger decision process that is affected by many contexts and variables and may be arrived at from several directions. The next two sections discuss further concepts from image theory as part of carrying out an exploration the EF literature that relates to decision phases and decision styles (this terminology is from the literature and not image theory) of the FP, with the view to understanding what FP decision criteria are the most important for a founder to address when signalling.

3.4 Phases in FP's Decision Process and Impacts on Criteria Used

It is evident from the EF literature that there are phases involved in an FP's decision-making process, and that these phases affect the criteria used by the FP, which in turn impact on what and how the founder may best signal to the FP. There is, however, no consensus in the EF literature on the number and types of phases that an EF decision goes through, due in large part not only to the fact that these appear to vary depending on the FP but also because the EF literature is diverse and fragmented. It appears the smallest number of practical and universal EF decision-making phases reported across all EF types and sources is three, within which various nuances and sub-stages occur depending on the type and source of EF and the decision-maker themselves. For example, Fried and Hisrich's (1994) model for the VC decision-making process has five screening phases, with the last three stages "not clearly distinguishable" in all cases (p. 34).

To first summarise the EF literature without using image theory terminology, there are three general EF phases, regardless of EF source or type. Phase 1, pre-screening, is selecting for immediate rejection against a set of criteria, standards or values. This is a short phase (Jeffery et al., 2016) that is characterised by a high rejection rate (Carpentier & Suret, 2015). The FP's aim is to get the 'no's' off the table as quickly as possible to avoid wasting resources (time, cognitive effort etc.) (Jeffery et al., 2016). It often involves heuristics (Maxwell et al., 2011) and may be a task that the FP delegates to their staff (Bonini and Capizzi, 2019). Phase 2, screening, is selecting for negotiations by rejecting unsuitable candidates based on a level of due diligence. Phase 3, screening, is selecting for deployment of funds via a more involved level of due diligence, for example deal-structuring screening.

If image theory terminology is used instead, Phase 1 is a screening decision, and Phase 3 appears to represent either a choice decision (adoption decision) or a progress decision on a choice made earlier to continue deal-structuring negotiations already underway with selected venture/s. Phase 2 is a second screening rather than a choice decision as it results in an additional shortlist by rejecting those deemed, upon closer inspection, to be unsuitable for negotiations. Thus, it appears

that some form of choice is made between phases 2 and 3 rather than just a rejection. Both Paul et al. (2007) and Fried and Hisrich (1994) find that during the screening stages, emotional involvement occurs for BAs and VCs regarding certain candidates, and when this occurs, it marks a shift in the FP's decision process and a change in the goal of the screening. Huang (2018) also points out a shift in perspective at some point in the screening process where the FP's language surrounding the founder and the venture changes from 'they' and 'them' to 'we' and 'I', which indicates an identification or affiliation with the candidate that was not present previously. It is likely at this point of shift (which is not predicted in advance) that the rejection decision process became a choice decision without a formal phase having been assigned to the event.

In the EF literature, it is the phases that follow pre-screening (i.e., screening for negotiations and screening for deployment of funds) where the variances in decision style and criteria across the EF sources and types come into play most prominently. This situation is in alignment with image theory, which states that in the choice phase of decision-making, which occurs in these two FP phases somewhere between negotiations and deployment of funds, there are a great variety of strategies and tools available to the decision-maker. Image theory also implies that the information the founder signals to the FP may be used differently by the FP depending on whether the FP is making a screening decision (including pre-screening decisions) or a choice decision, and whether the FP has moved from an adoption decision to making a progress decision. This implication is in line with observations from EF scholars that there can be, not only a difference in criteria and weighting in use by the same FP in the different phases as applied to each prospective investment (Shepherd & Zacharakis, 1999), but also changes in the FP's screening criteria as founders progress through the investment process (Drover et al., 2017; Svetek, 2022), because "different investment stages are characterised by different goals" (Svetek, 2022, p. 94).

Carpentier and Suret (2015) appear to contradict this observation by stating that the rejection criteria did not differ much across the middle four (of six) decision steps that they identified in their study of BA syndicates. However, their conclusions reveal that this result was because the type of risk being assessed (i.e., the goal of the decision phase/step) did not change during those four steps, all of which were screening decisions that focused on rejection, while the first step was a pre-screening, gatekeeper step and the final step was the term-sheet negotiations. Therefore, their explanation shows that their findings do appear to be congruent with image theory.

Both the EF literature and image theory thus make it clear that the decision phase (or decision type in image theory terminology) and decision criteria may occur in combinations that are unique to the individual FP and also unique to the decision phase. This conclusion is in line with other studies on screening and choice, some of which show that the criteria used by a decision-maker in the

screening phase are not only used differently in the choice phase, but in certain situations they are also not referred to at all in the choice phase of the decision process (Beach, 1993; van Zee et al., 1992) even though those criteria could aid the choice process and are available, having already been used in the screening phase. The problem observed by Ferrati and Muffatto (2021) of scholars not considering all phases of the EF decision-making process is therefore compounded, and there is the potential to miss certain criteria that were assessed in other phases of the screening.

Furthermore, as Stevens and Beach (1996) summarise from several empirical studies in other fields (job search and selection), when a decision-maker is in the screening phase (selecting for rejection), the decision-maker generally considers both the criteria weighting (importance) and the number of criteria violated when making a rejection. The number of violations required for a rejection tends to be consistent for that particular decision-maker in that decision task, and once this rejection threshold is reached, no further criteria are assessed, regardless of their importance (Beach, 1993). Instead, the decision-maker moves on to assess the next candidate. Thus, the non-violations, no matter how many, do not balance out the violations (Stevens & Beach, 1996) because these are non-compensatory (Beach, 1993), and the candidate has been revealed to have what may be described as a "fatal flaw" (Jeffery et al., 2016; Maxwell et al., 2011). In addition, it has also been shown that a violation will effectively be considered to have occurred in situations where there is no information (or missing information) for a criterion that is rated as important (Stevens & Beach, 1996). In other words, paucity of information results in an inclination to reject the candidate (Beach 1993; Potter & Beach, 1994).

This discussion highlights that the phases in the FP decision-making process and the decision criteria assessed are not an indicator of one another, as they are not coupled together in a predetermined way. In image theory terminology, the decision phase effectively means the type of decision being made, whether it be a progress, adoption, screening or choice decision. The challenge for the founder is that a founder cannot be advised to emphasise any particular criterion over another in their application or interaction without first understanding the FP's goals, needs and values and the nature and weighting of the criteria used by the FP to express these, as well as what phase the FP is at in their decision-making process. Understanding FP goals/needs/values or criteria nature/weighting may not be possible or realistic in many circumstances but may be crucial for ensuring that relevant important information is signalled to the FP in the screening stage (Stevens & Beach, 1996). To further complicate matters, the decision-maker (FP) uses differing decision strategies at different stages. The next section discusses how the EF literature understands FP decision styles, which in image theory terminology are decision strategies.

3.5 FP's Decision Style/Strategy and Impacts on Criteria Used

As EF scholars observe, the ordering and emphasis of particular decision criteria can vary. While some of this variation is attributed to the decision phase, as discussed in the section above, it is also often attributed in the EF literature to the personal decision style of the FP, which can have an affective emphasis or a cognitive emphasis (Huang, 2018; Wuillaume, 2018). However, similar to the decision stage, the ordering and weighting of criteria applicable to either decision style is open to debate, as EF studies present a variety of findings. Three examples are presented below to illustrate.

The first example is in relation to screening stages affecting decision style. Maxwell et al. (2011) state that an "elimination-by-aspects decision heuristic" (p. 216) is used in the screening stage due to it being a fast decision-making tool; however, it is not used in the final decision stage where "likely more subjective" (p.220) criteria are used instead of the non-compensatory heuristic. Jeffrey et al. (2016, p. 192) likewise state that in pre-screening "completely objective information" is used to reject candidates that display fatal flaws, and once these candidates are rejected the FP then moves to use "more subjective criteria". The examples of subjective criteria given by Jeffrey et al. (2016) encompass the founder characteristics of passion, trust, similarity to the FP, and signs of agency risk and moral hazard risk.

Other scholars find that founder-characteristic criteria are not always left until after pre-screening, but rather it depends on the individual FP and their risk focus. A 'control-focused' BA seeks to avoid the risk of financing a venture that will not provide an adequate ROI, and Huang (2018) finds that this type of BA relies first and foremost on business-viability data, checklists, and cognitive (thinking-based) decision strategies (or styles) and uses affective (feeling-based) strategies later along with assessments of founder characteristics such as execution capability and trustworthiness. A 'choice focused' BA seeks to avoid the risk of not financing a venture that will provide a desired ROI, and Huang (2018) finds that this type of BA relies on their affective perceptions of the founder characteristics from the very beginning. This affective decision style remains in place, with the analytical data on business viability used in a syncopated manner to justify the affective conclusions made. Other scholars report that there is "agreement in the literature" regarding VCs in that "the financial aspects of the proposal are generally of limited importance at the initial screening stage but assume importance at the second stage in the decision-making process" (Mason & Stark, 2004, p. 231).

The second example is in relation to an FP's experience level affecting their decision style and thus the use of certain criteria over others. Some scholars state that a less experienced

crowdfunding investor will generally "rely heavily on their emotions" (Wuillaume et al., 2018, p. 249), and that an investor who is "motivated by rational considerations" (p. 253) thoroughly considers economic information rather than the narrative of the founder. Other scholars report that experienced BAs only use founder-characteristic criteria (Bernstein et al..2017) or at least place greater emphasis on founder characteristics compared to less experienced investors (Warnick et al., 2018). Svetek (2022) explains that an FP's experience level affects their ability to make better screening decisions, which is also the case for banks where the lending officers' experience level is reported to affect their decisions (Bruns et al., 2008). Some scholars find that the lending officer may not be overly experienced and may even be relatively junior in the organisation compared to the decision-maker in an equity investment situation (Hisrich & Jankowicz, 1990). This observation of how a bank structures their decision-making process to utilise employees with less experience could be associated with banks' more policy-driven cognitive decision style and higher weighting on business metrics.

The third example occurs where the ordering and emphasis of particular decision criteria are related to a decision style that is considered stereotypical for that FP type or source. To illustrate, providers of debt are perceived to make their investment decisions in a cognitive style with a standardised checklist and a focus on loss aversion and risk mitigation and using objective financial business criteria rather than founder characteristics (Bruns et al., 2008; Mason & Stark, 2004); however, other studies show that this stereotype does not always hold true and that intuition plays a part in commercial lending decisions regardless of loan size (Jankowicz & Hisrich, 1987). In relation to BAs, it is not uncommon for the findings to show that they use intuition when assessing equity valuation criteria (Paul et al., 2007) or even in general (Huang & Pearce, 2015), and it has been observed that BAs give more weight in general than a VC to softer factors such as the founder's personality and experience (Paul et al., 2007). Decision style is of course also driven by personal characteristics, as Fried and Hisrich (1994, p. 31) observe in relation to VCs, as "Even if two VCs have the same criteria, there may be major differences in their judgment as to how well a particular investment proposal meets these criteria".

The disparate and segmented EF literature does not make consistent distinction between screening decisions and choice decisions (see Section 3.4 above) and also appears to use decision style in addition to decision phase as a concept to explain variations in the ordering and emphasis of particular decision criteria. On the other hand, image theory states that decision-makers use a different cognitive process when making screening decisions than when they are making choice decisions (Beach, 1993; Stevens & Beach, 1996), and that screening decisions only use one decision strategy, the compatibility test (Beach 1993), which is determining whether the candidate

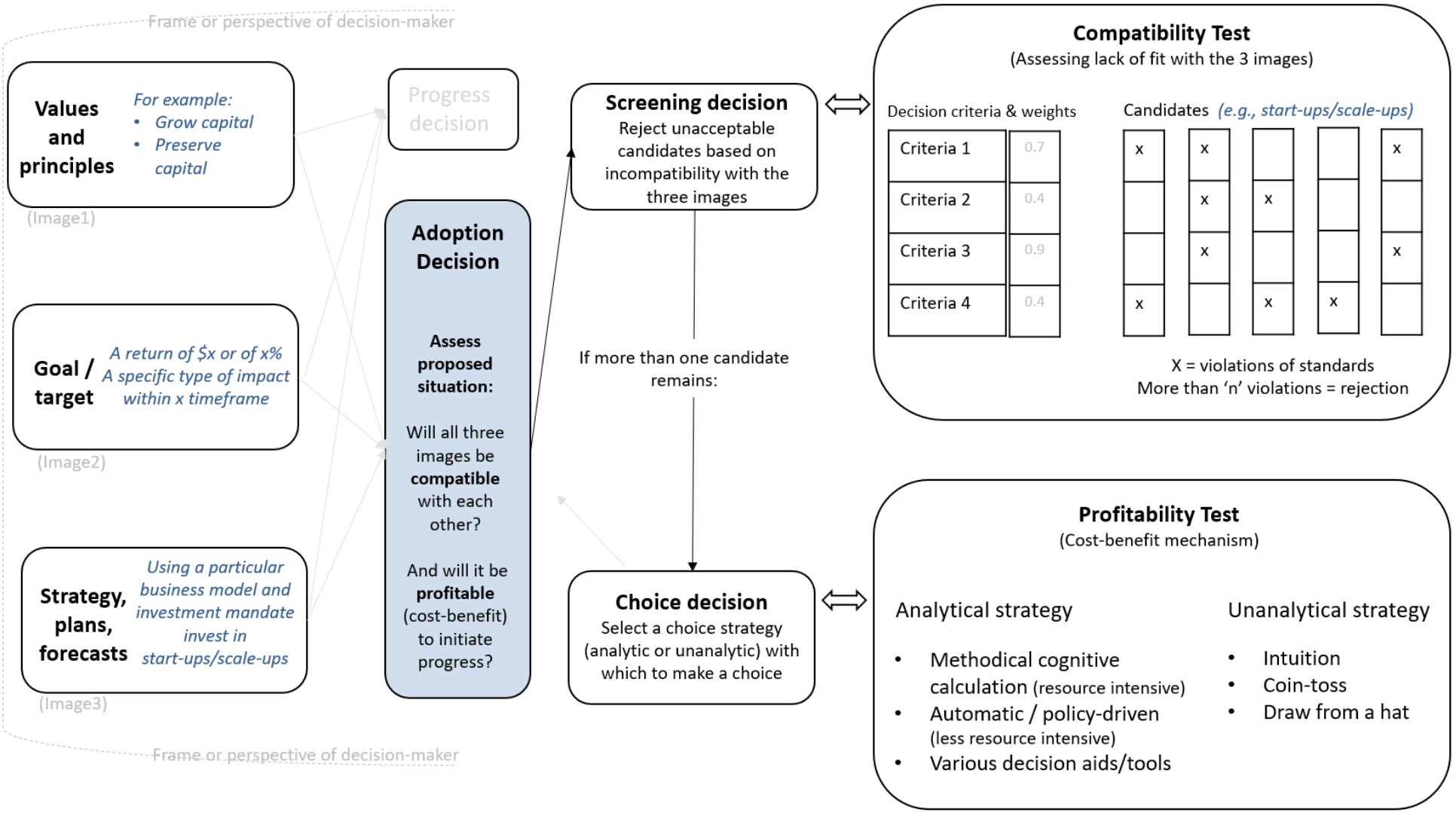
is compatible with the value, trajectory and strategy images. When making choice decisions, however, a multitude of different decision strategies can be involved. These cognitive processes or decision strategies can also be thought of as decision styles, which is the term commonly used in the EF literature. As was illustrated in the examples above, these varying decision styles are mostly expressed in the EF literature as having either an affective emphasis or cognitive emphasis, which is compatible with image theory stating that decision strategies (i.e., decision styles) range from analytic (both aided and unaided) to unanalytic and can be automatic, deliberative and intuitive (Beach et al., 1996). These concepts from image theory are explored further.

In relation to analytic strategies, both automatic and deliberative strategies can be utilised. Automatic decisions occur when a situation is identified as being similar to one encountered previously, and a pre-established policy is then enacted (Mitchell & Beach, 1990) which includes the reliance on biases. Biases are essentially automatic habits or policies for behaviour (Beach et al., 1996; Mitchell & Beach, 1990). Automatic decisions are a type of cognitive or analytic strategy that require minimal resources (cost) to employ (Dunegan, 1996), and they are distinct from intuitive decisions that are based on a sense (Beach et al., 1996; Mitchell & Beach, 1990) rather than prior analytic efforts. When a decision-maker assesses image compatibility and perceives the three images of values, trajectory and strategy to be compatible, they are more likely to use an automatic decision style if there is a decision policy to draw on, which is likely for progress decisions as these deal with familiar situations (Dunegan, 1996). In other words, policy is created from past deliberative efforts, efforts that need not be repeated in current situations if the context is deemed comparable, as instead the policy can be relied upon. Where image compatibility is perceived to be low, then the decision-maker is more likely to use a deliberative, involved, methodical (i.e., costly) cognitive or analytic decision style (Dunegan, 1996) that in other situations would not be deemed a cost-effective approach.

In relation to non-analytic strategies, intuition may be used with high or low perceived image compatibility (Beach et al., 1996; Mitchell & Beach, 1990). For example, Paul et al. (2007) cite intuition being used in the bargaining stage, at which time the BA has already screened out founders with low perceived image compatibility, whereas Huang (2018) finds that some BAs use intuition and gut feel right from the beginning and, by implication, as part of assessing the image compatibility of candidates where instances of low perceived image compatibility will exist. Other non-analytic techniques such as drawing from a hat or coin tossing are likely to be used only where high image compatibility is perceived to guard the investment from the risk of blind gambles. It is not apparent to what extent such techniques are in use in EF, if at all.

As can be seen, image theory not only provides insight into the reason for the differing decision styles observed in the EF literature, but it also serves to highlight the importance of image compatibility and framing on both the decision style (decision strategy) and the decision criteria in use. The latter is explored in the next section to better understand the implications for founders. First, Figure 3-4, which builds on Figure 3-3, summarises the concepts raised in this section in relation to image theory and EF, in particular adoption decisions as opposed to progress decisions.

Figure 3-4
FP's Adoption Decision Including Screening and Selection as Described Using Image Theory



Source: Author's compilation describing image theory (Beach & Mitchell, 1978, 1990)

3.6 Business vs Founder Focus of Criteria Used by FPs

In Figure 3-1, the FPs' decision criteria were categorised into the three broad areas of founder, venture and environment. This section discusses whether the decision criteria that relate to the founder or to the venture are considered by the FP to have greater weight, as purported in the empirical literature. The decision criteria related to the founder can be referred to as founder characteristics and the decision criteria that relate to the venture can be referred to as business metrics. The criteria relating to the environment are not a primary focus of this thesis, as explained in Chapter 1. Knowing the answer to this question has the potential to provide insight for the founder's EF challenges and opportunities for EF success because it informs the signalling efforts as discussed in the introduction to this chapter.

This question of whether the founder characteristics or the business criteria are more important does not appear in the debt EF literature as it is generally taken for granted that business metrics are of foremost importance over and above founder characteristics (Mason & Stark, 2004). However, this may not be the case where the source of the debt finance is family, friends, or fans. The five C's of credit are collateral, capacity, capital, conditions, and character. Character ties into the founder characteristics; however, character can count for up to a third, rather than a fifth, of a founder vs venture debate when the C's are categorised accordingly. Financial capital and financial capacity are similar as they represent cashflow for operations and loan repayments, respectively (Bruns et al., 2008), and conditions relate to the external environment/context, so it may be excluded from this debate, which effectively reduces the five C's to three: cashflow, collateral, and character. While cashflow and collateral are vital criteria, founders seeking debt finance should not ignore the importance of founder characteristics (character) when signalling to the FP. On this topic of founder characteristics vs business metrics, there is little academic literature to draw upon regarding grants, and for crowdfunding, there appears to be a common view that EF is often dependent on the founder's social capital facets such as trust and reciprocity (Cai et al., 2019; Mollick, 2014) and characteristics such as persuasiveness, passion, commitment, vision, and language used (Anglin et al., 2018; Anglin & Pidduck, 2021; Mitra & Gilbert, 2014), although language used is found in some studies to be more important for social entrepreneurs than for commercial entrepreneurs (Parhankangas & Renko, 2017).

In equity finance, where the majority of this venture vs founder debate occurs, Kaplan et al. (2009) made the horse vs jockey metaphor famous in their 2009 article that found in favour of the "horse" (business metrics) over the "jockey" (founder/team management ability). Hanák et al. (2021) conducted a meta-analytic review of 20 empirical studies in relation to this horse-jockey issue

covering both VC and BA finance and found in favour of the business metrics in the pre-screening phases but not in the screening phases, and when all phases were combined together, the business/opportunity criteria were slightly, but not significantly, favoured. Carpentier and Suret's (2015) study of BA syndicates could also be interpreted to show similar findings to Kaplan et al.'s conclusion, as most rejection reasons in both pre-screening and screening centred around non-founder criteria. However, Carpentier and Suret (2015) also show that having prior industry and management experience significantly increases the chance of surviving the EF screening processes, which is more in line with the position supporting the founder (jockey), in that a good idea with poor management leads to loss (unless luck intervenes) and a lesser idea with good management leads to gains (Carpentier & Suet 2015; Gladstone & Gladstone, 2002) as industry and management experience have flow-on effects to the business metrics and strategies/plans of the venture (the horse) (Carpentier & Suret, 2015).

In their research on 885 VCs, Gompers et al. (2020) found in favour of the founder, where 95% of VCs ranked the founder as important and 47% ranked the founder as the most important factor. While business metrics were important, they were less so, with 83% of VCs ranking them as important and 37% ranking them as the most important. This founder-centric finding is supported by other research where the more experienced BAs "reacted only to [founding] team information" out of the three variables studied, which also included details of the start-up's traction and the identity of other current investors (Bernstein et al., 2017, p. 536). The authors cautioned that while founder human capital is initially important, it is due to the venture's early stage. Hsu et al. (2014, p. 1) found that both BAs and VCs "place similar weights on the specific human capital of entrepreneurs" but economic potential matters more to a VC than a BA and affective passion and strategic readiness matter more to a BA than a VC.

Ferrati and Muffatto (2021) classify 894 articles in their review of FP criteria, which covered BAs, VCs and high net-worth individuals, and identified that the highest percentage (34%) of criteria in any category were related to founder/management team characteristics. Like Hanak et al. (2021), who conversely found in favour of the business metrics, Ferrati and Muffatto acknowledge that moderators and circumstances are important, that it was difficult to compare the results of the studies in their review due to inconsistencies and that there was a high variance in the results between studies, likely due to the first two factors. These findings are in line with older literature reviews on FP decision-making, for example Shepherd and Zacharakis (1999), in relation to VCs consistently placing value on criteria relating to management/founder ability and quality; however, examples of contrary findings were also apparent.

In this venture metrics vs founder characteristics debate within equity EF, it appears that for all types and sources of EF, the matter is underlaid by a combination of issues: the current stage of the venture and what this implies to the FP, the screening order /screening phase in which these venture metrics or founder characteristics are assessed by the FP, and the weighting given to each criterion by the FP (Bernstein et al., 2017; Ferrati & Muffatto, 2021; Gompers et al., 2020; Hanak et al., 2021; Huang 2018; Mason, & Stark, 2004). In relation to venture stage as a relevant issue, there is a theme in the EF literature that an early-stage business is usually viewed as being little more than a founder with an idea, so there is often not much in the way of business assets, metrics or information to assess, which means assessing the founder is critical. However, businesses in a later stage have assets, processes and a momentum that will arguably survive a change in founder/management, and it is at this point when later-stage investors are involved that the business criteria matter more (Kaplan et al., 2009). Therefore, venture-stage is an important contextual element in the debate. Gompers et al. (2020) show that overall, the management team is the most important regardless of venture stage, and they also show that it matters more in the early-stage ventures than in the late-stage ventures. Hanak et al.'s (2021) meta-review shows that even in the later venture stages, the founder characteristics are still viewed as being very important. Overall, many studies state that the venture stage is crucial for whether the FPs place their focus on business criteria or founder criteria. Also, as Wesley et al., (2022) point out, scholars unnecessarily add to the disparate views on what criteria matter most to whom and when if they do not stipulate venture stage.

In relation to both screening order/screening phase, and the weighting given to each criteria, these issues have been discussed in the above sections (3.4 and 3.5), and it was shown that investors are heterogeneous (Drover et al., 2017) and that decision styles and phases, values and criteria vary within investor types. Image theory shows these variations are to be expected, and they occur according to the decision-maker's value, trajectory and strategy images and frame (Dunegan, 1996), all of which are specific to the decision-maker (Beach & Connolly, 2005; Beach & Mitchell, 1996;). Thus, image theory can also be used to explain the horse-jockey debate by attributing each side of the debate to differences in the value image (which drives all the other images), and to the framing of the value, trajectory and strategy images, and therefore also to the framing of the decision process, as framing influences how conditions around the decision are perceived and how progress towards a goal is assessed (Dunegan, 1996), which in this case is the goal of choosing and investing in a founder's venture.

Several EF scholars also caution that empirical studies are based on FP beliefs about the criteria they use and that the actual vs espoused criteria used, and their weightings may, in fact, differ

(Ferrati & Muffatto, 2021; Hanak et al., 2021; Shepherd, 1999; Zacharakis & Meyer, 1998). Image theory provides possible explanations for this difference in espoused vs actual criteria in that the FP may not be aware of the extent to which their value image is involved in their decision-making process, or aware that they likely use the same criteria differently (or not at all) in the choice decisions compared to screening decisions (Beach, 1993; van Zee et al., 1992). Also, several scholars (Carpentier & Suret, 2015; Ferrati & Muffatto, 2021) point out that the criteria cited in academic studies are often driven by scholars' questions rather than direct observations of FPs in action, which may bias the findings on the reported criteria in use. All of these reasons for the variation in findings relating to the FP criteria in use highlights a challenge for the founder when applying for EF and knowing how best to signal what criteria and when.

Taking all these challenging contributing factors and viewpoints into account, it is concluded that overall, the focus of the FPs' criteria, both indirectly and directly, is on assessing the start-up/scale-up founder. This focus is in the most part due to the ventures' early stage, as in an early-stage venture the founder is integral to the management and operations of the venture, and their ability to carry out those functions is reflected in the various metrics of the venture. The next section discusses further the founder-characteristic criteria of most importance for the founder to signal to the FP.

3.7 Founder Characteristic Criteria of Most Importance

As the above section demonstrated, the criteria relating to the founder themselves are overall indirectly and directly important and likely more important for start-ups/scale-ups than business-metric criteria due to their early venture-stage. This section strengthens the argument for this view by commenting on which founder-characteristic criteria may matter most. These comments serve to provide further understanding into potential EF challenges if these insights are not heeded and also understanding of opportunities for successful outcomes.

The EF literature is fragmented in regard to FP decision criteria (Ferrati & Muffatto, 2021). The literature reviews that were referenced in the discussions above reveal that many founder-centred criteria are assessed by FPs. A comprehensive example is provided by Ferrati and Muffatto (2021) in their review that found 71 different criteria relating to "characteristics of the entrepreneur/management team" (p. 166), which is an impracticable number for either an investor or researcher to administer. A broad overview of the literature reveals that the concept of founder-characteristic criteria includes attributes such as preparedness, passion, commitment, optimism, coachability, confidence, knowledge, skills, experience and trustworthiness. See Figure 3-1 and Table 2-1 for further examples. Overall, these attributes can be condensed to signals of capability,

suitability, capacity (execution ability) and credibility (agency risk). As illustrated in Figure 3-1, these attributes can also be categorised into the five broad components that are used in this thesis to describe the concept of founder characteristics. As outlined in sections 1.10.7 and 2.4, these components are human capital (HC), cognitive capital (CC), psychological capital (PC), social capital (SC) and personality (Big5). This targeted review, which was conducted post data collection, has not revealed the need to change these five categories that were arrived at pre data collection, but rather it has confirmed how overlapping they are, as was highlighted throughout Section 2.4 and summarised in Table 2-1. It has also illustrated how inconsistently the literature allocates individual criterion to them as a result, which is a fact that is further compounded by the segmented nature of the literature (see Section 1.6). Each of the five founder-characteristic components were discussed in detail in Section 2.4, so there is no need for further discussion on each founder-characteristic component here.

It appears that regardless of the type of EF that a founder is targeting (e.g., equity, debt, grants), the FP's criteria surrounding founder-characteristics are focused on reducing information asymmetry in relation to a) execution ability, which is the capability and capacity in the founder to make the venture's success both feasible and profitable, and b) agency risk, which is the consideration of whether the outcome will be profitable for the principal, in this case the FP. This focus is in part or in the main because the outcome of an early-stage venture and its impact or return-on-investment is highly dependent on the execution ability and integrity of the founder (Dimov & Shepherd, 2005; Kaplan et al., 2009). Just as "small businesses are mainly unique extensions of their owners' capacities, goals and aspirations" (Holmes & Gupta, 2015, p. 1), a start-up/scale-up is no different. Assessing the founder's execution ability involves looking at the link that exists between ability, knowledge, experience and capacity, the business strategy and tactics and the business metrics resulting from actions taken. The metrics are usually the product of the founder's experience, skill, influence and input (Carpentier & Suret, 2015).

Referring back to the definition of entrepreneurship (Section 1.10.3) and entrepreneur (Section 1.10.5), it can be argued that a venture is an extension of the founder, as it grows out of their idea, their values and vision, and their way of thinking and executing tasks. It is the founder's self-agency, skill set, knowledge and other personal characteristics, such as tenacity/persistence, grit and passion (Mueller et al., 2017; Murnieks et al., 2016), that mobilise resources and turn the opportunity they have spotted/created into a reality. This concept is also captured in the many variations of the view that an A-grade person with a B-grade idea is a better (less risky) investment than vice versa (Carpentier & Suret, 2015; Georges Doriot 1940 as cited in Murnieks et al. 2016, p. 1536; Gladstone & Gladstone, 2002). Thus, someone who has what it takes to get a result (an

A-grade person) is a good investment because their execution ability will likely generate a good return on investment regardless of whether the underlying idea is B grade or A grade. As human capital theory implies, a person will achieve "higher performance in executing relevant tasks" if they have "more or higher quality human capital" (Dimov & Shepherd, 2005, pp. 1-2). This view also encompasses the interconnected concepts of cognitive and psychological capital and extends to other founder characteristics, including personality traits which "appear repeatedly" as the investment criteria of BAs and VCs (Svetek, 2022, p. 89).

Assessing the agency risk[13] surrounding the founder involves looking at the link that exists between the founder's values, integrity and trustworthiness, the resulting strategy and tactics used, including any conflicts of interest inherent, and the FP's return-on-investment resulting from the founder's actions taken. The literature has several opinions on whether execution ability or agency risk is more important. For example, Carpentier and Suret (2015) find that across BA syndicates and VCs, once a venture has been pre-screened for viability and market risk (and agency risk in the case of solo BAs), the FP predominantly focuses in all other screening phases on assessing and controlling for execution risk. Other scholars state that it is still agency risk that is of importance (Hanak et al., 2021). However, it would appear that without execution ability, there is less reason to expect a return on investment and therefore to worry about losing it due to agency issues.

It is important to note that in practice, there are many factors involved, and these founder capital concepts identified are an indirect reflection of aspects of the founder as mediated and moderated by timing, chance and the external environment and other contexts. As noted in Section 1.1, there are factors at the meso and macro levels that are outside of a founder's control and must also be taken into account for a contextually holistic understanding of the EF challenges. See also Section 1.5 for the importance of context in entrepreneurship. The next section discusses the factors that are external to the founder and their venture by exploring the concept of chance.

3.8 Impact of Chance on EF Outcomes and on EF Signals

The influence of external factors (external to the founder and to their venture) are present in the initial conceptual framework within the expression 'environment and external context' (Figure 2-2). This context includes supply side issues, spatial and geographic location, cultural and temporal circumstances, industry, market and legislative infrastructure, government policy, and macro-economic conditions. A more detailed list of examples is contained in Figure 3-1 in relation to FP

[13] As per agency theory (principal–agent theory)

criteria, and specific recent examples are presented in Section 5.5. The data analysis and reflection that occurred post data collection (refer to Section 4.5.7) continued to highlight that these external variables/contexts also include the concept of chance. Chance is a probability or possibility, and it is also a term used by some in relation to luck, as a chance occurrence of an event[14], and to contingency, as something that is a possible occurrence that is liable to change due to chance or future events. Matters of location and timing play a role throughout as to what events one encounters where, when and with what probability or possibility. Chance affects entrepreneurial outcomes and therefore an FP's investment outcomes, and it also affects a founder's EF application outcomes and the outcomes of signalling efforts made by the founder to the FP.

Scholars acknowledge that the concept of chance plays its part in entrepreneurship (Denrell et al., 2015; Soto-Simeone et al., 2021; Storey, 2011) and by implication in the outcomes of the venture, any investment in the venture and therefore in the EF. What is not unanimous is the weighting that should be given to chance in venture outcomes. Most scholars agree that entrepreneurship is characterised by uncertainty, ambiguity and risk, this is built into the definition see Section 1.10.3, that failure rates are high for a new venture (Aldrich & Yang, 2014; Shepherd, Douglas, & Shanley, 2000; Timmons, 1990, as cited in Dimov & De Clercq, 2006) and especially an entrepreneurial one (Aldrich, 1994; Shane, 2009), that growth is hard to predict (Davidsson et al., 2010; Gilbert et al., 2006; McKelvie & Wiklund, 2010; Nason & Wiklund, 2018), that VCs lose money on more than half and up to 90% or more of the investments they make (depending on venture stage) (Aldrich & Yang, 2014; Landstrom, 2007, as cited in Storey, 2011), and that FPs whose business model does not cater for such high odds, for example a business angel or family office, also experience many failed/marginal investments (Mason & Harrison, 2000). Yet, the extent to which chance/luck contributes to the growth or survival of the venture is not clear.

Some scholars maintain that chance/luck plays a large role because when back-casting with the advantage of hindsight, 85% of performance variations, either growth or decline, cannot be adequately explained by existing theories (Coad, 2009, as cited in Storey, 2011), and the variations can even be considered random regardless of the time scales (Hogendoorn et al., 2019; Vaz, 2021). Other scholars refute this view and state that outcomes are the result of the founder's ability, which by implication means that the FP may attempt to pick ventures that either have the most chance of surviving chance and/or have founders with the ability to co-create with chance. Founders can be described not only as contributing to their own luck by virtue of seeing opportunities that others do not (McMullen & Shepherd, 2006; Davidsson, 2016) but also as making their own luck by

[14] Equating luck with chance is only one of several uses/definitions of the term luck (Hafer & Gresham et al., 2008).

virtue of their actions (Soto-Simeone et al., 2021; Wood et al., 2021) to mobilise resources, especially when including effectuation as a mode of action (Grégoire & Cherchem, 2020; Sarasvathy, 2001). This is not to ignore the fact that conditions at all levels, macro, meso and micro come into play in relation to a new venture's survival (Soto-Simeone et al., 2020), and that these include elements of chance (Coad & Storey, 2021).

In relation to EF application outcomes, there is the potential for chance meetings and lining up windows of opportunity (or the contrary) and for events contingent on each other to change outcomes in many ways. Specifically, however, there is the under-expressed concept that chance shows up directly in the signalling interaction that occurs between the founder and the FP when they attempt to address information asymmetries, where "even a small variation in the presentation of information signals is found to influence investment decisions" (Vazirani et al., 2023, p. 2). Not all signalling efforts are successful, which leads to failed EF applications (O. Colombo, 2020). This failure is a concern, as signaling theory shows that signalling efforts are not only a function of personal characteristics (e.g., ability, motivation, human capital and psychological capital, see Section 2.3) but are also subject to factors external to the signal sender, including variables in the external environment and of the signal receiver (Connelly et al., 2011). Section 2.3 discussed many of these signalling factors, amongst which are concepts of a noisy environment that distorts or obscures a signal and the impact of the receiver's (FP's) beliefs and values and their experience and expectations with the interpretation of signals (Busenitz et al., 2005; Connelly et al., 2011; Feltovich et al., 2002; Gulati & Higgins, 2003; Huang, 2018; Jain & Srivastava, 2000; Plummer et al., 2015; Spence, 2002). Location and timing also play a role in how the factors come together and influence signalling events and their outcomes. As these concepts have already been discussed, this information will not be repeated here.

These views in the EF literature relating to chance highlight that the importance of founder characteristics and the resulting business metrics, are not abnegated by the acknowledgement that chance also plays a role in the growth, success and survival of a venture (Coad & Storey, 2021; Denrell et al., 2015; Westhead & Wright, 2011). In fact, it can be concluded that because of the large role that chance has been demonstrated to play, the founder's characteristics are all the more important in order to navigate these very chance events. It is therefore particularly important for the FP to assess execution ability, as execution ability needs to occur within the context of high risk, uncertainty, ambiguity and unknowns (see Section 1.10.3 for the definition of entrepreneurship) as the founder responds to changes in the environment, in their venture, in other related contexts, and in themselves. Such changes within themselves can include cyclical changes in levels of motivation, passion, resilience and self-efficacy. There are therefore implications if

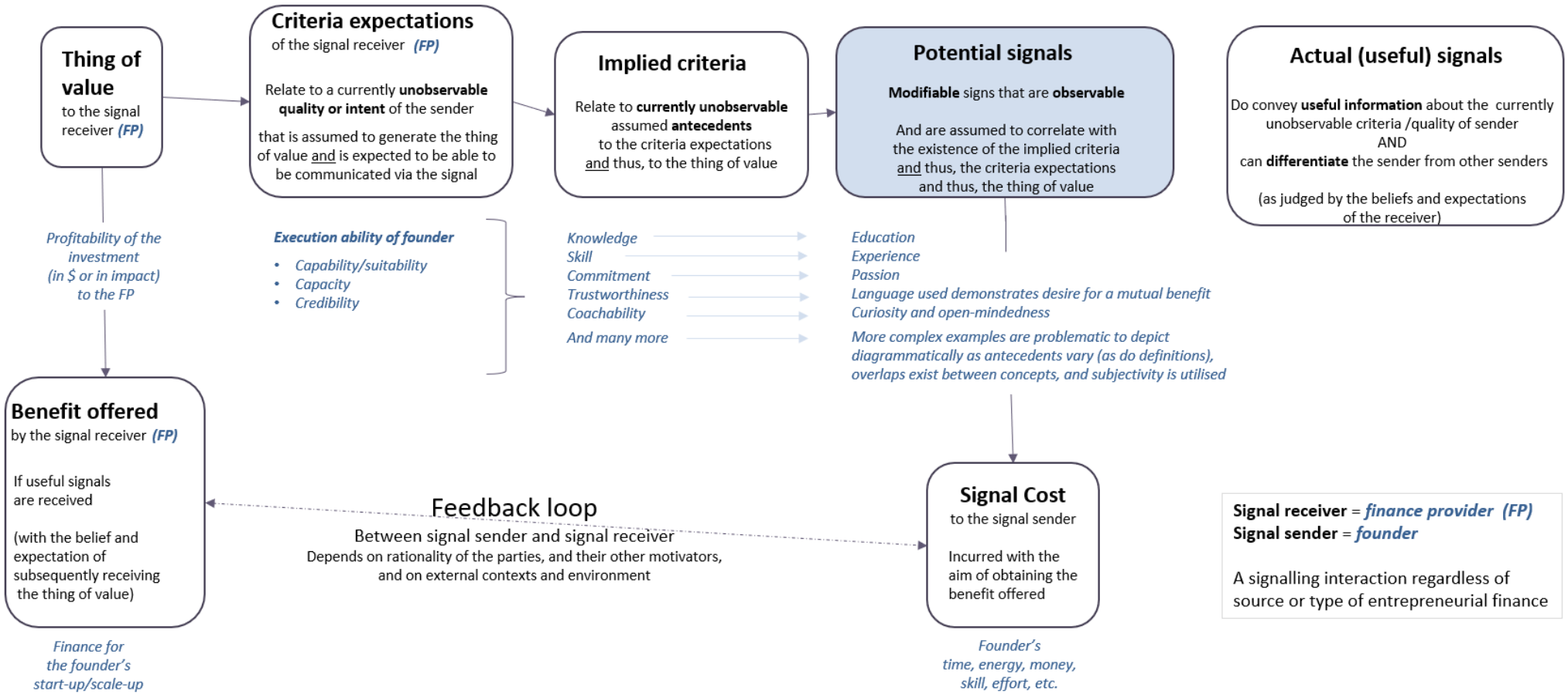
business metrics are being used as a way for the founder to signal their execution ability, as the metrics are outcomes of execution inputs as moderated/mediated by chance and timing. The implication is that the founder must concurrently demonstrate/signal to the FP that those metrics were created more so by ability than as a product of timing and chance, such that favourable outcomes/metrics can be repeated in the future.

The concepts discussed in this chapter are integrated in the next section into a second discussion of signaling theory that builds on the discussion in Section 2.3 and then the concepts are brought together into an updated conceptual framework to conclude this chapter.

3.9 Revisiting the Entrepreneurial Finance Signalling Process to Present a Deeper Understanding

This chapter invested time in understanding, regardless of the finance type and source, what the FP requires in terms of criteria and signals and how they go about deciding if the founder meets their criteria. This understanding provides valuable information for describing the entrepreneurial finance signalling process and informs the situation faced by founders who pursue multiple EF avenues during their journey. An informative diagram about EF signalling can now be presented by adding the information contained in this targeted review to the signaling theory overview provided in Section 2.3 of the scoping literature review. Figure 3-5 describes what an FP (signal receiver) wants from the founder (signal sender), it acknowledges the environment and external factors, and it presents examples of some of the many signals possible. Refer to Figure 3-1 for a more detailed list of examples in which they are referred to as criteria rather than signals.

Figure 3-5
Signaling Theory for a Start-up/scale-up Founder Seeking Entrepreneurial Finance



Source: Author's compilation drawing on concepts from signaling theory (Spence, 1973)

By using the EF context, Figure 3-5 adds to Spence's (1973) signaling theory by emphasising that what the signal receiver ultimately wants (the thing of value) is distinct from the unobservable quality sought by virtue of the observable signal. In the job market example Spence uses, the thing of value is not named but is presumed to be a profitable business, and the unobservable quality sought is employee productivity via the signal of job-applicant education level. Furthermore, via Figure 3-5, this study makes a nuanced distinction, that is not apparent in the existing models, regarding the connection between this thing of value and the signal looked for. This distinction is achieved by adding in the concepts of, a) criteria expectations and b) implied criteria as a means of describing what the EF literature is telling us about the EF signalling interaction. As the blue text in the figure shows, the FP (signal receiver) sets their criteria (signals looked for) with the expectation/assumption that the criteria will identify a founder who has execution ability and can thus generate a return on the investment in dollars or impact.

This unobservable quality of execution ability, however, entails at least two sets of assumptions to be made to arrive at an observable criterion or signal that can then be looked for. The first set of assumptions is the implied criterion. For example, it is implied that a founder with execution ability will be knowledgeable, but because knowledge is not observable, the second set of assumptions must be made by choosing a proxy measure. Education as a proxy measure assumes that education is an antecedent to knowledge and is thus a meaningful signal. This chain of assumptions also suggests why multiple signals are assessed together (as occurs in practice), because with such a multi-layered connection to the unobservable quality and to the thing of value, several signals or observable criteria are warranted for triangulation to reduce adverse selection.

Figure 3-5 is used in the analysis for understanding the experiences and challenges founders may face in their signalling to the FP, because it shows the layers of assumptions inherent in the signalling criteria and process. Drawing on the insights presented in Figure 2-1 in Section 2.3 of the prior chapter and the impact of beliefs and expectations, each layer of assumptions in Figure 3-5 becomes a possibility for differences in interpretation to cause misunderstanding between the two parties as to what the FP is requiring and what the founder is intending to communicate, which poses a challenge for the founder when signalling to the FP. The next section consolidates the concepts in both literature reviews into a second conceptual framework to aid the data analysis.

3.10 Second Conceptual Framework to Aid Data Analysis

This study seeks to understand founders' current lived experiences rather than approaching the research problem via a hypothesis or through a single theory; however, this research is conceptually driven. The concepts provide a common language with which to discuss the fragmented EF literature and with which to describe the EF process. The concepts thus serve as a guide to allow dual learning to occur. Firstly, they describe the generally accepted preconceptions or assumptions around the EF situation that can be referred to in the analysis, and secondly, they can be set aside because they have been identified, and space can thus be made for concepts that arise from the participants themselves.

In building on the initial conceptual framework (Figure 2-2), the updated version presented below uses the signalling interaction between the founder and FP as a means to visually arrange the concepts being utilised to describe the EF process. These concepts are first summarised in Table 3-1, and are as follows: a) the information asymmetries between the founder and the FP, b) the signals sent by the founder to address this information asymmetry with a focus not only on the founder's signalling ability in sending signals to the FP and interpreting the signals received back, but also on the founder's execution ability as an unobservable quality being signalled, c) the FP's decision criteria as the means of informing the founder of the types of signals expected and as linked to the FP's values, goals and strategies, d) the founder's characteristics because they impact on the founder's signalling ability and execution ability, they are an unobservable quality being signalled, they impact on the founder's views, comprehension and performance of the EF task, and they are criteria the FP is looking for, e) and the environment and external contexts, as they impact on the signalling interaction and on the broader contexts of the founder and FP. Founder characteristics are the founder's human, psychological, cognitive and social capital and their personality traits as per the Big5 personality model (as defined in Section 1.10.7 and described in Section 2.4). Note also the importance of context in EF research as discussed in Section 1.5.

Figure 3-6, which immediately follows Table 3-1, shows the second conceptual framework. By virtue of utilising perspectives from multiple disciplines, it provides a set of shared concepts and terminology with which to explore the phenomenon and analyse the data, and it can thus be used regardless of the type or source of EF sought by the founder.

Table 3-1
Underpinning Concepts of the Second Conceptual Framework

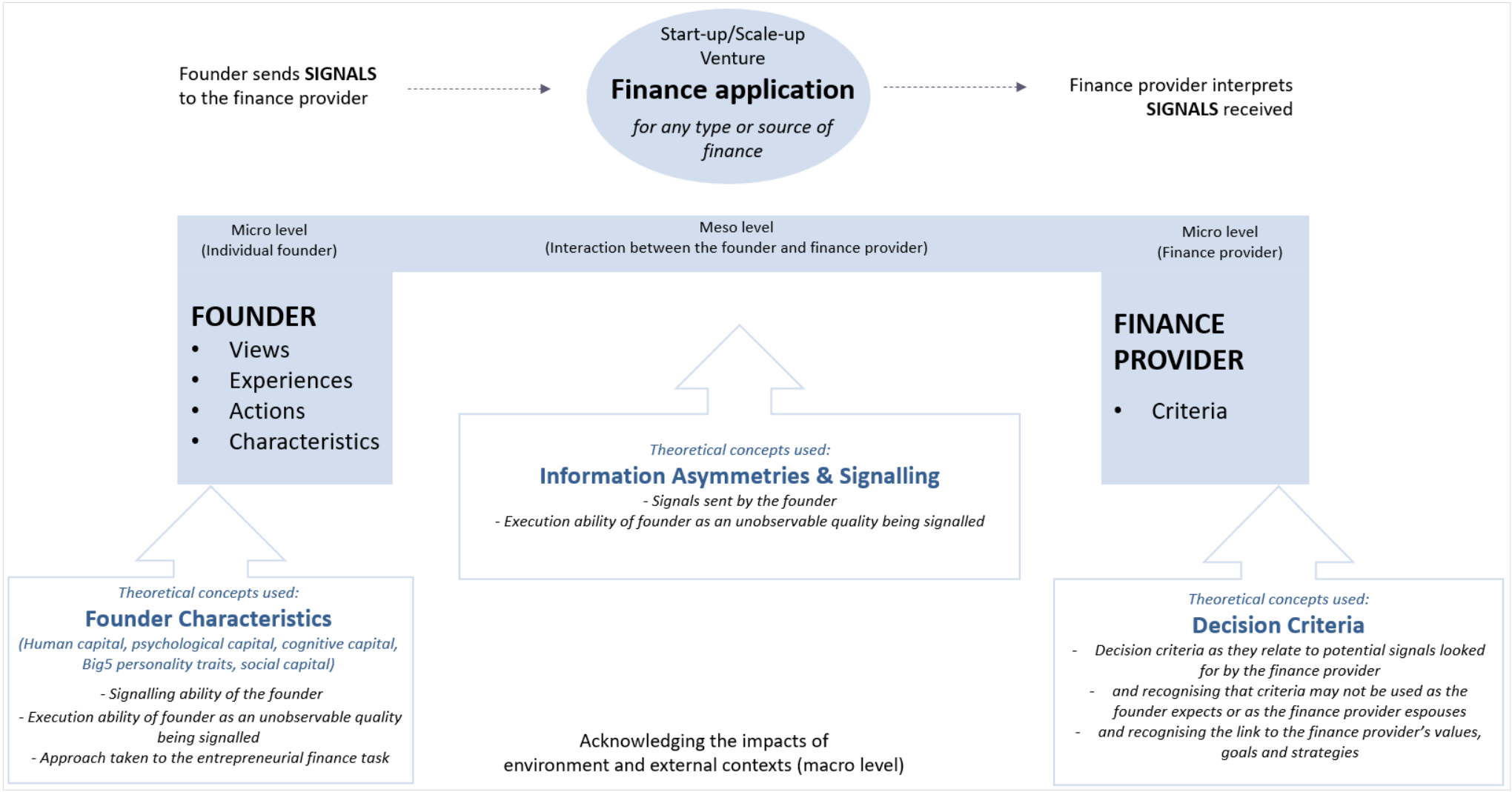
	Information asymmetry	**Signalling to address information asymmetry**	**Founder characteristics (HC, PC, CC, Big5, SC)**	**Decision criteria and decision-making**	**Chance due to external contexts and environment**
Theory (and discipline of origin)	Agency theory (principal-agent theory) (economics), and as also implicit in signaling theory (economics)	Signaling theory (economics)	Capital theories & Big5 personality model (economics, sociology, psychology)	Image theory (psychology)	N/A
Simple definition	One party (principal) commissions another party (agent) to perform a service in exchange for reward in the context of: information asymmetry, partly aligned goals, and potentially differing values in particular in relation to risk preferences/attitudes and integrity.	Signals are sent to reduce information asymmetry. Signals are observable attributes (that can be altered) that convey information about unobservable characteristic/s of the signaller. These characteristics could be a quality or an intent.	Characteristics of the founder conveying what they know, who they know, who they are and are becoming, how they think, and patterns in their thinking and behaving. (Refer to Table 2-1 for details of each.)	Values, goals and strategies are three images that a decision-maker seeks to maintain compatibility between when making decisions to progress with the status quo or adopt the new. The latter type of decision can be split into screening and choice decisions.	A probability or possibility. The presence and timing of events, circumstances and opportunities not within one's control or influence.
Relevant to the founder's situation and potential EF challenges faced?	Yes – is expected to deliver an outcome (in dollars or impact) in a time frame in exchange for finance – founder holds more information about the opportunity/task/venture than the FP does	Yes – signals sent to the FP, both intentionally and unintentionally, in relation to the quality and intent of the founder and their venture	Yes – influences signalling ability – influences signalling content – influences ability to interpret signals from FP	Yes Decisions regarding: – whether to obtain EF – how to obtain EF – what type and source of FE to obtain – when to obtain EF	Yes Due to external factors, in the environment, in the FP, or otherwise due to timing and/or chance/luck: – signals may be sent but not received, received but

	Information asymmetry	Signalling to address information asymmetry	Founder characteristics (HC, PC, CC, Big5, SC)	Decision criteria and decision-making	Chance due to external contexts and environment
	– risk attitudes, integrity and other values impact on goals and strategies chosen and actions taken	– in particular, signals about the founder's execution ability as an unobservable quality to be communicated to the FP	– influences execution ability – influences the creation of business metrics – influences decision-making ability/quality – influences the response to the environment, internal and external contexts, and to chance	– how to screen and choose between FPs – what actions to take, etc.	misinterpreted, interpreted but not able to be acted upon etc. – finance supply may be tight due to market, industry or macro- economic conditions, investor situations and sentiment, including FP portfolio mix etc.
Relevant to the FP's situation?	Yes – expects an outcome (in dollars or impact) in return for providing finance – difficult or costly to obtain all information needed to assess the investment situation – concern about agency risk – need to monitor values alignment and goal alignment	Yes – signals received and interpreted in relation to the quality and intent of the founder and their venture – signals sent to the founder, both intentionally and unintentionally, in relation to the quality and intent of the FP, including	Yes – influences each FP's individual decision process, decision style and decision criteria – influences each FP's ability to interpret signals received from founder – influences each FP's ability to signal their criteria to the founder	Yes Decisions regarding: – what, how and when decision-criteria may be used – passing a founder's application through stages of screening and pre-screening – whether to enter into deal negotiations and deal structuring with the founder	Yes – As above

	Information asymmetry	Signalling to address information asymmetry	Founder characteristics (HC, PC, CC, Big5, SC)	Decision criteria and decision-making	Chance due to external contexts and environment
	− need to monitor risk attitudes alignment and integrity	their criteria, and their likeliness of providing finance		− whether to deploy EF to the founder or not	
Examples of key variables/criteria implied for EF success	− trustworthiness, honesty, integrity − experience, competence, skill − risk attitude − values − goals and strategies	− communication skill − self-awareness − desirable qualities that can be signalled, and in particular, capability, suitability (execution risk), and credibility (agency risk)	Too many to list here, refer to Table 2-1 for examples including: − knowledge & skills − experience − networks − trust − efficacy − resilience − optimism − perseverance	− cognition skill − knowledge − experience − emotional stability	− being in the right place at the right time with the right resources (internal and/or external resources, see last row of Table 1-4 for examples)
Sections in the document where the concept is further explained	Sections 2.3 and 3.2	Sections 2.3 and 3.9	Sections 1.10.7 and 2.4 Table 2-1 Section 3.7	Section 3.3 and also 3.4, 3.5 & 3.6	Section 3.8

Source: Author's compilation

Figure 3-6
Second Conceptual Framework (Used to Aid the Data Analysis)



Source: Author's compilation

3.11 Summary

In exploring insights into the FPs' criteria and decision process, this chapter contextualised some challenges that a founder may face when signalling to an FP. Image theory was introduced, a) as a tool to understand, regardless of finance type or source, how the FP may use decision criteria and make their investment decision, and b) to provide consistent terminology with which to interpret the segmented EF literature. The contradictions in the findings of various EF studies were illustrated, and when image theory was used as a common language to interpret these scholarly works, many of these discrepancies were resolved. It was demonstrated that the FPs' criteria should not be viewed as being coupled with either the decision phases or the decision styles/strategies of the FP, and that the ordering and weighting of the FPs' criteria may vary for each situation, even where the same FP is involved. Additionally, the criteria espoused vs the criteria in use by an FP may differ, and this inconsistency highlights the importance of the founder not only gaining insights into the goals and values of the FP to assist with the founder's signalling efforts, but also insights into which criteria overall are generally most important to the FP.

The debate about whether venture metrics are more important than founder characteristics criteria illustrated that the criteria relating to the founder themselves are overall indirectly and directly important and likely more important than business-metric criteria. This is due to a start-up/scale-up being an early-stage venture and thus dependent on the capability and capacity of the founder. It was illustrated that execution ability is the most important criterion for a founder to signal to the FP (alongside signals of integrity and credibility), as it is execution ability that creates outcomes and business metrics. It was acknowledged that venture outcomes are also impacted by chance and timing, but this does not diminish the importance of execution ability as a founder characteristic that must be signalled to the FP. In fact, it potentially makes it more important to emphasise execution ability alongside business metrics to demonstrate that outcomes and metrics are repeatable.

An updated conceptual framework was presented that tied together concepts from both literature reviews, these concepts were first summarised in tabular format. The updated conceptual framework illustrated that the EF interaction is being explored as a signalling interaction that addresses information asymmetry between the founder and the FP. This interaction is impacted in various ways by founder characteristics, the FP's decision criteria and decision-making process, and elements of chance. The methodology chapter that follows next notes that this conceptual framework was created in iterations to aid the data analysis as befits the exploratory nature of the qualitative research.

Chapter 4 Methodology

4.1 Introduction

This chapter outlines the research methodology and techniques used. It begins with the research paradigm, and a brief recap of the research aims and then it addresses the research type and approach before moving into a description of the data collection and data analysis. The final section of the chapter addresses the research integrity criteria. The iterative nature of this research created challenges in conveying in a linear, written manner the cyclical journey that unfolded. Foreshadowing and backfilling are utilised where appropriate, and reference is made to other sections to minimise the repetition of information, some of which may be presented in an academically unconventional manner in parts of the document.

4.2 Research Paradigm

The research paradigm is based on the concept that knowledge of the world is interpretive or subjective rather objective (interpretive epistemology) (Repko, 2012), and that the meaning and nature of social entities and phenomena are constructed rather than objective, definitive or completely independent of social actors (constructivism/constructionism ontology) (Bryman & Bell, 2015). This view applies to the process of conducting the research (for the researcher) as much as to the process of applying for EF (for the founder), as each is making sense of their relevant task or experience based on their individual contexts and assumptions. In each case, things are only true in that they are true for that person at that point in time, regardless of what an objective viewpoint may be, if one exists (Jamieson et al., 2023). Furthermore, knowledge is gained both by learning from others, through the literature and the data in the researcher's case and from peers and experts in the founder's case, and by experientially engaging in the process at hand. In both types of learning, revisiting assumptions and incorporating new assumptions is required as additional information becomes available or is discovered. For the detail of the assumptions that were inherent in this research but were not necessarily made explicit when it began, see Table 1-1 and Section 1.10. For more on the importance of context in entrepreneurship see Section 1.7, and for comment on researcher reflexivity see section 4.7.1.

At the beginning of the research journey, the researcher was strongly influenced by the erroneous assumption that positivist validity criteria were a gold standard for the conduct of research, regardless of the paradigm used and even if qualitative analysis was to be carried out on the data

(Cooksey & McDonald, 2019; Jamieson et al., 2023). As Cooksey and McDonald (2019) explain, this assumption is ill-suited for an interpretivist/constructivist paradigm, despite many scholars previously having to operate under this assumption to get published, and as Guba & Lincoln (1994) note "both qualitative and quantitative methods may be used appropriately with any research paradigm" (p. 105). Some aspects of this positivist-criteria assumption can be seen in the description of the methodology that follows. For the interpretivist/constructivist integrity criteria that overall guided the researcher, refer to section 4.7.

4.3 Research Aims

The research aims are exploratory and descriptive, and there is no hypothesis to test, nor theory to prove. Broad concepts and assumptions guide this exploration, some of which were initially implicit and have since been made explicit, as shown in the research scope (see Table 1-1) and key definitions (see Section 1.10). As Gioia et al. (2013, p. 16) note, "Advances in knowledge that are too strongly rooted in what we already know delimit what we can know".

As detailed in Section 1.2, the research objective is to explore and describe founders' entrepreneurial finance (EF) views, experiences, and reported actions in order to better understand their approach taken, the challenges encountered , and the outcomes obtained in relation to the task of obtaining EF, which includes debt, grants, and equity. The aims and objectives were achieved by looking into regional founders' views and experiences of the EF process, their self-reported practices and strategies (actions) implemented, and their characteristics (HC, SC, PC, CC, and Big5). By exploring these elements, an understanding of founder approaches taken and lived experiences was obtained, their current situation described, and their EF challenges uncovered and contextualised. Such insights allowed identification of possible avenues for change for successful EF outcomes to be more readily obtained in the future. The research questions were presented in Section 1.4.

4.4 Research Type, Approach, and Design

Both the research paradigm and the exploratory nature of the research aims and objectives created a case for a qualitative approach that was exploratory (insight seeking) and descriptive (characteristic capturing) the following subsections outline the research type, approach and design.

4.4.1 Research Type

Seeking insights to enable a clearer understanding of the nature of the problem at hand makes exploratory research especially compatible with problems such as the one studied in this research that are more unstructured than structured (Ghauri et al., 2010). Gaining insights into the complex issue of how founders view, comprehend and report the task of accessing EF required a discovery-based approach that could view the phenomenon under investigation from many angles (Stebbins, 2001) and explore the patterns that emerged from the data. Due to the narrowly segmented and discipline-centric literature on the topic (Bellavitis et al., 2017; Cosh et al., 2009; Cumming & Groh, 2018; Cumming & Vismara, 2017) and the sparse entrepreneurial literature from a regional Australian perspective (Adapa et al., 2021), the research problem was further conducive to exploratory research (Hunter et al., 2019) that could lay the foundation for future research hypothesis and theory development. The research aimed to explore the current situation as it is, and it used concepts from many theories to consider the contributing factors, which provided a foundation to inform deductive analysis of the data by exploring known unknowns, the exploratory nature of the research also allowed room for inductive analysis by being open to unknown unknowns (Dunning, 2011).

Descriptive research was likewise appropriate as it describes the characteristics of what is observed to understand the situation and perspective of the participants (Hunter et al., 2019), even though less interpretation is performed than in theory-building research (Sandelowski, 2010). Despite EF being complex, there are aspects of the research problem that can be defined and therefore described, albeit these definitions and descriptions are open to further exploration (Ghauri et al., 2010). These aspects are the participants' views and experiences around obtaining EF, the strategies and practices they reported using and the presence of the various founder-characteristic components (Section 1.10.7) identified in the literature as having the potential to affect EF success levels. The combination of descriptive and exploratory approaches allowed an iterative investigation of the problem to unfold without restriction to a particular hypothesis and without ignoring concepts arising that were relevant in guiding the exploration.

4.4.2 Research Approach

The research objectives and paradigm required a qualitative approach with an emphasis on description and context to hear how founders reported their experiences and views and to explore their perceptions and reported interactions with the finance providers (FP) (Bryman & Bell, 2015; Miles et al., 2014; Richards, 2009). Qualitative research was also more likely to result in "new integrations" and "serendipitous findings" (Miles et al., 2014, p. 4; Miles & Huberman, 1984, p.

15) as it seeks out patterns amongst the data and is open to uncovering underlying issues that are not immediately apparent (Miles et al., 2014). In addition, this approach addressed a gap in the literature, as much of the empirical literature on EF is quantitative (Rauch et al., 2014), and therefore, by nature, it is not designed to address the inherent complexity and contextual richness of a topic. Because the focus of the research requires "contextual understandings and multi-level perspectives", a mixed methods research that comprises an iterative mix of both qualitative and quantitative approaches was considered (Creswell et al., 2011, pp. 4, 6) to address this "multi-faceted and complex" area (Molina-Azorín et al., 2012, p. 426), and utilising mixed methods would suit subsequent research that builds off this thesis.

The approach taken in this research project can be described as a conceptually driven interpretivist approach that acknowledges that pre-existing assumptions and concepts surrounding a problem are difficult to completely drop and that such concepts are often valuable to use when exploring a problem where they represent prior learning from experience, others or history. The proviso is that these concepts must be acknowledged for what they are (assumptions and presumptions) so that they do not hinder or ignore any new concepts and themes that emerge from the data. Thus, an exploratory approach that evolves based on learnings uncovered via an ongoing iterative process of discovery as the research progresses was required, which also necessarily means the conceptual framework utilised likewise evolved in iterations, with the scoping literature review producing an initial conceptual framework to guide the data collection (Section 2.6) and the targeted literature review producing a second conceptual framework to aid in the data analysis (Section 3.10 and further explanation in Section 4.5.7). Some assumptions that were inherent in this research and were not necessarily explicit when it began are in Table 1-1 and in Section 1.10.

4.4.3 Research Design

A qualitative cross-sectional design was used at an individual founder level of analysis rather than the start-up/scale-up level. Due to resource constraints, a longitudinal design following the EF application journey was not possible, and instead, participants' recall of prior EF attempts was explored at a single point in time. In comparing participants with each other, themes in their experiences were uncovered. Patterns in these themes and between the variables present were assessed in terms of relationships but not causality (Bryman & Bell, 2015), even though participants at times offered causal explanations for events. An experimental design, such as observing the founder as they implement certain researcher-suggested EF strategies, was beyond the resource scope of this project and was also not appropriate, as the to-be-suggested EF strategies (the experiment) would need to be devised with reference to the as-yet-unknown current strategies

already in place. This research addressed that first step, the exploration and understanding of the current situation that founders are experiencing, by gaining an understanding of their views, experiences and reported actions around the task of obtaining EF.

A case study design could have been appropriate due to the high importance of context to the problem (Dul & Hak, 2008) and the research objectives being descriptive, exploratory and explanatory (Duxbury, 2012; Eisenhardt, 1989; Woodside, 2010). While such dense multi-level detail (Bryman & Bell, 2015; Eisenhardt, 1989) is beneficial to the exploration of the problem, it was decided that the value of such an in-depth design could be better assessed after utilising a cross-sectional design for initial data collection and analysis. The possibility of converting to or creating a case-study component in the research design was kept as an option for later consideration; however, due to time constraints it did not eventuate.

4.5 Data Collection

Due to the exploratory and iterative nature of the research, primary data were collected from participants after the scoping literature review presented in Chapter 2 using the initial conceptual framework (Section 2.6) as a launch pad for the project. The literature was then re-engaged with after data collection to minimise bias, and in conjunction with various stages of analysis and the creation of a second conceptual framework (Section 3.10). Likewise, information that aided the data analysis was obtained after the primary data had been collected to enrich both the analysis of the primary data and the discussion of the results without biasing the collection of the primary data. As outlined in Section 4.5.7, the additional data were not analysed but used as an analysis aid.

4.5.1 Primary Data Collection Methods

Primary data were collected from participants using two methods: semi-structured interviews and a post-interview questionnaire (PiQ). A test run was performed with a volunteer to refine the questions asked and process used[15]. Feedback was also sought from the first four participants[16]. Interview recordings were listened to for reflection on improvements for the next interview (Rubin & Rubin, 2012; Wengraf, 2001). To address misunderstandings or misinterpretations that arose, minor changes in the way the interview questions were worded or prefaced occurred throughout as part of the dynamic and iterative process of conducting semi-structured interviews (R. Krueger,

[15] Resulting in changes being made – this test-run participant did not form part of the final sample.
[16] Resulting in minor cosmetic changes – these participants did form part of the final sample.

1998). An example was the need to continually preface questions with the reminder that questions were specifically in relation their EF experiences and reminders that the term 'finance' was not limited to bank loans. All participants were briefed via an information sheet and consent form (Appendix A3), which was emailed to them prior, although some completed these at the time of the interview. No further explanation of the research was given so as not to bias their answers (Kvale, 2007; Wengraf, 2001).

The topical semi-structured interviews were conducted via phone, online (using Zoom[17]) or in person and were recorded and transcribed. The questions were open-ended and directed by an interview guide to ensure best practice, to facilitate the additional planning required due to their semi-structured nature (Kvale, 2007; Wengraf, 2001) and to ensure proper alignment with the research objectives (Kvale, 2007; Rubin & Rubin, 2012). Follow-up or probing questions, silences and nonverbal signals were used to request clarification or expansion of the answers given rather than moving to the next pre-planned question (Kvale, 2007; Rubin & Rubin, 2012; Wengraf, 2001). Probing questions varied in the interviews depending on the answers provided.

This approach was needed as the research centred around exploring a process (the process of obtaining EF) and its turning points (points of difficulty and barriers overcome or not overcome) (Rubin & Rubin, 2012) with the goal of reaching new ways of understanding the problem (Miles et al., 2014; Miles & Huberman, 1984; Rubin & Rubin, 2012). The open-ended nature allowed founders to answer in their own words, which enabled both a full exploration of the subject (Bryman & Bell, 2015; Rubin & Rubin, 2012) and learning from the data rather than merely describing patterns in their responses to predetermined questions (Richards, 2009). This in-depth exploration of both the details and the inherent complicatedness (Wengraf, 2001) was possible as semi-structured interviews contain elements of both deduction, in this case addressing relevant variables from the initial conceptual framework as suggested by the literature review, and of induction, in this case seeing what emerged from their stories (Wengraf, 2001), which as Gioia et al. (2013) points out is important when exploring another's sensemaking. As noted in Section 4.7.2, the researcher sought to create a supportive, respectful environment to facilitate open and unbiased responses and listened to participants with the aim of understanding context and obtaining rich information (Kvale, 2007; Rubin & Rubin, 2012).

The interview questions asked founders to describe their experience in attempting to access finance for their venture. They were first asked their views in general around the regional context of both

[17] www.zoom.com

running a business and getting finance for growing or starting a business, which were easy questions that were central to the research (Rubin & Rubin, 2012). The questions then proceeded to ask for their story and included questions about the details of the strategies and practices they used, what forms of finance they considered and why, how the process unfolded for them and how it differed from their expectations, what roadblocks they experienced, their perceptions and reflections on their EF experience and its success (or otherwise), and what they would do differently next time. The interview guide is provided in Appendix A1. Shortly after each interview was completed a post-interview questionnaire (PiQ) was emailed to that participant. In an effort to reduce the degree of social desirability bias, these were self-administered via Qualtrics[18] on the participants' own device without the presence of the interviewer (Bryman & Bell, 2015; Miles et al., 2014; Narayanan et al., 2021). The Qualtrics software associated email addresses with the responses, and these were replaced with a pseudonym, which enabled the PiQ answers to be triangulated with the interviews. Some participants took many weeks to complete the 10–15-minute PiQ. Section 4.7.3 provides details of the work-around measures taken regarding the one participant who did not complete the PiQ despite friendly reminders.

The majority of the PiQ were closed questions, which provided a high level of uniformity in the responses to aid in coding and to allow easier comparison with other responses (Miles et al., 2014). The PiQ provided insights into the context, including demographics of founder age, business age, industry type, number of employees, entity type and postcode. It also offered additional perspective and triangulation of the data gathered in the interviews. As revealed in the scoping literature review (Chapter 2), the PiQ was informed by existing concepts and theories and had a conceptual basis derived from multiple disciplines that address the demand-side factors that contribute to the successful accessing of EF by founders. Specifically, the PiQ sought to allow comment on the presence and degree of various forms of capital in the founder (HC, SC, PC and CC) or in their business (intellectual property (IP)) from an EF context as well as the founder's personality traits (Big5), as presented in the initial conceptual framework in Section 2.6 and discussed in Section 2.4. Information on these items was gained by asking multiple questions about each and then scoring them, as a single measure is not enough to capture a multi-dimensional concept (Ferri et al., 2009; Harper & Kelly, 2003).

The measures of these various forms of founder capital are not pre-existing tools, although they are inspired by them. See Section 4.7.2.5 for a discussion of the choices made and limitations of these measures chosen, and refer to sections 1.10.7 and 2.4 for descriptions of the types of founder

[18] www.qualtrics.com

capital and their relevance to the research, which are described as components within the concept of founder characteristics. The personality instrument used to capture the Big5 personality traits was the BFI-2 from Colby Psychology Lab[19], which is a verified instrument (Soto & Oliver, 2017) that has been widely tested for validity and reliability (Soto & John, 2017). It contains a pre-made scoring tool, is free to use for research purposes and was chosen for convenience. The inclusion of a personality tool is relevant at an individual-question and subcategory level because it overlaps with concepts such as psychological capital and cognitive capital that are targeted by the other measures and thus enables triangulation with other items in the PiQ and the interview. Section 2.4.4 contains a discussion on personality and its relation to EF. Appendix A2 contains a copy of the full PiQ.

4.5.2 Target Group for Sample

The target-group from which to draw participants in the research was founders who operate a start-up/scale-up venture that is located in the New England and North West region of NSW (NENW) and who have attempted to obtain, are in the process of obtaining or have obtained EF of any form and through any method for the purpose of growing their venture. Additional parameters that were applied to this target-group are outlined in Section 4.5.4, where it is noted that the sample approach was designed so that the overall total sample would not exceed the following parameters: at least 40% of the sample have had a failed attempt at obtaining finance, at least 40% of either gender are represented and neither a particular industry nor postcode exceeds 60% of the sample. Refer to Section 4.5.5 for comment on the actual sample parameters obtained.

The target-group parameters excluded founders who desire EF but have not attempted to apply for any, as the research is centred around not just the views and understanding of the EF process but also reported experiences and actions taken in the attempts to obtain EF and views as informed by these founders' lived experiences. Furthermore, these target-group criteria did not aim to capture bootstrapping as no applications are made to external parties in bootstrapping (see definition within Section 1.10.1). Refer to Section 1.3 and Table 1-1, which set out the scope of the study.

Additionally, because of this study's focus on the individual founder and the broad scope in relation to the many finance sources and types included (see Table 1-2 and Table 1-3), the target-group did not include any FPs. It would be impractical to collect a sufficient sample from each type and source of FP, especially in the context of a regional location where founders are accessing

[19] Copyright 2015 by Oliver P. John and Christopher J. Soto, permission for personal and research use as perhttps://www.colby.edu/psych/personality-lab/

both local and metro FPs. Instead, prior empirical studies and meta reviews were consulted to give a comprehensive understanding. See in particular the targeted literature review in Chapter 3 and the explanation in Section 4.5.7 relating to secondary data collection. Insight into the perspective of the FP was thus obtained indirectly via two sources: the existing empirical literature and the views and experiences of the founders who formed part of the target-group and who participated in this study.

4.5.3 Data Source/Sample Frame

The data source was a regional business incubator: the University of New England's "SMART Region Incubator" (SRI)[20] located in the NENW. All members both past and present, as well as founders who have some other level of significant involvement, participation or association that does not constitute membership, were considered as belonging to this source. Examples of situations constituting involvement/participate/association were founders who had attended SRI events and programs but not yet become SRI members, and founders who, while not yet members, had found out about the research from other SRI founders or from SRI staff members.

This approach to sourcing participants involved choosing a data source that was relevant to the research problem (Rubin & Rubin, 2012). It was found that a sufficient number of founders with a membership or involvement with this business incubator were also progressed enough that they met the target group criterion of having attempted to obtain EF, and thus they had relevant lived experiences. For more on the SRI refer to Section 5.4 in the background chapter, which provides further context. In addition, Section 4.7.4 addresses the limitations of using this data source.

4.5.4 Sample Approach

The sample approach was multi-stage and purposive. Using purposive sampling is appropriate for qualitative research (Flick, 2011), especially due to the exploratory nature of the research aims (Miles et al., 2014), as a purposive sample gives the ability to choose participants that are as much as possible representative or typical cases (Bryman & Bell, 2015; Flick, 2011) of the problem being studied, and that reflect the unique context (Eisenhardt, 1989; Miles et al., 2014) of a founder located in the NENW who has attempted to obtain EF to grow their start-up/scale-up.

There were five stages in the sample approach used in this study. In stage one, founders who were involved in UNE's SRI were purposively shortlisted based on the research target-group parameters

[20] www.unesri.com.au

as outlined in Section 4.5.2. Due to privacy requirements, the researcher was not given access to the SRI's database. The director of the SRI[21] drafted the shortlist based on the parameters provided and contacted each founder to request that an expression of interest for participation be directed to the researcher. It was made clear that participation was voluntary and that choosing or refusing would not impact on their relationship with the SRI. Expressions of interest were requested in batches throughout June to August 2022 to allow for time to perform pilot interviews (see stage three below) and to ensure minimal time between first contact being made and the interview being organised and conducted. This approach served two purposes: to avoid losing momentum and interest from the potential participant and to have similar time intervals between contact and interview for all participants.

In stage two, the expressions of interest were collated by the researcher into an Excel file along with the demographics of postcode, industry and gender as obtained from publicly available information on their website and which were later formally confirmed in writing in the PiQ when/if they participated. These demographics assisted in the later stages of the sample process to facilitate a well-rounded sample. Expressions of interest included both those generated in stage one and those received from founders who otherwise heard about the research project due to their involvement with the SRI, for example in conversation with other founders or staff (convenience and snowball sample approach).

In stage three, a pilot sample of four participants were purposively selected to meet the additional criteria that at least two had experienced an unsuccessful attempt to access EF. This stage enabled analysis to occur concurrently with both the data collection (Miles et al., 2014) and the construction or modification of the sample approach and parameters (Miles et al., 2014). This pilot sample was a convenience sample in that it was drawn from those founders whose expressions of interest were received first, providing that the required parameters set out above were met. The researcher's own reflections as well as participant feedback resulted in slight changes to the PiQ formatting (not content) after the first participant only[22], and the interview guide remained unchanged for all interviews; however, probing questions varied depending on contextual openings.

In stage four, the remaining founders on the expressions-of-interest list were selected based on the order in which the EOIs were received, as there were not enough expressions of interest to warrant random selection. Each expression of interest was purposively validated to ensure that by selecting it, the overall total sample would not exceed the parameters of at least 40% of the sample having

[21] Co-supervisor Professor Lou Conway
[22] This change does not materially affect the comparability of results between this and other participants.

had a failed attempt in obtaining finance, at least 40% of either gender were represented, and neither a particular industry nor postcode exceeded 60% of the sample. These limits of 40% and 60% were chosen as they represent the minimum and maximum distance from 50% that was deemed both reasonable and achievable, given the nature of the data source utilised, while still generating an acceptably balanced sample. While the sample approach was purposive in that it is centred around these target-group parameters, the approach also aimed to create a balanced sample by exploring alternative points of view (Rubin & Rubin, 2012) within those parameters, so a balance was sought with experiences of both success and failure in the attempts to obtain EF and potential differences in view due to gender, industry and location. From an interpretivist/constructivist quality-criterion perspective, this approach addressed the sufficiency or completeness criterion of having an "appropriately diverse set of voices and views" (Cooksey & McDonald, 2019, p. 282). In stage five, the actions in stages one, two and four were repeated as required to achieve the final sample size of 20 as outlined in Section 4.5.6. See Section 4.7.3 and Table 4-2 for comment on the sufficiency of the sample size obtained.

4.5.5 Actual Sample Parameters

With reference to the data source outlined in Section 4.5.3, all participants were current or past members of the SRI. Chapter 5 and Appendix A5 provide a visual description of the cohort of the actual sample obtained. Refer also to Section 1.3 and Table 1-1, which set out the scope of the study and were updated during the iterative research process to clarify the actual parameters attained. With reference to the target-group parameters outlined in Section 4.5.2, the following points need to be clarified in relation to the actual sample obtained.

First, the 'finance of any form and through any method' criterion encompassed dilutive, non-dilutive, and hybrid finance but not bootstrapping, as no application is made to external parties in bootstrapping. During data collection, indirect external-finance applications that were made via related entities (same ownership) or unrelated entities (client or incubator) were also included (see Section 4.7.3). Second, during data collection, the definition of 'founder' (Section 1.10.6) was broadened to encompass those who were not technically founders of the business but were carrying on the business in a comparable capacity and manner and acting for all intents and purposes as a founder/co-founder of a start-up/scale-up, as was the case for three participants.

Third, while the actual sample obtained was from five of the 12 Local Government Areas in the NENW, it was heavily clustered around Armidale Regional and Tamworth Regional, with 45% and 25% of participants, respectively. These are LGAs where the majority of the population of the NENW reside (NSW Department of Planning and Environment [NSWDPE], 2022) and which fall

into the classification of inner regional/accessible as outlined in Section 1.10.12. Section 4.7.4 discusses how this situation impacted on the research integrity, and Section 5.2 provides detail on the context of the NENW region. The resulting data set contained participants who had lived varying amounts of time in their region (see sections 5.6.3 and A5.4). Accordingly, this study is not about regional founders per se but rather about founders located in a regional location, regardless of the amount of time lived in the region. Fourth, the sample approach set further parameters to gain a balanced sample within the target group (Section 4.5.4). These parameters were met, and only some of them can be used to publicly describe the demographics of the sample because revealing granular information about postcode/LGA or industry will enable some participants to be identified, as discussed in Section 4.7.5.

4.5.6 Sample Size

The sample size is 20 for the interviews, and 19.5 for the PiQ as one participant chose not to complete this. The researcher was able to use triangulation to complete 51% of the questions in that participant's PiQ, Section 4.7.3 provides details on this strategy and its implications. See Section 4.7.3 and Table 4-2 for comment on the sufficiency of the sample size.

4.5.7 Information Collected to Aid the Data Analysis: Methods and Types

Information to aid the data analysis was collected after the primary data had been collected from participants so as to avoid bias. The researcher sought to better understand the requirements of EF and to uncover insights into the FPs' criteria, which were achieved in two ways: by researcher observation that involved attending EF events and undertaking an EF internship, and by conducting a targeted literature review of FP criteria and decision processes to understand the FP perspectives of the EF process. The aim of collecting this additional information was to enrich both the analysis of the primary data (Chapter 6) and the discussion of the results (Chapter 7) without biasing the collection of the primary data.

In relation to the first type of information used to aid the data analysis, observation of events, the researcher attended over 194 hours of EF events regionally in-person and online that were aimed at founders of start-up/scale-ups seeking EF. The process used to select events was a replication of the process many participants appeared to be using themselves in their EF journey: viewing the events pages of facilitators that were already known or recently discovered either via social capital (word of mouth) or a search-engine search and then subscribing to mailing lists or alerts such as Eventbrite or Humantix and responding to subsequent event notifications received. Table 4-1 provides a list of EF events attended. Presentation slides and handouts were obtained where

possible for reference. The researcher placed themselves in the founders' shoes and took notes of the content so that such information could be referred to in a potential (imaginary) EF application for that particular type of finance presented. The researcher's notes were referred to in the analysis of the participant data, as were the web pages of these and other FPs. Fellow participant behaviour and interactions with the FP were observed but not recorded, and these observations influenced the reflections the researcher made when conducting analysis even though the participants were rarely[23] the same as those in the data source.

This information was gathered to better understand two things: a) what kind of EF information is readily accessible (almost all events were free) to regional founders using methods that they themselves appeared to be using, and b) what the various FPs and advisors were communicating to the founders about the information of importance, especially in relation to EF criteria. The insights gained assisted with the analysis of the primary data (Chapter 6) and the discussion of the results (Chapter 7). In particular, these insights were used to analyse IntQ04 (see Section A6.3.2) to draw up a deductive coding matrix for pitching criteria based on the information given in these real-life coaching events targeted to founders. In addition, and likewise after the primary data were collected (to avoid biasing the data collection), the researcher undertook a 120-hour internship at the University of New England's SMART Region Incubator (SRI) where they assisted founders with equity finance raising and grant applications. Grants included were the Accelerating Commercialisation Grant, Minimum Viable Product Grant, MVP Ventures Program and two industry-specific grants. Both experiences provided firsthand knowledge to draw upon when querying the data and reflecting on the findings, as the researcher had had the opportunity to be (almost) in the founders' shoes.

[23] A few of the research-participants did attend some of these events.

Table 4-1

Entrepreneurial Finance Events Attendance Online and In-person, Post Data-collection

Date	Hours	Format	Event/s	Topic/s
2022–2024	34.5	In-person	UNE SRI facilitated sessions presented by guest speakers invited from both metro and regional locations	Information for start-ups/scale-ups on accelerating commercialisation grant, raising capital, lean canvas, angel investment, execution intelligence, elevator pitch, customer journey mapping, networking, break even points, minimum viable product (MVP), crafting key messages, research and development (R&D) tax incentive, customer acquisition, diversifying, pricing, preparing to be investible and the funding game for start-ups
2022	16.5	In-person	UNE SRI "Emerge" Programs run by various presenters internal and external to the SRI	Skills and information for commercialising research
2022–2023	30	In-person	UNE SRI "Hatch" Programs run by various presenters internal and external to the SRI	Skills and information for start-ups, including pitch training and lean canvas
2023–2024	75.5	In-person	UNE SRI " Entrepreneur's Leverage Program" Program run by an SRI expert-in-residence	Skills and information for start-ups, scale-ups and established business seeking to achieve their next level of growth
2022	1	Online	Fullstack & Fundsquire – "R&D Financing Deep Dive"	Information for start-ups/scale-ups on R&D financing
2022	4	Online	Equate Scotland grant writing workshop	Information for writing project-based grants for organisations
2022	4	Online	Dept Industry Science Energy & Resources – Aus. Industry Entrepreneurs' Program	Skills and information for start-ups, scale-ups and beyond
2022	15	Online	Sydney Spark Festival 2022 – multiple events	Information for start-ups/scale-ups including raising capital, becoming investor-ready, decoding investor talk, accelerating commercialisation grant, unicorn-ising your business and minimum viable products
2023	1	Online	Sydney Spark Festival 2023: Sydney Angels – "Pitching and Preparing"	Information for start-ups on pitching to business angels
2023	6	Online	Wholesale investor conferences	Information for investors and start-ups/scale-ups on private equity funding
2023	6	Online	Investment NSW and Sydney Start-up Hub – "Pitching with Purpose"	Information for startups/scale-ups on how to pitch for equity funding
2023	1	Online	Sydney Start-up Hub – "MVP Ventures Program"	Information for start-ups on the government's MVP ventures program grant funding

Source: Author's compilation

The second type of information used to aid the data analysis was conducting a targeted literature review, this was done because as the analysis of the data unfolded it became clear that the FPs' criteria and decision process was a theme that needed deeper exploration. This information could have been obtained from interviewing the FPs directly, however, it was decided not to pursue that data collection path for three reasons: a) the issue of purposively sourcing relevant FP participants to sufficiently cover each of the many finance sources and types (refer to Table 1-2 and Table 1-3), b) the observation that sufficient information for the purposes of the research already existed on the FPs' web pages, at ongoing EF events delivered by FPs in-person and online and in the EF literature, and c) the temporal practicalities in designing and conducting the relevant interviews and the time lag in obtaining ethics approval as compared to the current temporal point in the research project. A targeted literature review was thus conducted, as presented in Chapter 3. This targeted literature review went through many iterations before evolving into its current format. It was originally undertaken as a systematic literature review using a modified PRISMA approach (Preferred Reporting Items for Systematic-reviews and Meta-Analyses). This format was set aside when it became clear that greater value would be added to both the research objectives and the wider literature by using a targeted approach to make sense of the disparate and segmented EF literature on FPs' decision process and decision criteria by utilising a decision theory from outside of the EF field as a source of common terminology with which to discuss the fragmented literature and the reviews that other scholars have conducted on the topic.

4.6 Data Analysis

Data analysis involves the condensation, display and drawing of conclusions from the data (Miles et al., 2014). As this qualitative research has an exploratory and descriptive basis, thematic analysis (phenomenological and comparative) was used and supplemented with content analysis to enable descriptive statistics (univariate analysis) and cross-tabulations/matrix displays (bivariate analysis). Triangulation was used where possible between the topics and themes in the interviews, between the interviews and the PiQ, and between the PiQ responses and participants' web pages if required for the purposes of clarity.

4.6.1 Thematic and Content Analysis

Thematic analysis is a tool that can be used in many methodologies (Boyatzis, 1998). It defines what the data are about by coding or indexing them into a collection of descriptive ideas/concepts that are called codes or themes (Bazeley, 2007; Gibbs, 2018). This categorisation captures the essence and/or attributes of the data (Rubin & Rubin, 2012; Saldaña, 2009) that are deemed

relevant to the particular research objectives and methodology. As such, thematic analysis allows many types of analysis to be conducted. For this research, both comparative analysis and phenomenology analysis were used within thematic analysis. In searching for recurring themes, it is possible to explore and consolidate ideas that are held in common and across participants (Riger & Sigurvinsdottir, 2016) to compare the participants and the relationships between codes (Gibbs, 2018) (comparative analysis), provided the codes are organised into hierarchies (Gibbs, 2018).

Thematic analysis can also, on an individual founder level, "uncover issues, problems … provide a comprehensive understanding of an overall experience…and reveal information about a process" (Hawkins, 2018, p. 2), which in this case was the process of attempting to obtain EF in the NENW region. This uncovering of the core gist of the participants' words and meaning (Miles et al., 2014) and of their experiences enabled identification of the same phenomenon where it occurred in different parts of the data and data set (phenomenology analysis). Counting how often a particular theme, idea, concept or practice emerged in or amongst the participants was achieved by creating implicit quantification in the analysis (Bryman & Bell, 2015). Measuring frequency moves the analysis from thematic analysis into the realm of content analysis (Vaismoradi et al., 2013), which enables descriptive statistics to be presented by applying a systematic and replicable coding process to each participant. This step enables subjective words such as most, many, few and hardly any to be quantified or avoided when presenting the data and discussing themes. "The rare and absent" (Bauer, 2000, p.148) are not ignored because this content analysis is based on a thematic analysis framework that stays close to the original data, captures both the absence and presence of deductive codes and acknowledges the existence of rare and common inductive concepts. For further detail of the process see Section 4.6.4.6.

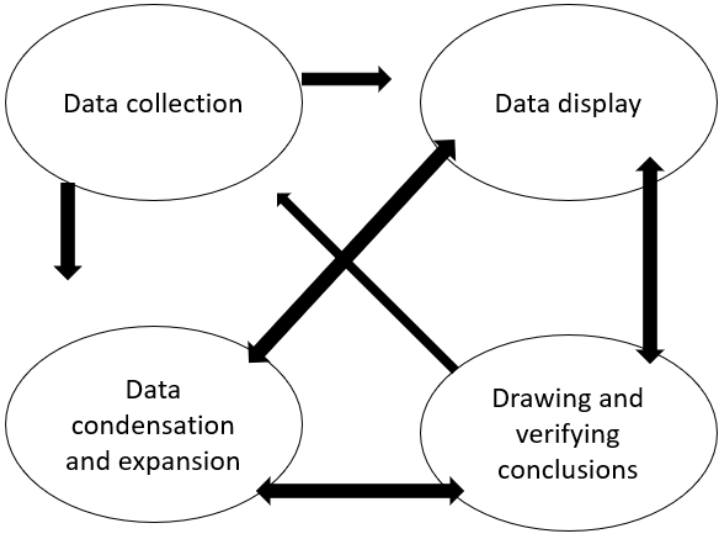
4.6.2 Data Analysis Software and Process

Microsoft Excel, Microsoft Word, Qualtrics[24] and the computer-assisted qualitative data-analysis software NVivo[25] were used in the management, analysis and display of the data. Analysing the data involved condensing, expanding and displaying them, as well as drawing and verifying conclusions. These components were interwoven and occurred in cycles, each informing the other in the iterations (Miles et al., 2014). This simultaneous rather than sequential process (Richards, 2009) is difficult to convey in chronological paragraphs, and each concept is discussed in the sections below. The network display in Figure 4-1 is adapted from Miles et al. (2014). It contains

[24] www.qualtrics.com
[25] https://www.qsrinternational.com/nvivo-qualitative-data-analysis-software/home

the added concept of data expansion and illustrates that analysis components occur concurrently and in cycles.

Figure 4-1
Components of Data Analysis



Adapted and modified by the Author from Miles, M.B., & Huberman, A.M. (1994). *Qualitative data analysis: An expanded sourcebook* (2nd ed.). Sage Publications

4.6.3 Data Expansion

Data expansion involves creating more data from the original data (Richards, 2009). In the PiQ, certain questions were asked with the intent of looking up or calculating additional demographic and attribute data. The additional fields generated and the fields for scored[26] results (data condensation) were combined in an Excel document called "PiQ-optimised" to distinguish it from the raw PiQ results file. This document was originally imported into NVivo version 12, and after experimenting with the analysis and querying of the data collected, the decision was made to move the analysis back to Microsoft Word and Excel.

[26] Scored using either Qualtrics or Excel

These additional (data expansion) fields generated were a) using the ABN to look up[27] the age of the business, the entity type and the GST registration status, b) triangulating the business description given in the PiQ, the interview data and on the website of the business to assign the business an ATO industry-hierarchy classification[28], to assign a business model (e.g., software as a service (SaaS), consulting, membership, rental, product) and to assign the type of market as either business to business (B2B) or business to consumer (B2C), c) using the employee numbers to calculate various totals, d) using the year of birth of the founder to calculate generation belonged to and age turned in the year of data collection (2022), e) using the types of education of the founder to generate a total number and highest level attained, and f) triangulating the finance-types-considered responses with the interview as a whole to create a new field. During this process, which occurred alongside and in conjunction with the other data analysis, judgements and decisions were necessarily made that by nature impacted on the analysis of the data.

