

For Love or Money?

Understanding the dynamics of within-family finance for a
start-up enterprise. A phenomenological investigation

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Abstract

Investment into start-up enterprises by friends, family, and fools has often been referred to in academic and popular literature. Frequently assumed to be inefficient and economically irrational, the phenomenon is consistently pushed aside in favour of research regarding more formal investment practices. Yet, the behaviour is widespread and relatively common especially when compared to the total investment behaviour in start-up businesses. This thesis examined the case where financial resources are provided to a close family member for the purpose of starting a business, herein called within-family finance.

The literature review confirmed that there was a lack of understanding about this behaviour and an investigative, theory building approach, was established as suitable for the research task to find out what was going on. The principle motivation for this research was to understand why people engage in within-family finance for the purpose of starting a new enterprise. Particularly given that the chance of a:

- positive financial outcome is low, and
- negative relational outcome is high.

A literature review examined current knowledge on finance of new ventures and family finance. This resulted in development of the research question:

What are the influences on the motivations and behaviour in a within-family financial relationship that exists for the purpose of financing a new venture?

The thesis investigated this question through the philosophical lens of phenomenology. Sixteen people who either provided or received funds within a family relationship for the purpose of starting a business were interviewed. The sample included three pairs of funders-receivers, the balance consisting of receivers or providers of finance . Their stories

developed an understanding of the meanings that they attributed to this behaviour. The interviews were recorded, transcribed, and analysed through interpretive analysis and thematic development.

An initial 345 themes were identified from the data using a combination of descriptive, structural and simultaneous coding techniques. These were subsequently reduced through focused axial coding to six higher order themes and 50 sub-themes. The six high order themes were labelled; choices, consequences, funding, relationship, repaying, and risk. In order to arrive at the meanings of the behaviour, textual statements and a description of the structure of the participants experience were provided, culminating in a deeper understanding of the experience and the meanings attributed by the participants and presented in a textual-structural description. From these rich descriptions, the behaviour was examined through the phenomenological lens to ascertain the essences of the behaviour. The task was to identify the essential things that were key to understanding the phenomenon.

The thesis concluded that there were three key ontological aspects underpinning a conceptual framework to understand the phenomenon. First, participants that engage in within-family funding exhibited a level of concern to the world, their family and themselves. Second, they showed a sense of wanting to be more than they currently were and felt angst at the thought of not achieving all that they thought that they could be. Third, they all showed a level of tenacity in pursuing their goals. Finally, from a phenomenological perspective, these three underpinning beliefs drive a need to live an 'authentic life'; the life where fulfilment and satisfaction is more important than the immediate fear of failure both in a business and personal sense.

The thesis proposed that this framework could provide a valuable means of understanding entrepreneurship and recommends that it be used to expand our understanding of the lived experience of entrepreneurs and those who support them.

Declaration

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name, in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission in my name, for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint-award of this degree.

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My children, Glyn and Bronwen, who have watched the PhD process unfold with bemusement. As a source of joy and pride they helped put the task of writing a thesis into perspective.

Finally, I owe a great deal to the participants who willingly gave up their valuable time to engage with this research. My hope is that they gained something from the experience personally, but in any case, their cooperation and assistance was vital to the outcome of this research, so thank you.

Dedication

This work is dedicated to my father, David, who passed away in 2009. I'm sure he would have enjoyed seeing the first generation of our family ever to attend university achieve a PhD. Also to my father-in-law, Lindsay, who passed away in 2011. He also understood the importance of education.

Both lives cut far too short.

Chapter 1

The first step to knowledge is to know that we are ignorant

Lord David Cecil

1.1 Introduction

Overheard conversations:

Why? Why on earth would you take money from your parents to start the business? Don't you know how risky that is? What if you can't pay it back? What will your parents, brothers, or sisters think if you look like you've lost their money? Will you ever be able to look them in the eye again?

And:

What on earth possessed you to give money away like that – of all things so they can blow it on a business? Don't you know that starting a new business is risky and you will surely lose the lot? If the bank won't lend them the money to start a business, then it's probably a bad deal! What makes you think you know better?

I have been a serial entrepreneur and have been involved with countless passionate entrepreneurs over many years advising and assisting them to start their business opportunities. I'm now an educator in the discipline of innovation and entrepreneurship. From this experience, I perceive that the above questions seem to occur ever so frequently. Curiously, even though the type of advice offered above appears almost universal, there seems to be a constant stream of people willing to both give and receive funds within the family context to start a new enterprise.

What is going on here?

We know that start-up entrepreneurs invariably require funds to establish their business. These funds come from various sources, one of which, for me a very interesting one, is close family members. If this type of funding is referred to in the literature or in general conversation amongst entrepreneurship academics, advisers, and investors, they are invariably included in the 'three Fs' category: *friends family and fools*. This is a very common description for people who invest in start-up businesses but are not experienced investors. This is a group of people who provide financial assistance to business start-ups.

They do so because of a relational connection to the entrepreneur through friendship, family, or for some other 'foolish' reason. Even though there are common references to the three Fs, very little analysis or investigation has taken place to understand this behaviour.

Four broad groups of fund providers to business start-ups are well addressed in the literature. These include: a) business angels, b) venture capitalists, c) financial institutions such as banks, and d) granting bodies such as governments or NGOs. Business angels and venture capitalists are predominantly equity investors, financial institutions predominantly debt providers, and governments and NGOs are gift providers. Business angels invest in high growth potential ventures as (mostly) individuals, where there hasn't been a previous relationship with the entrepreneur (Mason and Harrison 1995). Venture capitalists are institutional investment organisations investing on behalf of others, and similarly do so on sophisticated analysis of potential growth (Morris, Webb et al. 2013). Both look for capital gains, but often at different stages of business development. Financial institutions such as banks mostly provide debt finance, where the principle is repaid with an interest component. Gifts, through the mechanism of grants, are often targeted to meet certain policy or economic goals.

Friends, family and fools are not defined in the context of debt, equity, or grants. When they have been investigated, there is an assumption that the funding is conducted within the parameters of existing financial structures, such as an equity deal (even though there may not be a formal agreement) (Kotha and George 2012). There is little, if any, evidence that the behaviour of friends and family funding is equity based or any other type of finance for that matter.

This research focuses on one aspect of the three Fs, that is, the close family connection. The reasons for focussing on one aspect of this phenomenon is that to take a broad approach, many complicating factors may emerge that will make understanding the issues difficult and complex (Neuman 2000).

This research, while accepting that the family construct is itself a complex phenomenon, does not purport to examine family culture per se. The investigation of the effect of family culture, ties, values, or other relational factors of family on economic decisions is an area that has very little empirical investigation (Alesina and Giuliano 2013). It is acknowledged that this is a valuable area of study but is outside the scope of this study. Findings from this study indicate that future research in this area is valuable and recommended.

A narrow focus is important in this study because the basis of the behaviour is in the relationship, and it is clear that there are many different types of relationships that could be involved if family, friends and others (fools) are included in the scope of the research project. This research is not about examining the differences between these relationships in funding new enterprises, notwithstanding that there could be valid reasons for conducting such research. This research is, therefore, focussed on the case of funding a new enterprise within close family members. This approach provides the best chance of avoiding unnecessary complexity that may arise from mixing friends and family relations and broader social network connections. The outcomes that this research produces provide a conceptual framework that could be applied to other aspects of informal funding of new ventures. Indeed, the findings could be applied to many aspects of entrepreneurship generally, but this is for future research to determine as to the value of doing so.

The research is conducted from the perspective of entrepreneurship. This is important because the understanding that is gained from this investigation will assist those involved with the early stages of new venture creation. Much attention is paid to how entrepreneurs fund the opportunities they perceive and this research attends to the gap in our knowledge of this part of the funding puzzle.

The size of this phenomenon is probably very difficult to estimate accurately. It is an activity that is rarely, if ever, reported officially. Risk equity provided by people who are known to the entrepreneur by way of family, friends, or other close acquaintances was probably first identified in the literature only relatively recently (Bygrave, Hay et al. 2003; Erikson, Sorheim et al. 2003). Research conducted by Bygrave, Hay et al (2003) based on the GEM project (see www.gemconsortium.org) concluded that the size of informal investment from close family members, friends, and neighbours of the entrepreneur was as much as 1.1% of GDP worldwide. On average, 3.4% of the adult population of the surveyed countries were involved with informal investment in someone they knew. The size and importance of this type of financing has been confirmed more recently by Bygrave and Bosma (2011). In Australia, 3.3% of the adult population, accounting for 1.26% of GDP, engages in informal investment behaviour and of all nascent entrepreneurs who receive some form of finance to start a business, 83% report that they received that funding from friends or family (Duckworth and Quinn 2009). Recent research using the Panel Study of Entrepreneurial Dynamics (PSED) data, (Reynolds 2010) revealed that of

the sample of 830 respondents, 611 (74%) reported receiving financial assistance from helpers, otherwise referred to as friends or family (Kotha and George 2012). The size of this behaviour, then, while difficult to accurately estimate is significant and very important. Erikson, Sorheim, et al (2003), concluded that the behaviours and expectations of family investors were different to other investors.

Informal investment behaviour is money that is provided to people known to an individual, but not captured in official statistics, and probably not clear as to whether it is debt, equity, or grant money. Venture capital investment, by comparison, is insignificant in terms of activity but it is studied in great depth (Rosenbusch, Brinckmann et al. 2013). Similarly, business angels have received an increasing level of attention in the literature (Mason and Harrison 2013). Yet, the basis upon which individuals make their investment decisions when involved with family has been virtually ignored in the academic literature to date. Bygrave, Hay et al. (2003) and Maula, Autio et al. (2005) have both called for further research into informal finance that has been provided by individuals known to the entrepreneur prior to the investment.

This study aims to generate an understanding of this phenomenon. Its motivation is that it is commonplace, important to the economy, important to the understanding of entrepreneurship, important to understanding finance at the family level, yet poorly understood. This research, through a phenomenological lens, develops a conceptual framework to enhance our understanding of this behaviour. The investigation of this behaviour culminates in a conceptual framework that is derived through theoretical generalisation (Seale 1999) of the phenomenon. The framework provides an explanation of the motivations for the behaviour and provides a deep understanding of what it is like for entrepreneurs and their family financiers who engage in this activity. One of the conclusions reached by this research is that the behaviour is anything but foolish; rather it is deeply rooted in a philosophical view of life that is the result of individuals' determination to succeed with an envisioned future that holds promise.

The conceptual framework reveals that people who engage in this particular entrepreneurial behaviour show a care for their relationships, a strong sense of the future, and a determination to achieve their possible future. These aspects are drawn from a phenomenological philosophy, and further, this framework demonstrates how such a

philosophical concept is revealed in the lived experience of entrepreneurs and their family financiers.

This thesis introduces the term *within-family finance*. This term is not used in the entrepreneurship literature, nor is it used in the finance literature as a label for this activity. I propose that it is a better descriptive than the widely used term – the three Fs. The thesis will establish that associating ‘fools’ and ‘family’ in the same context is not only misleading, but quite incorrect.

This thesis provides new knowledge in the following way. It provides insights into this behaviour and illuminates the impact such behaviour has on the start-up process. The thesis shows that existing theories of new venture finance do not hold for this activity. A new conceptual framework is presented to assist in the understanding of this phenomenon by applying a new theoretical lens. It helps to better explain the impact that within-family finance has on the people involved in the venture start-up process.

The study is conducted through a social constructivist paradigm and uses a phenomenological methodology. This approach is important and provides new insights into the study of entrepreneurship which has been previously dominated by positivist research. Even though there has been an increasing use of qualitative research methods in the literature, many of them are still conducted within the positivist paradigm. This research builds on recent attempts to explain entrepreneurship through a social constructivist lens, and provides valuable new insights to the field of entrepreneurship and new venture creation.

Within this phenomenological research philosophy, I search for the essence of the experience and the conclusions are presented as an argument rather than concrete findings; it is based on evidence that is reflexive and collaborative (Walsh 2012). The conclusions are developed through presenting descriptions of the experience, bracketing in order to clearly position the research in context of my own presumptions and preconceptions (Van Manen 1990), and a thematic structure that conveys the experience and meanings of the phenomena of the participants (Moustakas 1994). The final step in the thesis consolidates a complex, somewhat disparate collection of themes that at first inspection appear unrelated, complementary, or even contradictory. Looking to the ‘things themselves’ and through an argumentative rather than an objectivist stance I present findings and conclusions that are more akin to a ‘joining the dots puzzle’. This thesis does

not present direct, causal, or correlation relationships between the presented data and final conclusions as would be found in a positivist research study; rather, I elucidate soft interpretations and make use of imaginative variation (Moustakas 1994) to arrive at deep understandings. These essences are arrived at through a discourse with phenomenological philosophy (Giorgi 2010), in particular the work of Merleau-Ponty, Heidegger, and Husserl. The process is guided by a logical, robust, and well established process using accepted methods and methodology as explained in Chapter 3.

There are, of course limitations in this type of research, and these are discussed in detail in Chapter 6. However, of the most importance to address here is that the data is collected from people who are personally associated with the phenomenon and therefore are not intended to be a dispassionate representation of the activity. The findings provide deep insight rather than general representation of any given population, and the data is not intended to be a representative sample. However, these limitations are outweighed by the importance of understanding the phenomenon, and are shown to provide significant insight that will lead to future research opportunities. The findings are strong enough to develop a conceptual framework that should be used to further develop our understanding of entrepreneurship in the context of within-family finance for new start-up enterprise.

The study is conducted within the context of new start-up enterprises in Adelaide, South Australia. This is a relatively large and stable city of just over one million people, a predominantly western culture, but with a significant immigrant population.

This study is important and interesting because it is a common activity, yet little is known about it. This is very surprising given that there is plenty of anecdotal evidence to suggest that such behaviour is not only 'not sensible' but that it is actually an undesirable activity to engage in as discussed above. This led me to ponder whether there is anything that should be done in regards to this behaviour. To ask that question, an understanding of the philosophical basis that underpins such behaviour is important because it is conducted within a social construct and this means that not only should we understand whether anything can be done but whether anything should be done.

For example, cautionary tales abound:

Some sage advice from the sage himself...

Neither a borrower, nor a lender be;

For loan oft loses both itself and friend,
And borrowing dulls the edge of husbandry,

William Shakespeare, Hamlet

...and for those who are in the business of lending, they may see family as follows:

He lends out money gratis, and brings down
The rate of usance here with us in Venice.
If I can catch him once upon the hip,
I will feed fat the ancient grudge I bear him.

William Shakespeare, The Merchant of Venice

Other contemporary sayings include:

Before borrowing money from a friend decide which you need most.
...and,
Be careful about lending a friend money. It may damage her memory.

Such sayings, often trotted out when the subject of borrowing or lending money to family is broached send a clear message. It is this message that has probably resulted in the terminology, often found in finance and entrepreneurship literature that refers to the three Fs. Such language is important, we shouldn't underestimate the power of language and when these terms are promulgated they send a message that engaging in within-family investment for entrepreneurial pursuits is unwise, possibly even dangerous! But where is the evidence for such assumptions? What do we really know about such behaviour? If such contemporary advice seems to be so prevalent, why do so many people continue to engage in it? When looking to answer some of these questions, we may turn to business and management journals for guidance. However, here we find similar misgivings about the activity.

Entrepreneur.com (<http://www.entrepreneur.com/article/44612>: accessed Feb 16 2012) provides ample advice on this subject, a selection of their comments include:

- Look out! You're walking an emotional tightrope mixing friendship and business.
- They are risking their money forever.

- For their sake and the sake of your relationship, don't let them invest any money they can't afford to lose – even if they claim they're willing. And never let someone invest who refuses to consider the possibility that you may not succeed. If they don't realize that you might fail for reasons completely beyond your control, then they don't belong in a high-risk business venture.
- It's lose-lose. If he gives in, the fight has killed the friendship. If he doesn't give in, I must spend *more* money taking him to court. *Shudder*. Even if the friendship survives, the emotional roller-coaster takes a severe toll.
- It's easy when times are tough to think, 'It's just Mom. She'll understand'.

Also from the same source, there is a stated assumption that:

Family and friends are 'lenders of last resort'.

Business Review Weekly, (BRW,. May 7–13 2009 pg 26) addressed this issue and offered up this advice from expert opinion:

CPA Australia business policy adviser Gavan Ord warns business owners against taking these advantages too far. 'We suggest that businesses seeking finance from family and friends treat the relationship as a business relationship'.

The article goes on to say:

Lenders should know precisely how their money will be used and have the benefit of financial statements for the past three years as well as personal financial information, a business plan, and financial forecasts covering the life of the loan or investment. "If the family or a friend does decide to help finance your business," Ord says, "you should draft up a formal agreement to that effect – including the rights and responsibilities of both parties."

These contain significant assumptions arising from the contemporary understanding of this behaviour. In summary, the activity of an entrepreneur accepting funds from a close family member to start a new venture is dangerous, both financially and emotionally. The answers

provided above to alleviate these risks are that one should always formalise the arrangement, treat it as a pure business deal with documentation and legal agreements, and be prepared for significant disputes. The obvious assumption is that this activity is purely about money within a rational economic mindset.

There appears to be a disconnection between what is occurring and what the rational advice is. Why is this so? What is actually going on here? My interest commenced from my own experience and the extant literature. Specifically, the topic was identified through preceding analysis work conducted by me as a member of the Global Entrepreneurship Monitor (GEM) project research team (Hancock, Lindsay et al 2007)). Research also showed that there were interesting cultural issues in terms of financing business start-ups using private money as opposed to more formal sources (Kropp, Lindsay et al. 2011). Understanding this behaviour is important to me as a researcher because I am an educator and adviser to entrepreneurs looking to start a business. I am very aware that many nascent entrepreneurs use family to support them in their search for resources to establish their enterprises, and yet I am starkly aware that there is little known about this at an academic or business advisory level (Hancock 2009).

After establishing that this was an interesting topic and worthy of investigation, initial enquiries showed that little was written about the behaviour in the academic literature. The initial quest was simply to find out what was going on.

As an experienced entrepreneur myself, and as someone who is involved with entrepreneurship education and advising individuals about starting and growing businesses, I find these questions intriguing. Given the apparent contradiction between how people behave and the large amount of advice evident that seems to discourage that behaviour, I believed that it was important to gain a deeper understanding of the lived experience of these people. This was important to do because advisors, policymakers, educators, and entrepreneurs themselves will be better equipped to perform their roles if they understand what it is like to engage in within-family financing of new ventures.

The overarching motivation for this research is developing an understanding of why people engage in within-family finance. Particularly when it appears that the chance of a:

- positive financial return on the investment is low, and
- negative emotional outcome is high.

Examining this aspect of entrepreneurship is important because research into new venture formation is a key component of economic growth (McClelland 1965; Román, Congregado et al. 2013). The process by which individuals perceive business opportunities and garner the resources to turn an idea into a business that creates value is of fundamental importance to the study of entrepreneurship (Kenworthy and McMullan 2013) and understanding about this particular source of funds is lacking in the literature.

Entrepreneurial enterprises require different types of finance at different stages of their life cycle (Timmons and Spinelli 2007). Once the entrepreneur's own sources of capital are exhausted and the ability to generate funds from within the operational surplus of the business (bootstrapping) is not an option, external sources of finance must be sought.

A common area for new ventures to receive finance from is a loan facility from a bank or other financial institution. However, it must be realised that finance in the form of a loan is almost always against the personal assets of the entrepreneur, and there must be a means of repaying the loan that exists separately from the business venture. In other words, the loan is actually to the entrepreneur who then loans or invests that cash in the business. Whether this takes the form of a loan or equity stake is a matter for accounting practices and largely determined by taxation issues.

If the entrepreneur is not able to satisfy the lending criteria of lending institutions, they may look for funds from other sources. These could be from friends and family, business angels, venture capitalists, or government or non-government bodies that provide grants.

The objective of this research is to understand what is going on when the finance is sourced from close family. This is termed *within-family finance* in this thesis. The research question for this investigation is developed from an applied ontological perspective that looks at the relationship between a person's world and their actions.

Research question:

What are the influences on the motivations and behaviour in a within-family financial relationship that exists for the purpose of financing a new venture?

The development of this question is discussed in more detail in Chapter 2.

1.2 Thesis structure

The structure of the thesis follows a format that is informed by phenomenological theory and philosophy which is addressed in detail in Chapter 3.

Chapter 2 examines the existing knowledge of within-family finance by reviewing the literature that may shine light on the phenomenon. It looks for extant knowledge on the specific issue of within-family finance, and then expands that search to generate a wider view of the key issues that may impact on the behaviour. It commences by examining the literature that addresses family funding and the knowledge that family business literature provides in this area. It then looks at the cognitive aspects of entrepreneurship and investment to examine whether the individual perspective can help with our understanding of the behaviour. The contextual aspects of new venture creation are examined because the context of funding and entrepreneurship more broadly is important to understanding the processes that are taking place. New ventures and financiers engage in different ways, and the theories that attempt to explain the ways finance is sourced is looked at from the lens of capital structure theory. The family context is then examined. Constructs that are used to explain family behaviour and resource allocations within families is discussed. Finally, conclusions from the literature review are presented with a summary that provides a grounding of the rationale for this research.

Taking into account what is and what is not known about the phenomenon, the theoretical lens and question formulation is discussed. The theoretical position and question is argued to be consistent with the task of addressing the gap in the knowledge identified in the literature review.

Chapter 3 establishes the rationale for engaging a phenomenological methodology for this research project. It builds on the evidence of Chapter 2 that concludes the research task was best suited to a social constructivist approach and that the phenomenon under study is complex.

A constructivist epistemology is presented as appropriate. The first part of the chapter builds the case for the appropriate methodology and methods suitable for this research task. This is achieved through a discussion that addresses phenomenological philosophy. By addressing the requirements of the research task within this philosophical frame, the chapter identifies the ontological and epistemological basis that the research should follow.

Using this perspective, the chapter discusses and argues that the methods presented are appropriate for a phenomenological research project. The philosophical basis of the research is shown to be consistent throughout, and the methodologies employed appropriate to the task.

The design of the research project is outlined through the discussion of the methods chosen to gather, record, sort, and analyse the data. Each stage is presented and discussed, and the resulting structure presents a clear plan of the research methods that are used in the project. Data gathering is through phenomenological interviews, and the criteria and characteristics of the participants is presented. Participants consisted of 16 people who either had invested money in close family or received money from close family for the purpose of starting a new venture. Within the sample, three pairs of funders and recipients were interviewed. The choice of research subjects, the interview as the method of data collection, recording and transcription of the interview and means of storing and retrieving the data processes are detailed.

Next, the methods used to sort and analyse the data is discussed. Coding and thematic development is explained. A discussion regarding quality of the research addresses the data collection, sorting, and analysis. An important aspect of quality in terms of phenomenology is to openly declare the researcher context and how the researcher is able to bracket existing assumptions and world views in the subject. An explanation of how this is achieved in this study is presented in this chapter.

The final part of the chapter provides an explanation of how the data analysis provides the means to discern the essences and meanings that are derived from, and evident in, the data.