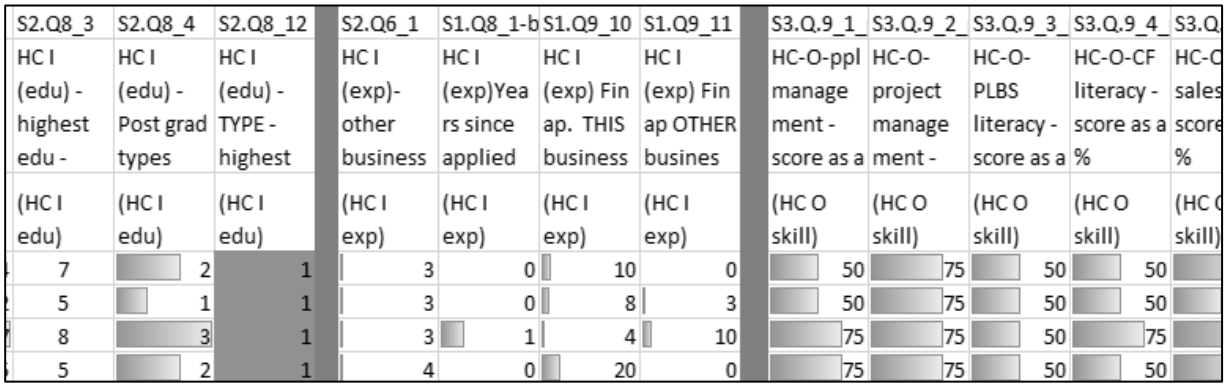
4.6.4 Data Condensation

4.6.4.1 *Scoring and Coding the Questionnaires*

Scoring certain PiQ questions to give rankings and totals condensed the information. The original unscored answers were retained within the PiQ-optimised file to allow for granular exploration where merited. The personality tool (BFI-2) includes an Excel scoring program, which was appreciatively used[29]. Other items scored were, from an EF context, the various forms of capital in the founder (HC, SC, PC and CC) or in their business (intellectual property). This was done by grouping together the multiple questions on each concept that had been asked. The PiQ-optimised Excel file that contained both the data expansion and condensation was grouped by category of data: personal demographics, business demographics including patents, personality dimensions/attributes, and EF related aspects of: HC inputs/outputs, SC, PC and CC. Data visualisation was applied using the conditional formatting feature in Excel, an example of which is shown in Figure 4-2. Additionally, Appendix A5 presents some of this data in narrative and graph format, as explained in Section 4.6.4.4.

[27] Using www.abr.business.gov.au
[28] Using https://www.ato.gov.au/uploadedFiles/Content/MEI/Images/n1827_Business_Industry_Codes_2021_Digital.pdf
[29] Copyright 2015 by Oliver P. John and Christopher J. Soto, permission for personal and research use granted per https://www.colby.edu/psych/personality-lab/

Figure 4-2
Example of "PiQ-optimised" Excel File with Conditional Formatting Applied, To Aid Data Visualisation [cropped section]



S2.Q8_3	S2.Q8_4	S2.Q8_12	S2.Q6_1	S1.Q8_1-b	S1.Q9_10	S1.Q9_11	S3.Q.9_1_	S3.Q.9_2_	S3.Q.9_3_	S3.Q.9_4_	S3.Q.
HC I (edu) - highest edu -	HC I (edu) - Post grad types	HC I (edu) - TYPE - highest	HC I (exp)- other business	HC I (exp)Years since applied	HC I (exp) Fin ap. THIS business	HC I (exp) Fin ap OTHER busines	HC-O-ppl management - score as a	HC-O-project management -	HC-O-PLBS literacy - score as a	HC-O-CF literacy - score as a %	HC-C sales score %
(HC I edu)	(HC I edu)	(HC I edu)	(HC I exp)	(HC I exp)	(HC I exp)	(HC I exp)	(HC O skill)	(HC O skill)	(HC O skill)	(HC O skill)	(HC O skill)
7	2	1	3	0	10	0	50	75	50	50	
5	1	1	3	0	8	3	50	75	50	50	
8	3	1	3	1	4	10	75	75	50	75	
5	2	1	4	0	20	0	75	75	50	50	

Source: Author's compilation

4.6.4.2 *Transcription*

The semi-structured interviews were transcribed to facilitate condensation into themes via memo writing and coding. While transcription is not strictly condensation, it is part of the analysis for two reasons: first, because it allowed the researcher to become more familiar with the data as the analysis was already occurring mentally, and second, because it changed or converted the data (i.e., interprets it) by removing/replacing sounds and non-verbal information as well as inserting punctuation and paragraphs. For these reasons, the researcher completed the transcription themselves. The process of developing a pragmatic transcribing method (Jackson & Bazeley, 2019) evolved over test-runs to create a mix of almost true verbatim for the participant and clean verbatim for the interviewer. Thus, the ums and ah's, pauses and laughs were retained in participant responses for context but many acknowledgement hmm's and yes's by either party when the other was speaking were left out. Interruptions that affected the flow of responses were noted, such as a phone ringing, the call dropping out or a third party entering the room. Speaker tags, question numbers and different fonts and colours were used to format the transcript for readability, and paragraph breaks were inserted at appropriate pauses and where there were changes of ideas or trains of thought. The transcription occurred alongside and in conjunction with some of the other data analysis components.

4.6.4.3 *Memos (Notes)*

Memo writing, which occurred for the PiQ and for the interviews, is both data creation (expansion) and condensation at the same time. Saldaña (2009) defines memos as reflections on anything in connection with the data, the coding or the analysis. These were made with Microsoft Word (and

initially NVivo), both when looking over the data and in conjunction with coding (Jackson & Bazeley, 2019). Some memos were more expanding in nature than others, such as notes and ideas on the data or process used, but most were aimed at summarising and reducing the data. A participant memo was created for each participant. These were structured with sections specific to each interview question topic and sections for ad hoc reflections, general observations and contextual comments. General notes were made of conclusions and questions arising during the analysis, and these were referred to as the research progressed to aid the analysis and the writing up.

4.6.4.4 *Coding the Interviews and Condensing the Themes*

Coding of the data condenses them (Miles et al., 2014) by "finding and labelling the concepts, themes, events and examples" (Rubin & Rubin, 2012, p. 190) that give insight into the research question. In quantitative research, coding is a once-off data condensation process, and in qualitative research, it is a data retention process (Richards, 2009) that occurs in iterations as part of the analysis. The iterative nature necessitates going back over prior coding and checking it to continually address consistency issues (Miles et al., 2014). Coding is also a data expansion process in that it adds to the data instead of replacing it and generates new categories rather than only using predetermined ones (Richards, 2009).

The creation of a clear and logical coding frame and coding process did not follow a pre-determined path. Due to the iterative nature of the research and the inclusion of inductive components in the coding, the layout of the frame and codes and the definitions within the frame changed continually throughout the analysis process to facilitate a meaningful analysis. Likewise, the coding process itself evolved in cyclical stages of reflection on the analysis that had been performed to date. Two distinctly different phases occurred when developing the coding frame. The first phase is represented in steps one to three below, and the second phase represents a pivot and is summarised in steps four through to eight. Further detail on this second phase is provided in sections 4.6.4.5 and 4.6.4.6.

Phase one

The first step in the process of generating the coding frame involved creating a decision matrix by referring to each of the coding methods, definitions, and justifications as presented in Saldaña (2009) and Miles et al. (2014) and then deciding how each method could be relevant in this project. These decisions considered the research objectives and aims, the initial and the updated conceptual frameworks, and the research type and approach (exploratory/insight seeking and

descriptive/characteristic capturing). This decision matrix was used to ensure that the methods chosen would result in codes that were a mix of descriptive, topic/categorisable, theoretical, and analytical to extract the most potential out of the data and also allow themes and concepts to emerge that were beyond the basic topic of the passage of text (Gibbs, 2018; Richards, 2009).

The second step was to create deductive concept-driven codes that were sourced from the initial conceptual framework (Section 2.6) and the early evolutions of the updated conceptual framework (Section 3.10). These reflected theoretical concepts and their antecedents and contributing factors were identified via the literature as being important for furthering the research aims and objectives when exploring the research problem. This step resulted in the initial coding frame that contained a list of codes to be used along with their definitions (Gibbs, 2018) to identify how and when a code should be applied to ensure coding consistency and reliability (Gibbs, 2018) and ease of use (Richards, 2009). Many of these codes were later set aside during analysis in favour of inductive themes arising which generated codes of their own.

The third step was to import into NVivo 12 the early coding frame containing the deductive codes, which was done when data collection was almost completed. Once coding commenced, the frame contents and layout then evolved to include the inductive codes arising from the data. Analysis of the PiQ occurred alongside this with the aim of cross-examining and triangulating both data sets within NVivo when looking for associations of interest. This step ended with the realisation that using only NVivo for coding and analysis was not delivering the results and format that the researcher desired.

Phase two

The fourth step was a pivot to include the use of Microsoft Excel for both thematic and content coding. This approach is further detailed in sections 4.6.4.5 and 4.6.4.6. It involved first using NVivo and Microsoft Word to make per-interview question-topic versions of each transcript and then working with these to create transcript block-quote summaries (see Section 4.6.4.5) while retaining the participants' original wording. Then these were coded in Microsoft Excel using custom coding matrices on a per interview-question-topic basis (see Section 4.6.4.6). The Excel coding matrixes and their coding frames built upon and went beyond the coding frame developed so far, and further inductive codes were added.

The fifth step involved combining the coded Excel data from both the PiQ (see Section 4.6.4.2) and the IntQ (see Section 4.6.4.6) into one consolidated Excel file to facilitate further querying of the data, including associations and triangulations. This approach is detailed in Section 4.6.4.6. This step also enabled quantification and an easier generation of a wide variety of graphs and

descriptive statistics and kept close to the raw data. Quantification enabled meaning to be given to subjective words such as most, many, few, some to represent the magnitudes with more objectivity, and it also necessitated using inductive codes in a deductive manner to assess the cohort as a whole on particular themes arising. Both of these outcomes of quantification strengthened the rigour of the analysis. For further detail on this step see Section 4.6.4.6.

The sixth step involved converting the data back into narrative format in order to describe the findings. Appendix A6 contains the outputs of this step in the analysis, where a descriptive and direct account of the findings is given in a granular per-interview-question-topic basis. Appendix A5 likewise does so for the contextual data gathered in the PiQ, which was analysed in the PiQ-optimised Excel file as noted in Section 4.6.4.1.

The seventh step was to move away from the per-interview-question-topic analysis done in Appendix A6 and into an exploration of the experiences and views expressed on a whole-of-interview basis. This was done by further assessing the concepts and themes contained within Appendix A6 and by performing additional analysis. The outcome of this step is presented in the results chapter, which represents the themes, both minor and major, that stood out to the researcher during the analysis process. Choices were made about what was relevant and interesting in light of the research objectives and aims while considering the limits imposed by the scope, word count and time constraints of the research project.

The eighth step in the analysis is represented by the discussion and conclusions chapters (Miles et al., 2014). From the contents of the results chapter, 10 observations were chosen for discussion, which, due to the iterative nature of the research, entailed further reflection and analysis of those areas. Note that there is no structured direct matching between subsections in the results and discussion chapters due to the cyclical progression of the analysis, the overlapping nature of the themes in the data, and the subjective choices made by the researcher as to what areas to chose as a focus for discussion given the scope, space, and time restrictions as mentioned above.

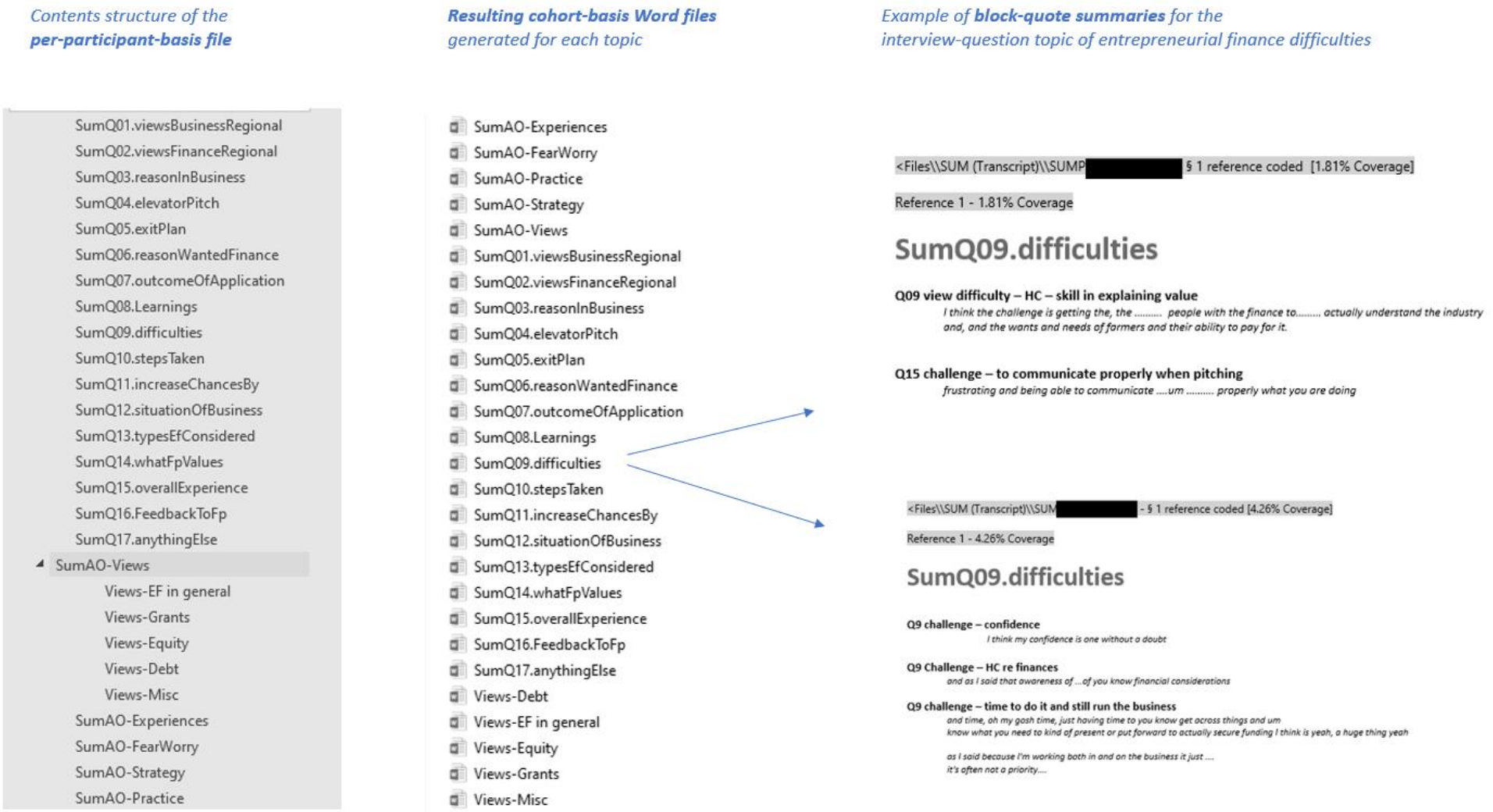
Throughout this study, and including when writing the results, discussion, and conclusion chapters, all of these steps were revisited as needed to add further analysis to the data in light of new perspectives gained from interacting with the literature or from reflecting on the analysis done up until that point in time. The next section provides more detail on step four in the analysis process and the creation of block quotes from the transcripts.

4.6.4.5 *Summarising Transcripts into Block Quotes*

As described in Section 4.6.4.4, the fourth step taken in coding the interviews was to pivot away from NVivo and into Microsoft Word and Excel. The first step within this pivot was to create transcript block-quote summaries as a way of retaining the participants' wording (staying close the data) whilst condensing and the data and identifying themes. These block-quote summaries were then used to create Excel coding matrices, as detailed in Section 4.6.4.6. Transcript block-quote summaries were created on a per-participant basis using IntQ topics as the organising structure. These summaries comprise one-line summarising sentences for each relevant idea that was conveyed throughout the participants' answers, which are followed immediately by the block quote from the interview that generated it. These block quotes may be as short as a sentence or as long as several paragraphs, depending on how many words the participant took to convey the idea. Irrelevant and completely off-topic segments of the transcript are omitted, and the majority of the transcript is kept in its original format. The block-quote provides rich context to the one-line summary that immediately precedes it. This approach ensured that the researcher stayed as close as possible to the original data (Cooksey & McDonald, 2019). Participant responses that gave insight into more than one topic were duplicated in relevant sections of the summary, and the one-line summarising sentence was modified where relevant to reflect the different context and corresponding additional idea being conveyed in the quote.

These block-quote summaries are a form of coding that allows inductive themes to emerge as guided by the interview question topics and the research aims and objectives. Concepts from the literature such as the various components of founder characteristics (see sections 1.10.7 and 2.4) are used as part of the one-line summary where relevant, as can be seen by the use of the acronym HC (human capital) in the examples given below. NVivo was used to display each of these participant-level, block-quote summaries in a cohort-level, per-interview, question-topic format. These different displays of the same data were then exported into corresponding Word documents, with one for each topic. Figure 4-3 below shows examples of the process just described. The left-hand-side column shows the contents page of each per-participant-basis Word file into which the block-quote summaries were made. The centre column shows the resulting Word files that were created on a cohort-per-interview-question-topic basis using NVivo to assist in the redisplay of the data. The third column shows an example of block-quote summaries for two participants: the bold text is the interviewer-generated, one-line summary and the italics text is the original quote. Figure 4-4 that follows shows on the left-hand-side the contents page of the combined cohort-based Word file that contains the block-quotes for all interview-question topics and all participants. NVivo was used to assist in the redisplay of the data into this format.

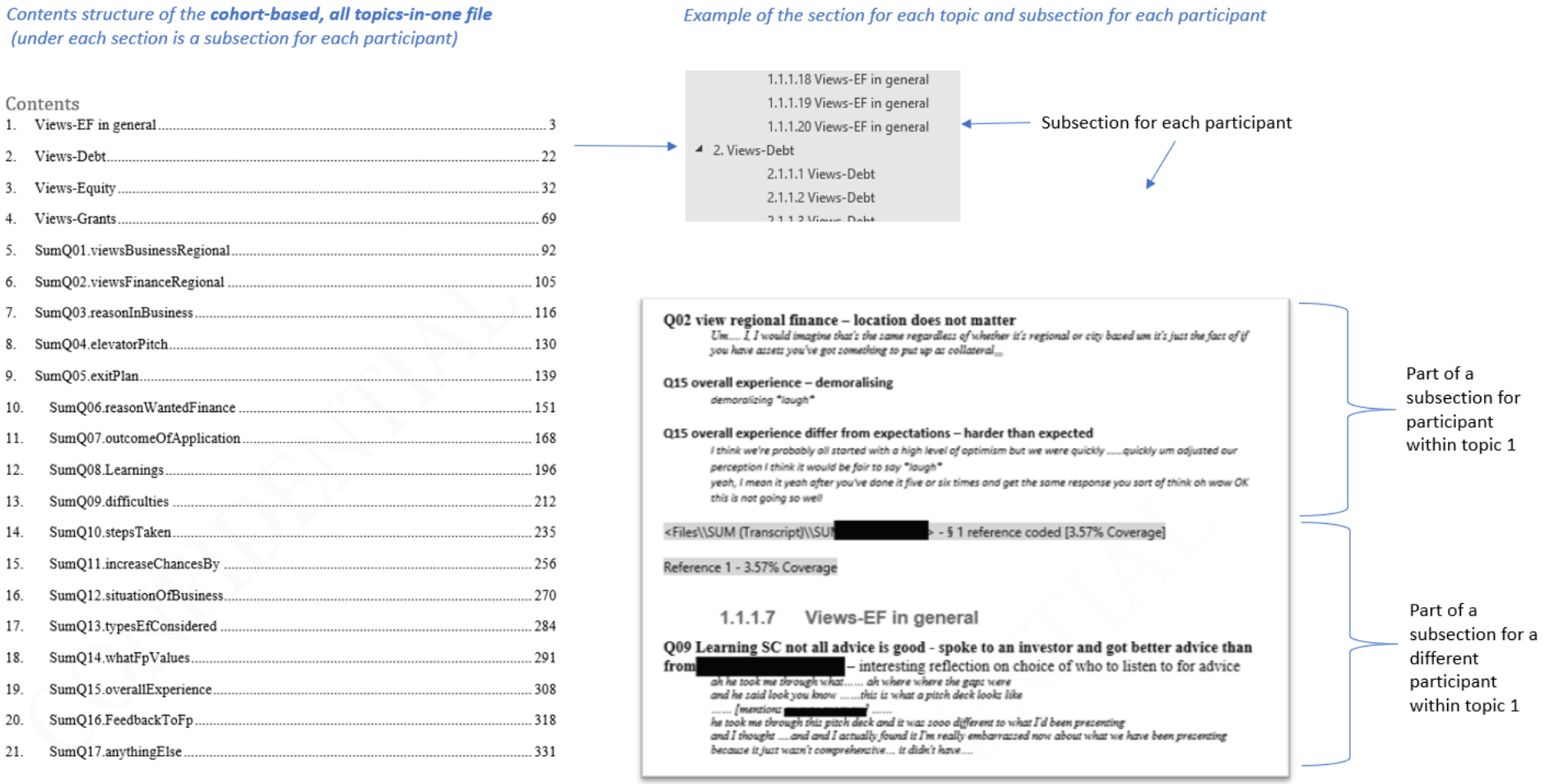
Figure 4-3
Illustration of the Block-quote Coding Utilised to Summarise the Transcripts on a per Topic Basis



Source: Author's compilation

Figure 4-4

Illustration of the Block-quote Coding as Formatted into a Single Cohort-based File



Source: Author's compilation

4.6.4.6 *Interview Coding Matrices in Excel*

As described in Section 4.6.4.4, the fourth step taken in coding the interviews was to pivot away from NVivo and into Microsoft Word and Excel. The second step within this pivot is using the newly created block-quote summaries (see Section 4.6.4.5) to create Excel coding matrices. An Excel file was created with one tab for each interview-question (IntQ) topic. A coding matrix was then created on a per-IntQ topic basis, guided by both deductive and inductive insights. To do this, the block-quote summaries (see Section 4.6.4.5), including the associated direct quote, were read on a cohort basis for the entire IntQ topic being analysed, and relevant parts of each audio file were listened to. Notes were made for concepts and themes arising as they related to the research aims and questions, and the one-line summaries were updated as required in cycles of coding. These notes and themes arising were then sorted into categories that made sense for that particular IntQ topic. These categories/themes were turned into column headings in the Excel coding matrix and rows in the associated coding frame that outlined the definition and description of each code. This step often involved grouping the results by type of founder-characteristic component as identified in the scoping literature review (Section 2.4) and conceptual frameworks. See Section 1.10.7 and Table 2-1 for definitions of these. In this manner, both inductive and deductive concepts were iteratively interwoven into the analysis. As outlined in Section 4.5.7, secondary data were collected via observations at EF events and from the targeted literature review presented in Chapter 3. These learnings were taken into account in the analysis of the primary data, and codes/categories/themes were created where relevant.

Continuing to work systematically on a per-IntQ topic basis, each of the unique coding matrices was then populated in a binary fashion that was informed by the co-created coding frame and coded each participant on each concept or theme as either present/absent or adequate/inadequate. This binary coding was used to reduce the complexity and subjectivity that arose from ranking the items on a scale. In this iterative manner, themes emerging from participant answers could arise inductively and then subsequently be looked for in the entire cohort. This process allowed consistent treatment throughout as it was possible to comment on the presence or absence in other participants, which enabled a cohort-level view for that IntQ topic.

This process moved the analysis from thematic analysis to content analysis (Vaismoradi et al., 2013), which resulted in the quantification of the qualitative data. The aim was twofold: to ensure a systematic and replicable coding process was used and applied consistently to each participant and question, and to identify the importance of each of the themes that arose from a cohort perspective. In this way, subjective words such as most, many, few and hardly any could be either

avoided or quantified when talking about the concepts that arose in the data. Concepts that were not common enough to warrant a category column in the coding matrix were still captured in the notes created when reading the block quotes and making the coding matrix. If deemed relevant or interesting to the research aims, these were included when reporting the findings, in line with the authenticity criteria of letting minority views be heard rather than the positivist approach of ignoring outliers.

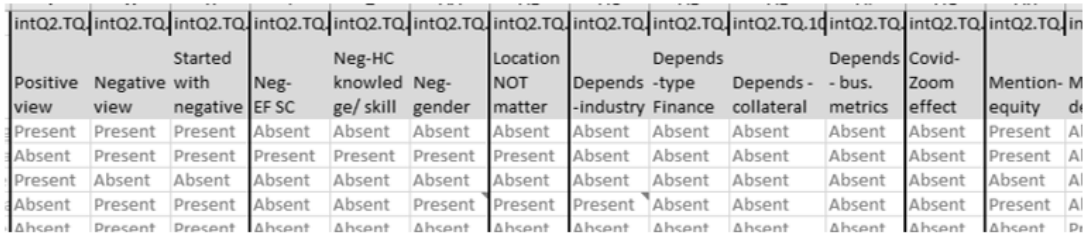
This entire process involved working in many cycles through the coding matrix, coding frame, transcript, block-quote summaries and notes/memos, as the analysis evolved into a meaningful reflection of the data that was aligned with the research aims. This Excel file was an initial data display that allowed the researcher to visualise the themes that had both inductively and deductively guided the creation of each coding matrix. An example of an Excel coding matrix and its coding frame is provided in Figure 4-4.

Figure 4-5
Examples of an Excel Coding Frame and Excel Coding Matrix (Unformatted and Formatted Versions)

Example of Excel coding frame

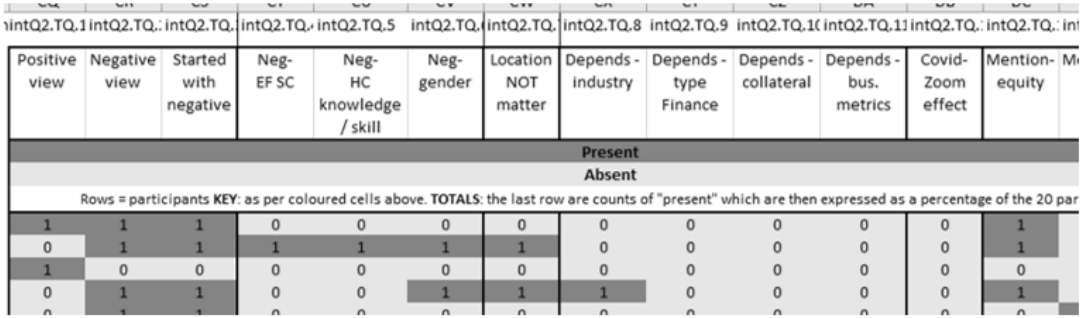
ITEM OF INTEREST (arising from either deduction or induction)	CODE AS	What to look for
Positive view	Present / absent	Positive view expressed in general OR in specific to location
Negative view	Present / absent	Negative view expressed in general OR in specific to location
Started with Negative	Present / absent	Started answer by giving a Negative view
Neg – EF Social Capital	Present / absent	Examples drawn from interviews: Not having EF's present locally, No EF networks locally Hard to find and access EF's Not having relationships with EF
Neg – HC -Knowledge/ Skill	Present / absent	Not knowing where to go, who to approach, how to fill in application, what terms are good/bad, how to raise it, etc
Neg - Gender	Present / absent	Mention that being female makes it hard/er
Location doesn't matter	Present / absent	Location doesn't matter Because "it's hard anywhere you are" OR because "it depends on" XYZ instead
Depends on Industry	Present / absent	Depends on Industry
Depends on type of Finance	Present / absent	Depends on type of Finance
Depends on Collateral	Present / absent	Depends on Collateral (i.e. Assets liquid or otherwise) Collateral from any source including personal assets
Depends on metrics of business	Present / absent	Depends on Business Metrics Financial AND other metrics BUT excluding collateral as is addressed in other column
COVID-19-Zoom effect	Present / absent	Mention increased acceptability of zoom, webinars, videoconferencing as a result of COVID-19, and how/if this impacted the regional experience
Mention – Equity	Present / absent	Mention – Equity
Mention – Debt	Present / absent	Mention – Debt
Mention - Grants	Present / absent	Mention - Grants

*Example of Excel coding matrix **V1** (unformatted) from the IntQ rankings per-question Excel file*



intQ2.TQ.	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.10	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.	in
Positive view	Negative view	Started with negative	Neg-EF SC	Neg-HC knowledge/ skill	Neg-gender	Location NOT matter	Depends-industry	Depends-type Finance	Depends-collateral	Depends-bus. metrics	Covid-Zoom effect	Mention-equity	M de
Present	Present	Present	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Present	Al
Absent	Present	Present	Present	Present	Present	Present	Absent	Absent	Absent	Absent	Absent	Present	Al
Present	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Al
Absent	Present	Present	Absent	Absent	Present	Present	Present	Absent	Absent	Absent	Absent	Present	Al
Absent	Present	Present	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Pr

*Example of Excel coding matrix – **v2** (formatted) from the combined Excel file*



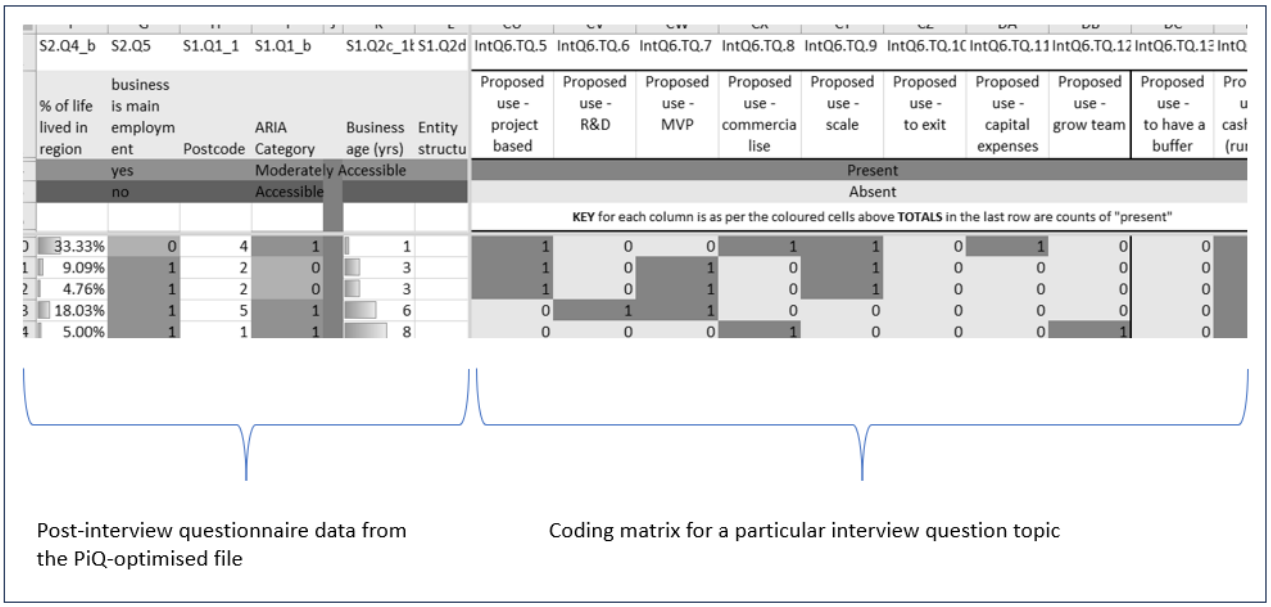
intQ2.TQ.1	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.5	intQ2.TQ.	intQ2.TQ.	intQ2.TQ.8	intQ2.TQ.9	intQ2.TQ.10	intQ2.TQ.11	intQ2.TQ.	intQ2.TQ.	int
Positive view	Negative view	Started with negative	Neg-EF SC	Neg-HC knowledge / skill	Neg-gender	Location NOT matter	Depends-industry	Depends-type Finance	Depends-collateral	Depends-bus. metrics	Covid-Zoom effect	Mention-equity	M
Present													
Absent													
Rows = participants **KEY**: as per coloured cells above. **TOTALS**: the last row are counts of "present" which are then expressed as a percentage of the 20 par													
1	1	1	0	0	0	0	0	0	0	0	0	1	
0	1	1	1	1	1	1	0	0	0	0	0	1	
1	0	0	0	0	0	0	0	0	0	0	0	0	
0	1	1	0	0	1	1	1	0	0	0	0	1	

Source: Author's compilation

4.6.4.7 *Data Display*

The data were displayed throughout as part of the analysis process. The displays created were the memos (see Section 4.6.4.3), the block-quote summaries of the interviews (see Section 4.6.4.5), the Excel coding matrices of the interview-question topics (see Section 4.6.4.6), the PiQ-optimised Excel file of the post-interview questionnaire data questionnaire (see Section 4.6.4.1), and the combined Excel file incorporating both the PiQ-optimised and the interview-coding matrices. As described in Section 4.6.4.4, the fifth step taken in coding the interviews was to combine the coded Excel data from both the PiQ and the IntQ into one consolidated Excel file to facilitate further querying of the data, including associations and triangulations. All of these files are data displays as well analysis tools. An example of an Excel data display from the combined Excel file can be seen in Figure 4-6. In this figure, parts of the post-interview questionnaire data from the PiQ-optimised file can be seen on the left side, and parts of the coding matrix for a particular IntQ topic can be seen on the right side. Each row is a participant.

Figure 4-6
Example of Excel Data Display from the Combined Excel File [cropped section]



Source: Author's compilation

The Excel files were used to group concepts, to calculate totals, averages, modes and other descriptive statistics and to generate graphs and visual representations of the data. These work-in-progress displays helped the researcher to interpret the data at all stages of the research (Miles et al., 2014) as they are visually rich and make the information compact and accessible (Miles et al., 2014), which enables the themes, patterns and comparisons to be easily seen (Miles et al., 2014) and the ideas to be clarified (Richards, 2009). The data-display process used and the decision rules for formatting and selecting the underlying data (Miles et al., 2014) needed to be meaningful at both an individual-founder level to provide insight into each founder's experience and at a cross-case level to aid comparison between participants (Miles et al., 2014). The researcher reflected on the displays as they were made to consider the integrity and usefulness of what was produced and to modify approaches as required to create displays that were easy to work with and facilitated analysis that met the research objectives.

Final versions of the displays are published in the thesis, along with narrative descriptions and direct quotes to convey the research findings and conclusions. Using descriptions is highly appropriate for illustrating a process or series of events (EF process), as well as for creating reliable evidence upon which the conclusions are drawn (Rubin & Rubin, 2012). The direct quotes were chosen after writing the narrative so as not to bias the researcher into reporting themes superficially (Bazeley, 2007) at the expense of relying on the rigorous coding and analysis process.

The appendix to the results chapters, Appendix A6, is a display of the data at its next level/stage of analysis where themes were assessed and presented in a narrative format in relation to the interview question topics to give a descriptive and direct account of the findings and to aid the transparency of the research (see Section 4.7.1). Likewise, the results chapter itself is a display of the data, representing the choices made about what was relevant and interesting to discuss in light of furthering the research objectives and aims. Appendix A5 likewise displays in narrative and graph format some of the contextual data gathered in the post-interview questionnaire that were analysed in the Excel PiQ-optimised file.

4.7 Research Integrity

Research conducted under the positivist paradigm uses validity, reliability, replicability and generalisation (external validity) terminology as measures of quality and integrity, while the interpretivist/constructivist paradigm maintains its integrity via transparency/dependability, authenticity/credibility, sufficiency, and transportability/transferability (Cooksey & McDonald, 2019; Lincoln & Guba 1985; Lincoln, Lynham & Guba, 2011; Schwandt, 2015). As indicated in Section 4.2, the researcher was initially under the erroneous assumption that positivist validity

criteria for research were a gold standard for the conduct of research regardless of the paradigm and even if qualitative analysis was planned. Addressing this false assumption (Cooksey & McDonald, 2019) entailed a re-write of this research integrity section to utilise interpretivist/constructivist terminology to better convey the inherent and implicit concepts that guided the researcher at the time.

Table 4-2 presents the integrity criteria along with definitions and a summary of the strategies used in this research to address each criterion. The following sub-sections provide further comment and description.

Table 4-2
Research Integrity Criteria, Definitions, and Strategies Used to Address the Criteria

Research integrity criteria	Brief definition of the criteria	Strategies used in this research to address the criteria
Transparency	How openly and clearly the following aspects have been conveyed to the reader: − How the research was conducted and caried out including relevant actions taken and choices made (Cooksey & McDonald, 2019). − Researcher preconceptions and beliefs, including how these were managed (Cooksey & McDonald, 2019). − The context and detail surrounding the situation and circumstances of the participants (Schwandt, 2015). (Overlaps with the concept of Dependability, being the extent to which the research process is "logical, traceable, and documented" (Schwandt, 2015, p. 309)).	Transparency in how the research was conducted include: − Chapter 4 Methodology, presents a detailed description, justifies choices made, and notes how issues arising were delt with. − The inclusion of Appendix A6, which represents step six in the coding process outlined in section 4.6.4.4, aids the transparency of the research by retaining and presenting an underpinning level/stage of data analysis. − The use of cross-reference links to other sections within this document aid the reader to locate further explanation as and when required. − The contextual prefaces to chapters 6 and 7 highlight relevant aspects of the research process. − This creation of this table (Table 4-2) provides a clear and systematic summary of the information presented throughout this thesis, and in particular in the methodology chapter, in relation to how the thesis meets the integrity criteria. Transparency in researcher preconceptions and beliefs, and their management include: − Section 1.3 presents a comprehensive table (Table 1-1) that details the scope, boundaries, and assumptions underlying the research. − Section 1.10 provides definitions of key terms used in this study. − Sections 1.8 and 8.1 provide further context surrounding the researchers background and the assumptions that influenced the methodological choices made and the focus of the research. − Section 4.4.2 explains the rationale for the conceptually driven interpretivist approach used and that pre-existing assumptions and concepts exist and are acknowledged by the researcher. − The inclusion of contextual sentences, paragraphs, and prefaces to chapters, serves to further manage the impact of preconceptions by reminding the reader of these, for example, describing the context surrounding the lenses used in the analysis and presentation of the results. − The use of cross-reference links to other sections in the text directs the reader to further detail on identified preconceptions and beliefs which may impact on the research.

Research integrity criteria	Brief definition of the criteria	Strategies used in this research to address the criteria
		− Subjective words such as most, many, few and hardly any are quantified or avoided when presenting the data and discussing themes in participant responses/experiences, so as to minimise the influence of researcher preconceptions and beliefs. − Participants' direct quotes were selected after writing the narrative so as not to bias the researcher into reporting themes superficially (Bazeley, 2007) at the expense of relying on the rigorous coding and analysis process. − Continual reflection on possible implicit/hidden assumptions was performed. Updates to the analysis and presentation as required were undertaken by either, noting the newly identified thereunto implicit assumption for the reader, or re-doing the analysis with that newly identified assumption set aside. Transparency surrounding the participants' context include: − Chapter 5 Background and Context, includes a description of the data source and the regional location it belongs to, and then continues with descriptive statistics of the participants, their ventures, their founder characteristics, and the types and sources of EF they considered. − Appendix A5, complements Chapter 5 and presents a detailed and granular description of the cohort and their circumstances and characteristics. − Section 4.5 of the methodology chapter contains a description of the target group, data source, and actual sample parameters, all of which provide context as to the participants' circumstances and situations. − The results are presented in two formats, Chapter 6 and Appendix A6, both of which contain direct quotes from the participants in order to convey their situations in their own words. Section 4.7.1, Transparency, provides further comment and detail regarding the transparency criterion in relation to this research.
Authenticity	How well the data reflects the participants' authentic perspectives by virtue of being untainted by the researcher's perspectives and biases	A high level of transparency is required in order for the reader to make their own (subjective) analysis as to the level of authenticity achieved. The first row in this table outlines strategies used to achieve a high level of transparency.

Research integrity criteria	Brief definition of the criteria	Strategies used in this research to address the criteria
	(Cooksey & McDonald, 2019; Schwandt, 2015). This may include bias resulting from impression management by the participants as performed in response to researcher behaviour/perspectives. Some scholars' definition of authenticity moves beyond the concept of a fair portrayal to also include how authentically the research impacts others by leading to improved understandings and by triggering and/or empowering actions (Guba & Lincoln, 1994). These concepts are addressed under the transferability/transportability criterion in the last row of this table.	Section 4.4.2 explains the rationale for the conceptually driven interpretivist approach used, and how the ongoing iterative process supports authenticity. Section 4.5.1 explains the methods used for collecting the primary data. Aspects which aim to minimise researcher bias include: - The exploratory nature of the open-ended interview questions enables perspectives that represent unknown unknowns to be captured. - The interview question wording used does not imply to the participant that certain views are desirable/undesirable. - Open-ended semi-structured interview questions allow participants to answer in their own words. - A respectful, judgement free environment was maintained in the interviews to best facilitate authentic and uncensored responses. - Participants self-administered the PiQ without the interviewer present so as to reduce the influence on participants responses arising from for example, impression management. Section 4.6 explains the methods used for analysing and displaying the primary data. Aspects which aim to minimise researcher bias tainting the data include: - The researcher strove to genuinely understand and reflect on the lived experiences of the participants. - Transcripts were kept close to true verbatim and included the ums and ah's, pauses and laughs in participant responses to retain context and authentic perspectives. - Coding and analysis were performed whilst always remaining close to the original interview transcripts, including as aided by block quote summaries. - Block quote summaries were used to maintain rich context. These summaries comprise one-line summarising sentences for each relevant idea that was conveyed throughout the participants' answers, which are followed immediately by the block quote from the interview that generated it, see section 4.6.4.5. - Thematic analysis included both inductive and deductive coding to uncover the core gist of the participants' words and meaning.

Research integrity criteria	Brief definition of the criteria	Strategies used in this research to address the criteria
		– By incorporating inductive analysis perspectives that represent unknown unknowns were captured/retained rather than omitted/excluded. – Coding matrices were used to consistently assess and display the presence or absence of themes/concepts across all participant responses, and as part of this process inductive codes arising were subsequently applied in a deductive manner. – Reflexive journaling was performed via memos and notes on a per participant basis as well as notes of reflections arising in relation to the research as it progressed (see section 4.6.4.3). – Coding and analysis were performed using systematic procedures and iterative cycles of continually revisiting assumptions and prior coding in order to address completeness and consistency issues, as well as issues where interpretation may be tainted by researcher pre-conceptions. – Triangulation was used where possible between the topics and themes in the interviews, between the interviews and the PiQ, and between the PiQ responses and participants' web pages if required, for the purposes of clarity and authenticity. – Subjective words such as most, many, few and hardly any are quantified or avoided when presenting the data and discussing themes in participant responses/experiences, so as to minimise the influence of researcher preconceptions and beliefs. – The voices of the participants are reflected via the presentation of direct quotes. Care was taken that no single participant was overrepresented in the quotes displayed and that all participants had at least one quote included. – Research results and observations are presented with neutral and judgement-free language to reduce the risk of introducing biases or perspectives of the researcher. Section 4.5.7 illustrates that to better understand and interpret the data the researcher immersed themselves in founder-targeted activities and events offered by the business incubator from which the participants were drawn. This immersion was done post data collection so as not to affect the interviews conducted or bias the data collected. Section 4.7.2, Authenticity, provides further comment and detail regarding the authenticity criterion in relation to this research.

Research integrity criteria	Brief definition of the criteria	Strategies used in this research to address the criteria
Sufficiency (of the sample)	How well the sample of participants chosen (including consideration of the data source utilised) represents an "appropriately diverse set of voices and views" (Cooksey & McDonald, p.282, 2019), including non-mainstream perspectives, to achieve a rich and well-rounded portrayal (Leese et al., 2021; Morse, 1995), foster deeper understandings (Nelson, 2017), and enable the research question to be answered (Richards, 2009). Sufficiency in relation to broader aspects of the research, from its design and conduct through to its presentation, is addressed via the other integrity criteria.	Section 4.5.4 demonstrates that to obtain a well-rounded portrayal and a sample that is representative of the context of the research aims, parameters were used in a multi-stage, purposive manner to obtain participants with firsthand experience of the phenomenon being studied, while ensuring the sample represented a balance of certain demographics (gender and location). Section 4.7.3 explains and illustrates that, while not actively selected for, minority perspectives were captured using this approach and were retained in the resulting dataset. Section 4.7.3 presents the justification for the sample size and notes that to enable deeper understandings it is the appropriateness and richness of the data that matters not the sample size. Section 4.7.3, Sufficiency, provides further comment and detail regarding the sufficiency criterion in relation to this research.
Transportability /Transferability (of the findings)	The wider relevance of the findings beyond the specific context or circumstances of the participants (Cooksey & McDonald, 2019; Schwandt, 2015). The reader may transfer/transport aspects of the research to engage with existing theory (theoretical engagement), or the reader may extrapolate via practical application (e.g. case to case transfer) (Brown, Stalmeijer & O'Brien, 2025; Firestone, 1993; Lincoln & Guba 1985;	In order for the research's wider relevance to be assessed and then transported to other contexts as the reader sees fit: - Sufficient transparency exists and sufficient appropriate description is provided, as noted in row one of this table. - The research sample, context, and findings are sufficiently described to provide detailed context, see in particular sections 4.5.5 and 4.5.2, the last two paragraphs of section 4.7.4, Chapter 5 and Appendix A5, and Chapter 6 and Appendix A6, for such descriptions. - Definitions of key terms and concepts used in the thesis are described to minimise situations where the research may be transported, generalised, misinterpreted or misunderstood, based on differing assumptions around the meaning of terms used, see Section 1.10. - The scope and boundaries of the study are presented in Section 1.3 and Table 1-1. - Rigorous analytical procedures were utilised and transparently communicated, see section 4.6.

Research integrity criteria	Brief definition of the criteria	Strategies used in this research to address the criteria
	Polit & Beck, 2010; Schwandt, 2015; Yin, 1994). Practical application also includes circumstances where action is prompted by affective resonance, for example when research "reinforce[s] a collective understanding, build[s] shared language, and inspire[s] action" (Brown, Stalmeijer & O'Brien, 2025, p. 302).	− Section 8.5, contributions to policy, notes the wider relevance of the research and describes how policy makers could transport aspects of the research to other appropriate contexts. In relation to resonance, and in addition to the above items: − The research is presented with direct quotes and detailed description. This may enable readers to identify with some of the participants' experiences and challenges and may enable transportability to occur. A reader may for example, transport and apply insights to adjust their EF journey (take action) in some way because of their reflections. − Section 8.6, contributions to practice, notes how the research has the potential to impact on others by leading to improved understandings and by triggering and/or empowering their actions. Section 8.6 describes how founders, those who help founders and regional communities may choose to transport/transfer findings. − The presentation of a detailed description of Image theory as it applies to EF (Chapter 3) may facilitate the use of a shared language around under-articulated concepts when readers discuss decision-making in the EF context. This is an example of both resonance and theoretical engagement being facilitated. In relation to analytic generalisation/ theoretical engagement, and in addition to the above items: − Strong theoretical connections are made to several existing theories as outlined in section 2.3, 2.4, 3.9 & 3.10 and presented in Figures 2-2, 3-6, & 7-5 and Table 3-1. − Potential arising theoretical connections for future research to explore are suggested throughout chapters 7 and 8. − Section 8.4 provides detail in relation to the research's contribution to the literature and theory. − Further avenues of analytic/theoretical transportability may be possible for the reader as facilitated by the other integrity criteria covered in this table. Section 4.7.4, Transportability/transferability, provides further comment and detail regarding the Transportability/transferability criterion in relation to this research.

Source: Author's compilation

4.7.1 Transparency

In quantitative research transparency may enable results to be replicated however, in qualitative research replication of the results is not the aim, neither is it possible to do so due to the unique context of each project (Blaikie, 2009). Yet it remains important to utilise and document methods that are credible and dependable and to do so in a transparent and sufficient manner (Bryman & Bell, 2015; Duxbury, 2012; Miles et al., 2014; Morse & Richards, 2007; Richards, 2009; Rubin & Rubin, 2012). The required detailed transparent descriptions extend to the methods and procedures used, the underlying paradigm, assumptions made and the way these were managed, rival theories, links between the conclusions drawn and the data displayed, how the researcher may have impacted on the various aspects of the research (Cooksey & McDonald, 2019; Miles et al., 2014), and the context and detail surrounding the situation and circumstances of the participants (Schwandt, 2007). See row one in Table 4-2 for a definition of transparency and a summary of key strategies used in this study to address the transparency criterion. Transparent descriptions are provided throughout the thesis based on the notes made of the research process both when planning it out and as it actually occurred.

Managing researcher preconceptions and beliefs is an important aspect of the transparency criterion (Cooksey & McDonald, 2019). That the researcher impacts on the research project is implicit in the interpretivist/constructivist paradigm and in qualitative research, and it is also becoming recognised as pertinent for quantitative methodologists (Jamieson et al., 2023). In relation to the concept of reflexivity (the act of continual/ongoing reflecting and questioning of how one's thoughts and actions are influenced by one's beliefs, values, assumptions, motives, reactions, feelings etc. (Jamieson et al., 2023)) as it relates to the research process, the researcher notes the following. Firstly, in relation to assumptions made prior to the research project, in sections 1.1 and 8.1, (and the preface) the researcher's background as a regionally located Chartered Accountant was stated, and some observations that were made during this professional experience were given, including consequential assumptions brought from that background into this research project. Those assumptions influenced the methodological choices made and the focus of the research on the micro level and on founder characteristics. Additionally, all clients being categorised as established or newly-established businesses (see definition in Section 1.10.4) rather than start-up/scale-ups, also influenced how this research project was designed and undertaken. Section 4.5.7 is an example of some actions taken as a consequence of this context.

Secondly, in relation to reflexivity during the research project: throughout the cycles and iterations within this exploratory project, implicit assumptions revealed themselves to the researcher, and

many of these warranted explicit acknowledgements. Section 1.3 which outlines the scope of the research was therefore a continual work in progress and Table 1-1 was created to capture many of these assumptions as they impacted the boundaries of the research. Likewise, the definitions section 1.10, evolved throughout the project as befits exploratory research, and many assumptions are noted there to aid clarity, reduce misunderstanding, and minimise repetition of implicit assumptions. Other examples of the impact of assumptions are spread throughout this document.

4.7.2 Authenticity

When sufficient transparency is provided (Section 4.7.1), the reader can decide whether the research conclusions are valid, credible and authentic (Bryman & Bell, 2015; Miles et al., 2014) and "whether the results obtained within the study are true" (Ghauri et al., 2010, p. 63) in line with their own paradigms. Row two in Table 4-2 provided a definition of the authenticity criterion and summary of key strategies used in this research to address this criterion. The below subsections provide further comment and detail in relation to researcher introduced bias/perspectives, other perspectives sought to enhance authenticity, other data collection methods used to aid authenticity, biases in participant responses, and the effect of data sourcing tools on authenticity.

4.7.2.1 *Authenticity and Researcher Introduced Bias/Perspectives*

This research seeks to capture and present authentic representations of the participants' perspectives and experiences. The requirement that these should not be tainted by the researcher's own perspectives (Cooksey & McDonald, 2019; Schwandt, 2015) is problematic, as no matter how hard one tries to leave these at the door, everyone has concepts, beliefs, and assumptions that impact on the way one views and interacts with tasks, people, and the world. Scholars have evidenced the unlikeliness of there being either, an objective observer, or an inquirer who does not influence the research (Guba & Lincoln, 1994). The researcher's perspectives and biases can affect the design of the research project, the data collection and the analysis in particular, by virtue of the interpretation one brings to the data (Jackson & Bazeley, 2019; Richards 2009; Wengraf, 2002). To guard against researcher biases affecting the authenticity of the results, transparency is called for (as discussed in Section 4.7.1) in relation to the presentation of the research process and its guiding paradigms (Section 4.2) and assumptions. Many of the assumptions that relate to this research are set out in Section 1.3 and Table 1-1, as well as in Section 1.10.

As noted in Section 4.4.2, this research takes a conceptually driven, interpretivist approach. The researcher interpreted and presented many results from the perspective of the concepts in the conceptual frameworks (Table 2-1, Figure 2-2, Table 3-1, and Figure 3-6) and the underlying assumptions (Table 1-1). Using concepts and assumptions to interpret the results acknowledges that preconceptions and guiding assumptions can be useful in exploring a situation/problem where these concepts represent prior learning from experience, others, or history. The research was also conducted in a manner where the researcher simultaneously strove to genuinely understand and reflect on the lived experiences of the participants and allow insights and new concepts to emerge from their points of view. Whether the results were themed using deductive analysis or the themes arose inductively from reflecting on the participants' views, the presentation of the results endeavoured to remain close to the data. Coding matrices were used to consistently assess and display the presence or absence of themes/concepts across all participant responses (Section 4.6.4.6), and participants' voices can be heard through the use of direct quotes in the reporting of results (Rubin & Rubin, 2012). These procedures addressed some of the interpretation bias of the researcher and provided transparency of the raw data. While Rubin and Rubin (2012) recommend a substantial use of direct quotes to allow readers to "judge the evidence" themselves (p. 70), others recommend that quotes be used sparingly so as not to merely "enthral the reader with a patchwork of quotes" (Richards, 2009, pp. 203-204). Quotes were chosen with both of these recommendations in mind, whilst also taking care that no single participant was overrepresented in the quotes displayed and that all participants had at least one quote included.

4.7.2.2 *Other Perspectives Sought to Enhance Authenticity*

Researcher bias can be reduced by engaging with varying perspectives/angles from which to view and understand the primary data and its context. Accordingly, secondary data were obtained to better understand the experiences of the participants and the perspectives of the FPs. As outlined in Section 4.5.7, these data were sought to give additional insight during the data-analysis stage and comprised observations and notes from attending EF events, obtaining of firsthand experience of the EF process via an internship, and performing of a targeted literature review on the FPs' decision processes and criteria to obtain other viewpoints, specifically those of the FP, as detailed in Chapter 3.

In addition, the researcher's conceptual perspectives from which to view the data were broadened by the depth and focus of concepts brought to bear on the research problem (Cooksey & McDonald, 2019). This angle is addressed in Section 4.4.2, where it is demonstrated that an exploratory and conceptually driven interpretivist approach was taken to capture relevant concepts

both deductively and inductively. Focus is given to the individual-founder level but not at the expense of understanding the broader context (Section 1.1 and Table 1-1). Further conceptual depth and breadth was achieved by concentrating on five components within the concept of founder characteristics (Section 1.10.7 and 2.4) that were drawn from a range of differing disciplines, such as economics, sociology, positive psychology and cognitive psychology (as detailed in Table 2-1), and also on the FPs' decision process and criteria, which involved bringing in concepts from outside of the field (sections 3.1 and 3.3) to provide a common terminology with which to explore the segmented EF literature in this regard.

4.7.2.3 *Two Data Collection Methods to Aid in Authenticity*

Data were collected via both semi-structured interviews and a post-interview questionnaire (PiQ) that contained demographic information as well as measures of concepts related to founder characteristics. The two different methods allowed differing information and perspectives to be obtained, as some questions overlapped or inferred things about other questions. Triangulation, which allows the "weaknesses of one method to be offset by the strengths of another" (Jick, 1979, p. 603; Molina-Azorín et al., 2012, p. 431) was then possible between many aspects of these two data sources to ensure they were sufficient when taken as a whole to generate authentic portrayals. The researcher checked their understanding of the data by making comparisons where possible between the topics and themes in the interviews, between the interviews and the PiQ, and between the PiQ responses and participants' web pages if required for the purposes of clarity. This triangulation process strengthens the authenticity/internal validity of the research (Jick, 1979; Molina-Azorín et al., 2012). Where differing conclusions resulted, these were explored, made sense of and explained (Miles et al., 2014). When findings converged, an exploration and discussion of rival explanations were still made for the findings of the research, thus aiding validity in general (Miles et al., 2014). Triangulation is especially important when using self-reporting instruments as sources of data due to their susceptibility to biased answers (Baluku et al., 2016; Davis et al., 2016; John & Srivastava, 1999; Khelil, 2021; Newman et al. 2014; Rubin & Rubin, 2012). The next subsection briefly covers various types of participant bias.

4.7.2.4 *Authenticity and Biases in Participant Responses*

Biases in participant responses can result from participants wanting to be seen in a certain light (i.e., impression management (Miles et al., 2014; Rubin & Rubin, 2012) or social desirability bias (Bryman & Bell, 2015; Narayanan et al., 2021)). To some extent this participant behaviour is impacted on by the behaviour of the researcher. Attempts to mitigate such participant bias were

made by creating a respectful, supportive and judgement-free environment for participant's interactions with the researcher (Kvale, 2007; Rubin & Rubin, 2012) through the use of a "responsive interviewing style" (Rubin & Rubin, 2012, pp. 36-38) where confrontation and emotional reactions were minimised and a conversational manner was used that emphasised respectfully listening to responses with the aim of understanding them (Rubin & Rubin, 2012). Probing questions that might personally challenge or presuppose judgement were generally avoided, and if used, these occurred when the interview relationship was solid, and the interviewer was recognised as being trustworthy (Rubin & Rubin, 2012). Researcher trustworthiness was earned not only by the researcher's own conduct but also by fact that the researcher had been vouched for via the introduction and the mutual association held through the shared social network of the SRI (Rubin & Rubin, 2012).

These procedures taken, while helpful, were unlikely to have caused the respondents to completely drop impression management and/or social desirability bias; however, it is the researcher's subjective opinion that participants mostly gave frank responses. While participants told it like it was, this of course could only be done to the best of their ability, because biases can also come from people simply believing themselves (or the situations) to be other than they are (i.e., self-deceptive biases such as being more or less competent in an area than is actually the case) (John & Srivastava, 1999). In addition, what the participants share is true for them at that particular point in time, which is subject to the contexts (internal and external) of that time and circumstance. These transient and situational factors relating to the respondent's environment on a particular day, such as their mood or time pressure, are also outside of the researcher's influence, and these would have affected their response to questions (Ghauri et al., 2010), especially questions that need to be ranked, such as the Likert-scale questions (Ghauri et al., 2010) in the PiQ. It was not practical to re-deploy the same PiQ or interview over many points in time to average and eliminate for this.

The integrity of the data was also affected by the recall bias (Belli, 1998; Rubin & Rubin, 2012) and "retrospective sensemaking" of the participants (Narayanan et al., 2021, p. 764), which affect the way they remember and report their experience of accessing EF. This would particularly be the case where a longer period of time had passed since their accessing of EF or if they have attempted to re-construct the event in their mind to explain their experience to themselves (Narayanan et al., 2021). For 20% of the participants, their most recent EF attempts were two or less than two years in the past, and for 60% of participants they had had attempts at accessing EF that occurred in the six to seven months leading up to the interview. Therefore, the impact of recall bias was deemed acceptable due to the overall recency of their experiences.

4.7.2.5 *Effect of Data-sourcing Tools on Authenticity (Validity of Measures)*

The quality of the tools used to source the data (validity of measures) affects how 'sure' you can be that you are observing and measuring what you think you are (Bryman & Bell, 2015; Ghauri et al., 2010). Certainty cannot be guaranteed due to the influences of interpretation, misinterpretation, context, preconceptions, assumptions, biases and inherent subjectivity. The PiQ contains measures of various components of founder characteristics (Section 1.10.7) to aid the analysis, provide description and background context, and allow triangulation with the semi-structured interviews. Hence, these measures need to be valid, reliable and stable (Ghauri et al., 2010).

The measures used in the PiQ were initially proposed to be commonly used measures taken from pre-existing instruments that are favoured by the theories and concepts in the conceptual framework that guided the data collection; however, commonly used measures are not immune to criticisms in the literature about their reliability and validity. For example, Dawkins et al. (2013) propose that reverse-scored measures can create reliability and validity issues. Just because a measure or a concept has been tested by others or is in common use does not mean it is accurate in all circumstances and contexts, or even in any for that matter. This lack of accuracy may be the result of common constraints faced or simply convenience. For example, when historic data sets are used, variables are substituted as proxies for the concept being measured because the data were collected by others for other purposes and are not optimally tailored to measure the construct at hand. Such is the case in much research on social capital (Ferri et al., 2009) and human capital (Marvel et al., 2016). In other cases, the antecedent rather than the outcome is used as the measure. Human capital is one such example, because measuring the outcome (knowledge, skills) is more difficult than measuring the investment (education, experience) (Marvel et al., 2016), and social capital is another example, because sources of social capital are easier to measure than outcomes (Woolcock, 2001); this can be problematic as SC outcomes may be negative.

In the selection of theoretical concepts chosen to guide the content of the PiQ, it was evident that there were a wide range of measures in use within each relevant theory, whether that be within SC (Ferri et al., 2009) or within CC (Daspit et al., 2021; Khelil, 2021) or the other components of founder characteristics. This range of measures within each theory is to be expected because it is difficult to measure the concepts in each of these theories (HC, CC, Big5, PC and SC) as they are all intangible states/traits. As pointed out in Section 2.4.6, there is a great overlap and interrelatedness between the concepts, as many are also antecedents of each other; therefore, sometimes the same indicator is used to measure differing concepts. For example, measures of PC and CC appear in some studies as measurers of HC (Marvel et al., 2016; Talaia et al., 2016), and measures of personality and PC appear in some studies as CC (Daspit et al., 2021). This

interconnectedness brings into question the validity of those instruments as a measure of either concept because they cannot be said to fully capture it on their own (Ghauri et al., 2010), and it emphasises the importance of using clear definitions for concepts and measures to avoid misinterpretation or inappropriate generalisations being made.

Theories and their measures should not be used in isolation but rather in conjunction with other concepts in an effort to capture a more well-rounded understanding of a complex phenomenon using multiple perspectives (Repko, 2012). In isolation, measures cannot capture the full context of the EF situation (Marginson, 2019; Marvel et al., 2016; Newman et al., 2014), which is complex, multifaceted and involves multiple disciplines (Cumming & Johan, 2017; Hisrich et al., 2007; Marvel et al., 2016). This is especially the case with those theories that are narrower in their view and already do not allow for other contributing or moderating factors. For example, with its origins in the largely quantitative field of economics, HC recognises only a few of the many variables that contribute to the phenomenon being studied (Marginson, 2019; Marvel et al., 2016) let alone to its applications in relation to EF.

Overall, most of these pre-existing tools require modification to make them relevant for the research context because they all originate from outside of the EF field, which makes them domain specific. For example, general self-efficacy is different to entrepreneurial self-efficacy, and measuring the former does not necessarily measure the latter (Newman et al., 2019). Also, the development of the tools was influenced by the social, political and institutional environments at the time of their conception (Marginson, 2019), which are not reflective of the situation facing today's finance-seeking entrepreneur. For example, social media as we know it did not exist when HC and SC theory were developed, and the nature of work dynamics has evolved as well.

These observations posed a quandary for the researcher, who was seeking to uphold quantitative standards where relevant and possible when collecting this contextual PiQ data. In the interests of relevance, a trade-off decision was made to create custom measures that were specific to the EF process, in alignment with the research context and type, and informed by the concepts and theories identified in the conceptual framework. To enhance the general robustness (Ghauri & Grønhaug 2010), multiple questions were used for each concept (i.e., in relation to capturing HC, CC, PC, SC, and 5-factor personality traits), because a single measure is not enough to capture a multi-dimensional and intangible concept (Ferri et al., 2009; Harper & Kelly), as the above discussion has indicated. Best-practice recommendations were sought and followed as much as possible, such as providing options like daily/weekly/monthly instead of options like often/sometimes/rarely. These measures have not been statistically tested for validity and reliability due to resource constraints. As Repko (2012) points out, validity can be affected by the skill of the researcher in

being able to complement the concepts and theories used with other constructs and thus create these custom instruments.

These measures (see the PiQ in Appendix A2) were used in a predominantly qualitative rather than quantitative manner, aside from providing descriptive statistics, which were used as a means of providing the context of the participants' situations and is in line with the interpretivist approach. The intention was to provide a transparent and manageable level of measurement reliability, especially given that it is not possible, even without the time and resource constraints, to eliminate all concerns of validity inherent in an instrument or measure due to the influences of interpretation, misinterpretation, context, preconceptions, assumptions, and biases (Jamieson et al., 2023).

4.7.3 Sufficiency (of the Sample)

The sufficiency criterion used here is specifically in relation to sufficiency of the sample utilised as it relates to the ability to answer the research questions (Richards, 2009). Sufficiency in relation to broader aspects of the research, from its design and conduct through to its presentation, is addressed via the other integrity criteria.

The sample size was set to be at least 20 and up to 30 participants. This range is in line with common practice where the median sample size for qualitative interview participants is 30-36 participants with 12-15 being a common minimum, and where smaller sample sizes such as six can be argued as appropriate depending on context (Guest & Johnson, 2006; Leese et al., 2021; Saunders & Townsend, 2016). Upon finalising 20 semi-structured interviews an assessment was made as to the sufficiency of the sample size as it relates to the ability to answer the research questions and taking into account the time and resources available in which to complete the research project.

Sufficiency is defined in row three of Table 4-2, and is often referred to via the term saturation as determined by assessing whether the perspectives from each additional participant are still different, result in a more refined understanding of the research problem, or result in new information being obtained (Glaser & Strauss, 1967; Rubin & Rubin, 2012). The heterogeneous sample obtained so far implied that subsequent participants would likely continue to contribute new information and nuances ad infinitum, however the conceptual categories and depth emerging from the analysis (Nelson, 2017) were sufficient to indicate that the research questions could be answered with the current sample size of 20. Furthermore, the data collected contained a broad range of perspectives and experiences, including minority views, to facilitate a well-rounded portrayal and enable deeper understandings (Cooksey & McDonald, 2019; Leese et al., 2021;

Morse, 1995; Nelson, 2017). As Richards (2009) notes, the correct, (and therefore sufficient) sample size is one where the researcher has the data needed to answer the research question. The sample size was deemed sufficient in this regard and accordingly, the sample size remained at 20 for the interviews. However, the sample size is 19.5 for the PiQ because one participant chose not to complete the PiQ despite friendly reminders. Excluding the 60 BFI-2 personality questions, 51% of their PiQ was able to be completed with a high level of assurance by the researcher using a mix of the interview data and publicly available information. All subjective PiQ fields were left blank. These were the entire BFI-2 (personality tool) and fields that asked them to rate their skills, knowledge, reactions or emotions on particular EF matters (see S3Q5, S3Q6, S3Q7 and S3Q9 of the PiQ in Appendix A2) and also fields in relation to their EF social capital (see S3Q2, S3Q3 and S3Q4 of the PiQ in Appendix A2). This participant was omitted from the descriptive statistics for these particular fields on a cohort basis. This detail is provided here to meet the criterion of transparency and to reason that the sample was sufficient.

Hence, unlike quantitative research, where statistical significance is sought and a small sample size is seen as a challenge to research representativeness (Bryman & Bell, 2015; Miles et al., 2014) and the ability to make statistical generalisations (Miles et al., 2014; Morse, 1995), a large number of participants is not required to produce results that are sufficient, credible, accurate, thorough and balanced (Bryman & Bell, 2015; Morse, 1995, Rubin & Rubin, 2012). What matters is the appropriateness and richness of the data collected (Leese et al., 2021; Morse, 1995) and whether sufficient depth of understanding can be obtained from the data (Nelson, 2017). The term saturation is not used in relation to the sample because this is not a grounded theory study and the term saturation as applied to non-grounded theory qualitative methodologies is vague, nebulous, and often misleading (Leese et al., 2021; Nelson, 2017). As detailed in Section 4.5.4, the sample approach was multi-stage, purposive and with parameters that aimed to obtain a balanced range of views (Rubin & Rubin, 2012) in order that the sample would be representative of the context of the research aims as much as possible (Bryman & Bell, 2015; Eisenhardt, 1989; Miles et al., 2014; Rubin & Rubin, 2012) and credible in that it contained participants with firsthand experience of the phenomenon being studied; in other words, they were knowledgeable or informed participants (Rubin & Rubin, 2012). This sampling approach included choosing a data source (Section 4.5.3) comprised of founders who met the target group criteria (Section 4.5.2).

Due to the assumptions regarding positivist validity criteria that influenced the data collection phase (see section 4.7), the sampling procedure on one hand sought to achieve insights and transferability due to the guiding constructivist paradigm, and on the other hand was seen as important for addressing (assumed) issues of generalisability (Ghauri et al., 2010) to the extent

that it would be possible, given the qualitative nature of the research. Accordingly, the sample approach did not actively seek out minority perspectives; however, minority/non-mainstream views were captured. To aid in transparency on this matter, a brief description follows. The data collection method resulted in one founder participating whose only EF attempt was indirect via a related business that was not a start-up/scale-up. Arguments could be made as to whether the capital for this start-up came from the related business and its external financing or from savings (i.e., bootstrapping), as neither business has external shareholders. The parameter of having firsthand experience in attempting to access EF via any method (Section 4.5.2) had not intended to capture such a situation. The founder met all other research criteria and was knowledgeable and informed on the processes of accessing EF, having investigated many options for doing so. Their contribution to the research objectives was deemed valuable, and their data were kept. In this manner, a minority view was captured that enhanced the sample sufficiency by creating a more diverse perspective. Note that several other founders made indirect EF attempts through other entities, but these were unrelated entities (customers or incubators), and therefore by nature completely external EF attempts. Another minority view occurred with a different founder whose only direct EF attempt was for a source of EF that no other founder mentioned (Amazon web server vouchers worth $10,000). Another founder reported obtaining different vouchers of a smaller amount and in a different manner, but the vouchers were not their only EF attempt. Overall, there was heterogeneity amongst founders in many ways, including their backgrounds, such that many views could be painted as being minority. The research was designed at an individual-founder level rather than an entity level, and the founder with the higher level of participation in the EF process was interviewed if the venture had co-founders (55% of ventures did), except in the case where the original founder was no longer part of the start-up/scale-up (one venture). The non-interviewed co-founder's views and experiences of the EF process were therefore not captured. It was assumed that there would be a large overlap in the objective information provided and, in many cases, insufficient new insights from the remaining information to warrant both founders volunteering their valuable time for the research project.

Ensuring the data represents perspectives from a well-rounded sample of participants is also important. This is discussed in Section 4.5.4, which describes the exploration of alternative points of view (Rubin & Rubin, 2012) of both successful and unsuccessful EF attempts and the setting of sample parameters to facilitate a balanced mix of informed participants with regard to gender, industry and location. Furthermore, primary data were sourced from participants who had firsthand experience of the phenomenon being explored (Section 4.5.2 and Table 1-1).

4.7.4 Transportability/transferability

As row four of Table 4-2 shows, transportability/transferability is defined as the wider relevance of the findings beyond the specific context or circumstances of the participants (Cooksey & McDonald, 2019; Schwandt, 2015). As distinct from the generalisation of a statistical sample to an entire population (i.e. statistical generalisation), transportability/ transferability is a type of generalisation where an extrapolation is done by the reader from the findings in the research to the findings in another context (e.g. a case-to-case transfer, i.e. practical application) or to the logic within an existing theory (i.e. analytic generalisation, or theoretical engagement) (Brown, Stalmeijer & O'Brien, 2025; Firestone, 1993; Lincoln & Guba 1985; Polit & Beck, 2010; Schwandt, 2015; Yin, 1994). Transferability can also include affective resonance, for example when research "reinforce[s] a collective understanding, build[s] shared language, and inspire[s] action" (Brown, Stalmeijer & O'Brien, 2025, p. 302).

It was not the aim of this study to compare and contrast different contexts, this is generally not the aim of qualitative research, although it can be (Cooksey & McDonald, 2019), but rather the aim was to explore EF views, experiences, actions, and challenges in the contexts unique to the participants. However, within the specific contexts of the participants, there is much about human nature and experience that is universal. Therefore, it is possible that some of the insights gained from this research are transferable in that they are meaningful for assisting other similar founders in the future (different temporal context), including potentially those in similar regional locations (different geographic context). It is also possible that a founder and those who assist founders (including incubators, accelerators, mentors, and advisors), whether located regionally or not, may identify with some of the participants' experiences and challenges and may wish to reflect on aspects of this research and adjust their EF journey in some way because of their reflections. In all of these ways, this research may be transported/transferred and contribute to practice, as discussed in Section 8.6, and to policy, as discussed in Section 8.5. The reader may assess for themselves the transportability/ transferability of particular research findings to other contexts when sufficient transparency exists and sufficient appropriate description is provided (Brown, Stalmeijer & O'Brien, 2025; Lincoln & Guba 1985; Schwandt, 2015) including of the research sample, context, and findings (Miles et al., 2014. See in particular sections 4.5.5 and 4.5.2, Chapter 5 and Appendix A5, and Chapter 6 and Appendix A6, respectively for such descriptions. See also row four in Table 4-2 for a definition and summary of key strategies used to address the transportability criterion in this study.

The need for adequate and clear description extends to the definitions of key terms and concepts used in the thesis. These are found in Section 1.10 in order to minimise situations where the

research may be transported, generalised, misinterpreted or misunderstood, based on differing assumptions around the meaning of terms used. Misunderstanding is highly possible, as EF is contributed to by researchers from a wide variety of disciplines and fields, including finance, management/entrepreneurship, economics, management, sociology and psychology (Cumming & Johan, 2017; Hisrich et al., 2007; Marvel et al., 2016), and key terms and concepts often have different meanings, not just between these disciplines and fields but also within them, and the field of EF is itself highly segmented (Section 1.6). In addition, context is highly important in the field of entrepreneurship and EF, as discussed in Section 1.5.

To aid in any transportability a reader may choose to perform, this thesis has been transparent in its analytical procedures and has provided rich contextualisation. In line with the latter criterion, further comment on Section 4.5.3 data source/sample frame is required. Utilising a business incubator (the SRI) as the data source means that all participants have in common the attribute of the founder having an association with, or having belonged/belonging to, a business incubator, which could act as a filter that preselects for certain mindsets or viewpoints (i.e., PC and CC), and means that generalisations may not be able to be extended to those founders who do not belong to or have an association with a business incubator. Using this data source was a trade-off due to the suitability of it containing participants who met the target-group parameters and the convenience of it being accessible through one co-supervisor.

Additionally, in relation to the target group for the sample (Section 4.5.2), the establishing of the NENW spatial boundary means that some generalisations cannot be made for regional NSW in general. The resulting participants obtained in the actual sample (Section 4.5.5) came from five Local Government Areas (LGA), they clustered around Armidale Regional and Tamworth Regional (45% of participants and 25% of participants, respectively), where the typical industries for those two locations are agriculture, education, arts and health. In most other parts of the NENW agriculture is the main industry. In terms of representativeness of the NENW region, these two LGAs account for almost half the population of the NENW (NSW Government, 2022), and the sample contains a 40% agricultural component by industry, making it possible that some generalisations may be drawn for the entire NENW. When grouped using the ATO industry hierarchy, these 40% fall into a mix of pure “Agriculture, Forestry and Fishing” (25%) and “Professional, Scientific and Technical Services” (75%). See section 5.2 for further context in relation to the region.

4.7.5 Ethical Issues

This research complies with University of New England's (UNE) Code of Conduct for Research, under ethics approval HE22-072. It was respectfully conducted, with participants free to withdraw at any point in time without explanation. They were also assured that their choice to participate or not would not affect their relationship with the data-source provider. All participants received the Information Sheet for Participants (Appendix A3) prior to giving their consent, which included permission to use the information in published works such as this thesis, articles, and other publications, and they received assurance that they would not be personally identifiable in any published documents. The personal information provided has been kept private and confidential in line with UNE's data retention and management policies to protect the identities of the participants. Only the research team had access to identifying data during the research, and all data containing identifying information will remain closed access in line with UNE's data management policies, which includes the transcripts, block-quote summaries and audio recordings due to the significant identifying contextual information they contain.

The promise of anonymity not only affected data management but also restricted how the research findings have been presented. Pseudonyms are used whilst working with and analysing the data; however, much of the data contain identifying information (for example, references to their industry, product/service, business name or co-founder), which could be correlated with publicly available information to reveal the identity of the participant. Therefore, quotes were carefully selected and certain words left out, not just for flow but also to protect anonymity. This omission was achieved using three dots or square brackets or using a phrase to describe in general the specifics that were redacted. For the same reason, descriptive statistics had to be compiled with care so as not to offer too granular a level of detail about, for example, industry or location. As an extra measure, the participant number pseudonyms will be subsequently blacked out in the published version of this thesis to ensure participants cannot be identified by triangulating their quotes.

4.8 Summary

This chapter described the methodology of this exploratory and descriptive research. The conceptually driven interpretivist approach used acknowledged that pre-existing assumptions and concepts surrounding a problem are difficult to completely drop, and that such concepts are often valuable to use when exploring a problem where they represent prior learning from experience, others, or history. After participants had participated in the semi-structured interview and post-interview questionnaire, a second literature review and updated conceptual framework were

created to aid the data analysis without impacting on the data collection instruments/measures used. It was explained that these two conceptual frameworks were used to capture the pre-existing assumptions and concepts that guided the data collection and data analysis, and that other implicit assumptions and boundaries that surfaced throughout the research as it progressed were compiled into Table 1-1 (research scope) and/or documented in the definitions section. During the data analysis, inductive concepts were also looked for and incorporated into the thematic analysis performed. The coding of the interviews and condensing of the themes arising was a process that occurred over eight steps in two separate phases due to a pivot in coding approach that was employed in response to the dynamic process. A qualitative cross-sectional design was used at an individual founder level of analysis coupled with a five-stage purposive-sample approach to obtain qualified participants from a regional business incubator.

The final section of the chapter addressed research integrity issues of transparency, authenticity, sufficiency, transportability, and ethics. In the spirit of transparency and recognising the importance of contextualisation, the next chapter presents background information on the region and the participants, and the results are presented in Chapter 6.

Chapter 5 Background and Context

5.1 Introduction

This background chapter provides a brief geographic, temporal, and economic context within which to place the participants and the research findings. Context is important for assisting the reader (sections 4.7.1 and 4.7.4) and for understanding entrepreneurial research (Baker & Welter, 2020; Zahra et al., 2014) and entrepreneurial finance (EF) research, because each entrepreneurial situation is different (Welter, Gartner, & Wright, 2016). Section 1.5 provides further discussion. This chapter assists the reader in understanding some contextual elements that are relevant for the cohort of founders who participated in this study.

The chapter begins with a description of the regional location (Section 5.2) and an exploration of the local entities that facilitated access to EF at the time of data collection (Section 5.3). In Section 5.4, it then introduces UNE's SMART Region Incubator (SRI), the only incubator physically in the region and one of the main supporters of start-ups and scale-ups in the region. Importantly, it is the source of the data sample, being the hub to which all participants belong. Section 5.5 outlines major global events that occurred during and since the research, and Section 5.6 presents the demographics and descriptive statistics of the founders who participated in the research and their ventures (Appendix A5 provides more detail in this regard). The chapter concludes with a summary in Section 5.7. In this manner, Chapter 5 provides the context for the interpretation of the results.

5.2 Introducing the Region: New England and North West (NENW)

The New England and North West (NENW) is an inland region in the northern part of New South Wales (NSW) that is approximately halfway between Sydney and Brisbane. It is primarily an agricultural region and produces approximately one fifth of NSW's agricultural produce (NSWDPE, 2022). The NENW was historically a pastoral and mining region, then in the early twentieth century, agriculture, industry and manufacturing developed when the 1904 Closer Settlement Act led to changes in land usage (Atchison, 1977) and roads were sufficiently improved to make it economically viable to transport produce other than wool, which, along with cattle, had up to that time been the main industry (Oppenheimer, 1977). The NENW region is still a major producer of wool and meat (sheep and cattle); however, cropping of wheat and cotton also

produced significant output in the slopes and plains areas during the 1950s and the following two decades when that industry significantly expanded in the NENW (Atchison, 1977).

The towns in the NENW emerged as "rural service centres" that lacked economies of scale and were large distances from metropolitan Sydney (Cooper, 1977). In 1977, Tamworth was the only industrially diverse town in the region with a reasonably broad manufacturing base (Cooper, 1977), and it still leads in this position today (Adapa et al., 2021). Although having high employment in agriculture, Armidale focuses predominantly on education (Adapa et al., 2021), especially tertiary education. The University of New England (UNE) was established in Armidale in 1938 as a college of the University of Sydney and gained autonomy in 1954 (UNE, 2005), and the Armidale Teachers' College was established in 1928 as a rural residential college (Barcan, 1984). The New England region, which centres around Armidale, was formally declared a renewable energy zone in December 2021 (NSWDPE, 2022), and this status is predicted to change the economy and mix of industries.

Almost half of the population of the NENW reside in the two regional cities of Tamworth and Armidale (NSWDPE, 2022), which are classified as inner regional (ABS, 2021a), and therefore as accessible. As well as the two cities, there are five strategic centre towns in the NENW region: Glen Innes, Gunnedah, Inverell, Moree and Narrabri (NSWDPE, 2016, Figure 3). These are classified as outer regional and therefore as moderately accessible. In addition, some of the smaller outlying communities fall into the classification of remote, 2% of Australia's population live in remote areas. The map in Section 1.10.12 illustrates these categorisations.

As the name suggests, NENW is the combination of two regions, the New England and the North West. Internal boundaries are best described with reference to local government areas (LGAs), of which there are 12: Armidale Regional, Glen Innes Severn, Gunnedah, Gwydir, Inverell, Liverpool Plains, Moree Plains, Narrabri, Tamworth Regional, Tenterfield, Uralla and Walcha. The participants in this research were, at the time of the interviews, living in five of these LGAs that are clustered around the cities of Armidale (45% of participants) and Tamworth (25% of participants). One participant was living in an outer regional part of the NENW and no participants were living in an ABS-defined remote area (Section 1.10.12). Section 4.7.4 provides a discussion on how this selection of the sample impacts on the generalisations that can be made from the research. Figure 5-1 provides a map of the NENW, which marks the NENW and the different regional categorisations. See also Figure 1-2 which presents a map of Australia displaying regional the categorisations and showing the location of the participants.

Figure 5-1
Map of New England North West (NENW) with Local Government Areas Applicable to the Research Highlighted in Dark Grey



Source: Adapted by the Author from NSW Government, (2022), and from https://www.rdani.org.au/our-region.php

5.3 Entities Facilitating EF Access in the NENW During 2022

In this digital and post COVID-19 age, the internet offers online access to many resources; however, the physical presence of a resource in a community plays a role in shaping that community, including its narratives and culture, as was outlined throughout sections 1.1 and 2.2.3. Being able to walk into the door of a local business that will help with access to EF can be invaluable for a founder.

The two regional cities and five smaller towns/strategic centres[30] have access to a range of banks that have a physical presence in their communities. However, not all business banking needs can be met by local bank staff, and regional branches often serve as a point of contact for hybrid access to a business lending officer in a metro location. Mortgage brokers are also available in the two cities and to a lesser extent in the strategic centres. At the time the data were collected (2022), an internet search[31] for venture capital only showed results for Armidale, which had two businesses that facilitate access to venture capital (VC) for founders, these being the UNE SMART Region Incubator (SRI) and Regional Development Australia – Northern Inland. Also, the term[32] grant funding only showed results for Armidale, with Regional Development Australia – Northern Inland and Armidale Business Chamber/Business New England offering their services to assist founders in this area. Other entities (and certainly the SRI) facilitated assistance for founders to obtain grant funding, but these did not show up on that particular Google search. This summary is not intended to be an exhaustive list of providers, but rather it reflects generally what a founder may see if they started their EF journey in June 2022 using a popular internet search engine (Google) to explore their local area.

Local accounting firms may assist with the process of exploring sources of suitable finance. Their role is usually centred around assistance with the application aspect of the process via preparation of supporting documents (financials, projections, budgets, prior tax returns) or with certain EF types such as the government research and development (R&D) tax offset. There are many accounting firms in the NENW region, with the strategic centre towns each having at least four, and the two cities, Armidale and Tamworth, have over 30 between them. A founder may not yet have a relationship with an accountant and may turn instead to a business advisor or business coach for guidance, the overt presence of whom is limited in the NENW region but they are abundant

[30] The cities are Armidale and Tamworth. The towns/strategic centres are Glen Innes, Gunnedah, Inverell, Moree, and Narrabri (NSWDPE, 2022)
[31] Google search in June 2022 using the phrase “venture capital” in [town name], NSW
[32] Google search in June 2022 using the phrase “grant funding” in [town name], NSW

online. Another place founders may have turned to is the state government's Service NSW Business Connect Program which operated in the region at the time (closing 30 September 2025) offering advice "at every stage of your business journey" (Service NSW, 2025), either directly or via their approved independent providers.

Co-working spaces and business hubs have the potential for networking in relation to EF. In June 2022, Armidale had two co-working spaces that also served as business hubs, whereas Tamworth's co-working space did not provide extra services beyond room or desk hire. The other town featuring in the search results at that time was Narrabri. The SRI, which plays a unique role in the region's business development space, is the only business incubator physically located in the NENW region. The SRI is introduced in the next section. Business incubators are much more than co-working spaces in that they also provide services and support that are aimed directly at business development and growth, including connections to investors. Business incubators are distinct from business accelerators, of which there are none based in the NENW region. The latter are fixed-duration, cohort-based offerings that are usually focused on investment readiness and often offer small amounts of finance to the founders who pass their selection criteria for entry. Outreach services are delivered to the region by urban based incubators and accelerators including, Sprout X, Farmers2Founders, SSI Ignite program, and the University of Newcastle's I2N. In 2022, NENW founders requiring financing other than via debt needed to look to Armidale and Tamworth or larger regional or metropolitan areas for access to, or assistance with, such finance. Since the research data were collected, the outer regional strategic centres of Narrabri and Moree (NSWDPE, 2022) can now be added to the list due to the presence of the SRI in those towns.

In the absence of local resources, founders must travel and/or rely on SC connections and the internet. It is approximately a five to six-hour car trip to Sydney from Tamworth/Armidale, a six and a half to eight-hour train ride or a one-hour flight (plus waiting time). There is thus cost in both time and dollars to visit, for example, the Sydney Start-up Hub or other relevant EF resources. Founders may choose to travel to Newcastle as the next closest urban area with an accelerator, or to Brisbane as the next closest capital city, and Brisbane is a similar length trip to Sydney but with no train option. By car, Sydney is 480–520 km from Armidale, Newcastle is 388 km and Brisbane is 455–509 kms from Armidale, depending on the route taken (as per Google Maps). Tamworth and Armidale are 111 km apart.

5.4 UNE's SMART Region Incubator (SRI)

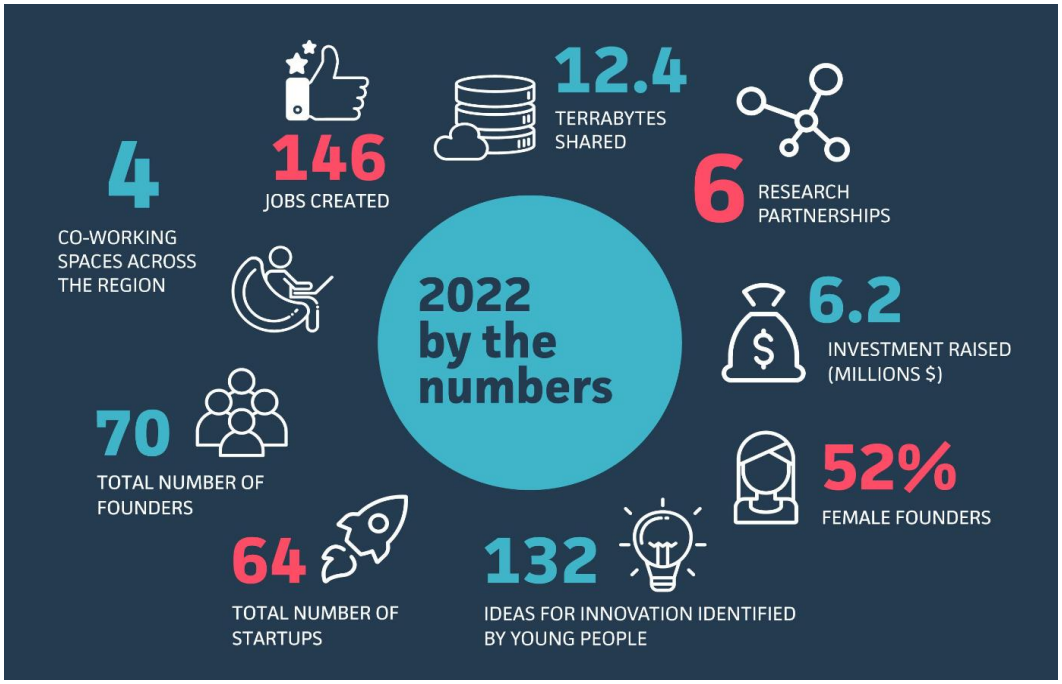
The University of New England's SMART Region Incubator (SRI) has a physical presence in Armidale, Moree, Narrabri and Tamworth. As explained in the prior section, an incubator is more

than a co-working space and different from an accelerator. As an incubator, the SRI offers a community-first approach with resources, connections and events that support businesses to grow and nurture innovation. The SRI was established in early 2017, when both the Armidale and Tamworth locations opened. It is funded by various NSW Government grants: NSW Department of Primary Industry's Boosting Business Innovation Program (2017), the Regional NSW Accelerating Regional Innovation Fund (2023) and other smaller government-funded grants and corporate sponsorships.

In late 2021, in conjunction with local government support from the Armidale Regional Council, the Armidale space was relocated from the university campus to the Armidale CBD to further align with its community-minded focus. The SRI's presence was extended to Narrabri and Moree in 2022 and 2023, both in conjunction with local council support to open in main-street locations: the Social-co-House space in Moree and The Exchange in Narrabri. The SRI locations provide access to resources, from office facilities and hot desks to mentors, speakers and experts-in-residence. The SRI is a friendly community and values connecting its members to an ecosystem of support and opportunity. Twelve-month and six-week programs are delivered, and full-day or shorter events are scheduled throughout the year. Many events bring experts from further afield to the region, including finance providers (FP). These events provide founders with access to face-to-face interaction and one-on-one meetings with these experts that would not otherwise have been available. In addition, members who travel to Sydney have access to the Sydney Start-up Hub, as the SRI is a Local Innovation Network member of the NSW Government's Regional Landing Pad.

The annual founder survey undertaken in the same year that the data collection for this research was conducted (2022), revealed that there were 70 founders and 64 start-ups that had raised AU$6.2 million in investment between them and created 146 jobs for their local region. Figure 5-2 illustrates these and other statistics for that year.

Figure 5-2
Results of the SRI's 2022 Survey of Founders (The Same Year the Research Data was Collected)



Source: SMART Region Incubator 2022 Annual Founder Survey Report, p. 2

5.5 Major Events Occurring During and Since Data Collection

The focus of this research is on the micro level and individual founder, and in particular, on founder characteristics, which are possible for a founder to modify in order to best meet external contexts, be they favourable or otherwise (see sections 1.10.7 and 2.4 for further discussion). These external contexts affect the conditions the founder is operating within and must be acknowledged for the role they play in EF outcomes that are outside of the founder's ability to control. Since commencing this research project in 2021, many things have changed in the world that have also affected the context in which a founder seeks to obtain EF. In the short span of years from 2020 to 2024, the events that occurred had a roller coaster effect on the supply of EF, which demonstrates that the external environment a founder finds themselves in when attempting to access EF can be varied and uncertain and add another layer to the uncertainty inherent within entrepreneurship as per the definition given in Section 1.10.3.

For 20% of participants, their most recent EF attempts were during the pandemic (2020–2021). Interviews were conducted from 24 June 2022 to 16 September 2022, and 60% of participants had attempted to access EF during the first six to nine months of 2022. This period was just after Russia

had invaded Ukraine and while the COVID-19 supply-chain disruptions continued to have an effect, along with an emerging energy crisis. The data collected also included EF attempts that were made pre COVID-19, with 20% having made their most recent attempt during 2018 to 2019.