Chapter 4 reports on the analysis of the data. It follows the procedures and methods established in Chapter 3. It describes the process of the data analysis and reports the outcomes at each stage. The chapter commences with a statement of the researcher context. This is done in order that the reader is able to see the analysis and conclusions from the analysis both as a function of the researcher's context and the extent to which the researcher is able to bracket existing knowledge. The data is initially analysed through thematic reduction. The transcribed interviews are examined and key ideas are identified. This is done through a series of phases guided by structural coding, simultaneous coding, emotional coding and values coding techniques. The coding process developed an initial

75 discrete codes. Further analysis using pattern and axial methods reduce the long list of 75 discrete codes into 6 key themes, each with a set of sub-themes. The key themes are labelled: Choices, Consequences, Funding, Relationship, Repaying, and Risk. These themes are then used as the basis of constructing textual and structural statements for each of the participants. Finally, an overall textual structural description is developed to describe the common experience. This description is constructed from the thematic structure, individual experiences and imaginative variation, to arrive at an understanding of what it is like for people to be involved in this phenomenon. It provides an insight to the deeper meanings that the participants involved in within-family funding reveal through their interviews, culminating in a composite description of the meanings and essences of the lived experience that represents the group as a whole. These key themes are presented in Chapter 4 as underlying influencers. However, at this point, they are simply the expressions of the lived experience that participants elucidate. These key themes are used as the basis for identifying the essence of the phenomenon on the following chapter. This understanding of the experiences is used as the basis for the conclusions that are presented in Chapter 5.

Chapter 5 presents the conceptual framework which encapsulates the findings and conclusions of the research project. It reflects on the key themes identified in Chapter 4, and through further reflective analysis, develops an explanation of why people engage in within-family finance, answering the question developed in Chapter 2.

The framework is built on a phenomenological philosophical paradigm consistent with the approach of the research project. The framework explains why people engage in within-family finance from a social constructivist view. It not only provides an insight into this particular behaviour, but is presented as a possible theory that may be able to help us understand entrepreneurship more broadly.

The chapter is presented in five parts. The first establishes that the method to arrive at a conclusion and findings should be consistent with the philosophical approach of the research project. The method of reaching the findings is presented, and a discussion on phenomenological reduction in the research task is presented so that the findings, conclusions, and understandings derived from the research project are seen as sound and trustworthy. The next three sections discuss the principle concepts that form the

conceptual framework. A philosophical discussion is developed into a framework that encompasses Care, Angst, and Resoluteness.

The chapter presents how the philosophical constructs of Care, Angst, and Resoluteness are relevant to the findings of the data analysis in Chapter 4. Evidence from the analysis in Chapter 4 is presented to illustrate the connection of the data to each of the concepts above.

The fifth section discusses how the three concepts of Care, Angst and Resoluteness provide a picture of what motivates people to engage in within-family finance. The final piece of the framework brings the three concepts together, once again through a philosophical discourse, culminating in the complete conceptual framework: an Entrepreneurial Theory of Authenticness. Authenticness is discussed and is presented as the central theme of the framework: the central final motivator that is the essence of the behaviour. It explains that people who engage in within-family finance can be seen as pursuing an authentic life.

Chapter 6 draws conclusions from the study and provides implications of the findings for entrepreneurs, their families, advisers, educators, and policymakers and my own learning as researcher. The findings are important for entrepreneurs or would-be entrepreneurs because many of them may find themselves engaging in within-family finance.

Understanding why this occurs may help them cope with the stresses that are inevitable with such behaviour. Advisers and educators should also accept that this behaviour is common and will occur no matter what contemporary advice is available to the contrary. The reasons for within-family finance, possible ramifications and subsequent support and education mechanisms need to be openly discussed and acknowledged. Policymakers, similarly, must accept this is an important part of the economy and address economic and social policy to suit. The thesis concludes with a discussion on the limitations of this study and suggestions for future research.

Chapter 2 Literature review and question formulation

'The time has come,' the walrus said, 'to talk of many things: Of shoes and ships - and sealing wax – of cabbages and kings.'

Lewis Carroll, *Alice's Adventures in Wonderland & Through the Looking-Glass*

2.1 Introduction

This research addresses the phenomenon of within-family finance for new ventures. This implies that there is an entrepreneur and funder in the activity. This literature review, therefore, examines both entrepreneurship and funding within the context of a start-up enterprise using within-family finance. The literature review that follows examines the current knowledge of finance within the family context. It draws on the wider scope of existing knowledge of both entrepreneurship and finance to reveal the current understanding of how both relate to the within-family financing context. The outcomes of the review are used to develop the specific research question to address the aims of this thesis; that is, to develop a new understanding of the phenomenon of within-family finance.

The terms 'entrepreneur' and 'entrepreneurship' used throughout this thesis are couched in the context of the individual (Casson 1982) rather than the firm (Alvarez and Barney 2007). This is specifically because the research examines the early stages of new venture creation, and at this point, the entrepreneur is indistinct from the firm which is being founded. The individual is a more than adequate proxy in these circumstances for the firm (Davidsson 2005).

The individual entrepreneur has been defined in a great many ways and from many perspectives. These include views such as new enterprise creation (Low and MacMillan 1988), new organisation creation (Gartner 1988), resource allocation in new ways and means (Wiklund and Shepherd 2003), new entry (Lumpkin and Dess 1996), opportunity discovery (Kenworthy and McMullan 2013), and opportunity creation (Gartner 1985). The definition of the entrepreneur has therefore been rather difficult to nail down and is often dependant not only on the previous constructs, but also the philosophical perspective of

the investigator (Alvarez and Barney 2007). This research uses the terminology of 'entrepreneur' simply as the person who is undertaking to start a new venture. There is no assumption about the nature of that endeavour, nor whether the venture is intended to be rapidly growing (Gazelle) or simply a small business that provides a lifestyle (Mice) (Peacock 2004).

Similarly, the term 'investor' has also had many meanings depending on the perspective and context in which the term is used. Literature addressing investors, the providers of financial resources, often categorised them as formal or informal investors (Mason and Harrison 1995; Morris, Webb et al. 2013), lenders (N. Berger and F. Udell 1998), and givers or granters (Scott 1952). These categories were predominantly focussed on the perspectives of return on investment or some other utility of the behaviour. For example, equity investors, whether formal such as venture capitalists or informal such as business angels, risk financial investment in expectation of returns through (mostly) capital gains. Lenders risk their capital through the expectation of rent returns or interest paid in addition to the repayment of the principle. Grant funds are predominantly provided by government or non-government organisations in return for other, often non-financial, returns. This research accepts that the financier is the person who provides the funds, no matter what their intentions are regarding the outcome of that act. They may expect a return on investment, consider it a loan (with or without interest), expect equity from the enterprise, or gift the finance.

2.2 Family Funding

There is scant literature that addresses within-family finance. What is known comes from a number of studies that address the subject from various other perspectives. One of these is that family may have profound influences on business. One such view using systems theory suggested that the interaction of the family system and the business system provides an 'idiosyncratic firm level bundle of resources and capabilities resulting from the systems interactions' (Habbershon, Williams et al. 2003). Such interaction provides a resource bundle that is complex and valuable to the firm due to the idiosyncratic nature of the resource availability. This systems based view, referred to as 'familiness', has a significant presence in the literature (Frank, Lueger et al. 2010). It covers a number of theoretical views such as social systems theory (Luhmann 1995), social capital theory

(Pearson, Carr et al. 2008), management theories (Ensley and Pearson 2005), marketing (Tokarczyk, Hansen et al. 2007), family systems theory (Rothbaum, Rosen et al. 2002), and complexity theory that proposes that there are significant shortfalls in using systems theory without understanding the complexity of family and business (Walby 2007).

Other authors have addressed the intergenerational financial structures of family business and found, once again, complexities that are not recognised in businesses that are not family owned (Haynes, Walker et al. 1999). The advantages of the family resources that are available to family owned firms have also been widely addressed using the resource based view of the firm (Sirmon and Hitt 2003). These advantages include human capital, patient capital, survivability capital and family governance. These studies, using the family firm as a basis for their research build our understanding of the added complexity of family involvement in business (Neubauer and Lank. 1998). They also confirm that resources, of which cash is fundamentally important, are fundamental requirements for success for new business start-ups. What is missing, however, are studies involving within-family finance where there is no family firm construct.

Much of the literature that addressed family resources within a business context is based on the resource based view (RBV) of the firm. This theory proposes that firm-specific resources, such as assets and capabilities, are fundamental drivers of a firm's business strategy (Wernerfelt 1984). Internal capabilities or resources provide competitive advantage (Barney, Wright et al. 2001), thus, entrepreneur and funder experience that manifest themselves in attitude, social capital, and knowledge can be viewed as resources that potentially enhance the success of investments (Shepherd, Armstrong et al. 2005).

These resources are often provided by family at the early stage of the business life cycle (Bygrave and Bosna 2011). Resources can be classified into Simple or Complex and Utilitarian or Instrumental (Brush, Greene et al. 2001). Resources that are complex and utilitarian, rather than simple and instrumental, provide a competitive advantage. This structure provides an insight into the advantages of family sourced funds to start up a business. Resources from family are probably complex because they may include support as well as finance, and instrumental in that the complexity of the resource provides capabilities that cash alone does not provide.

The family is recognised, although only relatively recently, not only as part of a family business system, but as an important enabler of opportunity recognition (OR) which will also influence decisions to commence business (Steier 2007). This perspective introduced a broader social constructivist meaning of the involvement of family, whether directly involved or not in the business enterprise.

2.3 The individual entrepreneur

The literature on individual entrepreneurs is large, and much of it has been based on a cognitive approach. The propensity for an individual to engage in entrepreneurship has been shown to depend on affect, cognition, and conation (Robinson, Stimpson et al. 1991). These included constructs such as Need for Achievement, Self-Esteem, Personal Control, and Innovation, together measuring a construct called Entrepreneurial Attitude Orientation. Attitude, however, is only one of a tripartite of motivating characteristics in this cognitive psychological view. The Theory of Planned Behaviour (TPB) (Ajzen 1991) proposed that to be able to predict behaviour, Social Norms and Perceived Behavioural Control must also be considered. Research has shown that investors as well as entrepreneurs display an entrepreneurial orientation (Lindsay 2004).

Previous entrepreneurship research that focused on personality traits such as Locus of Control, Need for Achievement, and Need for Autonomy have been unsuccessful in explaining entrepreneurial behaviour (Reynolds 2010). The TPB has been chosen by some authors because of its suitability for investigating specific behaviour rather than using general dispositions to explain behaviour. The TPB has been applied to the study of informal finance (Wong, Ho et al. 2004; Maula, Autio et al. 2005). However, each construct was adapted to the entrepreneurial context. This approach is inconsistent with other research that utilises the TPB (see for example (Sheeran, Trafimow et al. 2003; Hansen, Jensen et al. 2004; Rhodes, Blanchard et al. 2006).

It has been proposed that an investor's level of opportunity recognition (OR) of an investment is also influenced by their entrepreneurial attitude (EA) (Lindsay 2004), the social network in which they are embedded (Granovetter 1985), and their entrepreneurial self-efficacy (ESE) through the investment process. However, previous entrepreneurship research that focused on personality traits such as Locus of Control, Need for

Achievement, and Need for Autonomy have been unsuccessful in explaining entrepreneurial behaviour (Gartner, 1988).

Entrepreneurship has also been studied through the lens of OR (Kenworthy and McMullan 2013), and is also based on a cognitive perspective (Baron 2004). Another cognitive approach to the investigation of entrepreneurship has shown ESE to have a positive effect on the likelihood of being an entrepreneur (Chen, Greene et al. 1998). Further work by (Glas and Drnovsek 2002) showed that the ESE instrument developed by Chen et. al. (1998) is personal and situational specific, but yet again focussed on research on experienced and successful entrepreneurs. Research showed there were general similarities in the cognitive processes of experienced investors and experienced entrepreneurs (Lindsay and Craig 2002) so the differences between these groups should be minimal.

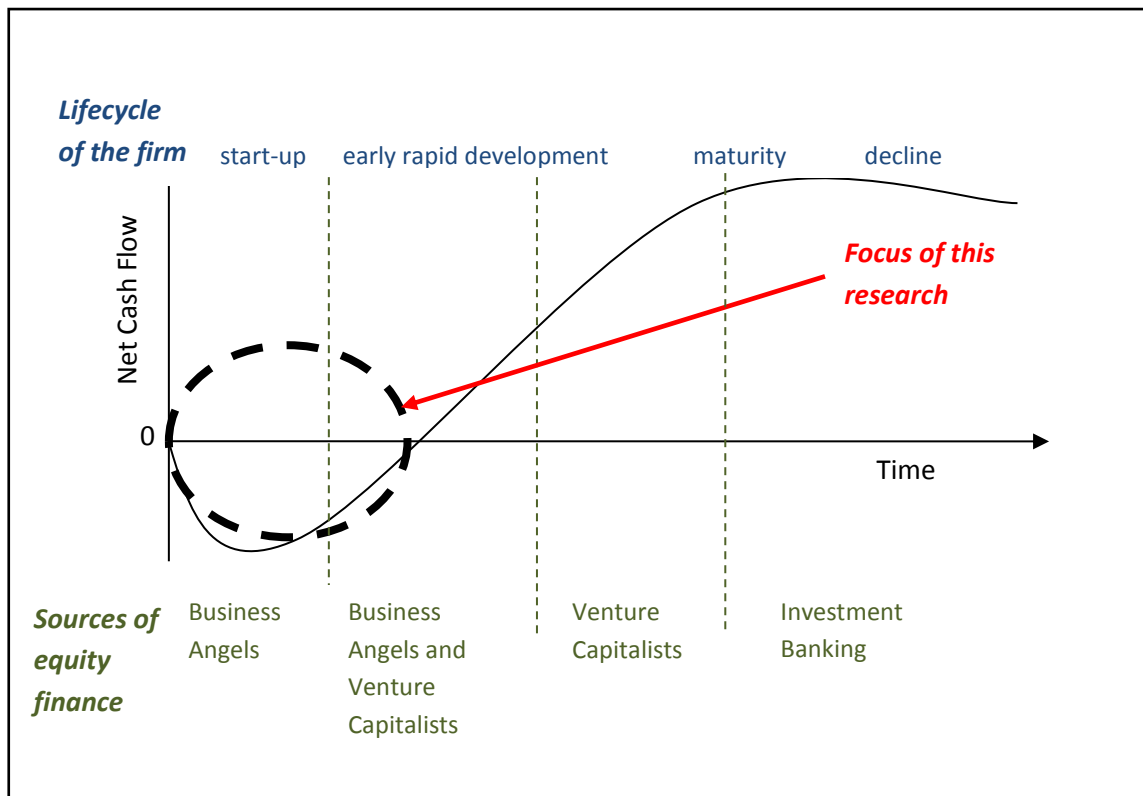
In the context of this research task, such cognitive constructs are unlikely to be of assistance because this research task is exploratory and does not assume any level of experience or education in terms of entrepreneurs and investors. The above constructs have been developed through studying experienced and, usually, successful entrepreneurs which is not assumed in this research.

This research is aimed at understanding the meanings that individuals ascribe to their experience of within-family finance. The above theories, while being helpful in describing and explaining entrepreneurial behaviour fall short of explaining adequately the experience and meanings of within-family finance. Few studies have engaged in entrepreneurship at this level (Cope 2011), and the cognitive based research approaches described here do not fill this gap.

2.4 Context

There are contextual theories that can guide the investigation of this behaviour. The well-established concept of the life cycle theory of the firm (Peacock 2004) proposes that firms evolve through stages with different identifiable characteristics. The stages have been referred to widely as start-up, early rapid development, maturity, and decline (see Fig 1).

Fig 2.1: The finance life-cycle of the firm (adapted from Peacock (2004) & Timmons (2007))



There have been many variations on this theme (Peacock 2004) but the important aspect for this research is the differing characteristics and needs of the firm at the different stages. It is reasonable, therefore, to examine the financial process at a specific stage of business development (Shepherd, Armstrong et al. 2005). This research is concerned with the start-up phase. Risks associated with the early stages of firm development were identified by Buchelle in 1967 (Peacock 2004) as being both managerial and financial in nature. Specifically, it is difficult for one person or a small group of people to have all the skills necessary to start and run a business and there is usually an undercapitalisation issue. To overcome these risks, an entrepreneurial approach is to use other people's resources (Brush and De Bruin 2009). The resources can be viewed as both financial and expertise.

The following discussion addresses the literature that pertains to theories regarding the choices available for entrepreneurs regarding the type and structure of new venture finance. This is important because there are a number of existing theories regarding the choices of, and supply of resources to entrepreneurial businesses. The discussion examines each of the main theories in turn.

2.5 Funding entrepreneurs

The entrepreneur requires resources at the stage often referred to as the 'pre-venture stage'. At this stage there are many sources, including a reliance on personal earnings, credit cards, second mortgages, customer advances, supplier credit, and interpersonal networks (Auken 2002). After the allocation of such resources, additional capital resources are often required to start a new enterprise, that is, capital that the entrepreneur does not own or control (Timmons and Spinelli 2007). This capital may take the form of equity, debt, and grants.

Entrepreneurial enterprises have been shown to require different types of finance at different stages of their life cycle (Peacock 2004). Once the entrepreneur's own sources of capital are exhausted and bootstrapping is not an option, external sources of finance must be sought.

A common way new ventures receive finance is through a loan facility from a bank or other financial institution. However, finance in the form of a loan is almost always against the personal assets of the entrepreneur, and there must be a means of repaying the loan that exists separately from the business venture. Banks typically rely on personal information from the entrepreneur as an individual, rather than from a corporate business perspective found in transactions with larger, more established ventures (Berger and Udell 1995). In other words, the loan is actually to the entrepreneur who then loans or invests that cash in the business. Whether this takes the form of a loan or equity is a matter for accounting practices and largely determined by policy, legal, social and taxation issues (La Porta, Lopez-De-Silanes et al. 1997). The loan contract, if there is one, will certainly be a personal agreement between the funder and the recipient, but taxation, regulatory issues, and finance regulations while likely to be relevant to within-family finance are not addressed in the literature specifically in these circumstances.

If the entrepreneur is not able to satisfy the lending criteria of lending institutions, they may look for funds from other sources. These could be internal or bootstrapping (Bhide 1992) friends and family (Basu and Parker 2001), business angels (Mason and Harrison 1997), venture capitalists (Morris, Webb et al. 2013), or government (and non-government) bodies that provide grants (Mason and Harrison 1997).

Venture capitalists are institutional investors who invest on behalf of others. Typically they establish funds with the intention of having a defined life span, usually about 10 to 12 years. Venture capitalists invest the fund's money in young firms that show the potential for high growth and as such act as intermediaries between the young firm and investors. They will not typically want to have day-to-day involvement in the management of the young firm but will usually take an active role in the form of a non-executive position in order to fulfil their responsibilities as an agent for their investors. However, the amount of venture capital available for a new start-up venture is relatively small compared with other sources, notwithstanding its importance (Frederick and Bygrave 2004).

Wealthy individuals who invest their own money directly in privately held businesses and often commit time and their expertise to assist the business are often referred to as business angels (Mason 2005). These businesses are often not able to attract venture capital funds and are unable to attract funds through debt instruments but still provide the prospect for high growth and exceptional return on investment (Coveney, Moore et al. 1997). This is an important source of capital because many early stage enterprises simply could not survive without it (Wetzel 1883).

Angel investors are typically looking for a successful financial return, but will invest only in those ventures in which they have an interest, are able to contribute value, and have assessed that they are comfortable in working with the entrepreneur (Feeney, Haines et al. 1999). The number of business angel deals is significantly larger than venture capital deals, and even though the amounts are smaller, they are often in line with the needs of the enterprises at that stage of their development (Mason and Harrison 1997). There have been numerous attempts to classify business angels (Freear, Sohl et al. 1994; Sorheim and Landstom 2001) but the conclusion reached by a review of 20 years of business angel finance research found that we still do not know how the angel investing process really works (Freear, Sohl et al. 2002). There is a lack of theory-driven research on the attitudes and behaviour of individuals who invest in businesses owned by others (Sohl and Westhead 1998) and the theoretical underpinnings of business angel behaviour, in particular, has only recently been addressed. For example, Maula, Autio et al. (2005) addressed this issue and used TPB (Ajzen 1991) as the theoretical basis of the investigation. Another recent attempt to use a cognitive approach resulted in business angels who are unaffiliated with the entrepreneur in which they had invested being

identified as exhibiting an Entrepreneurial Orientation (EO) (Lindsay 2004). EO measures proactiveness, innovativeness, and risk-taking propensity.

Business angels may be interested in investing for a number of reasons that extend beyond the financial return. There is no simple profile of such an investor, but there is a growing tendency for them to syndicate in order to reduce their risk exposure (Mason and Harrison 1997). Academic literature has accepted a definition for business angels as 'private investors who provide risk capital *directly* to new and growing businesses in which they have had no prior connection (i.e. it excludes investments in their own firm or in a family business)' (Mason and Harrison 1995). So while we have a growing knowledge about this class of investor, there is no basis to believe that what we understand about business angels can be applied to family investors.

Informal equity finance is the finance that is not covered by institutions, professional investors, and the like, has been identified as an important enabler in the formation of entrepreneurial new businesses (Bygrave, 2003). Research into equity finance of entrepreneurial firms has predominantly addressed venture capitalists and business angels, and this is important because 'informal capital markets are the leading source of external risk capital fuelling entrepreneurial start-up and small business growth' (Gaston 1989 p223). Yet, the largest supply of informal finance is from people who are known to the entrepreneur (Bygrave, Hay et al. 2003). The proportion of equity financed new ventures in Australia that accept finance from friends or relatives is consistently above 83% (Hmieleski and Corbett 2006; Duckworth and Quinn 2009).

The financial impact of this behaviour is significant. The average number of people who invest informally, globally, is 3.4% of the adult population. This accounts for (US) \$196 billion annually (Bygrave, Hay et al. 2003). In Australia, 3.3% of the adult population, accounting for 1.26% of GDP, engages in informal investment behaviour (Duckworth and Quinn 2009). Venture capital investment, by comparison, is insignificant in terms of activity. Yet, the basis upon which these individuals make their investment decisions has been virtually ignored in the academic literature to date, see for example Bygrave, Hay et al. (2003) and Maula, Autio et al. (2005) both of whom have called for further research into informal finance that has been provided by individuals known to the entrepreneur.

There are many aspects that may impact on an individual's motivation to invest in a venture. There are any number of financial theories regarding financial investment (Held

2007), but informal investment between friends and family may be driven by factors other than rational financial factors (Maula, Autio et al. 2005).

An early attempt to distinguish business angels from family involvement concluded that there was a role of altruism in the investment process (Basu and Parker 2001). This research was, however, predominantly concerned with the loan contract within a family group within a single cultural environment. It was important in highlighting the concept of family, or close personal relationship, in the source of business finance area of study. Further, it identified the importance of understanding the cultural context of finance within communities because it can be significantly different to the prevailing average (Bates 1997).

Access to informal finance can be through rotating credit associations. These mechanisms allow people from within ethnic or minority groups to fund themselves (Bates 1997). These informal associations have been shown to have significant economic activity and have a profound effect on entrepreneurial activity. Communities such as Korean and Chinese immigrants in the USA and Pakistani immigrants and communities in the UK have been shown to have significant financial activity; borrowing and repaying loans outside of the formal banking sector (Basu and Parker 2001). A recent paper established that significant funding is sourced from friends and family prior to accessing more 'formal' forms of equity capital and examined the case where equity was exchanged for investment (Kotha and George 2012). In this research, the authors presented the case where family invested in return for equity in the business but were still significantly influenced by the structure of the social ties between the entrepreneur and investor. While this research provided insight in the case of equity distribution, it did not address the questions posed in this research.

Further study has been conducted using social psychological theory, in particular the TPB and Theory of Household Portfolios (Wong, Ho et al. 2004; Maula, Autio et al. 2005; Wong and Ho 2007). All of these studies used data that was obtained from the GEM report and while the studies could have been seen as reasonable attempts to approximate the theories' constructs, there is little evidence to provide a level of confidence in the application of the theory using this data. Ajzen (2002) and Sheeran, Trafimow et al. (2003) identify the shortfalls of using proxy measures in applying the TPB. Importantly, notwithstanding the weaknesses in using the TBP in such contexts, these papers identified the strong need to develop theoretically based research in the subject of family finance.