During COVID-19, the majority of business owners, regardless of location, experienced disrupted logistics and uncertainty around the ability to serve customers and receive services/product from suppliers (Renando & Moyle, 2021). As a consequence, cashflow and revenues were impacted, along with traction and the ability to forecast. Ignoring the COVID-19 financial assistance packages and focusing only on EF, these factors made it not only more challenging to qualify for finance but also more important to have finance. Uncertainty with regard to meeting repayment criteria due to low or unpredictable cashflows was a reality for many businesses in relation to debt finance, although interest rates were still at all-time lows. Equity finance increased significantly during COVID-19, with VC funding in the USA more than doubling to US$648.6 billion in 2021, up from US$302.1 billion in 2020 (which was already up from US$261 billion in 2019) (CB Insights, 2024a). This all-time high in equity finance was followed by a decrease in 2022 in both deal size and deal counts, and declines were then experienced quarter-on-quarter, reaching seven-year lows in early 2024 (CB Insights, 2024a, 2024b). Along with Canada and the UK, Australia's equity finance situation moved in the same pattern during this time frame (Harris & Chow, 2024).

These post COVID-19 declines in equity finance from 2022 onwards occurred in conjunction with inflation. The CPI rose 7.8% in Australia in 2022, which was the highest rise since 1990 (ABS, 2023b). Subsequent rises occurred in the following five quarters, but these rises were lower than the December 2022 peak (ABS, 2024). As a consequence of inflation and rising interest rates from May 2022 onwards in Australia, debt finance became more expensive at the same time as equity finance was becoming less prevalent. The collapse of many overseas banks especially in the USA (The Federal Deposit Insurance Corporation [FDIC], 2023) and Europe during 2023, including the Silicon Valley bank and Credit Suisse; the continuing Russia-Ukraine war, which commenced in February 2022; ongoing conflicts in the Middle East; and the energy crisis all caused more economic pressure and uncertainty with repercussions for all aspects of the economy, including EF. These less than favourable economic conditions have negatively impacted on the accessibility of both debt and equity finance for SMEs (OECD, 2023) and start-ups/scale-ups alike (Majeed et al., 2024).

In addition, from a regional Australian perspective, the rapid digitalisation that has occurred, an increase in the location-independent workforce migrating to the regions that was triggered by COVID-19 (counter-urbanisation or an e-change and flee-change rather than the traditional sea-change (Guaralda et al., 2020)), and the logistics issues and difficulty maintaining skilled staff

(those who moved to the regions often kept their metro jobs and worked from home) have affected narratives and resource/opportunity constraints. How this situation has impacted on the EF process is still being researched, and different regional areas are being affected differently, as inland regional areas are being affected to a lesser extent than coastal regional areas (Guaralda et al., 2020). Williamson et al. (2021) state that regional barriers that existed pre COVID-19 still persist; however, the increased social acceptability of online meetings that arose from the COVID-19 work-from-home mandates have made non-local resources and networks more accessible to those with access to the internet. Many metropolitan FPs are now more open to an online meeting rather than a face-to-face meeting. This approach reduces travel costs to the founder, but it comes with other issues such as the impact on rapport-building and signalling (both signal sending and receiving), which are more available in in-person meetings, as is discussed further in section 7.3.1.

Also, on the digital front, the launch of ChatGPT in 2023 by OpenAI and the subsequent ongoing AI developments have significantly changed the business and EF landscape. Business is facing disruption as AI makes it easier and quicker for nimbler and/or higher-funded ventures to outpace and outmanoeuvre competitors. AI enables founders to create new opportunities, make better predictions and decisions, deliver improved performance, and accelerate learning to put research into practice faster (Giuggioli & Pellegrini, 2022). In terms of EF, AI developments have prompted FPs, particularly of equity and grants, to focus a large amount of attention on businesses involved in generative AI in a race to capitalise on new opportunities (Stanford University, 2024).

Changes in government affect the broader economic context, and a direct impact can also be seen on government grants that shift focus to reflect changes in policy. The NSW state election in March 2023 resulted in a change in government[33] that affected several Investment NSW programs, including the Entrepreneurs Program, which was consequently paused and remains closed. Another example was the MVP (Minimum Viable Product) Venture program grant, which was promptly closed to new applicants and paused for several months for those applications already in progress while NSW Treasury carried out a "sector-wide comprehensive expenditure review"[34] ahead of the 2023–2024 budget. This situation caused founders concern as it required matched funding of up to $200,000 to be kept on hand, and there was no certainty around the outcomes of the government review.

[33] https://elections.nsw.gov.au/elections/past-results/state-election-results

[34] www.business.gov.au and www.investmentnsw.gov.au websites accessed 2023, and also as reported on https://www.smartcompany.com.au/finance/grants/startup-mvp-venture-grant-government-spending-review/

5.6 Description of the Cohort

The post-interview questionnaire (PiQ) data collected in this research were both demographic and founder-characteristic in nature. These data are presented in the subsections below and more fully in Appendix A5 to give context to the cohort of participants. Section 4.7.2.5 discusses issues around the validity of the measures chosen to capture the founder characteristics presented, and Appendix A5 also provides detail around the analysis of the PiQ data. Note also that Section 5.6.1 explains the demographics and distinguishes them from signals (Section 2.3) and from founder characteristics (Section 1.10.7).

Overall, the participants, who were all located in regional areas in the NENW, were a heterogeneous group. In the sample, there was an even split in gender and a 40/60 split in start-up vs scale-up stage (see Table 1-5 for definitions). The participants also had some areas of similarity, and these are simpler to list than their many differences. Areas with 80% or more alignment were having at least one successful EF application (100%), experiencing unsuccessful EF applications (95%), having 10 or fewer employees (95%, or 90% if casuals are counted), using a company structure (80%), having sales revenue (95%), having considered each of debt, grants and equity as a type of EF (90–95%), considering the government as a source of finance (90%), having a bachelor's degree (85%), having owned another business aside from the current one (95%), and scoring at or above 4 out of 5 on the four positive traits of the Big5 personality model and below 3 on the negative traits (100%). Some themes that arose were selecting project management as their best-ranked skill and marketing as their worst-ranked skill and ranking themselves overall highly across all seven skill areas of people management, project management, financial literacy profit and loss and balance sheet, financial literacy cashflow statement, sales skill, marketing skill and networking skill. Another theme was reporting the attitudes of motivation and optimism as a response to feelings of fear of failure. Lastly, all participants had experienced at least one instance of EF success, and many had experienced multiple instances of unsuccessful EF applications.

Before listing the various characteristics and demographics of the participants and their ventures, the next section comments on how demographics are different from signals and founder characteristics (see sections 2.3 and 1.10.7, respectively for definitions).

5.6.1 Comment on Demographics

The literature shows that the demographics of an individual founder, for example gender (Kwapisz & Hechavarria, 2017; Kwong et al., 2012) and race/ethnicity (Chatterji & Seamans, 2012; Ewens, 2022; Younkin & Kuppuswamy, 2018), play a role in accessing EF. Some examples are that

female founders are more likely to be asked different types of questions than their male counterparts (Kanze et al., 2018), or that physical attractiveness in males, but not in females, can be equated with persuasiveness even when the contents of the pitch are identical (Brooks et al., 2014). There are few studies in relation to EF and race (Ewens, 2022) from which to provide examples. In Western contexts, Caucasian males make up the majority of those engaging in entrepreneurship (Ewens, 2023) and thus by extension in entrepreneurial activities such as seeking EF. For example, in the USA, between 97% and 75% of entrepreneurs are Caucasian males, depending on whether race or gender, respectively, are the measure (Ewens, 2022). Likewise, Caucasian males make up the majority of those investing in entrepreneurship (Gornall & Strebulaev, 2024), and there is an argument that homophily (seeking those who are similar to oneself) may influence investor's decisions, due to either a better ability to evaluate those who are similar and/or a preference for those who are similar (Gornall & Strebulaev, 2024). Overall, there are many variables that can contribute to how demographics may be related directly and indirectly to EF success and challenges. These variables occur at all levels (macro, meso, and micro), and they are mentioned to acknowledge that the playing field is not a level one. There are many empirical gaps to be filled in the literature on this topic (Ewens, 2022), which is beyond the scope of this project.

From a signalling perspective, a person's demographics (indices i.e., attributes over which one has no control) may result in them being "treated as the average member of the group of people who look the same" (Spence, 1973, p. 370) due to the expectations and beliefs of the observer. It is more useful, but not always possible, to look directly for the signals of an underlying unobservable characteristic such as experience, knowledge, or skills that a demographic stereotype (e.g., age, gender, race/ethnicity) presumes to indicate is present or absent. The following description of the cohort contains both demographics (i.e., indices or unalterable characteristics) and what are effectively signals, which in this case are founder characteristics or observable signs that convey unobservable information (Spence, 1973). As the paragraph below explains, the meaning conveyed by either a signal or index is created subjectively by the signal receiver. In the case of this research, the signal receiver is both the researcher and the reader, and what is presented in this section, and more fully in Appendix A5, is intended to provide context to help with interpreting the research findings and discussion. The interpretation of the context provided will differ according to who is doing the interpreting.

Spence (1973) indicates that signals can be somewhat compared to indices such as demographics, as both signals and indices are observable and convey unobservable information (Spence, 1973). In both cases, the receiver interprets the signal or index according to their own beliefs and

expectations (Spence, 1973). The unobservable information conveyed is thus subjective and will depend on the receiver's context. For example, when interpreting an index, the receiver utilises their stereotype-based beliefs. One such belief could be, for example, that older people are more experienced. In the example of job-applicant education levels that was used to illustrate signaling theory (Section 2.3), the receiver utilises beliefs around the productivity levels that are assumed to be associated with various education levels and offers pay grades accordingly. These beliefs and assumptions of the receiver in relation to either indices or signals may change over time as the receiver has the opportunity to observe the hitherto unobservable quality of the signaller, and they will use this feedback to update their expectations and interpretations of signals received. For example, the job applicant with an education level of 'y' is hired and their productivity levels can be observed directly rather than via the proxy measure of education level. This process is part of the feedback mechanism inherent in the signaling theory model (Figure 2-1). When this situation occurs in the case of indices, it is irrational for the signal receiver to use the stereotyped information attributed to the index.

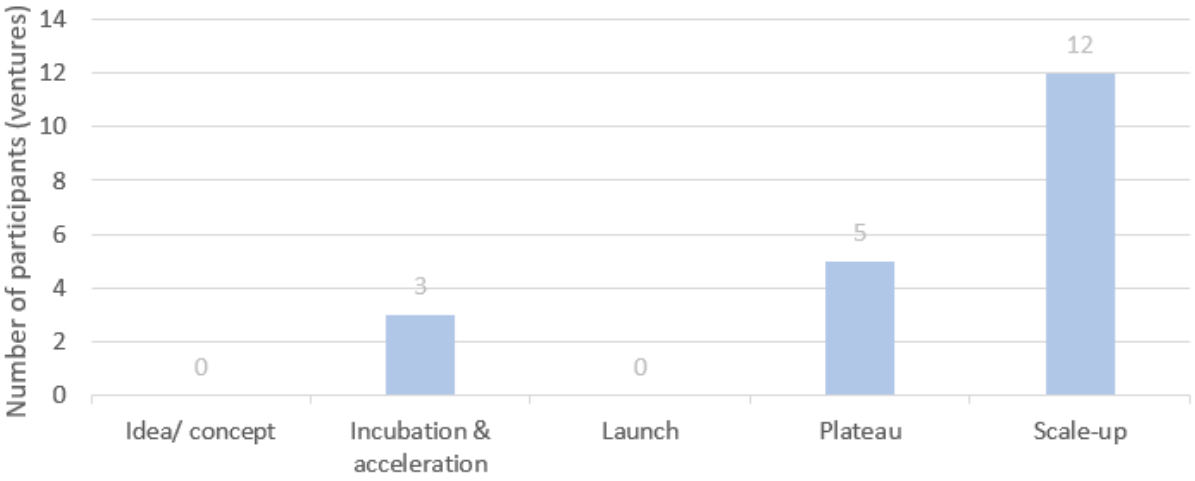
It is important to emphasise the fact that unlike an index, a signal is able to be altered or modified by the sender, as for example, education levels are able to be changed. It is this ability to alter that distinguishes signals from indices such as demographics (Spence, 1973). As explained in Section 1.10.7, while demographics may be considered to be founder characteristics, this study does not focus on age, gender, race/ethnicity, or other demographics when it refers to founder characteristics. Demographic information is instead collected for contextual purposes. The ability for founder characteristics to be changed, learnt, developed, moderated, or better-signalled (see sections 1.10.7 and 2.4) offers the opportunity to shape and influence outcomes by shaping and changing aspects of HC (knowledge and skills), CC (ways of gathering and processing information), PC (psychological states), aspects of SC (network connections/relationships), and even personality traits by moderating tendencies to suit the context or task. This temporal situation therefore has consequences for the data presentation because this research was not longitudinal, and accordingly, the data below represent a snapshot of these characteristics at a certain point in time, which in this case was mid-2022. Furthermore, as noted in Section 4.7.2.4, the data may be subject to biases in the responses due to the self-reporting instruments used.

5.6.2 Business-level Demographics of the Cohort

Venture stage, age, and size are presented and commented on below (for a full outline of business-level demographics refer to Appendix A5). With regard to venture stage (Figure 5-3), when the interviews were conducted, most participants' ventures (60%) were a scale-up, as they had

launched and were actively growing and expanding further. All other ventures were in a form of the start-up stage: three (15%) were in the incubation and acceleration stage of turning their idea into something to launch to the market, and the remaining five founders (25%) were in a plateau between launching and scaling up. No participants were identified as being at the idea/concept stage of exploring the idea to see if it has potential nor in the launch stage of currently launching the product/service to the public. This is due to the potentially brief duration of some of these stages and the iterative movements where a venture can move in cycles between stages. For the definition of venture stages used in this study see Section 1.10.4 and Table 1-5.

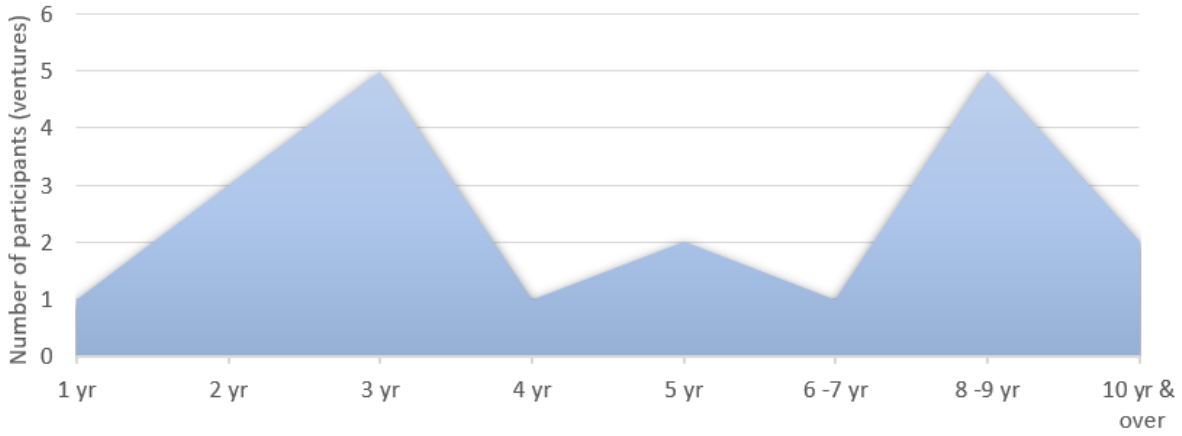
Figure 5-3
Growth Stage of Participants' Ventures



Source: Author's compilation

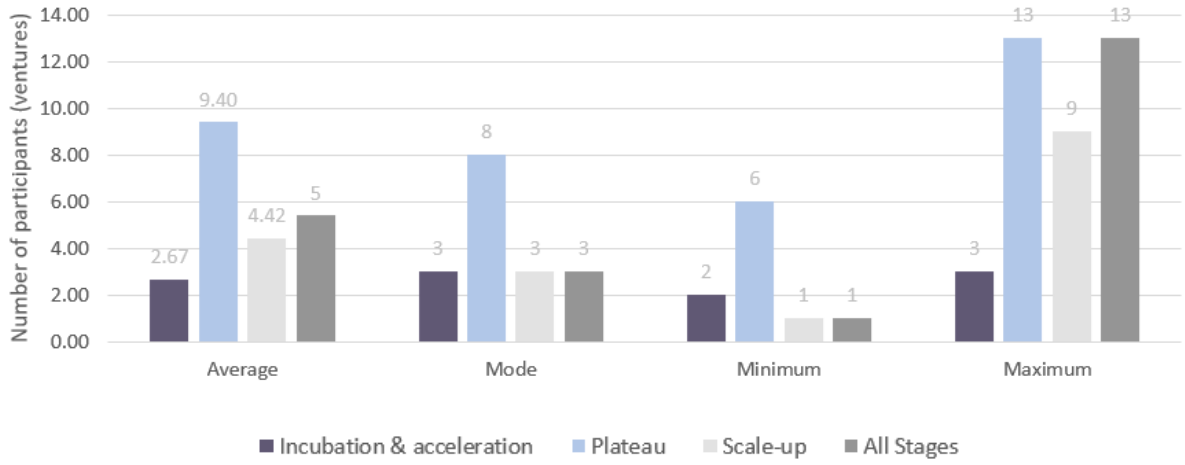
In terms of venture age (Figure 5-4), the average age was five years, with the most common age (mode) being three years (25%), followed closely by eight years (20%). The youngest was one year old and the oldest was 13. When grouped according to venture-stage it can be seen that there is no association with age (Figure 5-5).

Figure 5-4
Age of Participants' Ventures in Years



Source: Author's compilation

Figure 5-5
Age of Participants' Ventures in Years as Grouped Within Each Venture Stage



Source: Author's compilation

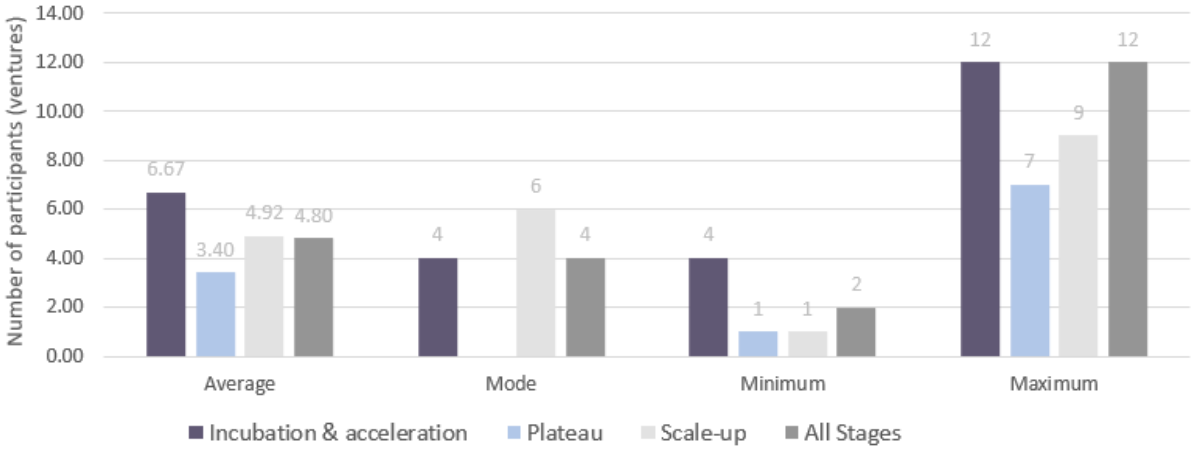
In relation to venture size (Figure 5-6) as measured by head count of employees and including working founders not on the payroll, many (60%) had five or fewer permanent employees, and almost all (95%) had 10 or fewer permanent employees. When casuals were counted, this figure dropped to 90%. Data were not collected to allow venture size to be determined with reference to financial metrics such as sales or turnover. When grouped according to venture-stage it can be seen that there is no association with size (Figure 5-7).

Figure 5-6
Size of Participants' Ventures in Headcount of Permanent Staff (Including Working Founders Not on Payroll)



Source: Author's compilation

Figure 5-7
Size of Participants' Ventures in Headcount of Permanent Staff (Including Working Founders Not on Payroll) as Grouped Within Each Venture Stage

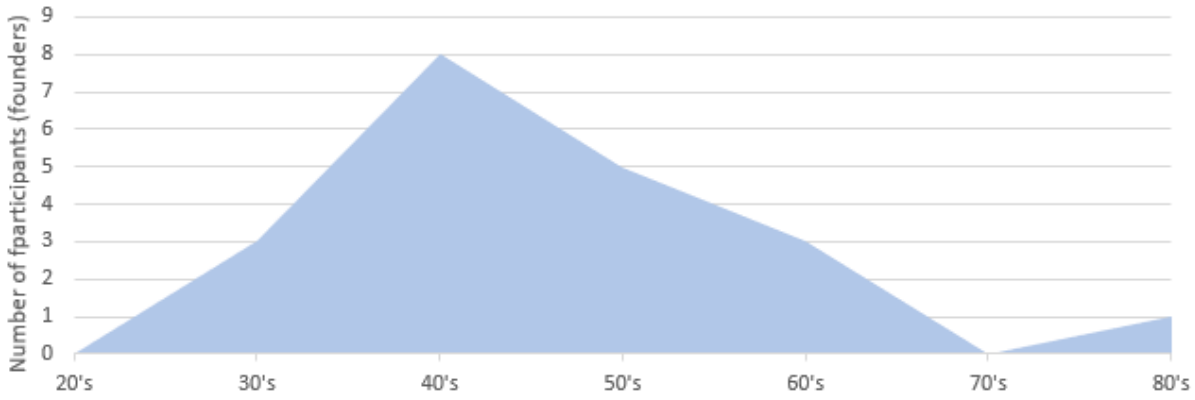


Source: Author's compilation

5.6.3 Founder-level Demographics of the Cohort

Age, percentage of life lived in the region, and the geographic location of the founder/venture are presented and commented on below. For a full outline of founder-level demographics refer to Appendix A5. The sample of 20 participants contained an equal number of males and females, with an average age of 51 and 49, respectively, and a range overall from 36 to 80 years of age (Figure 5-8).

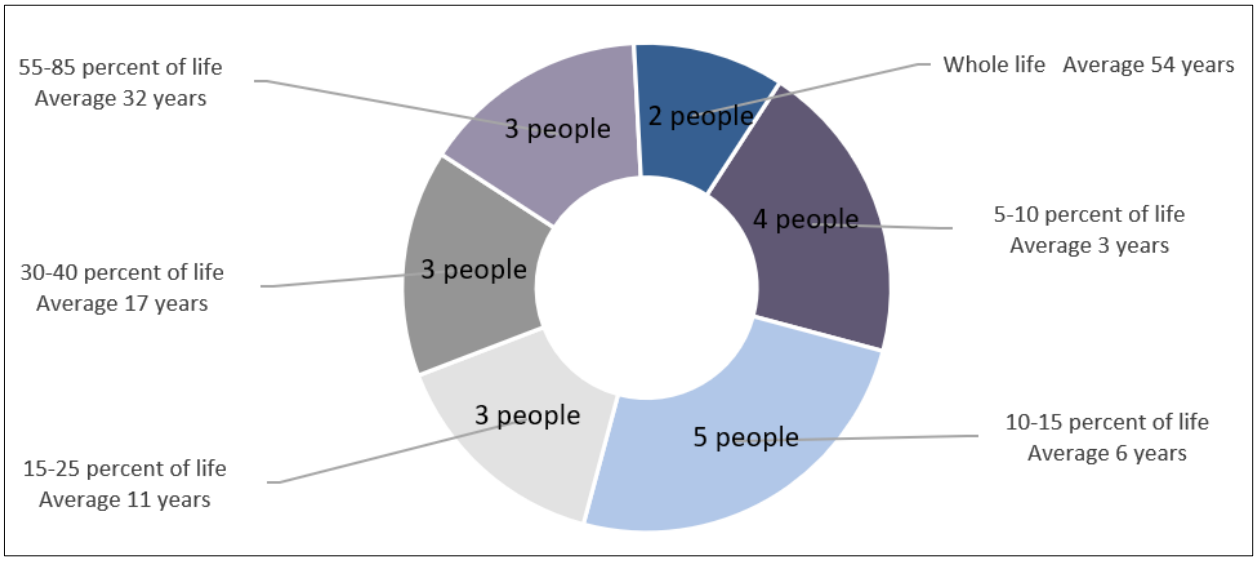
Figure 5-8
Age of Participants in Decades



Source: Author's compilation

In relation to the percentage of life lived in the region (Figure 5-9), two participants had lived their whole life in the region where their business was situated at the time of data collection. There was a wide range in number of years lived in the region (3 to 54 years) and percentage of life lived in the region (5–100%). The average percentage of life lived in the region was 16 years. If the four newest arrivals were removed, this average jumped to 24 years. The data did not capture other locations lived by each participant; however, they revealed that several participants had moved between regional areas while others had moved from capital cities.

Figure 5-9
Percentage of the Participants Life During Which They Have Lived in the Region That They Were Living in at the Time of the Data Collection



Source: Author's compilation

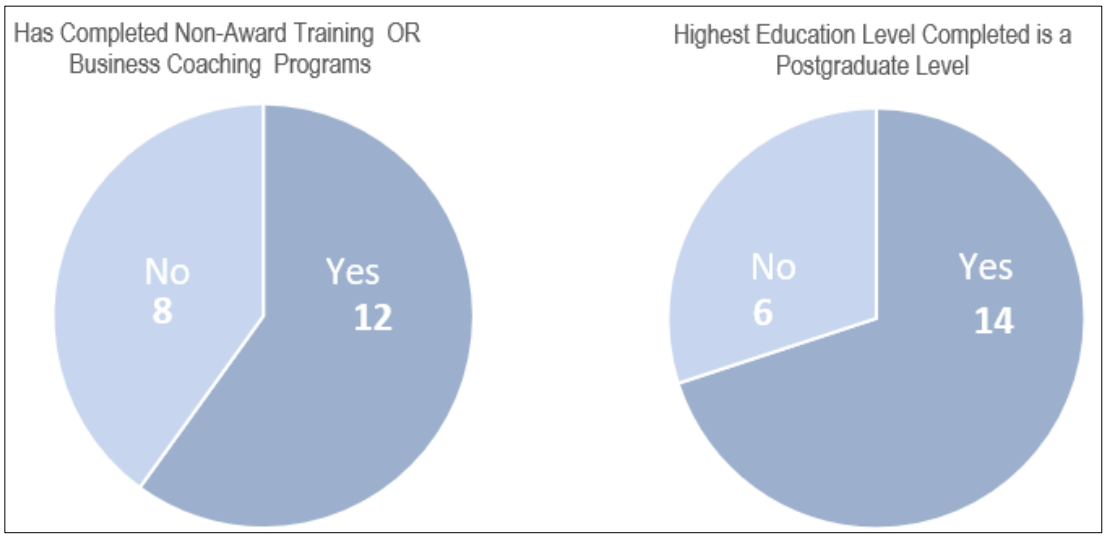
The locations where the participants live and run their start-ups/scale-ups are five LGAs in the NENW region of NSW, which has a total of 12 LGAs. The majority (45%) of participants listed the 2350 postcode (Armidale Regional) and 30% were listed the 2340 postcode (Tamworth Regional), which are the LGAs where almost half of the population of the NENW reside (NSWDPE, 2022). The rest of the participants were spread between postcodes that covered the Gunnedah, Uralla, and Walcha LGAs. Overall, 55% of participants were in a postcode classified as moderately accessible (outer regional) and 45% were in a postcode classified as accessible (inner regional). Figure 1-2 illustrates the definition of regional, and Section 5.2 describes the NENW region and highlights the 5 LGA's to which participants belong.

5.6.4 Founder Characteristics of the Cohort

This section presents nine characteristics of the cohort of participants: HC input of education, HC input of experience, HC output of skills, SC, PC of perseverance, PC of fear of failure, CC of persuasiveness, CC of innovative thinking, and personality traits. For a full outline of founder characteristics of the cohort refer to Appendix A5.

For the HC input of education, triangulation with the interviews showed that at least 60% have completed non-award training or business coaching programs (Figure 5-10). This percentage is likely to be higher based on inference from the interviews, but this fact was not able to be quantified further.

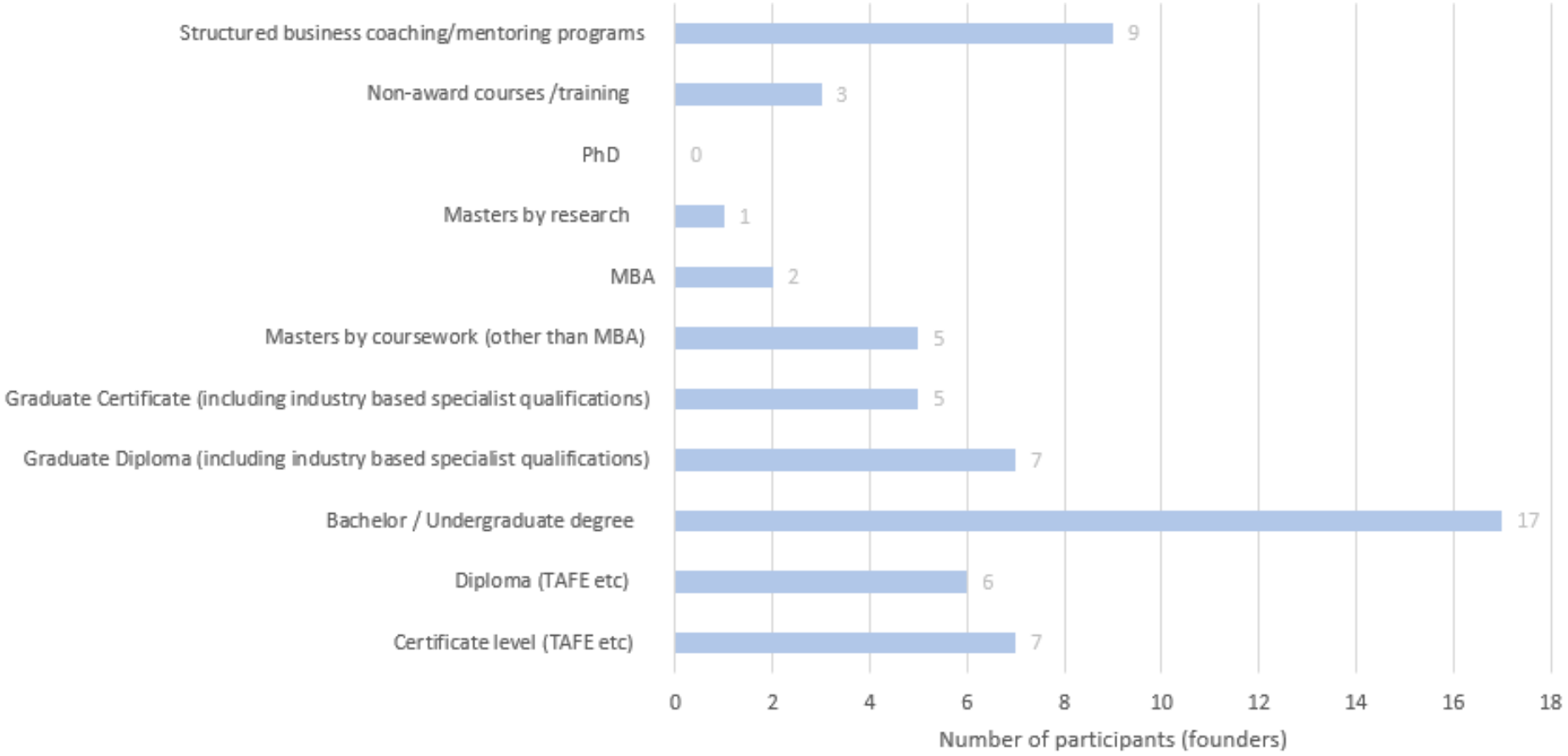
Figure 5-10
Participants' Human Capital Input: Non-Award Training or Business Coaching Program (Left Sphere) and Highest Education Level Completed is a Postgraduate Level (Right Sphere).



Source: Author's compilation

For the HC input of award based education at least 85% have a bachelor's degree and 70% also have postgraduate education of some type, usually a graduate diploma (35%) or a master's (40%), of which 35% were by coursework and 10% are MBAs. Figure 5-11 illustrates the various types of education, both award and non-award.

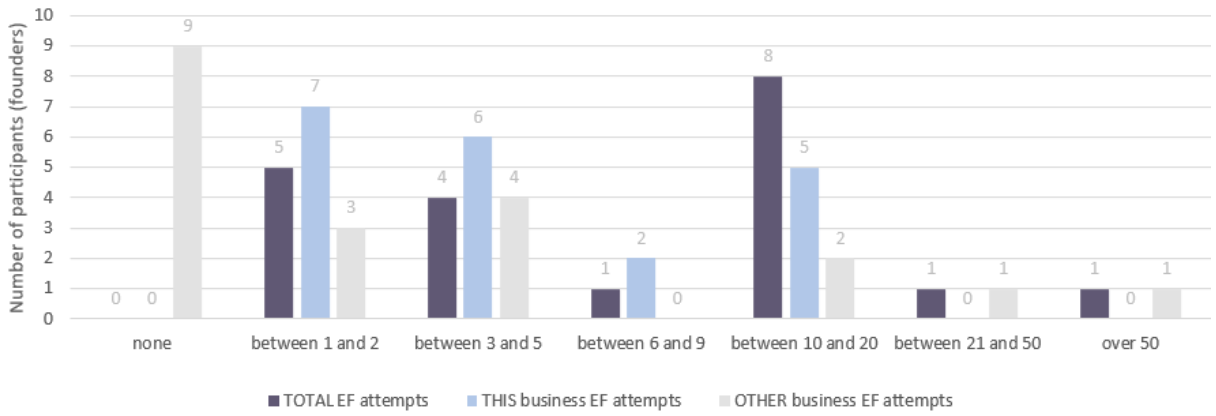
Figure 5-11
Participants' Human Capital Input: Education Completed as at the Time of Data Collection.



Source: Author's compilation

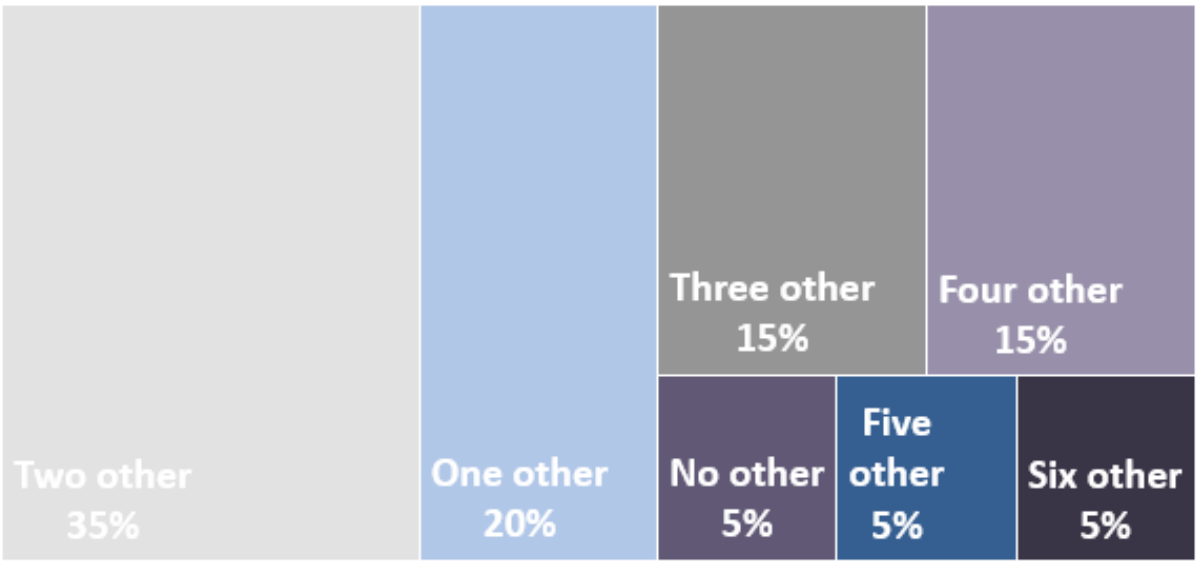
For the human capital input of experience, 45% of participants had not had prior experience in preparing an EF application, meaning this business was their first experience in doing so. In this current business, the most common number of attempts for EF was between one and two (Figure 5-12). Most (95%) participants had however owned another business aside from the present one (Figure 5-13), and just over half (55%) of the participants also had prior industry experience in the particular industry of their current venture.

Figure 5-12
Participants' Human Capital Input: Experience as Measured by Number of Prior EF Applications/Attempts Made.



Source: Author's compilation

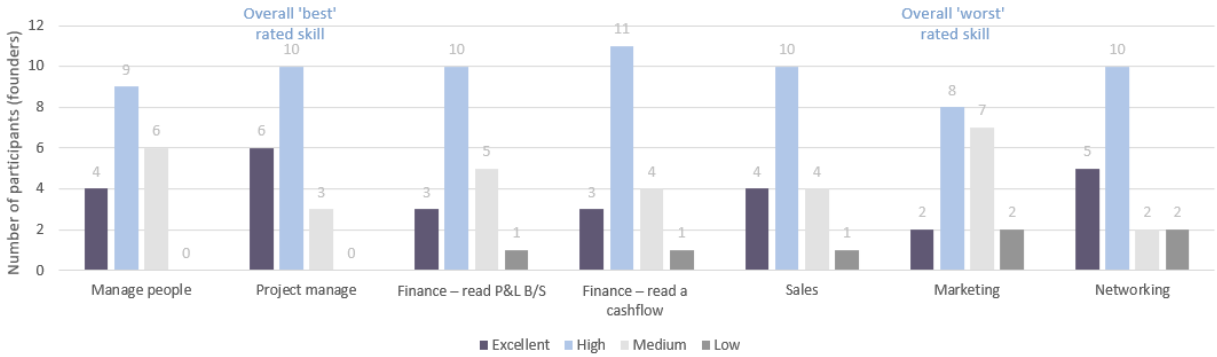
Figure 5-13
Participants' Human Capital Input: Experience as Measured by Number of Other Businesses Owned.



Source: Author's compilation

For the human capital output of skills, participants were asked to self-rank their skill level in seven areas: people management, project management, financial literacy profit and loss and balance sheet, financial literacy cashflow statement, sales skill, marketing skill, and networking skill. Across all seven areas, both the cohort average and the cohort mode were "High/ I can do it well on my own". The overall highest self-ranked skill was project management, and the overall lowest self-ranked skill was marketing (Figure 5-14). To mitigate some of the subjective element of the responses the self-ranking options provided to participants were accompanied by the following definitions/descriptors: Low/I need assistance doing it, Medium/I can do it on my own with minimal assistance, High/I can do it well on my own, and Excellent/I can demonstrate to others how it's done.

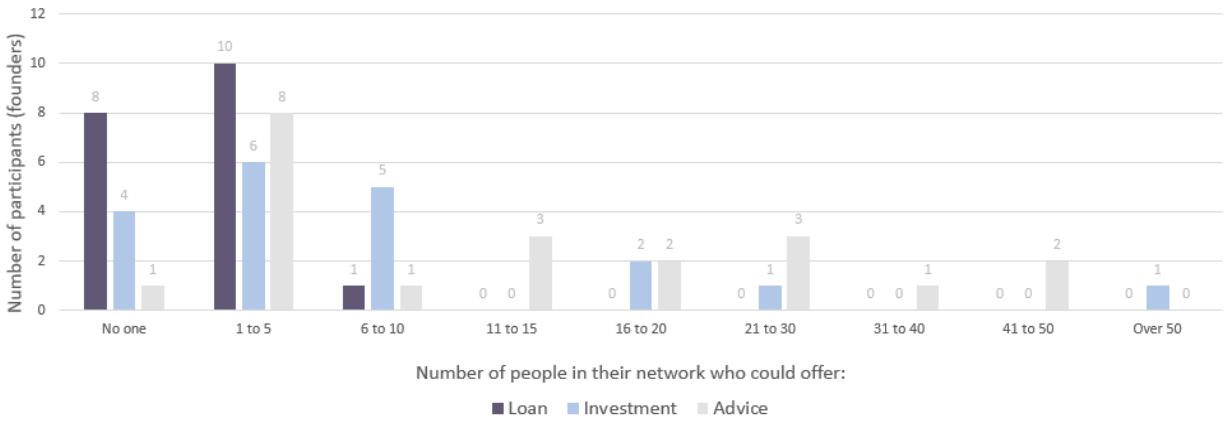
Figure 5-14
Participants' Human Capital Output: Self-Rated Rankings on Their Skill Levels in Seven Areas.



Source: Author's compilation

For the social capital measure of EF networks, participants were asked how many people in their existing network they could ask to do any of three EF related things, even if they did not actually want to ask any of these people do so. The three things were invest in the business, lend to the business or offer advice in relation to the business. The mode score across all categories showed they have one to five people in their existing network that they could ask for any of these things (investment, loan, advice) (Figure 5-15).

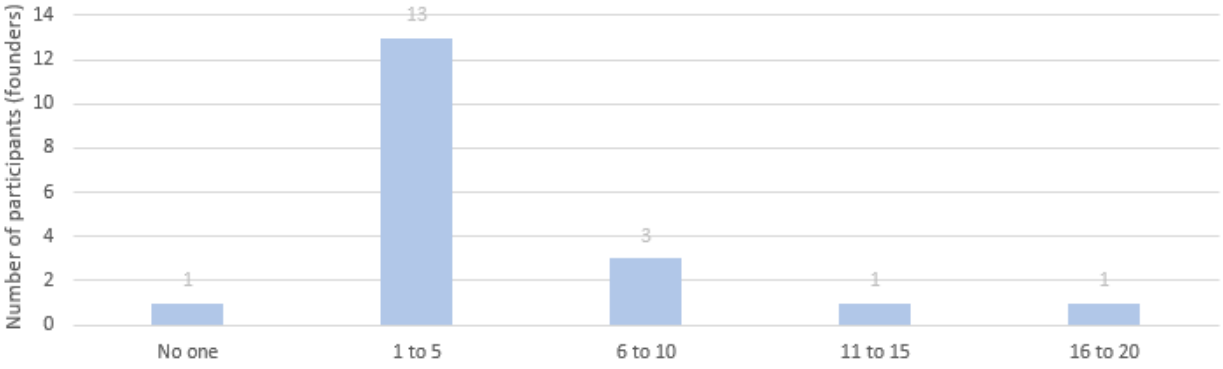
Figure 5-15
Participants' Social Capital: Number of People in the Participant's Current Network Who Can Offer a Loan, Investment, or Advice.



Source: Author's compilation

Participants also self-reported the average number of other business owners with whom they talked per week (excluding customers and suppliers): 65% reported 1 to 5, 15% reported 6 to 10, 10% reported 11 to 20, 5% said no one, and 5% did not answer (Figure 5-16).

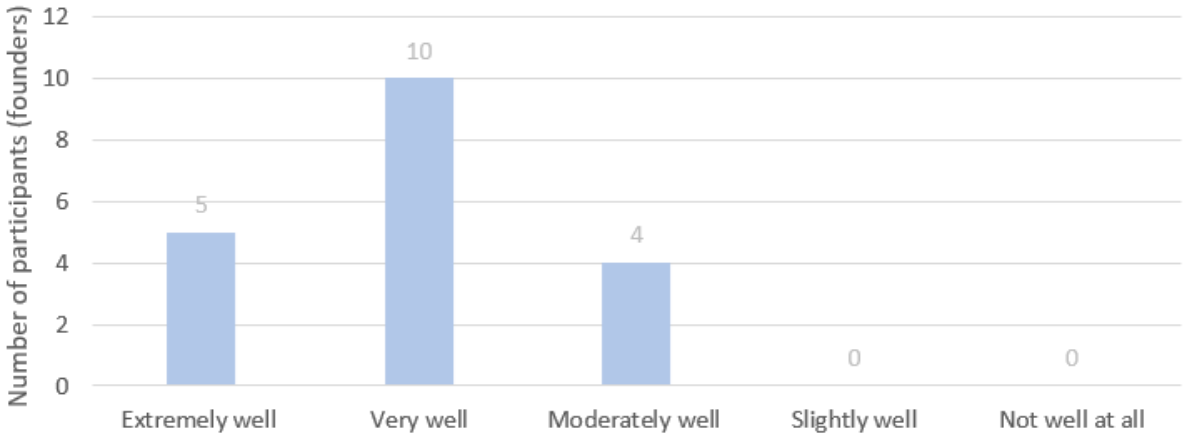
Figure 5-16
Participants' Social Capital: Average Number of People in the Participant's Current Network Who They Talked with Per Week Who are Business Owners (Excluding Supplies and Customers).



Source: Author's compilation

For the psychological capital of perseverance, participants were asked how well the statement "If I persevere, I will find a way to get the finance I need from somewhere" describes them: 50% reported that this described them 'very well', 25% said 'extremely well', 20% said 'moderately well', 0% said 'slightly well' or 'not at all', and 5% did not answer (Figure 5-17).

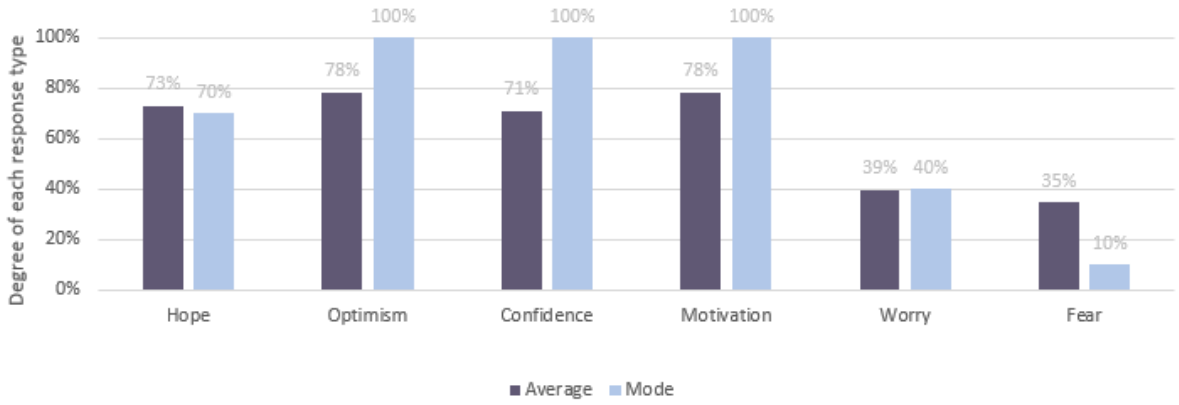
Figure 5-17
Participants' Psychological Capital: EF Perseverance as Measured by How Well they Felt That the Following Statement Described Them: "If I Persevere, I Will Find a Way to Get the Finance I Need from Somewhere".



Source: Author's compilation

How often participants felt fear of failure in any aspect of their business was self-reported, and the most common response was daily (32%), followed by weekly (21%). Regardless of the frequency of experiencing fear of failure, the cohort's most common (mode) attitude taken in response to feeling the fear was high motivation, optimism and confidence, and the average intensity of each of these three responses was between 71% and 78% (Figure 5-18).

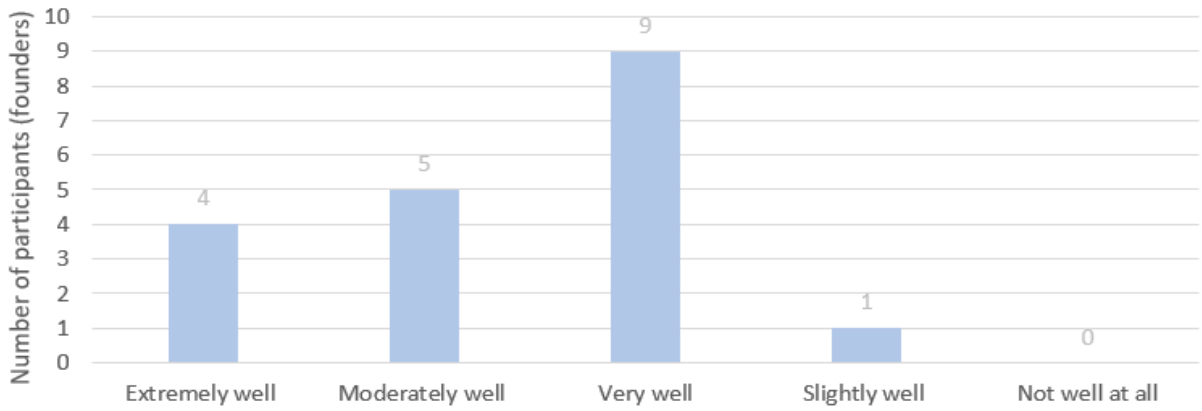
Figure 5-18
Participants' Psychological Capital: The Cohort's Self-Reported General Response and its Degree of Intensity in Response to Experiencing Fear of Failure in Any Aspect of their Venture.



Source: Author's compilation

For the cognitive capital of persuasiveness, participants were asked how well the statement "In general I'm successful demonstrating to others that it's worthwhile for them to give/do what I ask for" describes them: 45% reported that this described them 'very well', 25% said 'moderately well' and 20% said 'extremely well' (Figure 5-19).

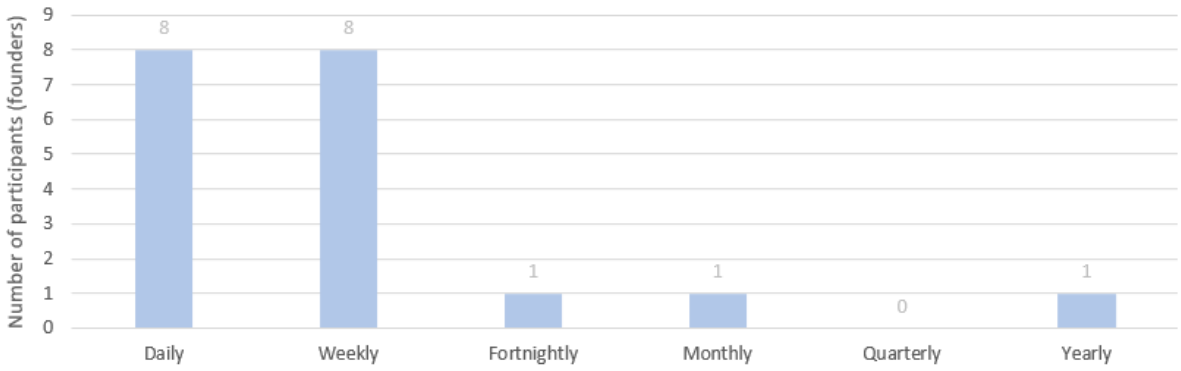
Figure 5-19
Participants' Cognitive Capital: Persuasiveness as Measured by How Well They Felt That the Following Statement Described Them: "In General I'm Successful Demonstrating to Others That it's Worthwhile for Them to Give/Do What I Ask For".



Source: Author's compilation

In terms of innovative thinking as an expression of cognitive capital, participants were asked how often the statement "I see how something can be done a different way to get a better result" describes them: 40% reported that they did so daily and 40% reported that they did so weekly (Figure 5-20).

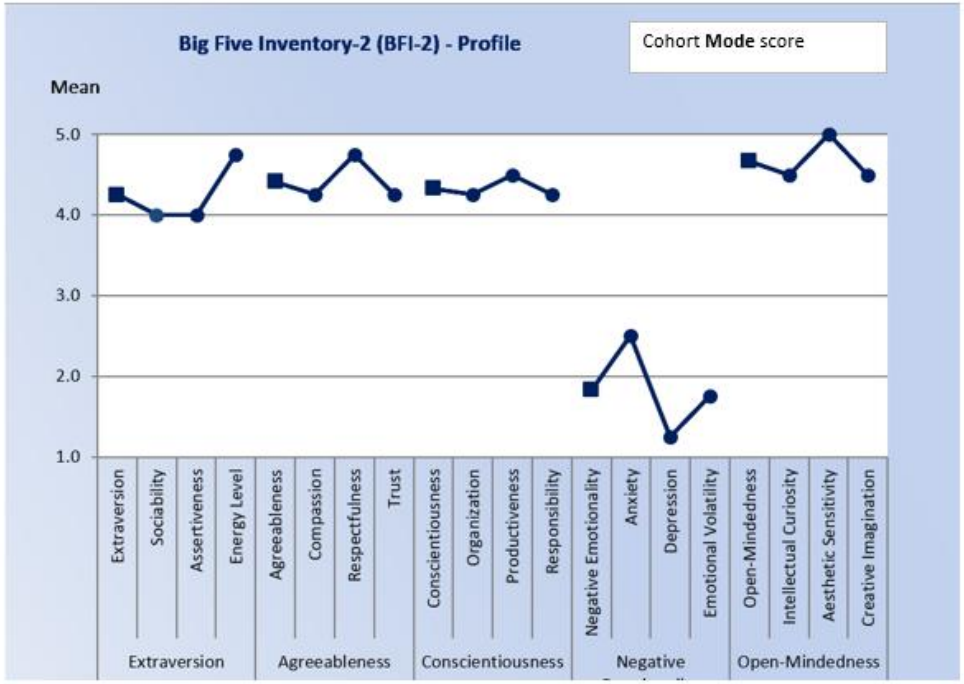
Figure 5-20
Participants' Cognitive Capital: Innovative Thinking as Measured by How Often they Reported That They "See How Something Can be Done a Different Way to Get a Better Result".

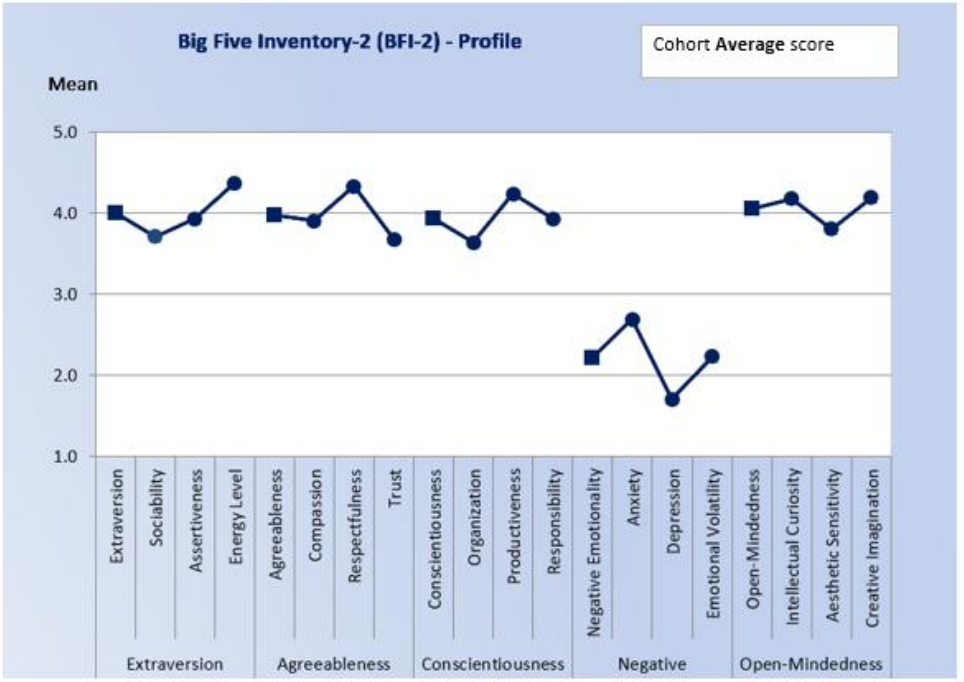


Source: Author's compilation

For personality traits, the five domains of personality under the Big5 model of personality are openness to experience/open-mindedness, conscientiousness, extraversion, agreeableness, and negative emotionality/neuroticism (Section 2.4.4). At a cohort level, the mode score for all areas aside from negative emotionality was high, being either at or above 4 (out of a possible 5) (Figure 5-21). The most significant differences between cohort mode and average scores were in relation to aesthetic sensitivity, which is a sub-component of open-mindedness.

Figure 5-21
Participants' Personality Traits: Cohort Level Mode (Most Common) Scores on the Left Side and Cohort Level Average Scores on the Right Side.



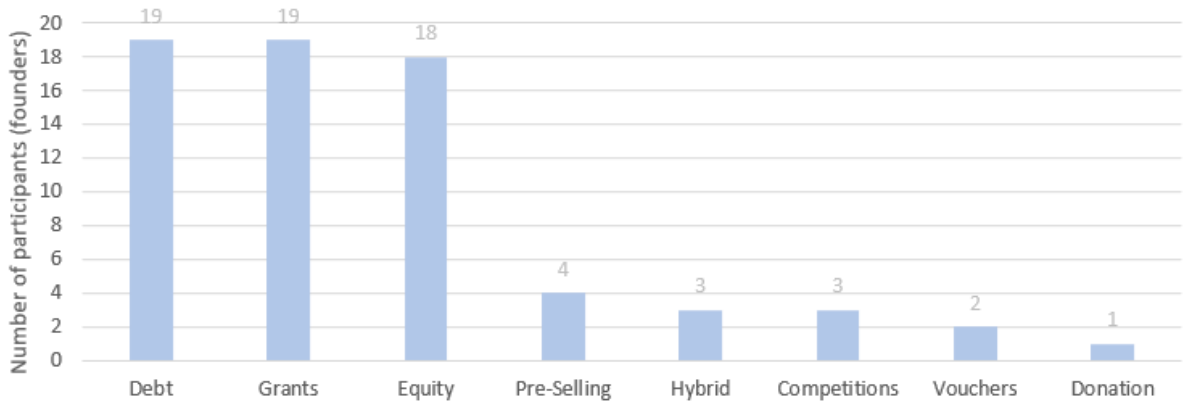


Source: Author's compilation using the provided BFI-2 scoring tool, which is copyright 2015 by Oliver P. John and Christopher J. Soto. Permission for personal and research use granted as per https://www.colby.edu/psych/personality-lab/

5.6.5 Finance Types and Sources Considered by the Cohort

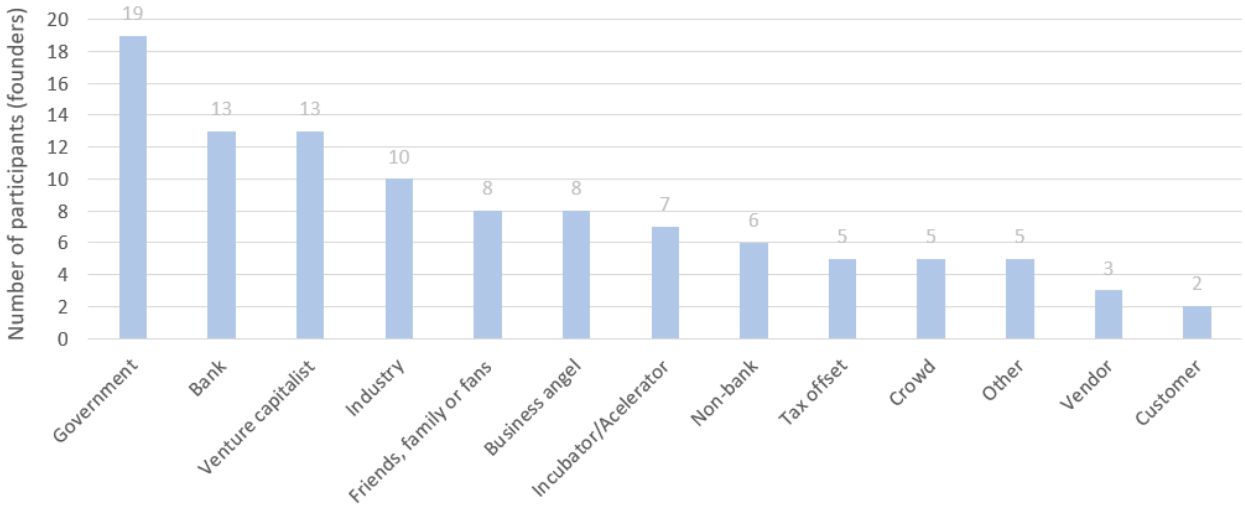
In relation to types of EF considered, all participants had considered more than one type of EF, and both the mode and the average were three types (Figure 5-22). Debt, grants, and equity all had similarly high visibility, with almost all founders (90–95%) having considered each one of these. A few had also considered other types such as competitions, vouchers, or pre-selling. Most participants would have been eligible for vouchers such as Amazon web server credits as part of joining the SRI incubator; however, in order to capture founder awareness, vouchers/credits were only counted if the participant referred to them in either the interview or the PiQ. In relation to sources of EF considered, most founders (90%) had considered the government as a source of finance by virtue of having considered grants as a type of finance (Figure 5-23). The next most common sources of finance were banks and VCs (65% each). 'Industry' was considered by half of the participants, usually in the form of partnerships or project-based finance, but also for founder buyouts. For those that considered friends, family or fans (FFF) (40%), it was usually a short-lived consideration with no action taken. A few (15%) had considered only two sources of finance, whereas the mode and the average were five sources. The maximum considered by any one participant was 13 sources. See Section 1.10.2 for a definition and examples of sources and types of EF.

Figure 5-22
Types of Entrepreneurial Finance Considered by the Participants



Source: Author's compilation

Figure 5-23
Sources of Entrepreneurial Finance Considered by the Participants



Source: Author's compilation

5.7 Summary

This chapter provided the background context by providing the geographic, temporal, and economic perspectives and by describing demographics and founder characteristics (an expansion of the latter description is presented in Appendix A5). This chapter demonstrated that the NENW area of NSW is primarily an agricultural region, and that the five LGAs pertinent to the data collection contain two cities (Armidale and Tamworth) and five strategic centres/smaller towns. In terms of geographic remoteness, the two cities are classified as inner regional/accessible and the five towns as outer regional/moderately accessible. The chapter explored the local presence of entities that facilitate access to EF and venture growth. Overall, it was shown that at the time of the data collection, founders needed to look to Armidale and Tamworth for access to, or assistance with, EF such as grants or equity, otherwise participants needed to travel approximately 500 kms to reach metropolitan-based EF resources in Sydney or Brisbane. The SRI, as the region's only incubator (and there being no accelerators in the region), was shown to be one of the main supporters of start-ups and scale-ups in the NENW, as it provides education, a supportive community, and access to resources and mentors, including those relevant for EF. Major global events that affected EF prior, during, and post data collection were highlighted. These were the

impact of COVID-19, rising interest rates and inflation, global conflicts and economic instability, the developments in generative AI, and changes in government.

The chapter concluded with a description of the cohort's demographics and founder characteristics. It was noted that the latter are able to be modified and are at times stereotypically associated with the former. It was shown that the participants are a heterogeneous group, and while there were many differences between them, there were also similarities in the number of employees, the founder's formal education levels, self-rankings on skills, and the reporting of attitudes of motivation and optimism as a response to feelings of fear of failure. Likewise, all participants have experienced at least one instance of EF success, and many have experienced multiple instances of unsuccessful EF applications. This chapter provided context for the results that are presented in the next chapter. This context also assisted when considering if aspects of the findings can be transported/transferred and aided in making comparisons to other research where applicable.

Chapter 6 Results/Findings

6.1 Introduction

As outlined in Section 1.2, the objective of this research is to better understand how regionally located founders experience and perform the task of obtaining entrepreneurial finance (EF) and the challenges they encounter when doing so. To meet these objectives, the research aims to explore and describe founders' EF views, experiences, and reported actions (self-reported strategies and practices) and to comment on various characteristics of the founder.

The presentation of the results is driven by two goals. The first goal is to outline the themes that gave rise to the observations that are presented in the discussion chapter, Chapter 7. This approach enables the discussion chapter to collate and address themes of interest that spanned all elements of the results, and the questions asked of the participants. The second goal in the presentation of the results is to illustrate the findings of the interview-question topics and provide a granular view of the founders' answers and lived experiences to address the research questions in a descriptive and direct manner.

Accordingly, the results are presented in two different formats. Format 1 is presented in this chapter. It outlines the themes in the results that underly the observations of interest presented in the discussion chapter. When creating this format, choices had to be made about what was relevant and interesting to discuss in light of the research objectives and aims and what was possible within the boundaries of the projects scope, word count, and time frames. Format 2 is presented in Appendix A6. It illustrates the results in a granular format by interview question and grouped by research question (RQ1: views and experiences and RQ2: strategies and practices). Appendix A6 is a data display (see Section 4.6.4.7), which sits between the coding of the data (see sections 4.6.4.4 to 4.6.4.6) and the themes ultimately chosen for presentation in the results and discussion chapters. Appendix A6 represents step 6 in the coding process outlined in section 4.6.4.4, it also aids the transparency of the research (see Section 4.7.1) by retaining and presenting an underpinning level/stage of data analysis. Appendix A6 is thus an important supplement to the results chapter, and references are made to particular sections of the appendix to save repetition of the content. Those references follow the format of "Section A6.x.x" rather than mentioning the word Appendix.

The outline of each format is presented in Table 6-1 below. The research questions are in Section 1.2, and Appendix A1 contains the interview guide.

Table 6-1
Summary of the Two Formats in Which Results are Presented

Format 1 - This chapter Themes that underly the observations of interest	Format 2 - Appendix A6 Granular description on a per interview-question topic basis
− Values − Skills, knowledge and learning-as-you-go − Networks and learning from others − Persistence and opting out − Timing, timelines and luck − EF as a challenging experience − Being located regionally − **Summary of the results in tabular format** (also including a table of EF challenges, needs and desires)	**Participants' Views and Experiences (RQ1)** − Views – Running a regionally located business − Views – Getting EF in a regional Australia − Views – EF in general − Views – Grants − Views – Equity − Views – Debt − Experience – EF challenges − Experience – EF learnings − Experience – EF overall − Views – Reason for outcome of EF application − Views – Whether the FP perceives the venture as risky − Views – What the FP values the most − Views – Founders' feedback to the FP **Self-reported Actions: Strategies & Practices (RQ2)** − Strategy – Reason for being in this business − Action – Impromptu elevator pitch − Strategy – Exit plan − Strategy – Reason for wanting EF − Action – Steps taken in applying for EF − Strategy/Action – Steps taken specifically to increase EF chances

Source: Author's compilation

In both formats of the results, the quantification of the results (content analysis) is undertaken to give meaning to ambiguous words like many, few, several, most, hardly any, some, and also to ensure all concepts identified, whether inductive or deductive, were subsequently checked for in the entire cohort for consistency and completeness of results. Conceptually clustered coding matrices were created to achieve this quantification, as explained in Section 4.6.4.6, and these are presented in Appendix A6. In both formats, participants are quoted in the following style *"quote text"* and referred to as Pn. The 'P' signifies participant and the 'n' is a random number assigned to each. This number is blacked out for the published version of this thesis to ensure participants cannot be identified by triangulating their quotes. Engagement with the literature is not performed in this chapter nor Appendix A6 but is reserved for the discussion chapter.

This chapter proceeds as follows. Section 6.2 presents a preface that describes the context surrounding the lenses used in the analysis and presentation of the results, Section 6.3 presents the themes arising that were relevant to applying the lens used in the analysis, and Section 6.4 provides a summary of the results in two different tabular formats.

6.2 Preface to the Presentation of the Results

There are several filters on the analysis and presentation of the results. There is a filter in that the overall aim of exploring founders' views, experiences, actions and characteristics was to gain an understanding of the EF challenges experienced and to seek an insight into overcoming them. It is not the intent to ignore the founders' strengths, of which there are many; however, the outcome of this filter is a weighting towards deficit-type findings. A second filter arose because this study focused on the micro level, and accordingly, the meso and macro factors that exist and may cause unnecessary challenges are not the focal point, though they are mentioned as they arise. The explanation for this approach is provided in sections 1.1 and 2.4, where it is also acknowledged that the meso and macro factors can compound challenges at the micro level. A third filter is that founder characteristics were used as a lens because they can be tied to multiple aspects of the research aims and objectives, as highlighted in the key takeaways provided in Section 1.10.7. Each of the components of founder characteristics were defined in Section 1.10.7, explained in Section 2.4, and further explored in parts of Chapter 3. In Table 1-1, the "lens" row explains why founder characteristics were used as a lens. A fourth comment in relation to filters is to refer to Table 1-1 for the scope, boundaries, and inherent assumptions of the research and to Section 1.10 for the key definitions.

By exploring the views, experiences, actions and founder characteristics, an understanding of the approaches taken and lived experiences is obtained, and the current situation is described. This description of the current situation can provide insights for theory to incorporate and a foundation for suggesting alternate actions/avenues for EF success that can inform policy and practice as explained in Section 1.2. These insights are reserved for the discussion and conclusion chapters, and readers may form their own insights as noted in sections 4.7.4 and 5.6.1 and as explained by signaling theory (Section 2.3). The preface to the discussion chapter outlines more items to give context to the findings and discussion. Note also sections 4.5 and 4.5.7 of the methodology chapter for a reminder of the iterative nature of this exploratory study, which gave rise to both an initial conceptual framework (Figure 2-2 and Section 2.6) that was used to aid the data collection and second conceptual framework (Figure 3-1 and Section 3.10) that was created post data collection that was used to aid the data analysis. Section 4.6.4.4 provides more detail on the coding process

and creation of this chapter as part of the analysis process. It should also be noted that the study is not longitudinal, and what the founders share is true for them at that one point in time of the interview. Their views expressed reflect their context, experiences, expectations and beliefs at that time. As is revealed, they did not always continue to hold the same views on matters, as some changed their views on matters in response to subsequently having had various experiences.

6.3 Themes

This section presents eight overarching themes that were present in the findings, and were condensed out of the data as displayed in Appendix A6, these themes are: values; skills, knowledge, and learning-as-you-go; networks and learning from others; persistence and opting out; timing timelines and luck; EF as a challenging experience; preparedness and becoming prepared; and being located regionally. Section 6.4 includes a summary of these subsections in tabular format.

6.3.1 Values

The word 'values' is used here as an overarching theme for findings around alignment/congruence or misalignment/incongruence between the founder and the FP. A value can be defined as something one assigns importance or worth to. See Section 1.10.9 for full definition and discussion of key points of the concept relevant to this study. Three categories of values can be seen in the EF process: first, the FP's criteria as an explicit value, for example believing it is important to have *x* probability of a profitable exit in *n* years; second, the implicit values inherent in the FP's criteria, for example valuing fast growth rather than organic growth or valuing certain business models over others; and third, the personal values held by both parties, for example valuing a particular type of work-life balance or valuing respectfulness. This section is presented in four parts: FP criteria; founder's goals; personal values and culture; and bias.

6.3.1.1 *FP Criteria*

This theme of values encompasses the founders' understanding of the FPs' criteria, which is to say the founders understanding of what the FPs values enough to be explicitly communicating that they (the FP) are looking for. According to image theory, an FP strives to stay aligned with their value image (Section 3.3) when setting their decision criteria, and as such, the FP's criteria are derived from what they value. (The founder views relating to the FP's criteria also form part of the theme expressed in Section 6.3.2.2 in relation to the founder's knowledge levels.)

Most participants stated that the FP values more than one thing, and the findings show a mix of business-metric criteria and founder-related criteria in the direct responses given by the participants (Section A6.2.12). On a whole-of-interview basis, there was consistency in the responses, with the participants believing the FP values business-metric criteria overall more than founder-characteristic criteria. For example, regardless of how the subcategories for the founder characteristics or business metrics were grouped, the cohort demonstrated a leaning towards the view that the FP valued the business metrics (65% to 100%) over the founder characteristics (70%) when directly answering "what things do you think the finance provider values the most when they consider an application" (see Section A6.2.12 for detailed analysis, tables and figures). This inclination was also revealed by the participants when they gave reasons why they thought the FP would view their business as risky/not risky (Section A6.2.11), because their reasons for either view (risky/not risky) centred on revenue, customer demand and profits rather than founder characteristics or ability, which did not rate a mention (0%) in relation to perceived riskiness. In relation to strategies to increase their chances of a successful EF outcome, 45% also reported specifically working on business metrics (Section A6.3.6). P[redacted] was very clear in this regard, stating that *"everything revolved around return on capital, cash flow traditional financial metrics, and so my starting point with doing anything is to show that you've got those really good financial metrics".* Triangulating to the feedback that participants wanted to give to the FP (Section A6.2.13) revealed that 40% of participants wanted the FP to value them (the founder) more. For example, they wished that the FP would take the time to get to know the founder or to be unbiased and fair in assessing applications.

Believing the FP values business metrics over founder characteristics may be stronger for views held during early attempts of EF, as several participants reflected that they learnt during their journey that this view did not always hold true. For example, participant P[redacted]'s realisation was that:

> *I thought in my early days that the numbers and the projections were really important…[]…what I've learned is everyone that invested in us, invested in us as people, they think we're good for it. And because we're good for it we create really good business models and projections*

However, the cohort still demonstrated at the time of the interview, and therefore after having experiences with EF, that the overall leaning was towards the view that the FP valued the business metrics over the founder characteristics.

There was also a theme of participants expressing that they could not align with or meet the FP's criteria. This failure could be in regard to tangible things like collateral, where *"we just, we can't*

do that anymore because we don't have enough funds to co-contribute" (P[redacted]), or matters of timing such as not being at the right venture stage for the FP, which both indirectly point to not meeting the underlying needs and criteria-based values of the FP. However, in other cases, it included values-based or fit-related criteria that were less explicit. For example, P[redacted] expressed that *"with VC, they're just they're looking for fast money really, they want twelve times return in two years and we're not a Unicorn"*. P[redacted] likewise expressed a values misalignment that was not evident to them until they had a better understanding of the FP's business model and realised that *"what they [the FP] wanted and what we were trying to build, didn't align"*.

6.3.1.2 *Founder's Goals*

Just as the FP's criteria are an expression of some of the FP's values, the founder's goals are an expression of some of the founder's values. The goals that a founder holds for their venture may or may not align with the FP's goals for investing in the venture. For example, most participants expressed more than one goal for being in business (Section A6.3.1), and the most common goal as expressed by 80% was the desire to make an impact or difference for others, which appeared to also be the dominant goal for 65%. This goal is not always in alignment with the FP's criteria and values, for example where high monetary returns are expected. As illustrated by participant P[redacted], the FPs had a *"very specific [business] model"* and requirement for *"super high returns…[]…just wasn't a fit"* for that founder's vision for their venture. Building wealth as opposed to making a living from the business was mentioned by 20% of the participants, which suggests scope for a mismatch in values as evidenced by unaligned or partially aligned goals between the FP and founder. While building wealth may have also been the goal of the other participants, they did not mention so in response to the interview question on this topic (Section A6.3.1).

Another founder goal that has the potential to reveal values alignment (or misalignment) with the FP is the goal around exit plans (Section A6.3.3). For example, an equity FP usually requires a sale of equity to occur to realise their return on investment. A significant amount of the cohort (40%) did not want to exit their venture, and most (70–85%) did not express clarity around what they envisaged the business would look like at the time of an exit. Exit goals are something that can signal important information for an FP regarding whether the two parties are aligned in their goals and expectations for the future.

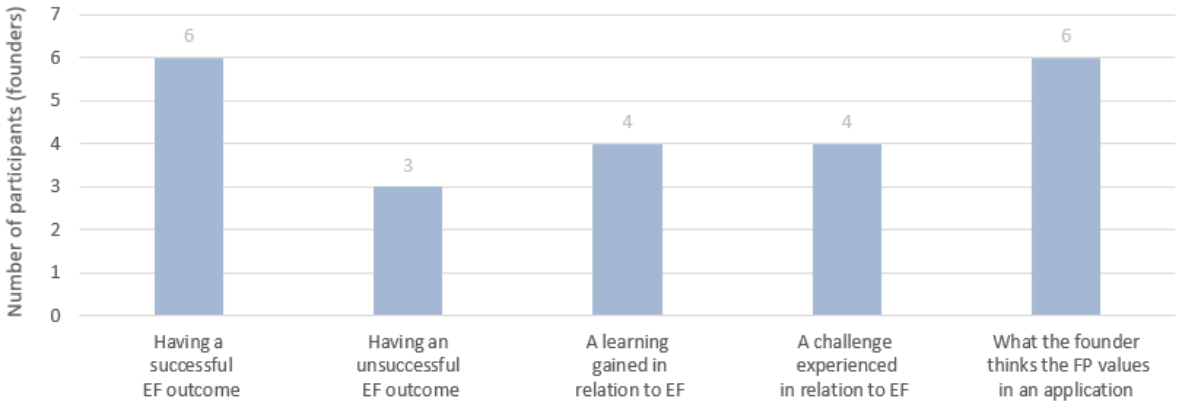
6.3.1.3 *Personal Values and Culture*

Across all responses given, many participants (70%) believe that values alignment between themselves and the FP is important. Often participants found this out in hindsight when they

realised that they could not say yes to a proposed deal without that alignment, and where they decided not to engage further with a particular FP. For example, this occurred where the FP *"pushed us into being something that we're not"* (P[redacted]) or behaved in a way that "*revealed our values started to misalign [with those of the FP, because we]…have a value system in place of respect, mutual respect"* (P[redacted]). The concept of having disparate ethics is another example of values misalignment, as P[redacted] experienced: *"someone says yeah we'll give you money, just completely change your ethics or what you wanna do, but you don't realise that's what they're saying until pretty close to the end"*. For at least two participants the decision to opt out due to misalignment occurred despite a seven-figure sum being on offer.

Not all examples of the theme of values were negative. For P[redacted], it was common values as expressed via a culture alignment that led to them accepting their FP's finance: *"It wasn't about what's in the contract, it was about …[]… the culture and does that align"*. Likewise, after many attempts, P[redacted] began actively seeking *"like minded investors"* because *"now I …[]… firmly, firmly believe it's about finding your tribe"*. P[redacted] also observed that finding the right FP is *"like finding a date"*, which again illustrates the concept of needing alignment in certain aspects for the relationship between both sides to work. Figure 6-1 shows what interview-question topics participants responded to when they brought up these various concepts of a values alignment, and Appendix A6 offers more detail.

Figure 6-1
Concepts Raised as Related to Values Alignment

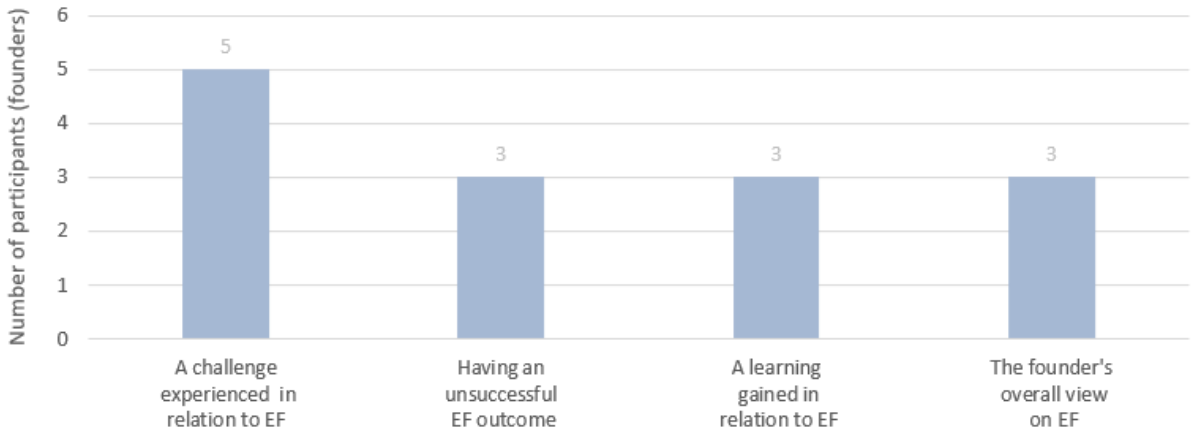


Source: Author's compilation

6.3.1.4 *Bias*

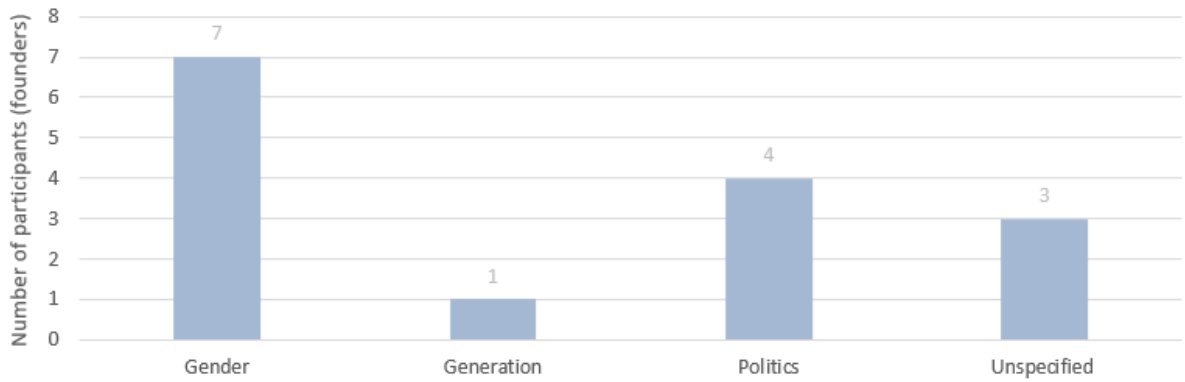
The theme of encountering bias from the FP is presented in this section because bias can be categorised as a misalignment in values between the founder and FP. See the last dot point in Section 1.10.9 for an explanation. Bias was raised by eight participants (40%). Some participants felt either that the FP did not value and treat them in the way that they (the founder) believed they should be valued and treated or that the FP did not value and treat others in the way that they believed those others should be valued and treated by the FP. Not all participants clarified the type of bias they were referring to. The most common clarifications given (if one was given) were references to gender bias made by females, who either alluded to the bias or who made direct comment on how it impacted on them. For two participants, the impact was significant enough to be mentioned when answering the very first interview question on the topic of the regional location. P[redacted] stated that *"I wouldn't necessarily mean that it's harder regionally. ...[]... the hard part has been being female".* Other types of bias were in relation to politics being at play where the grant application was rejected. For example, P[redacted] had the view that *"I just need to accept that its a totally ...totally biased space ...[]... it's so heavily mired in politics ...and personality"*. The implied meaning was that the FP valued factors such as personal agendas or the political advantages or disadvantages of choosing certain applicants over and above the stand-alone merit of the founder's application. FP bias was also expressed by P[redacted] using the concept of expecting a "*level playing field"* but having *"never seen it sort of play out that way, so that's, that's my brutal sort of experience with it"*. Another example of bias related to the (metro) FP undervaluing the founder due to stereotypical beliefs held by the FP about the founder being located regionally. Figure 6-2 shows what interview-question topics participants responded to when they brought up the concept of bias, Figure 6-3 shows the types of bias experienced, and Appendix A6 offers more detail for context.

Figure 6-2
Concepts Raised as Related to Bias



Source: Author's compilation

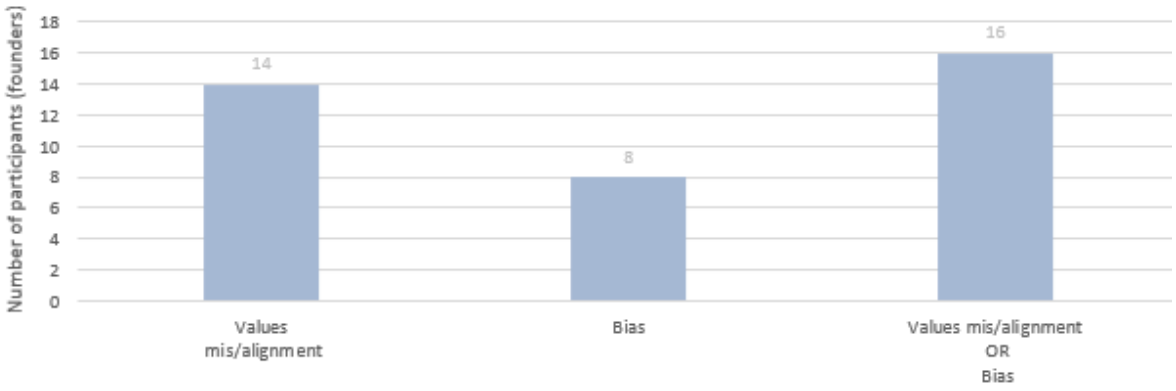
Figure 6-3
Types of Bias the Participants Reported Experiencing from the FP



Source: Author's compilation

Combining both general values mis/alignment and FP bias concepts together but excluding criteria-based mismatches, resulted in most of the cohort (80%) having expressed either or both views. Figure 6-4 combines these visually.

Figure 6-4
Number of Participants who Mention Each Concept One or More Times: Values Mis/alignment and/or Bias



Source: Author's compilation

6.3.2 Skills, Knowledge, and Learning-as-you-go

All participants mentioned on at least one occasion the concept of some type of human capital, be it knowledge, skills or experience. Half of the participants reported seeking new skills and knowledge as steps they took, and a quarter reported this as a specific strategy used to increase their chances of EF success. In general, references to skills and knowledge were to the experience of these being a barrier to EF success. This section is presented in three parts: skills, knowledge, and learning-as-you-go.

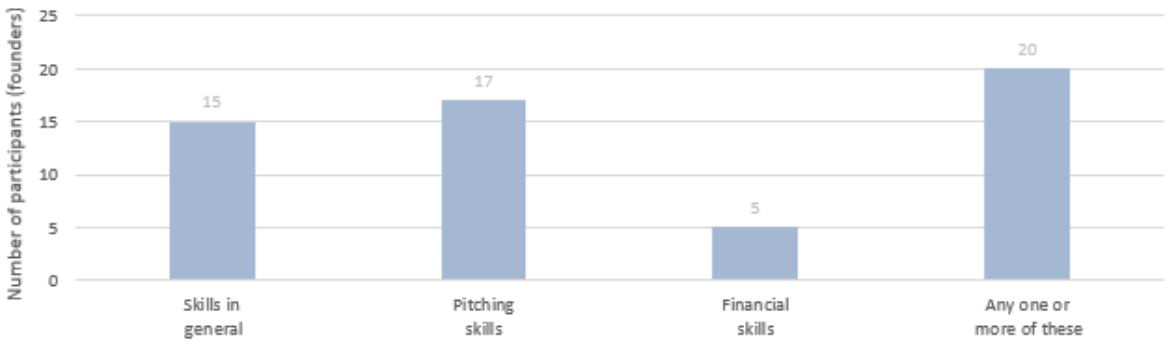
6.3.2.1 *Skills*

In relation to skills, most participants (90%) raised the point about skills in a negative manner with skill levels being the reason for an unsuccessful EF outcome, the cause of a challenge experienced or a learning obtained, or tied to the concept of EF being challenging (sections A6.2.10, A6.2.8, A6.2.7, respectively). Increasing skill levels via training was amongst the steps reported as being taken by 35% of participants (Section A6.3.5), and 15% also listed this as a strategy used to increase their chances of success (Section A6.3.6). The most common direct reference to skills was pitching skills, which 85% of participants mentioned in response to various questions. For example, 50% cited difficulties due to their lack of skill in pitching (Section A6.2.7), 35% reported that they learnt they needed to upskill in this area (Section A6.2.8), and 40% stated they actively increased their EF chances by utilising their pitching skill to their advantage (Section A6.3.6) *"because if you're …[]… terrible at pitching the business …[you're]… never gonna rise capital"* (P[redacted]). No participant specifically cited pitching/communication skills as the reason for a successful EF outcome, and 20% raised it as a reason for an unsuccessful EF outcome (Section A6.2.10).

In relation to skills in general, the second highest reason for lack of EF success was reported as being due to their skill level (cited by 45% of participants) *"'cause it's not what you're good at"* (P[redacted]). When asked what the FP values the most, 40% cited the founder's capability (Section A6.2.12), and many (35%) shared that this was not their initial view, but one they had arrived at by the time of the interview. See Section 6.3.1 for triangulation to other questions that somewhat contradict this answer, where it is shown that on a whole of interview basis there is consistency in the responses given that the participants believe the FP overall values business-metric criteria more than founder-characteristics criteria.

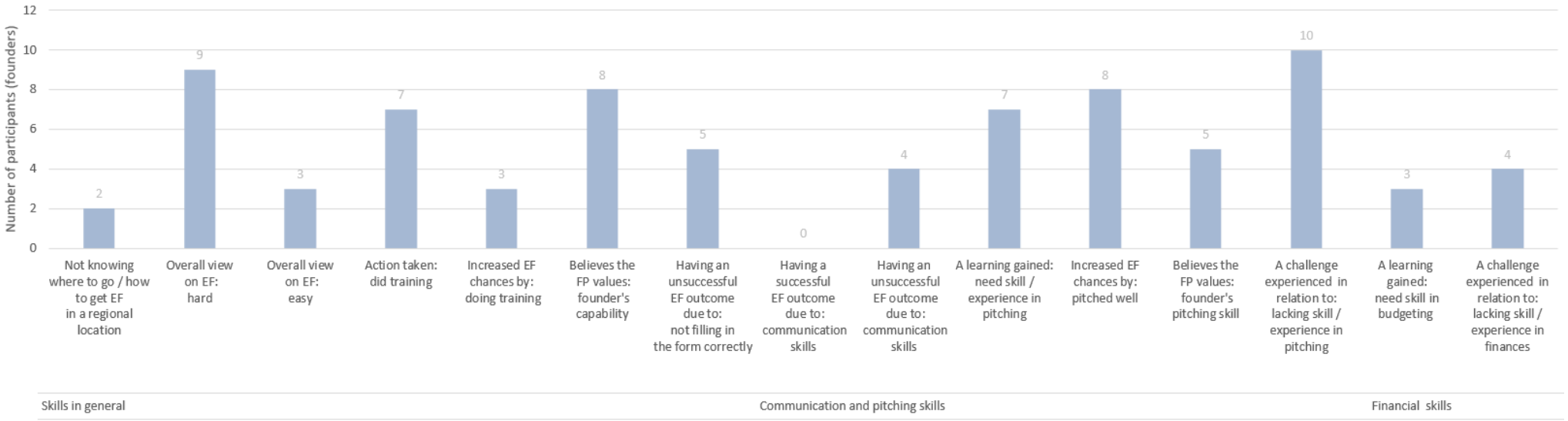
Figure 6-5 shows the number of participants who mention skills of various types and Figure 6-6 shows themes that occurred in the various interview-question topics when participants responded by mentioning or implying skills, and Appendix A6 offers more detail.

Figure 6-5
Number of Participants Who Mention Each Concept One or More Times: Skills



Source: Author's compilation

Figure 6-6
Concepts Raised as Related to Skills

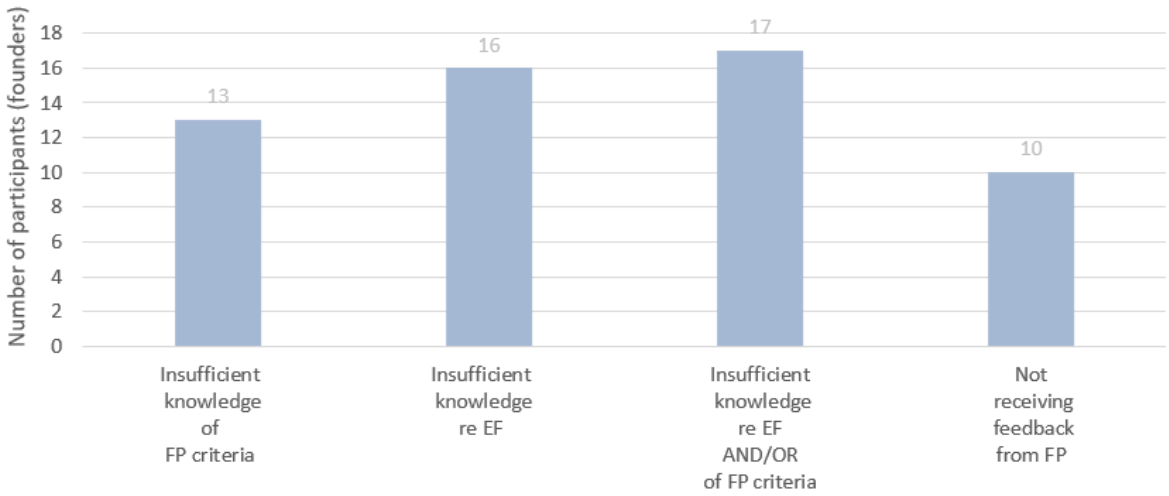


Source: Author's compilation

6.3.2.2 *Knowledge*

In relation to knowledge, most participants (85%) raised knowledge in a negative manner, such as having insufficient knowledge levels around the FP's criteria and/or EF in general, and 50% mentioned the adverse impact caused by not receiving feedback (information/knowledge) from the FP. Figure 6-7 combines these knowledge-related concepts visually to show how the theme was expressed.