The lack of theoretical development that these papers have identified leads to a conclusion that there is a need to develop theory to address the major gap of our understanding of family investment behaviour. For example, a recent study identified that a qualitative, explorative approach was needed to begin building theory (Paul, Whittam et al. 2007) even in the business angel literature. As for family investing, apart from the earlier described attempts using GEM data and work within single cultural contexts little, if any, theoretical development has been done to date on this phenomenon.

2.6 The choice of types of finance

Capital structure theories have been extensively used to explain and develop knowledge about how early stage businesses choose and structure their funding needs (Matthews, Vasudevan et al. 1994). There are four main theories which are often used to explain early stage capital structure decision by firms (Cassar 2004; Frielinghaus, Mostert et al. 2005), namely:

- Static Trade-Off Theory
- Information Asymmetry Theory
- Pecking Order Theory, and
- Agency Cost Theory.

2.6.1 Static Trade-Off Theory

This theory, first proposed by Modigliani and Miller in 1958 (Modigliani and Miller 1958; Myers 1984; Harris and Raviv 1991), predicts that firms move toward a point of ideal debt to equity ratio. This ratio is independent of the market value of the firm and life cycle stage. The concept is the starting point for many other theories regarding how firms arrive at their capital structure. The major variation that is evident when accounting for the assumptions underpinning Modigliani and Miller's original theory is that of taxation regulations. The Modigliani and Miller (1958) theory can be used to describe how firms utilise taxation to manipulate profitability to develop an optimum (maximum) debt level. Debt levels, however, increase the risk of bankruptcy (as the debt to equity ratio becomes unsustainable). Therefore, there is an optimal debt level where the present value (PV) for the firm using beneficial tax shields are balanced against an acceptable PV cost through the financial stress of high leverage.

This theory has been both criticised and supported (Frielinghaus, Mostert et al. 2005). Criticisms have predominately been from the perspective that the theory is based on assumed perfect knowledge in a perfect market (Myers 1984). Further, in many cases, firm behaviour tends not to follow the predictions of the theory. The theory predicts that highly profitable firms will have higher debt levels in order to maximise taxation benefits and increase the availability of capital. However, many observations of firm behaviour show highly profitable firms with comparatively low debt levels (Myers 1984). Contrasting these findings, (Gruber and Warner 1977) indicated that bankruptcy costs were much lower than taxation advantages, thereby implying that debt levels should be even higher than the theory had predicted. Both Myers (1984) and Gruber and Warner (1977) indicate that the theory has significant shortcomings.

However, there has been some recent support for the theory. Titman and Tsyplakov (2007) established that firms do indeed attempt to establish an ideal debt to equity ratio and then move toward achieving that goal. Importantly, however, they established that firms change these goals as they develop, implicitly accepting the life cycle theory of the firm. Their findings are based on the proposition that entrepreneurs will commence their businesses with debt to equity ratios that maximise debt such that it is acceptable to both equity and debt instrument holders. After this initial stage, the ideal ratio may change and the firm will slowly move toward the ideal. This theory would hold as long as the relationship between the family funder and receiver both consider the transaction as a debt. At this stage, however, this is an assumption that needs further investigation as it is not clear as to whether this is the case.

Other studies have shown that firms in their early stages of development will aim for low debt levels (Hovakimian, Opler et al. 2001). Frielinghaus, Mostert et al. (2005) also conclude that the Static Trade-Off Theory predicts that entrepreneurs who commence start-ups are likely to aim specifically for low debt to equity ratios because the costs for bankruptcy are high compared with any value for taxation benefits.

2.6.2 Information Asymmetry Theory

A different approach to the Modigliani and Miller (1958) proposition was highlighted by Ross (1977). He argues that the capital structure adopted by a firm's management sends a signal to the market that influences the valuation of the firm. This is specifically due to

discarding the important assumption underlying the Modigliani and Miller (1958) irrelevancy theory that the market possesses full information about the activities of the firm. The basic proposition is that if management increases debt levels, the market would assume that the managers knew more about the firm's ability to make future repayments than the market. Thus, higher debt indicates higher future returns. This position was disputed by Fama and French (1988) who found that firms with lower debt were more profitable.

Traditionally, firms attempt to reduce information asymmetries by providing track records (of the business and its entrepreneurs), producing business plans, and involving financiers in strategic decision-making processes. Financiers, on the other hand, use observation and monitoring techniques to satisfy themselves they have accurate and reliable information. They may also insist on collateral and covenants to secure their investments beyond what they can reasonably acquire as information.

Start-up enterprises or novice entrepreneurs are able to provide little, if any, of these artefacts to alleviate the problem (Wicklund and Shepherd 2008). The signal sent to the market is probably irrelevant in the start-up stage, and particularly irrelevant to within-family finance. The value, hence the investment, will be a mutual agreement between the entrepreneur and their investor, and this value will be effected by the relationship as much as the business proposition. There is little evidence in the literature that this theory has been applied to start-up firms, and the added complexity of family, the closeness of information held, and emotional aspects such as trust mean that information asymmetry theory is unclear as to whether it can assist our understanding of within-family finance.

2.6.3 Agency Cost Theory

Agency cost occurs when one entity engages another (principal and agent) to act for them in some manner (Jensen 1986) and costs are incurred to reduce the information asymmetry.

Such constructs are widely assumed in a wide range of discussions regarding finance of new ventures such as venture capital (Shepherd and Zacharakis 2001), bank finance (Irwin and Scott 2010), business angels (Mason and Harrison 1995), and even bootstrapping (Lam 2010). While the theory is not always explicitly referred to, there is an underlying assumption that there is a cost associated with the agency problem which arises from the

moral hazard and adverse selection (Amit, Glosten et al. 1990). The way around such hazards have been suggested through contractual mechanisms (Brudney 1985), governance structures (Williamson 2002), ownership structures (Jensen and Meckling 1976) and social networks (Dahlstrom and Ingram 2003).

In the case of a start-up enterprise, the entrepreneur and investor are reliant on each other, but predominantly the investor carries the financial risk. The investor will put in place costly monitoring and contractual control mechanisms to reduce their risk (Cassar 2004).

Investors will attempt to reduce the extent to which the entrepreneur holds information that is not accessible to the investor. This can be done in various ways. They may provide finance that is purely debt and thus repayable in full (plus interest). They may wish to provide equity, thus maximising their return on investment beyond a loan contract, but use such instruments such as convertible bonds (Sorheim 2005). Thus, if the outcome of an equity investment looks less than attractive, the instrument may be converted to a loan that the entrepreneur is bound to repay. Investors will resort to such instruments to reduce the agency cost because the fundamental concept in this theory is that of self-interest (Eisenhardt 1989).

However, the literature is mostly silent in regards to the extent that the agency problem can play a role within the family. There is a suggestion that a strong social connection will reduce the agency problem (Dahlstrom and Ingram 2003), and it may be reasonable to expect that this would be enhanced within the family. There is no clear evidence that agency cost theory can assist our understanding of within-family finance. This suggests that while this theory may apply, we do not know how or to what extent this may be so.

2.6.4 Pecking Order Theory

The Pecking Order Theory proposes that there is uneven information between managers and investors. This provides another means of overcoming one of the limitations of the original Modigliani and Miller (1958) capital structure view (Chirinko and Singha 2000). This asymmetry leads to firms preferring internal funds over external funds; however, when internal funds are no longer available, debt is preferable to equity due to the riskiness of equity (Myers 1984). Internal funds hold no adverse selection risk. The cost is internal and completely controlled by the entrepreneur. Debt is a higher risk, there is the need to repay it, but the costs are external and therefore are considered to be moderate, or incur minor

adverse selection risk. Equity comes with a higher adverse selection risk and information asymmetries between the investor and firm are significant (Cassar 2004). Therefore, the cost of such finance is much higher with the investor factoring in the higher risk thus looking for a higher return. Therefore, equity is only sourced after the ability to borrow funds is exhausted (Korunka, Frank et al. 2003). Pecking Order Theory has been supported by a number of studies in various environments (Cassar 2004), but appears to require modification for early stage financing behaviour (Paul, Whittam et al. 2007). Therefore, while this theory may assist us in understanding the within-family case, it is not, in its current stage of development, entirely suitable to explain the behaviour of within-family finance.

2.6.5 Summary of capital structure theories

The capital structure theoretical lens, as discussed here, is shown to be of some value to the within-family finance behaviour, but lacks a sense of confidence in being able to address the complexity of the relationship involved in this phenomenon. This may be due to the sample frames of the research that these theories have been based on. They are predominantly listed companies or large organisations that make available their financial details. This implies that the very private and very young ventures where within-family finance occurs is not captured by these theories in an empirical sense and therefore each of the theories have significant shortcomings in explaining this particular behaviour. These theories hold at their core an assumption of a clear distinction of debt and equity in the mind of the entrepreneur. Whether a conscious or unconscious decision, the distinction must be clear for any of these theories to hold because there is the underlying assumption of choice. It is not clear that such rational choice is being made between family members; therefore, the capital structure theories are unlikely to provide a sound theoretical explanation of the motivations and behaviour of within-family finance. There is no evidence in the literature to dismiss them as irrelevant, but there is a lack of attention to the within-family case with no empirical evidence to support these theories within that context.

A recent attempt to integrate Altruism and Agency theories (Bygrave 2011), continues to use constructs that are anchored in an economic paradigm of choice between financial alternatives. The categories that are the base of the questionnaire used in this study (GEM) fail to allow a social constructionist viewpoint due to their base assumptions. That is

not to say the findings are irrelevant, rather that this study is examining the phenomenon from a different perspective. It does, however, reinforce the importance of the subject and clearly identifies that agency theory, in particular, is not consistent with within-family finance, or any finance that involves some level of altruism.

2.7 The family context

There has been significant research into family firms, and while this particular research in within-family finance is not directed at the family firm as an entity, there are some aspects that may be important to within-family finance. Where family firms have engaged in capital raising, we find that Agency Theory (Ross 1973) is a relatively common approach to theorising the funding behaviours of family business (Siebels and zu Knyphausen-Aufseß 2012). This theory is, however, acknowledged to not hold because there are many other social aspects that will modify outcomes, and therefore weaken the value of the theory. Constructs, such as altruism, that are seen to occur within the family context, as well as collectivism, principalism and egoism (Batson and Powell 2003) all impact on agency outcomes. Altruism has been proposed as being beneficial (Batson and Powell 2003) to family firms, and while there is a 'dark side' (Schulze, Lubatkin et al. 2003) overwhelmingly there is agreement that altruism has a positive influence on family firms (Eddleston and Kellermanns 2007) even though it may place restrictions on business growth and efficient allocation of resources. Agency Theory must therefore be modified significantly if it is to be applied to the family context. There is no reference to how agency can explain within-family finance given the complex relationship and social construct within a family. If it is modified significantly by a family business, which is probably far more financially 'sophisticated' in its structure, there is even less chance of it being applicable to within-family finance that has no business financial structure. Agency theory has been used in conjunction with Altruism Theory to show that as the relational separation increases, the level of altruism decreases and agency issue increase (Bygrave and Bosna 2011).

In contrast to Agency Theory, Stewardship theories, which are rooted in a humanistic perspective, accept that some will behave in the interest of others. In the family context, interest of the collective family rather than the individual interest take priority (Pierce, Kostova et al. 2001). Further, a family firm that exhibits stewardship is more likely to be flexible and be better placed to respond to dynamic business conditions (Zahra, Hayton et

al. 2008) and long-term perspectives (Davis, Schoorman et al. 1997). This theory assists us to understand the primacy of the relationship. It does shed some light on the actions of the individual who has the role of the 'Steward', or head, but it is not clear whether it is relevant to the within-family finance context.

Family firm theories have also been based on the resource based view of the firm which assumes that the competitive advantage, and thus the returns achieved by a firm are directly related to the resources available to the firm (Barney, Wright et al. 2001). These resources should be valuable, rare, imitable and unable to be easily substituted. Such resources have been proposed to consist of human, social, and patient capital, and through a combination of these, the family may be able to provide survivability capital; the combination of the human, social, and patient forms of capital is greater than the sum of the individual parts (Sirmon and Hitt 2003). While family business literature provides some insight into within-family financing, they only focus on family owned and run businesses. There are, however, some interesting consequences for within-family finance under this theory. Funds available from within the family are certainly valuable, the funds allow the start-up to take place, and as such are probably seen to be more valuable than the face value of the funds due to the enabling effect. They are rare; they are only available to the members of the family and not available to just any start-up business. Interestingly though, while this rarity holds for an individual, across the population, where we see this behaviour is common, the availability of family funds may be considered to be more common than rare. The funds are certainly not easily substituted or imitated. The RBV of the firm, then, does provide some insight as to the value of within-family finance to a start-up venture, but does have some limitations when considering the 'rarity' of resources.

Investments between family members are made within the social construct (Jack and Anderson 2002; Bygrave, Hay et al. 2003). Social capital is accessed through social networks and enables or disables entrepreneurial activity (Jack and Anderson 2002; Westland and Bolton 2003). There is growing evidence that the social network provides an important mechanism through which business venture investment is conducted and a focus on economic analysis alone provides an incomplete explanation of investment behaviour in early stage ventures (Shane and Cable 2002; Westland and Bolton 2003). This is particularly important when the investment is made within a family environment due to the added complexity evident in family business and the inherent filial obligations that are present (Neubauer and Lank. 1998). Social networks and their impact on

entrepreneurship have been investigated and found to be both supportive and non-supportive to the entrepreneurial process and depends on their relationship with the entrepreneur (Russell 2008). This concept was developed from Aldrich and Zimmer (1986) who identified different role-sets in an entrepreneurial network.

2.7.1 The Family

Considering these different role-sets aligns with a well-established concept of the family as a system. The Family Systems Theory (Bowen 1974) has been used to explain how individuals within the family (the system) interact with and are influenced by each other. This approach was concerned with family dynamics, how communication and relationships interact within the family group. Systems theory has been used predominantly to explore the functioning of the family and viewed from the perspective that a family is a bounded system with its own characteristics (Minuchin 1988), life cycle and functions (Byng-Hall and Stevenson-Hinde 1991).

Alternatively, Attachment Theory offered similar views, however with some specific differences such as a focus on security, care, specific dyadic relationships, and a more focussed approach to children and development (Rothbaum, Rosen et al. 2002). Attachment Theory and Family System Theory, however, have many similarities and are based upon a common philosophical base (James, Jennings et al. 2012).

Similar to the systems perspective, another common basis of family research is the Structural Functionalism perspective. For example, Björnberg and Nicholson (2007) based their research into family within the family business context as a problem-solving unit, interpersonal interaction, and interplay of authority and parenting style. Such questions on the function and structure of families have been a long running theme in family research (Mann, Grimes et al. 1997) and has found its way into family business research more recently (James, Jennings et al. 2012). Such an approach assumes the family unit is fundamentally important to society, and society in turn has significant impact on the family.

A different perspective, but not often seen in the family business literature, is that of Symbolic Interactionism. Whereas previous theoretical positions are concerned with function, form, and behaviour, Symbolic Interactionism is essentially 'a frame of reference for understanding how humans, in concert with one another, create symbolic worlds and

how these worlds, in turn, shape human behaviour' (LaRossa and Reitzes 1993). Individual family members behave within the norms and meanings they attribute to other members of the family. Interaction occurs continuously and the meanings constructed from this develop identity and shared beliefs.

There is a well-accepted concept of the concentric circles model of responsibilities towards others (Brock 2005). That is, people accept greater responsibilities for and more obligations towards others that are physically or affectively closer to them. While this model has been criticised at the national level, it appears to hold true for closer relationships (Brock 2005).

All things equal, the closer the relationship, the more likely friends and family are to invest. For example, a parent is more likely to invest in a child than are cousins. The dyad, however, is not symmetrical. It is possible that a parent may be more likely to invest in a child's business than a child would be to invest in a parent's business. This asymmetrical obligation can be seen in the context of the difference between reliance and obligation. The extent to which one party relies on another has an influence on the obligation felt (Niemela 2004). A parent is not (generally) reliant on the child, but the child is (or has been) reliant on the parent (this may be different in different cultures). In addition to the distance, e.g., parent-child, the strength of the relationship will be important. In the colloquial sense, some parents are closer to their children than others and vice versa. Again, all things equal, dyadic relationships that are stronger will be more likely to invest than those that are weaker.

Access to resources, in particular financial or tangible resources, has been viewed in terms of family embeddedness (Arregle, Batjargal et al. 2013). This is based on the theory that individuals are always embedded in socially constructed systems (Granovetter 1985). Within this context, that is strong ties that are proposed to exist within the family, resources are readily available (Aldrich and Zimmer 1986) but these resources are obtained within a framework of obligation and trust (Pearson, Carr et al. 2008). This view, often referred to as familiness is the 'the idiosyncratic firm level bundle of resources and capabilities resulting from the systems interactions' (Habbershon, Williams et al. 2003 p451). Such an approach has typically been used to explain family firms, rather than within-family finance. However, given that it has been able to be used within a variety of theoretical viewpoints such as evolutionary theory (Craig and Moores 2005), management theory (Ensley and

Pearson 2005), social capital theory (Lester and Canella 2006) and family sociology (Ram and Holliday 1993), it does provide some insight as to how within-family finance could be understood. One of the advantages with this perspective is that it is one of the few theoretical constructs that use the family as the unit of analysis, even though in many instances the firm is the focus of the research (Pearson, Carr et al. 2008). This is not surprising given that the underlying concepts of familiness in the context of entrepreneurship is the resourced based view of the firm (Barney, Wright et al. 2001) as discussed earlier. One of the key resources available to an individual who has access to family embedded resources is that of social capital (Sharma, Chrisman et al. 2003), but once again, attention to social capital is usually focussed on the family firm context rather than a within-family finance arrangement.

2.7.2 Family in the context of economics

The research into family, as an economic actor has a reasonably long history, starting with Banfield (1958) who recognised that family ties were an important contributor to societal codes of behaviour within the family, but outside of the family (or kin) selfish behaviour is acceptable. Supporting such a view, Enrich and Gambetta (2010) showed that weak ties outside of the family, as in a broader society, promote a perspective of belonging to a larger society beyond the family, and thus codes of behaviour are wider in the community and extend beyond the family unit. This indicates that different cultural norms may indeed impact on the availability of support, in particular financial support for business start-ups. One aspect of this is the trust that people place on others within the family compared with those outside of the family (Enrich and Gambetta, 2010). The implication here is that culture is an important aspect, both culture as a societal level but also at the family level, identified through a long history of anthropological investigation (Segalen 1986). It is likely that different norms will have different impacts on the propensity and reasoning for within-family finance. However, the family is seen as an important economic component of the economy in a broad sense and is important to the economic behaviour and attitudes Alesina and Giuliano (2010).

2.7.3 Gender

The difference in gender and the business start-up process has been looked at by various studies (Hill, Leitch et al. 2006; O'Gorman and Terjesen 2006; Treichel and Scott 2006; Brush and Bruin 2009) but one has established that women tend to get finance from friends and family more often than men (Arenius and Autio 2006), which, on the face of it, is not supported by the finding that the propensity for female-controlled firms to seek external funding is significantly less than their male counterparts (Watson 2006). One of the reasons for this discrepancy appears to be that females are at a disadvantage in accessing external funds because they have a less developed social network than their male counterparts (Manalova, Manev et al. 2006). This contradiction appears due to interesting definitional differences between 'external funding' and funding from 'friends and family'. When closely examining these perspectives, friends and family may not necessarily be considered external finance sources at all. External was operationalised as being closer to the Mason and Harrison (1997) definition of business angels as those who are not known to the business owner prior to the investment. As a consequence of this, it has been suggested that more female investors would be beneficial to the new venture start-up process, particularly for female entrepreneurs (Kim and Minniti 2008).

Other attempts to use existing theoretical constructs include, amongst others, an examination of how Agency Theory affects family firm financing decisions (Wu and Chua 2007) and Feminist theories, (Becker-Blease and Sohl 2007), but neither address the within-family financing relationship, motivations and behaviour.

2.7.4 Family funds transfer

The transfer of funds from one adult member of the family to another adult member has been of interest to scholars for some time. Little, if any, research has been focussed on the new business start-up motivation for such transfers but transfer of funds and other resources has been examined through an economic lens (Kohli and Künemund 2003). Motives for such behaviour that originate from an economic perspective are often couched in the changing behaviour of people under different policy or economic conditions (Becker, 1991 in Kohli & Kunemund, 2003). However, economic exchange is not the only reason for funds transfer within families.

Altruism is seen as embedded in 'moral, social, psychological, religious, legal, and aesthetic ideas' (Titmuss 1971). It has been commonly referred to in the sociological literature as behaviour that does not rely on an exchange. Even though there is much evidence to show that 'virtue is its own reward' altruism implies that there is no sense of cost of the behaviour, and therefore, no requirement for repayment of some kind (Gierveld and Dykstra 2008). Piliavin and Charng (1990) concluded from a review of the literature on altruism in the sociology, psychology and economic areas that people do, in fact, exhibit true altruism. That is they do things that provide no return on their investment of time and effort beyond their feeling of personal reward of having contributed value to their society or other people.

This is in contrast to 'rational' economic theory where the concept of exchange and the welfare of the self is principle motivator (Kohli and Künemund 2003). This contrast was highlighted by Richard Titmuss (1971) where the motivations for giving blood of different groups of people, namely people in the UK and people in the USA were compared. Those in the UK, where no payment was made for donations exhibited altruistic motivations; whereas those in the USA, where payment was offered for donations, exhibited exchange motivations (Titmuss actually thought that this was not donation, but supply).

Economic theories that focus on funding start-up businesses are always couched in terms of risk and return on investment. Linked to exchange theory is the concept of reciprocity. This is the obligation to give back to others. Such concepts are widely used to explain how intergenerational giving occurs (Sadrieh 2003). Motives attributed by economists for such behaviour are often defined in terms of differential reactions to situational conditions, not in terms of psychological or sociological aspects (Kohli and Künemund 2003). Further, motivations within the family context are rarely simple and clear. There are overlaps and contradicting motivations at play which make development of models of behaviour difficult or irrelevant and result in a complex interaction amongst many motives. This is illustrated by two conflicting theories that have been used in explaining giving within the family context. Utilitarian principles of exchange theory propose that receiving more than one gives is desirable, whereas equity theory proposes that receiving more than one gives results in feelings of distress and guilt, therefore undesirable (Gierveld and Dykstra 2008). Altruism theory, however, where virtue is its own reward, may provide a more accurate description of funding within a family. Altruism within a close family unit is more likely to be

'subjectively felt to be essentially a non-economic, spontaneous, and altruistic activity that is meant to communicate personal feelings' (Komter and Vollebergh 1997 p750).

Motives for giving within the family context have been explained using altruism (Kimball 1987), exchange (Kotlikoff and Morris 1987), reciprocity (Gierveld and Dykstra 2008) obligation (Komter and Vollebergh 1997), evolutionary economics (Carmichael and MacLeod 1997), and contingency theories (Fingerman, Pitzer et al. 2010). Each of these theories, however, relies on the nature of the giving to be clear. For example, altruism is clearly a gift which has no apparent return (Titmuss 1971) yet, economists also recognise that giving may provide an intangible return such as 'inner glow' referred to as 'Impure Altruism' (Andreoni 1989). Exchange and reciprocity theories explicitly expect a return for the supply of some value. Evolutionary economics are predominantly concerned with population level analysis (Aldrich and Martinez 2003) and contingency theories are predominantly concerned with efficiency of organisations and effectiveness of structures within organisations (Drenth, Thierry et al. 2013).

In the case of within-family finance, the transfer of funds may be a gift, but it is not clear that this is so. Providing funds may be a loan or provided in return of equity as discussed previously. There may be evolutionary forces at play, but this is not clear because the nature of the funding is not linked directly to population survival. Finally, organisational theories, theories of the firm, and theories regarding organisational psychology are unlikely to assist in this research task because they do not adequately address the firm development stage. In addition to that, there is an added complexity because funders are not necessarily investing in the firm, but the individual instead. Clearly there is no one theory that is able to best describe the transfer of funds within the family context, either as a gift or other mechanism, for the specific purpose of starting a business.

2.8 Conclusion

In conclusion, the literature regarding within-family finance at the early stage of venture formation is sparse. Little is understood about this phenomenon, yet its size and importance is clear. It is evident that theoretical development that has been relevant to formal and informal financing has enabled us to understand that there are clear differences between different types of finances under different contexts and stages of the firm. We have a sound understanding of debt, a growing understanding of informal investment such

as business angels and formal investment such as venture capitalists along with a number of theories that explain rational and sophisticated investment decision-making. There are also a number of ways to explain family behaviour in the social and economic context. What we do not have is a means to understand the relationship between family members when one provide finance to another for the purpose of starting a business.

The theories that have been used to explain other forms of investment don't appear to be able to assist in the theoretical understanding of within-family investing simply because no empirical investigation has been conducted using any of the extant theories in this particular context. There are some insights available from literature regarding family business and the social constructs within family. These show that the social and emotional aspects of the behaviour are important. This leads to a conclusion that the phenomenon under question is particularly complex. Accepting the complexity view that includes the intersection of systems views, resourced based views, financial theoretical views, family business views, social capital views, and social constructivist views leads to a conclusion that the current literature inadequately addresses the specific phenomenon of within-family finance for a new venture.

The lack of theoretical development in this area suggests that understanding within-family finance lies in theory development. A recent study identified a qualitative, explorative approach was needed to begin a theory building approach to angel investing (Paul, Whittam et al. 2007) and there have been some recent attempts to develop deep understandings of the entrepreneurial process (Jack and Anderson 2002; Bann 2009; Fletcher 2010). This line of enquiry needs to be developed with a focus on within-family finance and address the sparse attention evident in the literature.

Apart from the earlier described attempts using GEM data, nothing has yet been done on theoretical investigations of the motivations and behaviour arising from the within-family finance relationship. Further, the literature review has established that economic, financial and rational theories that rely on the provision or receipt of funds fall short of the complexity that is evident in within-family finance. The literature demonstrates the complexity and breadth of theoretical approaches to the family as a social construct, but also confirms that the particular phenomenon of within-family finance is yet to be theoretically developed. This research, given it is investigating a phenomenon embedded in a family social environment, is ideally placed to build on theoretical foundations such as

familiness which are, in turn, embedded in the social, rather than economic views of the world. It is, therefore, clear that an approach using a social constructivist paradigm is suitable to develop theory in this area. The unit of analysis, therefore, is ideally suited to be the interaction between the entrepreneur and their family financier, rather than the individual or the firm view. Understanding the motivations driving the activity from both perspectives is of particular importance. The investigation will need to embrace the evident complexity of family and entrepreneurship to understand this phenomenon and fill the gap in the literature as identified in this chapter.

2.9 Statement of the problem

There is a significant gap in our understanding of within-family finance. The purpose of this research is, therefore, to increase our understanding of what is going on. What is actually occurring when a close family member provides funds to a closely related entrepreneur to start a business? By exploring this activity through the experiences and reflections of people involved, a deep understanding about their lived experience is sought. The stories, feelings, insights, and understandings of the people involved need to be explored and explained to provide an intimate, yet holistic view of the behaviour.

The problem is that we have no existing theory in the entrepreneurship or finance domains to explain why people provide and accept funds within the family in order to start new businesses. This is interesting because contemporary advice is that the chance of a:

- positive return on investment is very low, and
- negative emotional outcome is very high.

The aim of this research is to develop a conceptual framework that helps explain the phenomenon. A socially constructed point of view is ideal for such an undertaking that must embrace complexity within social relationships as appears to be the case for this research (Crotty 1998).

2.9.1 Importance of the research

The number of people who are engaged in this activity is significant as are the financial resources that are committed to it. The lack of understanding of the behaviour of people engaging in the activity is clear, and the implications for entrepreneurship in terms of public

policy, investment behaviour (both formal and informal), and economic growth are far reaching. Understanding this behaviour is important to:

- Financiers, because they will often be asked to fund expansions of businesses that have commenced with family finance. They will need to understand the impact of this finance on the business and particularly the entrepreneur and their family to make appropriate financing decisions.
- Policymakers, because they will need to formulate policy that will either encourage or discourage such behaviour. They will need to understand what is occurring in order to make appropriate public policy decisions.
- Advisers, so that they can provide appropriate advice to both entrepreneurs and family financiers. They will need to understand the behaviour in order to avoid providing advice that is not based on evidence.
- Educators because they will need to provide to business, entrepreneur, and social studies students education based on evidence as to what is actually happening.
- Research scholars so they can advance the field in understanding this particular activity.

From this perspective, implications for advisers, educators, policymakers, and family members who may engage in this activity will be proposed.

2.9.2 The question

This chapter has established the size and importance of this phenomenon and established that existing knowledge does not completely explain it. I have shown that it is important to understand this behaviour for a number of reasons and from a number of different perspectives.

The question is:

What are the influences on the motivations and behaviour in a within-family financial relationship that exists for the purpose of financing a new venture?

Chapter 3: Research Method

Every reminiscence is coloured by today's being what it is, and therefore by a deceptive point of view. This consideration could very well deter. Nevertheless much can be lifted out of one's own experience which is not open to another consciousness.

Albert Einstein, Autobiographical Notes in "The world treasury of physics, astronomy, and mathematics" Edited by T. Ferris (1991)

3.1 Introduction

Entrepreneurship is multidimensional and complex in nature. The experience of those involved will be diverse and present a complicated picture because they may have different reasons for engaging in entrepreneurship, be at different stages of the process, hail from vastly different backgrounds, and operate in different contexts. The focus of this research is at the very start, or near the very start, of the process and where within-family finance occurs. As has been established in Chapter 2, new venture investment decision-making within the entrepreneurial context is complex because of the additional investment theories that may be relevant to augmenting entrepreneurship research. A focus on economic analysis alone appears to provide an incomplete explanation of investment behaviour.

There are many aspects of the investment decision that may impact on an individual's motivation to invest in a venture. Similarly, entrepreneurs may prefer various forms of finance. The investment decision from the perspective of the investor, in conjunction with the reasons that entrepreneurs choose amongst the various forms of funds available to start a venture is further complicated by the introduction of the complex dynamics of family and friends (Neubauer and Lank. 1998). Therefore, some authors predict that any attempt to explain investment behaviour through rational economic theory is doomed to fail because exchanges are made in the context of altruism, personal bonds, loyalty, spite, and duty (Estin 1995). However, that should not mean that we discard any attempt to use empirical evidence to test existing theories or develop new ones. Rather, it indicates that the methodological and epistemological approaches adopted need to be able to encompass the complexity and ambiguity of the investigation. It is therefore preferable to use research methods that enable exploration of the complexity under investigation. The

challenge of this research is to embrace the apparent complexity, and to do this an appropriate epistemology and research methodology is required. The chapter proceeds as follows:

- First it discusses the philosophical basis of the research. This is important to avoid any misunderstandings about the nature of knowledge creation in this particular research endeavour. It has been said that 'Reflection upon the foundations of knowledge production is critically important and admittedly lacking in a lot of research of "my" kind' (Davidsson 2005 p xiii). Davidsson is referring to entrepreneurship research in this statement.
- Second, the theoretical basis and methodology is discussed as an extension to the philosophical position. This is in order to, once again, clearly define a frame of reference because 'the field will be better served in the future if the issue of theoretical perspective is addressed directly and unstated assumptions avoided' (Low and MacMillan 1988p 146).
- Third, the research methods employed to analyse the data are explained so that the reader can follow the logical progression of the research. It discusses the researcher's context, data collection through interviews, data coding methods, and data analysis resulting in thematic development. The methods are presented as appropriate to the integrity of the methodological and philosophical approach used in this research. These analytic tools are an appropriate means to answer the research questions in context of the available data. The methods discussion leads to employing the analytic tools to probe the data, stimulates the conceptual thinking, and leads to the findings (Corbin and Strauss 2008).

3.2 Philosophical basis

Tesch (1990) proposed that the researcher's interest or purpose could be classified into one of four categories:

1. interest in the characteristics of language and how language can inform us
2. the discovery of regularities, what we can discern as common and repeatable within the study subject

3. the comprehension of the meaning of participants or texts in regards to a particular phenomenon
4. reflection and examination of a field of study or interest.

These four interests vary from the objective to the subjective and are useful to assist the researcher and their readership in discerning what methodology is suited to the purpose of the research. Tesch (1990) does not intend these categories to be exclusive and distinct; rather they are a means of establishing the epistemological stance of the researcher. They are not exclusive categories but a means of identifying appropriate research methodology and methods for the area of interest. The problem investigated by this research is ideally suited to the third point above. The complexity discussed above means that one appropriate means of understanding this phenomenon is through examining the experiences and meanings that the people involved. I acknowledge that this is not the only way to conduct this research; rather, as will be shown, it is an appropriate way.

The key epistemological choices for research are between Objectivism, Constructionism, and Subjectivism (Crotty 1998). Given that this research is:

- a. investigating within-family investment that is embedded within a social construct, and
- b. that the very definition of the family relationship between the investor and entrepreneur implies that the behaviour is part of a complex social environment, and
- c. this research is investigating a social rather than a natural phenomenon and,
- d. the research is exploratory in nature,

This particular research effort lends itself to a research methodology that allows for an in-depth understanding and exploration. The research in this case is about the meanings attributed by the people involved, the meanings that they generate through their experience, the experience within a social lens, within the cultural norms and embracing the emotional connection to the phenomenon. The alternative view through an objectivist lens looks for an objective view of a meaning of an object, such as a measurement that is independent of the investigator, a dispassionate observer who does not influence the data. This is not suited to this research, nor the philosophical position of the researcher. This research, therefore, is ideally suited to a social constructivist approach because it's 'social realities are socially constructed' (Crotty 1998 p 55).

A social constructivist approach means that the research is underpinned by an assumption that knowledge is socially constructed and is dependent on the subjective interpretations of individuals within a social setting. This research is embedded in the philosophy that knowledge is created and constructed within a social setting. In this sense, meaningful reality is not waiting to be 'discovered'. It is constructed in the minds of people who engage and consider their own realities (Crotty 1998). This research is about looking for meaning within a social context of a particular phenomenon. The construction of meaning happened not only at the time of the behaviour, but also in the recounting of what happened by its participants through the engagement of the interested and guiding hand of myself as researcher. There is no pretence of a dispassionate observer totally independent of the process as an objectivist approach would demand. The meaning attributed by the participants regarding the phenomenon was more important to this research than what actually happened in terms of frequencies and averages.

3.3 Theoretical perspective and methodology

Phenomenology was chosen as an appropriate research framework within the social constructivist view due to the nature of the investigation required to answer the research question. Phenomenology is the examination of a phenomenon from the perspective of a number of participants (Moustakas 1994). Phenomenology is, at its most basic premise, an examination of 'the things themselves' (Crotty 1998 p78). There is an assumption under this methodology that human beings are both aware of the objects about which the research is about, as well as an assumption of intentionality. Husserl proposed that all human thinking is intentional (Willis 2001). That is, there is a decision-making process, a meaningful engagement, that at its base results in an affirmation that there is a connection that exists between the intentional consciousness toward something and the meaning (thinking) of that object (Husserl 2001 p193) about which the phenomenon is embedded. A constructivist view is that we can (and should) engage with a phenomenon to make sense of it. We must, however, be able to 'bracket' existing, preconceived ideas about the object under study and look to 'the thing itself' for meaning. It is about an 'attempt to recover a fresh perception of existence, one unprejudiced by acculturation' (Sadler 1969 in Crotty 1998 p. 80).

There are various views within the philosophical discourse on phenomenology. For example, the two philosophers most widely acknowledged as the founders of phenomenology have different views. Husserl from a perspective of essence (later works embraced the concept of transcendentalism), and Heidegger from a perspective of existence (existentialism). While there are clear differences, it is the fundamental similarities that this research embraces. This is done within the view of Maurice Merleau-Ponty, who proposes that phenomenology:

Is both a philosophy of essence (Husserl) and a philosophy of existences (Heidegger), both a philosophy which starts with reduction (Husserl) and a philosophy for which the world is always already there (Heidegger), both a rigorous science (Husserl) and a description of the immediate structures of life world (Husserl or Heidegger). (Macann 1993 p161)

In short, Merleau-Ponty shows phenomenology as a descriptive science, and it is this view of science that this research follows. It is guided by phenomenology as a whole, rather than any particular view and informed by Merleau-Ponty in that the philosophies of Husserl, Heidegger, Sartre and others all have value when undertaking the task of understanding the human condition.

Merleau-Ponty's existentialist approach is particularly suited to this study in that there is a focus on the perspectives of people. The value of his approach is to be able to take a number of different perceptions about the same object and develop the intersubjective meanings that arise. The phenomenological interpretation of this data requires understanding from another horizon from those who experience the phenomenon, that of a scientific perspective (Sadala and Adorno 2002).

The aim of a phenomenological research study is to uncover the essential understanding, to identify the description that best conveys the essences and actions of consciousness (Sadala and Adorno 2002). In order to explain the mechanism through which this can be achieved, an example of such reduction was painted by Pablo Picasso. Fig 3.1 shows how the artist, starting with a full, detailed drawing of a bull, searches, through a series of reductions for the absolute minimal essence that could portray the animal. Any less after that point, the meaning is lost, but with just those few elements, there is no escaping the subject (Sadala and Adorno 2002). If we follow the drawings, top left to bottom left, and

then top middle to bottom middle, finally top right down, the progression is seen developing from the complex to the essence.

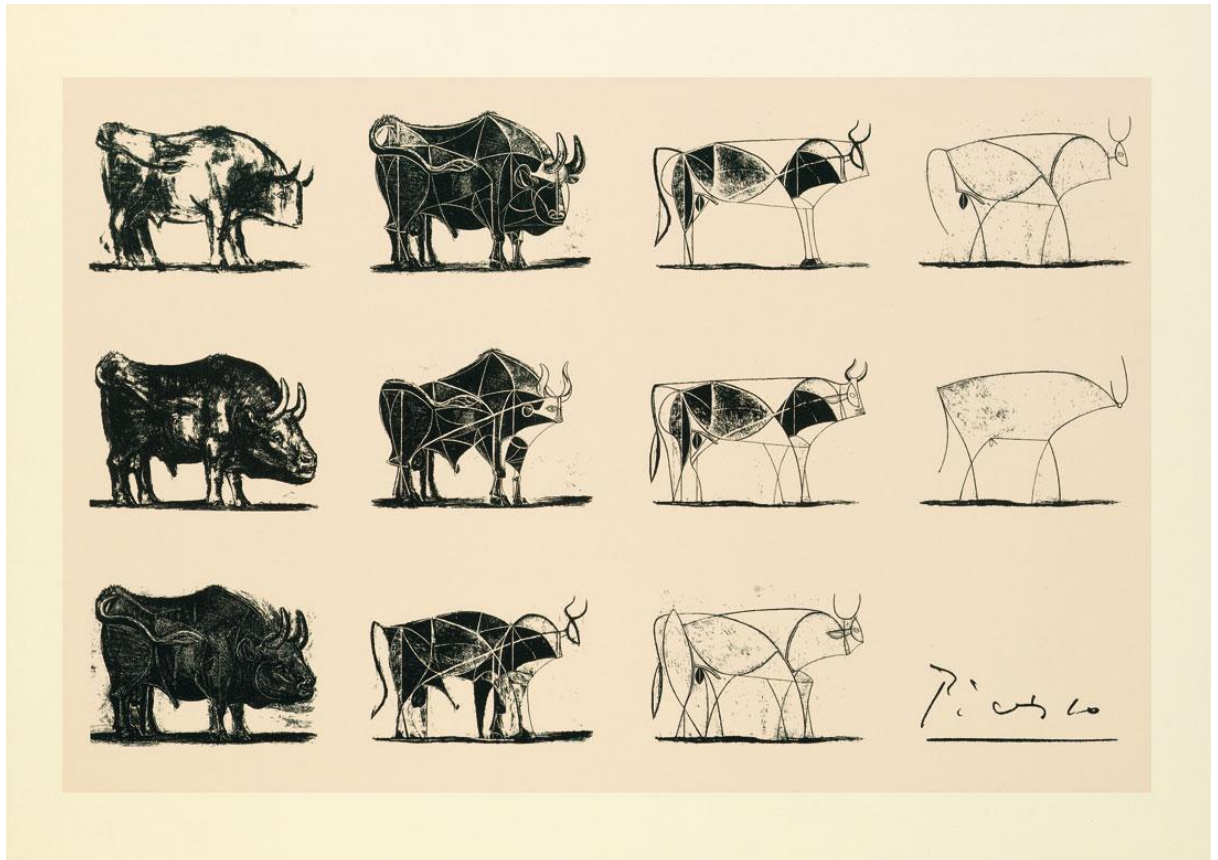


Fig 3.1: Picasso, Metamorphosis of a Bull

This example is a visual representation of the literary endeavour of the phenomenological reduction used in this thesis. We commence with a very complex picture of the behaviour. There are many details, complexities, and numerous aspects that we could be drawn to. For example, we could concentrate on the horns, head, tail, etc., but miss the whole essence. Similar observations have been made previously in the search for theoretical development in entrepreneurship. The analogy of the six blind men describing an elephant has been used to show that any one aspect of entrepreneurship may return remarkable results, yet not help with the understanding of the essential meaning of entrepreneurship (Gartner 2001). In the above example, one blind man may feel the bull's head, another the legs, and so on, but each will have a very different description of their experience. The aim of this research is to look for the essence, and in doing so create a new understanding of the behaviours and motivations of the within-family finance relationship. The prospect of

finding the essence of this particular context of entrepreneurship may provide insight to entrepreneurship generally and thus broaden the scholarly view of the discipline (Deirdre Tedmanson, Verduyn et al. 2012).

3.4 Method

The procedure used in this research in conducting phenomenological research was informed by Moustakas (1994), Creswell, Hanson et al. (2007) and Van Manen (1990). These scholars follow much of the original approach by Edmund Husserl, the founder of the modern phenomenological approach. This is in line with the type of phenomenology referred to as existential phenomenology. This differs from transcendental phenomenology in that in the former, more emphasis is on the interpretation of the lived experiences of participants, whereas the latter is more focused on descriptions of common experiences. I decided that the existential phenomenology approach was more appropriate because it was able to provide a description of the behaviour but allowed for a greater depth of meaning to be established. This will assist in addressing current gaps in the existing knowledge as identified in the Chapter 2. Finally, the objective of this research is primarily about understanding rather than measuring and thus looking for meanings that lie behind the behaviour within the relationship (Hammersley 1996).

I set aside any preconceived concepts and ideas regarding the 'thing' under investigation. This is what Husserl referred to as Epoché; a suspending of supposition (Moustakas 1994; Crotty 1998). Within this process, the aspect under investigation is first looked at freshly without any value or judgment about it. Second, having set aside any preconceptions, phenomenological reduction provides a textural description of what is evident. All experiences, however described or evident, are seen as equally important and provide the constituents to the horizons and themes of the experiences of the participants. Third, imaginative variation takes the textural description and constructs meaning and essence through the examination of various perspectives and variances. Fourth, a synthesis of the meanings and essences is constructed and presented as a textural-structural description. This is the basis of the culmination of the process which then identifies the essence of the phenomenon, that which is beyond the individual experience, but part of the common meaning.

The procedure followed in this research was as follows:

1. The phenomenon identified was of adequate interest of study (Chapter 2).
2. The decision was made that a phenomenological approach was appropriate. This was arrived at when I concluded that we needed to know much more about the common and divergent experiences of people who undertook the behaviour under question. Thus, the research was going to be looking at a number of people's experiences of one phenomenon (Chapter 3).
3. The philosophical basis of phenomenology was suited to the research. The research was suited to this type of approach due to its exploratory nature, and I was both able to bracket out my own experience while being able to understand at a deep level the participants' experiences (Chapter 3).
4. Polkinghorne (1989) suggests that between five and 25 individuals who have experience of a particular phenomenon under investigation is a suitable basis for interview data collection.
5. Interviews for this type of research generally are best open, using the key opening question: 'What is your experience?' (Chapter 4).
6. The data analysis leads to significant statements, quotes, experiences, and other aspects that are used to construct themes and understandings to build knowledge about the phenomenon (Chapter 4).
7. Finally, the themes that emerged were used to construct the fundamental meaning or 'essence' from the data. The knowledge and conclusions were reported as the outcome of the research process (Chapter 5).

The following table adopted from Crotty (1998 p5) illustrates and summarises the philosophical structure through which the methodology and method was derived. This is important because there is a clear logical philosophical consistency through the research project, from question conceptualisation through to data collection, analysis, and conclusions. All research can be criticised based on its approach, and there are always multiple ways to conduct research into the same object (Corbin and Strauss 2008). This research does not claim that the approach adopted is the only appropriate way to conduct research on family finance; it does argue, however, that this particular approach is an appropriate way to address the research questions. Table 3.1 below illustrates the connection between the epistemology and methods employed in this research. It can be

seen that there is a logical choice of methods given the data available, question asked, and philosophical approach adopted.

Table 3.1: The philosophical basis for the choice of methodology and method (adapted from Crotty (1998 p5))

Epistemology	Theoretical Perspective	Methodology	Method
Objectivism Constructivism Subjectivism	Positivism (and post positivism) Interpretivism <ul style="list-style-type: none"> • Symbolic interactionism • Phenomenology • Hermeneutics Critical Enquiry Feminism Postmodernism	Experimental research Survey research Ethnography Phenomenological research Grounded theory Heuristic enquiry Action research Discourse analysis Feminist standpoint research	Sampling Measurement and scaling Questionnaire Observation <ul style="list-style-type: none"> • Participant • Non-participant Interview Focus group Case study Life history Narrative Visual ethnographic Statistical analysis Data reduction Theme identification Comparative analysis Cognitive mapping Interpretive methods Document analysis Content analysis Conversation analysis

3.4.1 Research quality

Research quality in this thesis is approached from within the phenomenological context. It cannot be judged by the positivist perspectives of internal and external validity, reliability, objectivity, and so forth. It can, however, be credible, transferable, dependable, and confirmable (Miles and Huberman 1994; Seale 1999). The following discussions address specific quality aspects of researcher bias and independence of the coding process because these are often seen as strategies to provide robust qualitative research (Patton 2002). As will be shown, these aspects are dealt with by following a phenomenological approach, consistent with the epistemological view used in this thesis. By declaring and following a robust, clear, and transparent process, the quality aspects outlined above can be assured.

3.4.2 Researcher bias

Bracketing (Creswell 1998) implies that researchers suspend their knowledge of the phenomenon while interviewing and analysing their data. In my case, I am an experienced

entrepreneur and business operator. The participants in this research knew this and sometimes asked me business-related questions during the interview stage. This was seen as healthy, in that the participant was implicitly showing his/her openness and trust. However, this was also seen as a risk to the integrity of the data collection. To deal with this issue, I offered to meet with them at no cost in a separate session to discuss business-related issues that the participants invariably asked me. This offer was made before the interview commenced to alleviate, as much as possible, this issue during the interview.