Figure 6-7
Number of Participants Who Mention Each Concept One or More Times: Knowledge

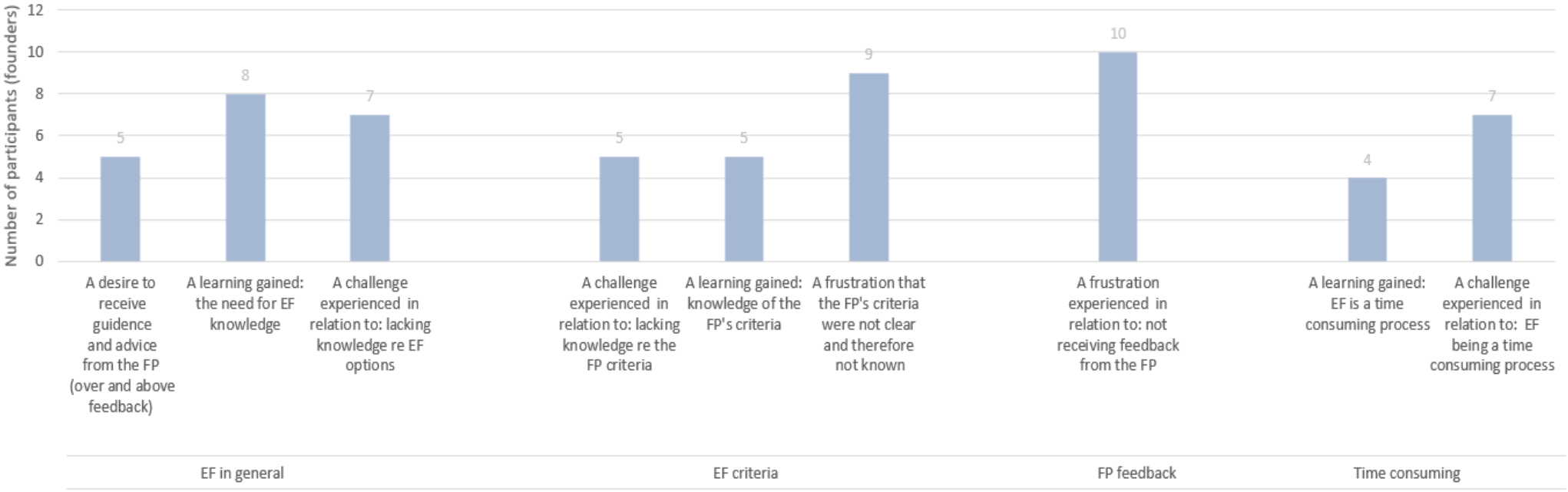


Source: Author's compilation

More specifically, knowledge in relation to EF in general or around the FP's criteria and feedback were mentioned in the following ways by participants: as the cause of a challenge experienced, as a learning obtained (i.e., learning that knowledge levels were other than as required for the task), as a frustration, and as something that was desired. The notion of not possessing sufficient knowledge was the most common area in which the concept of knowledge was raised, and 40% explicitly stated that they learnt they needed EF knowledge (Section A6.2.8). Not receiving feedback from the FP was a frustration explicitly mentioned by 50% across the whole interview, because they could not gain the knowledge they needed to learn. Not knowing the criteria because the FP did not give clear criteria was reported by 45% on a whole-of-interview basis as a frustration

and was specifically raised by 35% when asked what type of feedback they (the founder) would like to give to the FP (Section A6.2.13). Knowledge of the FP criteria was raised in general as a challenge and as a learning experience by 60% (sections A6.2.7 and A6.2.8, respectively). Figure 6-8 shows themes that occurred in the various interview-question topics when participants responded by mentioning or implying knowledge, and Appendix A6 offers more detail (in particular sections A6.2.7, A6.2.8 and A6.2.13).

Figure 6-8
Concepts Raised as Related to Knowledge



Source: Author's compilation

6.3.2.3 *Learning-as-you-go*

Learning-as-you-go refers to learning from doing and learning while doing. In addition to knowledge and skill levels being self-reported as insufficient at various points in their journey, participants implicitly and explicitly revealed not being *"as ready as we thought we were"* (P[redacted]), and that *"next time I do it, I will be far better equipped"* (P[redacted]). These perceptions of under-preparedness were amongst the learnings they had acquired during their journey. For example, P[redacted] expressed *"well I think I was very naïve",* and P[redacted] likewise concluded that they are now *"not so naïve as I was *laugh*"*. These concepts combine to reveal a theme of learning-as-you-go and learning from experience. The participants' financial literacy and entrepreneurial skill sets appeared to be acquired from their entrepreneurial or other business/work and experiences rather than from their school education.

Many participants referred to going through a process, in that they reached a point of understanding that they were under-prepared or *"unaware that [a particular thing] was an important consideration"* (P[redacted]), and then they acted to address the situation. For example, P[redacted] commented that the learning in relation to EF *"comes with experience and maturity",* that they initially did not have *"enough business acumen"* and *"that naïvety was the [] source of the greatest frustration and challenge because I had to smarten up".* Another example is from P[redacted], who had realised their EF knowledge was *"something I need to come up to speed on",* and so they took steps to *"to get more knowledge and more training in this space"*. Also, P[redacted] was *"enlightened"* by the realisation that *"well I've just gotta change the way I think".* This theme of learning-as-you-go was implied in other responses as an ongoing process where participants acknowledged they were still unaware of things in relation to EF. For example, P[redacted] reflected that it is *"highly likely that there might be lots of other ways that we've never thought of or ……just, just don't know".* This quote from P[redacted] illustrates both the theme of learning-as-you-go and also the theme of persistence (see Section 6.3.4):

> *Eventually we got it, that we should have, and I should have realised it a lot sooner…. you know after the fourth or the fifth time [of receiving an EF rejection] I should have been like OK this is not working. *laugh* Why isn't it working? I should have asked harder questions.*

This theme of learning-as-you-go was also evidenced implicitly by the findings in relation to levels of skills and knowledge being developed along the way from levels that were initially not in accordance with the requirements of the founder's endeavours. It was also implicit in the steps they reported taking (Section A6.3.5) and in their strategies (Section A6.3.6).

6.3.3 Networks and Learning from Others

All participants mentioned on at least one occasion the concept of some type of social capital in the form of networks and relationships. In general, references to SC were positive in nature. This section is presented in four parts: networks in general, learning from peers and experts, learning from the FP and accessing the FP's networks, and learning that others may not be suitable to meet the founders' needs.

6.3.3.1 *Networks in General*

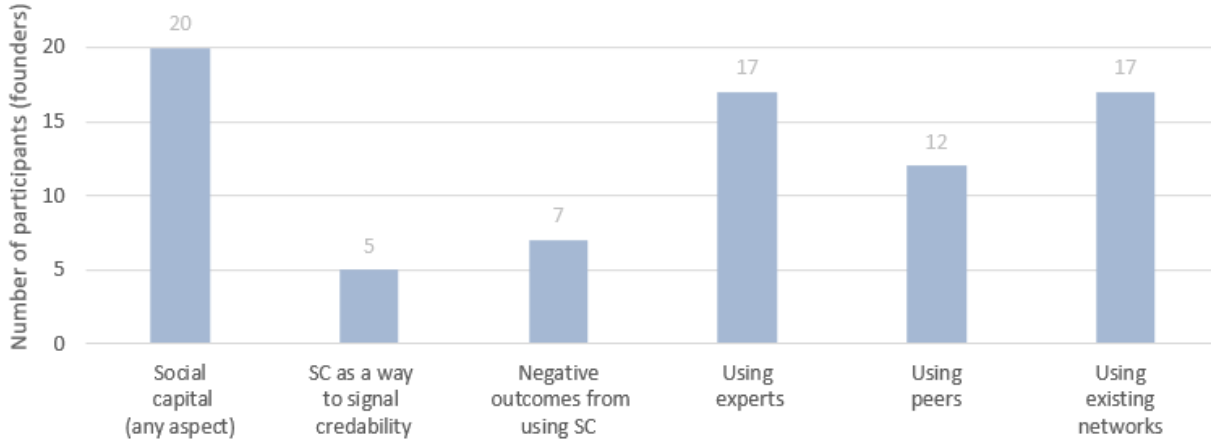
Networks were revealed as being important for EF outcomes, with 65% of participants reporting having successful EF outcomes due to active networking and drawing on their existing networks (Section A6.2.10); 90% citing the use of SC amongst the steps they took to obtain EF (Section A6.3.5); 55% stating this was also a strategy they used specifically to increase their chances of EF success (Section A6.3.6); 25% of participants tying SC to the concept of credibility, saying they used their SC to boost their own credibility; and 15% stating in relation to credibility that they learnt how important a lead investor is in securing other investors to follow the lead. In the case of the importance of a lead investor, the follow-on investors interpreted the presence of the lead investor as a positive signal of the founder's credibility and/or ability and/or potential. For example, P[redacted] credited SC for their success by saying:

> *You know I wasn't a [town/city name] local, so there were a couple of introductions that I happened to make …[]… and that helped some of the other investors [decide to invest]. I definitely wouldn't have raised very much equity at all without …[]… meeting [co-founder name].*

For participant P[redacted], success was reported as *"definitely more about the knowing people"*, and P[redacted] agreed that *"knowing those kind of connections in the community makes a really big difference"*.

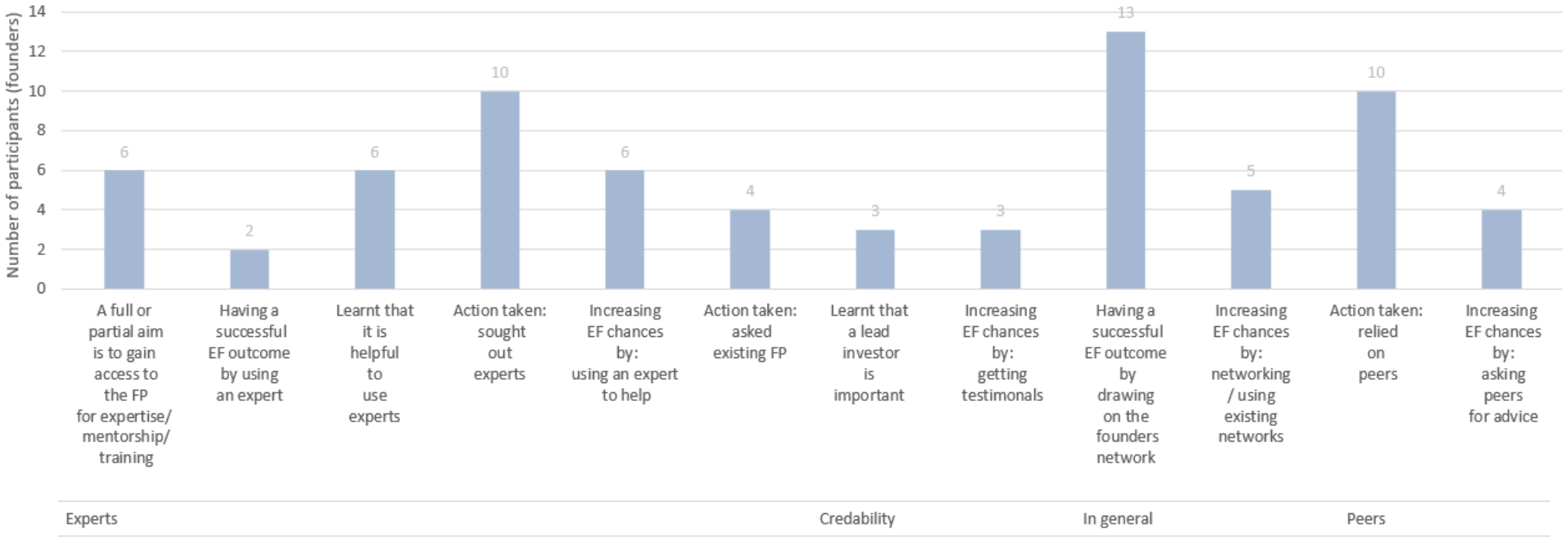
A challenge was revealed to be due to not having the required SC to tap into: *"where do you go? how do you find these people [FPs]?"* (P[redacted]). As P[redacted] revealed, *"I unfortunately, I just didn't have that many [EF related] people around me at the time"*. This challenge is a theme covered in relation to the regional location in Section 6.3.8 of this chapter, as EF contacts and networks were reported to be fewer than in metro locations. Figure 6-9 combines these SC findings visually to show themes in relation to networks. Figure 6-10 shows themes that occurred in the various interview-question topics when participants responded by mentioning or implying social capital, and Appendix A6 offers more detail.

Figure 6-9
Number of Participants Who Mention Each Concept One or More Times: Social Capital



Source: Author's compilation

Figure 6-10
Concepts Raised as Related to Social Capital



Source: Author's compilation

6.3.3.2 *Learning from Others via Peers and Experts*

For the theme of learning from others via peers and experts, 90% of participants relied on their SC to bring them the EF contacts and resources they required when seeking EF, compared to 50% seeking out new skills and knowledge without mentioning SC as the means. In relation to the steps reported being taken (Section A6.3.5), 50% relied on peers for EF information, advice and opportunities, 50% sought out experts, and some (15%) expressed doing both of the above. In terms of increasing chances of EF success, a strategy reported by 20% was to ask peers for advice, whereas 30% asked experts (Section A6.3.6). Overall, 60% expressed relying on peers and 80% relied on using experts. It appears that many participants first turned to peers or learnt from experience and then later turned to experts. Many implied this in their responses, and 30% also explicitly stated that a learning obtained during their EF journey was the need to seek experts out (Section A6.2.8). For example, P[redacted] values *"colleagues or peers *emphasis* that you can then ask about those things as well, like how did you do this, when did you do this, why did you do this?"*. In a similar example, P[redacted] "*quizzed"* one of their peers because they had *"applied for a fair bit of funding in the past",* whereas P[redacted] realised during their EF journey that hiring an expert or *"someone who understood how to navigate the protocols and the processors ...[]... was absolutely necessary"* to EF success.

6.3.3.3 *Learning from Others via the FP and Accessing the FP's Network*

For the theme of learning from others via the FP and accessing the FP's network, some (20–30%) expressed the desire to gain access to the FP's expertise, mentorship, training, or SC that was perceived to come with the finance should the application be successful. While most participants (80%) recognised their need for assistance, training, and guidance due to their knowledge and skill levels and a need for additional EF-related SC, these 30% of participants saw the FP as potentially being able to address these non-monetary needs. Such learning from the FP and accessing the FP's networks applied to BAs, VCs, grants, and accelerator programs rather than debt. While 30% revealed the desire to learn from the FP at various points during the interview, 20% said so directly in response to IntQ6 as part of giving their reason for wanting EF (Section A6.3.4). For example, P[redacted] referred to both the learning benefits and SC benefits of obtaining finance from accelerators: *"they've got the industry connections that if you succeed in doing everything that they guide you to do, then they introduce you to the right people to get you off the ground"*. This theme of wanting to learn from the FP showed up in another format where some participants (25%) wanted the FP to teach or support them during the application process prior to receiving finance. This desire is illustrated explicitly by P[redacted]:

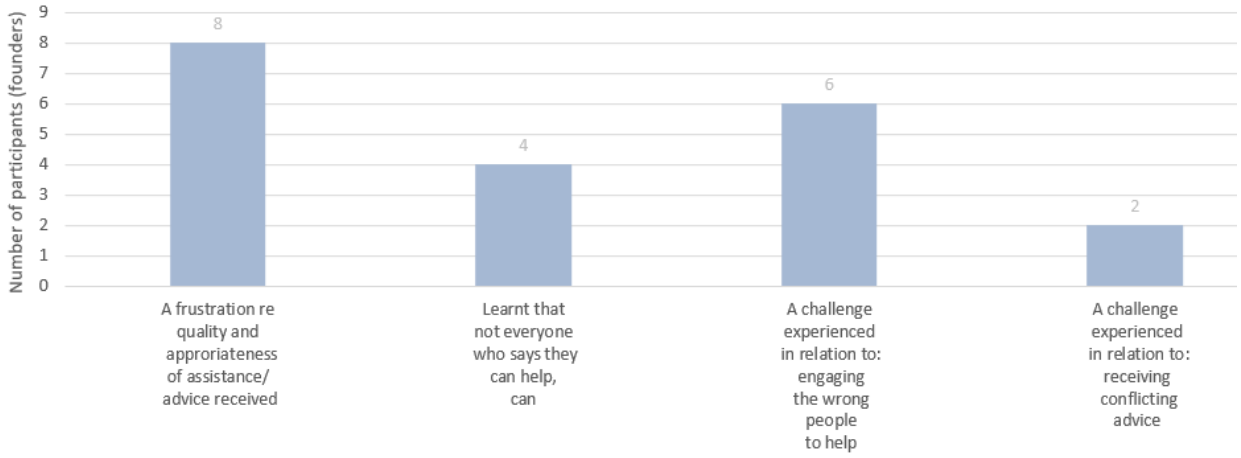
but I reckon it would be lovely to see, even if they didn't end up investing, ..[]… if you know a small proportion of [the FP's] resources…[was allocated] to help mentor that business and get them to a point where they were worthy of investment consideration …[]… I don't even know if that should be the [FP's] role. Maybe I'm thinking of my path.

6.3.3.4 *Learning that Others May Not be Suitable to Meet the Founder's Needs*

In terms of challenges, another theme was the reporting of negative outcomes with regard to the people that participants were referred to or encountered in their networks and who they then either contracted, hired, or took advice from. Some participants (40%) experienced challenges in relation to the quality and appropriateness of the assistance and advice they received. In some cases, participants discovered that the quality was not of the level or specificity required. For example, P[redacted] shared that *"I thought I was being guided sufficiently, and I wasn't in hindsight"*, and P[redacted] warned that in *"the startup world .....there's a lot of people …[]….not actually offering much…[]…everyone you speak to has something you can learn from…. however, is it worth paying for? …[]… is it worth giving our time [for]"*.

In a specific example, P[redacted] cited the reason for their failed grant application as being delegation to a grant writer and concluded that it was *"a big mistake"* to get *"other people"* to write their second grant application *"because they don't know your business like you know your business ….[]…. and I think they probably did a lot of copying and pasting"*. P[redacted] expressed that they should have sought only targeted assistance *"with the wording"* rather than outsourcing the whole task, because *"you need [to retain] that personal perspective"*. In other examples, there was an overlap with the theme of values alignment, which was covered in Section 6.3.1 above. For example, P[redacted] observed that *"there's always different opportunities coming through …[].. to meet this person or make that personal pitch to that person …without much filtering of how good a fit it is"*. Both of these examples contain elements of self-agency, which is defined in Section 1.10.8, and is a sub-theme that underlies many of the findings in this and other sections. Figure 6-11 shows the frustrations, learnings, and challenges that participants reported in relation to contracting, hiring, or taking advice from people in their networks.

Figure 6-11
Frustrations, Learning, and Challenges That Participants Reported in Relation to Contracting, Hiring, or Taking Advice from People in their Networks

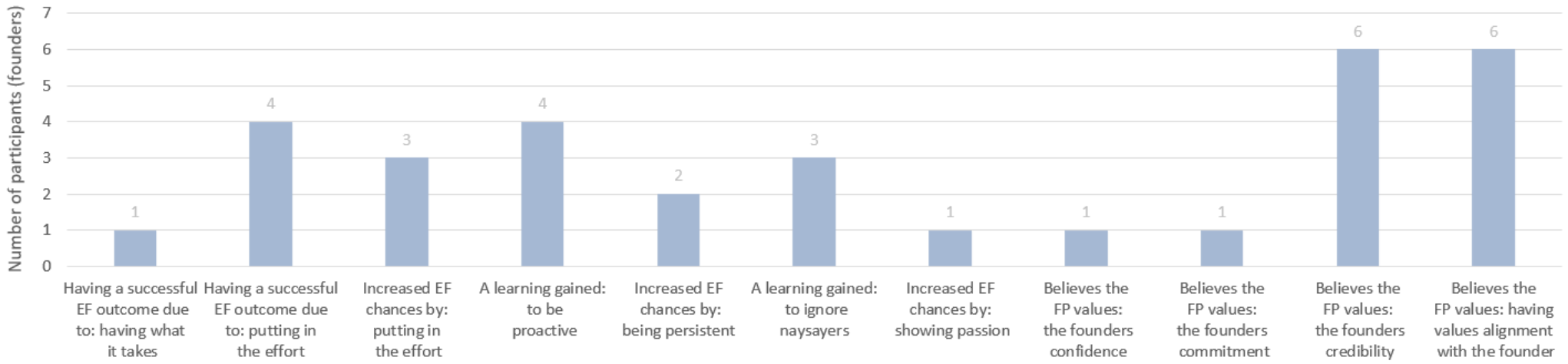


Source: Author's compilation

6.3.4 Persistence and Opting Out

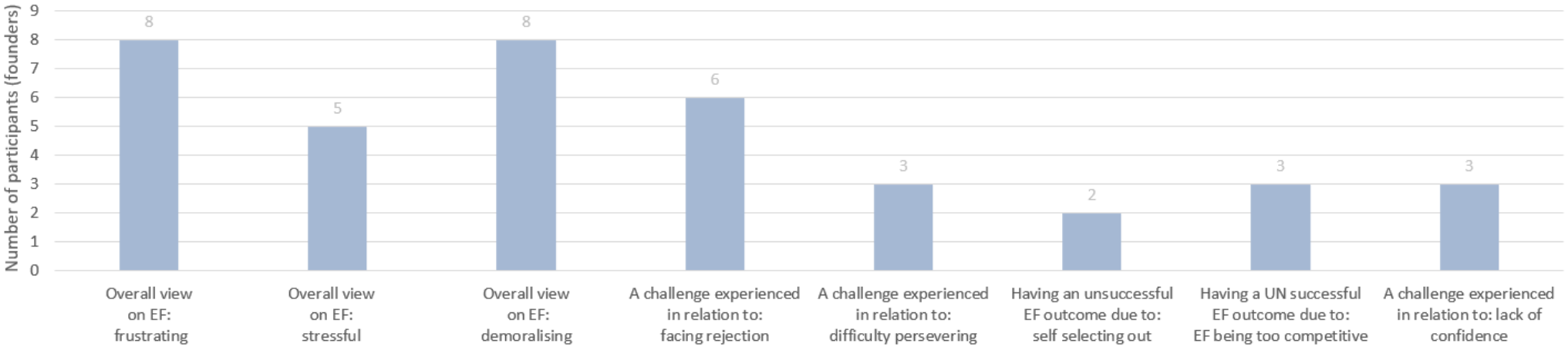
Many participants (85%) brought up various concepts relating to psychological capital in a negative aspect, 70% brought up positive aspects, and 60% mentioned both negative and positive aspects. Positive aspects were varied and centred around putting in effort, *"working really, really hard"* (P[redacted]), having credibility, having matching values and being proactive to do what it takes, whereas negative aspects centred around issues of perseverance in the face of rejection and in general frustration, stress and demoralisation. Within the category of psychological capital, this section will focus on the theme of persistence vs self-selecting out. Before doing so, two figures are presented showing themes that occurred in the various interview-question topics when founders responded by mentioning or implying aspects of psychological capital, in either a positive manner (Figure 6-11) or a negative manner (Figure 6-12), and it can be seen that many are tied to the theme of persistence. Appendix A6 offers more detail.

Figure 6-12
Psychological Capital was Raised by Participants Mentioning These Concepts in a Positive Light



Source: Author's compilation

Figure 6-13
Psychological Capital was Raised by Participants Mentioning These Concepts in a Negative Light



Source: Author's compilation

Persistence vs self-selecting out can be viewed as containing a mix of psychological and cognitive components, and both concepts can be tied to self-agency (Section 1.10.8). The word persistence was chosen to describe this theme as it encompasses the concept of resilience and its implicit adaptability, as well as the concept of persevering without adapting, modifying or questioning the approaches being taken. The opposite of persistence is opting out; this word was chosen as it implies choice and encompasses both the concepts of giving up and also of choosing to halt the current approach taken in favour of a different approach. That different approach may include where the participant choses a different source of EF or different type of EF (see Section 1.10.2), or where they chose to change the timeline in which they pursue EF, or where they question applying for EF in general. For example, by:

> *…making sure that you don't get carried away …[and]… don't lose sight of what your product's worth in the market, what people are prepared to pay for it versus what it costs you to make it….. because you're distracted by the finance ……pot of gold.* (P[redacted])

Many participants' persistence was motivated by their confidence, passion, hope, self-efficacy and belief in what they were doing and it being a *"good thing"* (P[redacted]). A few were also motivated by sunk costs and having *"so much skin in the game"* (P[redacted]) that they felt they had to keep going. Persistence was also a function of not being aware that there may be a another or better option/strategy, as P[redacted] noted "*we just persisted for too long in, in you know trying to raise capital from the same people and in the same way ….before we found out that it was not the way to go about things".* Despite elements of persistence being expressed throughout the interviews, some participants (35%) reached points where they either chose to opt out of pursuing certain sources of EF or they expressed that they were very close to choosing to do so.

Self-selecting out took several angles: for some it was because they did not think they would meet the criteria and for others it was because they were *"demotivated"* or *"deflated"* and not yet ready to go back on *"the emotional rollercoaster that you go on"* (P[redacted]). In other words, their resilience had worn thin. Two females expressed opting out because it was *"awkward"* and they *"didn't feel particularly confident with asking for money"* (P[redacted]) and would rather *"earn it myself"* (P[redacted]). Another angle was self-selecting out because of a realisation that maybe a different option was a more viable path to explore, which ties back into the concept of persistence, albeit persistence using a new approach. This angle of a different option being more viable included: the realisation that the EF source was "*not suitable*" (P[redacted]) or not a good fit, which also ties into the theme of values fit (Section 6.3.1); or that the EF source did not represent value for effort and/or value for

potential outcome (grants in particular were an example given, as was crowdfunding), and therefore the EF source would be unlikely to be pursued in the future (i.e., the founder would self-select out). Some example quotes of this sub-theme are provided in Figure 6-14, which also contains quotes re deliberations on perseverance and opting out.

Figure 6-14
Example Quotes Within the Theme of Perseverance and of Opting Out

On questioning the value-for-money or value-for-effort	On opting out in general
Sometimes even though money seems like a good thing, is it's not worth the bother is what I've found with some of the government ones [grants]. (P[redacted])	*… but luckily both times this [values misalignment] happened we've gone…… thanks but we don't want your money if that's how it comes.* (P[redacted])
We're not sure that we're actually getting any value out of that because …we spent so much administrative time on it and more than we budgeted ….ah…and therefore it becomes very expensive finance [industry project-based finance]. (P[redacted])	*I really think it's trust your gut…. I think that's the, you know….. back yourself. Maybe know when to walk away.* (P[redacted])
You know the money's there, it's great, but then … []… thirty percent of your mental capacity is dedicated towards you know this, this grant and the project management and the administration around it so …[]… we do prefer not to lead them, we prefer to have a client lead. (P[redacted])	*Am I flogging a dead horse? should I be doing something else?* (P[redacted]) *We sort of feel like …..bugger it! maybe commercial's where it's at [rather than applying for grants].* (P[redacted])

Source: Author's compilation

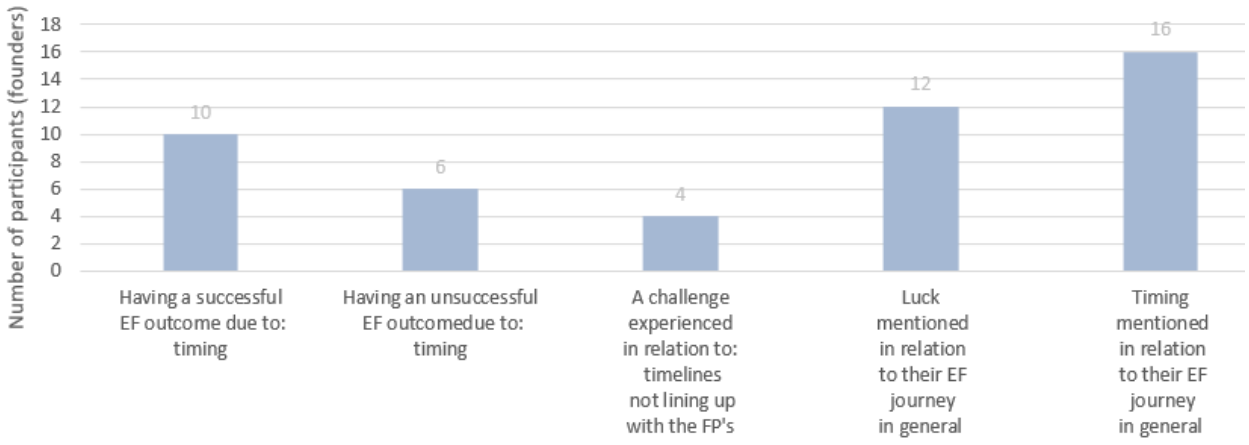
6.3.5 Timing, Timelines and Luck

Most participants (80%) referred to timing playing a part in their EF journey or in their EF application outcomes, with 50% attributing a successful outcome to timing. On the flip side, 30% said timing was the reason for an unsuccessful outcome (Section A6.2.10), 20% specifically listed timelines not lining up with the FP as an EF challenge experienced (Section A6.2.7), and on a whole-of-interview-basis, this concept was also raised by others with frustration. Mentions

included opportunities that only arose at certain times, for example training sessions that were not offered at the time of their first EF attempt, the grant provider now being more rigorous than when the founder *"received some funding quite a number of years ago"* (P[redacted]), the industry and competitors changing quickly over time, the FP having just invested in a similar business and not wanting to *"run two campaigns quite like that at the same time or even within a year or so of each other"* (P[redacted]), the FP's timeline not lining up with the founder's need to raise funds, *"closing dates that get moved"* (P[redacted]) or the founder reflecting that *"it was the right time for where we were at with the business I just .....wouldn't do it really now"* (P[redacted]). Participants' use of the word 'timing' usually implied that if matters of timing in relation to EF could be better understood and even anticipated, then they (the founder) would have been better able to respond/ would be able to respond better next time.

The concepts of luck and *happenstance* (P[redacted]) were raised by 60% of participants in relation to their EF journey, where *"random things happen"* that cannot be explained or things *"kind of just accidentally happened"* (P[redacted]) and the participants felt that *"we've been lucky to be honest"* (P[redacted]) because *"that was just, just pure luck"* (P[redacted]). Figure 6-13 shows the instances when timing or luck were mentioned, and Appendix A6 offers more detail.

Figure 6-15
Concepts Raised as Related to Timing and Luck



Source: Author's compilation

6.3.6 EF as a Challenging Experience

Generally, EF was reported to be a challenging experience regardless of EF type. When participants were asked to describe their EF experience overall (Section A6.2.9), they repeatedly used the words hard, frustrating and demoralising or synonyms and expressions that could be themed under these three words. Participants were also asked specifically about their EF challenges (Section A6.2.7) and their EF learnings obtained (Section A6.2.8). In those responses, participants said what came immediately to mind at the time, and other parts of the interview revealed other insights not captured in those sections. Overall, the takeaway message is that EF challenges were self-reported to be centred around: 'what you know and/or can do' (HC), followed by 'how you show up' (PC), especially in the face of rejection. Challenges also centred around the terms of the deal such as collateral and timelines and various themes of values misalignment with the FP (Section 6.3.1). EF learnings were self-reported to include those four concepts, as well as the additional concept of 'who you know' (SC), including learning the value of engaging experts sooner.

In relation to their challenges, many (80%) recognised they did not have sufficient knowledge or skill (HC) in relation to EF (Section 6.3.2) and considered this to be a cause of their difficulties. P[redacted] reflected that *"naivety was the …[]…source of the greatest frustration and challenge because I had to smarten up"*. More than half (55%) the participants mentioned one or more areas of HC in this regard, and various aspects in the interview answers as a whole supported the participants' self-acknowledged observations of knowledge and skills not being at the levels required. However, the self-ranked scores in the PiQ were higher in relation to knowledge and skills, and triangulating to their narratives suggest bias could have occurred in the self-scoring of the PiQ, which is common for such instruments (see Sections 4.7.2.3 and 4.7.2.4). This difference in the self-scoring can also be tied to the realisation in hindsight that one needs to *"find out what you don't know"*, which is a realisation that P[redacted] reported having come to *"only just […] recently"* and which other participants expressed both directly and indirectly when self-reporting initial naïvety around EF (see Section 6.3.2).

From a psychological and cognitive capital perspective, and EF challenges encountered, there were also themes around the externalisation of cause, responsibility and accountability, which could be termed negative self-agency (Section 1.10.8). Laying blame for unsuccessful EF outcomes is an example of this theme of externalisation, and signs of blame/externalisation were apparent in some cases when the FP was labelled as being biased, (Section 6.3.1), or in some of the cases where the FP was criticised for not making criteria clearer or not giving feedback (Section A6.2.7 and A6.2.13). Also, at times an element of blame was expressed when contracted SC was found to be

insufficient for the task (Section 6.3.3) and where outsourcing may have also at times contained more abdication than delegation as evidenced by the quote from P[redacted] given in Section 6.3.3.4. Another example of externalisation was apparent in some of the cases where the participants attributed outcomes to timing and luck, see Section 6.3.5.

From a social capital perspective, EF challenges were often attributed to the regional location not having the contacts and networks required. The regional location (sections A6.2.2 and 6.3.6) presented challenges due to lack of local EF resources and opportunities and the distance to, and therefore cost in, accessing such resources in other locations. Another challenge related to the regional location that was reported was encountering bias due to the metro FP relying on stereotypes around the founder being located regionally (see Section 6.3.8). Values alignment with the FP was demonstrated to be a challenge, with 70% of participants referring in one way or another to values alignment or to experiencing bias from the FP, as presented in Section 6.3.1.

Appendix A6 contains sections that report on whole-of-interview views in relation to the three main types of EF that founders encountered: grants, equity and debt (sections A6.2.4, A6.2.5 and A6.2.6). There it is shown that debt was a challenge in particular when there was no collateral to offer and when there was no relationship with a lending officer who understood their context, this latter problem is tied in to the regional context, as presented in Section 6.3.8. Grants were found to be particularly challenging for founders, as participants experienced them to be poorly designed and executed and required a lot of time and effort in the face of unclear guidelines/criteria, low odds and drawn-out time frames. Equity was challenging because it was a lengthy (12–18 month) numbers game, and founders were trying to meet criteria that were often not clear and which differed each time depending on the FPs, which were hard to find in the first place. The equity process challenged founders' skill levels in pitching and their resilience in facing rejection. Both grants and equity were challenging because limited feedback was provided to learn from for future attempts. The following comment made by P[redacted] offers insight into the context of equity EF challenges and ties in with many of the themes presented in this chapter for any type of EF, for example concepts of timing and luck, challenges, preparedness and values alignment. P[redacted] states that EF is something:

> *you can never plan perfectly… how a capital and equity raising is going to proceed …[]…it takes on different forms, and different questions, different issues come up, different problems …[]…you need to be flexible, you need to …accept other people's positions or try and move to accommodate them.*

EF challenges are summarised in the last section of this chapter in Table 6-6 where the first column lists challenges and the remaining columns list participants needs and desires, which if unmet were also experienced as challenges.

6.3.7 Preparedness or Becoming Prepared

EF preparedness was defined in Section 1.10.10, where it was shown to contain many aspects and be an ongoing developmental process. In particular, Section 1.10.10 highlights that there are three elements to EF preparedness: 1) the resources to be mobilised, which may be internal or external to the founder, and their quality, appropriateness, and sufficiency, 2) the ability to strategise how and when to mobilise the resources, which requires CC, self-agency, awareness, foresight, and planning ahead so possible resources are able to be identified, called upon, and deployed when required, and 3) the ability and agency to execute that strategy in practice and mobilise the resources appropriately, which requires various elements of HC, PC, CC, and self-agency. Hence, there are many ways a founder may encounter EF challenges due to the many and varied aspects that combine to create EF preparedness.

The findings contain elements in relation to these various aspects of preparedness. For example, participants who prefer to use an unstructured learn-as-you-go approach (see Section 6.3.2) are undergoing a process of becoming prepared, as are those using the strategy of seeking to obtain training and mentoring from the FP (see Section 6.3.3). The participants' reported challenges and reported learnings (sections A6.2.7 and A6.2.8) referred to their knowledge and skills not initially being adequate for the EF task at hand, with some self-describing themselves in retrospect as being naïve or green whereas now they are better prepared (see Section 6.3.2.3). The overall data support these various direct self-assessments (see Section 6.3.2). Some participants' reason for being in business and/or exit strategies (sections A6.3.1 and A6.3.3) imply a situation where they are reacting to problems and opportunities and not yet at a point of clarity in the process or path. This situation by nature entails elements of becoming prepared. Likewise, if a founder's exit plans and goals for the venture are not in alignment with the requirements of the finance source and type (e.g., applying for VC but not wanting to scale at 10x or exit the business), then founders may not be ready/prepared for that investor. Not being ready also occurred for some participants due to venture stage, where participants applied too early (Section A6.2.10).

Alternatively, founders may be a good match for the EF source or type they are applying for but may be overlooked in favour of a better-prepared applicant. These better-prepared applicants may be those who have better signalling/pitching skills (sections 6.3.2 and A6.3.2), have higher levels

of knowledge about what the criteria are and what the FP values the most (sections 6.3.2 and A6.2.12), or use better strategies/tools for undertaking the competitive and challenging task of EF.

In terms of being equipped, external resources such as SC (see Section 6.3.3), time, money and other physical resources need to be available and accessible when required in order to be prepared to perform the task at hand, and this was not always possible/the case, and was at times compounded by the regional location (Section A6.2.2). Likewise, for internal resources, these were self-reported to not always be at the levels best needed, in that participants self-reported in hindsight that they needed more knowledge and skills, for examples see sections 6.3.2 and A6.2.7.

6.3.8 Being Located Regionally

Appendix A6 presents the analysis of the interview questions asked about doing business in a regional location (Section A6.2.1) and accessing EF from a regional location (Section A6.2.2). Answers to those two questions were a mix of pros and cons that centred around access to EF resources and networks. The negative views about accessing EF from a regional location outweighed the positive views. Networks in general in relation to the regional location were viewed as both positive (30%) and negative (15%), and for EF networks in a regional location, 40% of participants provided a negative response because they considered the EF networks were not adequate for EF purposes. This view applied to the FPs, experts, support services and peers. For those who viewed networks as a negative, there was also an association with extraversion and sociability as personality traits.

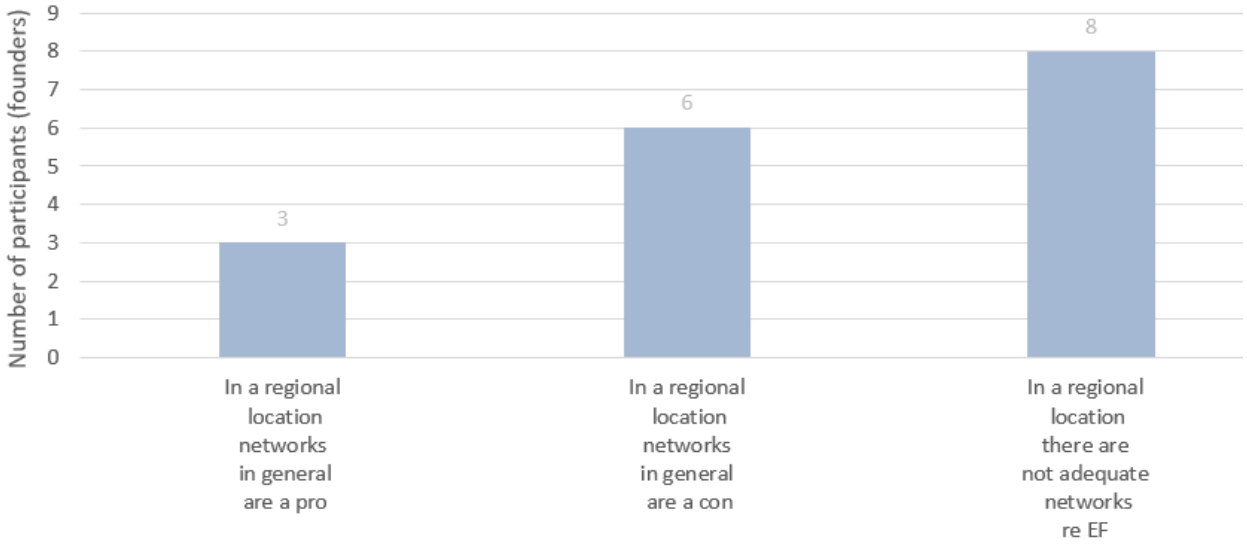
The analysis of views on accessing EF in a regional location (Section A6.2.2) showed that many participants (55%) explicitly expressed that EF challenges exist no matter where you are located, and "*depend on*" something more than the regional location. The themes in the overall results presented in this chapter are in congruence with the second component of that view, which is that EF challenges depend on something more than the regional location. It is outside of the scope of the thesis to support either congruence or incongruence with the view that EF challenges exist no matter where you are located as views from non-regional locations were not collected; however, many participants had had experience of living in other locations, including metro locations. Some participants found that the regional location was not a problem for them, and some credited the location amongst the reasons for their EF success. For example, it was considered that they were able to qualify for regionally targeted grants for which they would otherwise not qualify.

Other interview questions that did not specifically ask about the regional location also revealed ways that the regional location was found to contribute to the EF challenges. Overall, the three

themes were the impacts of surrounding resources, market potential and culture. In relation to resources for EF, these mostly centred around lack of networks (SC) and information, such as *"not being able to have that face-to-face interaction"* (P[redacted]). This view was generally in relation to difficulty accessing FPs, as *"most …[]…are based in the metropolitan areas"* (P[redacted]) which was made even more challenging because it was not clear *"where do you go? how do you find these people?"* (P[redacted]). Challenges also included not being able to access to peers locally for shared learning. The strategy of informal networking that occurs in foyers at events is impacted because there are fewer venues, events and participants in a regional location in which to do so (Section A6.2.1 re "foyer-ism"). The EF process was also affected indirectly because regional locations have *"staff shortages"* in that *"the skill sets and expertise that you might need …[are]... a bit restricted"* (P[redacted]).

In relation to market potential, the participants revealed that a venture that is not a good match for its regional location, in terms of offering a product/service in alignment with the population's density, may be under-serviced in terms of logistics, both in receiving inputs and in delivering outputs to customers; under-utilised in terms of volume and frequency of sales; and/or under-resourced in terms of local qualified staff. As the participants expressed, these situations impact on various business metrics (criteria) that an FP assesses and thus the ease/difficulty of accessing EF. Participants cited servicing customers who were also regional or delivering online to national and global customers as situations where being regionally located is not a problem and one of the biggest benefits of being located regionally. From a cultural perspective, the regional location was cited as a contributor to being on the receiving end of misunderstanding from FPs which do not appreciate the founder's regional context. This situation is an example of parties holding different narratives or cultural values and can also fall under the theme of values misalignment or bias as covered in Section 6.3.1. For example, equity FPs *"don't understand what we're doing as much as country people do"* (P[redacted]) because they are *"city people"*. Figure 6-14 shows the regional concepts visually in relation to networks in general, and in relation to EF networks, and Appendix A6 offers more detail.

Figure 6-16
Concepts Raised as Related to Networks in a Regional Location



Source: Author's compilation

6.4 Summary of Results: Challenges, Needs, and Desires

This chapter presented aspects of the results according to themes that arose to serve as a foundation for the observations of interest discussed in the next chapter and to complement the granular per-interview-question analysis presented in Appendix A6. Below are two tables that summarise the results. Table 6-2 summarises by themes as per the sections presented in this chapter, and Table 6-3 summarises by condensing the findings into founders' EF challenges, needs, and desires and noting which were explicitly communicated and which were implicit. For clarification around words like many, some, few, etc., refer to the chapter body above and to Appendix A6:. The next chapter condenses the results into five major categories according to the research objectives and discusses and interprets the findings by tying them into the literature and the conceptual framework.

Table 6-2
Summary of Results Chapter Categorised by Themes in EF Challenges

Theme	Summary of findings
Values	– Many participants held the view that the FP overall values the business metrics more than founder characteristics. – Some stated that they had initially held this view, and that during their EF journey had come to believe the opposite was true. – Some participants' goals and exit plans did not appear to line up with the business model or return-on-investment requirements of an equity FP. – Some expressed that values alignment with the FP was important in order for the founder to proceed with a proposed EF deal. – Participants often had limited awareness initially of the need to specifically look for a values alignment/misalignment with the FP. – Some encountered bias (being judged by a poor, unfounded, or unfair set of values) from the FP, for example based on gender, 'politics', and regional location.
Skills, knowledge, and learning as you go	– Most participants self-reported that their skill levels were a barrier to EF success. – The most directly mentioned skill in this regard was communication and pitching skills. – Most self-reported that their EF knowledge levels were a barrier to EF success. – The most directly mentioned knowledge in this regard was the FP's criteria. – Many were frustrated by the FP not providing clear criteria. – Many were frustrated by the FP not providing feedback on applications. – Many stated that they did not know how time-consuming EF would be. – Many self-reported in hindsight not being as ready, equipped, or prepared as they initially thought they were. – Several labelled themselves as naïve when they started their EF journey. – Most revealed their EF journey had been a process of learning from experience as they went along. – Half of the participants reported seeking new skills and knowledge as steps taken, and a quarter reported this as a specific strategy used to increase their chances of success.
Networks and learning from others	– Leveraging their networks and contacts was a strategy reported by most participants. – Many attributed EF success to utilising their EF networks and contacts. – Many experienced it as challenging to know where to go to find FPs or to form EF contacts. – The regional location was cited as a particular challenge (distance, time, cost) in accessing FPs and EF contacts. – Many sought to learn from their peers. – Many sought to learn from experts. – Many tended to seek experts after first turning to peers and/or learning from experience. – Some viewed the FP's expertise, mentorship, and resources as an important reason to apply for the finance. – Some wanted the FP to teach and support them during the EF application process. – Some reported that the quality and appropriateness of the EF assistance and advice they received was not sufficient/caused challenges.

Persistence and opting out	– Participants referred to working hard and doing what it takes, and they displayed high levels of persistence. – Many participants' persistence was motivated by confidence, passion, self-efficacy, and belief in what they were doing. – Repeated rejections, especially when coupled with perceived FP bias and/or no feedback, caused many to experience frustration and/or demoralisation. – Some opted out of EF applications or considered doing so because of demoralisation and/or the belief they would not be successful. – Some opted out because the FP or EF type was not a good fit/match. – Some opted out because the FP or EF type was not a good value for money/effort (both to apply for and including the cost of post-finance requirements).
Timing, timelines, and luck	– Many attributed a successful EF outcome in part or whole to timing and luck. – Quite a few attributed an unsuccessful EF outcome to timing and luck. – Many expressed timing and timelines as a challenge they experienced. – Many referred to being lucky at points during their EF journey.
EF as a challenging experience	– EF was reported overall to be hard, frustrating, and demoralising. – Most self-reported EF challenges and self-reported EF learnings centred around 'what you know and/or can do' (HC) not being sufficient for the task, in particular knowledge of options, processes, and criteria and skills in communicating and pitching. – Many EF challenges also related to 'how you show up' (PC) in the face of difficulty, rejection, and uncertainty around outcomes and timelines/time frames. – Some EF challenges and learnings were due to not engaging an expert sooner. – Some challenges were due to EF resources and opportunities not being present locally, in particular the lack of accessibility to FPs. – Not spotting signs of values misalignment with the FP during the early stages led to challenges for many. – **Grants** were experienced as being poorly designed and executed and requiring a lot of time and effort in the face of unclear guidelines/criteria, low odds, drawn-out time frames, quarantined co-contributions, and limited/no feedback. – **Equity** was a lengthy 'numbers game' with criteria often unclear and different for each individual FP, and FP's being hard to find in the first place and challenging to pitch to. Rejections were common while feedback was not. – **Debt** was challenging for participants who did not have collateral and/or where the lending officer did not have an understanding of the founder's context.
Preparedness or becoming prepared	– Many participants were, at various times, not ready, suitably equipped, and/or able to mobilise the required resources for their EF applications. – Participants' levels of EF preparedness were reported to increase with experience, learning, and time.
Being located regionally	– Many participants noted that local EF networks were not adequate for EF purposes (access to FPs, EF support services, experts, and peers). – Some encountered bias or misunderstanding from the FP due to their regional location and context. – Many stated that EF challenges exist no matter where you are located. – Many stated that EF challenges and outcomes depend on something more than the regional location.

Source: Author's compilation

Table 6-3
Summary of Results Chapter Categorised by Founders' EF Challenges, Needs, and Desires

	Challenges	Needs	Desires
Explicit	– EF is hard, frustrating, demoralising, time-consuming, and labour intensive. – Not knowing where to go to get EF. – Not knowing how best to go about the EF process; poorly understood EF processes. – Impacted by timing and luck. – Regional location not having EF networks and resources; expensive or hard to go to places to get these due to regional location. – Not receiving FP feedback. – Not knowing what the FP's criteria are. – Receiving repeated rejections. – Experiencing bias /misunderstanding from the FP. – Engaging with a poorly designed and/or executed EF source (e.g., government grants). – Not having the communication or pitching skill required. – Not having collateral/co-contribution	– To increase knowledge of EF options, EF process, FP's criteria, and FP's needs. – To increase EF SC /access to the right EF SC. – FPs and others to learn from. – SC to contract with/ hire. – To increase EF skills, including in relation to communication/ pitching. – Values alignment with the FP.	– Feedback from FP. – Clearer criteria from the FP. – An unbiased FP. – Mentoring/ guidance from FP, both pre and post finance.
Implicit	– Not knowing what one does not know. – Not understanding the FP's business model/needs. – Believing business metrics are valued more than founder characteristics/execution ability. – Not initially aware of importance of checking for values misalignment with FP. – Not having resources with which to pursue EF (time, money, contacts, know-how, self-efficacy, emotional stamina, etc.). – Not initially aware of value of engaging with experts early. – Not initially aware of the full value of effort/money or true cost of particular EF types.	– To learn in a more effective and efficient way. – To use different strategies/approaches to gather and process EF information (CC). – To maintain conducive psychological states for optimal choice-making (including choices of persevering vs opting out). – To spot values misalignment with the FP sooner.	– A learn-as-you-go, learn-from-doing, and learn-while-doing approach. – To learn from experience. – To learn from others (peers, experts, and the FP).

Source: Author's compilation

Chapter 7 Discussion

7.1 Introduction

This chapter discusses a selection of the findings that arose from the analysis that are of interest to the research aims of better understanding how founders experience and perform the task of obtaining entrepreneurial finance (EF) and their challenges encountered when doing so. By discussing this selection of findings, the founders' views, experiences, and reported actions (self-reported strategies and practices) can be explored with the intent of acknowledging explicit challenges and identifying implicit challenges, which creates a foundation from which to offer insights into creating more optimal EF outcomes for founders.

Following the preface in Section 7.2, this chapter discusses 10 themes that were observed in the participants' views, experiences, and reported EF strategies and practices (actions taken). Section 7.4 discusses five observations that related to the conceptual framework used to aid the analysis. The chapter then presents a descriptive iteration of the conceptual framework that arose from the analysis (Section 7.5) and concludes in Section 7.6 with a summary. The final chapter of the thesis (Chapter 8) discusses the major findings, conclusions, and implications.

7.2 Preface to the Discussion of the Results

To preface this discussion chapter, it is important to reiterate some contextual items. First, the research objectives, questions, scope, and paradigm create a lens through which to undertake the analysis and discussion. See Table 1-1 in Section 1.3 for the full detail of these. The lens used centres around founder characteristics, and in all the observations discussed below, founder characteristics are implicated in the EF challenges encountered. The founders had many strengths, and it should be noted that despite the EF challenges encountered, all founders had at least one, if not more, successful EF outcomes; however, the focus of the study is on the challenges encountered rather than strengths exhibited.

Second, it is important not only to re-iterate the acknowledgement that meso and macro factors contribute to EF challenges due to systemic issues at those levels but also to note that by choosing to focus on the micro level, this study does not seek to downplay the effects of external contexts on EF challenges, which include macro-economic conditions, market and industry forces, government policy, legislative infrastructure, the geographic context, cultural and temporal

circumstances, and elements of timing and chance. This was discussed in Section 1.1, where the rationale for the micro-level focus was provided and also in Section 2.4, where the rationale for the founder-characteristics focus was provided. See also Section 1.3 for acknowledgements of these factors and the boundaries and assumptions inherent in the study.

Third, the analysis and discussion contain both inductive and deductive concepts. The latter are guided by the second conceptual framework (Section 3.10), which takes the view that due to the early-venture stage, the finance provider (FP) is giving a large amount of attention, directly or indirectly, to assessing founder characteristics, and execution ability in particular, when they assess the EF applications received (Section 3.7). This is not to suggest that the FP ignores business metrics, nor to suggest that other external contexts, environments or macro-economic conditions do not impact on the FP's decision process and criteria.

Fourth, this research is designed around the assumption that the founder remains with their venture post finance in a role that significantly impacts on the management and operation of the venture such that the FP is investing in a package deal of founder-with-business. In the absence of this assumption, the results can lead to different interpretations and conclusions. The participants' EF applications and circumstances meet these underlying criteria.

Fifth, the research does not aim to test a hypothesis or model but rather it explores, describes, and reflects on the current situation as a basis for addressing the gaps in the literature and for providing practical insights. This approach speculates on causation but cannot address issues of causation. It allows avenues for relevant change to be identified and is a foundation from which hypotheses may be created for future research to explore.

Sixth, because the cohort was heterogeneous, multiple possible interpretations of the findings are evident and presented. The meaning that can be given to these findings varies according to the various participants and their context and situations. The same can also be said of anyone who interprets and discusses the data, whether that be the researcher or the reader. Beliefs, expectations, biases, and filters and our "personal stories" impact on how we view and understand the world (Jamieson et al., 2023, p. 8) and express ourselves. Additionally, our filters/beliefs can change as our experiences, understandings, and contexts change (Krueger, 2007; Sharot et al., 2023;). Our subjective interpretation of the data shapes the results (Phillippi & Lauderdale, 2018), and our subjective interpretation can also be shaped by the data, if reflecting on the data leads to a change in our perspective.

Comment can be found in Section 1.5 on the importance of context, in Section 1.3 on the scope boundaries and assumptions inherent in the study, in Section 4.5.5 on the actual sample parameters,

and in Section 5.6 and Appendix A5 on the background context of the cohort. For a tabular listing of the research scope, assumptions, inclusions, and exclusions see Table 1-1. Note also the key definitions given in Section 1.10 to assist with clarity of terms, which is important given the definition variability in the fragmented EF literature.

7.3 Participants' Views, Experiences, Strategies, and Practices

This section discusses 10 themes that were observed in participants' views, experiences, and reported EF strategies and practices (actions taken). A common terminology with which to discuss the founders' experiences obtaining EF is drawn from the theory-derived concepts that were presented within the conceptual frameworks. In particular, these include concepts from signaling theory and reference to the various components of founder characteristics of HC, PC, CC, SC, and personality traits. See Table 3-1 for a summary of these underpinning concepts and note the last row of the table that lists sections providing further explanation on each concept. This chapter also applies a theory-after approach (Miles et al., 2014) to comment on the inductive concepts that arose. Both approaches aid in tying the findings to the existing literature and to other empirical studies.

7.3.1 Regional Location as One of Many EF Challenges

Participants gave positives in relation to the regional location (e.g., proximity to customers); however, there were also challenges. In line with the literature, the participants cited the negatives of doing business in a regional location as the lack of local resources/networks and the distance to, or accessibility of, relevant resources/communities/networks (Guaralda et al., 2020; Habersetzer et al., 2021; Kotey & Sorensen, 2014; Tonts & Larsen, 2002). What was deemed relevant depended on the context of each participant and their venture. This context includes the fact that at the time of the interview, 90% of participants had had experiences of living in other (regional and/or metro) locations. In relation specifically to accessing EF from their regional location, the lack of relevant networks was the most common view given, which is in alignment with the literature, as regional locations have lower concentrations of FPs, fellow founders, support services, and organisations that facilitate entrepreneurship (Kille et al., 2022; Mason, 2010; Mazzarol, 2007). The NENW region is no different (see section 5.3), hence these findings were expected. For those who viewed it as a negative, there was an association with extraversion and sociability as personality traits, and this component of the finding appears to be novel to the EF literature, which indicates that personal characteristics and the subjective circumstance of the founder could be explored as a potential contributing factor in relation to founder views on what comprises an adequate EF network in a

regional location. It is noteworthy that contrary to the literature, some (30%) participants viewed resources as a significant positive of their regional location.

The findings showed that aspects of the regional location were not participants' only frustration or challenge in relation to EF. Many participants shared that EF ease/difficulty depends on something more than the regional location and/or is hard no matter where you are located. This interpretation is congruent with the observations in the segmented EF literature that in the first instance, a venture and founder need to be able to meet the FPs' criteria, and in particular demonstrate execution ability and viability. The regional location, however, may both compound and mask the many other EF challenges experienced. Table 7-1 explores some interpretations of the participants' views and experiences that EF challenges often depend on something more than the regional location.

Table 7-1
Possible Interpretations of the Views and Experiences that EF Challenges Often Depend on Something More Than the Regional Location

Contexts external to the founder	Contexts internal to the founder
− The regional location may compound the impact of the other things that EF depends on, making those things more of a challenge to overcome than they would otherwise be. If so, this could mask the full impact of the regional location on EF. − The context of belonging to a regional incubator may reduce the effect of some challenges arising due to the regional location. − A founder who has not lived their entire life in the region may have broader networks due to their prior locations of residence and this may lessen/mask the EF networking challenges they experience in their regional location. − A founder who has not lived their entire life in the region may experience additional networking challenges due to not being a local. − Collateral in the form of personal real estate owned by founders may provide less leverage due to property value differences between metro and regional locations. − The lifestyle dynamics and community commitments that exist in regional locations may affect a regional founder's time and focus differently than they would a metro founder. − There may be less opportunity for repeated exposure to EF environments, role models, and mentors from which a founder can gauge the full indirect impact of the regional location (i.e., not being experientially aware of what resources and/or opportunities one is missing out on).	− Some founders may have location-based narratives that frame the resources and contacts present in their regional location as better or worse than other founders experience them to be or than they actually are (noting this is subjective and contextual to individual needs). − Some founders may not have experienced what is available in relation to EF in metro locations and thus not appreciate the more nuanced impacts of the regional location on EF. − Some founders who have metro experiences and exposure may take those experiences for granted and not be aware of the more nuanced impacts of the regional location on EF. − The founder's level of introversion or extroversion may compound or reduce the impact of the networking challenges arising from the regional location. − The gender/age/cultural diversity of the founder may have more pronounced effects on EF challenges experienced in a regional location compared to in a metro location, because there is usually more diversity present in a metro location.

Source: Author's compilation

This section discusses two of the ways that the regional location was directly reported to contribute to EF difficulties: via EF resources/networks and culture. First, in relation to EF resources and specifically the lack of EF networks (SC), the findings imply that the type/format of EF contacts/networks available locally changes the dynamics of how regional founders encounter, approach, and engage with FPs. A metro location has a greater volume of venues and events and also larger attendance numbers at hubs and communal spaces in incubators and accelerators. Therefore, as a means of navigating the EF marketplace that signaling theory implies, in-person

networking in a regional location is affected by the reduced amount of casual or serendipitous encounters that can occur. The reduced amount of such encounters also occurs when founders access these kinds of venues (in either regional or metro locations) less often than their metro counterparts due to the cost in travel time and dollars. It should be noted that some participants incurred travel costs even to attend their regional business incubator/hub/communal spaces. Likewise, planned (non-serendipitous) encounters are also impacted, because fewer visits mean fewer opportunities for repeated contact with peers and repeated exposure to what an interaction with an FP at a pitch event may look and feel like in practice as either an observer or a participant. Some scholars state that online immersive telepresene technology, which seeks to virtually mimic the in-person experience, can be a substitute for being physically present in a room (Standaert et al. (2022). However, this technology, if in use, does not address the context of the regional founder getting to the point of having a meeting in that virtual space in the first place, nor the full nuances and contexts of mingling at and around live events/venues.

The findings also suggest that there is a distinction between the availability/presence of resources and their accessibility. This distinction applies to both physical in-person resources and online resources. For example, in relation to physical resources, the findings illustrated that the cost of travel (in time and dollars) is relative to the participant's expectations as influenced by their prior experiences and locations of residence. In relation to online resources, there is a plethora of EF events and information available online or in hybrid format for all types and sources of EF (for an example see Table 4-1). The literature concludes that adequate EF information is available (Carpentier & Suret, 2015), including for those founders located regionally (Sorensen, 2015). Not fully utilising these resources does not appear to be a function of regional internet connectivity as has been the case historically, but rather the findings can be interpreted to mean that either the online resources, and/or required search tools, are in a less than optimal format or the founder does not have the time, skills, knowledge, inclination, or other attributes to efficiently and effectively access and navigate those online resources. These two interpretations may offer insight into the puzzlement that Carpentier and Suret (2015) express about founders not being prepared despite EF information being available to them. This particular issue of accessibility of resources is discussed further under different themes in Section 7.3.2 (EF being hard, frustrating, and demoralising) and Section 7.3.8 (founders undergoing an ongoing process of becoming prepared).

Second, in relation to culture, negative views can be expected where founders have cultural narratives based on past experiences (Feldman, 2001), such as when the levels of resources were low in their community. As scholars point out, communities, whether regional or metro, function according to their culture and place-based narratives, and entrepreneurs are likewise influenced by

the culture and the institutions within their region (Beer et al., 2023, Huggins et al., 2023; Huggins & Thompson, 2020, 2025; Obschonka, 2017; Obschonka, Schmitt-Rodermund et al., 2013; Obschonka, Stuetzer et al., 2015; Tavassoli et al., 2021). These scholars findings could be transported to imply that the participants who had spent the least time in the region may be affected differently by the regional culture than those who had spent most of their lives in the region. It also highlights that many participants (90%) may be operating from a mix of geographic narratives unique to them because they had lived for different lengths of time in the region and had lived in other regions and/or in metro locations. The data were not designed to capture the participants' cultural narratives derived from length of time lived in the region and the link to EF outcomes and challenges, which may be interesting for future research to explore.

The findings in this study also suggest that the FPs' narratives and perceptions around the regional location may contribute to EF challenges. Several participants stated that a metro FP (either equity or debt-based) does not understand the regional context and therefore does not understand them and/or their regional circumstances and ways of doing business. Other studies on small business support this theme. For example, there have been studies on bias with bank debt and geographic distance (Lim & Nguyen, 2021). Some BAs and VCs have also been shown to display geographic bias (Cowling, Brown & Lee, 2021; Cumming & Dai, 2010), as they prefer to invest in what is geographically close or familiar. While there do not appear to be directly comparable studies in the EF literature on founders' perceptions in relation to FP bias, a Norwegian study finds that the "characteristics and industry specificity" of investors can be a challenge for founders in regional locations (Frimanslund, 2022; Frimanslund & Nath, 2024). As both signaling theory and image theory show, the perspective/beliefs of the FP impact on their expectations and decisions. This situation implies information asymmetry that needs to be addressed by the founder if a cultural/geographic disconnect or prejudice becomes apparent. To what extent it is possible to bridge this disconnect in a timely manner by sending relevant signals and how much it will change the FP's perspective and preconceptions are other matters that are unique to that situation and beyond the scope of this research.

Participants' comments that a) there were many non-geographic EF challenges and/or factors at play and b) that EF is hard no matter where you are located should not be taken to discount the effects of the regional location in compounding, either indirectly or directly, these other challenges experienced, as is noted throughout the following sections. The next section discusses some of the frustrations and difficulties expressed in relation to EF.

7.3.2 Experiencing EF as Hard, Frustrating, and Demoralising

As expected from reports in the literature (Bosma et al., 2020; Daniels et al., 2016; Hwang et al., 2019; Kraemer-Eis et al., 2019), the participants were no different from founders the world over in reporting EF to be a challenging process. Specifically, this cohort revealed three sub-themes in EF difficulty by describing it as hard, frustrating, and demoralising. Table 7-2 summarises various interpretations that arose from these findings.

Table 7-2
Possible Interpretations of the Views and Experiences that EF is Hard, Frustrating, and Demoralising

View	Contexts external to the founder	Contexts internal to the founder
Hard	– The EF task can be challenging in its own right. – FPs could communicate their criteria and guidelines better. – EF application processes could be designed to be more founder-friendly. – Supply-side structures and systems may have room for improvement. – EF outcomes can be influenced, not guaranteed. – EF-related social capital may not be sufficient for the task. – The regional location may be compounding some of their EF challenges.	– Founders' human, cognitive, and psychological capital may not always be at the level best required for the task. – Asking for money can be emotionally charged and out of alignment with one's values. – The EF process can be emotionally and psychologically draining, which may impact negatively on cognitive ability. The founder may not have, or be able to mobilise, adequate /appropriate external resources for performing the task.
Frustrating	– EF can be time-consuming and energy intensive. – EF can have uncertain outcomes and low odds of success despite best efforts. – Often minimal feedback can be provided on applications due to FP business models, time constraints, etc. – EF often contains externally driven timelines and windows of timing. – Chance/luck and timing may not always be fortuitous. – The regional location may be compounding some of the EF challenges experienced.	– Knowledge and skills (of the founder or their team) may not always be at the level desired or best required for the task. – Capacity (time, effort, etc.) may not always have been adequately scoped and planned for. – Decisions of perseverance, pursuing alternate options, and opting out may be challenging to make. – The founder may not have, or be able to mobilise, adequate /appropriate external resources for performing the task.

View	Contexts external to the founder	Contexts internal to the founder
Demoralising	− EF by nature entails a high rejection rate/low odds of success. − Often minimal encouragement can be provided by the FP to unsuccessful applications, due to FP business models, time constraints, etc. − Timelines or conditions can be changed at the FP's discretion at any point. − Chance/luck and timing may repeatedly not be fortuitous. − The EF process can be lengthy and drawn out. − The regional location may be compounding some of the EF challenges experienced.	− Self-confidence and self-efficacy may not always be at the level best required for the task. − Perseverance and resilience may be challenged. − The founder may have unrealistic hopes for a positive outcome (including not fully understanding the task and situation). − The founder may already have past negative experiences in similar or related situations. − Hearing the negative EF experiences of peers may compound a founder's experience of the situation. − Receiving rejections and/or repeated rejections may challenge the founder's self-efficacy and resilience.

Source: Author's compilation

There are two overarching implications from these findings, one being that EF in general is challenging (external context) and the other being that the internal context and resources of the participants, as well as their access to external resources, were not always at the levels best needed for the challenging EF task.

The first implication is that EF is by nature challenging (Carradini & Nystrom, 2024; OECD, 2020), which is in line with the definitions of entrepreneur and entrepreneurship given in sections 1.10.5 and 1.10.3, respectively. According to these definitions, normal levels of human, psychological, and cognitive capital (HC, PC, and CC) may not be sufficient for easily completing this particular entrepreneurial task of raising EF, which is by nature complex, long, non-routine, time-sensitive, and cyclical. When engaging in EF and entrepreneurship, the founder is dealing with what scholars' term inhibitors of PC, which are environments that contain stress and high levels of uncertainty (Newman et al., 2014) and tasks that are overly complex and not easily feasible (Avey, 2014). Similarly, the founder is putting themselves up for potential repeated rejection, which can affect self-confidence and lead to demoralisation. This implication surrounding rejection and self-confidence is in line with studies on debt finance of small businesses (Brown et al., 2022; Christensen & Hain, 2022; Imarhiagbe et al., 2017), although contrarily, some scholars state there may not be as strong a theme in relation to equity finance (Xiang et al., 2014).

The literature on EF grants and crowdfunding does not appear to have studies specifically on founder demoralisation from repeated rejections. Kavourakis et al. (2024) report that commonwealth government business grants are in practice not always merit based, as was expressed by some participants when discussing their demoralisation.

Demoralisation is similar to the concept of fear of failure, which is a common finding in EF studies globally, as evidenced in Section 2.2, and in line with the findings in this study in relation to the founders' overall endeavours (Section A5.5.3). These issues of dealing with anticipated failure comprise part of what some EF scholars refer to as cognitive constraints (Du & Nguyen, 2022; Fraser et al., 2015), which are defined as a founder's biases, beliefs, or fears that impede a founder from obtaining finance that would otherwise be accessible. This study does not use the term in that narrow context because a cognitive constraint is otherwise a broad concept that may contribute to all manner of EF challenges, including the opposite situation of pursuing a finance type or source that is not suitable. Regardless of the term used, there are similarities in the findings of Du and Nguyen's (2022) study with the concept of opting out from EF due to low self-efficacy, which is discussed in Section 7.3.10. Money can also be an emotionally charged topic, and explicit comments volunteered by two female participants in this study were an example. Other studies find a gender correlation, with female founders more likely to find asking for money difficult (Kwapisz & Hechavarría, 2018). EF can also be an emotionally draining roller coaster, which may impact on cognition and make tasks harder due to the compounding effects.

Particularly for a nascent founder, doing something hard or complicated that you have never/seldom done before can be frustrating. Building and operating a start-up/scale-up, raising external finance, and operating an established business are all different skill sets, each with their own aspects to be mastered. Furthermore, some grants are intentionally designed to be hard so that an unsuccessful founder may obtain a benefit from working on the business in a meaningful way by virtue of answering the application questions. One such example is the NSW Accelerating Commercialisation AC Grant, 2020. In other cases, the application process may be hard because it is poorly designed and/or poorly rolled out, as many participants experienced (Section A6.2.4). Backing the likelihood of this objectively being the case, the OECD (2020) report states that this issue also relates to the information and tools intended to support founders in navigating the financial support landscape. Similarly, the Pounder Review (Pounder & Merom, 2025, p. 6) finds that measures to support the NSW innovation ecosystem are "hard to discover and navigate".

In relation to the second implication of internal contexts, many of the participants were not always fully ready and equipped to respond to a situation or opportunity due to the levels of their internal resources (founder characteristics) and external resources. Being under-prepared for their already

challenging EF journey likely made it harder, more frustrating, and more demoralising than it would otherwise have been, as having "the right mix of capital (ranging from human and social capital to physical capital)" is needed for success in entrepreneurship (Yusuf, 2010, p. 297), and most venture failures are due to not having the "necessary preparation" (Aldrich & Yang, 2014, p.76) and knowledge/skills (Shepherd, Douglas, & Shanley, 2000). EF studies likewise report findings of founder under-preparedness of knowledge, skills, and attitudes (Carpentier & Suret, 2015), of founders' ventures not being investor ready (Douglas & Shepherd, 2002; Proimos & Murray, 2006), and of founder ignorance resulting in applications being rejected (Douglas & Shepherd, 2002; Shepherd, Douglas, & Shanley, 2000). Likewise, in this study, the participants came to realisations in hindsight that their levels of knowledge and skills or their strategies were other than was required for success with EF (sections 6.3.6 and 6.3.2). EF challenges may arise in these situations and the "recognition that they are not yet investor ready will save entrepreneurs substantial time, effort and money" (Douglas & Shepherd, 2002, p. 231).

Preparedness was defined in Section 1.10.10 as being about readiness and being able to suitably respond to a situation or opportunity encountered. It was also about being suitably equipped with both internal and external resources (see examples in the last row of Table 1-4). It is in the execution stage when assumptions are tested, unknown unknowns are exposed, the Dunning-Kruger effect may come into play,[35] and the quality, appropriateness, and sufficiency of these resources are revealed. For all their well-intended preparation, founders may still find themselves ill-equipped to face the situation. This concept of preparedness is revisited as an observation of interest in Section 7.3.8, as it appears many times in the intervening sections. There are many variables in the complex, dynamic, and iterative process of entrepreneurship and EF, and what may look like under-preparedness can also stem from things that simply may not be foreseeable or able to be anticipated. For example, it may be a function of broader external contexts, conditions, and chance events. The effects of timing and chance/luck are discussed in Section 7.3.9.

The next section covers one of the specific situations that may contribute to EF challenges, where founders' knowledge and beliefs around what the FP values differ to what may actually be the case, which potentially makes it more challenging to prepare a successful EF application and signal the right things to the FP.

[35] Where the person discovers they were ignorant of their own ignorance (Dunning, 2011; Kruger & Dunning, 2009)

7.3.3 Believing Business Metrics are Valued More Overall than Founder Characteristics

The cohort demonstrated at the time of the interview, and therefore after having had experiences with EF, an overall leaning towards the view that the FP values business metrics more than founder characteristics, despite some participants expressing that in hindsight, they came to realise that founder capability (i.e., various founder characteristics that combine to create execution ability) mattered more than business metrics. Business metrics are important criteria; however, as Section 3.6 demonstrated, the focus of the FPs' criteria, both indirectly and directly, is overall on founder characteristics. An implication of the participants' views is, therefore, that the founders may be under-utilising signals that pertain to the founder themselves because they are instead placing their efforts and emphasis on signals of business metrics. A second implication is that the founder may not be focusing on improving founder-related criteria because they are instead focusing on developing/improving business metrics. Either implication suggests EF challenges may arise. As concluded from reviews of multiple empirical studies, see sections 3.6 and 3.7, the argument is made that for an early-stage venture, the business metrics flow from the founder's execution ability and integrity (Carpentier & Suret, 2015; Dimov & Shepherd, 2005; Kaplan et al., 2009). For this reason, as highlighted by many articles, including meta-reviews, founders who rank poorly on founder-related criteria are usually unsuccessful in their EF attempts, even if the FP used business-metric criteria to reject the application (Carpentier & Suret, 2015). It is likewise important that in order to demonstrate that the results are repeatable, the founder needs to highlight to the FP that the business metrics are less a product of chance or fortuitous timing and more a product of execution ability (see Section 3.7 for further discussion).

The degree and magnitude of the implied challenges that arise from holding the view that the FP values business metrics more than founder characteristics will vary for each EF application a founder makes, as it is dependent on the situation and contexts of both the FP and of the founder. First, in relation to the context of the FP, as discussed in Section 3.4, FPs are heterogeneous, even within a particular type or source of EF, and the type of screening stage (FP decision phase) is not an indicator of which criteria are currently in use. As Section 3.5 highlighted, different FPs also use different decision strategies or decision styles due to personal preference, business models, experience levels, or circumstances (e.g., time constraints), which also influence when and what criteria the FP values and uses. Additionally, as signaling theory and image theory both make clear, an FP's subjective expectations and beliefs impact on how the founder's signals are interpreted by the FP. This impracticality of knowing how and when what criteria are being assessed, coupled with the observation that founder-based criteria matter most overall (sections 3.6 and 3.7), suggests

that it is advisable to be signalling both business metrics and founder execution ability from the very start to reduce EF challenges.

Second, in relation to the context of the founder, it is also possible the founder may not experience many challenges from holding the view that the FP values business metrics more than founder characteristics. For example, where the founder is unintentionally signalling founder execution ability early on in a particular EF application. This example stems from the temporal context of making multiple EF applications. Presumably, in later EF applications, execution ability has naturally grown as a consequence of the founder's ongoing focus on improving the business metrics, and execution ability is therefore more prominent in the signals they are unintentionally sending to the FP. Such a situation assumes the FP sees the appropriate signs of execution ability despite the founder not intentionally signalling those founder characteristics, as would be the more optimal situation. It also assumes the founder learns from their experiences and increased execution ability ensues, which is not always the case (Frankish et al., 2013; Nielsen & Sarasvathy, 2016). This concept of developing execution ability over time is covered in Section 7.3.4 in relation to learning as you go and Section 7.3.8 in relation to EF being an ongoing process and journey of becoming prepared. Section 7.3.7 picks up the thread in relation to FP values and discusses the topic of values alignment from a perspective that is broader than the explicit criteria/metrics to be met as discussed here, and Section 7.3.10 picks up another concept implied in this section by discussing persistence as a strategy and practice for success.

It is relevant to the research objectives to comment further on why a significant portion of the participants, including the more experienced and/or scale-up stage founders within the cohort, appeared to hold the view that business metrics matter more than their own personal characteristics when it comes to the FP criteria. Table 7-3 summarises various interpretations as to why many participants believed that the FPs value business metrics over founder characteristics.

Table 7-3
Possible Interpretations of Why Many Participants Held Views that Business Metrics are Valued More Overall by the FP than Founder Characteristics

Contexts external to the founder	Contexts internal to the founder
− The FP may not communicate their criteria clearly. − The FP may espouse criteria they do not use in practice. − The FP may value the criteria at different times/stages and ways during the decision-making process. − It may not be practical or realistic for a founder to know at what stage founder characteristics are valued and assessed during the process. − Advisors, mentors, and peers may also be of the opinion that the FP values metrics over founder characteristics.	− The founder may misinterpret the signals from the FP in relation to what criteria the FP values the most due to the founder's own subjective expectations, beliefs, level of knowledge around EF, skills etc. − The founders may rely on their SC, including peers, members of networks they belong to, and advisors, as a way to gather information in relation to what criteria the FP values the most, and then use their own experiences to update this information over time.

Source: Author's compilation

These implications can be looked at by exploring the source of the participants' beliefs. See Section 1.10.9 for the definition of the term beliefs and some key takeaways. Examples of sources of these views/beliefs include participants' SC, their own experiences, the FP, and the media. Some participants were explicit and some less so in repeating views/beliefs information and narratives they had picked up from their community and networks, including peers, advisors, and social media. This is expected, as studies show that SC is a valuable source of information and assistance, as noted in Section 7.3.6. An obvious source of input on this matter of FP criteria of most importance is directly from the FPs themselves. Three possible challenges may arise in this regard. The first challenge is that the FPs may not be communicating their criteria clearly and adequately. This situation was reported by participants for grants and equity in particular and is in alignment with other studies (Douglas & Shepherd, 2002; Kavourakis et al., 2024). The second challenge is that the founder may not sufficiently interpret these communications and signals sent from the FP about the criteria, as evidenced by the low levels of founder characteristics as self-reported and implied by the participants (Section 6.3.2). As both signaling theory and image theory show, a person's beliefs, expectations, and current knowledge levels impact on how they interpret information. The third challenge is that FPs may unknowingly espouse criteria and metrics that they do not use in practice (Ferrati & Muffatto, 2021; Hanak et al., 2021; Shepherd, 1999; Zacharakis & Meyer, 1998), which results in the erroneous views/beliefs formed by the founders. If this practice is occurring, it may be intentional so that founders do not modify their behaviour

to something that is not their true behaviour and thus send false signals of quality and intent to the FP, or it may be unintentional on the FP's part if they do not have a nuanced insight into their own in-practice decision-making process. According to image theory, such lack of insight is common (Beach, 1993; van Zee et al., 1992) and is related to observations from EF scholars that FPs can use criteria in different ways and at different stages of their decision process (Drover et al., 2017; Shepherd & Zacharakis, 1999; Svetek, 2022), the full detail of which may not be apparent to the FP.

The various implications speculated on here provide many avenues for future EF research to explore why founders are forming the less than optimal view that the FP overall values business metrics above founder characteristics and how this may be contributing to the EF challenges experienced. This view not only affects the strategies that founders use, in particular their signalling strategies, but it also highlights their practices used, because the participants were also changing their beliefs, expressing that they initially held this belief but no longer do. Altering their views/beliefs often occurred in hindsight after learning from their experiences. The participants' practice of using a learn-as-you-go approach is discussed next.

7.3.4 Learn-as-you-go (Learn-from-doing and Learn-while-doing) Approach

The reported actions of many founders, both explicit and inferred, revealed a theme in their EF strategy of using a learn-as-you-go (learn-from-doing and learn-while-doing) approach to guide their actions taken. Some participants applied this approach systematically but most participants appeared to do so in an ad hoc or unstructured trial-and-error manner in reaction to certain experiences or encounters they had, and scholars state that this is common human behaviour (Wood, 2017), especially for those who do not have routines and procedures to draw upon from prior experiences or workplaces (Aldrich & Yang, 2014). There are many nuances as to what may constitute unstructured and reactive, especially in the dynamic uncertain entrepreneurial context. For example, studies of learning in entrepreneurship show ad hoc advice is particularly relevant (Lorrain & Laferté, 2006), and "just-in-time" mentoring consolidates learnings acquired to date more effectively than "up-front prescriptive training" (Sullivan, 2000, p. 172). However, two vital elements of entrepreneurial learning are its proactiveness and exploratory nature (Nogueira, 2019). There is thus a distinction between learning-as-you-go via unstructured trial and error, obtaining just-in-time advice, assistance and/or support as and when needed, and learning-as-you-go in a structured/deliberate manner. The latter approach could include internally facilitated on-the-job learning via self-directed use of double-loop learning (Argyris, 1977, 2002, 2003; Sullivan, 2000, p. 167) or other self-reflective techniques, including the use of a fail fast approach in the lean start-

up methodology framework (Blank, 2003; Blank & Dorf, 2012; Felin et al., 2024; Ries, 2011) whereby the founder uses "rapid information gathering" (Blank & Eckhardt, 2024, p. 3013) and a system or process for the learning (N. Krueger, 2007) to create efficiency (in time, effort, and money) by continually reflecting on actions and outcomes and constantly questioning and testing their assumptions and beliefs (Zellweger & Zenger, 2023) in order to generate knowledge (Blank & Eckhardt, 2024) and continually learn (Blank, 2013).

It is more effective not only to use a system or structure to guide the learn-as-you-go process (Aldrich & Yang, 2014) but also to engage in relevant situations repeatedly in order to obtain continual and diverse feedback to learn from, as it is a temporal and iterative process that requires cycles of making errors/mistakes or undertaking sub-optimal actions for a learning opportunity to be obtained, reflected upon, interpreted, and converted into new/revised/optimised actions. The EF process is likewise temporal, being contingent on timing and external timelines as well as being a time-consuming task (Smith, 2001). The regional location compounds both these temporal challenges by making it costlier in travel time and dollars to gain the repeated exposure to various EF experiences/events. Many of the EF challenges that arose for participants could be tied to their use of the learn-as-you-go approach in an unstructured (less efficient) manner, thus creating an even lengthier and therefore costlier, and for some more frustrating and demoralising, EF journey (see Section 6.3.6).

Due to venture stage, a founder is unlikely to have the resources to continually fund the repeated EF attempts required in conjunction with funding the repeated trials required in their broader entrepreneurial endeavours. Therefore, unstructured learning-as-you-go may in practice be exorbitantly costly if the runway of existing financial resources is depleted before it can be replenished and before required learnings can be obtained and acted upon. In such situations, if the founder is unlucky or unwise in their attempts and "they make a large error, then it is likely to be terminal for the business" (Coad & Storey, 2021, p. 545). This implies that if the wrong type of EF is applied for and/or it is applied for in the wrong places and/or at the wrong time, the consequence may affect the venture's survival prospects. This possibility raises the question of why founders are using an unstructured (slow) approach. The data cannot establish causality, but it can suggest possible interpretations from the founders' heterogeneous situations, which are summarised in Table 7-4.

Table 7-4
Possible Interpretations of the Findings that Most Participants were Using a Learn-as-you-go (Learn-from-doing and Learn-while-doing) Approach

Contexts external to the founder	Contexts internal to the founder
This approach is/may be: – in alignment with the entrepreneurial context. – appropriate due to levels of unknowns and unpredictability in entrepreneurship and in particular in an early-stage venture. – used due to having a lack of external resources (e.g., time, money, social capital, advisors, mentors), and the regional location may be compounding this. – how humans approach unstructured, uncertain situations, regardless of their personal characteristics.	This approach may be: – used due to its alignment with the 'entrepreneurial personality'. – a favoured learning style for an action and innovation-orientated person to use. – used due to internal resources (e.g., knowledge, skills, CC, energy, bandwidth) not being at levels best required for the task. – used due to founders being under-prepared. – used because of low proactiveness or self-agency. – used due to not realising that 'you don't know what you don't know'. – used either by default or as a deliberate choice as a result of any of the above or any of the points in the left column.

Source: Author's compilation

For an early-stage founder who is considering multiple types and sources of EF (Table 1-2), as the participants were, the repetition in their EF experiences may not be consistent enough in nature for efficient learning as they move between different sources and types of EF in their attempts. As the literature demonstrates and image theory supports, FPs are heterogeneous even within sources and types. The participants' experiences confirm this heterogeneity with equity in particular, as some shared that the next FP wanted to see different things to the last one. This situation ties in to the concept of feedback, as not only did the feedback received vary for the participants, at times appearing contradictory between the FPs or experts when they were consulted, but feedback was also often not received at all.

Receiving little if any feedback from the FP implies that the founder needs to be able to operate and learn in the absence of direct/overt feedback from the FP. However, the participants expressed frustration that they could not learn in the absence of feedback, which ties back to the discussion in Section 7.3.2 and acknowledges that not only is this lack of feedback a challenging context to operate in but it is also one that entrepreneurs necessarily face. To operate/learn in the absence of direct or explicit feedback requires cognitive, agentic, and self-reflective techniques and skills to self-evaluate or self-assess/diagnose/interpret and then determine what needs to be changed for the next attempt. It also requires the creativity and innovativeness to see possible new approaches and the ability and skill to implement and test the new approach chosen. Even when feedback is

received, it must still be analysed and questioned rather than taken at face value (Zellweger & Zenger, 2023). All of these elements involve aspects of cognitive, psychological, and human capital and are examples of self-directed learning and self-agency. The regional location may indirectly or directly compound these challenges experienced due to the location's lower levels of resources pertaining to EF, entrepreneurship, and professional self-development, which can assist in building such non-technical skills.

The implication is that, in the absence of direct feedback and potentially of the skills and techniques required in such situations, and in the absence of a system/structure governing their approach, learning is unlikely to occur in a timely manner, thus prolonging the EF journey. The participants in this study recognised this temporal element by expressing that it was over time or at certain points after many attempts that they realised that they needed to do things differently. It is also possible that learning may not occur, and some research shows that not all founders learn from their prior experience, with "large-scale studies" having "provided no support for learning from prior business ownership" (Coad & Storey, 2021, p. 546; Frankish et al., 2012; Nielsen & Sarasvathy, 2016). The findings of this study suggested some congruence with this observation, as one founder reported being too busy building the business to remember the reasons for their EF failure, and others when directly asked did not have nuanced insight into what they may have done or not done that contributed to them being in a fortuitous (or otherwise) situation in relation to EF, as was evidenced in Section A6.2.10. This finding may also be indicative of the impacts of chance, as discussed in Section 7.3.9 below.

This discussion, the participants' own reflections on their learnings, and their reflection on the difficulties they experienced suggest that there is value in utilising a learn-as-you-go approach with a structure/system, self-agency, and self-reflective techniques/tools and proactively combining these with information-based learning such as learning from experts (advisors, mentors, incubators, and accelerators), accessing online resources, and upskilling prior to engaging with an FP, particularly if a founder is new to the EF process. Many participants' practices did not reflect that they had initially done these things. For example, in referring to their early EF attempts rather than to their learning in hindsight, participants often did not list experts as a strategic tool that was used for leverage to gain finance. In fact, it appeared that for some participants, the finance itself was seen as a means of accessing the expertise or network of a specific expert: the FP. This observation is explored in the next section that discusses seeking non-financial benefits coupled with finance.

7.3.5 Getting Finance Coupled with Non-financial Benefits

There was a theme evident in 20–30% of participants whereby the EF itself, or more specifically the FP, was viewed as a means of obtaining non-financial benefits such as advice, mentoring, contacts, and other opportunities that were desired for the venture (see Section 6.3.3.3). In some cases, the meeting of those non-monetary needs was seen as an auxiliary benefit to obtaining the EF, but in other cases, EF was sought out as much for the associated non-financial benefits as for the finance. Non-financial benefits are a feature of some grants and a "defining attribute" of equity finance from venture capitalists (Cumming, Fleming, & Suchard, 2005, p. 295) and business angels (Politis, 2008) to the extent that the institutional investors who fund VC firms make their funding decisions based on the type of value-added activity that the VC firm provides to founders (Cumming, Fleming, & Suchard, 2005). Other studies show that entrepreneurs prefer investment from FPs that are not affiliated with institutional/corporate/government backing because unaffiliated FPs are viewed as being more able to add value to the venture by virtue of their independence (Bengtsson & Wang, 2010). All of these studies demonstrate the importance of the value-added element and highlight that it is in the interests of a wide range of stakeholders to promote this feature to founders. Table 7-5 summarises various interpretations that arose from the findings that some founders seek non-financial benefits coupled with EF.

Table 7-5
Possible Interpretations of the Findings that Some Participants were Seeking to Obtain Non-financial Benefits Coupled with EF

Contexts external to the founder	Contexts internal to the founder
– There may not be other suitable resources available or accessible other than from the FP and the regional location may be compounding this. – Founders may not have the external resources (e.g., money or time) to pursue other avenues. – It may not be possible to calculate and compare the full costs of non-monetary benefits obtained when using this strategy, hence it may not factor into a decision. – There may be a power dynamic where the FP behaves as, or is portrayed as, an overly valuable source of non-financial benefits, and/or as the founder's best option available, and the regional location may be compounding this.	– Founders may be unaware of other suitable resources, other than using the FP. – Founders may perceive the FP as a superior expert/mentor/advisor to the other experts that they could pay for. – Founders may want the experience of working with the specific FP. – Founders may want insider access to the networks of the FP. – Founders may perceive this as a form of validation and credibility for both the venture and future EF applications. – Founders may have estimated the costs of non-monetary benefits and decided it likely represented value for money/effort. – Founders may prefer the situation of an advisor who is also a partner i.e., a peer. – Founders may feel this option is a good fit for their level of self-confidence, knowledge, and/or skill. – Founders may choose this option due to congruence with their preference for a learn-as-you-go approach. – Financial and non-financial benefits from an FP may be intertwined in a founder's mind.

Source: Author's compilation

It can be assumed that these financial and non-financial benefits are viewed as intertwined to varying extents in a founder's mind. The implication of not de-coupling the two benefits is that if the non-financial benefits sought from the FP are not auxiliary to, but are of equal importance to, the finance then the founder may encounter challenges. For example, a founder could be risking either not obtaining the best advice/assistance for their situation (Shepherd & Zacharakis, 2001), including receiving biased advice, or risking overpaying for such advice/assistance via their efforts expended in obtaining it or via out-of-proportion equity allocations. Either of these outcomes (high cost or low quality of the non-financial benefit) may contribute to EF challenges, if not in the current EF application, then in future applications, in particular where equity has been given away in inappropriate amounts, as one participant experienced.

Not all FPs have equal ability to provide the non-financial benefits a founder may seek. For example, in their study of VCs, Quas et al. (2021) found that only experienced VCs contribute

valuable non-financial benefits. However, Bengtsson and Wang (2010) show that founders view experienced and inexperienced investors as equally desirable in this regard by virtue of the "bargaining game" negotiations that occur between the FP and the founder (Bengtsson & Wang, 2010, p.1368). Their reported finding is moderated by the founder's level of experience in interacting with FPs, such that a novice founder is more optimistic about (Bengtsson & Wang, 2010), or cares more about (Valliere & Peterson, 2007), the value-added services or non-financial benefits that come with the finance (Smith, 2001). This outcome is not in alignment with the findings of this study in that those participants who appeared to have more experience with FPs, as measured by prior EF attempts in this or another business, did not necessarily state this view. As per Section A6.3.4, there are possible varying associations in relation to experience as measured by owning other businesses, the age of the business, venture-stage, and founder education counts. These measures had varying and contradictory associations in the data surrounding the strategy of seeking non-monetary benefits coupled with EF, and further research with larger sample sizes could explore matters of association. The regional location may indirectly or directly compound these challenges experienced due to its lower levels of resources pertaining to EF, entrepreneurship, and professional self-development.

Additionally, other challenges may arise for the founder who does not de-couple financial and non-financial benefits when seeking EF. Signaling theory shows that they may risk being perceived by the FP in a certain way by virtue of the FP's subjective expectations. Depending on the type of non-financial benefits the FP offers, the FP could perceive the founder as rating low in self-agency and self-directed learning, as being highly coachable and open to taking on board advice from the FP, or as being veto-able, which may be a challenge for the founder. This possibility depends on the types of signals sent, the manner in which they are sent, and the subjective expectations and interpretations of those signals by the FP, as explained by signaling theory. The EF literature does not yet appear to include studies that fully explore these particular challenges. In summary, any EF challenges arising are dependent on circumstances and context, and the overall assumption is that fewer challenges would be encountered where a founder has de-coupled the monetary and non-monetary benefits sought.