While Husserl proposed that bracketing is an important aspect of phenomenological enquiry, Heidegger disputed this, and philosophized that the Dasein, the lived world of the participant and researcher, are impossible to separate (Mitchell and Cody 1993).

I did not want to influence the participants' comments; however, as a social constructivist, I acknowledge that this is probably unreasonable if not impossible to avoid (Crotty 1998). In this research project, past experience and knowledge of the business start-up process under investigation was valuable and allowed insightful questions and empathy for interviewees. This was important because the participants were more likely to be open and forthcoming with information. The knowledge created is explicitly a construct of prior experience, knowledge, and data.

3.4.3 Independence of the coder

The question of how to validate the quality of the research is addressed by applying the philosophical underpinnings of phenomenology as discussed previously. Moustakas (1994), upon whose methods this research is informed, explicitly espouses that knowledge is developed through the interaction between people. In this case, the researcher and participant develop knowledge through discussion, and this is continued through to the analysis process. The value of using more analysts to glean knowledge from the interactions is not evident when using this philosophical paradigm.

In the back and forth of social interaction the challenge is to discover what is really true of the phenomenon of interpersonal knowledge and experience. (Moustakas 1994 p57)

Seale (1999) clearly identifies that the positivist notion of intersubjective validity, such as using independent coders, is not suitable for research that is embedded in constructivist

epistemology. Further, this research made use of continuous analysis. That is, the data was analysed as it was gathered, and the themes and meanings generated over a prolonged period of time that coincided with data collection (Corbin and Strauss 2008). Subsequent interviews were informed by knowledge created during previous encounters, and as such, independent coding of data was unsuitable. In conclusion, while inter-rater reliability is seen as valuable (Miles and Huberman 1994; Seale 1999), this research was not suited to that method as a quality check.

3.4.4 Participant confirmation

Some researchers propose that improvements to qualitative research could be made by re-interviewing all the participants with interim and final findings to see how much resonated with them (Seale 1999). However, this is not so clearly a valid step in phenomenological research. Giorgi (2010) proposes that such a step is not theoretically sound. There are two reasons for this, the first being that why should the participant (a layperson) be able to judge the conclusions of the academic analysis of the findings? The second is based on Merleau-Ponty's view (Macann 1993) who discussed that the essence of a phenomenon is 'neutral' to the internal or external experiences. To alleviate as much as possible any perceived weaknesses in quality using these methods, this research carefully presents what the participants said. These are available to other researchers to examine for themselves, and follow (or not) the logic of the analysis presented, hence the lengthy presentations of textual descriptions. This research was conducted through the disciplinary perspective of entrepreneurship – the individuals concerned may or may not be able to assess outcomes from this perspective (Giorgi 2010). Indeed, other perspectives (psychology, sociology, etc.) may look at the data and 'see' quite different aspects and arrive at a different set of themes.

3.4.5 Quality check

Quality of the data analysis is assured through addressing three quality factors proposed by Seale (1999):

- *Credibility*
 - *This thesis* presents a transparent and well documented process. The data analysis section details and presents the process of my thinking and

presents key stages in that task. The reader should be able to follow the logic clearly and unambiguously. The aim of providing such detail is to minimise the possibility of not understanding the logic behind the process.

- *Transferability*
 - The readers of this research are presented with a record of the development of the understandings of the phenomenon under question. The rich descriptions of the participants are presented to illuminate what is going on and provide a high confidence that what is understood by us (myself as well as the participants), can be relevant to others. This is not a claim that the findings are generalisable to any particular population in the positivist paradigm; rather, the understanding of the phenomenon is valuable to a wide audience such as entrepreneurs, financiers, policymakers, advisors, and academics.
- *Dependability*
 - Presenting the clear documentation of meanings as they are generated through insights allow the reader to follow the logic used, In this way, anyone should be able to see the meanings that are proposed by me and be able to judge them in relation to current and proposed theoretical constructs. Presenting the meanings in this way allow them to be seen as dependable in terms of an overall theoretical paradigm.

3.5 Data collection method

This research was ideally suited to in-depth interviews. The phenomenological interview attempts to 'understand themes of the lived everyday world from the subjects' own perspectives' (Kvale and Brinkmann 2009). It is close to a conversation, rather than a structured interview yet has a purpose and as such will be semi-structured. Such a method is in line with the methodology previously discussed and ensures consistency in the research approach and thus quality of the data collection and subsequent analysis.

The interview participants were chosen on the basis that they had firsthand experience of the phenomenon. Interviews were conducted with people who have invested in family and people who have received investment from family.

3.5.1 Understanding the problem versus generalising to a population

It is important to note that this research has not proposed that the interviewees were a representation of any particular population. The aim of this research is not to generalise to any given population; rather it is to discover a deep understanding of the phenomenon that is useful to anyone who may engage with, or be interested in the phenomenon. The methodological techniques used ensure sufficient depth of material to allow a meaningful and deep understanding of the phenomenon. It allowed each participant to 'be heard' and placed within the larger context (Miles and Huberman 1994).

There are two basic rationales for claiming this. First, the aim of generating deep understanding is more likely to occur with thick description. A clear logical progression from the descriptions to the constructed meanings allows readers to be able to judge for themselves as to the relevance of the findings to any particular situation. In this way, knowing about the phenomenon is the critical issue from the reader's perspective, rather than an abstract claim of external validity as assumed in positivist research (Patton 2002). This is described as naturalism or ecological validity (Seale 1999) where the ability for a reader to accept that the findings may be relevant to a broader context outside of the cases presented by the research is predicated on the process and logic of the research. Second, the findings and conclusions developed by qualitative research using limited cases, such as this research, rely on a theoretical and logical, rather than a probabilistic, analysis (Mitchell and Cody 1993). The rationale is that analytic induction provides for confidence in the findings through examination of cases that do not claim to be examples of a predetermined class, rather the deep meaning and knowledge is established by examining a case or cases that illuminate aspects of theory. Using this as a basis of the design of a research project, it is clearly possible that one case may suffice. However, it is unlikely that one case could contain all the elements required to develop or propose theoretical knowledge, hence, more than one case has been included in this research to provide confidence that sufficient elements are exposed for the purposes of understanding the phenomenon under question. This approach is referred to as theoretical generalisation (Seale 1999) and is the aim of this thesis.

3.5.2 Participant criteria

The interviewees were recruited by inviting people to participate from a variety of sources. Invitations to be interviewed were sent to people who were part of the South Australian Young Entrepreneurs Scheme, attended the WEA courses 'Start and Plan Your Own Business', who had contacted Business Enterprise Centres in South Australia and through various contacts who operate in the area of new venture assistance advice and services such as accountants, solicitors, and financiers. As an incentive, the interviewees were offered a free business advisory session as a reward for their time in participating. Of those who responded, participants who were best placed to assist in the answering of the research question were chosen to interview. Therefore, the criteria did not need to be particularly stringent (Moustakas 1994), but I did use purposive sampling strategies (Patton 2002) consisting of:

- *Intensity sampling* which provided cases that may not necessarily be successful or unsuccessful, but provide the prospect of a rich and deep experience to draw from. Any prospective individual who appeared to have a personal story to tell about the phenomenon was invited to participate.
- *Opportunistic or emergent sampling* that allowed for snowball techniques to be used where interviewees were able to introduce others to the project.

Applying these theoretical sampling strategies enabled the collection of information rich data (Patton 2002), avoiding predetermined criteria which could prove to be a limiting factor in obtaining depth and detail rather than breadth and generality (Berglund 2007).

In line with the above, the following guidelines were used to decide who would be interviewed for the research:

- The participant had either received funds from a close family member to start their business or provided funds to a close family member in order for them to start a business.
- The business had to be a new start-up, rather than an existing one looking for expansion funds.
- The funding party was not engaging in the finance deal as an experienced or 'sophisticated' investor.

- The funder was not intending to take an active role in the business so as to avoid partnership, directorship, or employee relationships
- The participants agreed to the conditions of the interview (outlined in appendix 1)

3.5.3 Profile of the research participants

There were 16 people who agreed to participate in the research and interviewed. No person who was invited to participate rejected the offer to participate. Table 3.2 provides a profile of the interviewed participants. Some points to note are;

- There are 5 male and 11 females. While this gender imbalance may not be seen as ideal, this does reflect some evidence that female start-up entrepreneurs are more likely to use informal and family money than their male counterparts (Amatucci and Sohl 2004). Given the nature of the sample frame, this is not seen as a disadvantage for this study.
- The sample of 16 participants included three sets (six individuals) of funder-receiver within the family. The research investigated the behaviours and motivations within the family financial relationship, but this was done in the phenomenological paradigm of investigating from the perspective of the meanings that participants related regarding the relationship. This meant that the relationship dyads were not examined as part of this research effort and thus not included in the research design. This meant that the research did not rely on a comparative analysis between participants; rather it relied on the meanings and deep understandings and sense making of the participants as individuals. Therefore, for clarity, each individual was treated as a source and was the focus of the research rather than an examination of the relationship as a construct.
- Four provided financial assistance, 12 received financial assistance in the sample. It is acknowledged that this is not ideal if I was intending to provide a sample that allowed comparison between classes of participants. From the perspective of examining this phenomenon, however, the sample base is intended to provide deep meaning, and the numbers themselves are not significant. This research is not about counting responses, rather uncovering important and essential aspects of the behaviours and motivations of this behaviour.

Table 3.2: Profile of research participants

Participant	Gender	Provider or recipient of funds	Relationship	Entrepreneurial Experience	Investment Experience
1	Male	Provider	Funding his child	Extensive experience in a number of enterprises	Some previous experience
2	Female	Recipient	Receiving funding from father	None before this venture	none
3	Male	Recipient	Receiving funding from parents	Operated his own professional practice prior to this venture	none
4	Female	Recipient	Receiving funding from grandparents	None prior to this venture	none
5	Male	Recipient	Receiving funds and accommodation assistance from parents	None prior to this venture	None
6	Female	Recipient	Receiving funds from parents-in-law	Management experience, but not in own venture before this	None
7	Female	Recipient	Receiving funds from parents-in-law	None prior to this venture	None
8	Female	Recipient	Receiving funds from mother	Operated her own professional practice prior to this venture	None
9	Female	Recipient	Receiving funds and business advice from partner	None prior to this venture	None
10	Male	Provider	Funding his partner	A number of years in property development	None
11	Female	Provider	Funding children and grandchildren	Many years involved with running a family business	Some, but only within the family
12	Male	Recipient	Receiving funds from father-in-law	Short period of running a business a number of years ago	None
13	Female	Recipient	Receiving funds from parents	None prior to this venture	None
14	Female	Recipient	Receiving funds from parents	None prior to this venture	None
15	Female	Provider	Funding daughter	Runs own professional practice	None
16	Female	Recipient	Receiving funds from parents-in-law	None prior to this venture	None

3.5.4 Ethics considerations

Prior to any interviews being conducted, an ethics application was made. Approval to conduct the research was received on 29 September 2009. Before the interview process commenced, each participant was provided with an information sheet, consent form, and confirmation that the Human Research Ethics Committee of the University of Adelaide had approved the study. In addition to these documents, each participant was verbally advised of the purpose of the interview, the approximate duration of the interview, that the interview would be recorded, and that they could terminate the interview process at any time. They were also advised that their identities would be kept confidential and that they would not be identified in the research. The consent form, ethics declaration, and written description of the research that was provided to participants are presented in Appendix 1.

3.5.5 Interview process

A total of 16 interviews were conducted. Each took between 40 and 120 minutes. Interviews were conducted at a place and time convenient to the participant so that each felt comfortable and was more likely to divulge sensitive information. The interviews were noted, digitally recorded, and transcribed.

The interviews were recorded in a manner that allowed analysis to discern the meanings of the participants lived experience. This was beyond simply attributing meaning to the text of the interview transcripts. This was done by:

- taking handwritten notes at the time of the interview
- making notes after the interview when thoughts occurred to me that I thought worthy of capturing
- digitally recording the interview
- the recording is digitally linked to the handwritten notes for reference
- transcribing the interview
- taking notes in the form of memos throughout the research process.

The notes were taken and audio recorded using a Livescribe® pen. This device recorded the audio and allowed the interview notes to be uploaded to a computer in Word format. The device allowed me to review and select any handwritten note and immediately access

the audio of the interview at the precise time during the interview when the note was taken. This allowed me to not only review what was said about a particular issue, but also to establish the tone of the speaker. In this way, a very accurate assessment was able to be made when analysing the text for the meaning behind the spoken words. For example, identifying whether a comment was made in jest, seriousness, or tongue-in-cheek. Without listening to the recording and recalling the context, this rich meaning could be lost. The device allowed assessment of all of the comments during analysis in context. This provided a high degree of confidence that the meaning of the lived experience revealed by the spoken comments was reliably coded. To support the task of searching for an understanding of the lived experiences revealed by the interviews, my personal recollections about the interviews were also noted for future reference, as were memos regarding the process, ideas regarding the research as it unfolded, and identification of themes as they emerged.

The structure of the interview was designed to align with a phenomenological philosophy which is discussed in greater detail in the theoretical perspective section. The interview was looking to uncover the meaning from the participant's perspective in line with an empathetic phenomenological approach (Willis 2001). These were not unstructured interviews as would be found in a grounded research process, nor relying on extant theory, but rather guided to elucidate understanding of the subject matter (the things themselves as described by Crotty (1998)). Prompting questions were used from time to time to encourage the participants to discuss themes that otherwise may have gone unexplored.

Prompting questions included:

- When did you start your business?
- Why did you start your business? Why was this important to you?
- Who provided the finance to start your business?
- How did you feel about that?
- Were there other options open to you?
- How much was the finance?
- How was the finance provided to you?
- Was the finance a loan (debt), investment (equity), gift? Did this matter?
- How important was the finance to starting your business?
- What business experience do you/financier have?

- How has it affected your relationship? Any change?
- How do you feel (about any aspect discussed)?
- What agreement is in place in regards to the finance?

The interview was seen as a one-off chance to gather the data. People starting a new venture are not usually inclined to give valuable time away and I wanted to make the best possible use of the interview; there was probably little or no chance of getting second interviews with participants. In order to ensure the best possible outcomes from the interviews Kvale and Brinkmann (2009 p28) suggested 12 aspects should be covered for phenomenological research interviews. This is important from two perspectives. First, the philosophical basis of the research remained intact, and second, the best possible data was collected for analysis and subsequent meaningful conclusions. The interviews were thus conducted using these aspects as a guide.

The 12 aspects are:

1. The interview needed to be the topic of the lived life of the participant. It needed to record what the participant understood as their everyday experience with this phenomenon. Many of the interviewees expressed that they didn't feel they provided much information at the conclusion of the interview, but this was seen as confirming that they had spoken about their experience from this perspective. I made sure that they were recounting their experience as they had lived it. This fits very much within a theoretical phenomenological position of examining the world from the experience and perspective of the subjects (Moustakas 1994).
2. The interview's main purpose was to understand meaning behind the factual statements. Of particular importance was the expression and non-verbal language. I used prompting questions to understand why something was said or done in the recount of the event. Notes were taken regarding non-verbal cues.
3. There was no aim to quantify behaviour. Just because only one participant discussed a certain aspect, did not decrease its importance to the research. Similarly, just because all the participants had a similar experience did not imply any generalisability to any particular population.
4. The participants were encouraged to describe, in their own words and expression, their experience with the phenomenon under question. The deep understanding

from the research may very well come from the variations in such descriptions rather than, as described above, similarities and commonalities.

5. In addition to the opinions of the participants, concrete descriptions of the specific activities and situations were also questioned. This was important to understand the meanings of the various participants against what actually took place (within the constraints of recall). In this way, comparisons between participants who experienced similar activities could be analysed from the perspectives of the meanings that they applied to similar activities. Once again, this ensured that variety as well as similarity is uncovered in the analysis.
6. I did not start with a set of ready-made criteria or schema of interpretations. Rather, a deliberate naiveté was adopted. This was done to try to encourage the participants to be open and elucidate aspects that would not normally be uncovered using pre-structured questions or structures. As new themes emerged from interviews, I introduced them in subsequent interviews (if the subjects themselves did not raise them). This method was informed by grounded research techniques (Neuman 2000).
7. Notwithstanding the fact that the interview did not start with a set of questions, the interview was still focused on the phenomenon under investigation. The interviewees were encouraged to discuss aspects that were relevant.
8. Ambiguity in answers from participants was not discouraged. Rather they were seen as opportunities to investigate certain themes more deeply. Acceptance of contradictions, inconsistencies, ambivalences, and so forth that emerge from the conversations provide important insight. There was always effort made to clarify whether these ambiguities were from a miscommunication (interviewer misunderstanding or poorly phrased question, etc.) or a genuine view of the situation from the interviewee. Occasionally, these inconsistencies were only identified after the interview during analysis, and in this case, judicial judgment on the question and answer, or conversation was made before the statements were analysed.
9. It was not uncommon that subjects changed their views on subjects during the interview. This often occurred as the interview proceeded and the subjects started to see things from a new perspective. They also admitted that sometimes, during the process of the conversation, they perceived an issue differently simply through the process of conversation and generated a new level of understanding of the

experience. Once again, this is entirely within the bounds of the theoretical perspective of this research. The interview is part of the process of learning for both the researcher and the interviewee. Reflection on behalf of the interviewee and their revision of their understanding of the phenomenon as lived by them is a valuable input to the research process.

10. While exercising deliberate naiveté, the interview was guided by experience in new venture start-up. I did not pretend to be an impartial observer; rather it was the ability to understand nuances of the process that added value to the interview. There is no claim that another interviewer would establish exactly the same outcomes (intersubjectively reproducible data).
11. Further, the research interview constructed meaning because of, rather than independent of, the interpersonal experience between the interviewer and interviewee. The meaning that was constructed from this process is not only acknowledged in this research but made explicit. Careful consideration was made in this light as ethical issues were very much in mind. The possibility existed to influence the participant's view or actions in their business or relationships with their financier or entrepreneur. All participants were offered a follow-up meeting. If the interviewee asked questions which strayed into an advisory level, I was able to deflect such engagement until after the research interview was completed as a separate session.
12. The aim was to make the process a valuable one for the interviewee. It was always a positive experience for the subject in that for an hour or so, someone was taking an active interest in their experiences. It also, in many cases, allowed the interviewee to discuss an issue that they rarely, if ever, discussed with anyone. It is my hope that the subjects' opportunity to openly discuss their experiences and verbalise their feelings was a positive experience and beneficial to them. A number of interviews were difficult to stop because the interviewee wanted to continue the conversation.

Interviews continued until suitable depth and richness had been developed. The decision that enough depth and richness had been reached occurred when there appeared to be adequate data to sufficiently develop and explain key concepts during the preliminary data analysis (coding the interview transcripts), often referred to as saturation (Corbin and Strauss, 2008). Saturation was judged to have occurred when

minimal new information was uncovered by the interview process and coding the interviews resulted in substantial information being coded under existing code categories. This was identified after the 13th interview, and to be confident of this aspect, three further interviews were conducted, two receivers of funding and one more provider. These interviews confirmed that no substantial new code categories were evident in the data. The total number of interviews (16) was well within the range that is acceptable for phenomenological research (Polkinghorne 1989). Further, the number of interviews was not deemed to be a significant issue. Importance was placed, however, on the depth and detail of the data. Breadth and generality were not considerations in deciding the sample frame (Mitchell, Busenitz et al. 2002).

3.6 Data analysis

Data was initially analysed in a continuous means (Miles and Huberman 1994). After each interview, the audio was listened to again and memos made. These memos were used in combination from the notes taken from the interview itself to inform the subject matter and questions for subsequent interviews.

The audio was transcribed verbatim. The transcripts and audio files were imported into a Qualitative Data Analysis Software (QDAS) program, Nvivo version 10. I listened to the audio while reading the transcript to check the accuracy and make further memos. Transcripts were corrected where errors or omissions were evident. The audio and both original and corrected versions of the transcriptions became source documents. As the research proceeded, memos were written regarding a variety of issues including observations regarding the data and methodologies and also captured as sources within Nvivo.

Nvivo software was used in this research to assist in five ways (Bazeley 2007):

1. It allowed management of the data. In this style of research data included the audio records, handwritten notes made during the interviews, the original transcriptions, the adjusted transcriptions, memos, literature, and conceptual maps and ideas as the research proceeded.

2. As a means to organise and sort conceptual ideas as the research proceeded, particularly during the data analysis and, importantly, being able to quickly and accurately identify the context of the spoken evidence from participants.
3. Provide a way to 'question' the data through queries. Nvivo software allowed the researcher to ask questions of the data and save the question (query) and the results for future reference and reporting.
4. Graphical models can be built to help illustrate the relationships between data and/or findings in picture or matrix forms assisting in analysis and reporting.
5. Reporting of the research can incorporate the original data, sources, subsequent findings, relationships, ideas, and processes used in arriving at the knowledge generated by the research.

The software merely enables research. It does not provide analysis of data at the press of a key. For example, using statistical software allows researchers to conduct complex mathematical procedures quickly and accurately. However, analysis of the results still requires knowledge of such tools and the meaning of the statistical measures. Similarly, a QDAS, while enabling accurate sorting and coding of data, does not provide the 'answers' to research questions. It is an organising tool that allows the researcher to engage with the meaning of the data rather than spend time manually sorting. It was deemed to be a very valuable tool in the research process for this project.

3.6.1 Transcription

The data consists of 16 interviews totalling 29 hours and 20 minutes in duration. This culminated in 94,434 transcribed words on 220 pages. The transcriptions were done by a professional transcribing service. The interviewer checked the transcriptions after receiving them against the interview audio. Some transcriptions needed adjusting due to poor audio quality, or the accents of the subjects made the job difficult for the transcriber. The researcher was able in most cases to be able to fill in the gaps and correct the transcription for accuracy. As the researcher did this, notes were made and recorded in the Nvivo software system as memos for future referencing. No coding was conducted at this first stage as this formed part of the researcher's endeavour to become fully familiar with the data.

3.6.2 Data analysis method

The method to analyse the data was informed by the Stevick-Colaizzi-Keen Method as adjusted and modified by Moustakas (1994). This was deemed to be robust and well accepted by a number of texts that address phenomenological methodology such as Patton (2002), Creswell, Hanson et al. (2007), Berglund (2007), Seale (1999), and Bazeley (2007). The analysis followed the following procedure:

1. researcher context
2. coding
3. thematic development
4. textural and structural description for each of the participants, and
5. essence and meaning.

3.6.3 Researcher context

The researcher context is important to declare because to investigate through a phenomenological lens, we are attempting always to find the 'thing itself'. To do so, according to Husserl, one must be able to bracket our own understandings, assumptions, and preconceived beliefs regarding the phenomenon under question. However, many researchers and philosophers discuss that this is probably impossible in its purest sense, if for no other reason than our language is a construct in which we place meaning and value. Data is known or available information that is collected for analysis (Cresswell 2007), but understanding and placing meaning on that data will be influenced by the research instrument, in this case the researcher. Merleau-Ponty's approach to deal with this within the phenomenological philosophy is that the researcher provide a 'direct description of my experience as it is' (Van Manen 1990).

This researcher context is not about providing a causal explanation regarding the experience to understanding, nor is it interpreting the researcher's understanding of the experience. It is important in order to clearly declare the position of the researcher, a declaration that every attempt is made to bracket out the researcher's previous understanding of the phenomenon in line with Husserl, while accepting the Heideggerian existential perspective which I have previously discussed to be in line with Merleau-Ponty's view.

The researcher's context is included so that a reader of the research process is able to understand the analysis and conclusions from the perspective that is clearly that of the researcher. This is important because any theoretical position is placed within a context. The researcher's understanding of language, particularly the language of the phenomenon under investigation, is also important. In this research, for example, there is considerable language construction that relates to business. Someone not versed in business language or jargon may have very different interpretations from the data from someone who is engaged with the jargon.