This observation was related to the strategy of obtaining external non-financial resources from very specific experts: the FP themselves. In this context of coupling finance with non-financial benefits, the FP can be viewed as both an expert and a hoped soon-to-be peer or business partner of sorts. The next observation discusses challenges with using experts and peers as a strategy to assist with various aspects of EF.

7.3.6 Using Social Capital can be Double-edged

Social capital (SC) is an important factor in the survival of start-ups (Crowley & Barlow, 2022; Yusuf, 2012b) and to the success of their EF outcomes regardless of whether debt (Dudley, 2021), equity (Shao & Sun, 2021), or crowdfunding (Cai et al., 2019) is pursued. SC can also increase the likelihood of a founder having a good understanding of all the EF options available to them for their venture (Seghers et al., 2012). In line with these studies, most participants (90%) relied to varying extents on their SC to bring them the EF information, contacts, and resources that they required. However, there were two ways that the use of SC was found to lead to challenges and therefore to be double-edged.

First, many of the participants were initially more inclined to approach their peers to learn from rather than experts, and experts were engaged usually after initial EF attempts were made. Using peers before experts can lead to EF challenges when this strategy delays receiving potentially valuable advice and assistance from experts until later in the time-sensitive journey of EF, as assistance and mentoring can reduce venture failure rates (Deakins et al., 2000). In the EF literature, there do not appear to be many studies with which to compare the context of founders navigating a range of EF types and sources. In relation to VC, Smith (2001) finds that peers and other VCs who the founder was in contact with were relied on much more so than other independent experts. Similar findings also appear in empirical studies on entrepreneurship and show that this preference can be the result of the hierarchically structured support system that entrepreneurs possess, where experts are used last (Jansen & Webber 2004) and the free advice from peers is used initially (Curran & Blackburn, 1994, as cited in Johnson et al., 2007).

This peers before experts strategy may exist for multiple reasons, including cost, and can also be complementary rather than hierarchical in nature. For example, the type of expertise base of the founder/s (Yusuf, 2012b) may mean that external advice may not be needed, or perceived to be needed, until later in the EF journey. The use of external experts is also affected by geographic contexts in that the founders in metropolitan areas are more likely on average to utilise external advice (Johnson et al., 2007) due to there being larger EF networks in metro locations from which a metro founder can build up their EF-related SC (see Section 7.3.1). Due to the heterogeneous cohort with its mix of founder contexts and different levels of expertise, the findings in this study can be seen to support these various interpretations arising from the literature. This study also suggests that using peers before experts is in line with the learn-as-you-go (learn-by-doing and learn-while-doing) approach used by the participants, and that the participants are perhaps not aware of the value of engaging experts sooner, as per the theme discussed in Section 7.3.8, due to them undergoing an ongoing process of becoming prepared.

Second, the findings of this study revealed that in some cases, participants were referred to or encountered people in their networks, then either contracted, hired, or took advice from these people and subsequently found that the quality of the services and advice received was not of the level or specificity required, which created challenges or adverse EF outcomes. The implication is that contracting from within networks can lead to poor EF-task outcomes when this strategy does not occur with the required communication and due diligence. There do not appear to be EF studies of this particular situation with which to compare these findings. However, these reported negative effects are higher than those reported in other empirical studies on nascent entrepreneurs obtaining assistance in their venture via support programs (Dennis & Reynolds, 2004; Yusuf, 2010). This study's variance to those studies may be due to the source and type of assistance provided not being comparable, as well as there not being comparability in the number of instances of outright failures in the consulting/assistance engagements. Outright failures are situations where there was not proper regard by the expert for the client's (founder's) needs (McLachlin, 2000) or the expert was not competent (McLachlin, 1999). Studies show that SC can be a good way of vetting a consultant (Dawes et al., 1991) because the person's/firm's reputation may precede them. The findings imply there could be a temporal element to this situation, for example where peers may not yet have the information/experience from which to make a helpful referral/recommendation about another's services. Table 7-6 summarises various interpretations that arise from the observation that reliance on SC can contribute to poor outcomes when seeking EF guidance or when seeking assistance with EF tasks (e.g., writing of grant applications).

Table 7-6
Possible Interpretations of the Findings that Reliance on Social Capital can Contribute to Poor Outcomes on EF Tasks

Contexts external to the founder	Contexts internal to the founder
– There may be no other available/accessible options but to contract the person's services, and the regional location may be compounding this. – There may be inexperienced and /or sub-par service providers and advisors in EF-related networks (regarding competence and/or integrity, reliability etc.). – Due diligence may not reveal anything of concern. – Some tasks may not be suitable for delegation due to the context surrounding the venture's early stage. – Some peers may have made recommendations in good faith that they would in hindsight not make again (temporal context).	– Founders may believe that there were no other options but to contract that person's services. – Founders might not carry out sufficient due diligence for a wide variety of reasons, including time, knowledge, or skill levels, social conditioning, personality, optimism, taking leaps of faith etc. – Founders may not have known and/or communicated the requirements of the delegated task clearly. – Founders may not have confirmed their otherwise clearly communicated needs /set of expectations to minimise misunderstandings (e.g., by asking the equivalent of a "read the order back to me" question). – Founders may have abdicated rather than delegated the task. – There may have been an unidentified values mismatch or poor fit between the founder and the other person. – The founder's personality type may predispose them to delegate based on knowing and liking the person.

Source: Author's compilation

The implication is that EF processes and applications require a calculated balance between a do-it-yourself approach and hiring the right expert/assistance in a timely manner. The broader literature notes that outsourcing for assistance entails not only carrying out due diligence (Sonfield, 2014) but also undertaking a review of one's needs and circumstances to make appropriate hiring decisions (McLachlin, 2000). Therefore, striking the balance may be challenging due to the dynamic entrepreneurial context and early venture stage where many tasks are not yet able to be documented, communicated, scoped, and/or delegated easily. This difficulty may be due to time and/or because most of the venture's systems, processes, and concepts are a dynamic work-in-progress that is inside the founder's head. This challenge is heightened for an EF task, which by nature requires knowledge of all aspects of the venture by the performer of the task in order to signal to the FP.

Hence, these undesirable EF outcomes experienced by some of the participants may be a function not only of the contracted person's quality or appropriateness for the task but also of the participant not scoping and communicating the task sufficiently to the consultant/advisor/new hire (Gable, 1996), as also evidenced by the participants' self-reported skill levels in EF. This possibility is

supported by studies that used Gable's (1989) model for consultant engagement and found that small business owners relied on serendipity (Carey, 2004) or leaps of faith when engaging outside professional assistance, and/or that they did not utilise all of the recommended steps in Gable's model (Bode & Burn, 2002). This approach is less of a problem if the consultant/advisor/new hire is experienced with servicing founders who are not familiar/skilled with the task being delegated, because a "dedicated consultant" would continuously monitor the client's (founder's) perceptions and expectations (Gable, 1996, p. 1194). Ultimately, however, the onus falls back on the self-agency of the founder to select "suitably skilled and responsible consultants" (Gable, 1996, p. 1194; McLachlin, 1999, 2000), mentors, or advisors and to check for possible misunderstandings in communication and expectations. The data cannot establish to what extent participants were able to do this.

This concept of a balance between DIY and outsourcing does not appear to have been covered in the field of EF, in the regional context, or in the context of a founder navigating multiple types and sources of EF. Drawing from research in other fields brings observations from management theories, principal–agent theory, and core competency theory, which suggest one should hire/outsource/delegate to appropriate others in order to remain focused on the core activities of one's role and one's individual strengths/competencies (Sonfield, 2014), because there is not the time for an entrepreneur to be a jack-of-all-trades, especially as the venture grows (Anderson & McKenzie, 2022). Contrarily, a balanced skill set is required for entrepreneurial success (Stuetzer, Obschonka, & Schmitt-Rodermund, 2013). Studies suggest that there can be a difference between the actual and perceived meeting of needs that occurs (McMullan et al., 2001), which is a concept that is made clear in Yusuf's (2010) study where assistance was effective 26% of the time even though founders still perceived the support to be valuable. This implies that the participant's gauging of the effectiveness of the task-output received was a subjective matter unique to each participant, and that the situation may be compounded by their level of ability and agency in recognising and dealing with the varying circumstances discussed above.

For some participants, outsourcing tasks to or via their SC was a strength in their EF strategy, but for others it was not always so. Amongst the many possible reasons for this result is the concept of there being a values match or mismatch between the founder and the expert (McLachlin, 1999). The next section explores this concept of a values match from a different perspective, that of the interactions between the FP and the founder.

7.3.7 Values Misalignment as a Deal Breaker for Some

Values misalignment as a theme appeared as a challenge to EF, including as a deal-breaker where some participants ended EF negotiations when they discovered there was an unacceptable or irreconcilable misalignment with the FP. A value was defined in Section 1.10.9 as something one assigns importance or worth to, and it was shown that there are three categories of values in the EF process: the FP's criteria as an explicit value, the implicit values that are inherent in the FP's criteria, and the personal values held by both parties. In relation to the first category, a founder can identify values mis/alignment with the FP's criteria to the extent the criteria are clear to the founder. For equity and grant finance, criteria were not always clear to the participants. Section 7.3.3 discussed the findings and implications for a particular example of criteria-based values misalignment, where the participants incorrectly believed that for an early-stage venture such as theirs, the FP values the business metrics more overall than founder characteristics and execution ability. To reiterate, this is not to suggest that business metrics are not important and valued criteria.

This discussion focuses on values as they relate to the second and third categories, values inherent in the criteria and personal values. Section 6.3.1 showed that 70% of participants mentioned these as being of importance to the success of an EF application and negotiations. The findings imply that in these situations where the founder broke off their negotiations with the FP, the founder was interpreting signals received from the FP and concluding that values incongruence existed and that undesirable conflicts would result from this values misalignment. Conflict can be defined as arising from an incompatibility of the wishes/desires/goals between the two parties (Boulding, 1963, p. 5, as cited in Zacharakis et al., 2010; Jehn & Mannix, 2001). As image theory illustrates, this incompatibility points back to underlying values and principles because each party sets their goals, strategies, and resulting tactics in alignment with their values image. Conflict can arise because values congruence cannot be implied from goal congruence (Beach & Mitchell, 1987) nor from simply meeting the FP's criteria, as elements of task conflict (how it should be done), process conflict (who should do what), and affective conflict (interpersonal relationship-based conflict) may still occur (Jehn, 1997; Jehn & Mannix, 2001; Zacharakis et al., 2010). For example, EF studies show that task conflict may arise despite sharing common goals on outcomes when the founder values a long-term approach and the FP does not (Zacharakis et al., 2010). Not all conflict is negative, as in some forms it can be conducive (Collewaert & Sapienza, 2016; Higashide & Birley, 2002); however, that discussion is beyond the scope of this study.

This concept of values misalignment with the FP appeared to be initially under-appreciated by participants unless the participant was otherwise experienced in the EF process. This finding is in

alignment with other EF research that found having more experience with a particular FP type allows the founder to "more accurately introspect" on the matter of selecting an FP (Valliere & Peterson, 2007, p. 286), and that novice/inexperienced founders are less likely to have learned the importance of personal compatibility in the long-term relationship that may eventuate with the FP (Valliere & Peterson, 2007). Table 7-7 summarises various interpretations that arose from this study's finding that some participants did not initially identify that values misalignment existed between themselves and the FP.

Table 7-7
Possible Interpretations of the Finding that Some Participants Did Not Initially Identify that Values Misalignment Existed Between Themselves and the FP

Contexts external to the founder	Contexts internal to the founder
− There may be limited opportunity to see signs of some types of values misalignments with the FP. − Some values inherent in the FP criteria may not be overtly signalled by the FP. − Some values inherent in the investment mandate of the FP may not be evident in the explicitly communicated criteria. − Values inherent in the FP criteria may not be a topic of discussion in the founder's current networks or by their advisors/mentors. − Some personal values may only become apparent if a situation arises that challenges those values. − The hierarchical ranking of some values may be dependant on context/environment, and thus misalignments may not be occur or be evident unless contexts/environments change. − Some values incongruences can only become evident with time and repeated interactions. − There may not have been incongruence initially, because people's values can change over time and in response to new information and experiences.	− Founders may not be aware of the need to deliberately or continually monitor for a values misalignment. − Values congruence may be taken for granted based on an initial interaction. − A divergence in values may not be expected. − Founders may be unaware of some of their own implicit values until triggered by an experience event/interaction. − Founders may be unaware of the weighting they assign to certain values compared to other competing values they hold until triggered by an experience event/interaction. − Founders may be unaware of a particular value's level of influence on the task at hand. − It may seem unrealistic to expect that the FP would rely on a (perceived) poor, unfounded, or unfair set of values (bias). − Values misalignment may be a post-hoc self-justification on the founder's side that rationalises their withdrawal from the deal. − Seeking and interpreting signals of values misalignment may require awareness, knowledge, skill, and self-agency at levels not yet possessed by the founder.

Source: Author's compilation

The implications of values misalignment for EF challenges are that communications, negotiations, and overall outcomes may be adversely affected because the parties see things differently and prefer different methods, strategies, and potentially even different outcomes; therefore, conflict may arise in relation to the means and the ends (Zacharakis et al., 2010). Additionally, the EF application processes may be unnecessarily prolonged if differing perspectives, beliefs, and values are not initially evident but revealed later to be irreconcilable. This temporal aspect is particularly challenging for a founder who has time and money constraints. It may also create challenges in the future should the application be successful, as the founder and FP will be working together as a team of sorts (Douglas & Shepherd, 2002). A value-aligned team operates with more efficiency, which is particularly important in highly uncertain environments such as EF (Zacharakis et al., 2010).

The empirical literature does not have as much to say on this topic from the founder's perspective as it does from the FPs' perspective (Smith, 2001; Valliere & Peterson, 2007), which is in line not only with the overall demand-side gaps still present in the literature that were highlighted in Chapter 1 but also with the general view that FPs' information asymmetry is the focus of the signalling interaction in EF, when in fact the information asymmetry is bi-directional. Studies that explored founders' experiences found that founders place a high value on personal compatibility and the "quality of the relationship" with the FP (Valliere & Peterson, 2007, p. 303), and that founders view task conflict with the VC unfavourably, to the point that task conflict is "detrimental to their confidence" that cooperation is possible with the FP (Zacharakis et al., 2010, p. 124).

In relation to future teamwork if the EF application is successful, Section 3.2 refers to this as a pending principal–agent relationship, which is typical of grants and debt, or a partnership-of-principals relationship, as can happen in equity finance. However, agency theory (principal-agent theory) (Jensen & Meckling, 1976) falls short of describing the theme in the findings of values incongruence being a deal-breaker. Agency theory focuses on aligning interests (Fama & Jensen, 1983), which, as described above, is not the same as aligning values. Agency theory also implies low trust and low cooperation (Shepherd & Zacharakis, 2001), does not give full regard to psychological factors and incentives (Cuevas-Rodríguez et al., 2012), and focuses on the perspective of the principal (FP) rather than the agent (founder) (Shepherd & Zacharakis, 2001). The participants' experiences showed that the theme of values mis/alignment was broader and more nuanced than the alignment of interests and was about things that cannot be addressed via contractual terms as agency theory recommends (Cuevas-Rodríguez et al., 2012).

This theme is also about more than moral hazard (the risk of the other party not acting in good faith), because it is possible for the parties to value different things with no intention of acting

opportunistically or immorally toward the other party. However, the values they each hold may be incompatible in the context of the type of working relationship desired by the founder. Engaging in communication to create understanding and alignment may be possible (Shepherd & Zacharakis, 2001), or it may be better to create a value-aligned team from the start (Zacharakis et al., 2010) no matter the high sums of money being offered. Future research could explore the relationship between the sum offered and the temptation this creates to proceed in spite of having detected values misalignment, as at least two participants opted out of an EF application/negotiation despite a seven-figure sum being on offer.

The temporal aspect of this finding, wherein the founder may take time to realise an incongruence in values exists or to realise the importance of being alert for possible incongruence, highlights that EF information asymmetry is not only bi-directional, with neither party necessarily knowing the other party's values, but also omni-directional, in that each party may be unaware of the full extent of their own implicit values in a given context until triggered by an event/interaction/experience, and additionally, values are labile according to stimulus from the other party, context, and environment (Fischoff et al., 2024). Other fields of human relationships could be explored for further insights, such as values incongruence and divorce statistics, if one views, as one founder did, the search for an FP as being like finding a date. Perhaps that approach may offer clues about why values misalignment is not always apparent early on.

People change over time, and their values and beliefs may change too. The learn-as-you-go journey a founder goes through may be part of the answer to the question of spotting values misalignment easily and early. The next section explores this concept of being on a journey as a form of going through a process of preparing.

7.3.8 Undertaking an Ongoing Process of Becoming Prepared

As Carpentier and Suret (2015) comment, founders have access to the information they need for equity finance, but this does not seem to affect their performance and preparedness. Likewise, equity FPs comment that many founders are not investor-ready when they make their EF attempts (Proimos & Murray, 2006). Sorensen (2015, p. 13) recommends that rural entrepreneurs prepare when he suggests they "reorient to the future and develop skills, attitudes and behaviours necessary to propel ...[]… forward". In alignment with these comments, it was discussed in sections 7.3.1 and 4.5.7 that regardless of the regional location or finance type, the EF information/resources required are available both online and in person at a travel cost, albeit with less favourable dynamics in how interactions occur. The findings showed that how the founder is currently

accessing and interacting with EF information often leads to EF success, but that it is often not optimal for timely EF outcomes and thus comes at an opportunity cost.

This observation is about the ongoing and cyclical process of becoming prepared. Preparedness was defined in Section 1.10.10, explored in Section 6.3.7, and brought up in the discussion in several sections and in particular in Section 7.3.2 on founders' views and experiences that EF is hard, frustrating, and demoralising. Often participants had reached a point of understanding that they were under-prepared, needed to upskill, and/or needed to try a different strategy, and then they acted to address the situation to become better prepared. This realisation arrived at by those participants appeared either to occur gradually over time or was referenced as a significant and transformative realisation or 'ah-ha' moment. This transformation can be described as the realisation that they did not know what they did not know, and that there had been unknown unknowns that were now either known or at least had become known unknowns (Dunning, 2011; Kruger & Dunning, 2009).

The findings and implications discussed so far revealed that the participants' EF journey involved both being under-prepared and becoming more prepared, which is in line with (and compounded by) the non-linear entrepreneurial context where levels of preparedness necessarily move in iterative cycles as things change and unfold and as assumptions are tested. This ongoing process is also consistent with participants' use of the learn-as-you-go approach discussed in Section 7.3.4. Table 7-8 summarises various interpretations that arose from the findings that the founders are undergoing an ongoing process of becoming prepared.

Table 7-8:
Possible Interpretations of the Findings that Many Participants are Undergoing an Ongoing Process of Becoming Prepared

Contexts external to the founder	Contexts internal to the founder
– Due to entrepreneurship's nature of implicit unknowns and ambiguity, it may not be possible to fully prepare for EF prior to the journey commencing. – Due to the iterative nature of entrepreneurship, preparing and preparedness may occur in cycles and iterations. – Due to a start-up/scale-up's level of external resources, it may not be possible to fully prepare for EF prior to the journey commencing. – Time, money, physical assets, and/or contacts may not be available or accessible as and when required, and the regional location may be compounding this. – Externally driven timing may not be fortuitous for the preparations made. – Things may not be foreseeable or able to be anticipated. – There may be less opportunity for repeated exposure to role models and EF experiences, because the regional context may reduce the frequency of EF interactions due to travel costs (in time and money).	– Founders may choose to proceed knowing that they do not yet have the resources (internal or external) required for the task but assuming they will soon enough. – Founders may be under-estimating the task and/or strategy required. – Founders may be over-estimating their resources (internal and external) in relation to the task. – Certain EF options/strategies may be judged by the founder as being not relevant and therefore not initially planned for. – Certain EF options/strategies may be perceived as undesirable by the founder and therefore not initially planned for. – Founder's cost-benefit calculations may direct them to proceed without acquiring additional resources (internal or external). – Founders may believe that existing metrics, endorsements, and resources are sufficient. – Founders may prefer to use a learn-as-you-go, (learn-from-doing and learn-while-doing) approach. – Founder's level of ability to foresee and identify situations and opportunities and possible ways to respond to them may be lower than best required for the task. – Founder's level of ability to execute strategies chosen may be lower than best required for the task. – There may be misalignment between the founder's goals and values and the task requirements. – It may be that an 'ah-ha' realisation is needed to propel preparations forward or in a new direction.

Source: Author's compilation

The implications of these findings have parallels with Section 7.3.2, which noted on the one hand that, due to external contexts, EF is hard, or in this case hard to prepare for, and on the other hand, that certain founder characteristics (internal contexts) make EF easier to undertake and, in this case, easier to be prepared for. Both implications point to challenges if founders are not investor-ready when they make their EF attempts or are overlooked in favour of a better-prepared applicant.

The first implication is that the start-up/scale-up journey is difficult to fully plan for due to its very nature, as implied in Section 7.3.2, in the definition of entrepreneurship in Section 1.10.3, and in

the participant quote given at the end of Section 6.3.6. As a non-linear journey, entrepreneurship, and by extension EF, progresses iteratively (McMullen & Dimov, 2013), and thus founders necessarily pass through cycles and phases of being prepared and under-prepared as things change and unfold and as assumptions are tested. This study was not longitudinal and therefore was not able to document the changes in preparedness that occurred through these cycles or the leadup to and context surrounding the 'ah-ha' realisations that participants had. Entrepreneurship contains much uncertainty, ambiguity, and many unknowns that cannot always be anticipated and planned for. For this reason normative strategies like the lean start-up methodology (Blank, 2003; Blank & Dorf, 2012; Blank & Eckhardt, 2024; Felin et al., 2024; Ries, 2011) or reflective learning (Sullivan, 2000, p. 172) such as double-loop learning (Argyris, 1977, 2002, 2003) are recommended to assist with the process of learning-by-doing (Blank & Eckhardt, 2024) and of continually preparing and becoming more prepared. These learning skills can become part of the skill set that a founder possesses, which leads to the second implication.

The second implication is that regardless of EF being by nature challenging to prepare/plan for, founders can be better prepared if they possess an optimal mix of founder characteristics that includes certain knowledge, skills, states, traits, and connections. This view is supported by a multitude of entrepreneurial studies that highlight the concept of "developing and refining" a knowledge base and skill set (Aaboen et al., 2025, p. 5), of possessing an entrepreneurial mindset, which is defined by reference to its cognitive, behavioural, and emotional aspects (Kuratko et al., 2021), and of using/developing certain habits and routines (Aldrich & Yang, 2014). Scholars state that entrepreneurs are made rather than born (N. Krueger, 2007), and there will be more than one optimal mix of such characteristics as there are multiple paths to success (N. Krueger, 2007; McCarthy et al., 2023; Sarasvathy, 2001). This implication that an optimal mix of founder characteristics can a) be developed and b) can make one more prepared for challenging tasks like EF is compatible with the learn-as-you-go approach explored in Section 7.3.4 that participants were utilising, whereby they develop their abilities, knowledge, and beliefs over time. Making such changes within oneself is not easy, takes time, and often requires conducive environments, support, guidance, and mentoring (which are often in short supply locally in regional contexts), in conjunction with self-agency, self-reflectiveness, and meta-cognition, which leads to the third implication.

A third implication is that entrepreneurial learning is an integral part of the founder's process of becoming prepared for their EF applications and tasks. The field of entrepreneurial learning is large and "increasingly diverse and fragmented" (Aaboen et al., 2025, p. 1). There does not appear to be a branch that specifically relates to founders' learning in the EF context. Looking to the

broader entrepreneurial learning literature, the importance of "hands-on, immersive and contextual experiences" is evident (Aaboen et al., 2025, p. 11). Likewise, the participants' learn-as-you-go, (learn-from-doing and learn-while-doing) approach was a highly contextual process that was unique to each participant's situation and was immersive, hands-on learning that was undertaken in conjunction with or whilst doing the task that they needed to learn about.

The temporal process of learning and becoming prepared can be lengthy, which can contribute to EF challenges as not all experiences lead to learning (Dewey, 1963, as cited in Morris, 2020) and not all founders learn from their experiences (Frankish et al., 2012; Nielsen & Sarasvathy, 2016). The temporal effects were evident in this study as participants reported that their memorable and action-changing learnings occurred either from the gradual build-up of multiple experiences that led them to question things or from having transformative 'ah-ha' moments that changed their beliefs, outlooks, and views. Kolb's (1984) experiential learning theory states that knowledge is created "through the transformation of experience" (Kolb, 2014, and as cited in Motta & Galina, 2023, p. 2), and it appears from this study that the transformation of the individual by the experience is also key. This latter observation is in alignment with theories of transformative learning (Boyd & Myers 1988; Daloz, 1986; Dirkx, 1998; Freire, 2000; Kitchenham, 2008; Mezirow, 1991), which show that such transformation can occur when a person reflects on their experiences, assumptions, beliefs, and points of view, and that this reflection can change their ways of thinking and doing (Dirkx et al., 2006; Johnson, 2008). Empirical studies show parallels with this study in that challenging, critical, or disorienting experiences/events can also lead to such transformative reflections and learnings (Johnson, 2008; Mezirow, 1991). This observation of the transformation of the individual is also in alignment with the concepts underlying double-loop learning (Argyris, 1977, 2002, 2003), as both learning methods utilise deliberate self-reflective approaches that can be fostered in a person over time (Argyris, 1977, 2002, 2003; Dirkx, 1998; Schnepfleitner & Ferreira, 2021).

The findings demonstrated that the journey of preparing is not just about the growth stage of the venture but also about the growth stage of the founder. In any journey, and no matter the growth stage or level of preparedness the traveller is at on that journey, there will always be known unknowns and unknown unknowns to deal with. These include the impacts of timing and chance/luck, which are discussed next.

7.3.9 Founders' EF Outcomes are Affected by Timing and Chance

The literature shows that directly and indirectly, the context/environment, factors external to the founder and to their venture, and chance play a role (Denrell et al., 2015; Soto-Simeone et al.,

2021; Storey, 2011), and arguably a large role (Coad, 2009), in entrepreneurial outcomes. Such a situation is to be expected in the entrepreneurial context that contains incomplete information, ambiguity, uncertainty, unpredictability, and the unknown and that involves risk, probability, and speculation. These elements of timing and chance likewise play a role in signalling to an FP, as discussed in sections 2.3 and 3.8 and implied in Figure 2-1 in each of the 'impacted by' segments of the figure. Chance was defined and discussed in Section 3.8 as a probability or possibility, while the participants often preferred to use the word 'luck', and even more so the word 'timing', to express various aspects of this concept of factors outside of the founder's ability to control.

The finding that chance/luck and timing played a role in the EF outcomes for the participants supports the literature and can be interpreted in several ways: first, that the EF process is dependent on timing; second, that windows of timing, such as FP funding rounds or venture-stage-fit, were encountered randomly (by chance) if founders were unaware of them; third, that causality was attributed to luck despite alternative outcomes being probable had actions been different; and fourth, that the EF process is affected by chance/luck regardless of the ability to anticipate and prepare for events or windows of timing. Table 7-9 summarises various interpretations that arose from this observation that EF outcomes are influenced by timing and chance.

Table 7-9
Possible Interpretations of the Findings that Participants' EF Outcomes are Influenced by Timing and Chance

Contexts external to the founder	Contexts internal to the founder
− The EF process may be dependent on timing pertaining to the FP's timelines and funding rounds. − The EF process may be dependent on timing pertaining to the venture stage. − The EF process may be affected by chance/luck regardless of the ability to anticipate and prepare for events and optimal windows of timing or to avoid suboptimal ones. − The EF process may be affected by chance/luck regardless of being at a compatible venture stage for the finance sought. − There may be less opportunity for positive serendipitous events to occur, as compounded by the regional location, which impacts on the frequency of EF interactions possible due to travel costs (in time and money).	− A founder may randomly encounter windows of timing if they are unaware of them (as contributed to by their levels of knowledge, experience, preparedness, and self-agency). − A founder may attribute causality to luck despite alternative outcomes being probable if they had acted differently (as contributed to by their levels of knowledge, experience, self-agency, beliefs, self-efficacy, proactiveness, optimism, and hope).

Source: Author's compilation

The findings imply that a mix of chance/timing and founder characteristics come into play in combinations unique to each EF situation and context. As covered in the discussion on chance in Section 3.8, founders may choose to either take a passive/non-agentic (external locus of control) approach to events of chance and timing or take a pro-active/agentic (internal locus of control) approach and do their best to plan for, respond to, or recognise early signs of such events arising. When taken in conjunction with the observations from sections 7.3.2 and 7.3.8 about preparing and the implications about possessing an optimal mix of founder characteristics, it is evident that the better prepared, able, and willing one is to respond to and work with chance/luck or the unexpected, the better. The same applies for all circumstances outside of one's control, such as changes in macro-economic conditions. This implies that an agentic approach helps to achieve desirable outcomes (EF or otherwise) and may signal to the FP that good outcomes are, at least in part, a product of execution ability rather than solely a product of chance.

The similar concept of contributing to or making one's own luck also has implications in its use of self-agency, awareness, and self-efficacy (Brownell et al., 2024; Sotto-Simeone et al., 2021; Wood et al., 2021). (The definition of luck can overlap with that of chance (Hafer & Gresham, 2008), they are different; however, a detailed exploration of the nuances in these definitions is beyond the scope of this study.) The regional location may indirectly or directly compound the many EF challenges experienced due to its lower levels of EF, entrepreneurship, and professional

self-development resources. These resources can be avenues within which to meet the right people at the right time, and thus they have a role in increasing the number of serendipitous encounters that may occur/be sought out, as discussed in Section 7.3.1.

There can be no guarantee of EF outcomes regardless of preparation undertaken (or not undertaken), as was discussed in Section 7.3.8. This lack of guarantee is a function of the entrepreneurial context (see Section 1.10.3), which by flow-on effect impacts on EF, particularly as EF is an entrepreneurial activity tied to expectations surrounding venture outcomes. The implications relating to the uncertain, dynamic entrepreneurial context could be taken so far as to suggest that chance outweighs founder ability, especially when one looks at the low statistics relating to successfully obtaining EF (Aldrich & Ruef, 2020; Zaharakis & Meyer, 1998) or to overall venture success (Aldrich & Yang, 2014), as detailed in Section 3.8. However, the findings in this study did not support taking the interpretation that far in regard to low EF success, because despite the challenges and frustration experienced and the unknowns and uncertainties encountered, all participants had had at least one successful EF application, and many had had more than one. The sample approach aimed for at least 40% of participants having experienced a failed attempt in obtaining finance and it did not purposively select for successful attempts (see Section 4.5.4), although it did source all participants from an incubator. The findings cannot be extrapolated to say that the odds for EF success are high; however, the findings overall implied that a mix of both timing/chance/luck and founder characteristics come into play in combinations that are unique to each situation and context.

The findings of this study also showed that chance/luck, while often a source of frustration, was specifically mentioned in relation to successful EF outcomes more so than for unsuccessful outcomes, which potentially supports the findings of studies on the determinants of luck. Those findings are that in uncontrollable and chance-determined situations where a negative outcome is expected, an outcome that is any way good will be viewed as being lucky (Teigen et al., 1999). This result can imply that attributing causality to luck is a subjective matter that is dependent on various components of context and founder characteristics, including expectations, viewpoints, beliefs, knowledge, cognition, self-agency, self-efficacy, and locus of control (Liechti, 2017; Lough & McFadden, 2023; Teigen et al., 1999), and that being in the right place at the right time may happen more often than some participants had expected. There have been few studies on how founders perceive the connection between luck and entrepreneurial success (Lough & McFadden, 2023), and it appears there have been fewer/none regarding connections to EF success. Scholars have found that luck was ranked last by founders as a factor of success (Liechti et al., 2017), or it was overall self-ranked as equal with skill (Lough & McFadden, 2023). The data in this study

appear to differ somewhat but cannot offer a direct comparison as there were no questions directly asked of all participants about their perceptions of luck and success.

As the *Global Entrepreneurship Monitor 2019/2020 Global Report* notes, some entrepreneurs fail in the most favourable environments while others succeed in difficult situations (Bosma et al., 2020). Perhaps this success is chance/luck, and/or perhaps it is because these entrepreneurs are further along in their cyclical learn-as-you-go journey of becoming prepared. Perhaps they also know when to preserve with the odds and when to self-select out and redirect efforts elsewhere. It is likely a combination of all concepts. The next section discusses the notion of persistence and self-selecting out as founders' responses to the EF experience and the challenges encountered.

7.3.10 Persistence and the Process of Self-selecting Out

It was evident that participants relied on persistence to see them through their learn-as-you-go (learn-from-doing and learn-while-doing) approach as they built up their knowledge and skills and underwent an ongoing process of becoming prepared. Persistence was also evident for the seven (35%) who explicitly expressed that they had reached points where they either chose to opt out of pursuing certain sources or types of EF or they were close to choosing to do so. This choice of opting out can be challenging and is the result of a variety of reasons that are in a combination unique to that founder. Table 7-10 summarises the various interpretations that arose from this observation that in conjunction with demonstrating persistence, some founders faced the choice of self-selecting out of particular types or sources of EF.

Table 7-10
Possible Interpretations of Participants' Choice/Desire to Self-Select Out Rather than Persist with an EF Type or Source

Contexts external to the founder	Contexts internal to the founder
− A better EF opportunity may have presented itself in the meantime as a result of timing and chance.	− The founder may believe they will not meet the FP's criteria, as determined by the founder's levels of logic or evidence (HC and CC), the opinions of peers and experts (SC), or the founder's levels of self-confidence, self-efficacy, and self-agency (PC). − The founder may conclude that the EF source/type is not a good fit. − The founder may conclude that the EF source/type does not represent value for effort and/or value for potential outcome. − The founder may believe there is not sufficient values alignment between them and the FP or that there is an irreconcilable difference in values. − The founder may have subsequently taken on advice not to pursue a particular EF source or type. − The founder's resilience may have worn thin. − The founder may be /have become uncomfortable asking for money. − The founder may fear failure. − The founder may fear rejection/repeated rejection. − The founder may have low hope and/or confidence in the odds. − The founder may have become aware that there may be another or better option/strategy either in EF type or source or regarding EF in general. − The founder may have found another EF opportunity that they perceived to be better. − The founder may not have significant sunk-costs (e.g., in time, energy, and money).

Source: Author's compilation

The results imply that either of these two choices (persistence or opting out) can lead to EF challenges, particularly if the choice is reactive rather than an adaptive and conscious response. Scholars concur that persistence is a strategy for success where it is a rational decision and occurs in conjunction with the questioning of beliefs (Zellweger & Zenger, 2023), which highlights the distinction between trying different approaches and methods towards an end goal (e.g., using strategic pivots) versus persisting with the same approach without assessing why it may not be working or versus questioning assumptions inherent in the end goal itself. Studies in entrepreneurship in general find that not all disengagements are equal, and that choices to either opt out of or to persist with a venture that are "intelligent", proactive, and/or strategic choices can result in more beneficial outcomes than choices that are "reactive", uninformed, and/or not sufficiently planned (Yusuf, 2012a, pp. 797, 784). Further, it may be a better use of resources to opt out than to still be trying, depending on contexts such as the type, duration, and intensity of activities being undertaken towards the goal (Carter et al., 1996). These scholars comments are in

alignment with the discussion of the findings in earlier sections where the concept was raised of utilising systems/structures for enabling a more timely, efficient, and effective learn-as-you-go EF strategy that includes utilising tools and techniques such as double-loop learning to inform choices around the current path taken and its implications or alternatives so that strategic pivots (Blank & Dorf, 2012) can be made when needed. The heterogeneous cohort of participants reported making both proactive/strategic and reactive choices. Such choices may be a combined function of context and of the participants' human, cognitive, and psychological capital in relation to the EF task, as discussed in sections 7.3.2 and 7.3.8, and may also be influenced by personality traits, because personality influences thoughts, feelings, decisions, and actions/behaviour (Rauch & Frese, 2007); Soto & John, 2017, p. 117).

The findings show that not every source or type of EF will be suitable, and these findings can also imply that EF is not the only path to venture success. There are scholars who argue that financial constraints can be overcome with entrepreneurial training and the use of appropriate financial mental models to better interpret information and guide their actions (Bischoff et al., 2020). Scholars find that founders can successfully and advantageously finance a venture using practices such as bricolage, where one makes do with what is at hand (Baker & Nelson, 2005), and bootstrapping, where founders use internally generated funds (sales) or their own savings and focus on cash management techniques to minimise, delay, or eliminate outflows of funds, speed up inflows (Winborg & Landstrom, 2001), and also "think with a different mindset and approach" (Bhide, 1992, p. 113) to that of a corporate or a venture-backed business. Similar views were found amongst some of the participants, many of whom have used bricolage and bootstrapping in conjunction with EF applications. The related concept of making one's own luck was only raised by a few participants.

There are studies that find that founders view persistence/perseverance as a means of creating one's own luck (Brownell et al., 2024), and other EF studies find that there is a stigma in Australia associated with opting out and failure (Hindle & Rushworth, 2000; Renando & Moyle, 2021), whereas in other locations such as Silicon Valley, entrepreneurial failures are seen in a more positive light (Cardon et al., 2011; McGrath, 1999) and as a learning experience. This cultural attitude in Australia also exists in Europe and may be impacted by bankruptcy laws that generate a negative impact on future business activities and the cost of capital (Landier, 2005). The regional context may also exacerbate this narrative due to the heightened importance of reputation when living and doing business in a regional location. Elements of this failure-averse attitude and of regionally based cultural narratives may have impacted on the participants' choices to persist, and further research would be required on the matter.

The strategies of opting out or persisting may each result in EF challenges or may be required for EF success in this or the next venture. The question is about whether founders are well placed to identify when to apply either strategy. Based on the discussion in this chapter, some founders may not have reached that point of awareness in their journey while others have. Applying this knowledge is part of the challenge of EF and was something the participants appeared to gain from experience as they undertook the journey rather than from the advice of experts. Experts appeared to be sought to help obtain EF more so than to help assess if the EF was an appropriate type or source, or even appropriate at all. This use of experts could be tied to points raised in Section 7.3.6, where the type of experts engaged were not always found to be of the quality or appropriateness required for the task. In this example, that would include a) advisors not initiating a discussion with the founder, where appropriate, as to whether EF or a particular type or source of EF was a good fit and/or b) the founder not scoping and communicating the task with the intention to obtain such advice or opinions from the expert. There are mentors who question the necessity for EF. They suggest that in practice, a small portion of founders should consider EF, with EF only being recommended to meet large upfront capital investments in equipment/manufacturing, to take growth to an exponential level in a short time frame as part of a business model, or to capitalise on a significant (and usually time-sensitive) opportunity (I. Mason, personal communication, 2024; M. Walker, personal communication, 2023).

As with the other themes discussed, the level of various founder characteristics is implicated in the challenges encountered, and because the cohort was heterogeneous, multiple possible interpretations of the findings were evident. The participants' views, experiences, and reported actions have provided insights not only into their EF challenges but also into the conceptual frameworks used in this study. These insights are discussed in the next section.

7.4 Observations Arising Regarding the Conceptual Frameworks

The conceptual frameworks presented in sections 2.6 and 3.10 showed how the EF process was conceptually explored in this study. Concepts and variables from both frameworks were drawn upon in this chapter for the discussion of the participant's EF challenges. This section discusses some concepts in the second framework by reflecting on five observations about signaling theory that arose when analysing the findings: information asymmetry, signalling as a two-directional process, execution ability of the founder as an unobservable quality being signalled, the signalling ability of the founder as a signal receiver, and signal profitability.

The conceptual framework in Figure 3-6, which facilitated a high-level exploration regardless of finance source/type, demonstrated how the EF interaction was framed as a signalling interaction

to address information asymmetry between the founder and the FP. In summary, it stated that the signalling ability of the founder was assumed to affect what and how the founder signalled to the FP when aiming to meet the FP's criteria. Signalling ability was connected with the personal characteristics of the founder, and these founder characteristics were connected to the criteria that an FP may be looking for when assessing signals and to how the founder conducted the task of obtaining EF. It was highlighted in Section 3.7 that a criterion of importance to the FP and one that is usually implied rather than explicit is the execution ability of the founder, which is an unobservable quality that needs to be signalled to the FP.

The first observation arising from the findings is that information asymmetries between founder and FP run in both directions. Signaling theory, agency theory (principal-agent theory), and the focus in the literature recognises, but does not emphasise, this bi-directional aspect. Instead, it focuses on the founder having more information than the FP about the merits of the investment. This research highlighted that founder information asymmetry causes EF challenges. Examples of this asymmetry are having less information than the FP about the FP's criteria, about the EF options available to them, or about the EF process in general. Information asymmetry also includes the presence of undetected incongruent values between the two parties and differing understandings around the implications of a regional context. This leads directly to the second observation, which is that EF is a two-directional signalling process where a founder needs to be able to receive and interpret signals rather than just send them. The bi-directional nature of a signalling interaction does not appear to be emphasised enough when scholars use signaling theory, despite the concept of the feedback loop being present in the model (see Figure 2-1).

The third observation relates to the execution ability of the founder as an unobservable quality being signalled. The exploration of multiple possible interpretations in the findings emphasised what signaling theory states, which is that signal interpretation is subjective and based on the receiver's expectations, beliefs, values, biases, and situation. This implies that the interpretations of the findings discussed in this chapter could each represent different subjective conclusions that an FP may arrive at, depending on that FP's expectations and beliefs, and such subjective conclusions about the founder's execution ability may or may not reflect the reality of the individual founder's situation. As signaling theory shows, a feedback loop is a necessary part of the signalling process. This leads to the fourth observation, which is that there are therefore advantages to a founder, as primarily a signal sender, of developing an ability to receive/detect and interpret the signals and countersignals sent by the FP, including those that may be indirect or nuanced. A signalling ability of this type enables the founder to gauge feedback on both the signalling interaction currently occurring (i.e., how is their message potentially being received)

and the broader EF application/situation. As the results showed, FP feedback was scant, and developing a heightened signalling ability of the type described above may be the only way to obtain feedback in some cases.

The fifth observation is that the founder's perception of signal profitability may not always be in alignment with reality. For example, the results showed that it can be very costly in time and effort to apply for (engage in the signalling process of) EF, especially using an unstructured learn-as-you-go approach, and that founders often became aware of these costs in hindsight from direct experience. It may not always be easy to recognise when the cost-benefits do not balance, especially as the signal costs and signal profitability vary not only with different circumstances but also with venture stage, because as a venture grows, there are more things in place to signal with or to utilise as signals. All of these observations imply that founders need to have good signalling ability in order to send signals to address information asymmetry for the FP as well as to detect, receive, and interpret signals from the FP to address their own information asymmetry. This implication confirms that the type and level of founder-characteristic components that a founder possesses are important to EF in multiple ways, as noted in Section 1.10.7.

The next section presents a version of the conceptual framework that describes the EF process, as distinct from showing how the EF process would be conceptually explored as was shown in Figure 3-6.

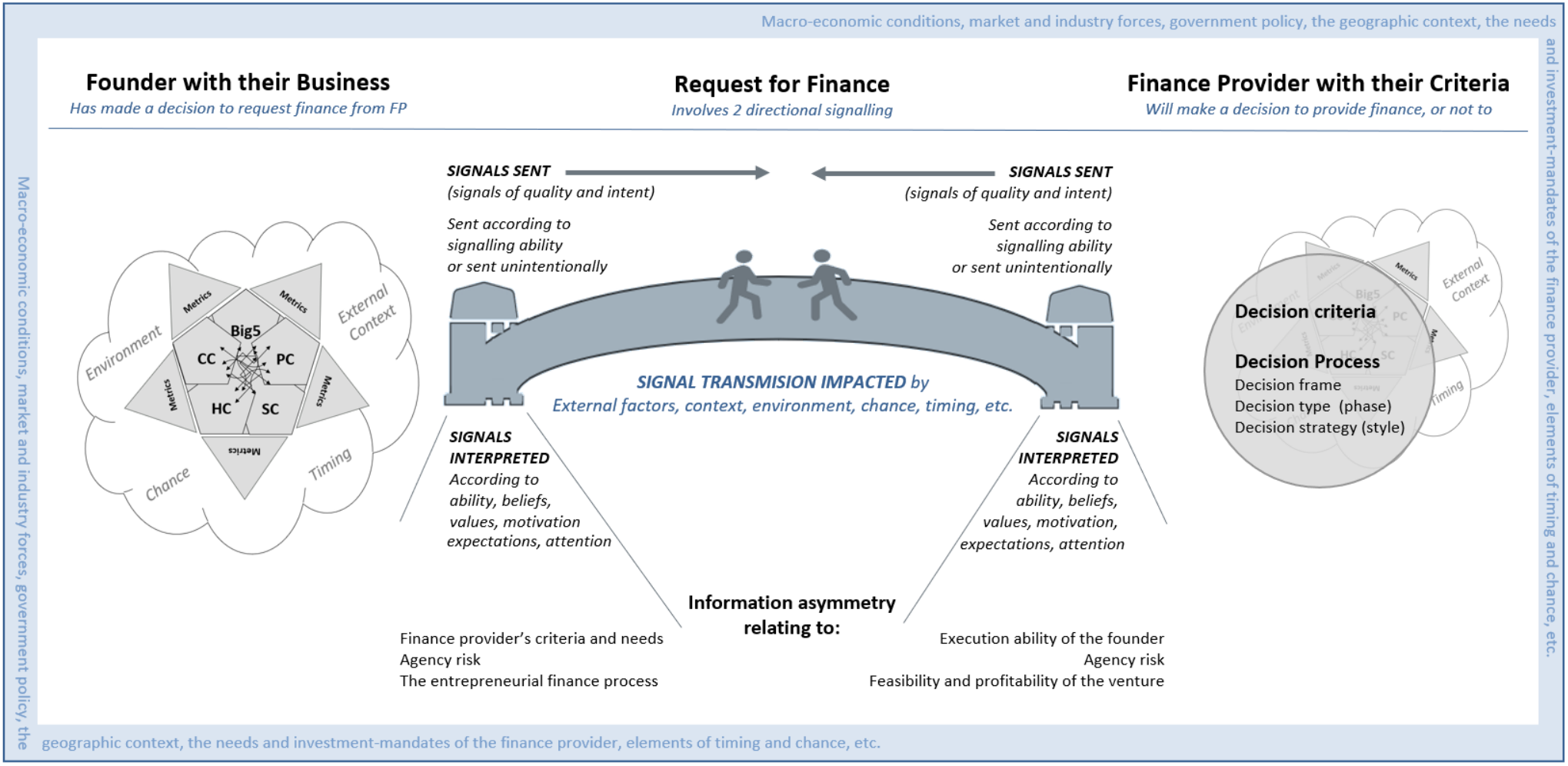
7.5 Third Conceptual Framework: A Descriptive Iteration

As evidenced throughout this thesis, entrepreneurship is complicated and contextually diverse (Baker & Welter, 2020; Welter, Gartner, & Wright, 2016; Zahra et al., 2014), which makes it difficult to present overarching theories (Westhead & Wright, 2011) that can account for the impacts of all contexts and variables – contributing, modifying, or otherwise. There are inherent challenges in making a model of a complicated process (Paul et al., 2007). As discussed in Section 1.5, context is important for understanding entrepreneurial research, and a framework is a means of communicating contextual assumptions and boundaries. The frameworks created in this study drew on signaling theory, and as Levy and Lazarovich-Porat (1995) point out, it is difficult to test signaling theory empirically because it is impossible to keep all other parameters constant. For this reason, distinguishing between the signal, how the signal is sent and received, the type of signal fit, and the value of the underlying attribute being signalled can make it difficult to establish the full cause of a successful/unsuccessful EF application. Signaling theory does, however, allow the EF interaction to be explored and described and causality to be hypothesised for future research. The first conceptual framework informed the data collection, the second conceptual framework

informed the data analysis, and both were exploratory in nature. This section presents a third conceptual framework that is descriptive in nature.

The creation of this third version of the conceptual framework went through many iterations in conjunction with, and after, the creation of the second framework. For example, attempts were made to show three aspects of the EF process as EF orientation (how founders are viewing and approaching the EF process), EF cognition (how are founders thinking about and strategising their approach towards EF), and EF execution (the capability, capacity, and consistency of founder action taken). In attempting to compartmentalise the EF process in that manner, the overlapping of the founder-characteristic components and the FP criteria they impacted on became even more evident, as many components are antecedents of each other and all are highly interconnected and recursively linked. Attempting to define exactly what each of the three aspects of the EF process (orientation, cognition, and execution) was made up of or not made up of and how each of the founder-characteristic components sat within each aspect of the process required a nuanced in-depth exploration that was beyond the scope of the thesis. Accordingly, Figure 7-1 presents a descriptive version of the conceptual framework that keeps a similar layout to the prior version. Likewise, it uses the multiple theoretical concepts to provide a common language or set of terminology, and thus the framework can apply regardless of the type or source of EF sought by the founder. Following the diagram is an explanation of each of the elements.

Figure 7-1
Third Conceptual Framework Used to Describe the EF Application as a Signalling Interaction Between the Founder and Finance Provider



Source: Author's compilation CC = Cognitive capital, HC = Human capital, PC = Psychological capital, SC = Social capital, Big5 = Personality traits

Figure 7-1, which applies irrespective of the source or type of EF pursued by the founder, shows the EF process as a bi-directional signalling interaction between the founder and FP in the presence of information asymmetry. The founder is represented on the left-hand side, and the focus is on their founder characteristics. Five pentagons that represent the founder-characteristic components of HC, CC, PC, Big5 personality traits, and SC overlap and are interconnected in all directions and ways by a group of double-headed arrows. This flow of interactions represents the complex internal contexts of their individual lived experiences and the recursively linked founder-characteristic components. Founder characteristics are the states, attributes, qualities, and intentions of a person (internal resources) and the types of SC a person forms, all of which, in combination with their actions, contribute to creating the venture and the venture's metrics. The triangles represent these metrics, outcomes, and outputs, such as venture stage, financials, product-market fit, business model, traction, patents etc. The founder, their venture, and its business metrics are affected by external contexts and environment-related factors as depicted by both the cloud and the rectangular framed border. These contexts and factors include spatial and geographic location, cultural and temporal circumstances, industry, market and legislative infrastructure, government policy, macro-economic conditions, and timing and chance/luck.

On the right-hand side of Figure 7-1, an identical star-in-cloud sits behind the FP. Like the founder, an FP also involves a human being operating in a contextually sensitive environment and creating outcomes and outputs according to various internal and external dynamics. The circle highlights that the focus in the signalling interaction is on the FP communicating decision criteria to the founder and using decision styles and criteria during various phases of their decision-making process when assessing applicants. The particulars of these decision criteria and styles will vary by individual FP as well as by EF type and source. Using image theory terminology as a common language (see Chapter 3), these particulars can be discussed regardless of EF type or source. The decision process is framed by the FP's values, goals, and strategies, which are three images that the FP seeks to maintain compatibility between and with when making decisions to progress with an investment or to adopt one from a selection of applicants. In this decision process, the latter type of decision (adoption) can be split into screening and choice-type decisions. For choice decisions, the FP may use a range of analytic and unanalytic decision styles (both aided and unaided), whereas screening decisions use an image-compatibility test. In both screening and choice decisions, a plethora of criteria can potentially be used without there necessarily being consistency in the use of the criteria.

In the centre, the founder and the FP/investor connect via the bridge metaphor that is the communication and signalling exchange between them. The arrows represent information, actions,

and corresponding signals of quality and intent. The signalling communication process is bi-directional, as the founder needs to also be a signal receiver and interpreter, and the process may also include unintentional signals.

The valley being bridged by this signalling interaction is information asymmetry. For the FP, this includes the founder's execution ability and the feasibility and profitability of the venture. For the founder, information asymmetry includes the FP's criteria, needs, and values, as well as knowledge of the EF process and EF options available. For both parties, there is information asymmetry surrounding potential moral-hazard risks, as opportunistic or over-optimistic behaviour by either party or irreconcilable values need to be detected otherwise decisions may be made based on incomplete/inaccurate information, and the resulting outcomes may represent lost time and money for both parties.

Signals in either direction are impacted by the external, often noisy, environment, which may delay, distort, or block signals before they arrive. When signals do arrive, they may not be seen, and if they are seen, they will be subjectively interpreted. Signal interpretation occurs according to the receiver's subjective expectations, ability, values, beliefs, motivations, and attention, which brings the explanation back to the first concept raised, that of an individual person being represented as a complex interconnection of personal/founder characteristics. These characteristics are involved in the signalling ability of a person and how they send and interpret signals. These characteristics are also criteria that the FP looks for and assesses. These characteristics can be signalled to the FP, and they also influence the strategies and practices that the founder utilises to obtain EF, as well as their experience of EF. Additionally, these characteristics are state-like and/or able to be changed. In various, different optimal combinations, they can be used to intentionally influence the founder's individual EF journey towards success (see Section 1.10.7 for further comment on this).

The rectangular frame reminds that this is a contextually bound interaction, and external contexts, including macro-economic conditions, market and industry forces, government policy, the geographic context, the needs and investment mandates of the FP, and elements of timing and chance will come into play in addition to variables specific to the founder's venture and to the founder themselves (internal contexts). The framework is a high-level description of the EF process and its components, regardless of the finance source or type engaged with.

7.6 Summary

The chapter's introduction and preface addressed contextual items that impacted on the research approach and had bearing on the discussion and implications arising. Ten observations in the findings were discussed in relation to the research aims of better understanding how founders experience and perform the task of obtaining EF and their challenges encountered when doing so. Because the cohort was heterogeneous, multiple possible interpretations of the findings were evident. Many of the findings suggest that the levels of the various founder characteristics are implicated in the EF challenges encountered and that the concept of self-agency is significant. It was evident that meso and macro-level factors contribute to EF challenges, and that the regional location may indirectly or directly compound the EF challenges participants experienced due to the locations lower levels of EF, entrepreneurship, and professional self-development resources, the latter of which in particular is required to guide and support capacity-building and the challenging goal of upskilling non-technical skills or altering one's states.

The chapter ended by briefly discussing five observations that arose in relation to the second conceptual framework and then presented a third version of the framework that was descriptive rather than exploratory in nature. The next chapter distils the major findings, the conclusions, and their resulting implications to address the research aims and objectives and illustrate the research contributions made.

Chapter 8 Conclusion

8.1 Introduction

It is extensively stated that entrepreneurial finance (EF) is challenging to obtain for founders of start-ups and scale-ups (Bosma et al., 2020; Colombo, 2020; Cumming et al., 2018; Daniels et al., 2016; Hwang et al., 2019; Kraemer-Eis et al., 2019), and it is reported to be more so for those located in regional areas (Mazzarol, 2007; Ughetto et al., 2019; Williamson et al., 2021). Acknowledging that meso and macro factors contribute to EF challenges due to systemic issues at those levels (Bellavitis et al., 2017; Kerr & Nanda, 2009; Renando & Moyle, 2021) and noting that this study has chosen to focus on the micro level (individual founder), it is observed that actionable insights can arise from understanding these demand-side, micro-level perspectives by exploring founders' views, experiences, actions, and characteristics. Founders' EF experiences, including their unsuccessful attempts, are not fully understood and gaps in the literature exist. Many of the literary gaps arise because of segmentation in the field of EF (Bellavitis et al., 2017; Cosh et al., 2009; Cumming & Johan, 2017; Cumming & Vishmara 2017; Drover et al., 2017), and gaps are especially apparent in the context of founders navigating multiple sources and types of EF (Bellavitis et al., 2017; Cosh et al., 2009; Cumming et al., 2019; Moghaddam et al. 2017), the varying definitions in use surrounding entrepreneurship and venture stages (sections 1.10.3 and 1.10.4), the impact of founder characteristics on EF (see Section 2.4), and understanding all of the above from the perspectives of founders located in regional areas (Adapa et al., 2021; Huggins et al., 2023; Huggins & Thompson, 2020).

The purpose of this research was to bridge these gaps and explore and describe regionally located founders' views, experiences, and reported actions (their self-reported strategies and practices) in relation to EF and their founder characteristics to help increase the understanding of the approaches they took, the outcomes they obtained, and the challenges they encountered. This increased understanding of their experiences and challenges facilitated insights for exploring in practice and in future research, and these insights are outlined in the sections below.

One of the risks in only focusing on one level of analysis, which in this case was the micro or individual-founder level, is that the findings, analysis, and conclusions may be interpreted without their greater contextual situation being fully understood. Furthermore, there is heterogeneity within any particular level, which is particularly so for the micro level. For these reasons, and in the interests of research integrity (see Section 4.7 and Table 4-2), significant space was devoted

throughout this thesis to background and contextual matters. In relation to the participants' situation, Chapter 5 presented the demographics and descriptive statistics of the cohort. At a broader level, the constructivist and interpretivist paradigm used in this thesis states that humans are not independent of their reality but rather play a role in the creation of their experiences (constructivist view) (Bryman & Bell, 2015). This paradigm could be misconstrued to mean that fault or blame sits with the individual founders despite issues also existing at the meso and macro levels[36], which is not the intention of the research. As a chartered accountant, the researcher has experienced working with individual business owners who operate within the constraints of meso and macro influences that change in ways and on timelines outside of their ability to control. The start-up/scale-up founder's situation and EF situation is no different in that regard, although it is more uncertain, ambiguous, and challenging. In both cases, it is beneficial to have insights into things that are within one's ability to change/influence regardless of the many, varied, and complicated elements that gave rise to the situation at hand.

This study gained insights by using founder characteristics as a lens through which to view EF challenges, and while it does not deny that macro factors need improvement, it takes the approach that one must also be able to continue on in the here and now until those improvements to the macro level are made (or not made, as the case may be). By focusing on developing internal resources (founder characteristics), then when/if macro changes are made, the founder will be even better placed to make optimal use of those external resources provided (e.g., EF) for the benefit of all stakeholders, including their wider community. See Table 1-1 in Section 1.3 for detail of these and other assumptions, including the acknowledgement that changing ones' internal states and attributes (i.e., founder-characteristics), while often necessary and within one's ability to do, is in itself challenging, requires time, and often requires outside support. The path of self-development and personal growth is also an ongoing cyclical journey, the rewards of which extend beyond EF success because the outcomes are pertinent in and applicable to all manner of contexts.

The exploration of founders' EF views, experiences, actions, and founder characteristics utilised two related conceptual frameworks: one to aid data collection and a subsequent version to aid data analysis. Both conceptual frameworks drew on theoretical concepts to provide a common terminology for exploring and describing the EF process, regardless of EF source or type, as befits the founder's EF journey. This common terminology was required in the context of the segmented EF literature, and the concepts used come from signaling theory and image theory (see sections 2.3 and 3.3). EF was thus explored as a signalling process and decision-making process in the

[36] Insights that could be actioned at the meso and macro levels also arose, and these are covered in sections 8.5 and 8.6.

context of information asymmetry and potential moral hazard. Founder characteristics were also incorporated into the frameworks as they are important to many aspects of EF, including the finance provider's (FP) criteria, the signalling ability of the founder, and the strategies, practices, experiences, and views of the founder (see Section 1.10.7). The application of these theoretical concepts proved to be useful in obtaining a broad overview of the founder's situation and in categorising the inductive concepts that arose in relation to the EF challenges founders experienced (see Section 4.6.4.6).

The analysis was presented in two formats. The first format was the categorisation of responses to each semi-structured interview question to target the various components within the research aims (founder's EF views, experiences, and actions), which provided a granular and descriptive insight into the lived experiences of the founders and included not only conceptually driven insights but also inductively arising concepts. This detailed analysis was presented in Appendix A6. The second format, which was presented in Chapter 6, built on this foundation and conveyed the results based on themes across all interview questions. These themes formed the basis of the observations subsequently discussed in Chapter 7 (discussion), which were chosen for their relevance in addressing the research aims, and in particular, providing insight into the challenges participants encountered.

The discussion chapter was prefaced with reminders of contextual items that impacted on the research approach and had a bearing on the implications that arose. Likewise, and given the definition variability in the fragmented EF field, this concluding chapter is best read in conjunction with those prefaces, Table 1-1, which outlines the scope boundaries and assumptions inherent in the study, and Section 1.10, which defines key terms and concepts, some of which were drafted directly in response to the iterative analysis and interpretation of the findings to make sense of them.

In this concluding chapter, first the major findings (Section 8.2) and conclusions drawn (Section 8.3) are presented in response to the research questions, and the possible implications of these are explored as bounded by the scope of the project. Second, the contributions of the research to theory and literature (Section 8.4), to policy (Section 8.5), and to various stakeholders in practice (Section 8.6) are outlined. Third, having shown how the research objectives have been met, the chapter then concludes with an acknowledgement of its limitations (Section 8.7) and suggestions for future research (Section 8.8) to enable others to build from the foundation provided by this study.

8.2 Major Findings and their Implications

Throughout both the results chapter (Chapter 6) and the appendix to the results (Appendix A6), the findings were formatted as founders' views, experiences, and reported actions (self-reported strategies and practices) or themes arising from these to address the two research questions and provide descriptive detail of the founders' EF experiences and challenges as per the research objectives. The findings were summarised and presented in two tables at the end of the results chapter (Table 6-2 and Table 6-3). These findings underlie the 10 observations of interest discussed in Chapter 7, where further tables were presented throughout to summarise the interpretations made of the findings. The cohort of participants was heterogeneous, and each founder had their own particular circumstances, some of which they had in common with each other and some of which they did not (Section 5.6 and Appendix A5). For this reason, there are multiple interpretations of the findings. See also Section 7.2 for comment on the researcher/reader subjectivity contributing to multiple interpretations. Likewise, the themes in the findings did not apply to all participants to the same extent.

The major findings are now condensed into five categories of findings according to the outline of the research objectives (Section 1.2). Due to the iterative nature of the research, the fifth category reflects the topic of the second literature review. These are presented in Table 8-1 on the next page and discussed, along with their implications, in the subsections that follow.

Table 8-1
Major Findings Condensed into Five Categories According to the Research Objectives

Major finding number	Category name	Major findings
1	Regional location	– One of many EF challenges is that the regional location does not have adequate EF resources and contacts/networks. – This situation directly and indirectly compounds many other EF challenges experienced.
2	Views and experiences	– EF was often experienced as hard, frustrating, and demoralising, and impacted by timing and chance/luck. – EF required challenging choices around perseverance and opting out in the context of unclear criteria and receiving minimal or no feedback from the FP. – Some strategies used by participants were found to contribute to experiences of difficulty, frustration, and demoralisation. See major finding 3. – Some levels of founder characteristics were found and also self-reported to contribute to experiences of difficulty, frustration, and demoralisation. See major finding 4. – Not having sufficient external resources (e.g., time, money, physical assets, EF contacts, mentors, and advisors) contributed to and compounded EF challenges.
3	Strategy and practice (see definition in section 1.10.11)	– Participants' EF strategy was predominantly a learn-as-you-go, (learn-from-doing and learn-while-doing approach), often without a structure or system to expediate the learning process or make it more efficient and effective. – Some levels of founder characteristics were found to not yet be conducive for optimal use of this learn-as-you-go strategy/practice. See major finding 4. – In practice, participants were undergoing a process of preparing. – Participants recognised the temporal element by expressing that it was over time and/or at certain points after a number of attempts that they had 'ah-ha' realisations that they needed to do things differently. – In practice, participants usually utilised peers before experts, and for some participants, this delayed the receipt of valuable advice and assistance from experts.
4	Founder characteristics (see definition in section 1.10.7)	– Most participants self-reported that the various components of their founder characteristics, such as their knowledge, skills, experience, morale, and contacts/networks, were not always at the levels required for EF. – Analysis found that this may also be the case in managing their learn-as-you-go (learn-from-doing and learn-while-doing) approach. – In both situations (EF and learn-as-you-go), obtaining timely and efficient progress and outcomes was often experienced as a challenge. – This challenge encompassed levels of technical knowledge and skills in relation to EF. Examples are knowledge of EF options, the EF process, where to go to obtain EF and EF assistance, the FP's criteria,

Major finding number	Category name	Major findings
		the FP's business model, skill levels in pitching, and signalling ability. – This challenge also encompassed non-technical or soft skills, including transferable and generic skills for better operating in dynamic contexts of uncertainty, ambiguity, and unknowns and for learning how to use the learn-as-you-go approach more effectively. This implies cognitive and psychological skills and knowledge as well as having sufficient SC in the form of mentors, advisors, and coaches.
5	FP criteria and implicit values (see definition in section 1.10.9)	– Many participants believed business metrics criteria are valued more overall by the FP than founder-characteristic criteria despite the early-stage of their venture. – Some participants expressed that they initially but no longer believe this to be true. – Some participants discovered that values misalignment with the FP triggered them to opt out of the EF application. – Some participants opted out due to the deal not representing value for money or value for time/effort
Overall		– Capacity-building at the micro level (individual founder) will assist in better dealing with current challenges stemming from all levels (micro, meso, macro) and contexts, including geographic and temporal contexts.

Source: Author's compilation. Note: Percentages to quantify words like many, most, few, some etc. can be found in Chapter 6 and Appendix A6

8.2.1 Regional Location

The major findings in the first category relate to the EF challenges inherent in the regional location[37]. Unsurprisingly, one of many EF challenges is that the regional location has fewer EF resources/communities and EF contacts/networks physically present. The implications are that first, the dynamics of how a regionally located founder encounters, engages, and approaches an FP are different than for metropolitan located founders, as it can be costlier in travel time, energy, and dollars and the encounters are less likely to be serendipitous or spontaneous in nature and the encounters may be open to a greater potential for FP bias. Second, making EF resources and contacts more available and accessible to founders in regional locations is beneficial but not

[37] A note on the regional location, this study is about founders *located in* a regional location regardless of the amount of time lived in the region, rather than about regional founders per se. This is a function of the resulting dataset obtained. See sections 5.6.3 and A5.4, which explains participants had lived varying amounts of time in the region.

adequate on its own to address all of the EF challenges experienced by the regionally located founders.

Third, the regional location may indirectly and/or directly compound the other EF challenges experienced due to the location's lower levels of physical/in-person resources and networks pertaining to EF, entrepreneurship, and professional self-development. This compounding effect is an issue for all EF challenges and for resources pertaining to founder capacity-building in particular, which are required to guide and support the challenging goal of upskilling non-technical skills, learning how to use the learn-as-you-go approach more effectively, and altering one's states (see major finding 4 that explains the need for founder capacity-building). Likewise, a region having fewer physical/in-person resources pertaining to EF and entrepreneurship means that for some founders, there may be less at hand with which to bricolage (Baker & Nelson, 2005) or effectuate with (Grégoire & Cherchem, 2020; Sarasvathy, 2001). While a plethora of relevant resources are available online, the findings have shown they were not always experienced as accessible, which likewise feeds into the implication that a different dynamic exists for regional founder's EF journeys and interactions. Participants' comments that there were many non-geographic EF challenges and/or factors at play and that EF is hard no matter where you are located imply that many EF challenges are not experienced as a function of geography. Those comments could also imply that the degree to which the regional context compounds some EF challenges is not always apparent.

8.2.2 Participants' Views and Experiences

The major findings in the second category related to the EF views and experiences of the founders. EF was often experienced as hard, frustrating, and demoralising and impacted by timing and chance/luck. It required challenging choices around perseverance and opting out in the context of unclear criteria and receiving minimal or no feedback from the FP. Some strategies used by participants may contribute to experiences of difficulty, frustration, and demoralisation (see major finding 3). Some levels of founder characteristics were observed and also self-reported to contribute to experiences of difficulty, frustration, and demoralisation (see major finding 4). Additionally, not having sufficient external resources such as time, money, physical assets, EF contacts, mentors, and advisors (refer last row of Table 1-4) contributed to and compounded the EF challenges.

These findings imply several things. The first is that EF is by its nature challenging, as it is complex, competitive, long, non-routine, time-sensitive, cyclical, and emotionally/psychologically draining, and this challenging nature may also be compounded by the non-linear entrepreneurial

context (see Section 1.10.3), where levels of preparedness necessarily move in iterative cycles as things change and unfold. The challenges of chance and timing will inevitably come into play in an environment that contains incomplete information, ambiguity, uncertainty, unpredictability, and the unknown and involves, risk, probability, and speculation. A second implication is that supply-side structures and systems may have room for improvement for all types and sources of EF and for grants in particular.

A third implication is that regardless of the challenge in anticipating and preparing for unpredictable events or in targeting/avoiding certain windows of timing, a founder with a more optimal mix of founder characteristics and self-agency may be better positioned to respond to and work with chance and the unexpected when it arises. See major finding 4, which explains the need for founder capacity-building. This optimal mix of founder characteristics and self-agency (see sections 1.10.7 and 1.10.8 for definitions) may also be needed to aid in desirable outcomes (EF or otherwise), reduce EF challenges experienced, manage strategies, actions, responses, and psychological states, in particular the strategising of how and when to obtain and mobilise the various resources required (including internal resources such as knowledge and skills), and to know when to persevere and when to opt out. A fourth implication is that not every EF source or type is a good fit for a founder, and EF may not be the only path to venture success. Additionally, opting out is not a cop-out, and persisting is not always a virtue. A fifth implication is that utilising systems and structures for enabling more timely, efficient, and effective EF decisions and actions may also be required to ease the challenges experienced (see major finding 3 for explanation). The regional location may indirectly and/or directly compound all of these challenges, and major finding 1 notes how this may occur.

8.2.3 Participants' EF Strategy and Practice

The major findings in the third category relates to the EF strategies and practices of the founders. Participants' EF strategy was predominantly a learn-as-you-go (learn-from-doing and learn-while-doing) approach, often without a structure or system to expediate the learning process or make it more efficient and effective. Some levels of founder characteristics were found to not yet be conducive for this strategy/practice, as can be seen in major finding 4, which explains the need for founder capacity-building. In practice, participants were undergoing a process of preparing, and participants recognised the temporal element by expressing that it was over time and/or at certain points after a number of attempts that they had 'ah-ha' realisations that they needed to do things differently. Additionally, the participants' strategy was often to utilise peers before experts, and for some participants this delayed the receipt of valuable advice and assistance from experts.

There are many things implied by these findings. First, founders may encounter challenges if their learn-as-you-go (learn-from-doing and learn-while-doing) approach is not undertaken in an effective and efficient manner due to the time-sensitive nature of the EF task and the learn-as-you-go approach needing more than one cycle of experience, feedback, reflection, processing, integration, and new action. Second, while highly beneficial it may be exorbitantly costly to obtain the repeated cycles of experiences to learn from by signing up for recurring, in-person exposure to EF environments, events, role models, peers, and mentors to accelerate the experiential learning opportunities and potential 'ah-ha' moments. These costs may be exorbitant for to two reasons: a) travel time and dollars due to the regional location, as noted in major finding 1, and b) the continual funding of repeated learn-as-you-go EF attempts in an unstructured manner in conjunction with the repeated trials required in their broader entrepreneurial endeavours consumes valuable resources (time, money, and energy) faster than may otherwise be the case. A third implication is that the challenges of using a learn-as-you-go strategy/practice in an unstructured manner are compounded by the dynamic context of entrepreneurship, which already contains incomplete information, ambiguity, uncertainty, unpredictability, and the unknown and involves, risk, probability, chance, and speculation. Used with a structure or system and a suitable skill set, a learn-as-you-go strategy is otherwise well-suited to the dynamic nature of entrepreneurship.

Fourth, it is implicit that, when using a learn-as-you-go strategy, challenges may arise if the concept of "you don't know what you don't know" (Dunning, 2011) is not actively incorporated into the practice utilised, and especially if founder characteristics are not well positioned to make the most of the experience and to extract learnings, which as major finding 4 noted, was not always the case. This concept of not knowing what you don't know leads directly to the fifth implication, which is that the absence of overt/explicit feedback from the FP and the delaying of the use of appropriate experts significantly increases the required levels of self-awareness, self-agency, self-reflectiveness, and skill that is required to learn, interpret, evaluate, and innovate for the next EF attempt. A sixth implication of these findings is that due to undergoing a cyclical process of preparing, founders may encounter challenges if they are not yet investor-ready at the point they make their EF attempts or are overlooked in favour of a better-prepared applicant. This journey of preparing implies that EF is not just about the growth stage of the venture but also about the growth stage of the founder. These implications outlined so far suggest a lengthier, costlier, and for some a more frustrating and demoralising EF journey that jeopardises their potentially short runway of time and funds.

8.2.4 Participants' Founder-characteristics

The major findings in the fourth category relate to founder characteristics. Most participants self-reported that the various components of founder characteristics, such as their knowledge, skills, experience, morale, and contacts/networks, were not always at the levels required for the EF task at hand. Analysis found that this situation may also be the case in relation to managing their learn-as-you-go (learn-from-doing and learn-while-doing) approach. In both situations, EF and using a learn-as-you-go approach, obtaining timely and efficient progress and outcomes were often experienced as a challenge by participants. These findings surrounding founder characteristics encompassed levels of technical knowledge and skills in relation to EF, and having SC in the form of mentors, advisors, and coaches. Examples of technical knowledge and skills are, knowledge of EF options, the EF process, where to go to obtain EF and EF assistance, the FP's criteria, the FP's business model, as well as skill levels in pitching and signalling ability. These findings also encompassed non-technical or soft skills, including transferable and generic skills for better operating in dynamic and challenging contexts of uncertainty, ambiguity, and unknowns, as well as cognitive and psychological skills and knowledge, including learning how to use the learn-as-you-go approach more effectively. These findings may be expected given the many challenges implicit in the entrepreneurial context, the EF context, and the regional context, all of which may require high levels of both internal resources and external resources and/or otherwise require having good fortune. As the discussion above in major finding 3 showed, increased self-agency, self-reflectiveness, entrepreneurial knowledge/skills, and learning tools/systems may be needed to act in the context of an already challenging task (EF applications) occurring in an already challenging context (entrepreneurship), which involves working with and responding to ambiguity and elements of timing and chance, and in the case of the participants, working by using a mostly/often unstructured learn-as-you-go approach.

These findings imply many things, the first being that founders cannot always be fully ready and equipped to respond to an EF situation or opportunity, due in part to these levels of their internal resources (founder characteristics) and also to external resources, as identified in major findings 2 and 1. The second implication is that missed, unidentifiable, unactionable, or poorly executed opportunities will likely occur as founders continually develop the EF knowledge, skills, and states required for their dynamic and challenging endeavour. The third implication is that not having an 'optimal mix' of founder characteristics for their situation can be challenging, frustrating, and demoralising, as noted in major finding 2. The fourth implication is that upskilling via internally facilitated learning may be enhanced where founders engage in self-directed reflective learning techniques. Strategies like the lean start-up methodology (Blank, 2003; Blank & Dorf, 2012; Blank

& Eckhardt, 2024; Felin et al., 2024; Ries, 2011) or reflective learning (Sullivan, 2000) such as double-loop learning (Argyris, 1977, 2002, 2003) may assist with the process of continually preparing and becoming more prepared, especially in dynamic and uncertain contexts. These tools involve a system of continually reflecting on actions and outcomes and continually questioning and testing assumptions and beliefs.

Fifth, upskilling via externally facilitated learning may be enhanced where founders also utilise appropriate experts and mentors earlier on in the EF process than they appeared to be doing, noting that self-agency is required when doing so, as explained in Section 7.3.6. Sixth, these findings suggest that utilising systems and structures for enabling more timely, efficient, and effective EF decisions and actions may also be required. Overall, it is implied that EF is not just about the growth stage of the venture but also about the growth stage of the founder. See also major finding 3, which notes that some strategies and practices used could be optimised. This is relevant as choices made in relation to strategies and practices used are influenced by founder characteristics.

8.2.5 Participants' Views on the FP's Criteria and Implicit Values

The major findings in the fifth category relate to understanding the criteria and implicit values of the FP as identified in the second literature review and presented in Chapter 3. Many participants believe that business metrics criteria are valued more overall by the FP than founder-characteristic criteria, despite the early-stage of their venture. Some participants expressed that they initially, but no longer, believe this to be true. Some participants discovered that values misalignment with the FP triggered them to opt out of the EF application. Others opted out due to the deal not representing value for money or value for effort/time.

The implications of these findings are that, first, the founder may be under-utilising signals that pertain to the founder themselves (founder characteristics), which would be beneficial to also be sending to the FP along with signals of the business metrics. Second, challenges may arise if adequate signals relating to founder execution ability are not sent to the FP. Chapter 3 explains that it is important to send signals about execution ability because in an early-stage venture, business metrics flow from the founder's execution ability, and metrics need to be demonstrated to be repeatable rather than being a product of timing and good fortune. Third, the temporal elements suggest that challenges arising from founders holding these beliefs about the FP's criteria may lessen over time due to the founders learning from experience and becoming more prepared. See major finding 4, which explains the need for founder capacity-building, and see major finding 3, which discusses the need for some strategies and practices used to be optimised.

A fourth implication of these findings is that founders may not initially monitor for signs of values misalignment, and if values are found to be irreconcilable, the EF application processes may therefore be unnecessarily prolonged until the misalignment becomes evident. This situation may represent a cost not only in time, energy, and money but also lost opportunity and frustration. Likewise, mismatches that are reconcilable but not identified and addressed may also create EF challenges. Communications and negotiations may be adversely affected by misunderstandings if parties do not realise that they see things differently and/or that they each prefer different methods and strategies. EF is not just about meeting the FP's criteria but also about checking if the founder and FP (source of EF) are an appropriate fit, and if the type of EF is a good fit for the founder, their goals, and their business model.

8.2.6 Overall in Summary

The overall implication of these findings is that the faster the founder can accumulate, interpret, and integrate relevant actionable learnings and skills and couple these with conducive states, the more efficiently and effectively they can act to navigate and adapt their unique EF journey to successful EF outcomes. Capacity-building at the micro level (individual founder) will assist in better dealing with current challenges stemming from all levels (macro, meso, micro). Such challenges due to systematic and systemic issues at the macro and meso levels (Bellavitis et al., 2017; Renando & Moyle, 2021; Kerr & Nanda, 2011) are outside a founder's ability to control. Until and unless the challenges from forces outside of a founder's control are addressed, those challenges will form part of the context within which the founder currently finds themself and must therefore be navigated as best a founder can with what they currently have and can create. The same can be said of external conditions arising from location, timing, or chance. The conclusions that can be drawn from these implications are discussed in the next section.

8.3 Conclusions Drawn and their Implications

From the findings and their implications, seven conclusions are now drawn in relation to the research objectives of understanding how founders experience and perform the task of obtaining EF and their challenges encountered when doing so. These are presented in Table 8-2 on the next page and discussed, along with their implications, in the text that follows.

Table 8-2
Conclusions Relating to the EF Challenges Reported by Participants

Conclusion number	Conclusion
1	How the founders are currently accessing EF information, undertaking their EF journey and signalling to the FP can lead to EF success, but it is often not optimal for efficient timely EF outcomes.
2	The founders' experiential 'ah-ha' realisations that they needed to upskill, gain more knowledge or try a different approach is what propelled their receptivity and self-agency to make changes to their EF approach.
3	Content-based education is necessary but not sufficient on its own for successful EF outcomes and the reduction in EF challenges experienced.
4	The content-based component of EF education needs to cover both EF-specific knowledge and skills as well as other transferable/generic skills and knowledge.
5	The format and delivery of EF education should consider founders' preferred learning style/method/strategy and the role played by founders' 'ah-ha' realisations. See conclusion 2.
6	There are multiple ways of developing, combining, and leveraging founder characteristics for success and varying time frames over which this may occur.
7	Timing and chance can play a significant role in the EF process and its outcomes, and this may not always be fully recognised.
Overall conclusion	A founder who is empowered to use self-agency to develop an optimal mix of founder characteristics is equipped to more effectively and efficiently navigate their unique EF situation and challenges encountered as their dynamic EF journey evolves and changes over time.

Source: Author's compilation

First, it can be concluded that how the founders are currently accessing EF information, undertaking their EF journey, and signalling to the FP can lead to EF success, but that it is often not optimal for efficient and timely EF outcomes. The results showed that EF is an ongoing iterative process involving the build-up of experiences, learning, and transformative 'ah-ha' moments. All participants had had at least one successful EF application, and the learn-as-you-go (learn-from-doing and learn-while-doing) approach they utilised is fitting for the dynamic and non-linear entrepreneurial context. The learn-as-you-go approach does, however, require self-agency, self-efficacy, self-reflectiveness, meta-cognition, and a structure/system to be effective and efficient and to thus reduce some of the EF challenges and frustrations reported. Therefore, the implication is that the value of their mostly unstructured use of the learn-as-you-go approach can be enhanced by the use of self-agency and self-reflective techniques such as double-loop learning (Argyris, 1977, 2002, 2003; Auqui-Caceres & Furlan, 2023) and the use of a system or framework such as the lean start-up methodology (Blank, 2003; Blank & Dorf, 2012; Blank & Eckhardt, 2024; Felin et al., 2024; Ries, 2011) to guide a "fail fast and continuously learn" method (Blank, 2013).

These enhancements to founders' approaches can guide their EF process in conjunction with them pro-actively seeking content-based learning such as learning from advisors, mentors, incubators, accelerators, and online resources.

Another implication is that a founder who engages in frequently repeated in-person exposure to EF environments, events, role models, peers, and mentors may be able to accelerate the experiential learning opportunities and the frequency of 'ah-ha' moments experienced. It is also implicit that to optimally engage in a learn-as-you-go approach, founders need to further develop the various components that make up founder characteristics (see the concepts in the following conclusions and in particular conclusions 3 and 6). Such learning, development of characteristics, and changing of states (capacity-building) can generate significant returns, but it takes time and requires support, guidance, mentoring, and conducive environments. A regional location will have fewer resources and support structures (Guaralda et al., 2020; Habersetzer et al., 2021; Huggins & Thompson, 2020; Tonts & Larsen, 2002) to assist in capability-building or in respect of engaging in the aforementioned repeated EF exposure, thus the regional location may compound the challenges in undertaking either endeavour. Hence, capacity-building is all the more important to undertake in a regional context in order to re-shape a region's future by bringing capacity-building resources into general narratives and use for the wider benefit, growth, and prosperity of founders and the regional community in which they live (Beer et al., 2023; Bergman & McMullen, 2022; Ellerman, 2001, 2004, 2009; Huggins et al., 2023; Huggins & Thompson, 2020, 2025).

Second, it can be concluded that the founder's experiential 'ah-ha' realisations that they needed to upskill, gain more knowledge, or try a different approach is what propelled their receptivity and self-agency to make changes to their EF approach. In undergoing a process of becoming prepared, the build-up of multiple experiences over time and/or the occurrence of a significant experience gave rise to these transformative 'ah-ha' realisations that the participants had. Therefore, those assisting founders could seek to facilitate transformative experiences that may lead to founders having more of these 'ah-ha' moments sooner, including triggering founders' awareness and receptivity around the concept that they (the founder) may be under-prepared in certain areas/ways as compounded by the non-linear entrepreneurial context (Section 1.10.3), where levels of preparedness move in iterative cycles. Founders undertaking self-directed learning could intentionally choose self-reflective strategies, practices, and tools (see examples in conclusion 1) in conjunction with engaging in repeated exposure to various EF environments to increase their chances of having such 'ah-ha' moments more often and sooner in order to propel the cyclical stages of their learning forward.

Third, it can be concluded that information/content-based education is necessary but not sufficient on its own for successful EF outcomes and the reduction in EF challenges experienced. The significant information-based EF education already present online or in-person at a travel cost suggests that while available, it is not always actionable by the founder. The current format and/or location of the EF content and the founder's skill/ability and agency to effectively undertake self-directed learning appear to contribute to challenges in upskilling for EF. Therefore, an implication is that content-based EF education needs a two-pronged approach: a) the supplier may need to change how they format and deliver the content to founders, and b) the founder may need to change how they search for, engage with, and action the content available. This approach could include both supplier and founder combining the content delivered/received with the concepts noted in conclusions 2 and 5.

Fourth, in providing EF education to founders to lessen their EF challenges, it can be concluded that the information/content-based component of such education needs to cover both EF-specific knowledge and skills and other transferable/generic skills and knowledge, as the EF knowledge and skills gained will be used in an environment that is open and dynamic and contains ambiguity, unknowns, and uncertainty (Section 1.10.3). Founders need the ability to implement their EF learnings via actions that are relevant, effective, and timely in this dynamic context for their own unique situation as it evolves. Therefore, EF educational content would best cover all options within, and aspects of, navigating the EF process, which can include types and sources of EF, likely FP criteria, what the FP needs and values, the 'what and how' of signalling to the FP, and pitching skills. Transferable/generic skills and knowledge would best include tools, techniques, strategies, systems, and processes for operating in contexts of limited feedback, unclear criteria uncertainty, and ambiguity; for efficiently utilising a learn-as-you-go (learn-from-doing and learn-while-doing) strategy (i.e., learning how to learn better); for responding to chance, unknowns, and the unexpected to maximise favourable outcomes; and for effectively communicating and signalling in environments of information asymmetry. This specific and general upskilling and increasing of knowledge can be further optimised by empowering founders to use self-agency and self-reflective techniques such as double-loop learning, as noted in conclusion 1.

Fifth, it can be concluded that to be accessible to founders, the format and delivery of EF education needs to consider founders' preferred learning style/method/strategy and the role played by founders' 'ah-ha' realisations (see conclusion 2). The findings show that founders gravitate towards an experiential hands-on, self-directed, learn-as-you-go approach that serves their in-the-moment and-on-the job needs (see conclusion 1). Whether the content-based education is delivered by a third party or self-directed by the founder, these conclusions imply that the content-based EF

education should best incorporate, allow for, or occur in conjunction with the following five elements:

- learning-as-you-go (exploratory, self-directed) but best conducted using a system or structure for effectiveness and efficiency. For example, the 'fail fast' lean start-up methodology and double-loop learning, as outlined in conclusion 1.
- learning-by-doing (hands-on, experiential, on-the-job, and often in-the-moment) but best done with self-reflection.
- learning from others (others' experiences and others' knowledge) including peers, experts, advisors, and mentors, but best done with self-agency and, where possible, in an environment that embodies self-agentic thinking.
- catalytic experiences that can lead to transformative insights or 'ah-ha' realisations that can propel the cyclical stages of learning forward, and best if these occur with more frequency.
- frequently repeated exposure to EF environments and concepts/language and best done in-person where possible.

Sixth, it can be concluded that there are multiple ways of leveraging founder characteristics for success and for varying the time frames over which this may occur. Despite the considerable heterogeneity amongst the participants, all of them achieved EF success; however, some achieved it faster than others and some achieved it more often than others. The implication of this result is that there is more than one optimal mix or way of leveraging founder characteristics for success. The founders' self-reflective realisations showed that the components of the founder characteristics are developed over time throughout the EF process. Therefore, a) founders who are further along with developing an optimal mix of founder characteristics may experience fewer EF challenges and b) the temporal element in developing an optimal mix can be moderated/mediated for faster outcomes, noting the comments made in all of the earlier conclusions about what this may involve and the requirement for support and assistance.

Seventh, it can be concluded that timing and chance can play a significant role in the EF process and outcomes, which may not always be fully recognised. Some of the founders' experiences showed that elements outside of their control or influence can trump outcomes in either positive or negative ways regardless of plans and preparations, which may contribute to some EF challenges and remove other challenges. Therefore, the more able a founder is to respond to the unknown/unexpected, the more able they are to work with and even shape outcomes in the moment where possible and to make informed choices whether to opt out or to persevere at that time. This implication ties back to the need for transferable/generic skills that are applicable to the dynamic

entrepreneurial context with its inherent ambiguities, unknowns, and uncertainties, as was noted in conclusion 4 in particular.

The overall conclusion is that a founder who is empowered to use self-agency to develop an optimal mix of founder characteristics will be equipped to more effectively and efficiently navigate their unique EF situation and any challenges encountered as their dynamic EF journey evolves and changes over time. The implication of the findings given in Section 8.2.6 was that the faster the founder can accumulate, interpret, and integrate relevant actionable learnings and skills and couple these with conducive states, the more efficiently and effectively they can act to navigate and adapt their unique EF journey to successful EF outcomes. Implicated in that statement and also in all of the conclusions drawn since are the concepts of self-agency, cognitive capital, experience, and learning. In other words, it is about the levels of the founders' knowledge, skills, experience, and ability in relation to both EF and transferable skills such as strategising, managing uncertainty/unknowns, managing psychological states, and operating in contexts of minimal feedback and ambiguity. Because of the large heterogeneity amongst the founders and ventures in the cohort, the contextually complex situation of both entrepreneurship and EF, and the plethora of EF information already available online to founders, the required assistance and support cannot be both individually targeted and also delivered at scale unless a founder's self-agency plays a large role.

In such a heterogeneous and contextually driven reality, education, actions, interventions, and policy aimed at all levels (macro, meso, and micro) should best impart broad concepts, tools, and strategies to impact on the micro level in such a way that the individual is empowered to use their own agency to obtain and develop the specific/targeted information, skills, and strategies required for their own particular EF situation at any given point in time and as it evolves. This is a long-play strategy that requires such assistance and support to be consistently offered over lengthy periods of time to acknowledge the cyclical and iterative process that founders undergo in all aspects/areas of learning-as-they-go and in 'doing' entrepreneurship and EF.

The overall implication of these conclusions is that measures taken to address EF challenges need to be both educational and transformative/catalytic in nature to grow and leverage the self-agency (Section 1.10.8) of the individual founder and support their agentic endeavours in the contextually dynamic environment of entrepreneurship and EF. These measures can be facilitated and supported by those who help founders (e.g., advisors, mentors, incubators, and accelerators) and can also be self-directed by founders themselves in the form of their strategies and practices chosen

and tools and systems used. See the closing sentences in conclusion 1 for comment on the challenges, rewards, and necessity of doing this in a regional location.

8.4 Contribution to Literature and Theory

From a methodological perspective, this thesis contributes by using a qualitative, exploratory, and descriptive enquiry to capture information and lived experiences. This contribution is needed given that much of the empirical literature on EF is quantitative (Rauch et al., 2014), and quantitative approaches are not designed to address the inherent complexity and contextual richness of a topic (Miles et al., 2014). In the context of the highly segmented literature, it is particularly important to combine this qualitative approach with the broad conceptual framework that was created, which enabled the study to enhance knowledge of the EF process independent of finance type or source. This approach was combined with both inductive and deductive analysis within a conceptually driven interpretivist approach. As such, the research serves as a unique base for further studies to formulate hypotheses and explore causality. The research also contributes methodologically by keeping explicit the variability in the definitions within the disparate EF literature (Marvel et al., 2016) and providing contextual definitions of key terms used to aid in research transportability.

A contribution to the EF literature is made from the geographic perspective by focusing on founders who are located in a regional area, which in this case is the New England and North West region of NSW. This is a novel contribution as prior research has given limited attention to doing business in regional areas in Australia (Adapa et al., 2021) and much less to entrepreneurship or to EF in regional areas. In relation to other gaps in the literature, this research has contributed by considering scholars' calls for further research to look beyond the supply-side/market failure angles of investigation (Fraser et al., 2015; Svetek, 2022; Shepherd, Douglas, & Shanley, 2000) to understand the signalling between the founder and the FP (O. Colombo, 2020), taking into account multiple sources and combinations of EF (Bellavitis et al., 2017; Cumming, Deloof et al., 2019; Moghaddam et al. 2017), including founders that were unsuccessful in obtaining EF (Belitski et al. 2021; Cumming & Johan, 2017), whilst considering firm growth stage (Fraser et al. 2015; Marvel et al., 2016) and exploring HC and EF in combination with other theories (Marvel et al., 2016).