The researcher statement, therefore, is important to understand the outcomes as well as the processes involved in the analysis. This statement is presented as the commencement of the analysis in Chapter 4.

3.6.4 Coding

Coding of the data was conducted using means that met the checklist adapted by Saldaña (2009):

- The coding methods were in line with the theoretical perspective of the research.
- The coding related to the research question, in other words assisted in finding answers.
- The data was suitable for coding (interview transcripts, field notes, and memos).
- The coding methods allowed suitable specificity for drawing conclusions (for example not too broad or too specific).
- The coding methods led to the construction of themes and enabled the researcher to develop initial patterns from the data.

The coding process often involved listening to the audio as well as examining the written transcript in order to obtain the context of the comment. It is impossible to tell from a written record whether the participant was, for example, laughing, serious, or sarcastic. Listening to the audio identified these subtleties. In addition, the transcript was read while referring to the handwritten notes made at the time of the interview which were done with a Livescribe pen. This device recorded the audio and the written notes electronically and enabled notes to be linked to the audio for future reference. Notes made by the researcher were entered as memos and used as a source for coding in addition to, or as a

complement to, data from the interview transcripts. The following process was conducted to meet the criteria discussed above.

The first step in the process was to undertake first level coding using elemental (Saldaña 2009) and exploratory pattern (Miles and Huberman 1994) coding techniques. In this first run through, major issues were identified and then initial nodes were created. Within these broad methods, elements that were included in the coding schema included affective codes that related to emotion where the feelings of the participants were identified, and values, where attitudes and beliefs were identified by the participants. This was done for all the interviews and while many aspects were coded under similar nodes, a large number were created. Each interview was initially coded using elemental methods (Saldaña 2009):

- Descriptive coding was used to identify passages of text that clearly describe concepts readily attributable to the research questions.
- Structural coding was used to identify broader topics and concepts. Often it was a label for a topic rather than content.
- Simultaneous coding was used when statements were deemed to have more than one possible meaning or when both descriptive and structural passages were applicable to one code.

The meaning and essences of the phenomenon are established at later stages in the analysis, so capturing all the nuances at the beginning was important. Subsequent coding analyses were used to establish whether there was ambiguity or overlap.

Organising first level coding – summarising

- Involved a number of iterations and re-reading of the transcripts.
- Initial identification of relationships amongst the first level of coding.
- Revision of tree nodes and establishing new trees or hierarchies of nodes.

Second level coding – Focused Axial coding techniques

- Specifically looked for properties and dimensions of themes.
- The large number of nodes and hierarchies were reviewed and analysed for commonalities and variations – the relationship between codes. The

aim was to reduce the number of primary nodes and resulted in a list of main themes with tree structures and an understanding of the interrelationships between codes.

- Similarities and divergences identified and labelled.

Subsequent revisions of the coding scheme continued until I felt that a full understanding of the phenomenon had been reached. During this process:

- Memos were made and some of these were also coded under nodes where appropriate.
- Visual representations of the data were used to illustrate the meanings derived from the analysis (coding) process. This occurred at a number of stages in the analysis process – some of these representations are reproduced in the thesis.
- The process was messy and non-linear; much checking of the written transcript against the audio and memos was made to ensure that the correct meanings and interpretations were being attributed to what was said.

By using the above structure, there is a high confidence that all relevant information gathered from the raw data was identified. The coding was completed using the guidelines established by Moustakas (1994) and was specifically chosen to enable horizontalization of the data.

3.6.5 Textural and structural description

- a. After coding the interviews, invariant horizons were constructed for each interview. An invariant horizon is a textural statement that uses verbatim samples of the interview to illustrate the key meaning units identified. They are not exhaustive representations of the interview, but provide a statement that encompasses the key meanings that were identified in the data. The process that was used to construct these statements involved using a query function in Nvivo. A query was written to interrogate the data associated with each interviewee and identify verbatim quotes that were allocated to themes. In this way, each invariant horizon statement is constructed with a high level of confidence of accuracy and thoroughness. Each verbatim quote is presented in a table identifying it to the coding

scheme developed earlier. This allows the reader to follow the logic used to refine and order the data into themes and meanings.

- b. Using imaginative variation, a description of the structure of the experience is constructed for each interview. These statements capture the situations, conditions and relationship aspects of the interview. They are constructed from the invariant horizons, as well as taking into account context and using imaginative input to arrive at a deeper understanding of the interviewee's experience.

3.6.6 Essence and meaning

Returning to the whole, a composite textural-structural description of the meanings and essences of the phenomenon is developed. A description of the experiences of the participants as a group is derived from an integration of the textural and structural statements. This composite textural-structural statement identified through themes, the meanings, and essences of the experience of the phenomenon. This final stage in the data analysis process reveals the common and divergent meanings and deep understanding of the phenomenon from the perspective of the participants and researcher.

3.7 Summary

This chapter provides an overview of the research methods applied in this research. These were informed by the research questions being asked.

First, I discussed the multidimensional aspects of entrepreneurship and an introduction into the philosophical position adopted. Second, I discussed, in detail, the theoretical perspective of the research and explained why this was appropriate to the research questions being asked. I concluded that a social constructivist epistemology that uses a phenomenological methodology was appropriate for this task. Within this framework the approach to ensuring quality of the research process was presented. Third, the methods I employed in the research were presented and the means of choosing research participants and the manner in which they were interviewed described. Fourth, the methods used in the analysis of the data were explained and the tools used to do this described. This section provided the details on how I developed themes by the use of coding the data. Finally, I explained how those codes were used to construct a textural and structural synthesis for

each participant and a concluding composite textural-structural description that provides essence and meaning evident in the data.

Chapter 4: Analysis

Think left and think right and think low and think high.

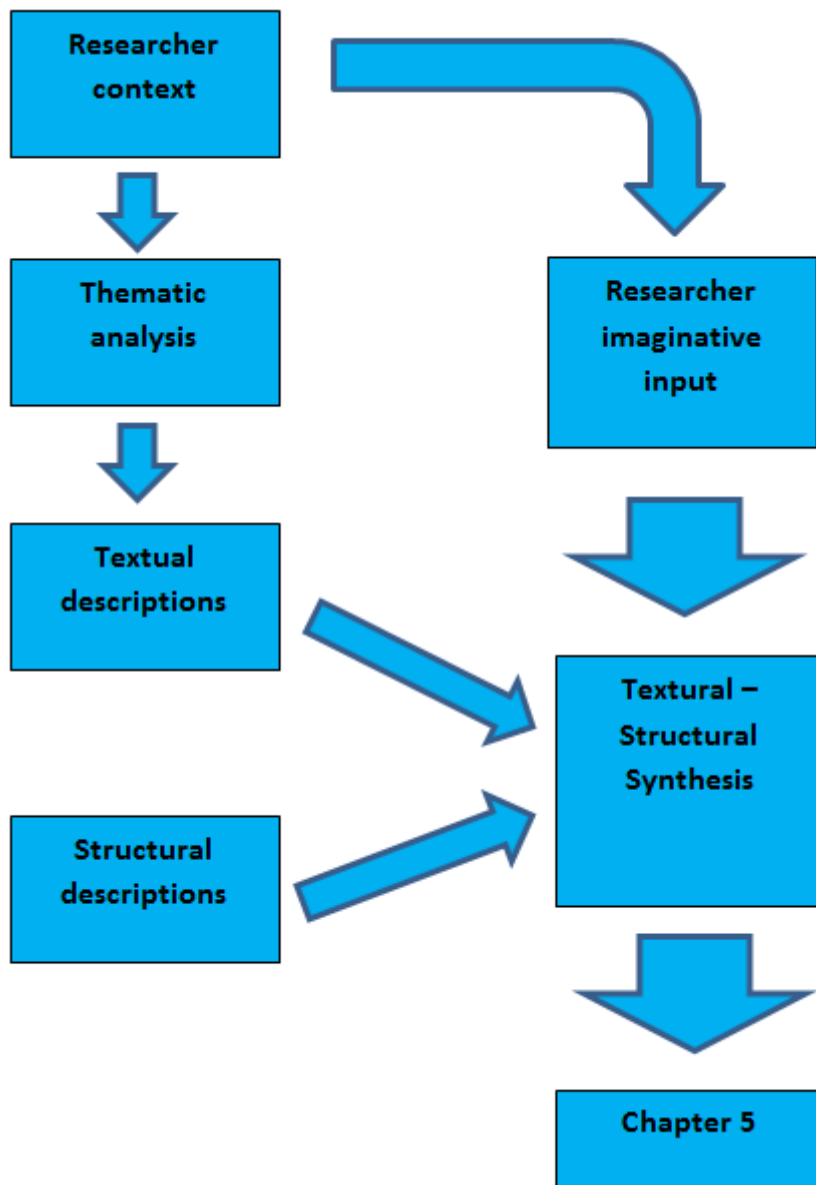
Oh, the thinks you can think up if only you try!

Dr Seuss, Oh the Thinks you can Think!

4.1 Introduction

Chapter 3 detailed the methodological reasoning behind the analysis process and developed the appropriate procedure for the research task. This chapter documents the process and outcomes of the analysis of the data. It describes the methods used in detail and provides the outcomes at each stage of the process. The first section presents the researcher context followed by the coding process and the resulting thematic analysis and resulting thematic structure. The second section develops a textural description for each of the interviewees. This is developed from and informed by the previous coding process. These descriptions are constructed by using verbatim examples that provide a basis for the development of meaning from the data. This is followed by presenting the thematic constructs as frameworks which provide a deeper sense of the key meanings evident from the synthesis of the thematic analysis and textual descriptions. The third stage presents a structural description for each participant. This process, using imaginative variation, presents my interpretations and understanding of the data. It provides insights into the meanings of the experiences of each of the participants involved with within-family finance and provides a basis for the final part of the chapter. The Chapter concludes with an overall textual-structural analysis which provides a rich description of the phenomenon. This step synthesises the evidence from all the participants into a statement that is now focussing on the experiences and meanings that underpin the phenomenon. This process enables an examination and reporting of the relationship between each participant's view of their experience and their behaviour. The final stage provides the basis for Chapter 5 in which a conceptual framework is developed, thus revealing the essence of the phenomenon and provides an answer to the research question. The structure of this chapter is diagrammatically represented in Fig 4.1 for the purpose of clarity.

Fig 4.1: Structure of Chapter 4



4.2 Researcher context

My exposure to new venture start-ups commenced over 30 years ago. My career started as a telecommunications technician and most of the time I spent in that role was dealing with the customer service of small to medium businesses. Customer service included responsibility for installing telecommunications equipment for new business start-ups and maintenance of equipment of small businesses. During the 14 years of this responsibility, I became familiar with, and friends with, many small business start-ups and business operators. It was during this time I formed a desire to start and operate my own business. I

witnessed the ups and downs of business ownership from the outside, but was always intrigued by the passion and dedication many business start-ups exhibited. I developed the desire to experience a more fulfilling life than I had; a life where I was in control (or perceived to be in control) rather than part of a very large bureaucratic organisation.

With this in mind, I started to undertake some business training, first, completing a front-line management course at TAFE (a vocational education institution), and subsequently a Diploma in Business Management at university, and then, many years later a Bachelor of Business (Honours) in Business Management.

I subsequently resigned from my position, by then at a middle management level, and commenced my own business. This business was a franchise, and within 12 months I had bought out the franchisor and owned the master franchise. I sold that business a few years later and ran a number of businesses which I started up myself from scratch. One of the larger and more successful enterprises was run with my wife. I have also acted as a business growth consultant to many businesses at the early start-up stage or growth stage. Many of these start-up businesses were participants of a local, not-for-profit, business start-up program called the South Australian Young Entrepreneurs Scheme. I volunteered as a mentor to these businesses and have done so for some 10 years. I have also consulted to businesses on a paid basis which have been from various industries at various stages of development. All, however, are growing.

I have been involved with training and education in entrepreneurship and business development for over 12 years. I have developed and run courses for a local adult education organisation, chamber of commerce, training companies, and two universities. This has culminated in my current position as a lecturer in innovation and entrepreneurship and in this role actively involved in dealing with students who enrol in our business planning competition, many of whom have gone on to establish their own enterprises.

During these experiences, I became aware that funding for early stage business development was very difficult to obtain. In particular, banks would only fund against personal wealth (usually real estate) and rarely, if ever, considered the business proposition as a means of meeting the loan repayments. I am aware that funds from other sources such as business angels, venture capitalists, and government grants are extremely rare and very difficult for the average business start-up to access in South Australia.

I was, however, very aware that many business start-ups used money from their family to assist them to commence. It became clear that this was far more widespread than I had thought when looking at evidence provided by the few data sets and literature that addressed funding for business start-ups. The issue came to light when I was conducting some research using GEM data (Duckworth and Quinn 2009). I finally found evidence of how big the activity is, not necessarily in amounts per funding round, but certainly in terms of how widespread the activity appeared to be.

I had never used money other than my own to start my businesses and had been very aware of contemporary attitudes that discouraged using money from family. Moreover, on reflection, I'm not sure whether I would have been comfortable doing so, and as I had a business education, was probably exposed to the contemporary business attitude towards mixing family and business.

I became conscious that many people will advise not to borrow or lend money (particularly for businesses) to family. Why this is so seems to be because the risk involved with business start-up is high and thus there is a real possibility of losing money. Losing family money is seen as being far more detrimental than losing, say, a bank's money. Given this apparently common attitude, I was surprised to find such a high propensity for this activity.

My interest in this phenomenon stems from over 20 years business experience in business and dealing with business start-ups and the apparent contradiction between common advice and behaviour. Looking to understand this aspect of the new venture start-up process is, I believe, important and interesting and I am well placed to investigate the phenomenon.

4.3 Preparation for coding

On completion of the interview, which is recorded digitally as discussed in Chapter 3, the recordings were saved to a DVD for safe keeping. The recordings were also entered into the Nvivo program for later analysis. As three or four interviews were completed, the audio recordings were despatched to a professional transcription service. The transcriptions were completed and received back in about a week on average. On receipt of the transcripts I read through them, comparing them with my notes. At this stage, more notes were made, and saved as memos in the Nvivo software system. Finally, I listened to the audio of the

interview comparing my understanding of what was said to the transcriptions. Through this process, occasional errors and omissions were identified and adjustments to the transcriptions were made where appropriate. The adjusted transcripts were saved as a separate file to the original transcripts. This was done in case referral to the original transcripts was required, and all changes made by me were able to be traced and verified later if required. This was done primarily to retain a clear and transparent audit trail regarding the research process (Seale 1999). Adjustments made to the transcripts were made for the following reasons:

- poor quality recording, due to background noise for example, resulted in occasional gaps or misinterpreted words
- accents of the participants were occasionally misunderstood by the transcribers
- specific business jargon, not understood by the transcribers, was occasionally misinterpreted.

Data used to investigate this phenomenon thus consisted of:

- the original audio recordings
- transcripts received from the transcription service
- adjusted transcripts
- notes and memos

In the Nvivo software system, these were stored as source documents, and backed up in separate files for security reasons.

4.4 Coding

The mechanism by which the data was coded was through the Nvivo software program. Coding is a technique primarily used to sort large amounts of qualitative data into a form that a researcher can begin to make sense of (Patton 2002). There are a wide variety of coding methods that are used in qualitative analysis. Coding can be very structured, as in a pre-structured approach, right through to totally inductive and emergent (Miles and Huberman 1994).

This research analysis, while being guided by methods described by respected texts and other research, is designed specifically for this data set 'Because each qualitative study is

unique, the analytical approach used will be unique' (Patton, 2002 p.433). Further, it provides a clear and transparent procedure important for the confidence and trust in the data analysis (Seale, 2000). This research is within the phenomenological paradigm and therefore it is not looking for predetermined structures, nor is it completely *lassés faire*. Rather, it is looking to 'the things themselves' and thus is focussed on the meanings that the participants (and researcher as research instrument) reveal through the research process.

To enable this, and in line with phenomenological research precedents (Moustakas 1994), assigning datum units into codes and extracting meaning from the code structures was done in two main phases. The first phase is through Elemental and Affective methods. The second stage is where the codes established in the first phase are sorted and organised into more meaningful units. The method employed to do this is called Focussed Coding which aligns and combines separate codes to develop a series of thematic based codes. These codes are the building blocks of developing new theory.

The first phase of coding, that is the first series of analytical codes developed from the data, included Elemental Methods and Affective Methods (Saldaña 2009). Elemental Methods look to develop:

- *Structural codes* that are used to generate topics or concepts relating to the research questions
- *Simultaneous codes* that identify datum that could be coded under more than one code.

Affective Methods look to develop:

- *Emotional codes* that identify the feelings experienced
- *Values codes* that identify values, beliefs and attitudes.

The second phase of coding used two key methodologies to sort the large number of codes developed:

- *Pattern methods* analyse initial codes to identify patterns that look to develop themes and meanings

- *Axial methods* develop the separate themes developed through pattern analysis into categories, or common meaning units and form axes of commonalities, rather than hierarchies.

4.4.1 First coding phase

The transcribed interviews in the form of a Word document were imported into the Nvivo software program. Passages relevant to the research questions or which appeared otherwise interesting were then identified. Saldana's (2009) Elemental Codes was used as the guiding method as described above. The structure and flexibility of Saldana's methods enabled deep interrogation of the data using a structured approach. The resulting initial coding schema, consisting of codes based on structural and simultaneous categories resulted in 75 discrete codes.

The following coding schema illustrates how content of the interviews were coded initially. It provides an explanation of the coding rationale and examples to illustrate the process.

Initial coding consisted of looking for themes that were principally descriptive in nature. This means that a passage in the interview text described an aspect that is, or could be, relevant to the research questions. Examples of descriptive codes (Saldana 2009) that can be seen in Table 4.1 are:

- Amount of funding
 - *when we started the business [finance]came partly from the business partner who contributed probably about 20% and myself was probably about another 20%.*
- Easy or hard to finance someone
 - *I think it's a hard thing to do and I think you've got to be in the right frame of mind to do it*
- Motivation
 - *well we've got the money to help them, so it's a pleasure to us to be able to help them, there's no other reason.*

Sometimes comments were made that can be attributed to a wider meaning so certain passages were identified within a code that identified the meaning of the words of the

participant. These were often coded after re-listening to the audio and assessing the context of the comment. Examples of these include:

- Culture
 - *they come here with nothing at all, so everything they do is for their family. Everything goes to their kids, like all the seven days a week, two jobs that they hold just to put their kids through school and give them an opportunity*
- Gratefulness
 - *and we didn't want to take advantage of it, we were appreciative enough that they could do that*
- Self-efficacy
 - *it's not going to happen just because things happen, you actually have to do something in order to believe that it's going to happen, or have a plan, how it's going to happen and take some actions*

There were many codes that contained passages of both descriptive and interpretive analysis. The focus of the first level coding was to become fully immersed in the data and become familiar with the content, themes and meanings (Corbin and Strauss 2008).

The following passage is an example of where data is coded under two elemental codes, an example of simultaneous coding, where the passage appears under two different codes – *Funder assisting in business* and *Trust*:

...but no, as far as how much we've sat down and talked about business, we – I haven't actually ever looked at her books, never asked to look at the books. I ask how things are going. We talk about major changes a bit but it's not that we sit down and have like little meetings about how to run a business.

Another example was a passage that related to both *Agreements and contracts* and *Trust*

I can – I would see that as and I think that was the biggest issue is knowing how that can turn sour and really not wanting that to happen. But the way that it was so no strings attached to them made me feel comfortable with it.

Labels were constantly revised during the initial coding process. Many were combined or the content of the codes rearranged to make more sense of the meanings in the data. This was an iterative process that took place throughout the data analysis process. Interview transcripts were re-coded, coding schemes abandoned or revised significantly, and labels changed.

This process resulted in a relatively long list of discrete codes as seen in Table 4-1 on the next two pages. The table identifies the name of the code, the number of interviews that the code appears in and the total number of references that relate to the code.

Table 4-1: Initial list of codes

Name of Node	Number of sources (interviews)	Number of references
Accepting risk	7	7
Agreements and contracts	16	32
Alternative sources of funds	6	12
Amount of funding	16	20
Skills or knowledge	2	2
Assessing risk	6	9
Banks not lending perception	9	11
Building human capital	5	9
Business impact of investment	2	2
Business start-up risk	4	4
Convincing the funder	4	7
Culture	6	9
Difference b/w parents and parents-in-law	1	4
Easy or hard to finance someone	1	1
Encouragement	6	9
Entrepreneurial capacity	3	3
Entrepreneurial education	7	10
Environment	2	2
Examples	7	16
Experience of entrepreneur	2	2
Experience of investor	12	20
Failure and success	4	5
Faith and trust	13	24
Family business	3	4
Funder assisting in business	9	14
Funder starts business	1	1
Funder other family	3	3
Gift	4	5
Gratefulness	2	2
Impact on family	1	1
In kind support	4	4
Intention to borrow more	1	2
Investment affordability	9	12
Investor assisting business	3	4
Leadership	2	2
Losing control	1	1
Market failure	2	2
Measure of success	2	2
Motivation	16	20
Necessity	2	2
Need for funds	7	9
Need for independence	1	1
No pressure from family	2	6
Obligation and trust	16	45
Offer or ask	6	8
Opportunity	2	2
Outcome	3	3
Own funds	1	1
Pay back method	3	6
Paying back	4	6
Positive attitude	2	2
Positive or negative experience	8	12
Professional advisers	3	3
Realisation about financing	2	2

Name of Node	Number of sources (interviews)	Number of references
Realisation of received family funding	3	4
Reasons for investment	2	3
Recognition of success	1	1
Recommend family funding	3	4
Relationship	16	30
Risk analysis	2	2
Secrecy	1	1
Self-efficacy	3	5
Gender	2	2
Size of phenomenon	8	9
Size of venture	1	1
Source of funds	8	12
Sources of finance	3	5
Stressful relationship over money	1	1
Tax implications	2	2
Taxation	3	3
Team	2	2
Time to agree to fund	1	1
Type of finance	10	17
Type of support	5	6
What is money	2	2
TOTAL	345	520

The importance of this table is to illustrate the size and complexity of the dataset. The resultant code list, even after exhaustive iterations, remained complex and at this stage provided only small insights into the meanings that lay behind the data. The value in conducting the coding exercise was that, I as researcher became immersed in the data (Miles and Huberman 1994). It is important to note that the numbers in the columns have no meaning in and of themselves. They do, however, illustrate the variety and scope of the themes addressed by participants. Some are common experiences, yet others not so. We keep in mind, however, that from a phenomenological perspective, it is the underlying essences of the experience being searched for. This first level of analysis provides the ability to explore the data in greater theoretical depth. Identifying commonalities across participant comments is important, and forms the basis of the initial coding process, but an awareness of contrasts and contradictions are just as important as similarities. This is the first step in reducing the complexity in order to make sense of the data; the eventual goal is to arrive at the essence of the phenomenon.

4.4.2 Second coding phase

The next significant process in the data analysis was to organise the coding scheme by initial identification of patterns of codes. For example, Table 4-2, provides examples of

comments made by participants and the code under which those comments were originally allocated. The following discussion describes the analysis thinking that leads to how these particular codes are assigned to a higher order theme.