This research has made several theoretical contributions. The first is via the creation of two original frameworks to explore (Figure 3-6) and describe (Figure 7-1) the EF process from the contextual perspective of the founder who is navigating multiple sources and types of EF. Incorporated in these frameworks is the use of pre-existing concepts drawn from multiple disciplines that are summarised in Table 3-1 and Table 2-1. By combining these theoretical perspectives and providing

a common language or set of terminology, these frameworks can be applied regardless of the type or source of EF sought by the founder, which contributes to the need for "integrated theoretical frameworks" in the field of entrepreneurship (Rauch et al., 2014, p. 334). It also moves towards bridging the segmentation by finance type and source that exists in much of the EF literature. Likewise, these frameworks aim to move beyond the founder-characteristic segmentation prevalent in the literature by drawing on a broad range of concepts to understand the components within the concept of founder characteristics and highlight their interconnectedness and interdependencies in what is historically a siloed literary context.

Second, the research has contributed to two existing theories, signaling theory and image theory, by creating several comprehensive diagrams that draw on multiple sources. These diagrams aid in the understanding of the two theories, may encourage further use of the theories in the field of EF, and highlight nuances for future scholars to explore. Signaling theory proved effecting in describing the EF process, as it has in prior EF studies. Figure 2-1 incorporated concepts from seminal works and three reviews of signaling theory in entrepreneurship/management to provide a comprehensive visual summary of the main concepts within the theory. Figure 3-5 took this a step further to highlight that there are multiple layers of assumptions inherent in the EF signalling criteria and process, as was revealed when using signaling theory to synthesise the empirical findings of the EF literature and describe the EF process (see Chapter 3 and Section 3.9 in particular). In addition, Section 7.4 made comment on aspects of signaling theory in the EF context that arose from the empirical findings of this study. Furthermore, the use of the bridge metaphor depicted visually in the third iteration of the conceptual framework in Figure 7-1 is an addition to signaling theory.

The application of image theory is a novel contribution to the field of EF and aids in better understanding the relationship between the FP's criteria and the FP's decision process regardless of which EF source or type of EF the FP represents. Image theory provides a common terminology to bridge this literary segmentation and allows discussions to be had across silos. The comprehensive diagrams that summarise the theory (figures 3-3 and 3-4) may be valuable for EF scholars to utilise, particularly those who seek to answer Manigart and Khosravi's (2023) call for a better understanding of investors' decision-making across investors and investor classes (i.e., across finance sources and types).

8.5 Contribution to Policy

The NSW Government's policies in relation to start-ups and entrepreneurship centre around the provision of funding via grants and the provision of resources, support, and micro-credentials via programs, hubs, precincts, landing pads, and co-working spaces. The specifics of these offerings change as the government and its policies change, and current details can be found on the 'Investment NSW' web page provided by the NSW Innovation and Productivity Council (2025). At a national level, tax incentives that are provided include the research and development R&D tax offset (Income Tax Assessment Act, 1997), and grants and education are provided via programs such as the (currently closed) entrepreneurs programme (Business.gov.au, 2023a) and the industry growth program (Business.gov.au, 2023b). Entrepreneurial education is available, for example, through the "Startup Year" program piloted in 2024 across 11 universities (Australian Government Department of Education, 2024).

This study contributes to future policy initiatives by providing policy makers with an understanding of the EF challenges, needs, and desires of founders currently operating in regional NSW locations. These are summarised in Table 6-3. Also, the description and contextualisation of founders' lived experiences presented in this study (see in particular Chapter 6, Appendix A6, Section 5.6, and Appendix A5) provide an understanding of the current situation from the founders' perspective, which is valuable, if not crucial, when designing policy measures for EF (Ellerman, 2001, 2004, 2009). The descriptions provided were interpreted and discussed in chapter 7 (discussion), and summaries were presented in Table 8-1 (major findings) and Table 8-2 (conclusions). Some possible ways in which these insights may help future policy were alluded to when discussing the implications of the findings and the conclusions (see sections 8.2 and 8.3, respectively) and these are elaborated on below in relation to grants, education-based programs, and the regional location.

8.5.1 Grants

The findings highlight the need for some changes to government grants. New policy decisions could consider the views and experiences described in Section A6.2.4 of Appendix A6 to explore and address the communication of grant criteria, process, and expectations; the communication of feedback; and the impacts of time frames, conditions, and acquittals imposed. If policy makers direct further resources to these areas as outlined in Section A6.2.4, they may be better able to strike a balance between creating efficient and effective experiential learning for founders who are unsuccessful in their grant applications (the majority of applicants), creating a cost-effective

overall experience for founders who are successful in their grant applications, enabling founders to self-assess their own suitability and compatibility upfront, and maximising the probability that the grant monies deployed create positive long-term impacts for communities. The research scope does not allow comment on the effectiveness of the actual provision of funding to founders (Kavourakis et al., 2024), but rather the insights highlight challenges experienced with the logistics of accessing grant funding.

8.5.2 Education-based Programs

Additionally, the research highlights the need for policy makers to consider the education-based EF programs that governments deliver, support, or subsidise. This research implies that content-based EF education on its own cannot meaningfully move long-term outcomes, and that programs that incorporate and embody self-agentic tools/techniques and opportunities for transformative catalytic experiences are also required. These features may foster 'ah-ha' realisations, aid in capacity-building, and enhance founders' ability to utilise the learn-as-you-go-approach more effectively/efficiently.

The research conclusions suggest that EF challenges may be lessened where founders can partake in a consistently offered ongoing education program designed with the following elements in mind: a) a foundation-level knowledge dissemination space with both physical and online presence for all founders regardless of venture stage or founder demographics; b) an avenue and directory of introductions, information, contacts, and connections for founders to easily access specific non-foundation-level knowledge and skill-building on demand as and when founders need; c) a setting in which experiential learning and opportunities for self-transformative experiences are integrated and intentionally facilitated; d) an environment where interactions with peers and experts can occur and that not only endorses self-agency and double-loop learning but also embodies it in its culture and narrative. These recommendations are in line with scholars who emphasise the agentic component that distinguishes genuine help (help to become self-sufficient) from unhelpful help (help that undermines autonomy and often without realising it) (Bergman & McMullen, 2022; Ellerman, 2001, 2004, 2009). These recommendations also require that those who offer assistance "reflect on their own style of intervention and learning" (Deakins et al., 2000) so that they can best embody a genuinely helpful culture and self-agentic narrative.

In addition, the heterogeneity of founders and the dynamic and temporal contexts of both entrepreneurship and the learn-as-you-go approach suggests that demographically targeted and/or short-term policy measures cannot have the scope or scale to create significant long-term outcomes and flow-on effects for founders and their communities, because by design, such programs can

only target the needs of the few (in head count or temporally). This situation is problematic given that most government support programs appear to be "stop-start" political-cycle based (Renando & Moyle, 2021, p.22) and/or are directed at students or aspiring founders rather than current founders (Renando & Moyle, 2021). While the founders are heterogeneous, they share the entrepreneurial context they are operating within; therefore, an ongoing and autonomy-compatible program would have the potential to better address the needs of a diverse variety of founders because it meets founders where they are at in their EF journey regardless of any differences with their peers. It would also provide a cohort of peers to learn with and from, including the option to share their own learnings.

The Global Entrepreneurship Monitor Report for Australia released 25 years ago (Hindle & Rushworth, 2000) raised five key issues, the first of which is education and the second is lack of capital. At that time, calls were made to provide fundamental skills in entrepreneurship to "introduc[e] business awareness and entrepreneurial concepts throughout schools" (p. 3) and to help nurture the "entrepreneurial spirit" (p. 4). This requirement is still relevant today to guide, assist, and empower both founders and aspiring founders to gain the awareness, self-agency, and skills that best meet their current stage in the dynamic EF journey as it evolves.

8.5.3 Regional Context

The internal capacity-building of founders that can be generated from such an education-based program described in Section 8.5.2 can have spill-over effects into the regional community in which founders are embedded, and studies have shown that the long-term benefits can be truly transformative (Bergman & McMullen, 2022; Ellerman, 2001, 2004, 2009). Likewise, and regardless of location, such a program would need to be created and implemented in a collaborative and co-ordinated manner with various stakeholders, because it is not easy to create a successful entrepreneurial ecosystem in a top-down manner (Lerner, 2009) due to the non-linear and iterative process required (Huggins & Thompson, 2020). Government approaches would best be co-ordinated with an appreciation for local contexts (North & Smallbone, 2006) and to complement bottom-up approaches fuelled by the collaborative self-agency within each local community (Huggins & Thompson, 2020, 2023, 2025; Pearson et al., 2017). This may be done with the co-ordinated and collaborative involvement of incubators, accelerators, mentors, and advisors to create an integrated support ecosystem for founders in both their EF and broader entrepreneurial endeavours, and in this manner policy efforts can be enhanced by taking a catalytic approach (Frimanslund, 2022; Lerner, 2009) and a long-term outlook.

8.5.3.1 *First Steps*

Concurrent with creating a beta version of the online component of the program proposed in Section 8.5.2, one of the initial steps for implementation of the physical in-person component could be to "start where the doers are" (Ellerman, 2001, 2004, 2009). That is, assess place-based readiness levels (Pearson et al., 2017) and collaborate with those regional locations that already have local "key human agents" (Huggins & Thompson, 2020, p. 574) acting on their own ingenuity to shape the nature of their town/region in support of entrepreneurship and EF access. These key human agents are usually entrepreneurs and those who support entrepreneurial endeavours such as incubators (Huggins & Thompson, 2020, 2023). Providing co-ordinated support via the catalytic education-based program suggested fuels the bottom-up momentum already being generated in these locations and increases the chances of it (the momentum and the program) being sustained and cemented into new paths and ongoing opportunities for the region. The success of these initial locations may serve as inspiration for latent key human agents (particularly entrepreneurs) in other regional locations to step up and become "core drivers of development" (Huggins & Thompson, 2020, p. 574) in their own regions with the knowledge that policy will stand behind them by providing access to networks and to the long-term catalytic education-based support required for their agentic pursuits. There will be many structural and contextual realities to contend with throughout this process of developing such a program, which will necessarily be iterative and contain unanticipated collaborations (Saxenian & Sabel, 2008).

8.5.3.2 *Measuring Outcomes*

Measuring the outcomes of such a policy/program is not simple as this is a long-term (Huggins & Thompson, 2020) and contextually sensitive approach (contextually sensitive at all levels: micro, meso, and macro) that encourages a founder and a community of founders to grow self-agentically (Huggins & Thompson, 2020, 2025) according to their individual entrepreneurial and EF journeys. The benefits of such a policy are both broad and nuanced and will take time to materialise at all levels, especially at the meso and macro levels where they may then be more easily visible for measurement purposes in, for example, the changes in place-based narratives and pathways and the agentic emergence of institutions that paradoxically should have been a prerequisite for such entrepreneurial growth and development in the first place (Saxenian & Sabel, 2008).

8.6 Contribution to Practice

This research makes a tri-fold contribution to practice, as it has benefits for founders, those who help founders (e.g., advisors, incubators, and accelerator programs), and, via flow-on effects, the start-up/scale-up communities and the broader regional communities in which they are both embedded. Each of the three areas are outlined below.

8.6.1 Founders

Founders may benefit both directly and indirectly from this research. Indirect benefits include receiving services from others who have directly benefited from the research findings, such as a regional incubator and those who help founders as outlined below, or from policy measures as outlined in Section 8.5 above. Direct benefits for founders should they choose to read this research are the awareness of EF in general, the many EF options available, insight into the FP decision-making process regardless of the type or source of finance, an overview of the EF signalling dynamics, the FP's potential decision criteria, the underlying importance of the founder-related criteria as a signal of execution ability, and the awareness that all founder-characteristic components can be changed. The following tables, figures, and sections may be insightful for founders to refer to: Table 1-2 and Table 1-3 summarise the sources and types of EF, Figure 3-1 gives examples of categories of FP criteria, Figure 3-5 describes signaling theory for a start-up/scale-up founder seeking EF, Figure 7-1 describes the EF interaction more broadly, and Section 1.10 provides definitions of key terms. Founders may also directly benefit if they choose to read this research as a way of learning from their peers, as the views and experiences shared by the participants may help reduce current and future EF challenges. The following tables may be insightful: Table 6-2 and Table 6-3 summarise the results, and Table 8-1 summarises the major findings. Various quotes presented in Chapter 6 and Appendix A6 may also be insightful to read.

Research-rich entities in regional areas who may or may not be in start-up phase but are seeking to capitalise on their IP or patents, for example by establishing a subsidiary or spin-off, can also benefit from incorporating insights into their EF strategies and practices. The employee/s responsible for such spin-offs may effectively be in a similar situation to the founders and could therefore refer to the above paragraphs in relation to the benefits for founders. The parent entity of the spin-off may also take the role of a mentor or advisor and may benefit from some of the section below relating to those who help founders.

8.6.2 Those Who Help Founders

Entities that help founders, including business incubators, accelerators, accountants, mentors, and advisors, can also benefit from this research. The descriptions provided of the participants' EF experiences can contribute to an understanding of how founders (i.e., their members or clients) comprehend and approach the EF task. This awareness includes what strategies and practices founders are aware of and are using, where gaps lie in founders' EF knowledge, skills, networks and resources, and what the biggest EF pain points and challenges are for founders. Insights from this research could be thus used to inform product and service design and delivery. Such businesses are in a position to test the research conclusions and implications of this study by offering services that target the identified EF challenges, needs, and desires of founders. Likewise, they are potentially in a position to more swiftly take on board and implement the same insights provided to policy makers in the sections above regarding the design and implementation of catalytic/transformative education-based offerings. If, however, their business model is dependent on government funding, as for example many incubators are, and that government funding is driven by prior policy measures, then this agility to trial the long-term approaches suggested above may be challenging. It may be the case, as Hindle and Rushworth (2000) pointed out 25 years ago, that "industry cannot rely on government to lead the way in developing industry policy" (p. 4).

Taking on board the insights from this study has the potential for flow-on benefits in three directions: first, to their customers (the founders) by facilitating improved chances of positive EF outcomes; second, to themselves (the entity helping founders) by providing improved business metrics due to better informed meeting of their customers' needs; and third, to the regional community in which both are embedded due to the flow-on effects from the success of both their own business and that of the founder's venture. If supporting founders is defined as "help to become self-sufficient" (Bergman & McMullen, 2022, p. 688), then naturally, efforts encompass more than the provision of resources (Hanlon & Saunders 2007) and include being a catalyst to trigger experiential learning within those being supported (Bergman & McMullen, 2022; Politis et al., 2019), fostering the skill of learning how to learn (Bergman & McMullen, 2022), and championing the autonomy/self-agency of the founder (Ellerman, 2001, 2004, 2009). Those who help founders can take the insights from this research to inform their own efforts to build such support environments and experiences for founders, and this can involve creating an integrated ecosystem of support by collaborating with other stakeholders as described in the education-based programs paragraphs that make up much of Section 8.5.

8.6.3 Regional Communities

Regional communities can benefit from this research. If the benefits to founders and support entities are achieved as described above, then there can be flow-on benefits not only to the start-up/scale-up communities they are involved in but also to the broader regional community they are embedded in (Huggins et al., 2023; Huggins & Thompson, 2020, 2025). A founder that is successful in their EF goals may have more chance to be successful in their venture, and a successful venture can contribute to its local community in many beneficial ways (Acs et al., 2018; Hindle & Rushworth, 2000; Huggins & Thompson, 2020; King & Levine 1993a, 1993b; Schumpeter, 1934, as cited in Ferreria et al., 2017). These benefits were mentioned in Section 1.1 and include value from goods and services, employment, economic prosperity, resilience, and cultural enhancement. In addition, regardless of a particular venture's success, the internal capacity-building arising from developing founder characteristics (Bergman & McMullen, 2022; Ellerman, 2001, 2004, 2009) can have flow-on effects into the life of the individual founder and those in their networks and community, which may contribute to success in another endeavour, be it their own or that of a fellow regional founder whom they inspired.

The regional context of limited EF resources makes the role of support entities, as discussed above (Section 8.6.2), even more integral to the generation of such flow-on effects in a regional community. This situation raises the issue of the resource constraints faced by regional incubators themselves if the incubator is funded by government grants. Grants are subject to delivery criteria that stem from current government policies, and grants are also short term and subject to change as governments change and as government budgets and policy changes. This makes a government-grant funded incubator less flexible to take on board all of the insights from this research, unless government policy and grants are designed to support the delivery of long-term consistently offered programs as outlined in Section 8.5.2. The alternative in the meantime is to continue to build, co-ordinate, and collaborate with various other local stakeholders (Huggins & Thompson, 2020, 2023, 2025), as was discussed in Section 8.5.3 in an effort to generate the required regional entrepreneurial ecosystem autonomously.

8.7 Limitations of the Study

The research was not designed to test causality, as entrepreneurship is complicated and contextually diverse (Baker & Welter, 2020; Welter, Gartner, & Wright, 2016; Zahra et al., 2014), which makes it difficult to account for the impacts of all variables, whether they be contributing, modifying, or otherwise. It was an assumption of the research that many of the variables chosen may contribute to causality in unique ways and combinations, and due to the exploratory research

design used, causality can only be speculated upon and hypothesised about for testing in future research.

There were also inherent measurability challenges within the subject matter due to the complexity, interconnectedness, interrelatedness, and subjective aspects of the founder-characteristic components of HC, SC, PC, CC, and personality traits. These are not simple to define, capture, and measure, and doing so with acceptable levels of objectivity is difficult even if large resources are available. Section 4.7.2.5 discusses this issue and notes that many of the measures used in the PiQ to capture these founder characteristics were created by the researcher, have not been statistically tested for validity and reliability due to resource constraints, and may not capture what they were intended to capture.

This research was limited to a particular area of regional NSW (the NENW), and participants were drawn from a single data source (the SRI business incubator). Both factors may affect transportability/transferability that can be made from the findings, as outlined in Section 4.7.4. Additionally, as founders located in non-regional locations do not form part of the research sample, comparing and contrasting regional and non-regional locations was not possible.

EF suitability/appropriateness, which can be difficult to objectively assess, was beyond the scope of the data collected. Consequently, the founders' EF challenges were presented without the significant, although subjective, contextual information of whether an EF type/source was in fact an appropriate or best option for the founder to be pursuing at that point in time to grow their venture.

8.8 Avenues for Further Research

Future research will benefit from addressing the limitations of the current research as identified in the limitations section above and also throughout the methodology chapter. In addition, the scope of the research (see Section 1.3) revealed avenues for future research by virtue of the boundaries it set (see in particular the third column of Table 1-1). As these items have already been discussed they will not be repeated here, save to say that future research could incorporate additional data sources and regional locations, use a longitudinal approach to capture the EF process as it unfolds over time (temporal aspect), be process-oriented, and incorporate researcher observation of participants' EF actions and interactions in real time to address some of the self-reporting limitations and inherent biases that arise (Duxbury, 2012) from conducting interviews and utilising questionnaires.

Part of the objective of this research was, by its exploratory and descriptive nature and broad conceptual frameworks, to serve as a foundation for future research to build upon to address founders' EF challenges. Many hypotheses can be formed for future exploration. These can be drawn from the interpretations of the results provided in the tables within Section 7.3 and from the implications outlined in Section 8.2.

Likewise, the conclusions drawn and their implications suggest areas of value and interest to explore further. Some examples are listed below.

- Exploring how to facilitate transformative/catalytic experiences that may lead to founders having more 'ah-ha' moments sooner.
- Exploring the nature of the experiences that founders had that caused them to become more receptive to the need to approach and strategise their EF process differently and take action on their newfound insights.
- Exploring how to facilitate the triggering of a founder's awareness and receptivity around the concept that they are moving in cyclical stages of learning and preparing (i.e., that they are going through a process and an iterative journey of preparing, and that they may not always be at the level of preparedness that they think they are at).
- Exploring various optimal mixes of founder characteristics that lead to EF success, assessing what they have in common with each other, and testing the assumptions that one commonality is self-agency and that another commonality is the cognitive and psychological/affective ability to deliberately utilise self-reflective approaches.
- Exploring how to enhance EF self-agency in founders, especially in a regional context where relevant resources are often not physically present and cultural narratives may not always be supportive. This is important because, in general, "there is much we do not know regarding how ESO [Entrepreneurial Support Organisations] empower, change and/or challenge" founders during their journeys (Bergman & McMullen, 2022, p. 698).

Additionally, further research could gain insight by exploring concepts that were raised by only a few participants. See Appendix A6 for examples such as the FP being a 'tyre kicker' and not serious about making any investments. Other examples of minority views can be found within some parts of the 'possible interpretations' tables that were presented throughout Chapter 7. These concepts could be explored further with a larger sample size to see if they develop into larger themes. The research also raised opportunities for future research to further explore the relationship between various variables and the themes arising, such as the association between extraversion/sociability and the views on the adequacy of EF networks for regionally located

founders, or the relationship between the length of time lived in the region, geographic narratives/culture, and EF challenges.

8.9 Summary

This chapter considers questions that arise from the findings in this exploratory research. After condensing the major findings into five key categories and discussing the implications of the findings, this chapter presented seven conclusions that led to the following assumptions a) a founder who is empowered to use self-agency to develop an optimal mix of founder characteristics will be equipped to more effectively and efficiently navigate their unique EF situation and any challenges encountered as their dynamic EF journey evolves and changes over time, and b) that measures taken to address EF challenges experienced by founders need to be both educational and transformative/catalytic in nature to grow and leverage the self-agency of the individual founder and support their agentic endeavours in the contextually dynamic environment of entrepreneurship and EF. The contributions to policy and practice sections suggested elements that arose from the research that would best be incorporated into an ongoing EF education program/offering. Challenges that may be encountered in creating such a program were also raised, and in particular, those that relate to the regional context.

There are many avenues for further research to test the conclusions arrived at and explore the ways that founders can best be supported in their EF journeys. This thesis conveyed that EF success is not just about the growth stage of the venture but also about the growth stage of the founder. In the cyclical process of becoming prepared, to have an 'ah-ha' moment and experientially realise that you don't know what you don't know signals that a shift has occurred, and the path opened to new and potentially better/faster ways of approaching the challenging EF task that is at hand.

Having gained an understanding of the current situation and experiences of the founders, the researcher's own cyclical learning process has come full circle from the observations shared in Section 1.1 to now ask: how can one act as a catalyst and help create this transformative shift sooner for founders? How can one, in the spirit of Bergman and McMullen (2022) and Ellerman (2001, 2004, 2009), help these entrepreneurial 'doers' in the autonomy-compatible manner that will help them best? Those are questions for future research.

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Appendix A1: Semi-structured Interview Guide

1. Could you share your views about running a business here in regional Australia?
2. What are your views about getting finance for growing or starting a business here in regional Australia?
3. Could you share with me your reason for being in (this) business?
4. Could you give me a 30 second description of what your business does?
5. How do you plan to leave this business? And what will it look like at that time?
6. Think back to when you most recently applied for finance for the business. What made you decide to seek finance for your business?
7. Was the finance application successful or not? and in what ways?
8. What were your biggest learnings, insights or takeaways from the [EF] experience?
9. What were the biggest challenges or difficulties from the [EF] experience?
10. How did you go about seeking finance for your business? Could you describe the journey starting from when you realised that some type of finance was needed?
11. What did you do to increase your chances of success in obtaining finance?
12. At the time of applying for finance, how would you describe the business' situation?
13. What types of finance have you considered applying for– could you tell me what made you consider these types and not others?
14. What things do you think a finance provider values the most when they consider an application?
15. Overall how was the [EF] experience? And how did it differ from your expectations, including any fears?
16. If you could give feedback to the finance provider, what would it be?
17. Is there anything else that I've not asked, that would be important for me to know?

Appendix A2: Post-interview Questionnaire

This appendix contains an export of the post-interview questionnaire (PiQ), which was emailed to participants on the day shortly after their interview was completed. The PiQ was self-completed on the participants' own device without the presence of the interviewer. Qualtrics software (Qualtrics.com) was used to administer the PiQ, and due to printing parameters, the exported formatting on the following pages differs to how participants experienced the PiQ on their own device screen via Qualtrics.

une University of New England

PROCEDURE 3

Post-Interview Questions

AS EXPORTED from Qualtrics

Research Project:

Enablers and Barriers to Entrepreneurial Finance for NSW Regional Founders:

A Thematic Analysis of their Approaches and Views

NOTE – question numbers will not be shown to participants, but are shown here to make the export easier to read.

S0.Q0. Welcome and thank you.

This questionnaire is in 4 sections
It will take between 10-20 minutes

- 1. Demographics about your business 2 - 4 minutes
- 2. Demographics about you 1 - 2 minutes
- 3. Nine questions 2 - 4 minutes
- 4. A personality profile tool 4 - 10 minutes

S0.Q0.1. CONSENT

I have read the information contained in the Information Sheet for Participants and any questions I have asked have been answered to my satisfaction.

I am 18 years of age or older.

I agree that research data gathered for the study may be quoted using a pseudonym, and published in such a way that I will NOT be identifiable in any published documents

I agree to be identified in this research for the purposes of the research team

1

carrying out the research, and I understand that I will NOT be identifiable in any published documents.

By selecting 'agree' I am agreeing to the above and also to participate in this study.

Please select an option below and then click the arrow button.

- ○ Agree
- ○ Exit survey

S0.Q0.1

Skip to

End of Survey if Exit survey Is Selected

S1.Q0.

This is Section 1

Demographics of your business

~

It will take between 2 to 4 minutes

S1.Q1. Location of the business

Postcode:

S1.Q2a. What is the Business's ABN? (Australian Business Number)

ABN:

S1.Q2b. Were you already using this ABN for another business before you started this one?

- ○ Yes
- ○ No

2

IF YES

S1.Q2c. What year did you start this business?

Year

S1.Q3.
What does your business do?
Also include: Who you sell to (target market)

S1.Q4. How many employees are there? (including you)
(put 0 in each box where there are none)

Full-time	
Part-time	
Casual	
Regular contractors	
Working founders who are NOT on the payroll as employees	
OTHER - please provide detail	

S1.Q5. What growth-stage best describes your business?

- IDEA / CONCEPT stage - exploring the idea to see if it's got potential
- INCUBATION stage - turning the idea into something you can launch to the market
- LAUNCH stage - ready to sell your product/service to customers
- SCALE-UP stage - expanding further and taking market share from competitors
- OTHER -please describe, (including if you are transitioning between stages)

3

S1.Q6a.
Does sales revenue exist from selling a product/service ?

- Yes
- No

S1.Q6b.
Has there been a profit in any financial year ?

- Yes
- I don't know
- No

S1.Q7. What types of finance have you considered applying for in relation to the business?
Mark all that you have considered (even if you didn't end up applying)

- Loan - family
- Loan - friends
- Loan - personal credit card
- Loan - personal mortgage / or re-draw
- Loan - business bank loan
- Loan - business overdraft or line of credit
- Loan - equipment finance
- Loan - vendor finance (from suppliers)
- Loan - crowdLENDING / peer-to-peer lending
- Loan - revenue based
- Loan - online-only 'bank' - low doc /fast approval
- Loan - other please provide detail
- Grant - government - please provide detail
- Grant - non-government - please provide detail
- Government R&D tax offset
- Government subsidies or other offsets - please provide detail
- Equity - family
- Equity - friends
- Equity - business angel

4

- ☐ Equity - venture capital
- ☐ Equity - crowdfunding
- ☐ Equity - other - please provide detail
- ☐ Crowdfunding – pre-purchase / reward
- ☐ Customer pre-payments (pre-selling)
- ☐ Convertible debt
- ☐ Donations
- ☐ Scholarships & competitions - please provide detail
- ☐ Other - please provide detail

S1.Q8. When did you most recently apply for finance for your business?
(Include finance of any type for example: Grants, Equity, Loans, Credit, etc)

Year

S1.Q9. How many finance applications (of any type) have there been prior to that application?
(Count all whether successful or not,
include applications that were started but not completed.
Include finance of any type for example: Grants, Equity, Loans, Credit etc)

Number of prior finance applications (of any type)

S2.Q0.

This is section 2

Demographics about you

~

It will take you approximately 1 to 2 minutes

S2.Q1.
Number of founders including yourself
(exclude any founders who no longer have any involvement in the business)

Number of active founders including You

S2.Q2. What year were you born?

S2.Q3. Sex recorded at birth

S2.Q4. For how many years have you lived in the region that the business is in?

S2.Q5. Is this business your main source of employment?

- ○ Yes
- ○ No

S2.Q6. How many other businesses have you owned ?
(either on your own or with others, include past and other current businesses)

S2.Q7. How many finance applications have you had significant involvement in preparing?
(Both as a business owner AND as an employee
Include finance of any type for example: Grants, Equity, Loans, Credit, etc)

S2.Q8.
What types of education have you undertaken?
(mark all that apply)

- ☐ Secondary level (high school)
- ☐ Certificate level (TAFE etc)
- ☐ Diploma (TAFE etc)
- ☐ Bachelor / Undergraduate degree
- ☐ Graduate Diploma (including industry based specialist qualifications)
- ☐ Graduate Certificate (including industry based specialist qualifications)
- ☐ MBA
- ☐ Masters by coursework (other than MBA)
- ☐ Masters by research
- ☐ PhD
- ☐ Non-award courses /training
- ☐ Participation in structured business coaching/mentoring programs

7

S3.Q0a.

This is section 3

~

It will take you between 2 to 4 minutes

S3.Q1. Does the business have any patents registered and/or pending?

- ☐ NO patents
- ☐ ALREADY registered - please enter number
- ☐ PENDING registration - please enter number
- ☐ Other - please provide detail

S3.Q2.
How many other business owners do you talk with on a weekly basis on average?
(Exclude suppliers and customers)

Number

S3.Q3. **How well does this statement describe you?**
"In general I am successful at demonstrating to others that it is worthwhile for them to give/do what I ask for."

- ○ Not well at all
- ○ Slightly well
- ○ Moderately well
- ○ Very well
- ○ Extremely well

8

S3.Q4. How many people in your existing network, could you ask **today** to do the following:
to lend to, or to invest in, or to offer advice to your business?
(Even if you don't want to actually ask them to do this!)

- Number who could LEND TO your business
- Number who could INVEST IN your business
- Number who could offer ADVICE TO your business

S3.Q5. **How well does this statement describe you?**
"If I persevere, I will find a way to get the finance I need from somewhere"

- Not well at all
- Slightly well
- Moderately well
- Very well
- Extremely well

S3.Q6a.
How frequently do you **think about** the **possibility of failure** in relation to **any** aspect of your business?

- Daily
- Weekly
- Fortnightly
- Monthly
- Quarterly
- Yearly

S3.Q6b. When this happens, do you generally respond with any of the below?
Move the marker to indicate how strongly they apply.

9



(the statements are set to show randomised)

S3.Q7. **How does this statement describe you?**
"I see how something can be done a different way to get a better result"

- Daily
- Weekly
- Fortnightly
- Monthly
- Quarterly
- Year

10

S3.Q8a.
Does your business have research and development (R&D) that meets the ATO (Australian Taxation Office) criteria below?

- ○ Yes
- ○ No

S3.Q8.b.

Research and Development (R&D)

aims to generate **NEW** knowledge

knowledge that does not exist elsewhere in the world yet

This NEW knowledge **includes** the creation of:
improved materials, products, devices, processes or services.

It is arrived at by:

conducting experiments

based on principles of established science,

where the outcome cannot be determined at the start

It proceeds from hypothesis to experiment, observation and evaluation, and leads to logical conclusions

SOURCE: https://www.ato.gov.au/business/research-and-development-tax-incentive/checklist-for-claiming-the-r-d-tax-incentive/

NOTE Market research is different

that's part of working out how you will commercialise something

Also **excluded** is:

Figuring out how to reproduce an existing commercial product or process

SOURCE: http://www5.austlii.edu.au/au/legis/cth/consol_act/itaa1997240/s355.25.html

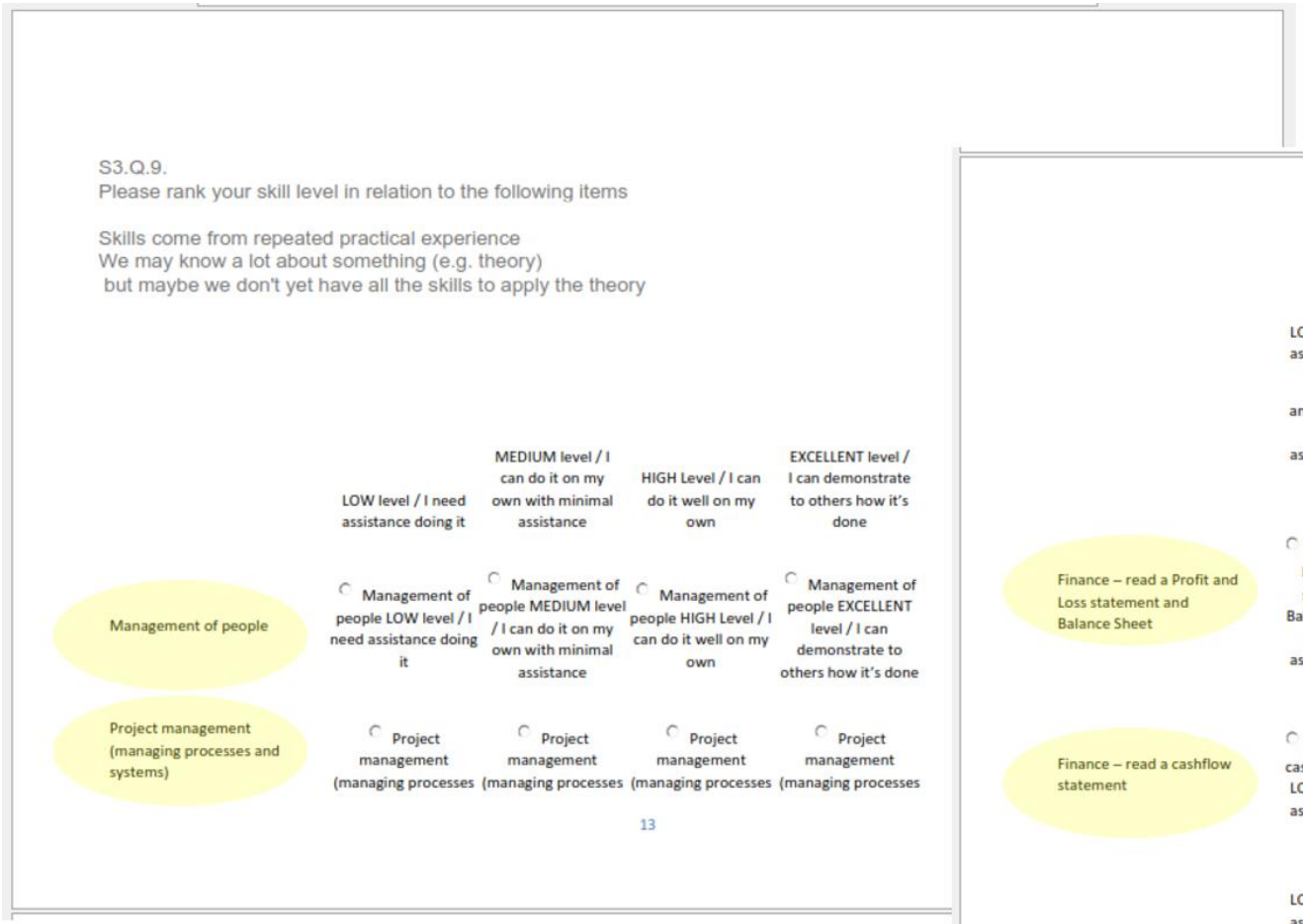
11

IF YES

S3.Q8.c.
What **stage** is your Research and Development (R&D) at ?
(If more than one are occurring at the same time, mark all that currently apply)

- ☐ Early stage – outcomes still unknown
- ☐ Progressed – likely outcomes of R&D can now be determined
- ☐ Commercialisation - have an outcome that is ready to be/being commercialised
- ☐ Already commercialised – sales are being generated from this R&D
- ☐ Using someone else's R&D - commercialising it for the first time ever
- ☐ Other - please provide details

12

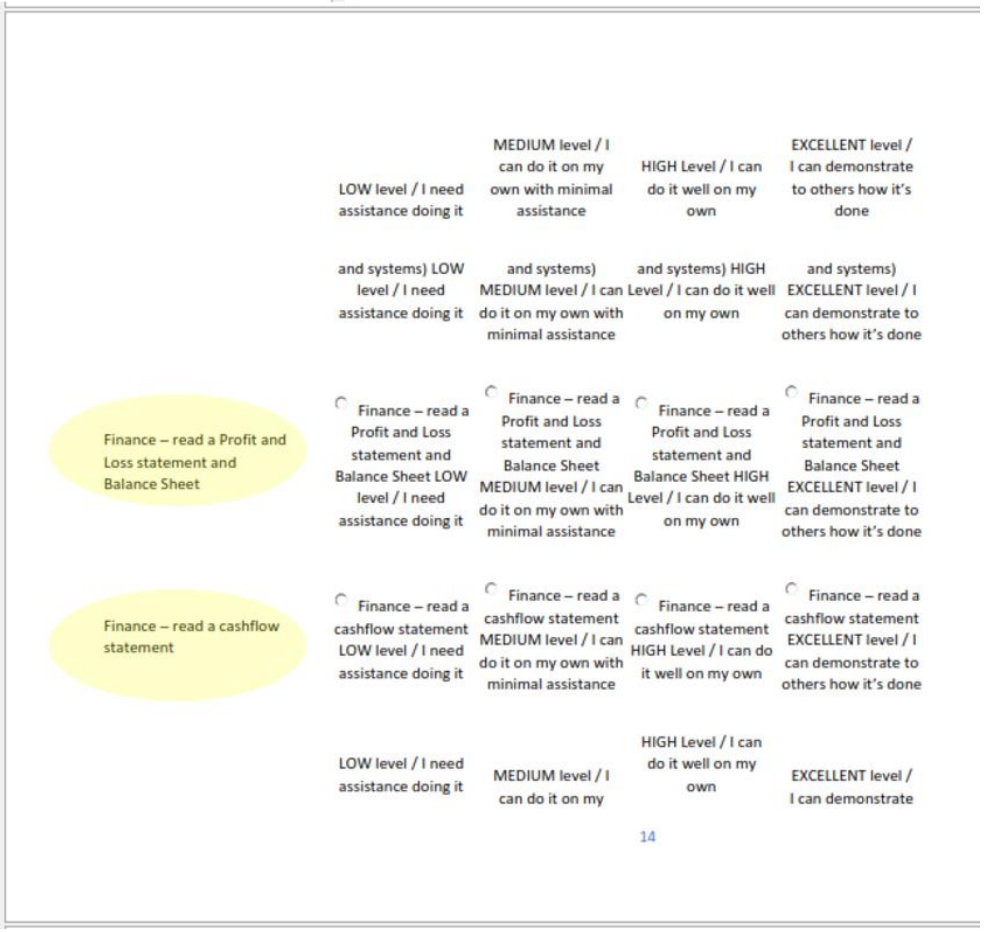


S3.Q.9.
Please rank your skill level in relation to the following items

Skills come from repeated practical experience
We may know a lot about something (e.g. theory)
but maybe we don't yet have all the skills to apply the theory

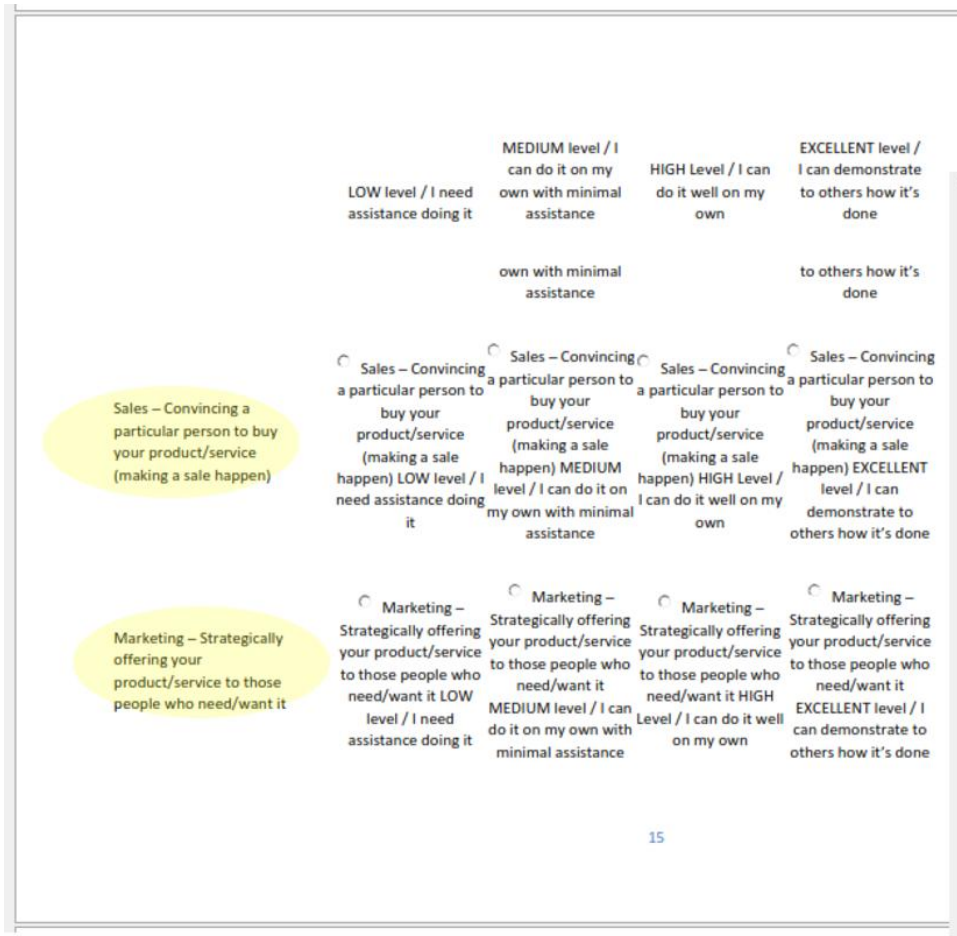
	LOW level / I need assistance doing it	MEDIUM level / I can do it on my own with minimal assistance	HIGH Level / I can do it well on my own	EXCELLENT level / I can demonstrate to others how it's done
Management of people	Management of people LOW level / I need assistance doing it	Management of people MEDIUM level / I can do it on my own with minimal assistance	Management of people HIGH Level / I can do it well on my own	Management of people EXCELLENT level / I can demonstrate to others how it's done
Project management (managing processes and systems)	Project management (managing processes	Project management (managing processes	Project management (managing processes	Project management (managing processes

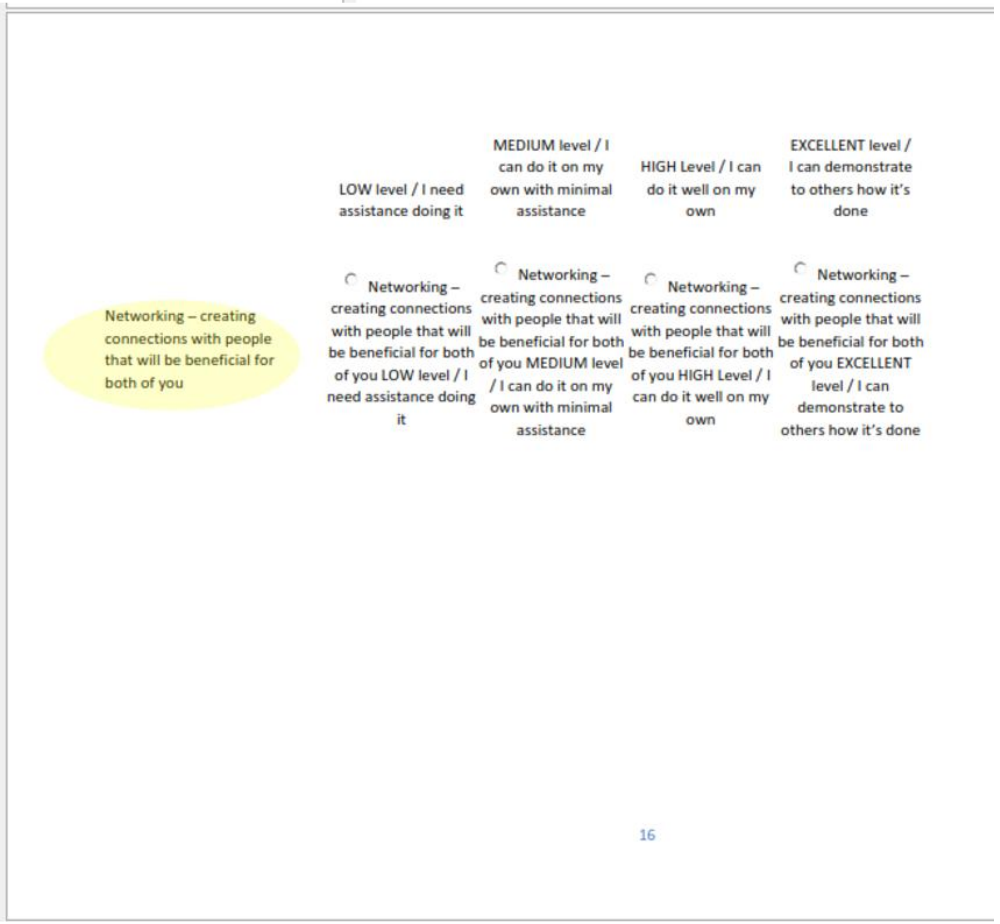
13



	LOW level / I need assistance doing it	MEDIUM level / I can do it on my own with minimal assistance	HIGH Level / I can do it well on my own	EXCELLENT level / I can demonstrate to others how it's done
	and systems) LOW level / I need assistance doing it	and systems) MEDIUM level / I can do it on my own with minimal assistance	and systems) HIGH Level / I can do it well on my own	and systems) EXCELLENT level / I can demonstrate to others how it's done
Finance – read a Profit and Loss statement and Balance Sheet	Finance – read a Profit and Loss statement and Balance Sheet LOW level / I need assistance doing it	Finance – read a Profit and Loss statement and Balance Sheet MEDIUM level / I can do it on my own with minimal assistance	Finance – read a Profit and Loss statement and Balance Sheet HIGH Level / I can do it well on my own	Finance – read a Profit and Loss statement and Balance Sheet EXCELLENT level / I can demonstrate to others how it's done
Finance – read a cashflow statement	Finance – read a cashflow statement LOW level / I need assistance doing it	Finance – read a cashflow statement MEDIUM level / I can do it on my own with minimal assistance	Finance – read a cashflow statement HIGH Level / I can do it well on my own	Finance – read a cashflow statement EXCELLENT level / I can demonstrate to others how it's done
	LOW level / I need assistance doing it	MEDIUM level / I can do it on my	HIGH Level / I can do it well on my own	EXCELLENT level / I can demonstrate

14


LOW level / I need assistance doing it
MEDIUM level / I can do it on my own with minimal assistance
HIGH Level / I can do it well on my own
EXCELLENT level / I can demonstrate to others how it's done
own with minimal assistance
to others how it's done
Sales – Convincing a particular person to buy your product/service (making a sale happen)
Sales – Convincing a particular person to buy your product/service (making a sale happen) LOW level / I need assistance doing it
Sales – Convincing a particular person to buy your product/service (making a sale happen) MEDIUM level / I can do it on my own with minimal assistance
Sales – Convincing a particular person to buy your product/service (making a sale happen) HIGH Level / I can do it well on my own
Sales – Convincing a particular person to buy your product/service (making a sale happen) EXCELLENT level / I can demonstrate to others how it's done
Marketing – Strategically offering your product/service to those people who need/want it
Marketing – Strategically offering your product/service to those people who need/want it LOW level / I need assistance doing it
Marketing – Strategically offering your product/service to those people who need/want it MEDIUM level / I can do it on my own with minimal assistance
Marketing – Strategically offering your product/service to those people who need/want it HIGH Level / I can do it well on my own
Marketing – Strategically offering your product/service to those people who need/want it EXCELLENT level / I can demonstrate to others how it's done
15


LOW level / I need assistance doing it
MEDIUM level / I can do it on my own with minimal assistance
HIGH Level / I can do it well on my own
EXCELLENT level / I can demonstrate to others how it's done
Networking – creating connections with people that will be beneficial for both of you
Networking – creating connections with people that will be beneficial for both of you LOW level / I need assistance doing it
Networking – creating connections with people that will be beneficial for both of you MEDIUM level / I can do it on my own with minimal assistance
Networking – creating connections with people that will be beneficial for both of you HIGH Level / I can do it well on my own
Networking – creating connections with people that will be beneficial for both of you EXCELLENT level / I can demonstrate to others how it's done
16

S4.Q0.

This is the LAST section! - section 4

It contains a personality profile tool asking

how much you agree or disagree with statements

~

It will take you between **4 to 10 minutes**

~

You can also request a copy of your scored profile

(if you haven't already done so just email me)

And if your co-founders would like to do one too, just let me know

~

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Permission is granted for personal and research use of the BFI-2.
SOURCE: https://www.colby.edu/psych/personality-lab/

17

(the statements are set to show randomised)

S4.Q1 -BFI-2.

Here are a number of characteristics that may or may not apply to you.

Please select a response to indicate how much you agree or disagree with each statement.

I am someone who...

	Disagree strongly	Disagree a little	Neutral; no opinion	Agree a little	Agree strongly
Often feels sad.	Often feels sad. Disagree strongly	Often feels sad. Disagree a little	Often feels sad. Neutral; no opinion	Often feels sad. Agree a little	Often feels sad. Agree strongly
Has difficulty imagining things.	Has difficulty imagining things. Disagree strongly	Has difficulty imagining things. Disagree a little	Has difficulty imagining things. Neutral; no opinion	Has difficulty imagining things. Agree a little	Has difficulty imagining things. Agree strongly
Has little creativity.	Has little creativity. Disagree strongly	Has little creativity. Disagree a little	Has little creativity. Neutral; no opinion	Has little creativity. Agree a little	Has little creativity. Agree strongly

18

In the interests of space and readability the items from section 4 of the PiQ containing the BFI-2 questions are reproduced here as per the original source from which they were drawn.

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SOURCE: https://www.colby.edu/psych/personality-lab/

The export from Qualtrics on the prior page notes that the questions were set to show as randomised for the participants.

The Big Five Inventory–2 (BFI-2)

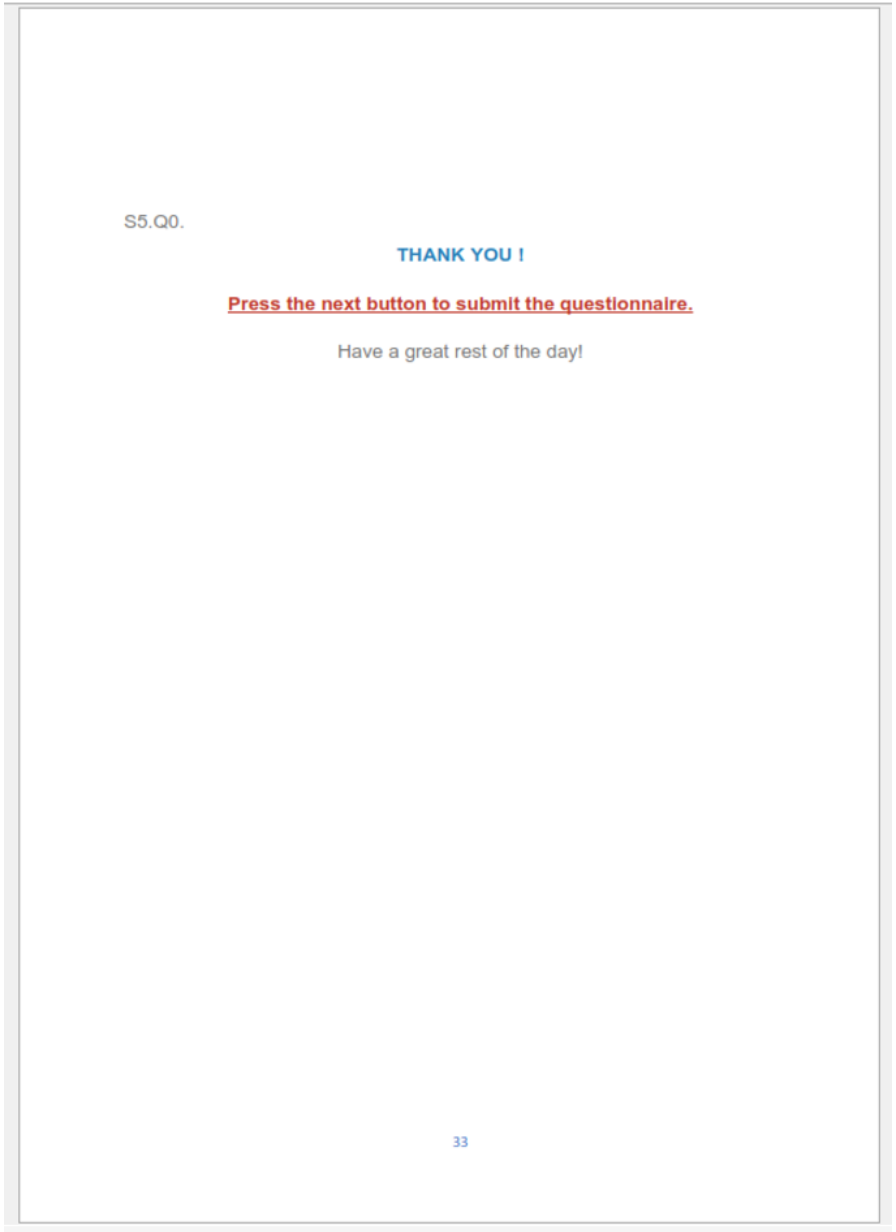
Here are a number of characteristics that may or may not apply to you. For example, do you agree that you are someone who *likes to spend time with others?* Please write a number next to each statement to indicate the extent to which you agree or disagree with that statement.

1	2	3	4	5
Disagree strongly	Disagree a little	Neutral; no opinion	Agree a little	Agree strongly

I am someone who...

1. ___ Is outgoing, sociable.
2. ___ Is compassionate, has a soft heart.
3. ___ Tends to be disorganized.
4. ___ Is relaxed, handles stress well.
5. ___ Has few artistic interests.
6. ___ Has an assertive personality.
7. ___ Is respectful, treats others with respect.
8. ___ Tends to be lazy.
9. ___ Stays optimistic after experiencing a setback.
10. ___ Is curious about many different things.
11. ___ Rarely feels excited or eager.
12. ___ Tends to find fault with others.
13. ___ Is dependable, steady.
14. ___ Is moody, has up and down mood swings.
15. ___ Is inventive, finds clever ways to do things.
16. ___ Tends to be quiet.
17. ___ Feels little sympathy for others.
18. ___ Is systematic, likes to keep things in order.
19. ___ Can be tense.
20. ___ Is fascinated by art, music, or literature.
21. ___ Is dominant, acts as a leader.
22. ___ Starts arguments with others.
23. ___ Has difficulty getting started on tasks.
24. ___ Feels secure, comfortable with self.
25. ___ Avoids intellectual, philosophical discussions.
26. ___ Is less active than other people.
27. ___ Has a forgiving nature.
28. ___ Can be somewhat careless.
29. ___ Is emotionally stable, not easily upset.
30. ___ Has little creativity.
31. ___ Is sometimes shy, introverted.
32. ___ Is helpful and unselfish with others.
33. ___ Keeps things neat and tidy.
34. ___ Worries a lot.
35. ___ Values art and beauty.
36. ___ Finds it hard to influence people.
37. ___ Is sometimes rude to others.
38. ___ Is efficient, gets things done.
39. ___ Often feels sad.
40. ___ Is complex, a deep thinker.
41. ___ Is full of energy.
42. ___ Is suspicious of others' intentions.
43. ___ Is reliable, can always be counted on.
44. ___ Keeps their emotions under control.
45. ___ Has difficulty imagining things.
46. ___ Is talkative.
47. ___ Can be cold and uncaring.
48. ___ Leaves a mess, doesn't clean up.
49. ___ Rarely feels anxious or afraid.
50. ___ Thinks poetry and plays are boring.
51. ___ Prefers to have others take charge.
52. ___ Is polite, courteous to others.
53. ___ Is persistent, works until the task is finished.
54. ___ Tends to feel depressed, blue.
55. ___ Has little interest in abstract ideas.
56. ___ Shows a lot of enthusiasm.
57. ___ Assumes the best about people.
58. ___ Sometimes behaves irresponsibly.
59. ___ Is temperamental, gets emotional easily.
60. ___ Is original, comes up with new ideas.

Please check: Did you write a number in front of each statement?
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S5.Q0.

THANK YOU !

Press the next button to submit the questionnaire.

Have a great rest of the day!

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Appendix A3: Information Sheet for Participants

UNE Business School
University of New England
Armidale NSW 2351
Australia
Phone [redacted]
zknorles@myune.edu.au
www.une.edu.au

Information Sheets for Participants

I wish to invite you to participate in my research project, described below.

My name is Zia Knörles and I am conducting this research as part of my PhD in the Business School at the University of New England. My supervisors are A/Professor Sujana Adapa, A/Professor Subba Reddy Yarram, and Dr Lou Conway.

Research Project	Enablers and Barriers to Entrepreneurial Finance for NSW Regional Founders: A Thematic Analysis of their Approaches and Views
Aim of the Research	The research aims to explore how regional founders view and comprehend the task of obtaining entrepreneurial finance to grow or scale their business; what approach they are taking when they apply for finance; and what problems they are encountering.
Interview	I would like to conduct a face-to-face or Zoom interview with you at the UNE's SMART Region Incubator, or online via Zoom. The interview will take approximately an hour. With your permission, I will make a confidential audio recording of the interview to ensure that I accurately recall the information you provide.
Post-Interview Questions	After the interview I would like to ask you to fill in some post-interview questions using a secure online platform (Qualtrics) via UNE's subscription. This can be done on your phone or computer, and will take approximately 10-20 minutes. These questions will collect some demographic data about you and your business, as well as contain nine other questions, and a personality profile test. Following completion of the personality profile the result can be provided to you if you wish to have a copy.
Confidentiality	Any personal details gathered in the course of the study will remain confidential. No individual will be identified in any publication of the results. All names will be replaced by pseudonyms to ensure anonymity. If you agree I would like to quote some of your responses, this will also be done in a way to ensure that you and your business are not identifiable.
Participation is Voluntary	Your involvement in this study is voluntary and I respect your right to stop participating in the study at any time without consequence and without needing to provide an explanation. Once you begin the online post-interview questions the information you have already entered cannot be automatically withdrawn however, it can be manually deleted upon your request, as can the interview data.
Questions	The questions will not be of a sensitive nature: rather they are general, and will enable me to enhance my knowledge of the experiences regional founders are having when seeking to obtain finance for their business, including the approach they take and problems they encounter.
Use of Information	I will use information as part of my doctoral thesis, which I expect to complete in March 2024. Information may also be used in academic articles, presentations (to academia, industry and the general public, and including conferences and symposiums), books, non-academic articles and reports and any other publications as the opportunity arises before and

UNE Business School
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Armidale NSW 2351
Australia
Phone [redacted]
zknorles@myune.edu.au
www.une.edu.au

Information Sheets for Participants

after that date. At all times, I will safeguard your identity by presenting the information in a way that will ensure you are not identified.

Upsetting Issues

It is unlikely that this research will raise any personal or upsetting issues, but if it does you may wish to contact your local Community Health Centre or Lifeline on 13 11 14.

Storage of Information

All data will be securely kept on cloud.une.edu.au, UNE's centrally managed cloud server. It will be accessed from a password protected computer. Only the research team will have access to view the data. Any physical notes made will be converted to digital format as soon as possible and also stored securely and confidentially with the original paper confidentially shredded in line with UNE data management policies.

Disposal of Information

The interview audio files and any identifying information collected will be permanently deleted five years after my thesis is lodged, in line with minimum data archival policies. Up until deletion they will be securely stored and archived with closed-access in line with UNE's data retention polices. Information that has been de-identified may be kept for a longer period of time, after which it will be disposed of by deleting relevant computer files.

Approval

This project has been approved by the Human Research Ethics Committee of the University of New England (Approval No. HE22-072, Valid to 1/03/2024)

Researchers Contact Details

Feel free to contact me with any questions about this research by email at zknorles@myune.edu.au or by phone on [redacted].

You may also contact my supervisors. My Principal supervisor is Associate Professor Sujana Adapa and she can be contacted by email at sadapa2@une.edu.au or by phone on [redacted]. My Co-supervisor Dr Lou Conway, can be contacted by email mconway@une.edu.au or phone [redacted] / [redacted], and my co-supervisor Associate Professor Subba Reddy Yarram can be contacted by email syarram@une.edu.au or phone [redacted].

Complaints

Should you have any complaints concerning the manner in which this research is conducted, please contact:
Research Ethics Officer
Research Services
University of New England
Armidale, NSW 2351
Tel: (02) 6773 3715
Email: humanethics@une.edu.au

Thank you for considering this request and I look forward to further contact with you.

Kind Regards,
Zia Knörles

Appendix A4: Ethics Approval

Human Research Ethics
Research Services
University of New England
Armidale NSW 2351 Australia
Phone 02 6773 3715
humanethics@une.edu.au

www.une.edu.au/research-services

UNIVERSITY OF NEW ENGLAND HUMAN RESEARCH ETHICS COMMITTEE

MEMORANDUM TO: Dr Sujana Adapa, Dr Lou Conway, A/Prof Subba Yarram and Zia Knorles

UNE Business School

PROJECT TITLE: Enablers and Barriers to Entrepreneurial Finance for NSW Regional Founders: A Thematic Analysis of their Approaches and Views

APPROVAL No.: HE22-072

COMMENCEMENT DATE: 2 June, 2022

Thank you for submitting the above research project for ethical review. This project was considered by the University of New England Human Research Ethics Committee (UNE HREC) at its meeting held on 12 May, 2022

I am pleased to advise you that the above research project meets the requirements of the *National Statement on Ethical Conduct in Human Research (2007)* and ethical approval for this research project has been granted by UNE HREC.

Approval of this project from UNE HREC is valid from 2 June, 2022 to 1 March, 2024 subject to the following conditions being met:

- Immediately report anything that might warrant review of ethical approval of the project.
- Notify the UNE HREC of any event that requires a modification to the protocol or other project documents and submit any required amendments in accordance with the instructions provided by the HREC. These instructions can be found at Applying for human ethics approval - University of New England (UNE)
- Submit any necessary reports related to the safety of research participants in accordance with UNE HREC policy and procedures.
- If the project runs for longer than 12 months, report to the UNE HREC annually in the specified format by completing the Progress Report form found at Applying for human ethics approval - University of New England (UNE)
- Notify the HREC when the project is completed at all sites by completing the Final Report form found at Applying for human ethics approval - University of New England (UNE)
- Notify the UNE HREC if the project is discontinued at a participating site before the expected completion date, with reasons provided.
- Notify the UNE HREC of any plan to extend the duration of the project past the approval period listed above and submit any associated required documentation. Instructions for obtaining an extension of approval can be found at Applying for human ethics approval - University of New England (UNE). **Researchers cannot conduct any research on the project if the approval period has lapsed.**
- Notify the UNE HREC of their inability to continue as Principal Investigator including the name of and contact information for a replacement or a project abandonment notification.

02/06/2022

Human Research Ethics
Research Services
University of New England
Armidale NSW 2351 Australia
Phone 02 6773 3715
humanethics@une.edu.au

www.une.edu.au/research-services

This letter constitutes ethical approval only. This project cannot proceed at any site until separate research governance authorisation has been obtained from the CEO or Delegate of the institution under whose auspices the research will be conducted at that site.

Should you have any queries about the UNE HREC's consideration of your project please contact the Research Ethics Officer. The UNE HREC's Terms of Reference, Standard Operating Procedures, membership and standard forms are available from Human Research Ethics - University of New England (UNE)

The University of New England Human Research Ethics Committee wishes you every success in your research.

Yours faithfully,

[redacted]

Bethany Ayers
Research Ethics Officer
On behalf of,
Dr Jo Coghlan
Chairperson
University of New England Human Research Ethics Committee

This HREC is constituted and operates in accordance with the National Statement on Ethical Conduct in Human Research (2007).

02/06/2022

Appendix A5: Description of the Cohort

A5.1 Introduction

This appendix supplements the demographics and founder characteristics of the cohort presented in Section 5.6 'Description of the cohort'. This appendix not only contains additional information but for completeness it also includes the information presented in sections 5.6.2 through to 5.6.5. Not all of the data collected in the study can be presented here to describe the participants, because revealing this granular information may enable some participants to be identified via triangulation, as discussed in Section 4.7.5.

Refer to Section 5.6.1 for a preface and comment on demographics and how the data presented here may be interpreted by the reader.

Section A5.2 of this appendix covers business-level demographics of venture stage, age, size, and various other attributes not included in Chapter 5. Section A5.3 summarises the types and sources of finance considered by the cohort, Section A5.4 presents the demographics of the founders and Section A5.5 covers the founder characteristics that were identified in the conceptual frameworks presented in chapters 2 and 3 and outlines the descriptive statistics of the five areas of human capital (HC), cognitive capital (CC), psychological capital (PC), social capital (SC), and personality (Big5).

A5.2 Business-level Demographics

Triangulation was performed in relation to venture stage between the answers given to the post-interview questionnaire (PiQ) question on growth stage, the PiQ question relating to R&D, and the information revealed in the interview in general, especially IntQ12[38]. Five founders gave answers that differed between these data sources. To reconcile this discrepancy, a fifth venture stage (a plateau prior to scaling up) was created to better categorise the results, and the term "transitioning" that was used in the PiQ for movements between stages was removed. Likewise, the term incubation used in the PiQ was revised to be replaced with 'incubation and acceleration'. The

[38] IntQ12: "At the time of applying for finance, how would you describe the business' situation"

definition of each venture stage as used in this study is presented in Table 1-5 in Section 1.10.4, which was refined after data collection in light of these issues mentioned.

For **venture stage,** most participants' ventures (60%) were a scale up (expanding further and taking market share from competitors), three (15%) were in the incubation and acceleration stage (turning the idea into something to launch to the market), and the remaining five participants (25%) were in a plateau between launching and scaling up. No participants were identified as being at the idea/concept stage (exploring the idea to see if has potential) or at the launch stage (ready to sell the product/service to customers). Overall, these data resulted in a 40/60 split between start-up vs scale-up stage.

With regard to **venture age**, the average was five years old at the time of data collection, with the most common age (mode) being three years (25%), followed closely by eight years (20%). The youngest was one year old and the oldest was 13. When grouped according to venture-stage there is no association with age (see figure 5-5). **Venture size** was measured by head count of employees, including working founders not on the payroll. Many (60%) had five or fewer permanent employees (when casual employees were counted this figure dropped to 50%), with the exception of one venture that had 12 permanent employees. The rest of the cohort (35%) had under 10 employees. Another way of stating this is to say that almost all (95%) had 10 or fewer permanent employees (and when casuals were counted this dropped to 90%). Note that data were not collected to allow venture size to be determined with reference to financial metrics such as sales or turnover.

There were no links evident between venture size as measured by employee head count and venture stage. The 60% with five or fewer employees[39] were not the same 60% at the scale-up stage. Not only did some of those in the plateau stage have fewer employees than those in the incubation and acceleration stage, but one venture in the incubation and acceleration stage also had the most permanent employees of all, which is a function of the resources available to that founder at that time. In relation to venture stage and venture age, the links were mixed. While those in the incubation and acceleration stage were two or three years old, 50% of those in the scale-up stage were three or fewer years old (25% and 25%, respectively). The two ventures that were the oldest were both in the plateau stage working towards scaling up.

The most popular **entity structure** chosen was a company (80%), with a few sole traders (15%) and one partnership. Just over half (55%) of the sample had **co-founders**, and it was the founder

[39] Permanent employees including working founders not on the payroll.

with the most involvement in the EF applications that participated in the research. (See Section 4.7.3 for comment on sample sufficiency.)

Almost two thirds (60%) of the cohort were selling primarily to other businesses as their **target market** rather than to the general public**. Business models** were predominantly centred around selling services (70%) rather than products (30%), with software-as-a-service (SaaS) accounting for approximately one third (35%). Overall, online fulfilment was the preferred method (65%). Physical fulfilment counted for 30%, the majority of which were physical products (25% of cohort and 83% of physical fulfilment). Hybrid fulfilment applied to 5%.

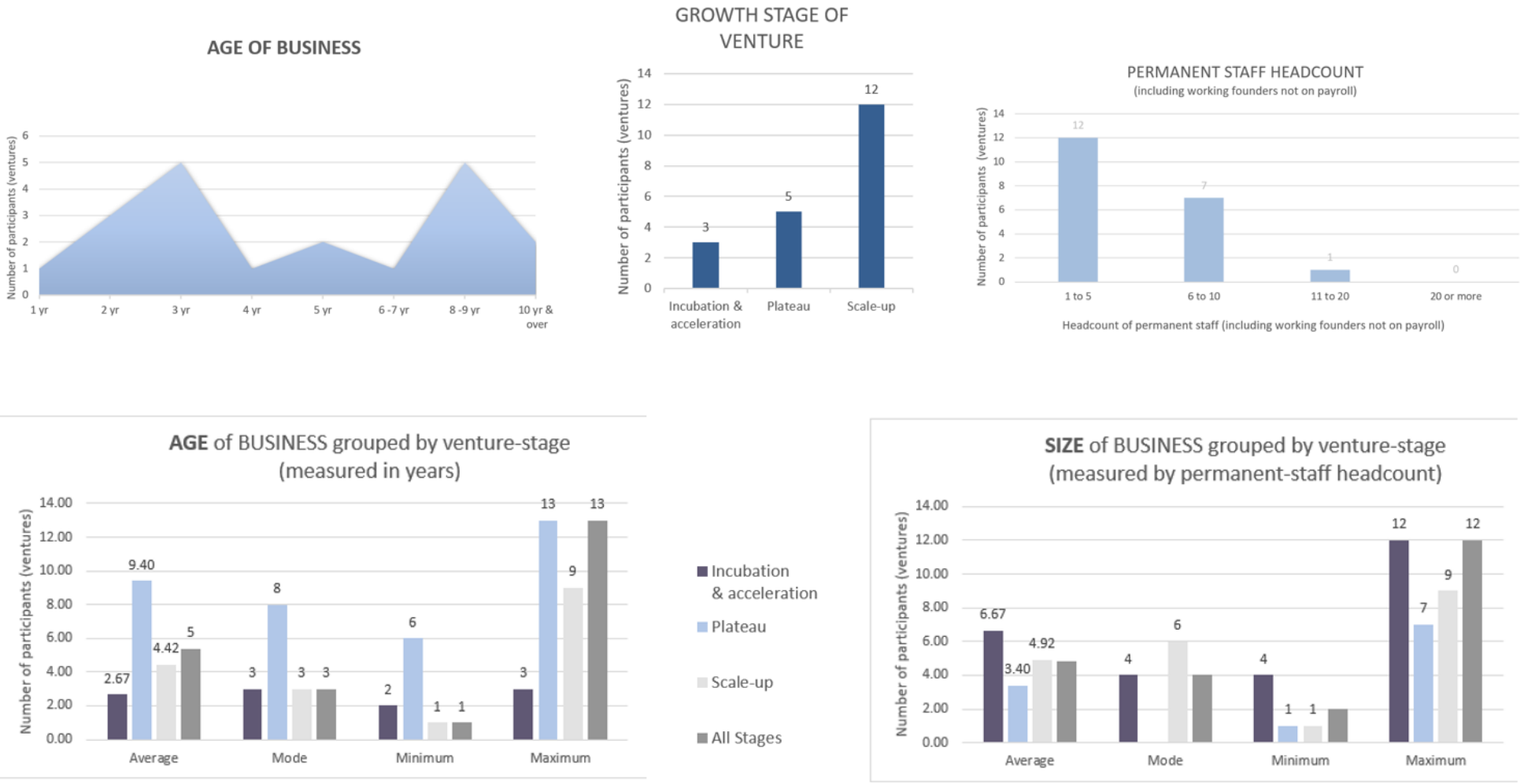
Most (75%) participants reported having had a **profit** in 'any year since inception', and nearly all (95%) reported having **sales revenue**.

Grouping participants into the ATO **industry** hierarchies that form the basis of the business-industry codes resulted in just under one third (30%) offering 'professional, scientific and technical services', with the rest offering 'healthcare and social assistance' (20%), 'retail trade' (15%), 'education and training' (10%), and 'agriculture, forestry and fishing' (10%). The remaining 15% were spread equally across three other categories.

Some (20%) of the cohort reported having registered **patents**, at least one of these via licence rather than ownership, and a couple of participants (10%) had patents pending registration. **Research and development** (R&D) that meets the R&D definition as per Australian legislation (Income Tax Assessment Act, 1997) was reported by many in the cohort (60%). A quarter said they had already commercialised this R&D, and a few (20%) were in the process of commercialising it. The remainder were "early stage" or "progressed" per the stages given in the ATO R&D guidelines relevant at June 2022 (Australian Government Australian Taxation Office, 2022)

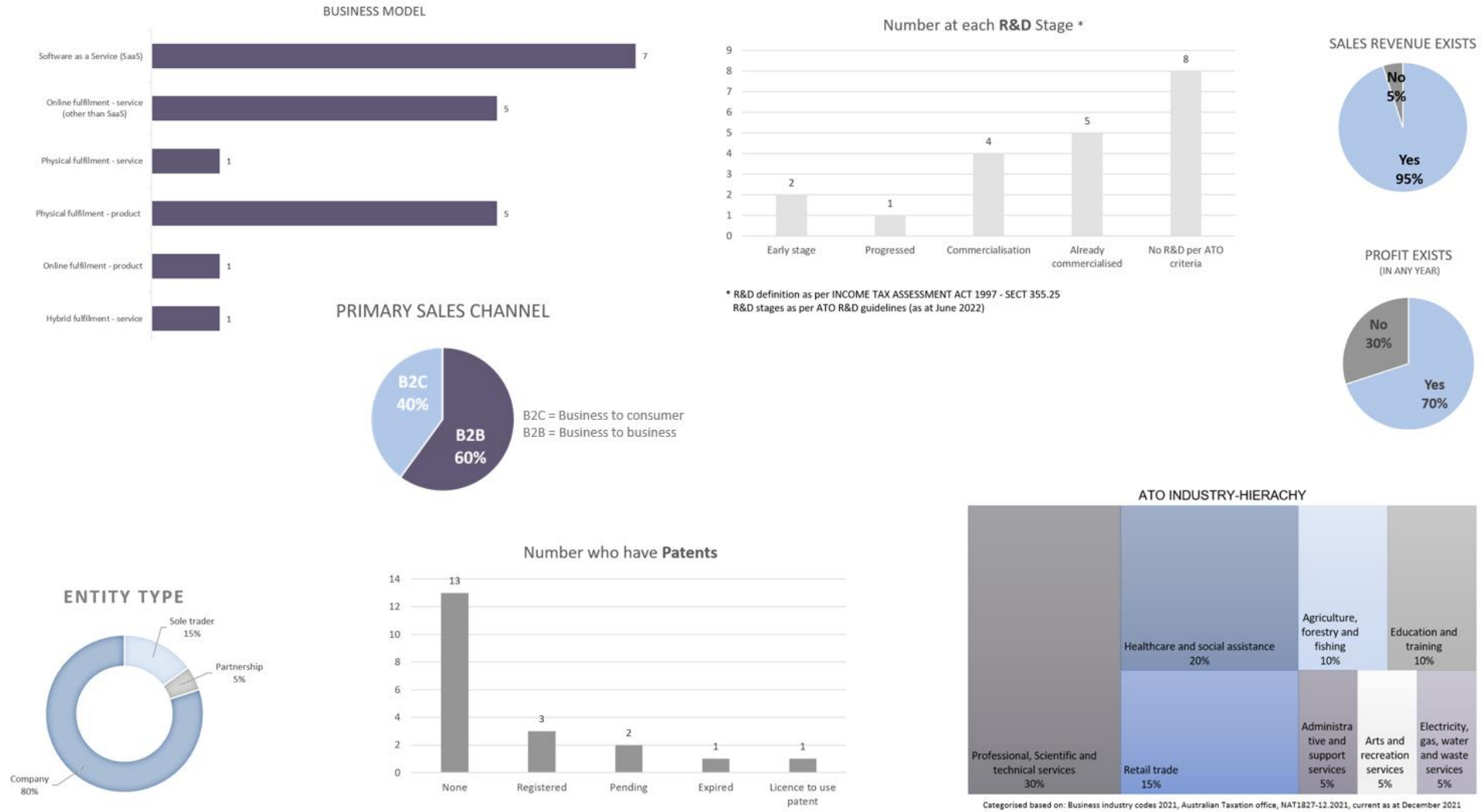
A visual display of the demographics is included on the following two pages in Figure A5-1 and A5-2.

Figure A5- 1
Business Demographics Infographic 1



Source: Author's compilation

Figure A5- 2
Business Demographics Infographic 2



Source: Author's compilation

A5.3 Finance Types and Sources Considered

This section reports on the participants' **awareness of different finance types**. The data presented here were compiled from the triangulation of PiQ-Q7, 'Types of finance considered', IntQ13, 'Type of EF considered' and IntQ7, 'Outcome of the finance application' where types of finance applied for (successfully or unsuccessfully) were discussed. When performing the triangulation, variances showed up, and many of these discrepancies centred on the definition of the word "considered", with a distinction being apparent between "considered applying for" vs "had not thought about". The intention of the question was to capture finance types and sources that were considered, regardless of how briefly for, before either being followed through on or abandoned. While the PiQ instructions contained a clarifying sentence to "Mark all that you have considered (even if you didn't end up applying)", this was in practice not adequate to convey the researcher's intended definition. For example, in relation to debt finance, two participants indicated in the PiQ that they had not considered debt finance. From the interview, however, it was clear that they had thought about debt finance but had self-selected out as they did not meet the criteria (no collateral) and/or thought it was too risky to apply for. Another participant said "no" in the PiQ to having considered equity finance, but the interview revealed that they had started to put feelers out in this respect. Likewise, another participant said "no" to having considered equity but had explored an equity offer they were presented with (and subsequently refused) and they were still open to considering minority shareholder business partners. Another participant said "no" in the PiQ to having considered grants but had actually applied for several unsuccessfully. For the findings below, the triangulated and consolidated data were used, which combined the information given in both the PiQ and the semi-structured interview questions (IntQ). See Section 1.10.2 for a definition and examples of sources and types of EF.

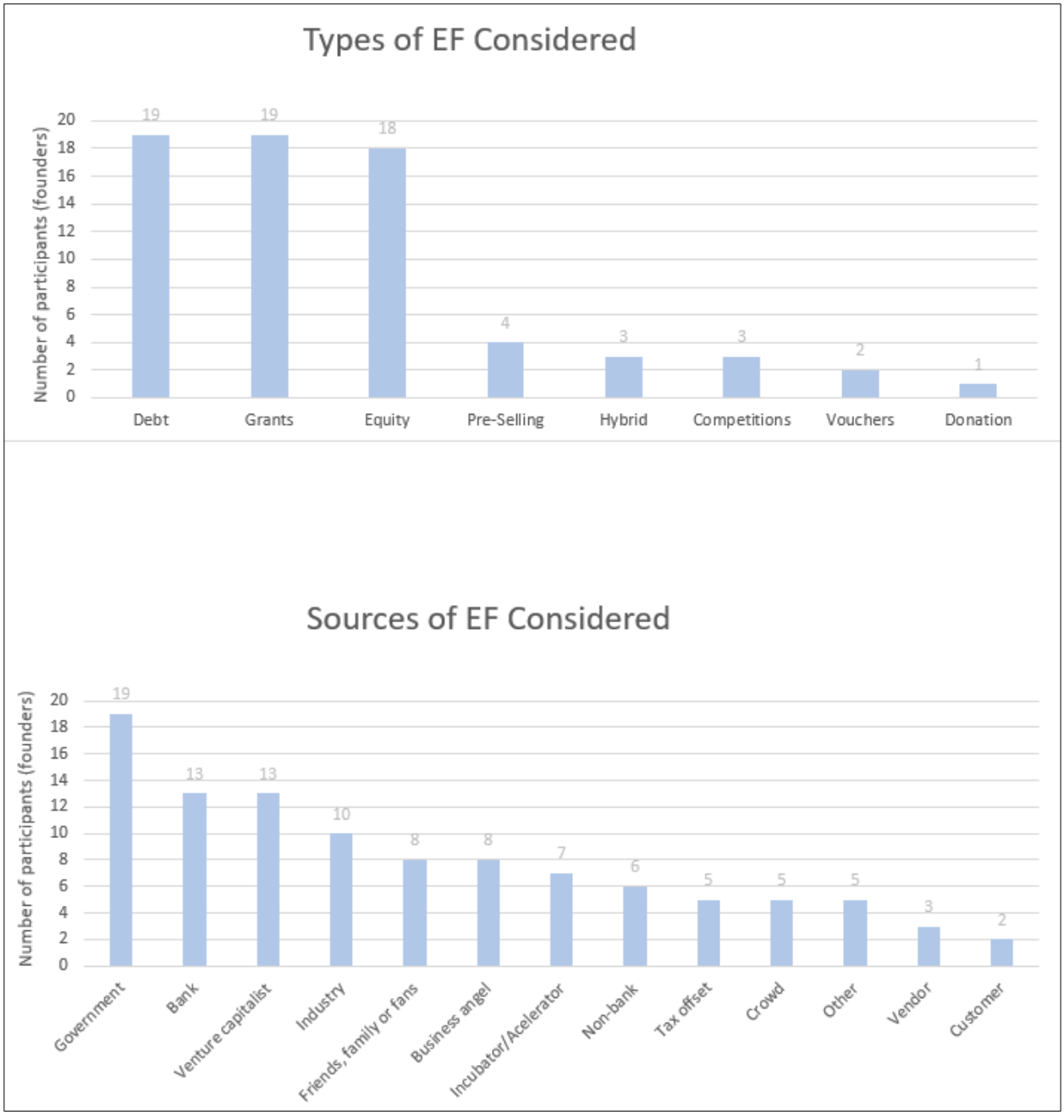
In relation to **types of EF considered**, all participants had considered more than one type of EF, and both the mode and the average was three types. Debt, grants and equity all had similarly high visibility, with almost all participants (90–95%) having considered each one of these. A few had also considered other types, such as competitions, vouchers or pre-selling. Most participants would have been eligible for vouchers (e.g., Amazon web server credits) as part of joining the SRI incubator; however, in order to capture founder awareness, vouchers/credits were only counted if the founder referred to them in either the interview or the PiQ.

In relation to **sources of EF considered**, most participants (90%) had considered the government as a source of finance by virtue of having considered grants as a type of finance. The next most

common sources of finance were banks and VCs (65% each). 'Industry' was considered by half the participants, usually in the form of partnerships or project-based finance, but also for buyouts.

For those that considered friends, family or fans (FFF) (40%), it was usually a short-lived consideration with no action taken. A few (15%) had considered only two sources of finance, whereas the mode and the average were five sources. The maximum considered by any one participant was 13 sources. Figure A5-3 displays this visually.

Figure A5- 3
Types and Sources of EF That Participants Considered



Source: Author's compilation

A5.4 Founder-level Demographics

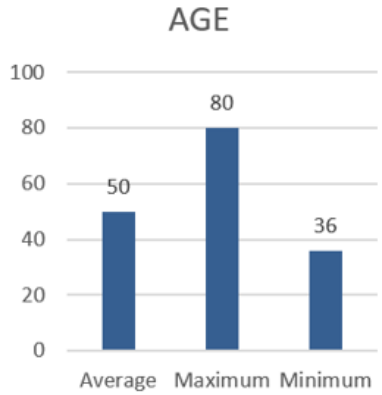
The sample of 20 contained an equal number of males and females, with an average **age** of 51 and 49, respectively, and a range overall from 36 to 80 years of age. If the eldest participant is considered an outlier (as there were no participants in their 70s) then the average age drops to 48 years old and the range becomes 36 to 62 years old. Many of participants (40%) were in their 40s, with the next highest number being in their 50s (25%). **Generation**-wise, Generation X made up 50%, with Millennials (Gen Y) and Baby Boomers making up 25% and 20%, respectively. Generation Z (26 years of age and under in 2022) and the younger side of Gen Y (from 27 to 35 years of age in 2022) were not represented in the sample.

In relation to the **percentage of life lived in the region**, two participants had lived their whole life in the region where their business is situated. There was a wide range in number of years lived in the region (3 to 54 years) and percentage of life lived in the region (5–100%). The average percentage of life lived in the region was 16 years. If the four newest arrivals are removed, this average jumped to 24 years. The data did not capture other locations lived by each participant; however, it revealed that several participants had moved between regional areas while others had moved from capital cities.

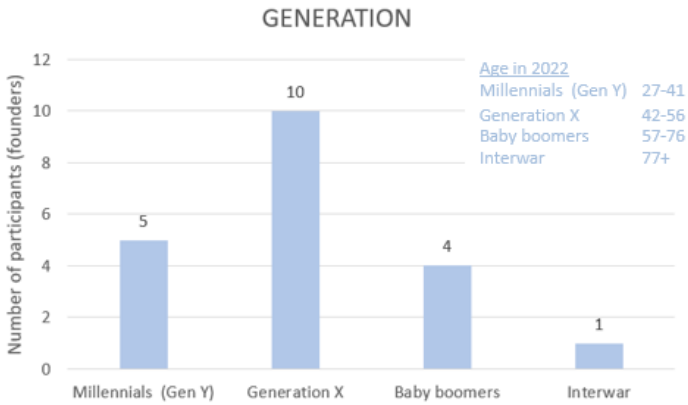
The **locations** where the participants live and run their start-ups/scale-ups are five local government areas (LGAs) in the NENW region of NSW (which has a total of 12 LGAs). The majority of participants (45%) listed the 2350 postcode (Armidale Regional) and 30% listed the 2340 postcode (Tamworth Regional), which are the LGAs where almost half of the population of the NENW reside (NSW Government, 2022). The rest of the participants were spread between postcodes that cover the Gunnedah, Uralla and Walcha LGAs. Overall, 55% of participants were in a postcode classified as "Moderately Accessible (Outer Regional)" and 45% were in a postcode classified as "Accessible (Inner Regional)" under the ABS classification of remote areas that applied in the year of data collection (2022). Refer to the map in Figure 1-1 in Chapter 1, which illustrates the definition of regional, and Section 5-2, which describes the NENW region.

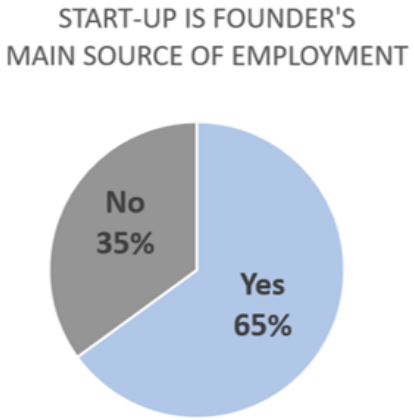
For every participant who had lived four or less years in the region, their business was their **main source of employment**, and for all other participants there was no pattern in relation to time lived in the region and source of main employment. A visual display of the demographics is provided in Figures A5-4 and A5-5.

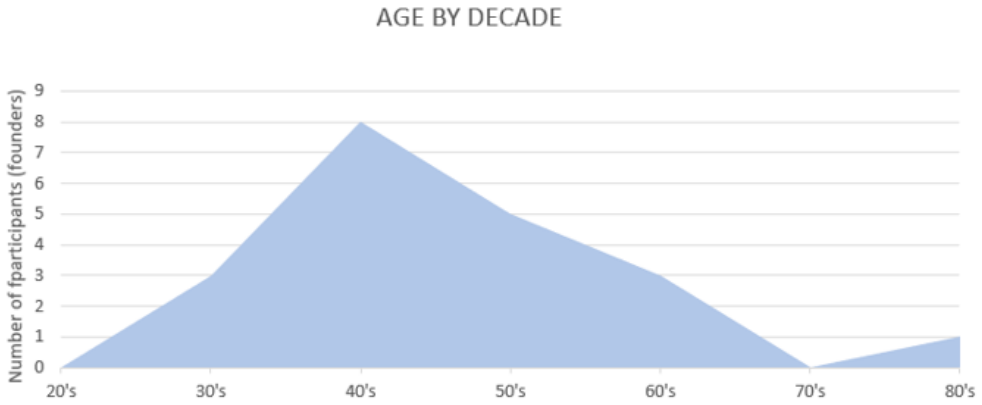
Figure A5- 4
Founder Demographics Infographic 1







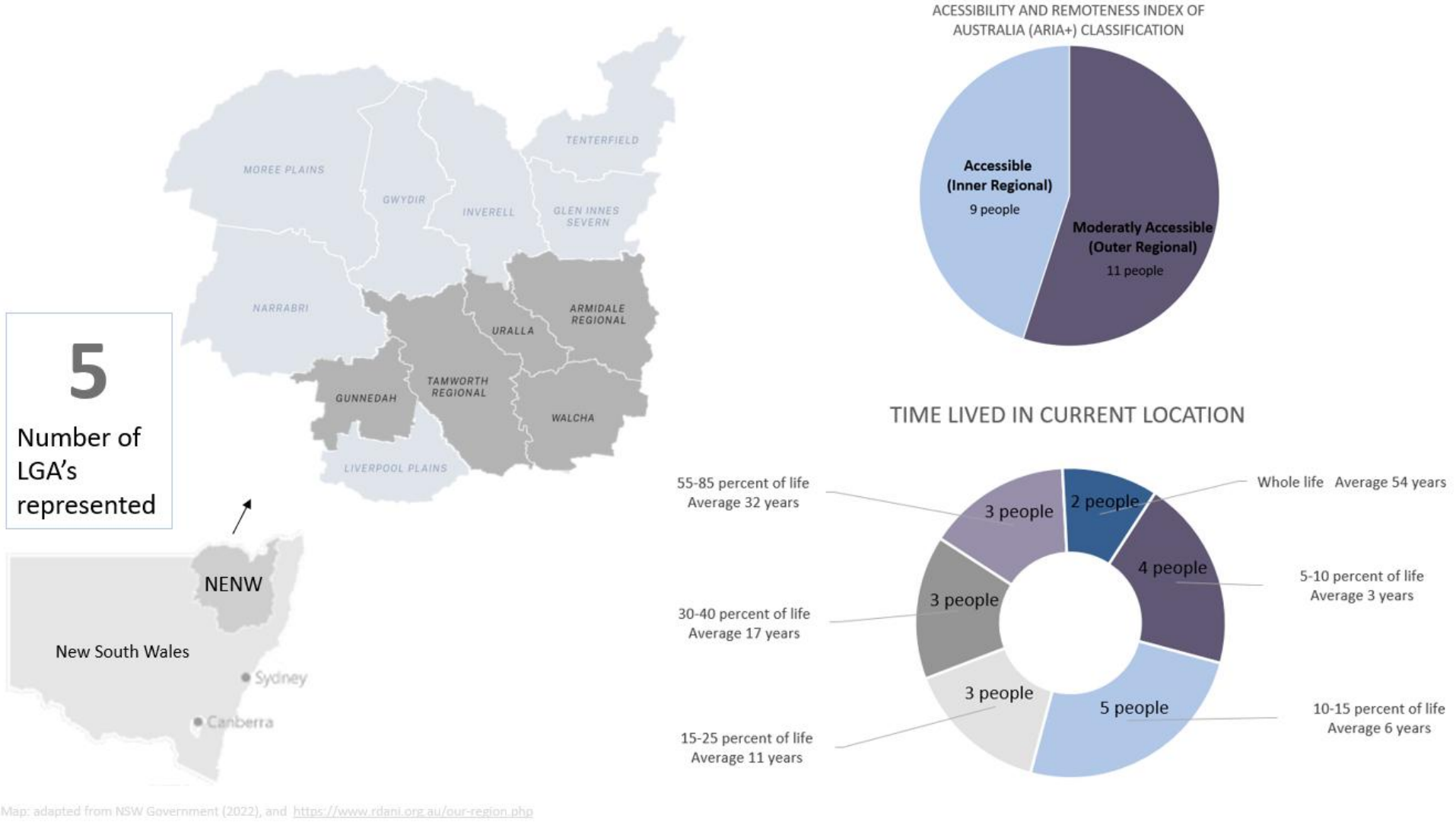






Source: Author's compilation

Figure A5- 5
Founder Demographics Infographic 2



Source: Author's compilation

A5.5 Founder Characteristics

This section is based on various PiQ questions where founders self-ranked their attributes. See Appendix A2 for a copy of the PiQ. The subsections represent each of the founder characteristics components of human capital (inputs and outputs), social capital, psychological capital, cognitive capital, and personality traits. Section 4.7.2.5 comments on the sufficiency of measures chosen for these concepts.

A5.5.1 Human Capital – Education, Experience and Skills

This subsection covers the human capital inputs of education and experience and the human capital output of skills.

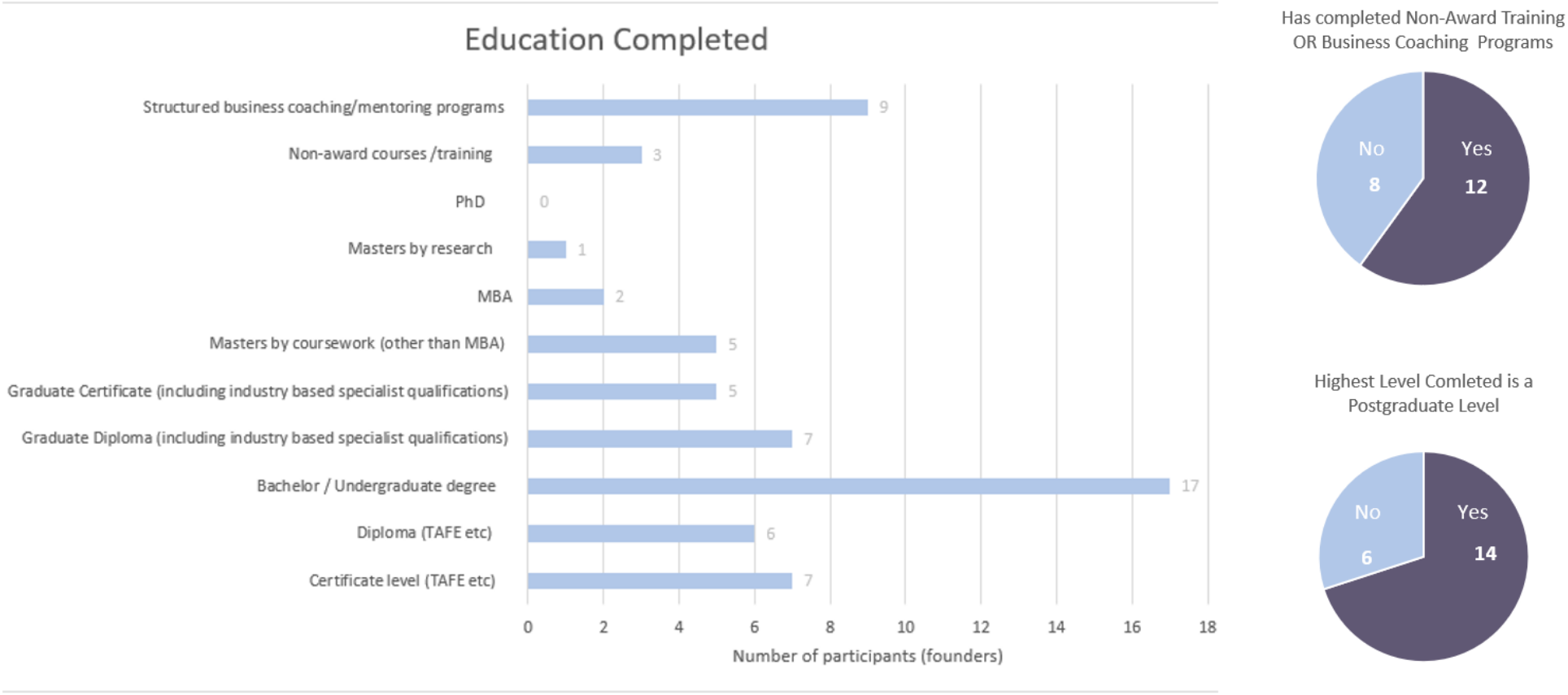
A5.5.1.1 *Human Capital Inputs – Education*

Participants were asked to select all that applied from the list[40] of education types provided. **On average, three types of education** were selected (mode was two), with the maximum being seven types. At least 85% have a bachelor's degree and 70% also have a postgraduate education of some type, usually a graduate diploma (35%) or a master's (40%). With regard to the masters, 35% were by coursework and 10% are MBAs. Based on triangulation with the interviews, at least 60% had completed non-award training or business coaching programs. This percentage is likely to be higher based on inference from the interviews, but this fact was not able to be quantified further. Three participants ticked master's/MBA and did not tick bachelor's/undergraduate, based on other information obtained from the interview and PiQ two of these three were adjusted for in the results to count as having a bachelor's/undergraduate. Eight did not tick having a high school education, and based on the other selections they made, it is highly likely that all, except possibly one, completed Year 12 or equivalent secondary schooling, hence these were also adjusted for.

A visual display of the education types is provided in figure A5-6 on the following page.

[40] See PiQ S2.Q8

Figure A5- 6
Infographic: Participants' Human Capital Input of Education



Source: Author's compilation

A5.5.1.2 *Human Capital Inputs – Experience (business and EF related)*

Most participants (95%) have **owned another business** aside from the present one. The average was three other businesses, and the mode was two other businesses, with 35% falling into this category.

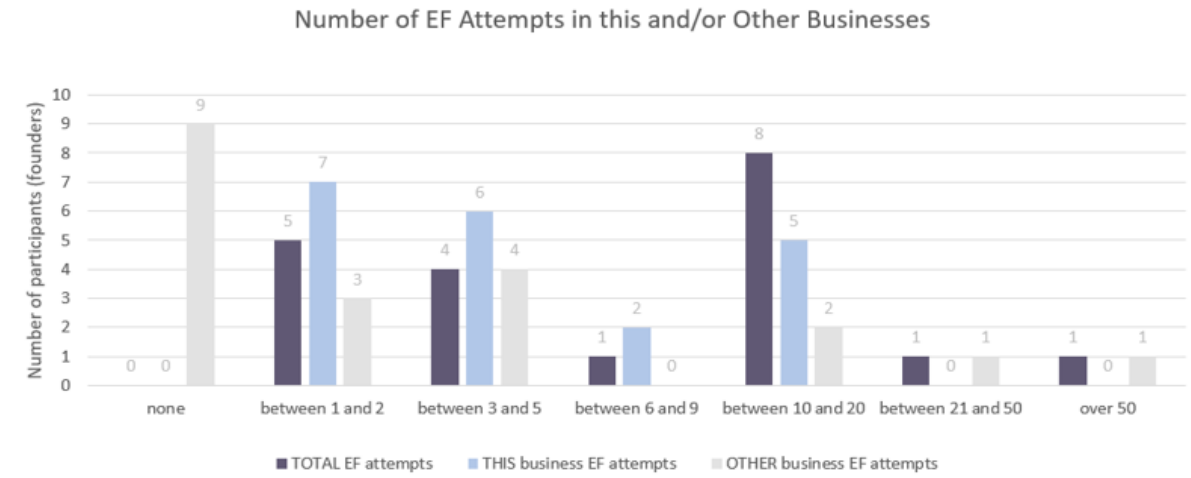
The interviews revealed that 55% of the participants also had **prior industry experience** in the particular industry of their current business.

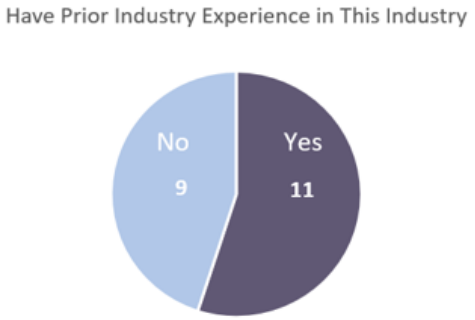
In relation to EF, 45% of participants had not had **prior experience in preparing an EF application**, meaning this business was their first experience in doing so. In their current business, the most common number of attempts for EF was between one and two (this applies to 35% of the founders), while 30% reported having between three and five attempts in the current business, and 25% reported having between 10 and 20 attempts in the current business. The most common (mode) number of attempts in prior/other business was between three to five attempts. Based on the interviews, it is likely that the numbers may be higher than were self-reported in the PiQ.

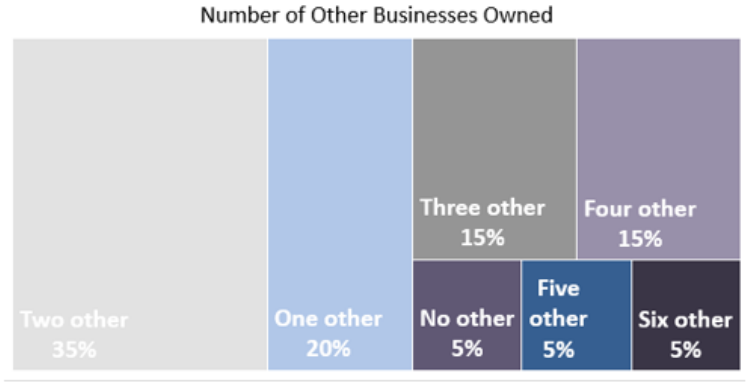
Many participants (60%) were recalling a recent finance attempt that was not more than six months old when answering the interview questions. For other founders, the **most recent EF attempts** ranged from one to four years prior to the interview (only one participant was in the latter category).

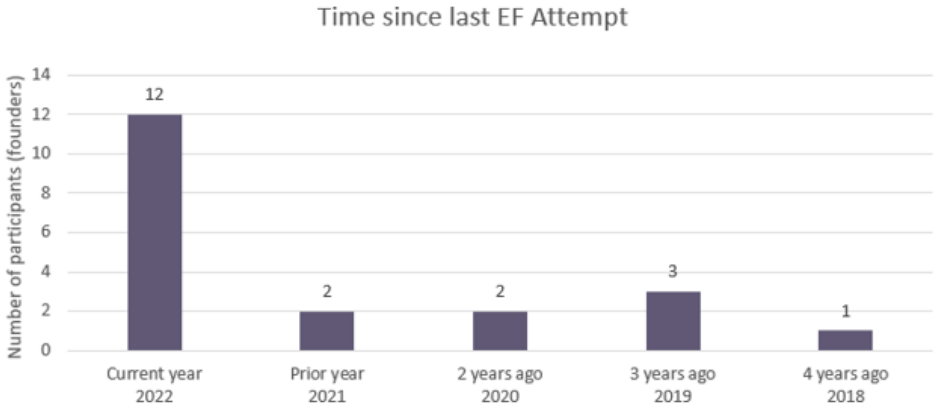
See Figure A5-7 on the following page.

Figure A5- 7
Infographic: Participants' Human Capital Input of Experience (Business and EF Related)









Source: Author's compilation

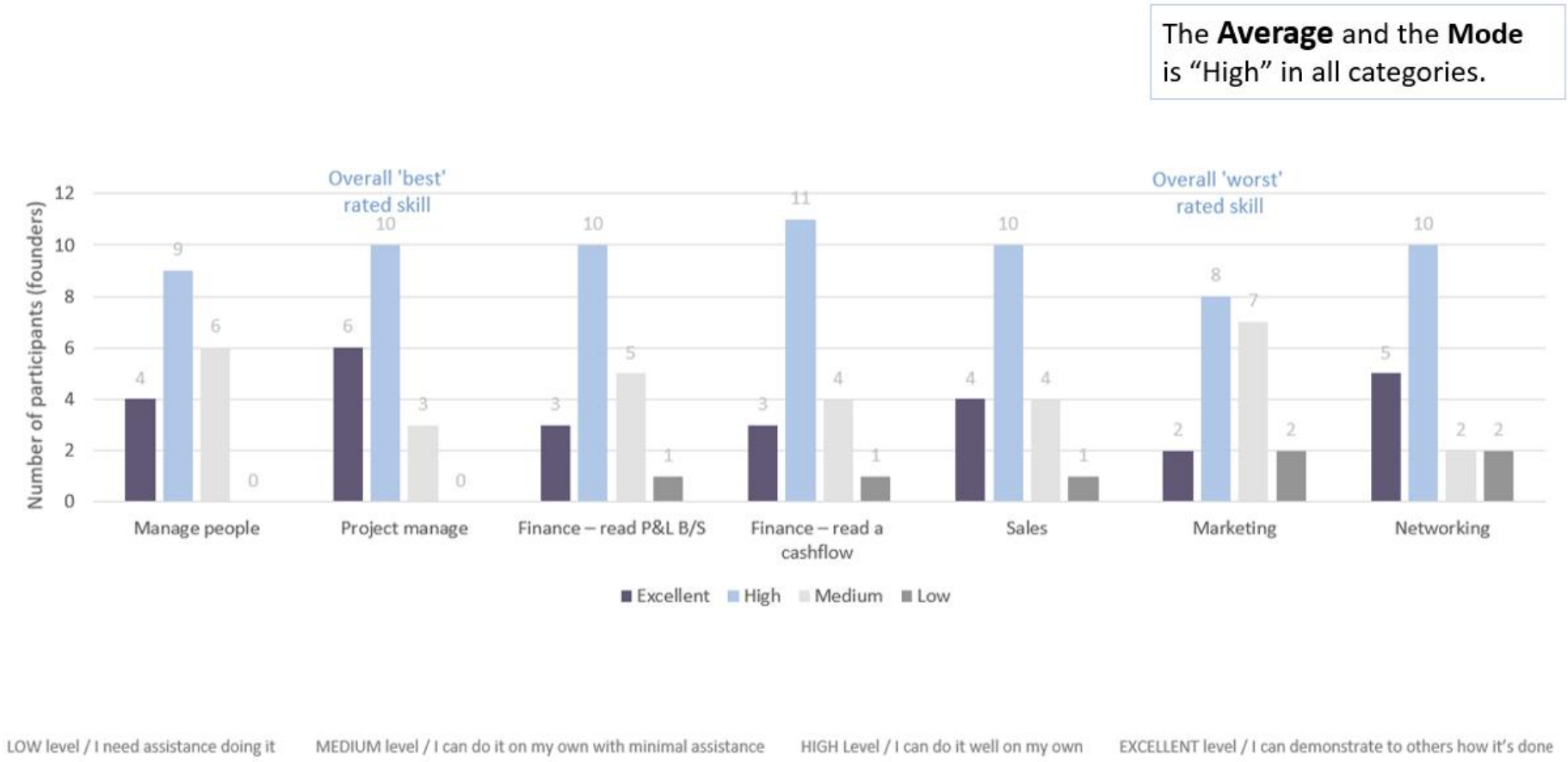
A5.5.1.3 *Human Capital Outputs – Skills (business and EF related)*

Participants were asked to rank their **skill level** in seven areas: people management, project management, financial literacy-profit and loss and balance sheet, financial literacy-cashflow statement, sales skill, marketing skill and networking skill. Brief one-sentence descriptions were given for each area, and it was highlighted that skills rather than theory/knowledge were being asked for. Ranking options were provided with one-sentence descriptors. These descriptors are as follows: Low level/I need assistance doing it, Medium level/I can do it on my own with minimal assistance, High Level/I can do it well on my own, Excellent level/I can demonstrate to others how it's done. In hindsight these ranking options should not have included the words "low, medium, high, excellent". It is not possible to know how much this oversight affected the options participants chose, especially in the context of their busy day.

Across all seven areas, both the cohort average and the cohort mode was "High/I can do it well on my own". The overall *highest* self-ranked skill was project management, which ranked the highest number of "excellent" scores overall, tied for the second highest number of "high" scores and had no "low" scores. The overall *lowest* self-ranked skill was marketing, which ranked the lowest number of "excellent" scores overall, the lowest number of "high" scores overall, the highest number of "medium" scores overall and had a tie on the greatest number of "low" scores.

See figure A5-8 on the following page.

Figure A5- 8
Infographic: Participants' Human Capital Output (Business and EF Related)



Source: Author's compilation

A5.5.2 Social Capital – Business and EF Networks

Participants were asked how many people in their **existing network** they could ask to do any of three things, even if they did not actually want to ask any of these people do so. The three things were invest in the business, lend to the business or offer advice in relation to the business. The mode score across all categories showed they had one to five people in their existing network that they could ask for any of these things (investment, loan, advice).

In relation to **investing in the business**, 30% of the cohort had 1 to 5 people in their existing network that they could ask, 20% had no one they could ask to do this, 25% had 6 to 10 people, 20% had at least 16 people, a few had up to 30 people, and one had over 50 people.

With regard to **lending to the business**, 50% of the cohort had 1 to 5 people in their existing network that they could ask to lend them money for the business, 40% had no one they could ask to do this, and only one had more than 5 people in their existing network that they could ask for a loan.

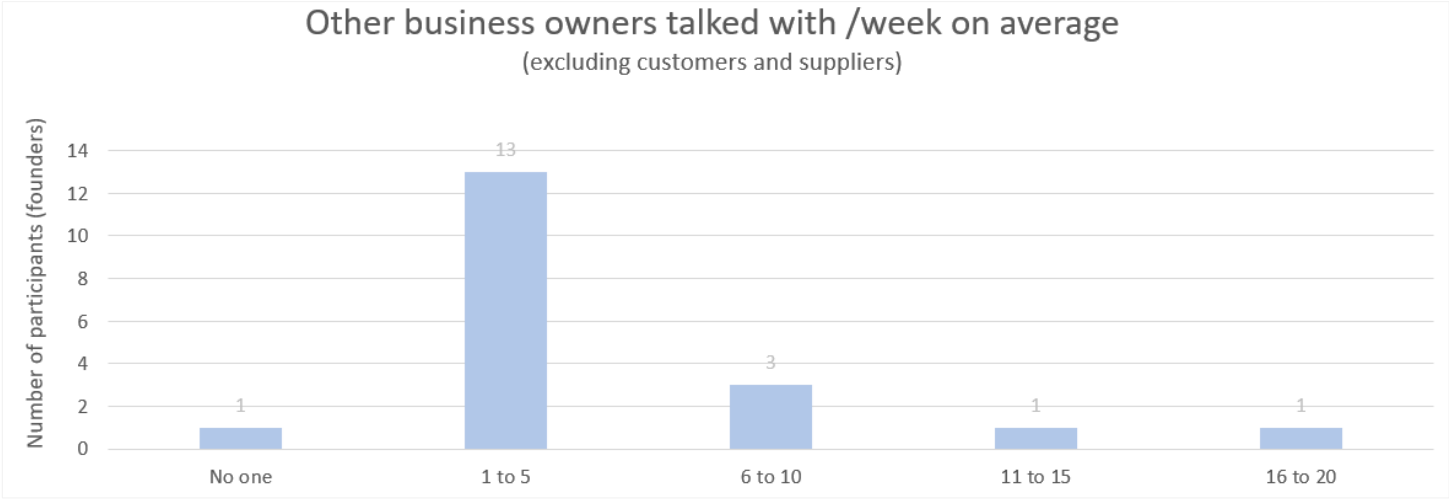
In terms of **offering advice**, 40% of the cohort had 1 to 5 people in their existing network that they could ask for advice in relation to the business, 40% had at least 16 people, 15% had 20 to 30, and one had no one.

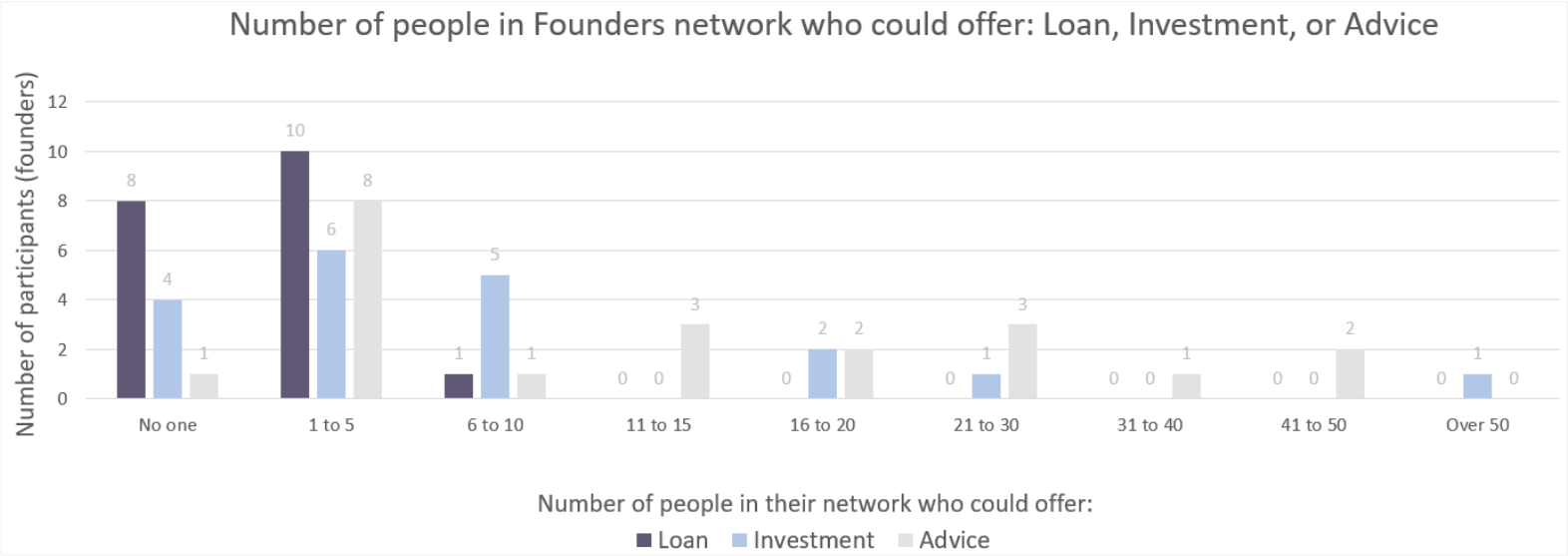
Participants also self-reported the number of **other business owners they talked with** on average per week (excluding customers and suppliers): 65% reported 1 to 5, 15% reported 6 to 10, 10% had 11 to 20, 5% said no one, and 5% did not answer.

See figure A5-9 on the following page.

Figure A5- 9

Infographic: Participants' EF Social Capital (Business and EF Related)





The **Mode** is "one to five" in all categories, in both graphs.

Source: Author's compilation

A5.5.3 Psychological Capital – Perseverance and Fear of Failure

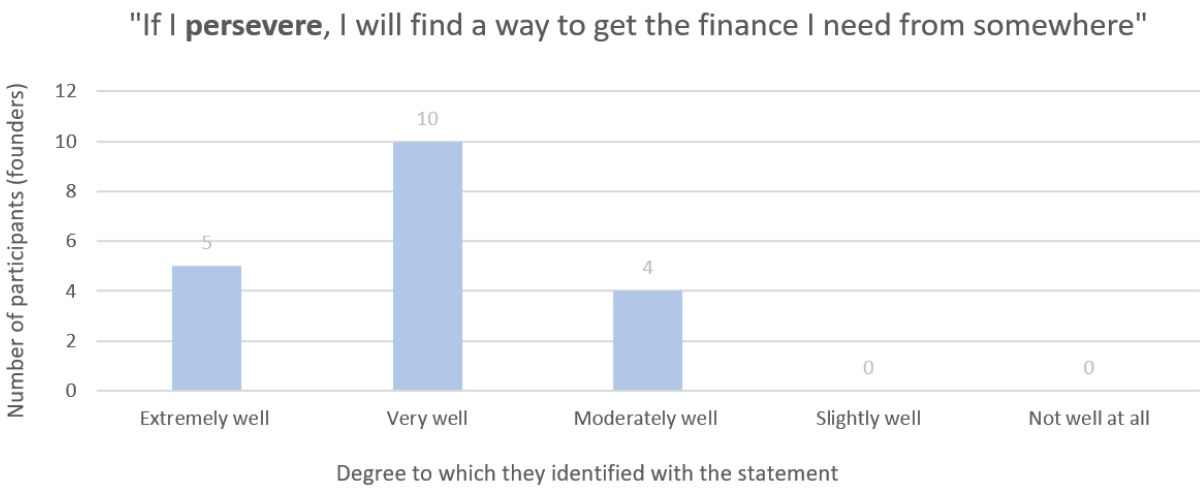
Participants were asked how well the following statement describes them: “If I **persevere**, I will find a way to get the finance I need from somewhere”: 50% reported that this described them ‘very well’, 25% said ‘extremely well’, 20% said ‘moderately well, 0% said ‘slightly well’ or ‘not at all’, and 5% did not answer.

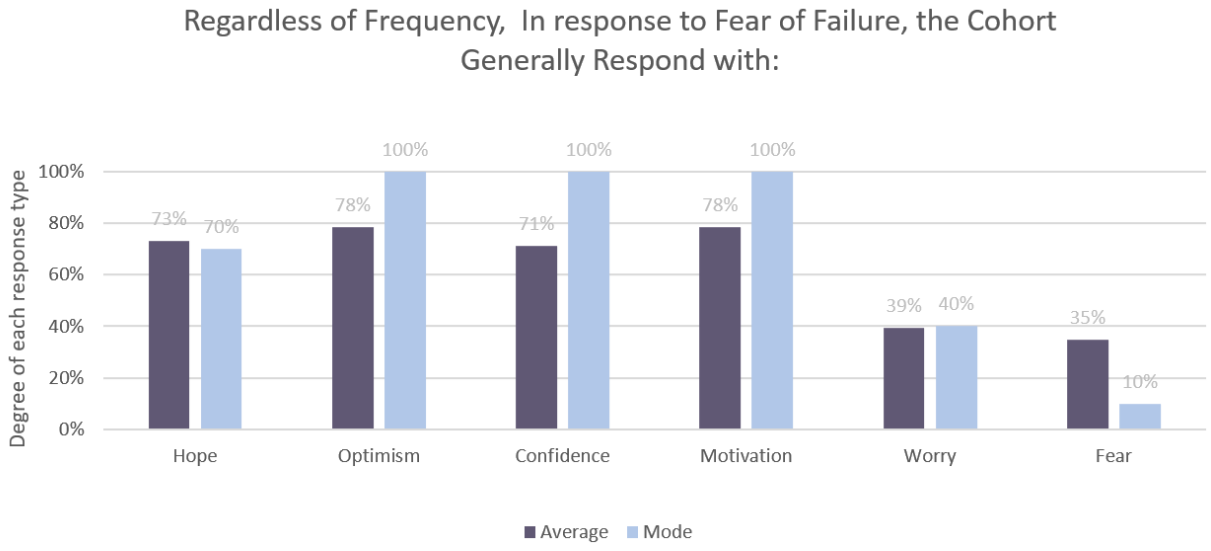
How **often** participants **felt fear of failure** in any aspect of their business was reported, and the most common response was daily (32%), followed by weekly (21%). The other options of monthly, quarterly and yearly each received 16%, and 0% selected fortnightly. Participants were also asked to indicate how they generally **responded to these fears when they arose** by marking a scale of 0–10 for each of the six options offered: hope, optimism, confidence, motivation, worry, fear (options were shown in a random order). Regardless of the frequency of experiencing fear of failure, the cohort’s most common (mode) attitude taken in response to feeling the fear was motivation, optimism and confidence. The options with the highest average responses were motivation and optimism, both with an 8 out of 10 average score. Worry and fear as an attitude experienced in relation to feeling fear of failure received the lowest mode and the lowest average scores.

These trends differed depending on the frequency with which participants felt fear of failure. The 32% who said "**Daily**" generally responded with very high motivation, medium hope, optimism and confidence, and lowish intensity of worry and fear. The 21% who said "**Weekly**" generally responded with medium to high scores for all. There was the least variation between the intensity of the scores for this group. The 16% who said "**Monthly**" and also the 16% who said "**Quarterly**" generally responded with high optimism, confidence, motivation and hope and low intensity of worry and fear. The 16% who said "**Yearly**" generally responded with a maximum score in hope and optimism, a high motivation and confidence score and a more than 40% intensity of worry and fear, which is a higher intensity than for all other groups except the ‘weekly’ group.

See figure A5-10 and A5-11 on the following two pages.

Figure A5- 10
Infographic: Participants' EF Psychological Capital of Perseverance and Fear of Failure





Source: Author's compilation

Figure A5- 11

Infographic: Participants' EF Psychological Capital of Fear of Failure, Frequency of Fear, and Response to the Fear



Source: Author's compilation

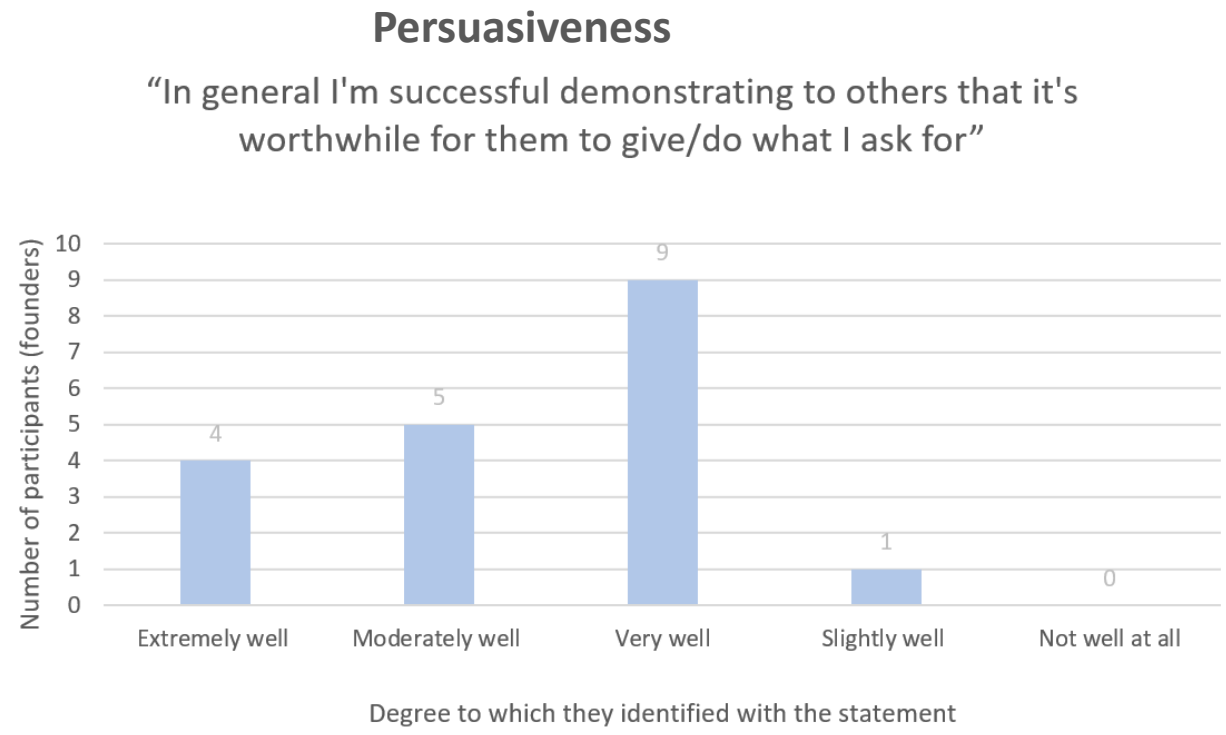
A5.5.4 Cognitive Capital – Persuasiveness and Innovative Thinking

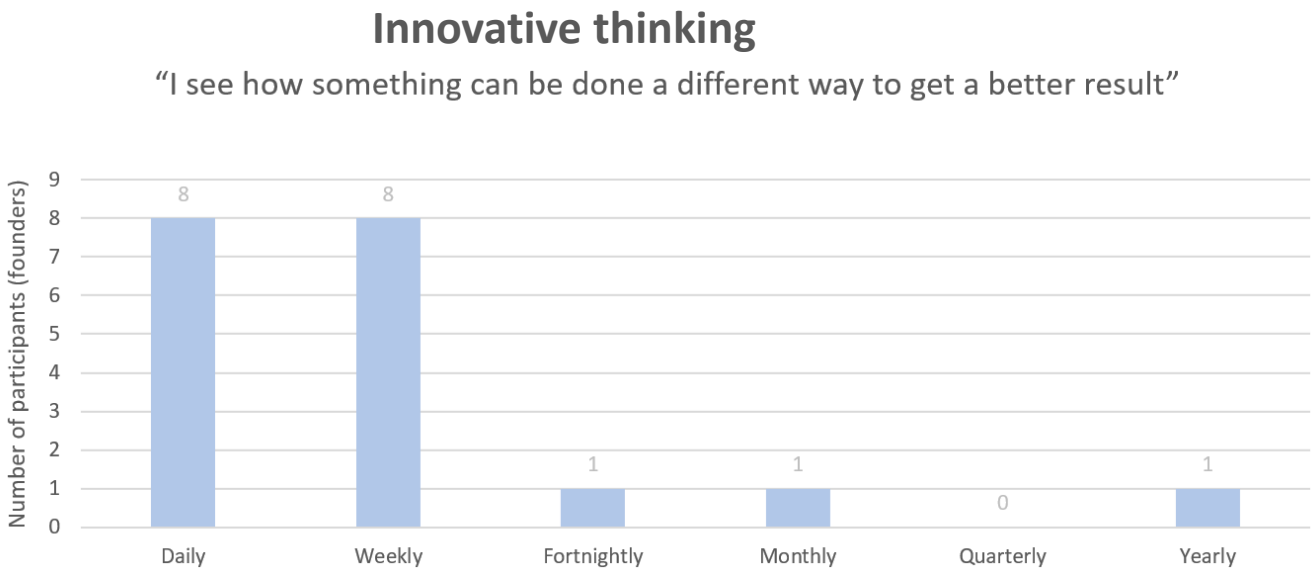
Regarding **persuasiveness**, participants were asked how well the following statement describes them: “In general I'm successful demonstrating to others that it's worthwhile for them to give/do what I ask for”. A total of 45% reported that this described them ‘very well’, 25% said ‘moderately well’, 20% said ‘extremely well’, 5% said ‘slightly well’, 0% said ‘not at all’, and 5% did not answer.

In terms of **innovative thinking**, participants were asked how often the following statement describes them: “I see how something can be done a different way to get a better result”. A total of 40% reported that they did so daily, 40% reported that they did so weekly, and the remainder of the options were each chosen by 5% with the exception of quarterly, which 0% chose, and 5% did not answer.

See Figure A5-12 on the following page.

Figure A5- 12
Infographic: Participants' EF Cognitive Capital of Persuasiveness and Innovative Thinking





Source: Author's compilation

A5.5.5 Personality Traits – Big5 Model

PiQ-BFI2 – Personality Profile (Big5 traits)

The personality instrument self-administered at the end of the post-interview-questionnaire (PiQ) was the BFI-2 from Colby Psychology Lab[41], which captures the Big5 personality traits. This is an existing verified tool (Soto & Oliver, 2016, p.139). For detail on both the BFI-2 tool and the Big5 personality traits see Section 2.4.4. The five domains of personality under this model are openness to experience/open-mindedness, conscientiousness, extraversion, agreeableness and negative emotionality/neuroticism.

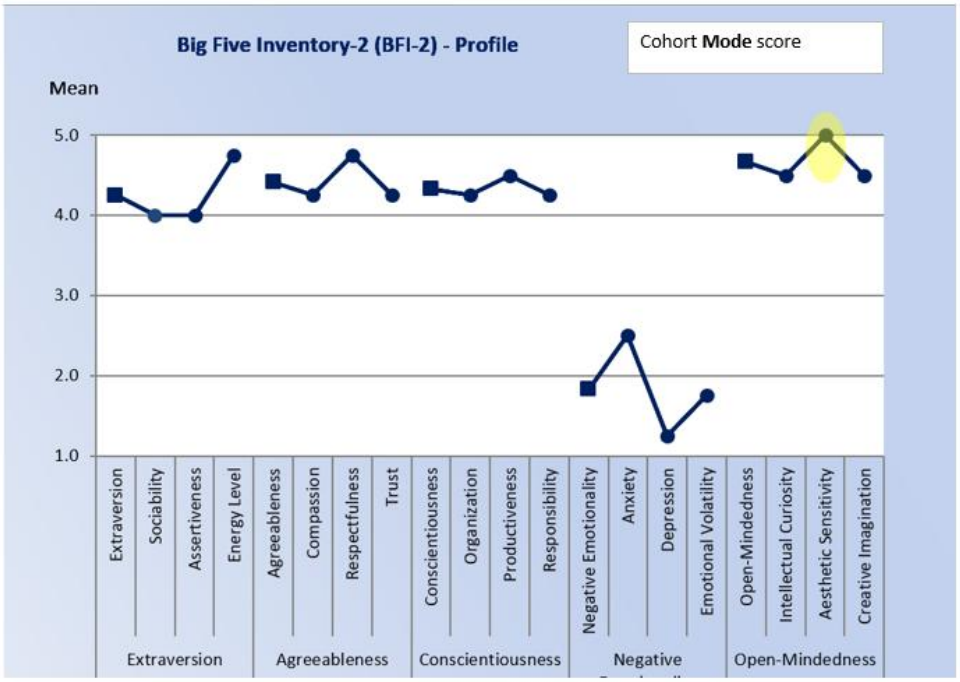
At a cohort level, the mode score for all areas, aside from negative emotionality, was high, being either at or above 4 out of a possible 5. The cohort average score for these same areas was lower than the mode and fell between 3.5 and 4.5. The pattern of sub-components in relation to each other was reasonably similar in both the mode and average. The most significant differences between cohort mode and average scores were in relation to aesthetic sensitivity, which is a sub-component of open-mindedness, this has been highlighted yellow in the graph. For negative emotionality, the average score was higher than the mode, but the pattern of sub-components in relation to each other remained the same, and in both cases were below 3 in their score.

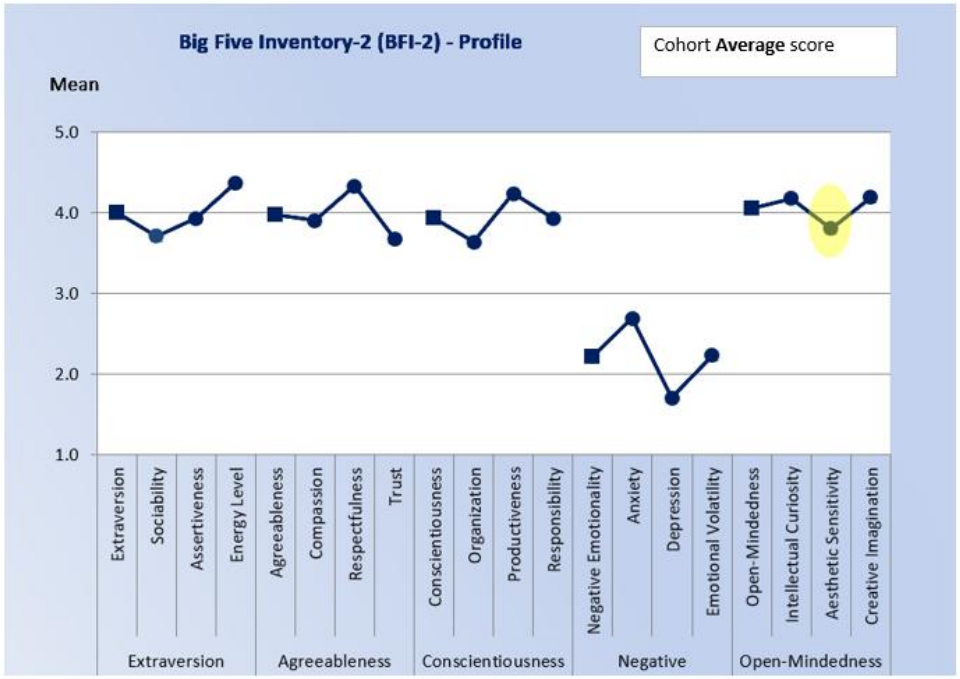
See Figure A5-13 on the following page.

[41] Copyright 2015 by Oliver P. John and Christopher J. Soto, permission for personal and research use as per https://www.colby.edu/psych/personality-lab/

Figure A5- 13

Infographic: Personality Traits, Cohort Level Mode (Most Common) Scores on the Left Side, and Cohort Level Average Scores on the Right Side with Major Variance Highlighted





Source: Author's compilation using the provided BFI-2 scoring tool, which is copyright 2015 by Oliver P. John and Christopher J. Soto. Permission for personal and research use granted as per https://www.colby.edu/psych/personality-lab/

A5.6 Summary

This appendix showed that although being located in the same regional location of NENW, the participants were overall a **very heterogeneous** group. There was an even split in gender, and a 40/60 split in start-up vs scale-up stage (refer to Table 1-5 for definitions). The participants also had some areas of similarity, and these are simpler to list than their many differences. Areas with 80% or more **alignment** were having at least one successful EF application (100%), experiencing unsuccessful EF applications (95%), having 10 or fewer employees (95%, or 90% if casuals were counted), using a company structure (80%), having sales revenue (95%), having considered each of debt, grants and equity as a type of EF (90–95%), considering the government as a source of finance (90%), having a bachelor's degree (85%), having owned another business aside from the current one (95%), and scoring at or above 4 out of 5 on the four positive traits of the Big5 personality model, and below 3 on the negative traits (100%). The **themes** that arose in which there was large alignment in responses included selecting project management as their best-ranked skill and marketing as their worst-ranked skill and ranking themselves highly overall across all seven skill areas (people management, project management, financial literacy profit and loss and balance sheet, financial literacy cashflow statement, sales skill, marketing skill and networking skill). Another theme of high alignment was reporting the attitudes of motivation and optimism as a response to feelings of fear of failure. Lastly, all founders had in common the experience of at least one instance of EF success, and many had experienced multiple instances of unsuccessful EF applications.

This appendix has provided context for the interpretation of the results that are given in Chapter 5, which assist when considering if any generalisations can be made from the results and when making comparisons to other research where applicable (see section 4.7.4).

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Appendix A6: Results by Interview Question Topic

A6.1 Introduction

The results chapter presented the findings in a particular format, centring around themes arising across all interview questions, which gives foundation to the observations presented in the discussion chapter. **See Table 6-1**, which shows how the format of the presentation in this appendix differs to that in Chapter 6. This appendix is an important supplement to the results chapter, see Section 6.1 for further explanation where it is noted that this appendix is a data display (see Section 4.6.4.7), which sits between the coding of the data (see sections 4.6.4.4 to 4.6.4.6) and the themes ultimately chosen for presentation in the results and discussion chapters.

This appendix represents step 6 in the coding process. It was created prior to the results chapter, and in line with the aims of the research to be exploratory and descriptive a granular format was used with concepts presented by interview-question topic and grouped by research question (RQ1: views and experiences, and RQ2: strategies and practices). The results of the post-interview questionnaire (PiQ) were incorporated where interesting associations arose and where triangulation was possible, otherwise the PiQ results are presented in Appendix A5 and in Chapter 5, Section 5.6. Comment is also made on various characteristics of the founder (founder characteristics) as they arise in relation to the EF task, including their HC, SC, PC, CC and Big5 personality traits. Each of these components are defined in Section 1.10.7 and further explained in Section 2.4. Other key definitions are in Section 1.10.

The format for this appendix was chosen for its relative simplicity in addressing the research questions, whilst acknowledging that there were many possible options to format the presentation of the results because the various elements are connected in an overlapping manner. There are, for example, interconnected feedback loops between views, experiences and actions (strategies and practices), and some can be inferred directly or indirectly from the other. As discussed in the scoping literature review in Chapter 2, the components of founder characteristics (HC, SC, PC, CC, and Big5 personality traits) are likewise amorphous. Some are antecedents of others, and each have interconnected impacts on other founder characteristics (see Section 2.4.6 and Table 2-1). Likewise, the themes that arose from the results (as presented in Chapter 6) contained sub-themes that also sat within other themes.

In providing **context on the analysis method**, it is important to bear in mind that this analysis was done through the lens of exploring challenges in EF. Hence, there is a filter on the analysis in that the exploration of the founders' views, experiences, actions, and characteristics is undertaken from the perspective of understanding the EF challenges experienced and seeking insight into overcoming them. It is not the intent to ignore the founders' strengths, of which there are many; however, there is a weighting in the presentation of the results towards 'deficit' type findings. **See Section 6.2 for a preface to the presentation of the results.**

The methodology chapter provided detail on the iterative mix of inductive and deductive coding that comprised the thematic and content analysis performed. The headings of the conceptually clustered matrices presented in each section of this appendix represent the concepts, categories or themes that either arose inductively or were theory-derived, see Section 4.6.4.7.

Quantification was performed to minimise using subjective words such as most, many, few, some, hardly any etc. to represent the magnitude of responses objectively. Quantification was also undertaken to ensure all concepts identified (whether inductive or deductive) were checked/assessed for the cohort as a whole for consistency and completeness of results, which necessitated subsequently using inductive codes in a deductive manner. Both of these outcomes of quantification strengthened the rigour of the analysis. Participants are quoted in the following style *"quote text"* and referred to as 'Pn', with the 'P' signifying participant and the 'n' being a random number assigned to each. This number is blacked out for the published version of this thesis to ensure participants cannot be identified by triangulating their quotes.

The semi-structured nature of the interviews and the fact that some interview questions (IntQ) overlapped in their topics and focus (aiding triangulation) meant that the answers for some questions also occurred in places other than when that specific question was asked. Usually, a new perspective or detail was revealed, but sometimes a contradiction also occurred. It is assumed this variation occurred because of a different contextual lens being used by the participant when answering questions with a different topic focus. This change in lens was aided by spacing apart certain interview questions. Issues of participant recall, relevance and broader context can also affect what participants say at any given time. For some parts of this analysis, only what was provided for that particular question was analysed, the aim being to capture views that came to participants minds as a direct response to the question. In other parts, information on a particular question topic was considered no matter where in the interview that information was provided. This are noted where relevant in the below sections.

A6.2 Views and Experiences (RQ1)

This section contains interview-question topics that relate to research question one, which centres around the participant's views and experiences.

A6.2.1 Views - Running a Regionally Located Business

When asking "Could you share your views about running a business here in regional Australia?" the interviewer intentionally did not ask for positives and negatives; the participants were simply asked for 'views' in order not to bias the responses. The majority structured their response by expressing pros and cons, with most using those words or similar words like challenges and benefits. This pros and cons categorisation arising from the data was used to code participants responses as shown in Figure A6-1, and the description of the results below is likewise formatted into pros and cons sections.

Figure A6- 1
Participants' Views About Running a Business in Regional Australia, as Self-reported When Directly Asked (Matrix Display)

Pros mentioned	Cons mentioned	Started with cons	Con: distance	Con: resources	Con: networks	Con: staffing	Pro: lifestyle	Pro: resources	Pro: networks	Pro: customers also regional	Covid-Zoom effect
Present											
Absent											
Rows = participants **KEY:** as per coloured cells above. **TOTALS:** the last row are counts of "present" which are then expressed as a percentage of the 20 participants.											
1	1	0	1	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0	1	0
1	0	0	0	0	0	0	0	1	0	0	0
1	1	0	0	0	1	0	0	0	0	0	1
0	1	1	1	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	1	0	0	1
1	1	1	1	1	0	0	1	0	0	0	1
0	1	1	0	0	1	0	0	0	0	0	0
1	1	0	1	0	0	1	0	0	1	0	0
0	1	1	0	0	0	1	0	0	0	0	0
1	1	0	0	0	0	0	0	0	1	1	0
1	1	0	1	0	0	0	1	0	0	0	1
1	1	0	0	1	0	0	0	1	0	1	0
1	1	0	0	0	0	1	0	1	0	1	0
1	1	0	0	1	1	0	1	0	0	1	0
1	0	0	0	0	0	0	0	0	0	1	0
1	0	0	0	1	1	0	1	1	1	0	0
0	0	0	0	0	0	0	0	0	0	0	0
1	1	1	0	1	1	0	1	0	0	1	0
1	1	0	0	0	1	1	1	1	0	0	0
16	**14**	**5**	**5**	**5**	**6**	**4**	**6**	**6**	**3**	**7**	**4**
80%	70%	25%	25%	25%	30%	20%	30%	30%	15%	35%	20%

Source: Author's compilation [Rows sorted by "percentage of life lived in the region" with highest at top]

Participants viewed the regional area as a combination of pros and cons in relation to doing business, with 80% citing positives, 75% citing negatives, and many (55%) citing both. Female participants mentioned more positives than the male participants did. Participants who did not cite any negatives at all (30%) tended to have lived in the region either a long time (40% or more of their life, being 25 or 40+ years) or a short time (11% or less of their life, being 2 or 4 years). Whether a particular factor was a positive or a negative varied. For example, both networks and resources were mentioned either as a positive or negative, and there did not appear to be a strong connection with other variables.

A6.2.1.1 *Pros*

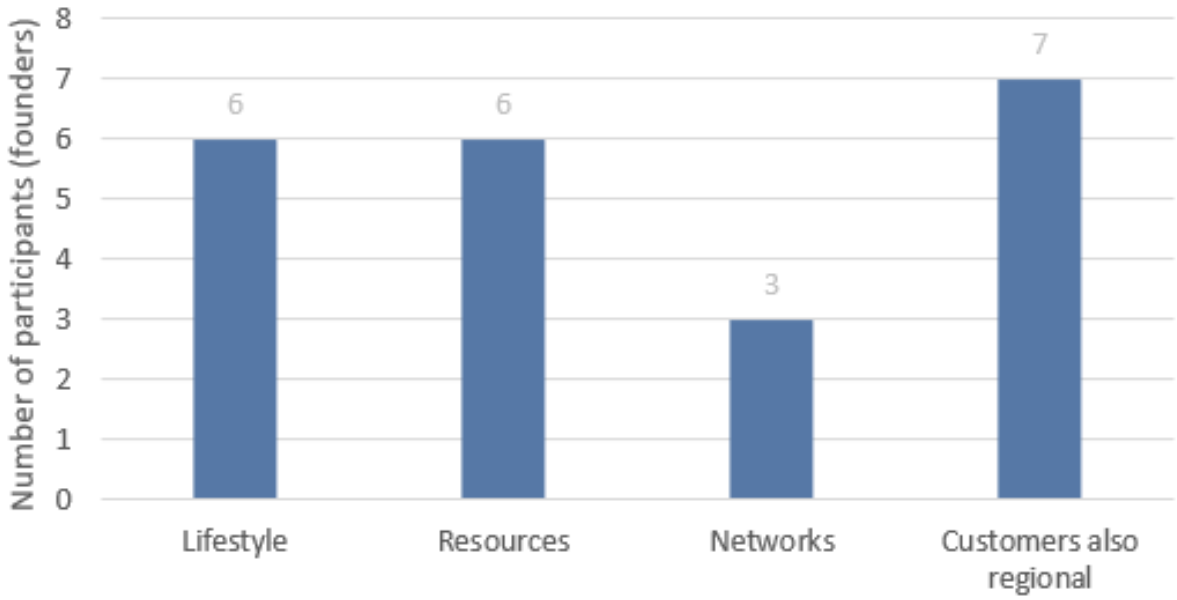
The most common positive mentioned was being **close to customers** (35%) as it facilitated *"forge[ing] those relationships"* (P[redacted] to uncover "*what their clients want and what works and doesn't work"* (P[redacted]. This finding appears to be a function of the cohort's industry demographics, as this was cited by all of those operating directly in agriculture and by two thirds of those servicing agricultural businesses but not by any other industry classification present (see bottom left-hand side corner of Figure A5-2 in Appendix A5).

The second most common positive was a tie between **lifestyle** (30%) and **resources** present (30%). Resources, such as having *"connectivity both airports and roads, but also the NBN"* (P[redacted]), and lifestyle (retaining an existing one or creating a new one by moving to a regional area) appeared to be a significant motivation for the business being located regionally.

Social networks were brought up as a positive by 15%, all of whom were female and none at scale-up stage, and described as *"less cutthroat"* (P[redacted]) and "*more fulfilling because ....[]... you know there's that local feel"* (P[redacted]); this may be related to a male participant's observation that *"your reputation and the reputation of the business, in a regional area, its super important"* (P[redacted]).

The COVID-19 Zoom effect was brought up by 20%, and while not attributed to the regional location, was presented as a positive that has *"levelled the playing field"* (P[redacted]) and has *"opened the eyes of everyone, [that] you can do business that way [i.e. online meetings and events]"* (P[redacted]), which has addressed some of the distance and network challenges of being located regionally. There was no comment made around internet connectivity being a problem for doing business regionally. These various pros expressed by participants regarding running a business in a regional location are shown in Figure A6-2.

Figure A6- 2
Pros Expressed by Participants Regarding Running a Business in a Regional Location (Graph Display)



Source: Author's compilation

A6.2.1.2 *Cons*

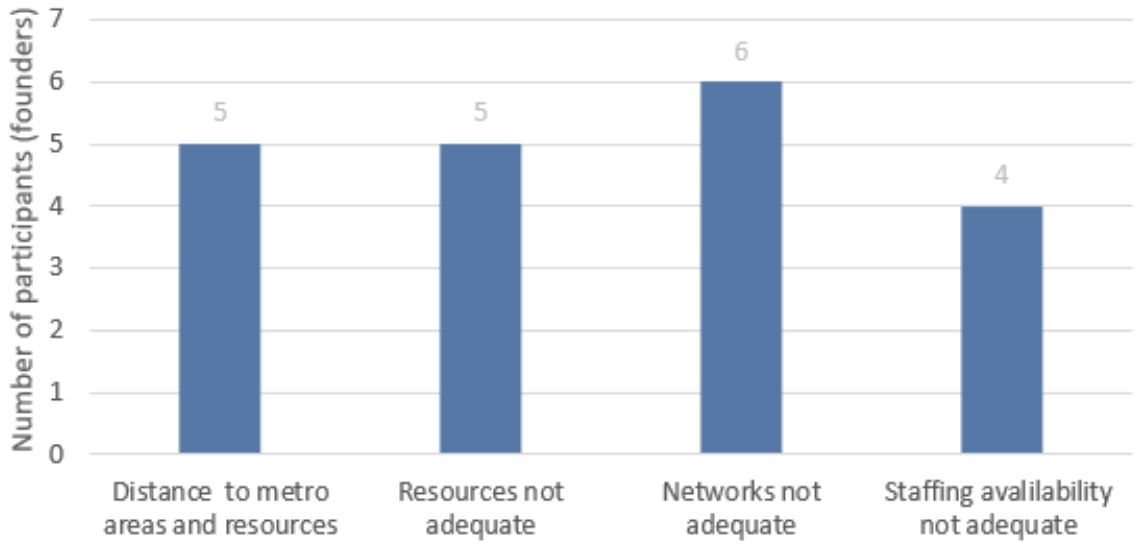
The most common negative mentioned was access to business **networks** (30%), followed by a tie between **distance** (25%) and **resources** not being present or reliable (25%). These were interlinked concepts where, for example, the words *"tyranny of distance"* was used in relation to accessing EF networks, industry connections or training. There was an association with time lived in the region: distance was expressed as a negative by participants who had lived seven or more years in the region, whereas, for example, one recent tree-changer (two years in the region) described the one-hour flight as a *"three-hour kind of commute from door to door",* which meant that *"access to the city [Sydney] is really good"* (P[redacted]). In relation to resources being a negative, this was raised in all cases except one by founders having lived four to five years in the region (the exception had lived in the region for 12 years).

Unlike the positive views, there was no gender association with the negative views on networks. In addition, most of the participants giving negative views were already well-connected in relation to EF, reporting in the PiQ between 10–40 people in their network they could ask for advice or between 8–20 business owners that they talk with on average in a week (excluding suppliers and customers). This negative view on networks was held by participants who scored high in 'extroversion' and 'sociability' in the BFI-2 instrument; however, others without this view also

scored high in extraversion, so there was heterogeneity. One well-networked and extroverted participant expressed the lack of networking opportunities available for their industry in regional locations through the concept of *"foyer-ism, you need foyers, you need places that you congregate to do business and connect"* (P[redacted]).

Lack of **staffing availability** was brought up by 20% as a negative that particularly affects regional areas, as the lower population base means that 'good' staff with the *"the skill sets and expertise that you might need"* (P[redacted]) were harder to recruit. The various cons expressed by participants regarding running a business in a regional location are shown in Figure A6-3.

Figure A6- 3
Cons Expressed by Participants Regarding Running a Business in a Regional Location (Graph Display)



Source: Author's compilation

A6.2.2 Views – Getting EF in Regional Australia

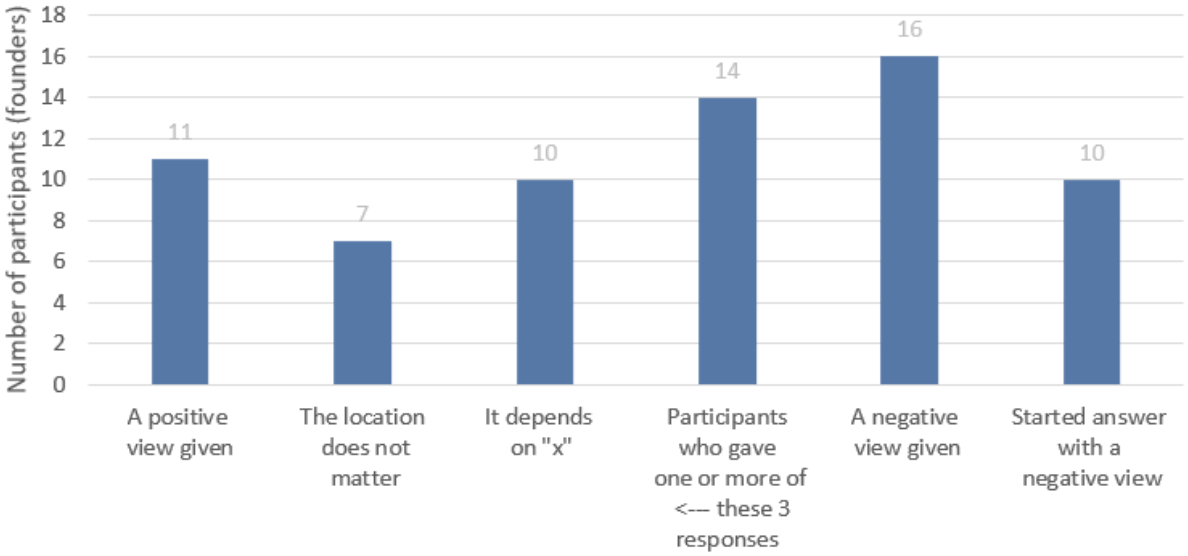
When asked "What are your views about getting finance for growing or starting a business here in regional Australia?", negative views were given by 80% of the participants and positive views were given by 55%. Half of the participants started their response with a negative, 70% (n=14) of the cohort either gave a positive and/or stated one or more of the following: that it's hard no matter where you are, or that it depends on contributing factors other than location. In the case of equity and grant providers, many participants (50–65%) did not directly mention these as a finance option despite 45% referencing more than one type of finance in their response. Debt, which was referenced by 60%, was seen as available in the regions, but it was often self-selected out of due to not having collateral and/or viewing banks as uninterested/unsupportive, when *"that customer relationship is integral in a rural regional situation"* (P[redacted]). See figures A6-4 and A6-5 for matrix and graph display of their answers.

Figure A6- 4
Participants' Views About Getting Finance for Growing or Starting a Business Located in Regional Australia, as Self-reported When Directly Asked (Matrix Display)

Positive view	Negative view	Started with negative	Neg: EF SC	Neg: HC knowledge/ skill	Neg: gender	Location NOT matter	Depends: industry	Depends: type of finance	Depends: collateral	Depends: business metrics	Covid-Zoom effect	Mention equity	Mention debt	Mention grants
Present														
Absent														
Rows = participants **KEY:** as per coloured cells above. **TOTALS:** the last row are counts of "present" which are then expressed as a percentage of the 20 participants.														
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	1	1	1	0	0	0	0	0	0	0	0	1	1	0
0	1	1	0	0	0	0	0	0	0	0	0	1	1	0
0	1	1	1	0	0	0	0	0	0	0	1	1	0	1
1	1	0	1	1	0	0	0	1	1	0	0	1	1	0
0	1	1	0	0	0	0	1	0	0	0	0	0	0	1
1	1	1	0	0	0	0	0	0	0	0	0	1	0	1
0	1	1	1	0	0	0	0	0	0	0	0	0	1	0
1	1	0	1	0	0	0	1	0	0	0	0	0	1	0
1	1	0	1	0	0	1	0	1	0	1	0	1	1	0
0	1	1	0	0	1	1	1	0	0	0	0	1	0	1
0	1	0	0	0	0	0	0	0	0	0	0	0	1	0
1	0	0	1	0	0	0	0	1	0	0	0	1	0	0
1	1	0	0	0	0	1	0	0	1	0	0	0	1	0
1	0	0	0	0	0	1	1	1	0	1	0	0	1	0
1	1	0	0	0	0	1	1	0	0	1	0	0	1	0
0	1	1	1	1	1	1	0	0	0	0	0	1	0	0
1	1	1	0	0	0	1	0	1	0	0	0	1	1	1
0	1	1	0	0	0	0	0	0	0	0	0	0	1	1
1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
11	**16**	**10**	**8**	**2**	**2**	**7**	**5**	**5**	**2**	**3**	**1**	**10**	**12**	**7**
55%	80%	50%	40%	10%	10%	35%	25%	25%	10%	15%	5%	50%	60%	35%

Source: Author's compilation [Rows sorted by "percentage of life lived in the region" with highest at top]

Figure A6- 5
Participants' Views About Getting Finance for Growing or Starting a Business Located in Regional Australia, as Self-reported When Directly Asked (Graph Display)



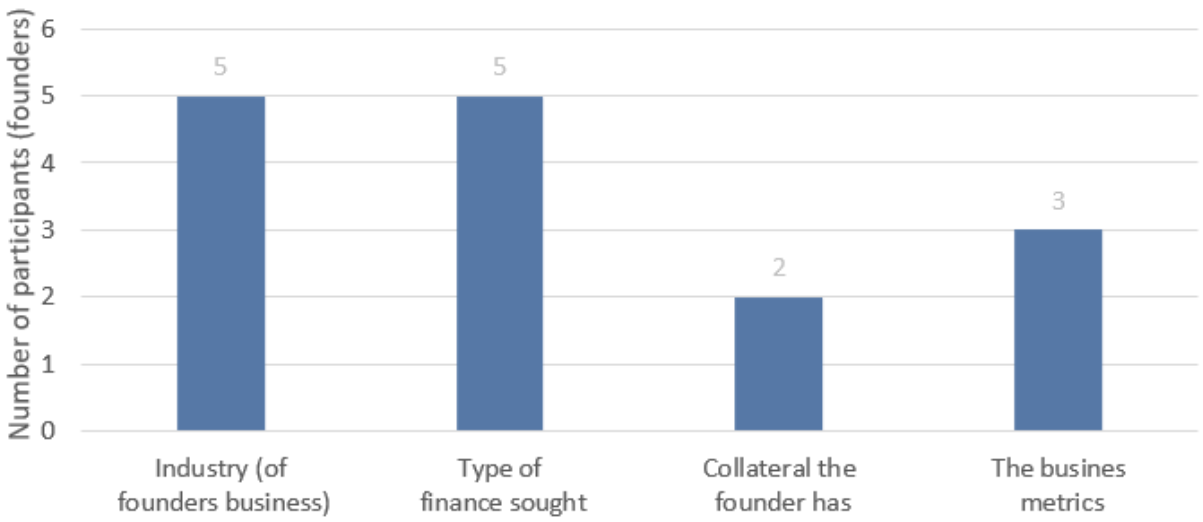
Source: Author's compilation

The most common reason given (40%) for a negative view about getting finance for growing or starting a business here in regional Australia was **EF networks** not being present in the regional areas (see column Neg-EF SC in Figure A6-4). For example, *"not being able to have that face to face interaction"* (P[redacted]). This was generally in relation to difficulty accessing FPs as *"most …[]…are based in the metropolitan areas"* (P[redacted]) but also referenced access to peers for shared learnings.

This interview question specifically asked participants about the regional location and EF, and 50% (n=10) said EF difficulty or ease **"depends on" something** other than, or more than, the regional location, and 25% said that the ease or difficulty of accessing finance was impacted by the **type of finance**, for example equity FPs *"don't understand what we're doing as much as country people do"* (P[redacted]) because they are *"city people"*. Another participant commented that the locals who have wealth and could provide equity or other finance are *"not interested in, …[]…. financing other people's businesses, but that's really the only money that's around here."* (P[redacted]). In terms of debt as a source of finance, two participants explained that their relationship with the local bank manager is a crucial factor for EF ease. Also, 25% said that the ease or difficulty of accessing finance is impacted by the type of **industry** that the business was in, 15% said that it is

impacted by the **metrics** of the business and how viable it is and 10% said that the ease or difficulty of accessing finance is impacted by having **collateral**/physical assets. Figure A6-6 illustrates the 'it depends on' responses.

Figure A6- 6
Explanation from Participants Who Stated that EF 'Depends On' Something Other Than the Regional Location (Graph Display)



Source: Author's compilation

Adding to this concept of 'it depends on' something other than the regional location, 35% (n=7) of all participants explicitly stated that **business location was not the sole issue** in the ease or difficulties in getting EF. For example, P[redacted] stated that *"funding's hard to get anywhere so it doesn't matter where you are, whether you're regional or in the city"*. All seven participants who held this view had lived eleven or fewer years in the region (or less than 18% of their life). They had a perspective on other places, were selling B2B rather than B2C, were either SaaS or online fulfilment of a product, and most were service based. Except for one (in the incubation and acceleration stage) the others were either in the plateau (n=3) or scale-up stage (n=3); none were in the idea or the launch stages. All seven were experienced founders, having owned at least two other businesses, and except for one, they all had made many (between 8 and 20) EF attempts in this business. Additionally, all except one had postgraduate qualifications.

If both the 'it depends on' (50%, n=10) and the 'location not the issue' (35%, n=7) participants are grouped together then they represent 55% (n=11) of the cohort because some had overlapping

responses, three participants mentioned both concepts and some mentioned one but not the other concept. When grouping these eleven participants ('it depends on', and 'location not the issue') into one group, the descriptive statistics change slightly. In the combined case, all eleven participants except one have owned other businesses, and all except two have made between 3 and 20 EF attempts in the current business, which is to say they have business and EF experience upon which they base their views. The number of years lived in the region demonstrates they have had experience of other locations, and all except one had lived in the region 18% or less of their life lived (the exception had lived in the region 55% of their life). Gender was not a factor that can be commented on as the split was even. Those who did not express either view for 'it depends on' or 'location not an issue' tended to be in the scale up-stage (see Table 1-5 for definitions).

A6.2.3 Views – EF in General

Views expressed in the entire interview were categorised according to the three most common finance types present in the cohort: grants, equity and debt. Views regarding EF in general were also collated. Comments that were not aimed at any particular EF type mostly covered the theme of HC in that EF is hard wherever you are, and it is hard to know the, what, where, how, and who of getting EF. This situation was revealed by participants to potentially leave a founder open to poor advice or poor EF terms, especially as a female in a male-dominated EF world, as someone not comfortable in asking for money or someone who is not comfortable asking for an explanation of unfamiliar concepts/language used. For example, P[redacted] said *"I was too afraid to say sorry I don't understand, whereas now I don't have any issue"*.

Participants also cautioned that EF is all a game, and one must not lose sight of what the core business is or its values are. Many advised that EF revolves around networks and relationships, but it is also a *"numbers game"* (P[redacted]) that makes it *a grind; frustrating* and *demoralising* to persist and be pro-active after multiple rejections. Some held the view that it was better to focus on the business model and traction instead, and that the finance or exit would take care of itself because *"the opportunities will present [themselves] at that time"* (P[redacted]).

A6.2.4 Views – Grants

Hardly any positive views were expressed around grants. There was great frustration around not having clarity/transparency on the grant criteria, grant process or what the *"expectations [and] reporting requirements are"* (P[redacted]). This was further aggravated by the process being: complex, *"really hard"* (P[redacted]), time-consuming and *really long drawn-out* (P[redacted]) in general, and to the

extent of *"closing dates that get moved and changed"* (P[redacted]). Grant applications often ended with discouragement and demoralisation in the face of not only rejection and perceived bias but also not receiving feedback to learn from. For those who were successful, victory was often blunted by the administrative costs of acquitting the grant as well as the restrictive covenants. Overall, the input required for the entire grant experience was reported to not be in proportion to the benefits received. For participants, the view on grants was often along the lines that for *"the amount of effort and reporting…[]… is it's not worth the bother"* (P[redacted]).

Whether or not the participants were successful in their grant applications, they were reluctant to apply for future grants for the following reasons:

- Grants as a form of finance are too expensive, i.e., cost-benefit does not add up (logical/rational reasoning). For example, *"[grant] funding can tie up a lot more administration staff time, equipment time than you expect …..[].. it starts to cost you, and it could even cost you more than the value of the funding itself"* (P[redacted]).
- The founder not being ready to risk another rejection in the face of the effort required to apply (drained emotional/psychological, resilience). For example, *"right now, a little bit demotivated on…. on re-applying energy in this [grant] space"* (P[redacted]).
- Founders feeling that they have poor odds and choosing to self-select out in the face of not knowing how to improve the odds (mix of logical and emotional reasons). For example, *"my experience with grants is that um yes the criteria should be on a level playing field but …[]…I have never …..seen it sort of play out that way"* (P[redacted]).

A few participants raised a noteworthy point in relation to co-contributions, which were seen as a roadblock and even a *"way to hamstring a business"* (P[redacted]). The requirement to quarantine co-contribution amounts while awaiting the verdict of the (lengthy) grant application process, or whilst a re-application was subsequently made due to a failed earlier application, meant grant timeframes became critical to operating cashflows and runway lengths. The consequential deferring of venture activities that could only occur by using those quarantined funds, or by requiring the venture to remain at a certain point (e.g., where a minimal viable product has not yet been built or not yet commercialised) right up until the finance is actually provided (or not provided) hurts the venture by stalling momentum and progress and/or the ability to apply for future co-contribution grants.

A6.2.5 Views – Equity

Words like frustrating and demoralising were used in relation to equity; however, the views expressed were broader than the barrage of criticisms aimed at grants. Equity encompasses a range of FP sources, as shown in Table 1-2 in Chapter 1. Here the participants' experiences covered business angels (BAs), high-net-worth individuals (HNWIs), home offices, venture capital funds (VCs), and industry and private equity. A few looked into crowdfunding then avoided that option. It could be said that overall, VCs were viewed a bit less favourably than BAs/HNWIs. One participant (P[redacted]) stated that *"venture capitalists suck!"* because it took a *"super frustrating"* six months to realise that they are only after *"a very specific model …[with an]… emphasis on super high returns"*, and therefore no alignment with them was possible. This founder–investor fit, or values alignment, was identified by participants as being important to all equity finance but difficult to obtain, on top of the fact that equity FPs themselves are hard to find in the first place, and usually only accessible through knowing the right people, because for some VCs *"you can't introduce yourself to them, they are introduced to you"* (P[redacted]).

Equity finance was described by many participants as being a *"such a numbers game"* (P[redacted]), taking 12 to 18 months to eventually get to a "yes". The fact that *"every investor wants something different"* (P[redacted]) or has different criteria makes it even more difficult, let alone the fact that the FPs criteria are usually *"not clearly articulated"* (P[redacted]). This was further aggravated for some participants by their view that the peak in the VC/BA market had just passed, or that they were just encountering "*tyre kickers"* who were never planning to invest. The difficulty in pitching and the demoralisation from constant rejection affects a founder's strength to keep *"put[ting themselves]out there"* (P[redacted]), especially when generic *"vanilla statement[s]"* (P[redacted]) of rejection with no feedback are the common outcome of an application.

Many participants viewed equity with caution, because they *"didn't want to give up ownership"* (P[redacted]) or control of their business, they felt they were too early-stage, they stated they were naïve around equity finance, and/or they observed that equity finance necessitates a *"focus on growth"* to achieve a high ROI exit, which creates *"a lot more work"* than to *"just go for profitability"* (P[redacted]) in the business. However, equity finance was also viewed with keenness because founders were drawn to the advice, mentoring and resources that are associated with equity finance and/or they valued the learning experience from applying, regardless of the odds. Strategies for equity finance success were reported to be: growing your networks and getting a lead investor, showing traction and metrics, having a *"snazzy presentation"* (P[redacted]) and good story, being *"true to*

yourself" (P[redacted]) and not changing your core business vision, and demonstrating you are a good fit for the FP by "*look[ing] like*" (P[redacted]) what the FP is looking for.

A6.2.6 Views – Debt

Debt was mostly viewed as either impossible or as too risky. No participants communicated having saleable (generic, tangible, liquid) business assets for collateral. Those who had personal assets or assets from a different business usually did not want to offer them up as collateral, often saying it was unwise to do so due to the lack of predictability around cashflow amounts and timings from their venture (i.e., unpredictable capacity to repay).

Banks were viewed as being *"cut and dried"* (P[redacted]), all about the money rather than the impact of the business or the potential of the founder. Further, banks were seen to be *"more talk than action"* in relation to *"help[ing] start-up businesses"* (P[redacted]). As P[redacted] explained, *"if you're not already big .....they're not interested in helping you become bigger… they're not really good at starting with the micro or the small and helping those guys grow"*. It was lamented that removing local bank managers was another nail in that coffin, particularly because a relationship with their local bank manager was seen as being very important to their success in securing debt finance, and not having a local bank manager in their town was perceived as making it very hard, despite a metro bank manager being available for online meetings. Little mention was made of non-bank debt finance. A participant who applied for venture debt but did not meet the lender's criteria held the view that it was *"like venture capital"* (P[redacted]).

A6.2.7 Experience – EF Challenges as Self-reported when Directly Asked

Interview question nine asked "What were the biggest challenges or difficulties from the [EF] experience?" The analysis below is based *only* on the answers provided when *directly* asked rather than themes in the overall interview. Because of this, there are some themes in challenges that do not show here, and some that do not show with the same intensity that they do on a whole-interview basis. Whole of interview basis themes are presented in the results chapter, in section 6.3.6 and Table 6.6, and are also captured in the views on each type of finance as covered in the three sections immediately preceding this section.

The EF challenges shared in direct answer to this question were heavily centred around the concepts of "**what** you know and/or can do" (HC), followed by "**how** you show up" (PC), for example, *"I think my confidence is one without a doubt"* (P[redacted]). Challenges were also raised

around the terms of the deal, such as collateral and timelines, or not being at the right stage for the FP, which was usually, but not always, due to being too early stage. Figure A6-7 illustrates the responses in matrix format with the data grouped according to the founder characteristic component each theme best falls into, or otherwise into sub-themes of business metric and other criteria. The following figures show the same information in graph format, split into one figure for founder characteristic criteria (Figure A6-8) and one for business metric and other criteria (Figure A6-9). The description of the results below these three figures is likewise formatted into these subcategories.

Figure A6- 7

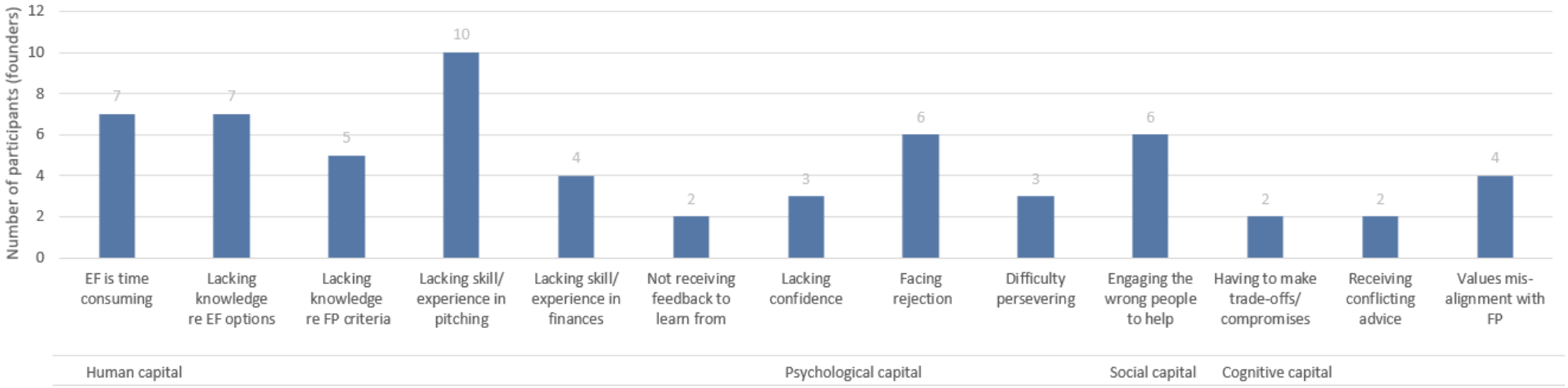
Biggest EF Challenges and Difficulties, as Self-reported When Directly Asked (Matrix Display)

EF is time consuming	Lacking knowledge re EF options	Lacking knowledge re FP criteria	Lacking skill / experience in pitching	Lacking skill / experience in finances	Not receiving feedback from FP	Lacking confidence	Facing rejection	Difficulty persevering	Engaging the wrong people to help	Having to make trade-offs / compromises	Receiving conflicting advice	Values mis-alignment with FP	FP was a tyre kicker	The FP is biased: politics at play	The FP is biased: re founder gender	Venture stage or business model not a fit for FP	Insuficcient collateral co-contrib	Time lines not lining up with FP
Present																		
Absent																		
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.																		
1	0	1	1	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
1	0	0	1	0	0	0	0	0	1	0	0	1	0	1	0	1	1	0
0	0	0	0	0	0	0	1	1	0	0	0	0	0	1	0	0	0	1
1	0	0	0	0	0	0	1	1	0	1	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	1	0	1	0	1	0	1	0	1	0	0	0	0	0	0	0	0	0
0	1	1	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	1
0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0
0	1	0	1	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0
1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	0	0	1	0	0	1	0	0	0	0	0	0	0	1	0	0	0	0
0	1	0	1	0	0	0	1	0	1	0	1	1	1	0	1	1	0	1
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	1	1	0
0	0	0	0	1	0	0	0	0	1	0	0	0	0	0	0	1	0	0
0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	1	1	0
1	1	1	1	0	0	0	0	0	1	0	1	1	1	0	1	0	0	1
0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	0	0
0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0
7	**7**	**5**	**10**	**4**	**2**	**3**	**6**	**3**	**6**	**2**	**2**	**4**	**2**	**3**	**2**	**6**	**4**	**4**
35%	35%	25%	50%	20%	10%	15%	30%	15%	30%	10%	10%	20%	10%	15%	10%	30%	20%	20%

Source: Author's compilation [Rows sorted by "business stage" with scale-up at top, and incubation-and-acceleration at bottom]

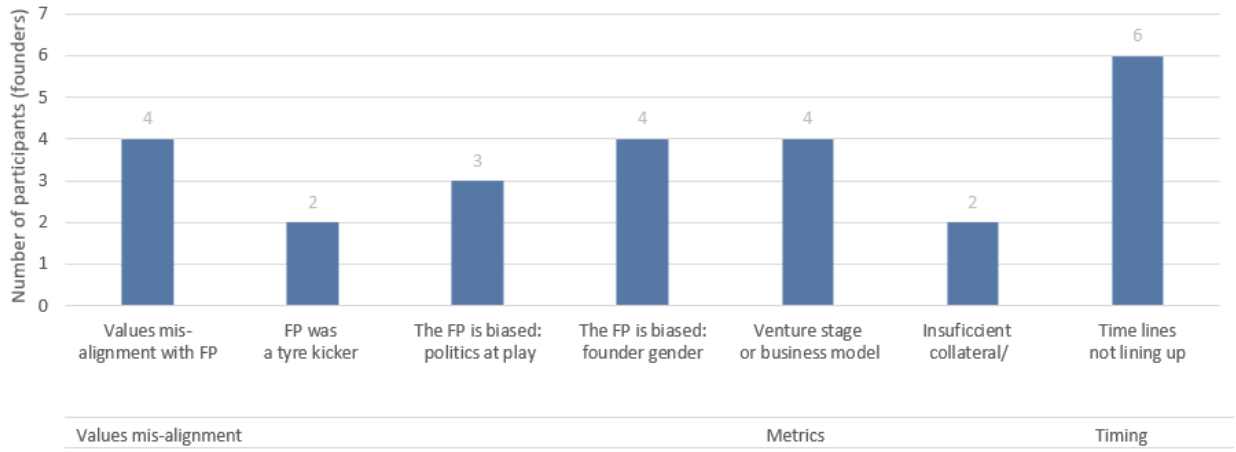
Figure A6- 8

Biggest EF Challenges and Difficulties, as Self-reported When Directly Asked (Graph Display Part 1, Founder Characteristics)



Source: Author's compilation

Figure A6- 9
Biggest EF Challenges and Difficulties, as Self-reported When Directly Asked (Graph Display Part 2, Business Metrics and Other)



Source: Author's compilation

Human capital

Most participants (80%) gave at least one area of HC as posing a challenge, and many (55%) listed more than one area. Half said their **skill level in pitching** or communicating was a difficulty, while 40% had challenges due to their **lack of knowledge**. Several (35%) stated this lack was in relation to knowledge of EF options, and others (25%) stated it was in relation to not knowing the FP's criteria. Some stated both areas posed a challenge. **Not receiving feedback** from the FP was a difficulty and frustration. While 10% specifically mentioned this in answer to this question, it was a larger theme on a whole-of-interview basis. Several (35%) expressed that the EF process was **time-consuming and labour-intensive.**

Psychological capital

Half the cohort gave at least one aspect of PC as posing a challenge, and 10% listed more than one. Some (30%) labelled the challenge as dealing with **rejection** and 15% as **perseverance** to keep going despite rejections/failed applications, whereas 15% referred to their **confidence** levels in asking for money as an issue for them regardless of having experienced rejection/failed applications.

Social capital

Issues with hiring the wrong people for the task (20%) were expressed in both the interview question asking about EF challenges and the question asking about EF learning experiences (see next section below); in both cases with the same underlying reasons. The concept of hiring the wrong people for the task was expressed by 40% when all interview question answers were included.

Cognitive capital and timing

Receiving conflicting advice requires cognitive capital and may be related to social capital, 10% found this to be an EF challenge. Likewise, 10% recognised having to make trade-offs and compromises as a challenge. Values misalignment with the FP is discussed below and appears in both figures as it involves cognitive capital, as well as representing a theme of its own on a whole of interview basis. Dealing with the challenge of timing was directly expressed by 20% and is a larger theme on a whole of interview basis, see section 6.3.5.

Values alignment and metrics

Issues with FP values alignment (20%) were expressed in both the interview question asking about EF challenges and the question asking about EF learning experiences (see next section below); in both cases with the same underlying reasons. If the values misalignment category is broadened to include indirect values references of the FP being a tyre kicker or being biased either due to politics or the founder's gender, then this theme was expressed by 35%. Note that values alignment was mentioned in other interview questions as well, and on a whole-interview basis, 70% reported this concept leading to EF challenges. Not being the venture-stage or business-model that an FP is looking for, is categorised as metrics in Figure A6-9 but could also be seen as a values alignment issue.

A6.2.8 Experience – EF Learnings as Self-reported when Directly Asked

Interview question eight asked "What were your biggest learnings, insights or takeaways from the [EF] experience?" The analysis below is based *only* on the answers provided when *directly* asked, rather than themes in the overall interview. The responses predominantly fell into two areas. These were learnings or insights about "**what** you know and/or can do" (HC) and "**who** you know" (SC).

Figure A6-10 illustrates the responses in matrix format with the data grouped according to the founder characteristic component each theme best falls into, or as business metric criteria. Figure A6-11 show the same information in graph format, and Figure A6-12 shows a summarised version by category. The description of the results below these three figures is likewise formatted into these subcategories.

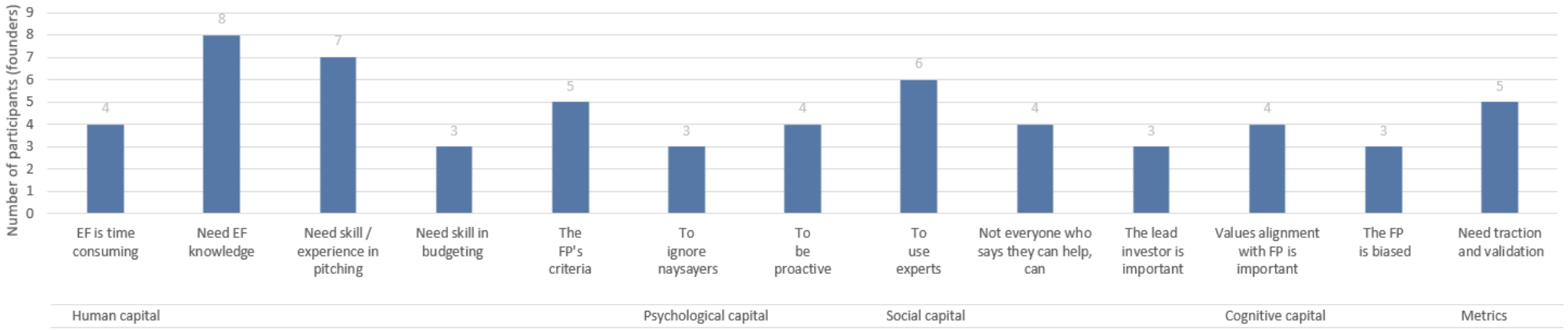
Figure A6- 10
Biggest EF Learnings and Insights, as Self-reported When Directly Asked (Matrix Display)

EF is time consuming	Need EF knowledge	Need skill / experience in pitching	Need skill in budgeting	The FP's criteria	To ignore naysayers	To be proactive	To use experts	Not everyone who says they can help, can	The lead investor is important	Values alignment with FP is important	The FP is biased	Need traction and validation
Present												
Absent												
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.												
0	1	1	1	1	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	1	1	0	1	1	1	1	1	0	1	0	1
0	1	0	0	0	0	0	0	0	0	0	0	0
0	1	1	0	0	0	0	1	0	1	0	0	0
0	0	0	0	0	0	0	1	0	0	0	0	0
0	0	0	0	0	0	1	1	0	0	0	1	0
1	0	1	0	1	1	0	0	1	0	1	1	1
0	0	0	0	0	0	0	1	0	0	0	0	0
0	0	0	0	0	0	1	0	0	1	0	0	0
0	1	0	0	0	0	0	0	0	0	1	0	0
0	1	0	0	1	0	0	0	1	0	0	0	0
0	0	0	0	0	1	0	0	0	1	1	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
1	0	1	0	0	0	0	0	0	0	0	0	0
0	0	1	1	1	0	1	0	1	0	0	0	1
1	0	1	0	0	0	0	0	0	0	0	0	0
1	1	0	0	0	0	0	0	0	0	0	1	1
0	1	0	1	0	0	0	1	0	0	0	0	1
4	**8**	**7**	**3**	**5**	**3**	**4**	**6**	**4**	**3**	**4**	**3**	**5**
20%	40%	35%	15%	25%	15%	20%	30%	20%	15%	20%	15%	25%

Source: Author's compilation [Rows sorted by "business age" with oldest at top]

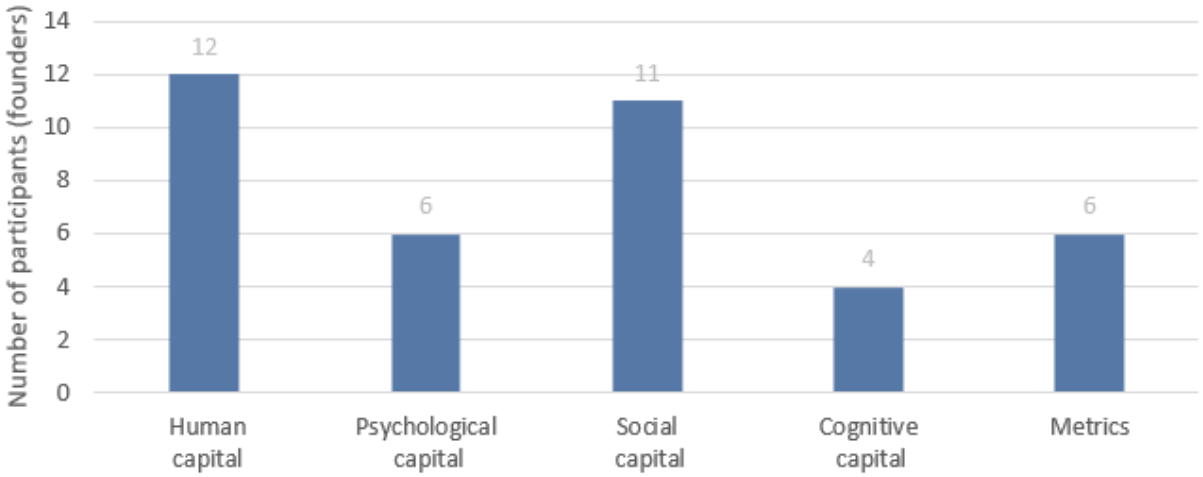
Figure A6- 11

Biggest EF Learnings and Insights, as Self-reported When Directly Asked (Graph Display V1, Detail)



Source: Author's compilation

Figure A6- 12
Biggest EF Learnings and Insights, as Self-reported When Directly Asked (Graph Display V2, Category Group Summary)



Source: Author's compilation

Human capital

Overall, 60% gave at least one area of human capital (knowledge and skills) as a learning topic, and 50% listed more than one area of HC. Needing more **knowledge** in relation to EF or recognising the importance of having EF knowledge was raised by many (40% of the cohort) in that they learnt that *"the more that you can educate yourself [the better]"* (P[redacted]). The discovery that they needed more **skill** in relation to communicating or pitching was shared by 35% (whereas on a whole-of-interview basis this is 85%), and 25% had gained insight from their experiences into FP **criteria**/what a FP wants, including how important having good metrics and traction are. Learnings also included realising how time-consuming EF is (20%) and that *"it invariably takes longer than you think"* (P[redacted]).

Psychological capital

Insights gained around "**how** you show up" (PC) also featured for 30% of participants, for example citing "pro-activity" (20%) and "*ignoring nay-sayers"* (15%) as lessons gained from their EF experiences.

Social capital

In relation to the theme of social capital, 55% gave at least one area of SC as a learning topic, and 10% listed more than one. Many (30%) learned how valuable it was/would be to consult with or contract an expert to assist in their EF application or process, for example a grant writer, IP attorney, or solicitor, rather than *"try and do it on my own like I did the first time"* (P[redacted]). Others (20%) had learned that relying on SC for advice or assistance can have undesirable outcomes in terms of quality and suitability, including in hindsight not *"being guided sufficiently"* (P[redacted]). This was a larger theme on a whole-interview basis, where it was expressed as a frustration rather than necessarily a learning, by 40%. Some (15%) also learned *"how important a lead investor is"* (P[redacted]) in securing additional investors to follow on.

Cognitive capital

Another learning that was shared by 20% was how crucial values alignment is between the founder and the FP, and that without this alignment, they discovered they could not say "yes" to a proposed deal. This concept showed up again in other parts of the interviews, with 70% of participants referring in one way or another to values alignment on a whole-of-interview basis. In this question 15% also mentioned they learnt that the FP is biased, this theme of FP bias shows is greater (40%) on a whole of interview basis, see section 6.3.1.

Metrics

Some (25%) participants also shared that they learnt that traction and validation are important criteria.

A6.2.9 Experience – EF Overall as Self-reported when Directly Asked

Interview question 15 asked "Overall how was the EF experience?" The analysis below is based *only* on the answers provided when *directly* asked rather than themes in the overall interview. Insights gained from elsewhere in the interview are presented in the results chapter see in particular Section 6.4, as well as in Section A6.2.3 This question is about what comes immediately to mind as the strongest view participants had of their experiences overall.

Overwhelmingly the EF experiences were negative, although 35% did express both negative and positive aspects in their experience. Most (90%) listed at least one negative item, 55% listed only

negative things, and 60% listed more than one negative; whereas 45% listed at least one positive item and 10% listed only positive things. Overall, the cohort's experiences can be summarised by three words: **hard, frustrating and demoralising**. Many participants used those exact four words, see the example quotes in Figure A6-13, while others used synonyms or metaphors instead. For those who found something positive to say, the concept of **excitement** can be used. Figure A6-14 shows participants' responses in matrix format and Figure A6-15 in graph format. Figure A6-16 groups the results in various combinations as to whether positive and/or negative views were expressed by each participant.