Table 4-2: Examples of verbatim comments in codes

Initial Code	Quote
Alternative sources of funds	<i>The deal was, is that at that point that money that they used to buy the business was actually their retirement fund.</i>
Amount of funding needed	<i>initially when we started the business came partly from the business partner who contributed probably about 20% and myself was probably about another 20%. The rest of the 60 came from my mother and father so.</i>
Type of finance	<i>I think their gain is minimal. I don't expect to be paying big dividends back to them – more repaying the loan, making an interest payment, yes, because the business should do that. So it's probably a loan ...rather than a commercial loan.</i>
Banks not lending	<i>So we didn't have any cash apart from maybe \$5000 and that was it, and we thought oh what can we do. So we approach our broker, but he said the bank would not give us any money</i>

Participants talked about their need for finance to start a business and where this finance was available from. There is a pattern here in that the common underlying theme of the participants is to do with choosing the appropriate funding source. The data points to how they approached decisions they needed to make in order to secure funds given their desires and restrictions. These codes can be conceived as being a set of *alternatives* that the participants grapple with. These examples are, therefore, identified as existing under a higher order code, or theme, that I labelled *Alternatives*. Once the codes became consolidated under a higher order label they are referred to as *nodes*. This terminology was chosen because it is the terminology used in Nvivo. Each node identified a key theme that emerged through the data analysis. This method, as discussed above was repeated for all the first level codes until higher order themes were identified and over a period of extended time and through many iterations, a set of high order themes emerged. A hierarchy of higher order themes emerged over time and much iteration. This organising method was principally based on focussed axial coding (Neumann, 2000; Patton, 2002; Saldana, 2009). This list of nodes was initially organised and consolidated into a

hierarchical tree structure which is the manner in which such organisation is represented in the Nvivo program. This process continued with revisions and re-reading transcripts to decide on the most appropriate structures.

The process was iterative. As the codes were examined and considered in depth as to their meanings in terms of the research questions, themes started to emerge and nodes established to capture the thematic structure of the data. Relationships between and within nodes were mapped and examined over time to develop coherent themes that appeared relevant (Neuman, 2000). The resulting clustering of codes into nodes, and nodes into higher order themes, reduced the number of themes and developed into a hierarchical structure of key themes, sub-themes and minor themes.

The six key themes and sub themes that were developed through focussed axial coding are detailed in table 4-3. This table illustrates the hierarchical structure of the themes. The table details the number of times the theme was identified (References) and the number of interviews (Sources) where the theme is evident. This information is included to illustrate the breadth and depth of the analysis. For example, some themes were a common subject of discussion, while others less often alluded to by participants. The frequency of the comments is important to understanding how many of the themes are in conscious awareness across the participants (such as sources of funds and the amount involved), and those that are recorded less frequently show less behavioural awareness across the group (such as taxation issues and time). It must be noted that the frequency is not relevant to importance or substance of the theme. One participant may reveal one aspect of the behaviour that turns out to be significant in understanding the phenomenon, even though others are not conscious of it.

Table 4-3: Result of thematic development

High order theme	2 nd order theme	3 rd order theme	4 th order theme	Sources	Refer-ences
Choices					
	Alternatives			6	12
		Banks		10	13
		Own funds		1	1
		Sources		11	16
		Type		10	17
	Decision			1	1
		Emotional paradox		7	9
		Offer or ask		7	11
		Realisation		3	3
		Time		1	1
		Who to ask		2	8
	Reasons			0	0
		To accept		3	4
		To offer		5	9
	Taxation issues			3	3
Consequences					
	Ability to start			7	10
	Advice to others			4	5
	Funder starts business			2	2
	Future intentions			2	3
	Positive or negative experience			9	15
Funding					
	Affordability			5	8
	Non-financial support			4	7
		Business advice		12	19
	Quantum			13	26
Relationship					
	Asking			4	9
	Effect on relationship			6	8
	Encouragement			6	9
	Faith and trust			11	21
		In ability		2	2
	Family norms			4	6
	Other family			2	2
		Funding other family		1	1
		Impact		1	1
	Stress			3	6
Repaying					
	Agreement			6	10
	Fundee to funder			2	2
		Gratefulness		5	8
		Obligation felt		14	50
			To be successful	4	9
	Funder to fundee				
		Gift		5	7
		No pressure		4	8
Risk					
	Ability			2	2
	Attitude to money			3	3
	Attitude to risk			4	4
	Business risk			4	4
	Experience			12	20
		Business experience		5	6
		Family business exper.		3	4
	Self-efficacy			2	4
6	28	21	1	243	409

It is important to note that the themes, as represented in the above table are presented in alphabetical order (in terms of top to bottom). There is no inherent meaning in the order presented. Similarly, the hierarchical structure is a mechanism to illustrate the process of identifying higher order themes and in doing so, does not place any intrinsic value on lower or higher order themes. The structure should be viewed as a collection of meanings, rather than a hierarchical structure of importance. To further illustrate this aspect, the above thematic structure is reproduced in pictorial form later in the chapter, where the different levels of themes can be better visualised as relationships, rather than hierarchies.

4.4.3 Table of high order themes and corresponding participant responses

Tables 4-4a to 4-4d detail examples of comments from participants, and the allocation of the comments during the development of the thematic structures. Due to the size of the dataset, and resulting codes, the table has been split into four parts for ease of reading. Participants 1 to 4 in table 4-4a, participants 5 to 8 in table 4-4b, participants 9 to 12 in table 4-4c, and participants 13 to 16 in table 4-4d. These tables illustrate the textual descriptions and illustrate how the comments 'fit' within the top level themes. Textual descriptions are important to include because they form the basis upon which the following analysis and discussions are built. The voice of the participants is represented through this mechanism; the real stories can be heard. Understanding the essences of the experiences comes from hearing the meanings that the participants reveal which can be ascertained through the phenomenological analysis which follows this stage. The textual descriptions allow the readers, if they so wish, to see how the researcher interprets the comments. While it is anticipated that many textual statements could be interpreted differently by different people, the logic of the findings should be clear and explicit. Even if another researcher used different sets of thematic constructs, the essences should still become evident. This textual structure is organised in a table arranged in a matrix format. For any theme, listed on the left hand column, the reader can see an example of the comments made by any of the participants, listed along the top row. The comments are verbatim examples, some of which are used as examples later in the chapter to illustrate subsequent stages of analysis.

Table 4-4a: High order themes and examples of quotes from participant 1-4

	1 Funder	2 Fundee	3 Fundee	4 Fundee
High order theme				
Choices	<i>When you take equity you will get involved and engaged and if things go wrong with the business you have legal responsibilities that I didn't really want.</i>	<i>...so we needed to either get loan money from a financial institution or from our family.</i>	<i>Did you go to the bank when you first had the idea? A: No... I knew I could show them no income. I mean I know how the banks work and how they lend money so, and even the small business loans you know, limited to 10 thousand dollars ... so it wasn't worth it</i>	<i>I don't really know how to [find money for the business] and I tried grants and stuff and there's not really any available It was offered, from my grandparents it was offered and my parents when I needed some money I asked them for it.</i>
Consequences	<i>he's (son-in-law) now got his own business, thriving. And that's good for his family See this brings a ... level of trust and understanding</i>	<i>Q: So it's an obligation from your perspective rather than from your sister? A: and I've mentioned it like a few times in conversation and she kind of laughs it off and says 'that's fine'. So definitely from my side</i>	<i>They've given everything for me to be able to do what I need to do and then once I'm in a position to be able to do so, I will pay that back.</i>	
Funding	<i>...there's eight grand. We'll have an agreement but it will be very informal and it's a loan. But I didn't want equity frankly cause if I'd taken equity and gone on the board I'd have become responsible in a way</i>	<i>so we needed to either get loan money from a financial institution or from our family my dad was in a position to loan us a small amount so he lent us the \$5000 which was the first lot of money that we got our hands on and that meant I could purchase stock, register the business name, started some of the branding and those sorts of things My sister loaned us \$1000 just to get through. Obviously there was no paperwork involved in that either Q: ...so there's support funds there as well and even though it's not funds coming into the business, you would not be able to operate without it? A: that's right</i>	<i>When we started the business [funds] came partly from the business partner who contributed probably about 20% and myself was probably about another 20%. The rest of the 60% came from my mother and father. Part was from my Mum's super, yep she had a little bit of super that was coming through and part was from their savings as well. Q: And do you mind me asking how much? A: It was 50 thousand dollars.</i>	<i>Yep I borrowed money off my parents and then my grandparents have also lent me money Is there a formal agreement in place for this or is it just spoken, just verbal? A: No just spoken. Probably lump sum [payment] or maybe give them half of it when I can, they've been fine about it so there's no real rush.</i>

	1 Funder	2 Fundee	3 Fundee	4 Fundee
Relationship	<i>Now with my family I will invest because I want to help them, even if I might feel that they are not going to make me any money</i>	<i>Um, I feel very blessed that my parents are willing to do that They're not the wealthiest people, they have gone through a bankruptcy with a small business themselves about 15 years ago.</i> <i>we've had a lot of really honest conversations about how it was going to work and what the reality of the business would be like but ultimately they've been supportive and been behind us 100% as long as we were committed to it 100%.</i>	<i>Even though they were apprehensive, they're still very supportive of my choices.</i> <i>My dad said to me this year, he was proud of me on fathers' day because he thought it would last three months and I was like, ahh. They went in there with very low expectations, so whatever – I've survived two years and we're looking at expansion next year</i> <i>I would say, I mean I think it's the culture (my parents) come here with nothing at all, so everything they do is for their family. Everything goes to their kids, like all the seven days a week, two jobs that they hold just to put their kids through school and give them an opportunity.</i>	<i>Q: Do you get a sense that they see this (giving you money) is as a risky investment? A: I don't think so, I think they're impressed with how I'm personally going. Q: They're investing in you personally rather than the business? A: Yep.</i>
Repaying	<i>Q: did you expect to get that money back at all? A: I didn't, no.</i> <i>It took ten years to get the money back. I accepted it as a monthly. After a while we agreed a monthly repayment of a modest amount and he paid it back plus an interest That was the arrangement we had. Nothing more or less. No arguments. There were months when he said, oh it's a bit difficult this month, I said, oh well carry it forward.</i>	<i>I get the feeling that that's my donation – in a sense where families often give their children money for a house...I think we have taken it for the business which I'm happy about that</i> <i>Q: so you feel an obligation to get this money back? A: Absolutely</i>	<i>There was always the opportunity for me to go back to physiotherapy, earn a good wage, pay back [my parents] what needed to be paid.</i> <i>There's no terms, no terms with the conditions at the moment. The [understanding is] that I will repay them with no interest.</i>	<i>If I told them I couldn't pay them back for another year I don't think they'd [Grandparents] be too upset... or Mum and Dad would probably pay them back if they really wanted the money.</i>
Risk	<i>I wrote all the necessary letters of reference. I mean I took risks really.</i>	<i>...well I guess for us, I kind of instinctively knew that I could make it happen but I also knew I didn't have the money to do it. We're not home owners, and we were saving to buy a home but study and travel means I didn't have a pool of money behind me.</i>	<i>I mean when we were setting up it was still the GFC [referring to the economic climate at the time], it wasn't a great time for business and so it was still very risky to go into a small business at that time</i>	

Table 4-4b: High order themes and examples of quotes from participant 5-8

Participant	5 Fundee	6 Fundee	7 Fundee	8 Fundee
High order theme				
Choices	<p><i>I didn't have the financial capacity to start myself up elsewhere and then I would have been getting into a – it would have cost me more to move somewhere else and that would have caused difficulty for me to invest money or time in the business</i></p>	<p><i>Yeah the timing was right but we didn't have money. So we didn't have any cash apart from maybe \$5000 and that was it, and we thought oh what we can do. So we approach our broker, but he said the bank would not give us any money because I hadn't got a job and Shane is like a casual worker</i></p> <p><i>Q: Were there other ways that you were able to have done this without that (financial) assistance?</i> <i>A: No because we wouldn't have the money.</i></p>	<p><i>Q: So how did you first think you were going to finance it?</i> <i>A: Oh I thought I'd have to just save my money. Yes but I knew that that was going to take a lot longer given the cost of the equipment and start-up costs.</i></p> <p><i>Q: ...and did you ask them?</i> <i>A: Yes I didn't have to ask very hard ... I wasn't really keen to do it. I'm very independent usually. So yeah but it was just – I made a little business plan up which was not much of anything, put it to them and then they said here you can have this.</i></p>	<p><i>I spoke to the bank and they were like "Well you have a house?" "No"; "Do you have any assets?" "No". "We're not going to lend you any money".</i></p> <p><i>Q: You wouldn't have been able to start this business without that [family money]?</i> <i>A: No.</i></p> <p><i>I mean if that wasn't an option. I don't know. I suppose I would have explored – I would have looked a bit harder to see if there was another way that I could do it or look at a different model – doing it a different way or – I don't know.</i></p>
Consequences	<p><i>Yeah, so there's certainly no spoken obligation but, I'd take care of them as a consequence.</i></p> <p><i>What would have happened if they [parents] weren't there?</i> <i>A: I would have to had to go out and get another job. That wouldn't have necessarily been a negative thing, but I would not have been able to spend the past two months on the business like I have.</i></p>	<p><i>When they said yes [to the money] I was real happy because then you know, we knew we could do something and even if we – we had a plan B obviously, if it didn't work out we would sell it [the business] and then they could come and get the same amount of money or something happened we would sell the property, so give them the money back</i></p>	<p><i>I moved out when I was a teenager and I've lived by – I've had independence since then. So that's a hard thing to accept sometimes and then I think sometimes she'll make comment about 'Maybe I should do this with the business' or something like that. But I don't think its money motivated, I don't think she feels that it's her right to do that because she lent me the money I think that's just her nature. So I wouldn't say that I feel an obligation to them anymore than repaying the money.</i></p>	<p><i>I mean I was incredible grateful and ... but it was sort of recognised as well that that's not something that everyone has access to. You know, I sort of felt – you know what I mean – you're going through the normal sort of channels that I might not have otherwise been able to do what I wanted to do. So I was really happy and excited and all of those sorts of things.</i></p> <p><i>I didn't feel so much pressure at that point and I suppose maybe later on as the reality of what I was doing set in.</i></p>

	5 Fundee	6 Fundee	7 Fundee	8 Fundee
Funding	<i>I need to invest more money into this business from an outside source anyway. And I can't rely on them to fund it any more because dad is recently unemployed, retired, and he was the sole income earner.</i>	<i>We borrowed \$35,000 from mum and dad.</i>	<i>It's \$25,000 worth</i>	<i>Yeah, well initially it was \$80,000 and then 6 months later we got an additional \$20,000 so \$100,000 in total</i> <i>So she [mother] said "Well how about I try and loan you the money and we will go through them [a finance company]?" because she didn't have the money sitting there just to give me but the loan essentially came through [for the Mother].</i>
Relationship	<i>They said 'You know you can come back here, we don't want you to be in financial hardship'.</i>	<i>I think they believe in us and they've already seen what we've done.</i> <i>I think at that time wasn't too bad, because I think the biggest fears or the most fears were in the beginning when I arrived in Australia and they didn't know me, they didn't believe in me because they didn't know me, and once they got that confidence in me and they knew what I could do, and what I can't do, then they could just, I think that the trust build up itself and they could not only hear from me, like I always say I can do this</i> <i>I mean we had this great trusting relationship by then</i>	<i>Yeah so I think I had a little bit of a help with [her decision to go into business] you know like motivation because she saw what I had done with my business</i> <i>Q: How's the relationship since that?</i> <i>A: Oh hasn't really changed... No nothing's really changed; my mother-in-law also looks after [her very young son] a lot so she's very involved in our lives.</i> <i>And I guess, you know, I didn't really know [husband's] parents all that well but I had a good feel for them as people.</i> <i>You know, they trust me.</i>	<i>I mean she was really, really, really encouraging and so was dad and still is. I suppose because they've been through business...</i> <i>Exactly, so she sort of – I mean she thinks it's a good idea – she thinks that I'm capable of doing it</i> <i>Anyway, so he sort of asked them [parents-in-law] – well he did – he asked them for the money and they – on the face they were very happy to give it but I still got that – that made me feel very uncomfortable. We had it back to them within 2-3 weeks ... but I felt I really, I had to pay it back, like as I couldn't look them in the eye. I felt really, really bad about it because it was almost like I didn't like the fact that we had to ask for that money the way they would read that was we were in trouble, we were not doing well and this that and the other and it was a bad idea, because they haven't come from a background where they would understand what it's like to be in your own business and all that kind of stuff. They've always worked for someone else and always worked in one job for a long time, whereas I suppose my parents I know I don't have to explain to them.</i>
Repaying	<i>but I'll take care of the, they'll get something back</i>	<i>Last week I paid the first \$1000 off after 16 months.</i> <i>We can do it, and we can afford it, so we can give it back now.</i>	<i>I pay off a \$1,000 per month, it's always rotating around that figure</i> <i>The only reason I couldn't pay it off is if I became sick or died or something like that and I couldn't do it.</i>	<i>But I think she knows that if everything fell to pieces there wouldn't be a problem; I would still service that loan; I'd still pay it back; it would work out somehow,</i> <i>Yeah, mum sort of said when we first organised it;</i>

	5 Fundee	6 Fundee	7 Fundee	8 Fundee
		<p>There was no documentation whatsoever, they just told us you give it back when you can, it would be nice if you can get it in a years to two years' time, or at least some of it and no interest, which is good.</p>	<p>But the way that it was so no strings attached to them made me feel comfortable with it... Yeah and being suspicious that, you know, 'no strings attached' doesn't usually mean that. Even with the best intentions you know.</p> <p>Q: So from their perspective there's no strings attached but from your perspective there are?</p> <p>A: Yeah I don't call that a string though I call that just my obligations as mine.</p>	<p>she said 'We'll write something up' and I was like 'Don't be stupid, of course I'm going to pay' but any way she said and I said 'Okay, that's fine' – so she just typed something up saying 'I'm lending you this money, you're going to pay be me back, blah, blah, blah – sign here' – it was just something and I think she just wanted – I don't know – just to formalise it and but there was nothing else.</p> <p>I give paying that back a priority over maybe other things I don't want her incurring any penalties for me being late, so whereas other – wherever we're advertising through or whatever – I just think 'Oh delay that a week' and whatever so I do it that way if that's ever an issue.</p>
Risk	<p>I suppose there's also the barrier in my mind about borrowing money from anyone to run this, because this is my risk</p>	<p>...so he's like perfect front of the house, and I've got brains, I've got skills to make it work. So I think once they, and they saw me also doing the vegan festival and the fruit and veg parades, which I organised here voluntary, and it was very successful. So they saw me achieving, small great things, they were very enthusiastic when it comes to oh that's great, we're going to do something different in life, but I'm sure there were doubts.</p> <p>Everyone can try, I believe to, just do it and see. I think people are in general are scared a little bit.</p>	<p>Yep oh he's [husband] been totally comfortable, he's the one that convinced me I think to do it. He's got the – 'it's only money' attitude; I'm like 'Oh my god how I'm going to pay rent this month?'</p> <p>I think that was the biggest issue. Risk of family disputes over money is knowing how that can turn sour and really not wanting that to happen.</p> <p>Well yeah I mean it was a huge risk, well a huge risk to me a lot of money to me.</p>	<p>I suppose, I don't know – I suppose that kind of stuff with your family can cause problems. I don't know.</p> <p>...yes I think \$100,000 is – yeah I recognise that that is a significant amount of money but if the business went under now and I had this debt to pay back I wouldn't be too stressed about it.</p>

Table 4-4c: High order themes and examples of quotes from participant 9-12

Participant	9 Fundee	10 Funder	11 Fundee	12 Funder
High order theme				
Choices	<p>No I haven't, haven't gone to a bank at all.</p> <p>Q: You didn't try? Did you consider it?</p> <p>A: I did consider it. I did consider it but it seems an uphill battle to actually explain what it is that you're wanting to achieve and what it is that you're wanting to do and for them to be as passionate about it as what you are. And I guess that's kind of put me off a bit</p>	<p>I'd rather give them a whole lot more now, while they're struggling, than leave it to them after we die, because then they ... may or may not need it as much.</p>	<p>Funding is a question – yeah, absolutely. And whether I dip into my own assets or the father in law comes along to help...is a big issue</p> <p>To get a business up and running - it's, you know, it's very hard to get a commercial loan up front.... But I think that's a real hard yards trying to drum up the funds.</p> <p>I've always had a penchant to run my own business. For whatever reason, I don't know. And yes, and seeing the past and watching all the reasons other people wanted to start business in hand with that, I found very interesting and very grounding, if you like. And having been there was also excellent.</p>	<p>And I mean most businesses are not going to be profitable the first 18 months, and you're certainly not going to be able to justify to a bank manager that they are without lying or perhaps doing things that aren't in the true nature of your business, and much better just to be able to say right well I'm going ahead and it will take as long as it takes and when it's ready to make money it will and if it doesn't well okay we'll go and do something else.</p>
Consequences	<p>Q: So could you have done it without that?</p> <p>A: Yes, I could of, it just would have taken me a lot longer.</p> <p>Q: You obviously feel a certain sense of thanks?</p> <p>A: Absolutely, yes.</p> <p>Q: And he has a level of trust in you?</p> <p>F: Absolutely.</p> <p>To actually really get it done now, because somebody else that's very close to me has invested in it.</p> <p>Q: A bigger obligation than if say a bank had lent you the money?</p> <p>A: Yes, that's right, that's exactly how I probably would have thought about it. That's right, it's not just bank, it's not somebody who's just invested in it, its somebody that I know on a very personal level. You really do</p>	<p>I'm very proud of what our children have been doing, and they don't waste money, they work hard and use it well.</p>	<p>Being very close in family like that, I can see people making decision – or wanting to make decisions that I wouldn't want to go down.</p>	<p>As far as I'm concerned, formal agreements are for lawyers...Look it's totally a trust thing</p> <p>I think it's [financing family] a hard thing to do and I think you've got to be in the right frame of mind to do it</p>

Participant	9 Fundee	10 Funder	11 Fundee	12 Funder
	want to do your best with that.			
Funding	<p>He funded me to have the illustrations done, which was an illustrator that was in Melbourne and it's quite expensive, there were 48 illustrations, so it's sort of like \$150 to \$200 each. So that was fantastic</p> <p>He's investing in my business ...but it's not down on paper as such – it's all informal.</p>	<p>Q: Have you helped the other grandchildren as well? A: Yes – we've lent them and given them money over the years. It's really over to them and what they did with it. But yes it was of course, to do with business</p>	<p>I sort of hope that he might jump on board so he'll invest in it.</p>	<p>I would go even further and say it's more a gift. Here is the money, if one day you find yourself in a position to pay it back well wonderful, if not, I mean I've forgotten about it already and, I think it's better to do it that way and then it's not something that's hanging over you and sort of being a stress on the whole running of the business.</p> <p>Q: Is it an investment, is it equity, is it a loan? A: And the answer is it's none of those, it's really just a gift and that's the way it has to remain</p> <p>money really is an enabler, not for what it is...exactly, it's not an end in itself, it's a way to get to where you want</p>
Relationship	<p>Absolutely and I think it's more truthful too, I think a lot of people don't give things like this away.</p> <p>We talked in depth about it a lot because I don't like to borrow money, I like to try and do everything myself. So accepting his assistance was a really big thing for myself. But I don't feel bad about it and I don't feel guilty about it</p> <p>there's a lot of trust there and it's something that you have to be very genuine about</p>	<p>Because they work so hard, and these times are tough, but if they get off the ground, then – well we've got the money to help them, so it's a pleasure to us to be able to help them, there's no other reason.</p>	<p>I'm pretty much now on a three year plan to retirement. And my wife is telling me 'You've got to retire in three years'. And I'm saying 'We can't afford it'. And that's why I need to do this, not because I want to, because I don't. I want to because I need to.</p>	<p>This is a situation where you're choosing to help somebody with their business because you believe it's something that's going to go ahead... So I can see she's got some real skills there that I just don't have.</p> <p>Somebody's not thinking, oh god I have to pay this back, therefore I have to make perhaps rash or sudden decisions about how I'm going to run my business that might not be the best long-term positions.</p> <p>It's interesting, I've never thought about this until you mentioning it, I mean I've always had sort of an ongoing thing with my own family that's very like that.[referring to financing businesses informally]</p>