Figure A6- 13
Example Quotes of Overall Experience/Views on EF, as Self-reported When Directly Asked

E*quity raise is…… you are bearing your soul to the world every time you do it knowing that there is a ninety-nine percent chance you're gonna get slapped by them. So it's hard. It's demoralizing.* (P[redacted])

We pulled back from that we just we just found it too frustrating and difficult. (P[redacted])

It's …it's exciting it's…..um….. it's exhausting ..it's frustrating ….it's exhilarating. (P[redacted])

Can be deflating but also really exciting. (P[redacted])

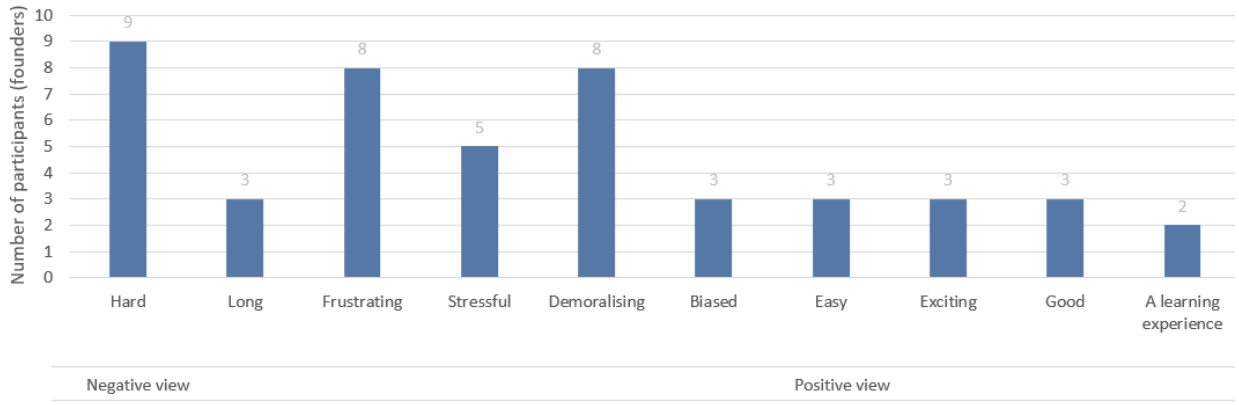
Source: Author's compilation

Figure A6- 14
Overall Experience/Views on EF, as Self-reported When Directly Asked (Matrix Display)

Hard	Long	Frustrating	Stressful	Demoralising	Biased	Easy	Exciting	Good	A learning experience
Present									
Absent									
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.									
1	0	1	0	0	1	0	0	0	0
1	0	1	0	0	0	0	0	0	0
0	0	0	0	1	1	0	0	1	0
1	0	0	1	1	0	0	1	0	0
0	0	1	0	0	0	0	0	1	1
0	0	0	1	0	0	0	0	0	0
1	0	0	0	1	0	0	0	0	0
1	1	1	0	0	1	1	0	0	0
0	0	0	0	1	0	0	0	0	0
0	1	1	0	0	0	0	0	0	0
1	0	0	0	1	0	0	0	0	0
0	0	0	0	0	0	1	0	0	0
0	1	1	1	0	0	0	1	0	0
0	0	0	0	1	0	0	0	0	0
1	0	0	0	0	0	0	0	0	1
0	0	1	0	1	0	0	0	0	0
0	0	0	0	1	0	0	1	1	0
1	0	1	1	0	0	0	0	0	0
0	0	0	0	0	0	1	0	0	0
1	0	0	1	0	0	0	0	0	0
9	**3**	**8**	**5**	**8**	**3**	**3**	**3**	**3**	**2**
45%	15%	40%	25%	40%	15%	15%	15%	15%	10%

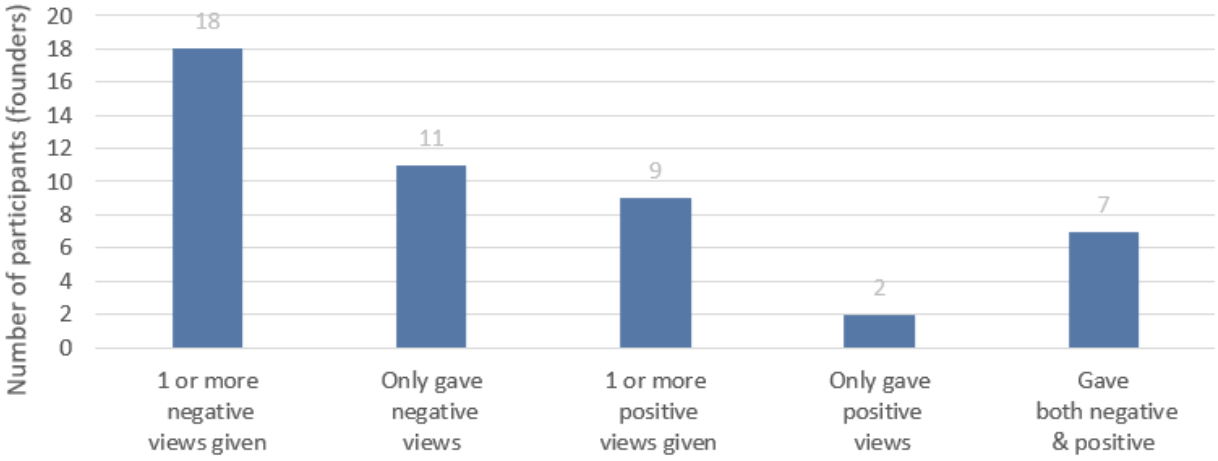
Source: Author's compilation [Rows sorted by "percentage of life lived in the region" with highest at top]

Figure A6- 15
Overall Experience/Views on EF, as Self-reported When Directly Asked (Graph Display)



Source: Author's compilation

Figure A6- 16
Overall Experience/Views on EF, as Self-reported When Directly Asked (Graph Display) Grouped into Combinations of Negative and Positive Views Expressed by Each Participant



Source: Author's compilation

A6.2.10 Views – Reason for Outcome of EF Application

Participants mentioned on average three different reasons for either their success or failure across all of their EF attempts discussed. As many participants experienced **both** success and failure for the same type of EF, the percentages given in the following sentences do not add to 100% as participants were speaking to more than one EF attempt during their journey. The most common EF types mentioned were **grants**, where 55% reported success, 50% failure, and 35% both; **equity**, where 45% reported success, 55% failure, and 30% both; and **debt**, where 35% reported success, 20% failure, and 10% both. Success and failure for any one of hybrid, voucher, pre-selling, or competitions was not mentioned by more than 10% of the cohort for each. Most founders would have been eligible for vouchers (e.g., Amazon web server credits valued at up to $10,000) as part of joining the SRI incubator and these are not included in the counts presented above unless the participants mentioned them. Refer to Section A5.3 for further context around the types and sources of finance where participants experienced success and failure.

Reports of success

Where **success** in obtaining any type of EF was reported, the most common reason given (65%) was attributing it to their **networks or social capital** or success being "*based on relationships"* because, for example, *"connections in the community makes a really big difference* (P[redacted]).

Connections via lead investors also contributed to success due to other investors following the lead, because *"as soon as we have that term sheet [from the lead investor] we're able to go to two or three other investors and it was just easy"* (P[redacted]). Using networks included piggybacking onto a client's grant application that then funded their own services to that client. Overall, for the cohort, and in particular for participant P[redacted], success was reported as *"definitely more about knowing people"* (P[redacted]).

A close second reason (50%) reported for EF success was that **timing or luck** had played a large part. This included the impact of COVID-19 providing free time during lockdown to focus on raising finance or simply being in the right place at the right time where getting the EF *"kind of just accidentally happened"* (P[redacted]), it was *"just happenstance, that was just, just pure luck"* (P[redacted]) and *"we've been lucky to be honest"* (P[redacted]).

The venture's **traction, validation** or business stage was cited by 35% as being a reason for success. This included validation from *"important [press] publicity to then leverage"* (P[redacted]), letters of weight from IP lawyers, or customers who *"wrote letters of support"* (P[redacted]), or simply having figures as evidence. Other minor themes that arose were meeting the criteria, having collateral, and having terms acceptable to both parties. In addition, 50% mentioned one or more of any of the business metric-based themes: venture stage, validation, traction, meeting criteria, having collateral as a reason for their success.

Values alignment between the founder and the FP was cited by 30% as a reason for EF success. Note that across the full interview, 70% of participants believe that values alignment between themselves and the FP is important, as detailed in section 6.3.1.

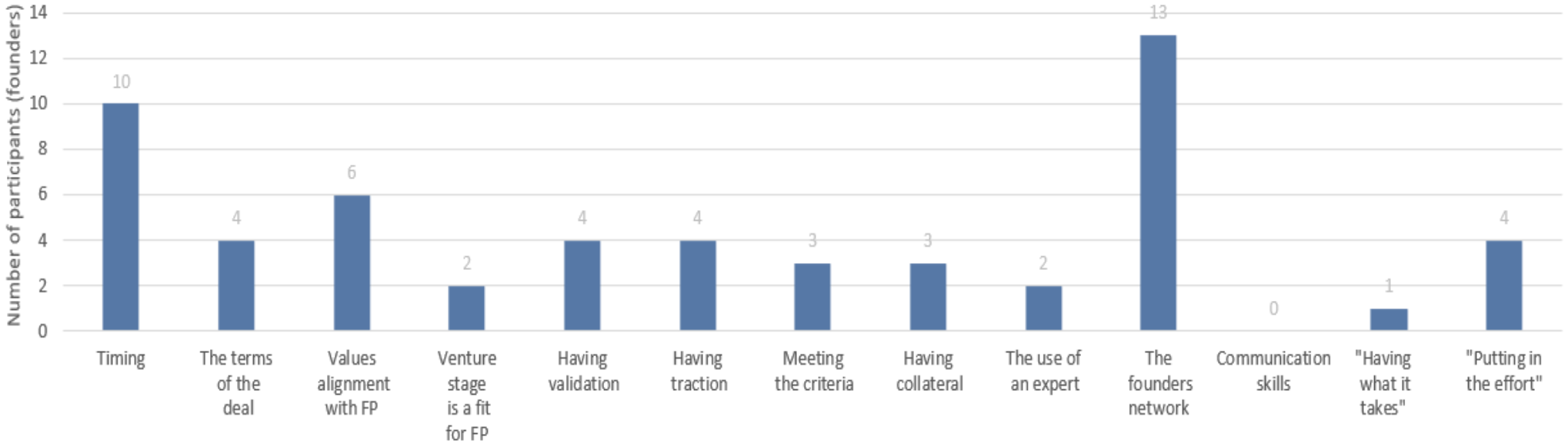
Other reasons for success were given by 20% who believed that effort, working hard and being *"much more painstaking in what I did"* (P[redacted]) were the key to success, and 10% who attributed their success to using an expert. It was clear from other questions, however, that many (85%) recommended, often in hindsight, using an expert because *"someone who understood how to navigate the protocols and the processors …[].. was absolutely necessary"* (P[redacted]) to EF success. Figure A6-17 shows participants' responses in matrix format, and Figure A6-18 in graph format, in relation to their self-reported reasons for successful EF applications.

Figure A6- 17
Successful EF Attempts Self-reported as Being Due to: (Matrix Display)

Timing	The terms of the deal	Values alignment with FP	Venture stage is a fit for FP	Having validation	Having traction	Meeting the criteria	Having collateral	The use of an expert	The founders network	Communication skills	"Having what it takes"	"Putting in the effort"
Present												
Absent												
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.												
1	0	0	0	0	0	0	1	0	0	0	0	0
1	0	0	0	0	0	0	0	0	1	0	0	1
0	0	0	0	1	1	0	0	0	1	0	0	0
1	0	1	0	0	1	1	0	0	1	0	0	0
0	0	0	0	0	0	0	1	0	1	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	1	0	0	0	0	0	0	1	0	0	1
0	1	0	0	0	0	0	0	0	1	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
1	1	0	1	0	0	0	0	1	1	0	0	0
0	0	1	0	0	0	0	0	0	0	0	1	0
1	0	0	0	1	1	1	0	0	1	0	0	0
0	0	1	0	0	0	0	0	0	1	0	0	0
1	0	0	0	0	0	0	0	0	1	0	0	0
0	0	0	0	0	0	0	1	0	0	0	0	1
0	1	1	0	0	1	0	0	0	1	0	0	1
1	1	0	0	0	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	1	0	0	0
1	0	0	0	1	0	0	0	0	0	0	0	0
1	0	1	1	1	0	1	0	1	1	0	0	0
10	**4**	**6**	**2**	**4**	**4**	**3**	**3**	**2**	**13**	**0**	**1**	**4**
50%	20%	30%	10%	20%	20%	15%	15%	10%	65%	0%	5%	20%

Source: Author's compilation [Rows sorted by "percentage of life lived in the region" with highest at top]

Figure A6- 18
Successful EF Attempts Self-reported as Being Due to: (Graph Display)



Source: Author's compilation

Reports of not having success

In terms of **failure** in obtaining EF regardless of type, 50% of the participants attributed this to not meeting the **terms and criteria** of the finance or to their not being willing to accept the terms/criteria. For example, *"they [FP] wanted half the business"* (P[redacted]). Other times this was explained as participants not being sure what the criteria actually were, *"I didn't think it was articulated clearly .... as to what they [FP] wanted"* (P[redacted]), and therefore the participant was unable to meet the (unknown) criteria.

In a similar vein, **values misalignment** was also mentioned by 15% when responding to this question. In the interviews as a whole, the theme of alignment with FP values was mentioned at least once by 70% of participants as being of importance. While this is the question where it was the least mentioned (all other individual questions receive a 20% or 30% count), participant P[redacted] articulated it very strongly here as to why they declined a finance offer: *"someone says yeah we'll give you money, just completely change your ethics or what you wanna do"*.

A close second reason (45%) for lack of EF success was reported by participants referring to their **skill level**. This was almost evenly split between their level of communication/pitching skills or their skill in filling out the paperwork required where for example, *"we ticked the wrong box"* (P[redacted]).

The other close second reason (also at 45%) was as being a **too early stage** for their target FP EF type, with participants using words like "stage", "early" or *"not [being] far enough along"* (P[redacted]), by also referring to revenues not being present or not yet having a clear business model (35%).

Timing or luck playing a large part in their failure was a reason given by 30%. This included the COVID-19 lockdowns causing a *"temporary crash of the of the VC's and everything"* (P[redacted]). Other examples involved being too similar to a company that the FP happened to be already financing at the same time, or the FP pulling back due to changes in market conditions.

In terms of **other reasons**, no more than 15% mentioned not having collateral, not having revenue, not having traction, the FP being biased and being too competitive; 45% mentioned one or more of any of the business metric categories of venture stage, validation, traction, revenue, or collateral, as a reason for their failure; and 10% specifically noted having self-selected out of an application they would have liked to have made because they believed they would not be successful (on a whole-of-interview basis 35% explicitly expressed either opting out or considering opting out). Figure A6-19 shows participants' responses in matrix format, and Figure A6-20 in graph format, in relation to their self-reported reasons for unsuccessful EF applications.

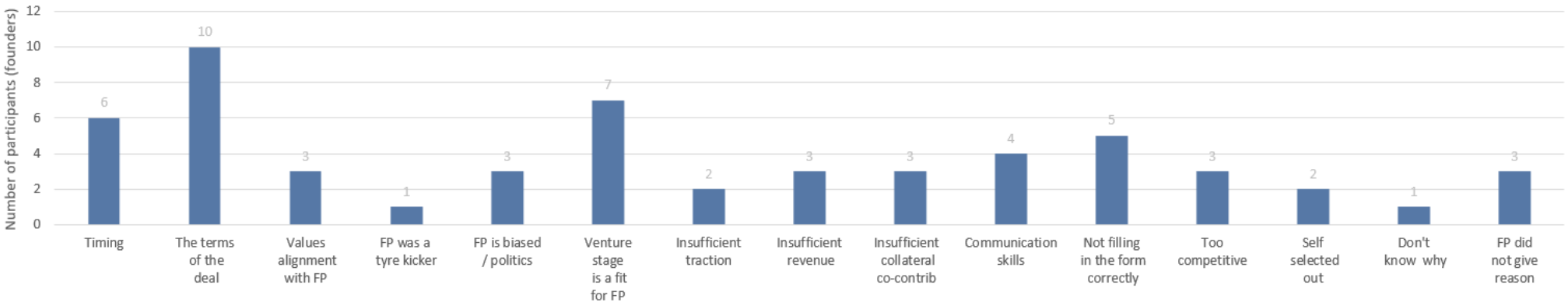
Figure A6- 19

Unsuccessful EF Attempts Self-reported as Being Due to: (Matrix Display)

Timing	The terms of the deal	Values alignment with FP	FP was a tyre kicker	FP is biased / politics	Venture stage not a fit for FP	Insufficient traction	Insufficient revenue	Insufficient collateral co-contrib	Communic ation skills	Not filling in the form correctly	Too competitive	Self selected out	Don't know why	FP did not give reason
Present														
Absent														
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.														
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	1	0	0	1	0	0	0	0	0	0	0	0	1	1
0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
1	1	0	0	0	1	0	0	0	0	0	0	0	0	0
0	1	0	0	0	0	0	1	1	0	0	1	1	0	0
0	0	0	0	0	1	1	1	0	0	1	0	1	0	0
0	1	0	0	1	0	0	1	1	0	1	0	0	0	0
0	1	0	0	1	1	0	0	1	1	0	1	0	0	1
0	1	1	0	0	0	0	0	0	1	0	0	0	0	0
1	1	1	1	0	1	0	0	0	0	0	0	0	0	1
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1	1	0	0	0	0	0	0	0	1	0	0	0	0	0
0	1	0	0	0	1	0	0	0	0	0	0	0	0	0
0	0	0	0	0	1	1	0	0	0	0	0	0	0	0
0	1	1	0	0	0	0	0	0	0	0	0	0	0	0
1	0	0	0	0	1	0	0	0	1	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0	1	0	0	0	0
0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
1	0	0	0	0	0	0	0	0	0	1	0	0	0	0
6	**10**	**3**	**1**	**3**	**7**	**2**	**3**	**3**	**4**	**5**	**3**	**2**	**1**	**3**
30%	50%	15%	5%	15%	35%	10%	15%	15%	20%	25%	15%	10%	5%	15%

Source: Author's compilation [Rows sorted by "percentage of life lived in the region" with highest at top]

Figure A6- 20
Unsuccessful EF Attempts Self-reported as Being Due to: (Graph Display)



Source: Author's compilation

A6.2.11 Views – Whether the FP Perceives the Venture as Risky

When discussing the situation of their business as at the time of accessing EF, the participants were asked the probing question "Do you think the FP would have viewed the business as risky at that time [of applying for EF]?" Their answers are presented here along with their reasons for their view. Some reasons were not explicitly mentioned by the participant; for example, saying "no revenue", implies not only no profit but in some cases also no traction. Only explicit reasons or very strongly implied reasons are counted in the analysis below. Note that three participants were not asked this probing question due to the context of their interview, and their opinion was triangulated from their other responses for completeness. The participants' reasons given are subjective opinions at that point in time, and some reasons given here contradict information they shared in other parts of their interviews. One example is the existence of consistent profits. This difference may be due to differing timelines and applications being referred to and potentially also recall bias or even possibly unconscious impression management.

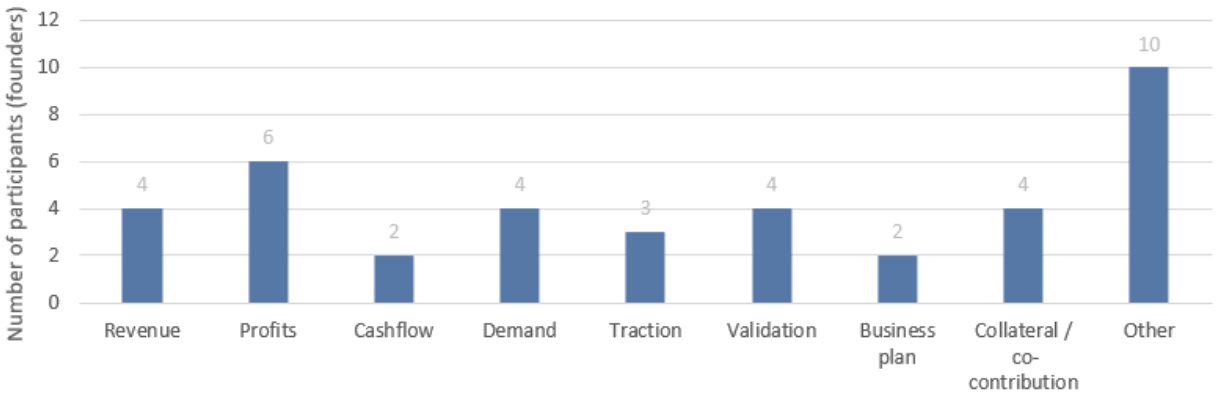
Figure A6-21 shows participants' responses in matrix format, and Figure A6-22 in graph format, in relation to their self-reported reasons for why their business is, or is not, risky for the FP to invest in. Both figures combine responses of risky and not risky views. In contrast, figures A6-23 and A6-24 separate the views by presenting a graph only of participants who said their business would be risky for the FP to invest in (Figure A6-23), and a graph only of participants who said their business would not be risky for the FP to invest in (Figure A6-24).

Figure A6- 21
*Participants' Reasons Given for Why Their Business Is, **Or** Is Not, Risky for the FP (Matrix Display)*

	Because they (the founder) have / don't have :								
View their venture as being risky for a FP	Revenue	Profits	Cashflow	Demand	Traction	Validation	Business plan	Collateral / co-contribution	Other
Yes	Present								
No	Absent								
	Rows = participants **KEY**: as per coloured cells above. **TOTALS**: the last row are counts of "present" or "yes", which are then expressed as a percentage of the 20 participants.								
1	1	0	0	0	0	0	0	0	1
1	0	1	0	1	0	0	0	0	0
0	0	0	0	0	0	0	0	1	0
1	0	1	0	0	0	0	0	0	1
0	0	1	0	0	1	0	0	0	0
0	0	1	0	1	0	0	0	0	0
1	1	0	1	0	0	0	0	1	1
1	1	0	0	0	0	0	0	1	0
1	0	0	0	0	0	0	0	0	1
0	0	0	0	0	0	0	0	0	1
0	0	1	0	0	0	1	0	0	0
1	0	1	0	0	0	0	0	0	1
0	0	0	0	0	0	0	0	0	1
0	0	0	0	0	0	0	1	0	0
1	0	0	0	0	1	1	0	0	0
1	0	0	1	0	0	0	0	0	1
0	0	0	0	0	0	0	0	0	1
0	1	0	0	1	1	1	0	0	0
0	0	0	0	1	0	1	1	0	0
0	0	0	0	0	0	0	0	1	1
9	**4**	**6**	**2**	**4**	**3**	**4**	**2**	**4**	**10**
45%	20%	30%	10%	20%	15%	20%	10%	20%	50%

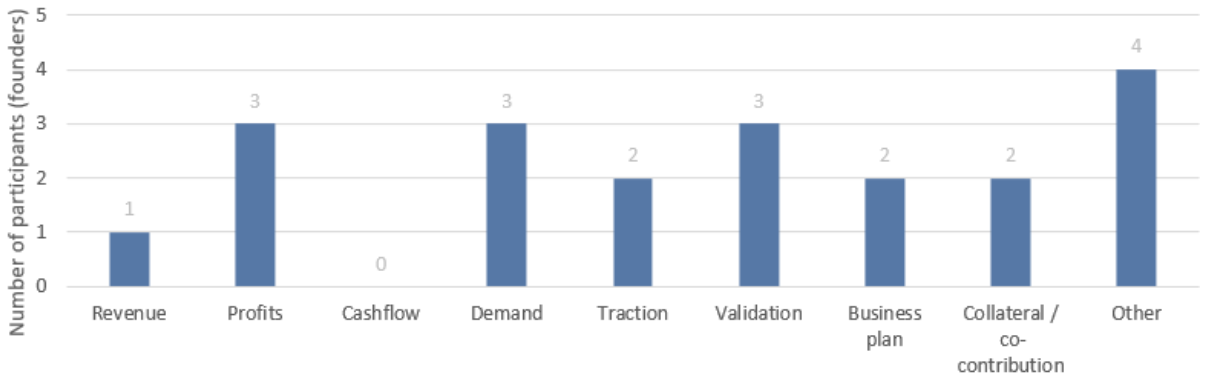
Source: Author's compilation [Rows sorted by "business stage" with scale-up at top and incubation-and-acceleration at bottom]

Figure A6- 22
*Participants' Reasons Given for Why Their Business, Is **Or** Is Not, Risky for the FP (Graph Display)*



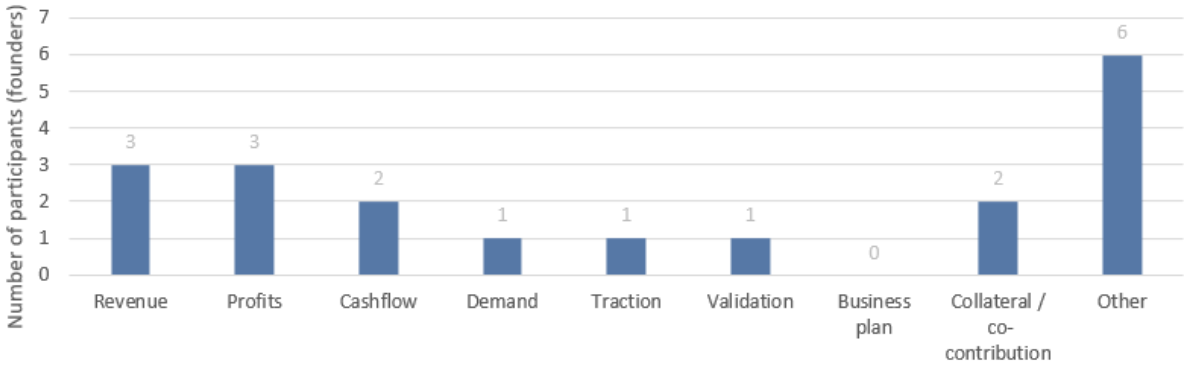
Source: Author's compilation

Figure A6- 23
*Participants' Reasons Given for Why Their Business Is **Not** Risky for the FP, Because They **Do** Have:*



Source: Author's compilation

Figure A6- 24
*Participants' Reasons Given for Why Their Business **Is** Risky for the FP, Because They **Do not** Have:*



Source: Author's compilation

Regardless of whether the participants thought the FP would perceive them as risky, the most popular reasons cited overall to support an opinion on riskiness were having/not having revenue (20%), customer demand (20%) or profits (30%). Participants gave multiple reasons, so these percentages do not add up to 100.

View – not risky (55%, n=11)

A slight majority of the cohort thought that the FP would not find them risky. Of these eleven participants, just over half (n=6) listed more than one reason for their view, and three (27%) cited profits as their reason. Other popular reasons were customer demand, traction, having validation, having a business plan and having collateral. Four of these 11 (36%) were in the scale-up **stage**, four (36%) were in a plateau after having launched but before scaling-up and the remaining three (27%) were in the incubation and acceleration stage (not yet launched). Furthermore, seven (63%) were figuring out their **business model** and three had not had revenue or profits "in any year" per the PiQ. Two were very confident, specifically stating that they had de-risked or *"completely de-risked"* the business from the FP point of view. These were both in incubation and acceleration stage, had business models that were a work-in-progress and also scored very high on open-mindedness. Another example of optimism came from P[redacted] in the incubation and acceleration stage: *"I think the risk is really low *laugh* because the market's so huge…[]… so in terms of risk if we can get the messaging right then the risk is really low for investors"*. P[redacted], who was further along, and in the scale-up stage, says in relation to their in-development product: *"Oh I think it should be perceived very low [risk] because, because we've got a long list of people who want to buy …[product]… from us, as soon as we have one"*. P[redacted], who was also in the scale-up stage, took this concept of demand a step further by observing *"we've diversified risk by having three distribution channels"*.

View – risky (45%, n=9)

A little under half of the cohort thought that the FP would find them risky. Of these nine participants, eight (89%) listed more than one reason for their view, and six (66%) cited either profits or revenue; this was split equally. Not having SC was an issue, and a participant who was not a local in their regional town concluded that the local investors *"definitely saw it as a risk"* (P[redacted]) to invest in the venture for this reason. Other common reasons were not having cashflow and not having collateral/co-contribution amounts. All other reasons were mentioned by no more than one participant for each remaining reason given, examples include not having demand,

traction or validation. Seven of these nine (78%) were in the scale-up **stage**, and the remaining two were in a plateau after having launched but before scaling-up. Furthermore, for all except one of these nine, their **business model** was a work in progress. One participant directly cited newness/'nothing like us exists' as a reason for being risky, although many of the cohort had described themselves as first movers and first to market in earlier questions. As P[redacted] noted, *"any start-up is risky"*, and P[redacted] saw that the risks inherent in entrepreneurship to mean that *"it's always very high risk….[]…, cause you're just not sure"* if the venture will succeed. Therefore, as P[redacted] observe, it is *"absolutely"* risky for the FP *"when there's lots of unknowns and question marks"*.

An interesting observation is from P[redacted], who feels some investors do not perceive all of the risks, especially if provided with a good pitch by the founder:

> *you know an investor hasn't ….perceived all of the potential risks for example …..and some people myself included …..like to think that the investors are fully briefed fully aware of everything. But because you're constantly pitching over and over and over again ……..you don't always get the chance to say well this could go wrong and that could go wrong and etc …… []… so that weighs on my mind a lot and I ..you know, have I expressed the risks enough to all of our investors and shareholders …..*

A6.2.12 Views – What the FP Values the Most

In reading the results for the question "What things do you think a finance provider values the most when they consider an application?", it is pertinent to remember that these are the views of a cohort of founders who have attempted to access more than one type of EF, usually more than once, and in almost all cases with experiences of failure and with at least one experience of EF success overall. Therefore, these findings are not necessarily what participants believed when they began their EF journey. Many (35%) volunteered, with or without probing questions, that their views at the time of the interview were different because they were no longer as *"naïve as I was"* (P[redacted]) when first attempting to obtain EF *"I was so green"* (P[redacted]). Those whose views were unchanged had had prior EF experience in other business and/or finance, which gave them significant insights to draw upon.

Responses can be categorised into four themes, which, in order of size, are the business/metrics (85%), the founder (human, psychological and cognitive capital) (70%), the return on investment or ROI (65%) and the idea (30%). If these four themes are ungrouped into individual sub-themes, there is a tie between having a good ROI, traction, and business metrics. If the themes are then further condensed into a business/metrics/ROI vs founder categorisation, then 100% mentioned at

least one of the former (metrics), with an average of 2.5 and a mode of 2 subcategories being mentioned. In regard to the latter (the founder), 70% mentioned at least one subcategory with an average of 1.35 and a mode of 2 subcategories mentioned. **These results can be summarised as the participants having an overall leaning towards the view that the FP values business/metrics/ROI more than founder characteristics.**

Figures A6-25 shows participants' responses in matrix format, and Figure A6-26 in graph format, in relation to their views as to what the EF values the most. Note that the themes have been generalised across finance types, so for example the four C's of credit that a bank values are reflected in the sub-themes as follows: capacity and collateral are included in 'business/metrics' as revenue/cashflow and collateral/assets, respectively, and character and credit score are included in 'founder' as credibility and capability, respectively.

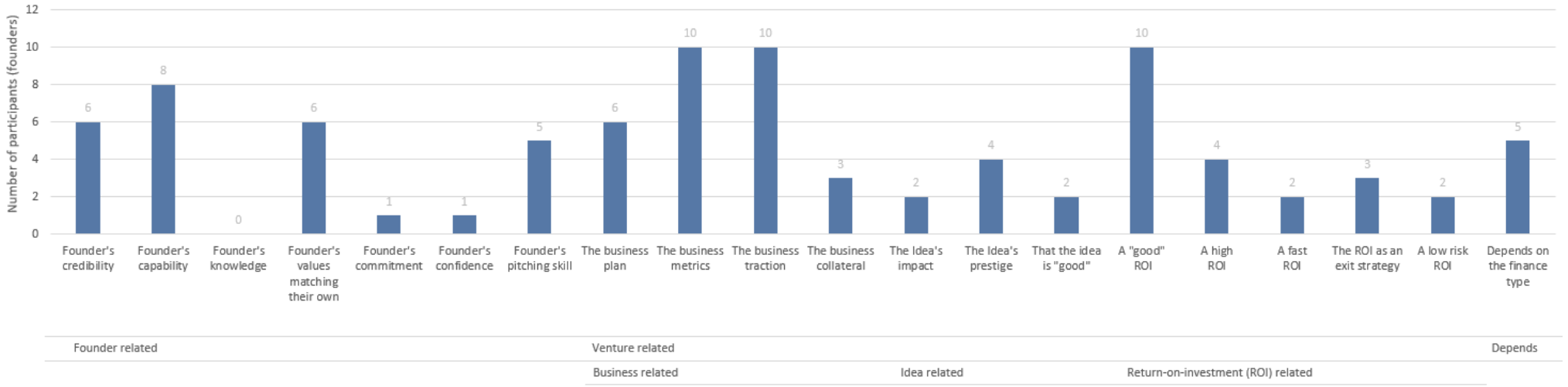
Figure A6- 25

Participants' Views on What the FP Values the Most (Matrix Display)

Founder's credibility	Founder's capability	Founder's knowledge	Founder's values matching their own	Founder's commitment	Founder's confidence	Founder's pitching skill	The business plan	The business metrics	The business traction	The business collateral	The Idea's impact	The Idea's prestige	That the idea is "good"	A "good" ROI	A high ROI	A fast ROI	The ROI as an exit strategy	A low risk ROI	Depends on the finance type
Present																			
Absent																			
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.																			
0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
0	1	0	0	0	0	1	0	1	1	0	1	1	0	1	0	0	0	1	0
1	0	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
1	1	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	1
0	0	0	0	0	0	1	0	1	1	0	0	0	0	1	0	0	0	0	1
0	0	0	0	0	0	0	0	1	1	1	0	0	1	0	0	0	0	0	0
1	1	0	0	0	0	0	1	1	0	0	0	0	0	0	0	0	0	1	0
0	0	0	0	0	0	0	0	1	1	1	0	0	0	0	0	0	0	0	0
0	0	0	0	1	1	1	1	0	0	0	0	0	0	1	0	0	0	0	0
0	0	0	0	0	0	1	1	1	1	0	0	0	0	1	1	0	0	0	0
1	1	0	0	0	0	0	0	0	1	0	0	1	0	1	1	1	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	1	0	0
0	0	0	0	0	0	0	0	1	0	1	0	0	0	1	0	0	0	0	1
0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0	0	0	0	0
1	1	0	1	0	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0
0	0	0	1	0	0	0	0	0	1	0	1	1	0	0	0	0	1	0	1
0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0
0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0
1	1	0	0	0	0	0	1	0	0	0	0	0	1	1	0	0	0	0	0
0	1	0	1	0	0	0	1	0	1	0	0	1	0	0	0	0	0	0	0
6	**8**	**0**	**6**	**1**	**1**	**5**	**6**	**10**	**10**	**3**	**2**	**4**	**2**	**10**	**4**	**2**	**3**	**2**	**5**
30%	40%	0%	30%	5%	5%	25%	30%	50%	50%	15%	10%	20%	10%	50%	20%	10%	15%	10%	25%

Source: Author's compilation [Rows sorted by "percentage of life lived in the region" with highest at top]

Figure A6- 26
Participants' Views on What the FP Values the Most (Graph Display)



Source: Author's compilation

All except two founders mentioned more than one thing that the FP values. With regard to associations in the data, those who had owned four or more other businesses all mentioned "a good ROI", which accounted for half of those mentions. The rest had had one or two past businesses. The more experienced the founder was (four or more past businesses; more than four EF attempts in this business), the stronger the association was (100%) with the view that "a good ROI" is most highly valued by the FP. The two founders with the most EF application experiences (in current and prior businesses combined, n=100 and n=50) mentioned no founder-related factors or any idea-related factors as being highly valued by the FP. Those in the scale-up stage (compared to earlier stages) gave fewer mentions of founder-related characteristics and also fewer mentions of the "idea" being highly valued.

In addition, 25% made it clear that "**it depends"** on certain factors, such as: *"it depends who they [FP] are"* (P[redacted]), or *"it depends on their reason for investing…[]… it depends on what investor you're looking at and it depends on … what form of funding you're looking for"* (P[redacted]). No associations appeared between these "it depends" views and venture stage or with past EF attempts (in either this or another business). Other participants identified and spoke to different finance types separately when giving their response, which implied it depends on the finance type.

A6.2.13 Views – Founders' Feedback to the FP as Self-reported when Directly Asked

Interview question 16 asked "If you could give feedback to the finance provider, what would it be?". The analysis below is based *only* on the answers provided when *directly* asked rather than themes in the overall interview. The majority of participants (80%) made **requests** to the FP to provide a better experience for the founder. Some (40%) framed their answers in terms of **advice** (i.e., tips that would help the FP invest better). Some (10%) expressed **gratitude** for investments received (all participants had received EF at least on one occasion), and others (10%) had **no feedback** to give. This cohort's main feedback to the FP can be summed up as: provide clearer criteria/expectations and give feedback on failed applications.

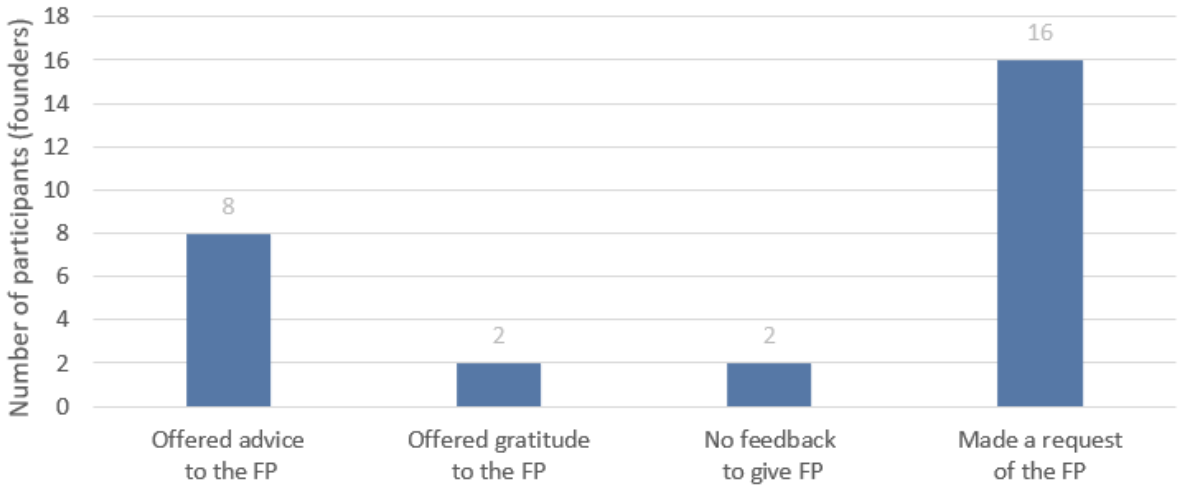
Figure A6-27 shows participants' responses in matrix format, in relation to being asked what feedback they would give to the FP. Figure A6-28 shows the themed grouping of their responses as described above, and Figure A6-29 shows the detail of the theme of requests made of the FP. Following the figures more detail is provided on this theme of requests of the FP, as well as the theme of advice provided to the FP.

Figure A6- 27
Participants' Feedback for the FP, as Self-reported When Directly Asked (Matrix Display)

Give clearer criteria	Provide outcome of application sooner	Make acquitals less costly to do	Fund those in the 'valley of death' phase	Educate/ support the founder	Give feedback	Don't tyre kick	Don't be biased	Relationships are important	Offered advice to the FP	Offered gratitude to the FP	No feedback
Present											
Absent											
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.											
0	0	0	1	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0	0	0
1	0	0	0	0	0	1	0	0	0	0	0
0	0	0	0	0	0	0	0	0	1	0	0
0	0	1	0	0	1	0	0	0	0	1	0
1	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	1	0	0	0	0	1	1	0
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1	0	0	0	0	0	0	0	0	0	0	0
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1	0	0	0	0	0	0	1	0	1	0	0
0	0	0	0	0	0	0	1	1	1	0	0
0	0	0	0	0	1	0	0	1	1	0	0
0	0	0	0	0	0	0	0	0	0	0	1
1	0	0	0	1	0	0	0	1	0	0	0
0	0	0	0	1	0	0	0	0	0	0	0
1	1	0	0	0	0	1	0	0	0	0	0
7	**1**	**1**	**1**	**3**	**5**	**3**	**2**	**4**	**8**	**2**	**2**
35%	5%	5%	5%	15%	25%	15%	10%	20%	40%	10%	10%

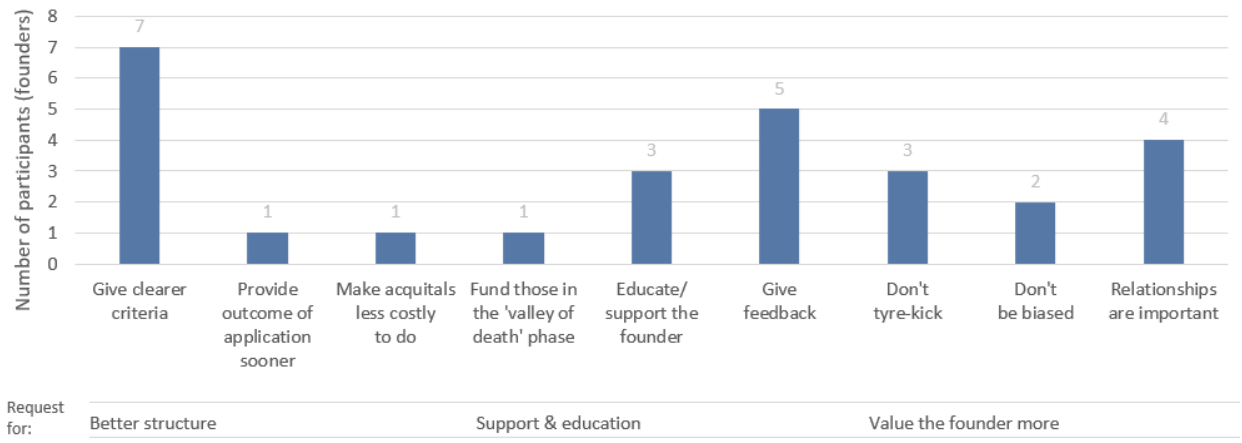
Source: Author's compilation [Rows sorted by "number of other businesses owned" with highest at top]

Figure A6- 28
Participants' Feedback for the FP, as Self-reported When Directly Asked (Graph Display) Combined into Themes



Source: Author's compilation

Figure A6- 29
Detail of Participants' Feedback for the FP Which Were Made in the Form of Requests of the FP



Source: Author's compilation

Requests made of the FP

In relation to requests made of the FP, 45% requested a better **structure** to the EF process. Overwhelmingly, this meant provide **clearer criteria** and expectations and for the FP to be transparent and upfront about what is required (35%), because *"then you would be better able to judge where to put your efforts"* (P[redacted]). Also mentioned were the concepts "don't take so long to decide, it puts the business into limbo while waiting for an outcome" and "don't make it so costly to acquit".

Requests for **support and education** from the FP were raised by 40%. This was specifically expressed as **give feedback** for failed applications (25%) or support and education at all stages of the application process (15%), including providing referrals and connections or explaining terms, consequences and small print. When these concepts were looked for on a whole-of-interview basis, the numbers were higher, being 50% and 25% respectively (see sections 6.3.2 and 6.3.3.3)

In addition, 40% requested the founder be **valued** more by the potential FP. This centred around taking the time to get to know the founder, not wasting the founder's time by "tyre kicking" and being unbiased and fair in assessing applications.

Advice given to the FP

In relation to feedback in the form of **advice** for the FP, several participants felt the FP would benefit from being more respectful of others and in touch with the values and language of today's generation of founders. Other advice included make it easy for founders to find you, don't finance industries you don't understand, and look at the founder as well as the business, *"make some effort to get to know the people [founder/s]……. as opposed to running on raw numbers"* (P[redacted]).

Almost none (except one) of those who offered feedback in the form of advice were amongst those who made the request for the FP to provide clearer criteria. These participants also generally had a low number (four or less) of EF attempts overall (although one had eight and one had eleven). A noteworthy piece of advice that some participants gave here and in other sections of the interviews pertained to grant FPs, and co-contributions in particular. To avoid repetition here, see Section A6.2.4 on grants.

A6.3 Actions: Strategies and Practices (RQ2)

This section contains interview-question topics that relate to research question two, which centres around the participant's strategies and practices, see definition in Section 1.10.11.

A6.3.1 Strategy – Reason for Being in This Business as Self-reported when Directly Asked

Interview question three asked participants to share their "reason for being in (this) business". Responses were for the most part consistent with the bigger picture obtained from their entire interview response, and while 60% of participants gave **multiple reasons** for being in business in their answer to this specific question, other questions in the interview revealed that most of the cohort had multiple reasons.

Figure A6-30 shows participants' responses in matrix format. The analysis in relation to their reasons given is based on the answers provided when directly asked. Only explicit mentions or very strongly implied direct mentions of a concept are counted. For example, it is assumed based on the context of the participants situations, that most had the desire to earn enough money from the business to be able to pay their bills (i.e., to earn a wage/salary/living), however only explicit mentions of this concept are captured in the coding. The columns to the right of the thick vertical line in Figure A6-30 are observations in relation to the tie in with the 'problem' that they are solving via their business. For two of these columns the whole of interview was analysed to

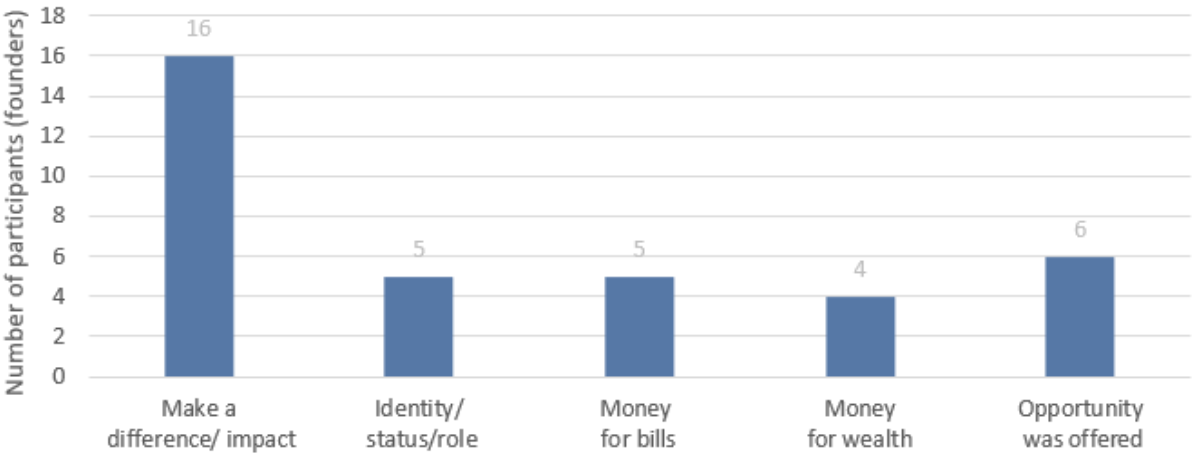
determine the appropriate categorisation, these two columns relate to whether the participants have personally experienced the problem (that their business is delivering a solution to), and whether the participant has prior experience in the industry of their current business. Figures A6-31 and A6-32 display the data in two separate graphs, one for the left and one for the right side of the thick vertical line that appears in the matrix display of Figure A6-30.

Figure A6- 30
Participants' Reasons Given for Being in This Business (left side) and the Tie-in With the 'Problem' that they are Solving Via their Business (right side) (Matrix Display)

Reason: Make a difference/ impact	Reason: Identity/ status/role	Reason: Money for bills	Reason: Money for wealth	Reason: Opportunity was offered	Personally experienced the problem	Have experience in this industry	Problem is mentioned	Problem is clear	Vision for community	Vision for self
Present										
Absent										
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.										
1	0	0	1	0	1	1	0	0	0	1
1	0	0	0	0	1	0	1	1	0	0
1	0	0	0	0	1	1	1	1	1	0
1	0	0	0	0	1	1	1	1	1	0
1	0	1	0	1	0	1	1	1	1	0
1	1	0	0	0	1	0	1	0	1	0
1	1	0	1	0	0	1	0	0	1	1
1	0	0	0	0	0	0	0	0	1	0
1	0	0	1	0	0	1	1	0	1	0
1	1	0	0	0	1	0	0	0	1	1
1	0	0	0	0	1	0	1	1	1	0
0	1	1	0	0	0	0	0	0	0	1
1	0	0	1	1	1	1	0	0	0	0
0	0	1	0	1	1	1	0	0	0	0
0	0	1	0	1	0	1	0	0	0	1
1	0	0	0	0	0	0	1	1	1	0
1	0	0	0	0	1	0	1	0	0	0
1	0	0	0	0	0	1	0	0	0	0
1	1	0	0	1	0	0	1	1	1	0
0	0	1	0	1	0	1	0	0	0	0
16	**5**	**5**	**4**	**6**	**10**	**11**	**10**	**7**	**11**	**5**
80%	25%	25%	20%	30%	50%	55%	50%	35%	55%	25%

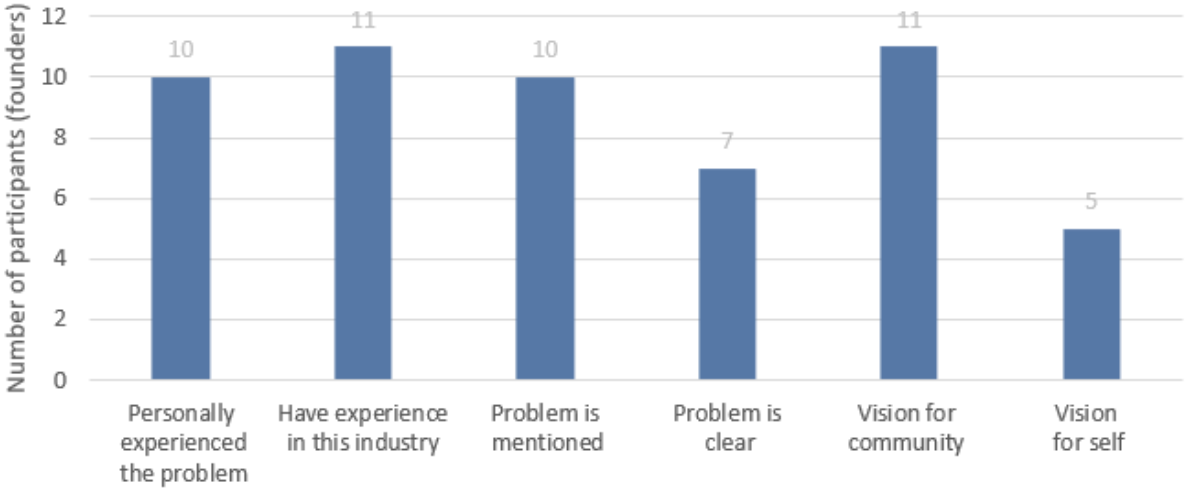
Source: Author's compilation [Rows sorted by "percentage of life lived in the region" with highest at top]

Figure A6- 31
Participants' Reasons Given for Being in This Business (Graph Display)



Source: Author's compilation

Figure A6- 32
Observations' in Relation to the Tie-in With the 'Problem' that they are Solving Via their Business



Source: Author's compilation

The largest single driver (stated by 80%) was the desire and *passion* to make a difference, with 65% conveying **making a difference/impact** as their main/strongest reason above all other reasons that they gave, and 70% explicitly expressing a mutual benefit in their responses. There was a large overlap with these two themes (difference/impact and mutual benefit). The primary driver for the remaining 20% of participants was **making money,** and this was almost evenly split between making a living to pay the bills and creating wealth.

In relation to other reasons given for being in this business, 30% appeared to have been directly offered the business **opportunity**. Other participants (20%) appeared to have systematically or deliberately sought out and explored business options/alternatives before choosing this one, for example using tools such as a *"Venn diagram of solutions to [problem]and then what I'm good at, so the overlap was well let's build a [type of product/service]"* (P[redacted]). The concept of being in a sunk-cost situation of having *"so much skin in the game [that]....I had to move it from a side hustle to an actual full time ..... business to see if it would actually work"* (P[redacted]) illustrates that initial intentions and drivers may have been different, and circumstance played a role. Similarly, one participant wanted to sell the idea rather than build a business, then realised that *"once I developed the solution [to the problem the founder was experiencing] I had to build a business to commercialise it"* (P[redacted]). This participant was amongst the 50% who had **personally experienced** the problem that they were trying to solve, meaning that what they *"do has come from [their] own lived experience"* (P[redacted]). For others, the motivation came from *"a need that I saw in the community"* (P[redacted]). While 55% of the cohort had had prior experience working in the industry, there were 20% who had neither personal experience of the problem nor prior experience in the specific industry.

In viewing the business as a means of delivering a **solution for a problem**, 50% mentioned or alluded to the particular customer problem being solved by their business, with 35% (of the cohort) communicating this in a clear and direct way, while 65% of participants were less clear in their communication in this regard, using vague terms such as *"solving a problem for X"; "to support the community we live in"; "improving xyz-equity[42]"; "preventative"*. On the flip side, in viewing the business as **fulfilling a vision** rather than from a problem orientation, some participants (25%) revealed that the business was driven by a personal vision for themselves, for example *"It's in my bucket list. To work for myself"* (P[redacted]). Four of those five participants were male. A more equal gender split (slightly favouring females) was found in the explicit mention of a vision for the community (55% of cohort) as being part of their reason for being in business. Tied in with these

[42] Equity as in fairness or equal-ness not as in capital or money

was another motivator that was demonstrated by 25% of participants, that of **being a leader, an example, inspiration, role model or a helper** etc. For example, to *"show my children that you can be successful no matter where you are"* (P[redacted]), a desire to *"create pathways for the younger generation"* (P[redacted]) in the community or otherwise *"giving back and doing stuff in the community"* (P[redacted]).

Most participants appeared passionate (85%) and confident (80%) when they spoke about their reasons for being in this business, and for 60%, the emotional factors were very apparent, as they used strong words such as *"vilified; horrible; lovely"* or emotionally charged statements like *"and it didn't seem fair you know"* (P[redacted]) to convey their emotional investment and passion for their product/service.

A6.3.2 Action – Impromptu Elevator Pitch

Participants were asked to give a 30–60 second description of "What your business does". To replicate an unsolicited invitation to promote the business as would arise in general conversation, the words "elevator pitch" were not used. Analysis was based on answers provided *before* any clarifying questions were asked by the interviewer. In addition, these answers may not, and in some cases do not, reflect the reality of that business's situation, for example where they omit mentioning having a patent.

This analysis uses only pre-determined criteria which were deduced from attending pitching events aimed at founders, see Section 4.5.7. It was assumed that certain information would be communicated or signalled by the participants even though not explicitly asked for in the question, and even if already communicated in the conversation occurring prior. Many participants (60%) had made some reference to what their business does when they spoke to the prior interview question ("why are you in business"), and if they did so, it was usually vague (70% of those). For completeness, this "elevator pitch" question was asked in all cases. Two participants who had already effectively answered this question responded here by giving their pre-prepared elevator pitch. Figure A6-33 shows the coded analysis using the deductive criteria and the last two columns were created to allow for the context of those participants who had effectively answered this question in the prior question/s. For some columns the scoring concept of present/absent was framed rather as adequate/inadequate to recognise that while possibly present in some part of the answer, too low a level of some criteria (e.g., passion or confidence) may not be sufficient/adequate for the purposes of the pitching task. The last column "good" is an analysis of whether enough of the criteria were scored as 'adequate' in relation to those 12 participants who had effectively

answered this question earlier in the interview. Participants were scored out of the ten criteria[43] and those with a score of 50% or higher were counted as having delivered a good pitch. Figure A6-34 shows the data in graph format, the column 'High level concept is common knowledge' is grey as this is included only for context and participants were not scored on that criterion.

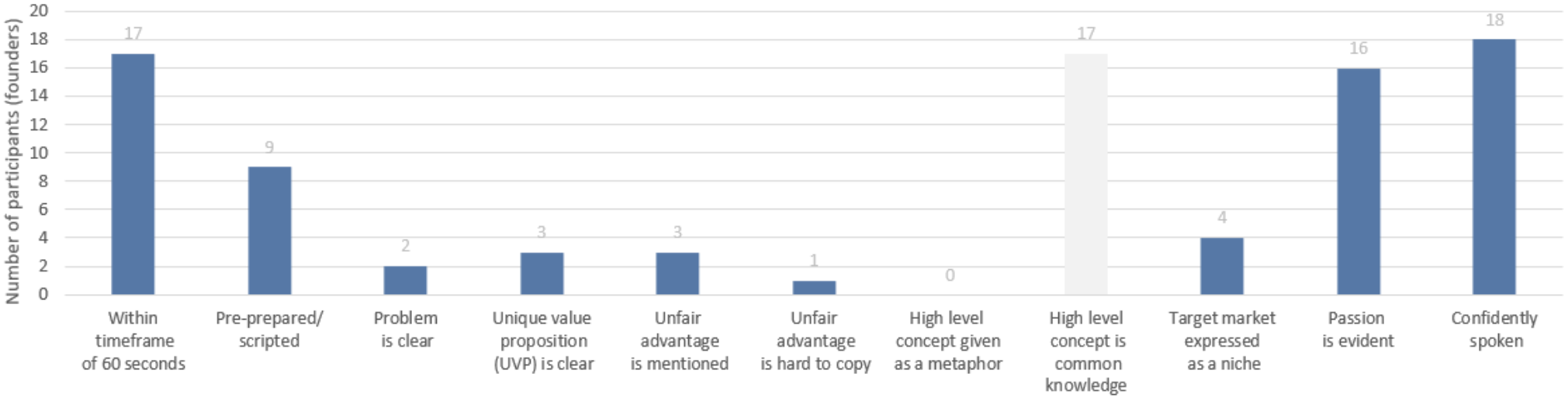
Figure A6- 33
Participants' Impromptu Elevator Pitch, Coded Using Pre-determined Criteria (Matrix Display)

Within timeframe of 60 seconds	Pre-prepared/ scripted	Problem is clear	Unique value proposition (UVP) is clear	Unfair advantage is mentioned	Unfair advantage is hard to copy	High level concept given as a metaphor	High level concept is common knowledge	Target market expressed as a niche	Passion is evident	Confidently spoken	Already answered this Q in prior Q	*and IF so, THEN was this pitch "good"?*
Present												
Absent												
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.												
1	1	0	0	0	0	0	0	0	1	1	0	-
1	0	0	0	0	0	0	1	0	1	1	1	1
1	1	0	1	1	0	0	1	0	1	1	1	1
1	1	1	1	0	0	0	1	0	1	1	1	1
1	1	0	0	0	0	0	1	1	1	1	1	1
1	1	0	0	0	0	0	1	0	1	1	1	0
1	0	0	0	0	0	0	1	0	0	0	0	-
1	0	1	1	0	0	0	1	1	0	1	0	-
0	0	0	0	0	0	0	1	1	1	1	1	1
1	1	0	0	1	0	0	1	0	1	1	1	0
1	0	0	0	0	0	0	1	0	1	1	1	0
1	1	0	0	0	0	0	1	0	1	1	1	0
0	1	0	0	0	0	0	1	0	1	1	1	0
0	1	0	0	0	0	0	0	0	1	1	1	1
1	0	0	0	0	0	0	1	0	1	1	0	-
1	0	0	0	1	1	0	1	0	0	0	0	-
1	0	0	0	0	0	0	1	0	1	1	0	-
1	0	0	0	0	0	0	0	0	1	1	0	-
1	0	0	0	0	0	0	1	0	0	1	1	0
1	0	0	0	0	0	0	1	1	1	1	0	-
17	**9**	**2**	**3**	**3**	**1**	**0**	**17**	**4**	**16**	**18**	**12**	**6**
85%	45%	10%	15%	15%	5%	0%	85%	20%	80%	90%	60%	

Source: Author's compilation [Rows sorted by "sales and marketing skill, self-ranked" with highest at the top]

[43] Excluding the column: 'High level concept is common knowledge'

Figure A6- 34
Participants' Impromptu Elevator Pitch, Coded Using Pre-determined Criteria (Graph Display)



Source: Author's compilation

Most participants did not score well in addressing all of the pre-determined criteria of an optimal pitch[44] when answering this question. Overall, the cohort averaged a score of 4 out of the 10 possible criteria. The highest score was 6, which was achieved by two participants, followed by a score of 5 being achieved by three participants. Notwithstanding the overall low scores across all criteria, most (85%) were delivering a product/service where **the high-level concept already exists** (e.g., advice or data as-a-service delivered via an online platform), and the listener therefore had a familiar point of reference on which to base their understanding of what was said.

No participant chose to use a **metaphor** to communicate what they did, as some pitch coaches advise (for example, describing Uber as 'AirBnB for cars'). When answering a clarification-style question from the interviewer, one participant attempted to do this but could not think of a suitable comparison to use.

The **specific problem being solved** was clear to the listener in 10% of cases. Mostly, the problem was indirectly implied as being a need for the features or benefits of their solution, for example *"compliance", "record keeping", "project management", "automation", "combining information"* or *"better data"*. There were often many possible problems that could be assumed or extrapolated, and these were not explicit.

Three participants (15%), including one of the participants who had made the problem clear, made their **unique value proposition** clear, and the rest did not. Most mentioned either nothing or the features and benefits that could be unique value propositions but were easy for a competitor to either copy or claim to also offer, for example *"automation", "enhanced analytics", "safe", "verification", "independent", "bespoke", 'unbiased", "online", "innovative"*. Three participants (15%) stated an **internal unfair advantage** over their competition. As evidenced by other parts of the interview, many participants forgot to mention either having patents (30% of the cohort had patents), or the fact that they were, in their own words (as per their other responses) *"disruptors", "the first", "first to market", "first mover", "close to a first mover for sure"*. Out of those 15% who stated an internal unfair advantage in their response prior to any clarification questions, only one was a patent and therefore deemed to be hard to copy.

In relation to their **niche or target customer**, 80% left this as implied and/or as a general and broad category. For example, stating *"farmers"* without specifying the type of farming, (e.g. livestock or cropping), or giving other further detail such as type of livestock. In a direct response

[44] Pre-determined criteria were deduced from attending pitching events aimed at founders (see Section 4.5.7)

to a clarification question, one participant answered that their target market was *"anybody, anyone"* (P[redacted]).

Most (85%) delivered their response in **under a minute** as requested. Two of the three who went over time were among those who had already spoken in reasonable detail to this topic in the prior question. Just under half of the cohort (45%) used **pre-prepared**, or evidently oft-said sentences, and of those, two delivered a pitch that appeared pre-prepared/scripted almost in its entirety rather than impromptu.

A6.3.3 Strategy – Exit Plan

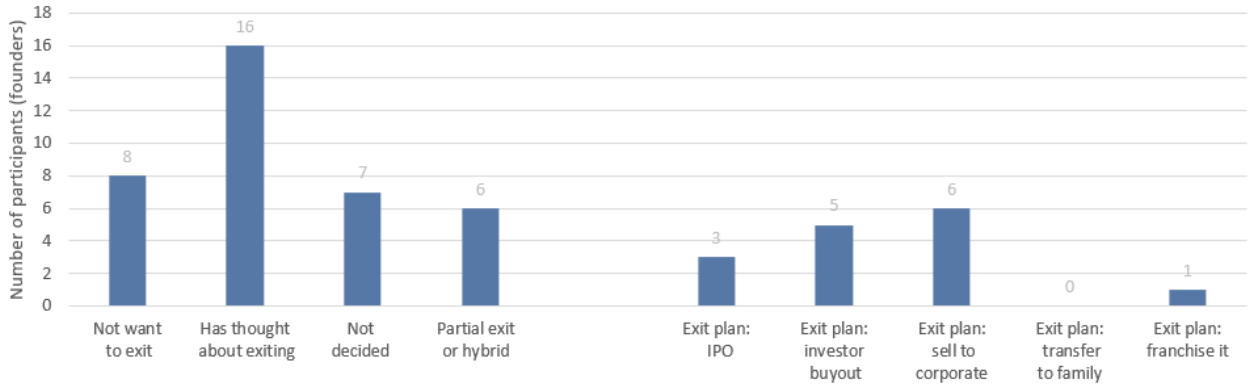
When asking about the founder's exit plan, the word "exit" was avoided so as not to bias responses, and the interviewer instead asked, "How do you plan to leave this business?" In response, 45% replied using words like *"exit", "exit strategy" or "exit-plan"*. Most (80%) had thought about an exit to some extent. Of the 12 participants in the scale-up stage, two had not given it thought and stated that this was because they were clear that they did not want to exit. Overall, eight participants in the cohort (40%) stated they did not want to exit their venture, although several of these were somewhat undecided on the matter. Uncertainty in their plans was also illustrated by the fact that specific details surrounding the exit were *not* mentioned by 70%, despite the interviewer having also asked "and what will your business look like at that time [of exit]?". In a similar vein, 85% did not volunteer quantifications around exit points in terms of dollars. It was difficult to assess if the minimal detail provided in the answers was due to not wanting to share or not having the information to share. A partial exit was a possibility for some (30%) with half of those (15% of cohort) seeing themselves as also staying on as an employee. The most common (55%) way participants planned to leave their business was by selling it to another entity (30%) (such as an industry body or competitor) or to an investor (25%). A few (15%) were aiming for an IPO, and one was considering franchising it. See figures A6-35 and A6-36 for matrix and graph display of participant's answers in relation to their exit plans.

Figure A6- 35
Participants' Exit Plans (Matrix Display)

Explicitly named it as an "exit"	Not want to exit	Has thought about exiting	Not decided	Partial exit or hybrid	Exit plan: IPO	Exit plan: investor buyout	Exit plan: sell to corporate	Exit plan: transfer to family	Exit plan: franchise it	Exit point quantified with $	Exit point specific details given	Stay on as employee
Present												
Absent												
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.												
0	1	1	1	0	0	0	1	0	0	1	0	0
0	1	1	0	1	0	0	0	0	0	0	0	0
1	0	1	0	1	0	0	0	0	0	0	1	0
1	1	1	0	0	0	0	0	0	0	0	0	0
0	0	1	0	0	0	1	0	0	0	0	0	0
0	0	1	0	0	0	0	0	0	0	0	0	0
1	0	1	1	0	0	0	0	0	1	0	1	0
1	0	1	0	0	0	0	1	0	0	1	1	0
0	0	1	0	1	1	1	1	0	0	0	1	1
1	0	1	0	1	1	1	1	0	0	0	1	0
0	1	0	1	0	0	0	0	0	0	0	0	0
0	1	0	1	0	0	0	0	0	0	0	0	0
1	1	1	1	1	0	1	0	0	0	0	0	1
0	1	0	0	0	0	0	0	0	0	0	0	0
0	0	1	1	0	0	0	0	0	0	0	0	0
1	0	1	0	0	0	0	1	0	0	0	1	0
0	1	0	1	0	0	0	0	0	0	0	0	0
1	0	1	0	1	0	0	0	0	0	0	0	1
1	0	1	0	0	0	1	1	0	0	0	0	0
0	0	1	0	0	1	0	0	0	0	1	0	0
9	**8**	**16**	**7**	**6**	**3**	**5**	**6**	**0**	**1**	**3**	**6**	**3**
45%	40%	80%	35%	30%	15%	25%	30%	0%	5%	15%	30%	15%

Source: Author's compilation [Rows sorted by "business stage" with scale-up at top and incubation-and-acceleration at bottom]

Figure A6- 36
Participants' Exit Plans (Graph Display)



Source: Author's compilation

A6.3.4 Strategy – Reason for Wanting EF

These responses cover the range of finance attempts, rather than any one attempt, by each participant to reveal their various reasons for applying for EF throughout their journey. When asked "What made you decide to seek finance in each of these [EF] attempts?", many gave their history of applications or a story and reasons for failure and success rather than stating why they needed the finance. Insights from the whole interview are incorporated in this analysis.

Many participants (70%) required the funds for **cashflow** purposes and/or to extend their runway, although for three (15%), their application was a proactive buffer to make things more comfortable more so than a runway extension. Many (65%) stated or implied that without the finance, the alternative was to go bust; however, 65% also stated or implied that an alternative was to go slower instead (some expressed both views). Several (30%) were explicit about having personal assets that could be leveraged, for example their house, and stated that they were not willing to risk such personal assets in addition to having already invested their savings in the business. Sunk costs played a role in the desire for some to keep going with the help of external finance.

After cashflow/runway, the next most common reason (60%) was wanting **project-based finance**. This was used either to gain experience, build validation, develop aspects of the business while being paid, or for a side-project to generate cashflow while they worked on the main direction of the business.

Other common reasons for wanting finance were along the lines of to build a minimum viable product (MVP), to commercialise and to scale. Each of these reasons were mentioned by 50% of the participants, with some mentioning more than one of these. Also, a common reason (40%) was wanting finance to grow their team or put on more staff. Growing the business via capital investments in equipment was the motivation for others (25%). A few wanted EF for R&D purposes (15%), or for marketing (20%), which is a skill that the PiQ self-report instrument revealed to be low. For some (30%), EF was seen as part of their exit strategy.

There was also a part of the cohort (40%) who counted amongst their reasons for wanting finance, the **mentoring, advice and support** that they perceived to come with it (i.e., from the FP), despite this potentially costing them equity. Four (20%) made this clear when answering this question, and the rest expressed seeking these non-financial perks when answering other parts of the interview. For this theme, there are possible associations in relation business-age as 4 of the 6 participants had ventures over eight years in age. In relation to venture-stage, none of those with incubation-and-acceleration-stage businesses mentioned this theme, 2 at plateau stage mentioned

this, and the remainder (4) were at scale-up stage. In relation to education, those who ticked the least types of education in the PiQ were more likely to give this response of wanting mentoring/advice/support from the FP, and 4 participants holding this view had only one type of education ticked in the PiQ. There is also a potential positive correlation with extroversion. In relation to experience, if the founder had owned more than two other businesses they did not state this reason, only those with two or fewer prior/other businesses did so. Experience, as signalled by past EF attempts, in either this or another venture did not show any associations.

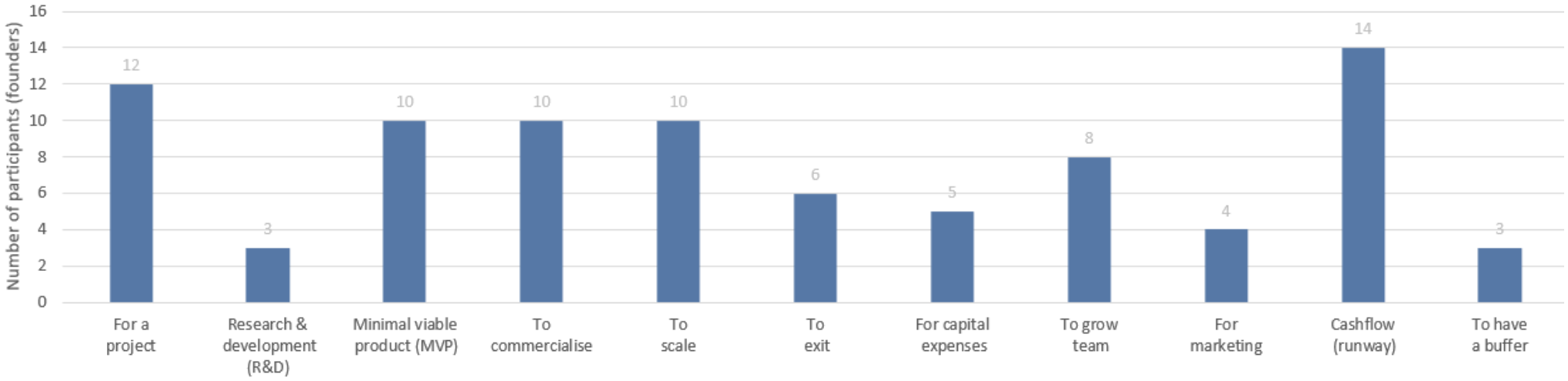
A few participants reacted to opportunities arising, and others strategically sought finance for indirect reasons. Some of these (15%) did so to use as validation for subsequent planned EF attempts, such as using a grant as validation for a VC or private equity application or avoiding debt so as not to jeopardise planned future VC applications. Figures A6-37 and A6-38 show in matrix and in graph format the proposed uses to which the funds would be put. Figures A6-39 and A6-40 show other details surrounding the purpose of the EF sought.

Figure A6- 37
Proposed Uses for the EF Sought (Matrix Display)

Proposed use: project based	Proposed use: research & development	Proposed use: minimum viable product (MVP)	Proposed use: commercialise	Proposed use: scale	Proposed use: to exit	Proposed use: capital expenses	Proposed use: grow team	Proposed use: marketing	Proposed use:- cashflow/ runway	Proposed use: to have a buffer
Present										
Absent										
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.										
0	0	1	1	0	1	0	0	0	0	0
0	0	0	0	0	1	1	0	0	0	0
0	1	1	1	1	1	0	0	0	1	1
1	1	1	1	1	0	0	0	0	1	0
1	0	0	0	0	0	0	1	0	0	0
1	0	0	1	0	0	0	1	1	1	0
1	0	1	1	1	1	0	1	1	0	0
1	0	1	0	1	0	0	0	0	1	0
1	0	0	1	1	0	1	0	0	1	0
1	0	0	0	1	0	1	1	0	0	0
1	0	0	0	1	1	1	1	0	1	1
0	0	0	1	0	0	0	0	0	0	0
1	0	0	1	0	0	0	0	0	1	0
0	0	1	0	0	0	1	1	1	1	1
1	0	0	0	0	1	0	0	0	1	0
0	1	1	0	0	0	0	0	0	1	0
0	0	0	1	0	0	0	1	0	1	0
0	0	1	1	1	0	0	1	1	1	0
1	0	1	0	1	0	0	0	0	1	0
1	0	1	0	1	0	0	0	0	1	0
12	**3**	**10**	**10**	**10**	**6**	**5**	**8**	**4**	**14**	**3**
60%	15%	50%	50%	50%	30%	25%	40%	20%	70%	15%

Source: Author's compilation [Rows sorted by "business stage" with scale-up at top and incubation-and-acceleration at bottom]

Figure A6- 38
Proposed Uses for the EF Sought (Graph Display)



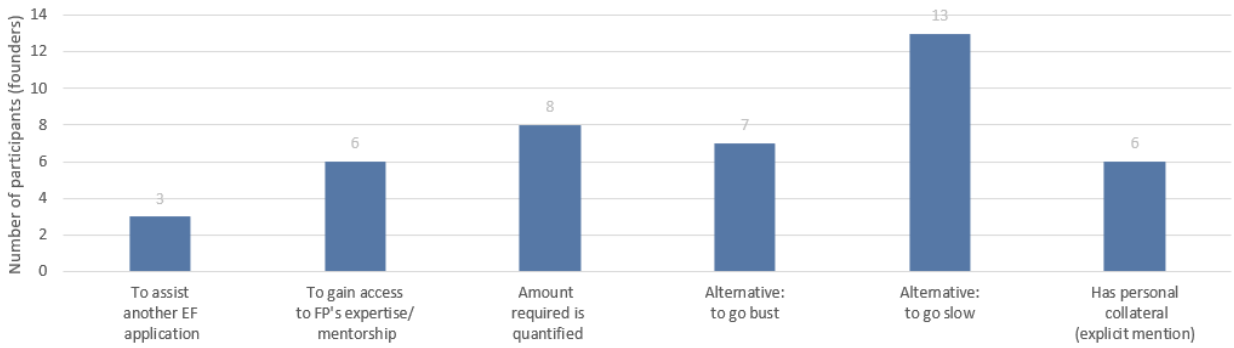
Source: Author's compilation

Figure A6- 39
Other Details Surrounding the Purpose of the EF Sought (Matrix Display)

To assist another EF application	To gain access to FP's expertise/ mentorship/ training	Amount required is quantified	Alternative is: to go bust	Alternative is: to go slow	Has personal collateral (explicit mention)
Present					
Absent					
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.					
0	1	0	0	1	0
0	0	0	0	1	0
0	1	0	0	0	1
1	1	1	0	1	0
0	0	0	0	0	0
0	0	0	1	0	0
0	0	1	0	1	1
0	1	1	0	1	0
0	0	0	0	1	1
0	0	0	1	1	0
0	0	1	1	0	0
0	0	0	1	0	0
0	1	0	0	1	0
0	1	0	0	1	0
0	0	1	0	1	0
0	0	1	1	1	1
1	0	0	1	0	0
0	0	1	1	1	1
0	0	1	0	1	0
1	0	0	0	0	1
3	**6**	**8**	**7**	**13**	**6**
15%	30%	40%	35%	65%	30%

Source: Author's compilation [Rows sorted by "business stage" with scale-up at top and incubation-and-acceleration at bottom]

Figure A6- 40
Other Details Surrounding the Purpose of the EF Sought (Graph Display)



Source: Author's compilation

A6.3.5 Action – Steps Taken in Applying for EF

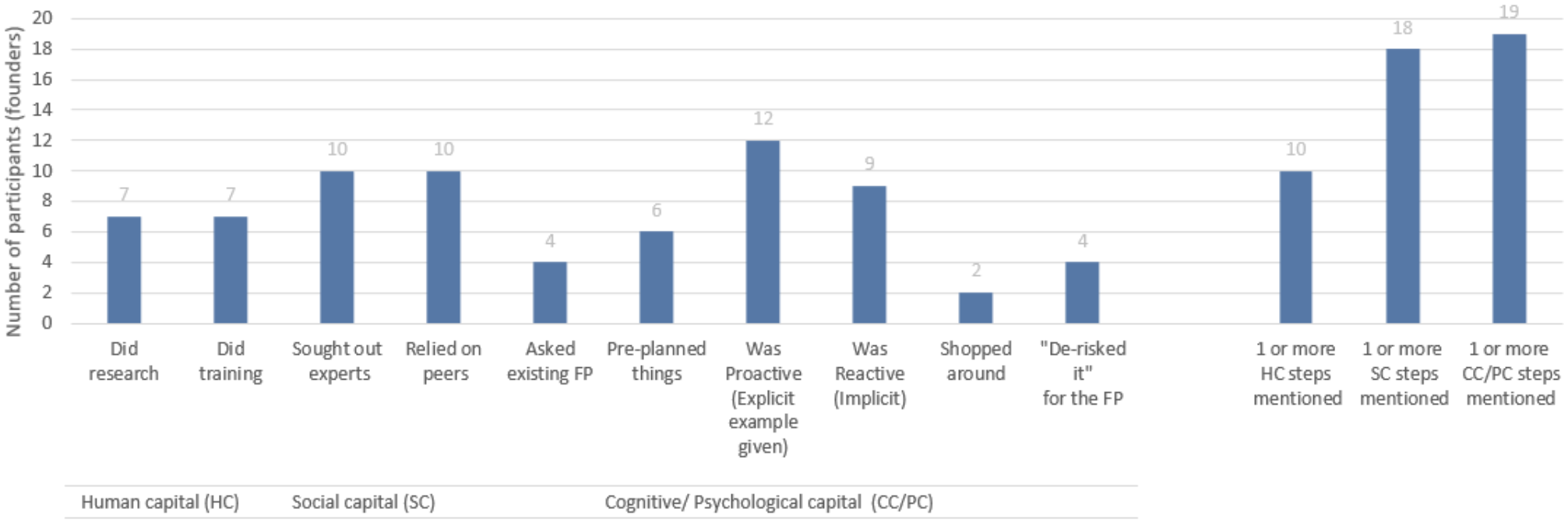
Interview question 10 asked "How did you go about seeking finance for your business? Could you describe the journey starting from when you realised that some type of finance was needed?". Themes arising in the self-reported responses given were then categorised according to how responses best fitted into the founder characteristics components of human, social, and cognitive/psychological capital (the latter two components were grouped in this analysis). These categorisations are used to describe the results below. Figure A6-41 shows participants' responses in matrix format, and Figure A6-42 in graph format, in relation to their self-reported steps taken as they went about seeking EF.

Figure A6- 41
Participants' Self-reported Actions Taken in Relation to Seeking EF (Matrix Display)

Did research	Did training	Sought out experts	Relied on peers	Asked existing FP	Pre-planned things	Was Proactive (Explicit example given)	Was Reactive (Implicit)	Shopped around	"De-risked it" for the FP
Present									
Absent									
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.									
0	1	0	1	0	0	0	1	0	0
0	1	1	1	1	1	1	1	0	1
0	0	1	0	0	0	1	0	0	1
1	1	0	1	0	0	0	1	0	0
0	1	1	1	0	0	0	1	0	0
0	0	1	0	0	0	1	0	0	0
0	0	0	0	0	0	1	1	0	0
0	0	1	0	0	0	1	0	0	1
1	1	0	0	1	1	1	0	0	0
1	1	1	0	0	1	1	0	0	0
1	1	1	0	0	1	1	0	1	0
1	0	0	0	0	1	1	0	1	0
1	0	0	1	0	0	0	0	0	0
0	0	0	1	0	0	1	0	0	1
0	0	1	0	1	0	1	0	0	0
0	0	1	0	0	0	0	1	0	0
0	0	0	1	0	0	0	1	0	0
0	0	0	1	1	1	1	0	0	0
1	0	1	1	0	0	0	1	0	0
0	0	0	1	0	0	0	1	0	0
7	**7**	**10**	**10**	**4**	**6**	**12**	**9**	**2**	**4**
35%	35%	50%	50%	20%	30%	60%	45%	10%	20%

Source: Author's compilation [Rows sorted by BFI-2 "total conscientiousness score" with most at the top]

Figure A6- 42
Participants' Self-reported Actions Taken in Relation to Seeking EF (Graph Display)



Source: Author's compilation

Leveraging social capital

Exploring how participants went about seeking EF and what the journey looked like for them revealed that most (90%) used **SC** in some form or another. For example, 50% reported relying on **peers** for information, advice and opportunities, 50% sought out **experts** as part of their steps taken (often after seeking out peers first), and some (15%) expressed doing **both** of the above. Others (20%) asked their **current FP** for additional funds (not always successfully) or for introductions to other FPs.

From the regional perspective, in relation to SC for EF, P[redacted] said *"knowing those kind of connections in the community makes a really big difference",* and P[redacted] expanded on this from the perspective of being a non-local to the region:

> *You know I wasn't a [town-name] local, so there were a couple of introductions that I happened to make …[]… and that helped some of the other investors [decide to invest]. I definitely wouldn't have raised very much equity at all without …[]… meeting [co-founder name].*

Thus, for participant P[redacted], EF success was reported as *"definitely more about the knowing people".*

Increasing human capital

Half of the participants reported seeking out new skills and knowledge (HC) in some way as part of their steps taken. Several (35%) mentioned having done **research,** which typically appeared to comprise search engine queries or following up on a resource that was recommended. Several (35%) also mentioned attending **training**. There was an overlap with 20% of the cohort reporting **both** of the above. Actual figures are likely higher; however, unless a participant mentioned or clearly implied this either when answering the direct question or elsewhere in the interview, it was not counted.

Drawing on psychological and cognitive capital

Examples of being **proactive** were *explicitly* expressed by 60% of the cohort. Proactivity was defined for the purpose of this analysis as doing something over and above signing up for training or undertaking basic research. Examples included shopping around for an FP, actively de-risking (in their view) the deal for the FP, or hustling for EF. Half of those explicitly proactive founders also conveyed that a strong element of **pre-planning** had been present. None of the remaining

cohort conveyed this (which is not to say that there was none). Many participants (45%) were **reactive** in their approach and included in this figure were two founders who were also proactive, one of whom communicated a pre-planned approach. Four of these founders who were reactive had clear elements of timing and luck present to which they responded.

A6.3.6 Strategy/Action – Steps Taken Specifically to Increase EF Chances

To take the results in the prior section one step further, participants were asked in question 11 what they did to *increase* their chances of EF success. A few (10%) stated that they had *"no idea"* what they did to increase their chances, and a few (10%) gave the answer as they *"worked hard"*. Counted together, this means 20% did not share a specific strategy or tactic used to increase their EF chances. The analysis includes relevant answers that were communicated in other questions if the participant had mentioned very specifically doing something to increase their EF chances. Themes arising in the self-reported responses given were categorised according to how responses best fitted into the founder characteristics components of human, social, cognitive and psychological capital, as well as business metrics, and these categorisations are used to describe the results below. Figure A6-43 shows participants' responses in matrix format, and Figure A6-44 in graph format, in relation to their self-reported steps taken as they went about seeking EF. Figure A6-45 shows a summarised graph by category.

Figure A6- 43

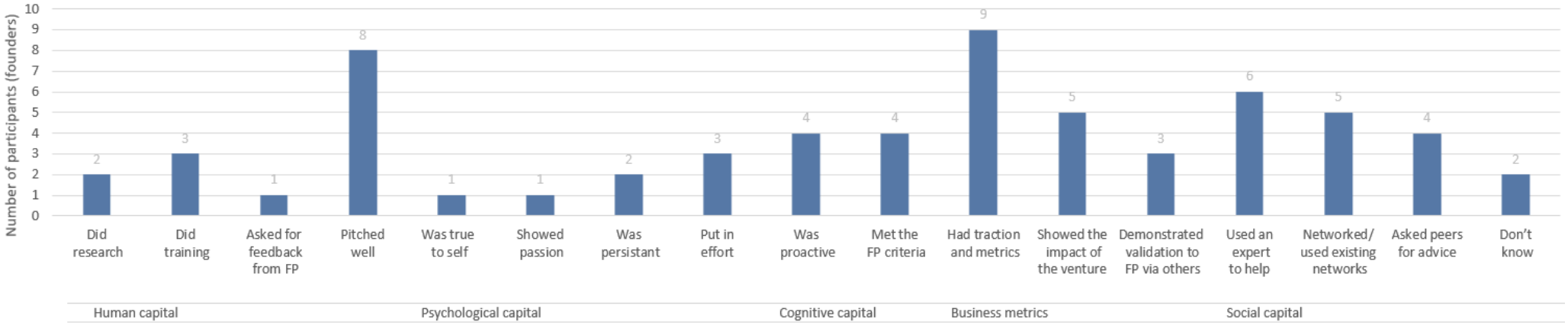
Participants' Self-reported Strategy Used to Increase Their Chances in Relation to EF (Matrix Display)

Did research	Did training	Asked for feedback from FP	Pitched well	Was true to self	Showed passion	Was persistant	Put in effort	Was proactive	Met the FP criteria	Had traction and metrics	Showed the impact of the venture	Demonstrated validation to FP via others	Used an expert to help	Networked/ used existing networks	Asked peers for advice	Don't know
Present																
Absent																
Rows = participants KEY: as per coloured cells above. TOTALS: the last row are counts of "present" which are then expressed as a percentage of the 20 participants.																
0	1	1	0	0	0	0	0	1	0	0	1	1	0	0	1	0
0	0	0	0	0	0	1	1	1	0	0	0	0	0	1	1	0
0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0
0	1	0	1	0	0	0	0	1	0	1	0	0	1	1	0	0
1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	1	1	0	0	0	1	0	0
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0	0	0	1	0	1	0	0	0	0	1	1	1	1	0	0	1
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0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0
0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
2	3	1	8	1	1	2	3	4	4	9	5	3	6	5	4	2
10%	15%	5%	40%	5%	5%	10%	15%	20%	20%	45%	25%	15%	30%	25%	20%	10%

Source: Author's compilation [Rows sorted by "business stage" with scale-up at top and incubation at bottom]

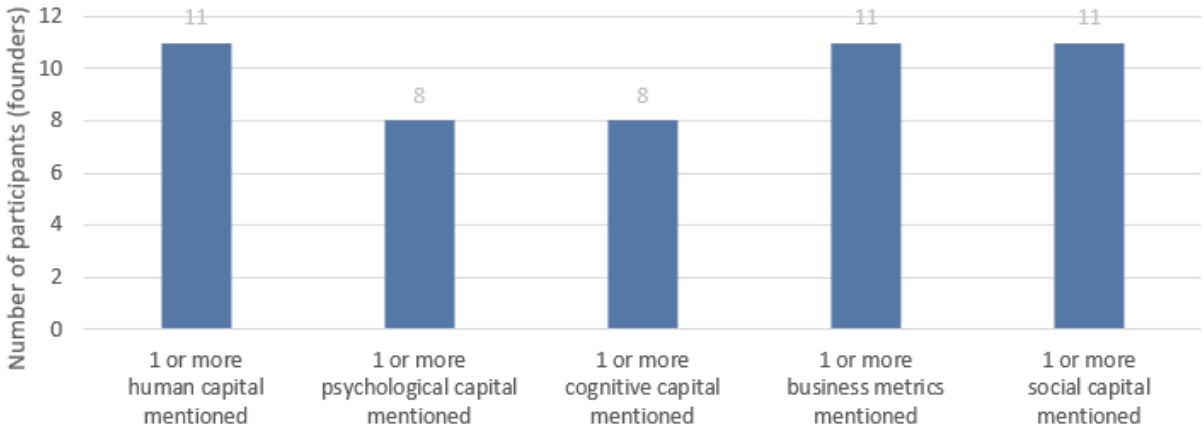
Figure A6- 44

Participants' Self-reported Strategy Used to Increase Their Chances in Relation to EF (Graph Display V1, Detail)



Source: Author's compilation

Figure A6- 45
Participants' Self-reported Strategy Used to Increase Their Chances in Relation to EF (Graph Display V2, Category Group Summary)



Source: Author's compilation

Increasing and leveraging human capital

Just over half (55%) mentioned utilising leveraging or increasing their HC, and 40% stated they **pitched well** /used their pitching skill to increase their chances, *"because if you're a terrible [pitcher], there are, you know, some founders that are terrible at pitching the business, like they're never gonna rise capital"* (P[redacted]).

Others (25% of cohort) mentioned **learning or upskilling** specifically as a strategy to increase their chances, which included doing training (15%), research (10%) and/or asking FPs for feedback (5%). *"I think the reason I'm positioned where I am today is we had to commit, oh gosh it would have been about four to five hours a week for each of those coaching programs if not more"* (P[redacted]).

Leveraging social capital

Just over half (55%) mentioned utilising SC to increase their chances of EF success. Several (30%) sought out **experts** to help with the EF process (grant writers, mentors etc.). Others (50%) sought out peers to *"get a sense of what they do"* (P[redacted]), while 25% worked specifically to **broaden their networks** to gain access to FP and EF information and some (20%) worked within their **existing network** for these resources. Some (15%) sought **validation** from others to provide to

the FP as evidence with the aim of convincing them. (Section 6.3.3 looks at some of these concepts on a whole of interview basis.)

Leveraging business metrics

Just over half the cohort (55%) stated that to increase their chances of success, they made sure their business had **traction and good metrics**. Some (25%) said they demonstrated the **impact** their idea/ business would have, others (20%) sought **insight** into what the FP wanted and strove to then meet those criteria and others (20%) stated they were **proactive** in the sense of actively following up and hustling to get EF.

Drawing on psychological capital

Many (40%) of the cohort mentioned some type of PC trait as a strategy they used to increase their chances of success. These strategies included putting in the effort and *"working really, really hard"* (P[redacted]) in preparing the application (15%), being persistent in the face of failure (10%), showing passion (5%) and being true to oneself (5%).

Drawing on cognitive capital

Many (40%) of the cohort mentioned some type of CC, in being proactive (20%) or meeting the criteria (20%).

A6.4 Summary

This appendix complements the results chapter by presenting the results of the semi-structured interviews in granular detail grouped by research question topic and further grouped by interview-question topics. This not only meets the research aims and objectives to be descriptive of the participants lived experiences but also serves as a stepping stone to arrive at various themes across the whole of the interview as presented in the results chapter, which serve as a foundation for the observations discussed in the discussion chapter. The themes presented in the results chapter are values; skills, knowledge and learning-as-you-go; networks and learning from others; persistence and opting out; timing, timelines and luck; EF as a challenging experience; preparedness and becoming prepared; and being located regionally.

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