Participant	9 Fundee	10 Funder	11 Fundee	12 Funder
Repaying	<i>I mean to him it's probably more of a gift and he's not really interested in whether he sees a return, but for me, I would prefer that he has a return.</i>	<i>They do, they said they want to [pay back the money]. ... I'd be happy for them to have it</i>	<i>I think their gain is minimal. I don't expect to be paying big dividends back to them – more repaying the loan, making an interest payment, yes, because the business should do that. So it's probably a loan on a preferential basis rather than a commercial loan.</i>	<i>So now you've provided some money to [partner] to kick start it ... there's no formal agreement between you? A: Nothing at all.</i>
Risk			<i>And obviously you know if the thing fell over and losses and stuff like that, I would want that to be my loss and not his loss.</i>	

Table 4-4d: High order themes and examples of quotes from participants 13-16

Participant	13 Fundee	14 Fundee	15 Funder	16 Fundee
High order theme				
Choices	<p><i>We did try and go down the avenue of just getting a business loan or anything...It was terrible I think I applied through a couple of banks, ANZ, Bank SA, NAB and because it was a start-up business, David was obviously wanting the funds so he could purchase a van, that was the main thing, purchase a van so he could start out on his own</i></p> <p><i>Q: If that money wasn't available for you, would you have started the business up in any case?</i></p> <p><i>A: I think our next plan of attack was to perhaps, I think we were thinking of downsizing my car, getting a cheap car, selling off some of our assets and things like that. We also did explore the option of perhaps me going back to work full-time to earn the money</i></p> <p><i>They offered and initially I declined for a week or so while I was sorting finances.</i></p>	<p><i>...well I was all of about 19 back then, and we certainly had not a penny to our name.</i></p>	<p><i>Q: So you've been in your own business</i></p> <p><i>A: Yeah. I started this off</i></p> <p><i>Q: Did that make you more comfortable in helping her into her own business, do you think?</i></p> <p><i>A: Well, because I'd done it, yes, yeah.</i></p>	<p><i>I went to my bank and I chatted to them and I just said look I know on paper I don't look very good I'm on maternity leave, I'm not earning anything my husband's self-employed he's only got one year's worth of tax waiting for second year can I re-mortgage? They said I wouldn't even put that through the system because it would just look bad that I'd done it 'cause he's going to refuse it we can't offer you a loan, I said what about a credit card, they were like no again we cannot anything that involves credit.</i></p>
Consequences	(no finance) affected (our) confidence			
Funding	<p><i>I think we just said, yeah well \$20,000 we can get a van and a few extra things set up.</i></p> <p><i>Q: Was that a significant amount of money for them?</i></p> <p><i>A: Yeah</i></p> <p><i>Q: So you saw it right from the start as a loan?</i></p> <p><i>A: Yes.</i></p>	<p><i>Yeah financed by them, I think they also went guarantor for a business overdraft account</i></p> <p><i>...that at that point that money that [was] used to buy the business was actually their retirement fund. They virtually only just almost retired in that year... It's about \$70,000 (that) bought the business, I think the overdraft account was about \$10,000.</i></p>	<p><i>up to \$100,000</i></p>	<p><i>My husband's a carpenter, anything that we think is feasible to put through his account we do so if it's timber he just buys it and obviously he's not getting paid so his business is now going in to debt</i></p> <p><i>Q: So he's wearing that, all the inventory that you have here as in the framework and all that sort of stuff it's on his inventory?</i></p> <p><i>... they've not handed over \$10,000 but I reckon by the six weeks has gone-</i></p>

Participant	13 Fundee	14 Fundee	15 Funder	16 Fundee
Relationship	<p><i>So thankfully my parents also had strong belief in us and said that (they would provide) any money that we needed</i></p> <p><i>And we didn't want to take advantage of it, we were appreciative enough that they could do that</i></p> <p><i>Q: You saw that as a significant obligation in your business?</i> <i>A: Yeah, yep.</i></p> <p><i>So this was, what we're doing, what David and I are doing is totally out of the norm for our – especially for my family and things like that.</i></p> <p><i>I didn't want to feel like reliable or obligated to them as such. Not that my parents would have thought that, but I just didn't want that</i></p> <p><i>I know it was my parents' money and I didn't want them to have to be at a disadvantage at all because of something I'd done.</i></p>	<p><i>Q: so they thought they were going to help you, was there an element of getting you back to South Australia do you think, back to the family?</i> <i>A: Oh I have no doubt, yeah. Yeah because I was all of 19, first baby [and living interstate]</i></p>	<p><i>Q: So has it affected your relationship in any way?</i> <i>A: No. No, we don't talk – it's funny, we don't talk about it... We discuss things at different times and it's not just me but with my husband and her.</i></p> <p><i>It is trust. It is trust. I suppose that if she were to get run over by a truck tomorrow I'd have to wear it but – the debt, you understand.</i></p> <p><i>Well, how's it going?" And yeah 'That's none of your business, Mum. So you're not allowed to ask'. And I sort of feel like saying 'Well, I should be allowed to ask since I've bankrolled you' but then again, I think perhaps that's too – I don't know. Perhaps that's – that I'd be an interfering parent.</i></p> <p><i>And I want her to be successful. And I think – I don't personally feel responsible but I think my husband feels responsible because he's the one that pushed – he said 'You can do it. You can'</i></p> <p><i>Yes, yeah. And I'm pleased that we can help her. And it would have been terrible for her not to be able to do what she wanted to do because we couldn't help her.</i></p>	<p><i>I'm a very independent girl if I can't do it, it doesn't get done it's as simple as that so I was just like right we'll ask them and as soon as I did I regretted it. It was like oh my god why have I done that?</i></p>
Repaying	<p><i>And we paid that back within 12 months.</i></p> <p><i>So I didn't want any impact on them whatsoever and that way any interest or anything we covered and then when the time came that I said 'Look we've got enough money we'll pay it off, get me a payout figure and I'll give you that money'.</i></p>	<p><i>now you also mentioned that you were then paying it back?</i> <i>A: That was the plan yep. On a monthly basis</i> <i>Q: So did your parents consider this just to be a pure loan or did they consider being partners in the business?</i> <i>A: No I think they considered it just as pure loan, they didn't want to, they just wanted the</i></p>	<p><i>And I suppose our hope is that I'll get the money back one day.</i></p> <p><i>I know it is very un-businesslike, I know. I know the way we've done it in theory is very non – it's not businesslike at all.</i></p> <p><i>I suppose it's basically just gone on a gut instinct and a feeling that yes, we will get the</i></p>	<p><i>If this business works well I personally would like to give them some money back cause there's no chance in hell they're going to touch it. If I was to say look we've done really well here's \$10,000 thank you so much that's for your flight, I can't imagine, they might think, 'oh fantastic thank you'. I can't imagine they're going to I think their theory is going to be look we're going to be dead in 20</i></p>

Participant	13 Fundee	14 Fundee	15 Funder	16 Fundee
	<p><i>I guess we wanted to show that we are serious and we can do that. So we saw that as a priority to pay off that loan before we did anything else.</i></p>	<p><i>money in the bank each month and that was it. They didn't want to be involved with the business or they didn't need to know about it, they just needed to money back in the bank, yeah.</i></p>	<p><i>money back. It might not be for quite a while but she'll come up with it. And having – probably in a way by not questioning her, it's sort of like telling her that we've got faith in her and that she can do this.</i></p> <p><i>And I was just encouraging her not to get too bound down by the debt and the thought she's got all this money to pay back because I know that when I first started (business) it was very much on a wing and a prayer when we – when I decided to go into private practice because we had the four young children and a huge mortgage</i></p>	<p><i>years we can't take it back with us. We've got the money we're doing it, if we didn't have the money we'd have just told you.</i></p> <p><i>I actually don't really mind at the moment if when it gets to the fact that I've made some money then I expect them straight something back because next year I might decide I want to do something else and I might need their help again so if they won't take the money for helping this time then at least I can buy them a flight to say look I can pay it back but I can offer it in a different kind of way so we've not actually discussed terms this is just my idea</i></p>
<p>Risk</p>	<p><i>I don't think at any time they saw it as a risk either, with us – they know me obviously and they knew that we were quite confident in getting this business working and up and running. So it wasn't a huge risk for them.</i></p>		<p><i>I wasn't sure about it to start with. I had some reservations.</i></p> <p><i>Well, we should have [a written agreement] – I mean I suppose we should have something written. And I think we did talk about that and I don't know if we actually wrote anything down or not. We probably didn't.</i></p> <p><i>But – and doing business in family, they always say you should never do business with your family.</i></p> <p><i>But no, as far as how much we've sat down and talked about business, we – I haven't actually ever looked at her books, never asked to look at the books. I ask how things are going. We talk about major changes a bit but it's not that we sit down and have like little meetings about how to run a business.</i></p>	<p><i>we didn't realise things would be this bad and things are as bad as bad can be</i></p>

4.4.4 Pictorial representation of themes

The following pictorial diagrams detail the themes in a manner that is more akin to the meaning that has been drawn from the analysis. Each framework illustrates the cluster of meanings relating to the key themes. It is also important to note that the node labels used do not hold any intrinsic meaning in themselves; rather they are means of ordering and modelling the underlying aspect of the structures simply for the purpose of clarity and management of the analysis process.

Each of the frameworks is accompanied by a descriptive commentary. This description commences the process of developing deeper meanings which are arrived at through interpretive analysis of the data. Examples of interpretations of the data for each theme are presented to provide an overview of the meanings that became evident in the analysis process. Textual and structural descriptions for each of the participants follow the pictorial representations. These statements further develop the themes, derived from the coding process, through deep engagement with the participants' voices. A series of structural descriptions for each participant that is derived through imaginative variation (Moustakas 1994) follows. Finally, a textual structural description of the phenomenon is presented. This description merges the thematic analysis with the voices of the participants. From this synthesis, the essences of the experiences are revealed, leading to the theoretical conclusion in Chapter 5.

4.4.4.1 Choices

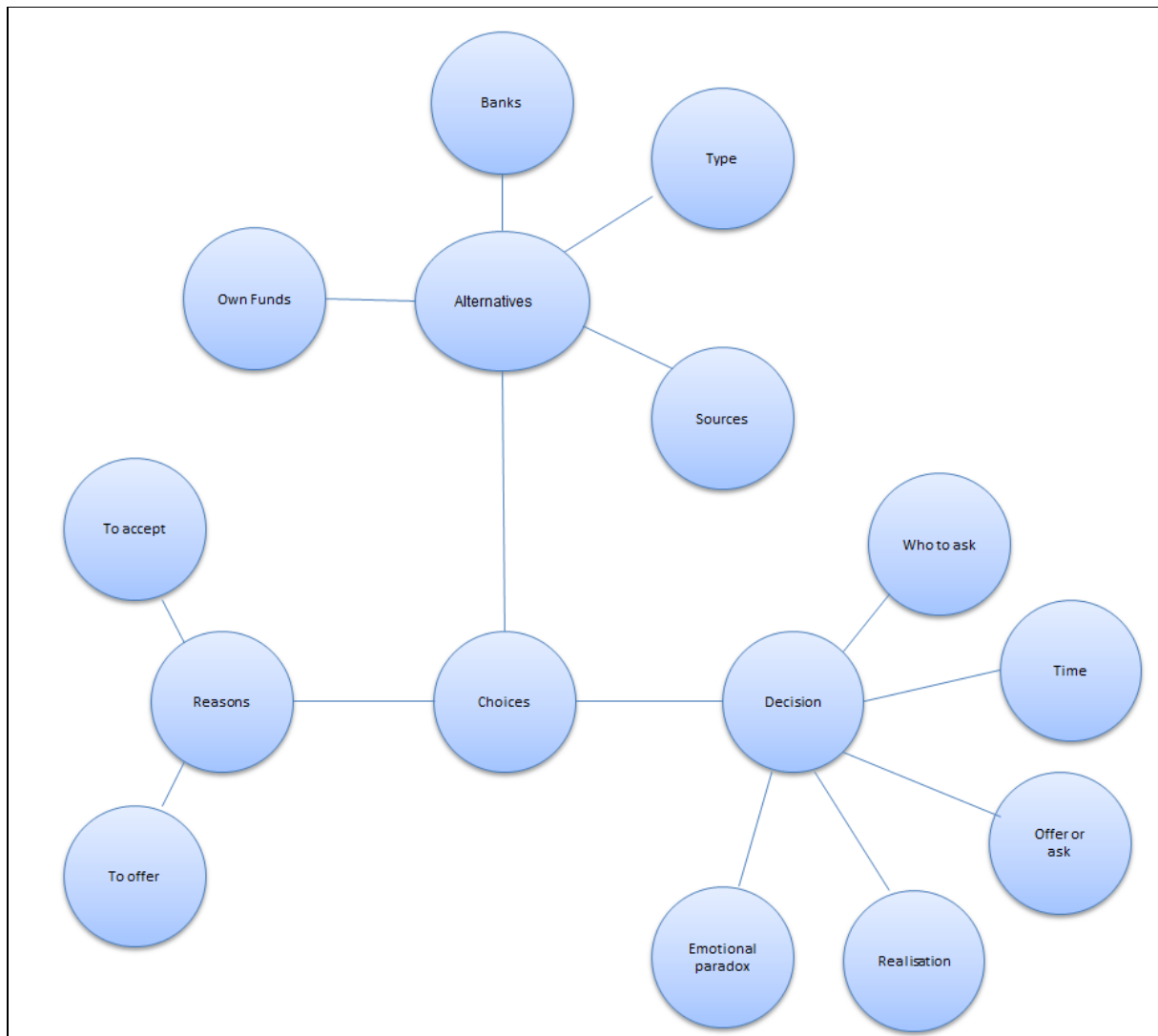


Fig 4-1: Choices theme and associated sub-themes

Participants are presented with, or impose upon themselves, the need to make a choice about a number of aspects involving within-family finance. Decisions need to be taken in terms of timeliness, and time appears to be important in terms of how soon they can start their business:

I just wanted to let them know about the idea first, let them take that in first and then probably about, I reckon from start to finish about 3 months.

There is a certain level of reticence that is seen to engage in within-family finance, and the decisions are through an emotional lens. The decision to ask for money is not, generally, seen as an easy one:

Oh well I don't really ask for money and things like that, it was very hard.

Even if not asked for, some participants were offered the money. There is clear evidence in some instances where the money is offered, yet accepted with reticence because of the emotional risk perceived.

It was offered.

And if the decision is made to ask for funds, there is also a significant decision to be made about whom to ask. The decision is based on much more than simply the closeness of the relationship. The choice of who to ask is more about a sense of the appropriate family member, which is beyond the most able to provide the funds. There is a sense that a relationship that supports and cares in a reciprocal manner is very important:

They (parents- in-law) didn't quite believe in us as much as we believed in ourselves, whereas my parents have always been quite supportive.

This decision is made in the context of the paradox at the heart of this activity. The future is the most important factor, but to enable the imagined future, a risk is evident, and the risk is close to the heart – the relationship with a loved one. So, the decision to fund, to ask for or accept funds, even though this is going to enable the future to be realised, incurs a considerable risk:

But – and doing business family, they always say you should never do business with your family.

Given the perceived risks that are widely acknowledged, there are alternatives for obtaining funds:

I've been entering lots of competitions, like there's a Qantas one at the moment...and you win like \$5000 and a mentor program for a year and flights to London and things like that and then another one for small business achievement award, SA awards or something, just been doing things like that to get my name out there and to just get some cash.

These alternatives include banks, which many participants were well aware of, but there is a sense of distrust:

...so I actually spoke to the bank a few months ago about that process and ... this year and it's about equity and all this kind of rubbish...

And their own funds:

You've got \$1000 or \$2000 in your mortgage that you can draw back so she went take that so that was how we started so I think I managed to get about \$6000 to start with.

Yet, predominantly the participants obtained finance from sources that were their family, who in turn obtained the funds to pass on from various sources, such as mortgage redraw, superannuation funds, savings and the like.

There were regulatory restrictions for those who would like to provide more funds to their family, and these sometimes reduced the propensity to provide funds:

...and I would give them more, except for the tax thing.

In conclusion, the choices revealed in the data are wide and varied. The key theme of choices clearly display that many of the choices are not made on a rational, economic reasoning. They are about the relationship and how each participant interacts with their family, making decisions that are future success-oriented, rather than focussing on the immediate issues of riskiness. These choices are made under restricted options. In many cases, there are either no other options or those options are limited or costly. Within-family finance as a solution to this appears not to be seen as an easy option, rather an appropriate one given the circumstances.

4.4.4.2 Funding

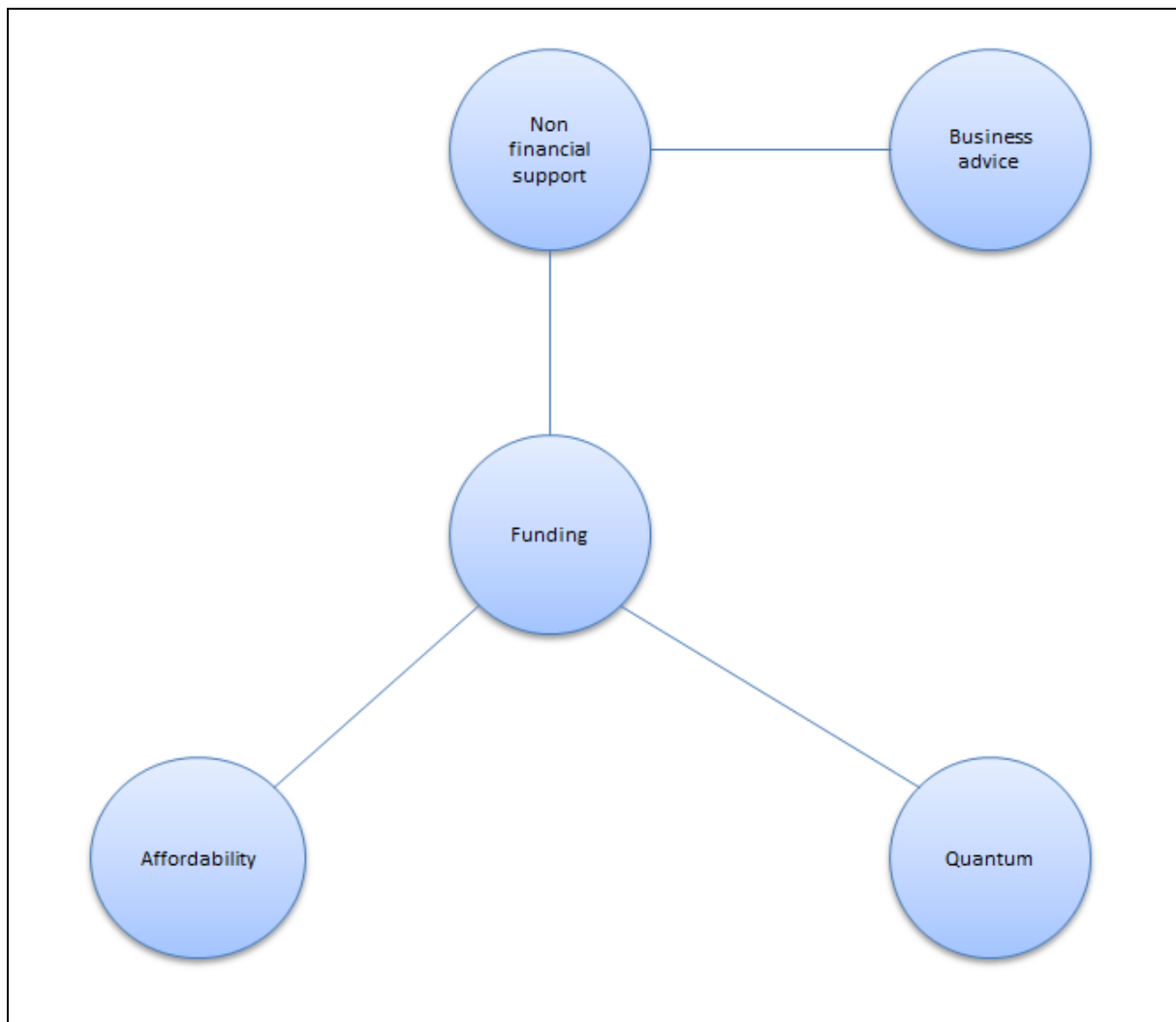


Fig 4-2: Funding theme and associated sub-themes

One of the key themes that emerged through the interviews was that of the affordability of the finance. That is, the extent to which the funder could afford to provide the money, and particularly in the context of the riskiness of the activity:

They're not the wealthiest people; they have gone through a bankruptcy with a small business themselves about 15 years ago

There were a few examples where the fundee acknowledged that the amount was significant in terms of the wealth of the funder. This was often referred to in the sense of real appreciation by the receiver of the funds. The funds were not inconsequential to them, they meant something deeper than just money:

I wouldn't say they're super wealthy. They're not multi-millionaires or something.

And amongst the funders, there was a sense that the amount was not insignificant, but still provided without too much angst and in a number of cases simply accepted that there was unlikely to be a financial return:

Q: Did you expect to get that money back at all?

A: I didn't, no.

This should also be taken into context of the selection of participants who were selected for this study. I do not make any significant conclusions in terms of any financial characteristics of the 'average' funder. The provision of funds, under these circumstances that are examined within the context of this study, however, is a significant issue for the family in terms of affordability and emotional impact.

These funds are not provided without some further expectations or values from both sides. There were some who saw that the family member who funded them could also provide additional value to their business through advice:

I like to listen to them talk about their experiences, especially the downfalls, the hard times.

You can learn a lot from [them], you know what went wrong with the business and why.

For some, the funding was very modest:

...he lent us the \$5000.

and,

...my sister loaned us \$1000

Whereas others received relatively significant funding:

It was \$50,000

and another,

so \$100,000 in total

When comparing the different examples though, the underlying similarities link back to the concept of affordability discussed above. The \$1000 was from grandparents who were on a pension, but the \$100,000 was from parents with very well paying professional careers. The quantum, while greatly varied, pointed once again to what the funds meant, rather than what they were in size. The funding activity enabled the entrepreneur to follow their goals, and provided by someone who also cared for those goals because of the relationship.

The funders also saw this as an opportunity to help and provide guidance as part of their support:

Q: Are you able to use your business skills in helping her?

A: Well I hope so, I do hope so, we've talked about that already, just the aspect of actually setting up the structure of a business, which is something that I've done very often

However, there were also contrasting views to this. Some participants saw no intrinsic value from the funder's experience in business, even though they had provided funds:

Q: Have your parents ever helped you out with your business, other than given money?

A: No...other than babysitting so I can work more (in the business)

Even though there is, in the above example, no business advice, there is still the non-financial, possibly emotional support of babysitting. This was seen as a very valuable contribution from the entrepreneur's perspective. Another example of physical support which was perceived by the entrepreneur as evidence for the support in establishing the business was one where the entrepreneur's father and partner fitted out the shop for her:

Especially for the fit-out. It took a lot of time because we did everything ourselves. All of the carpentry, my dad and Dan did by hand.

There is an essential underlying theme here which is about the emotional support and gratefulness felt from it:

yeah we've had a lot of really honest conversations about how it was going to work and what the reality of the business would be like but ultimately they've been supportive and been behind us 100% as long as we were committed to it 100%.

4.4.4.3 Consequences

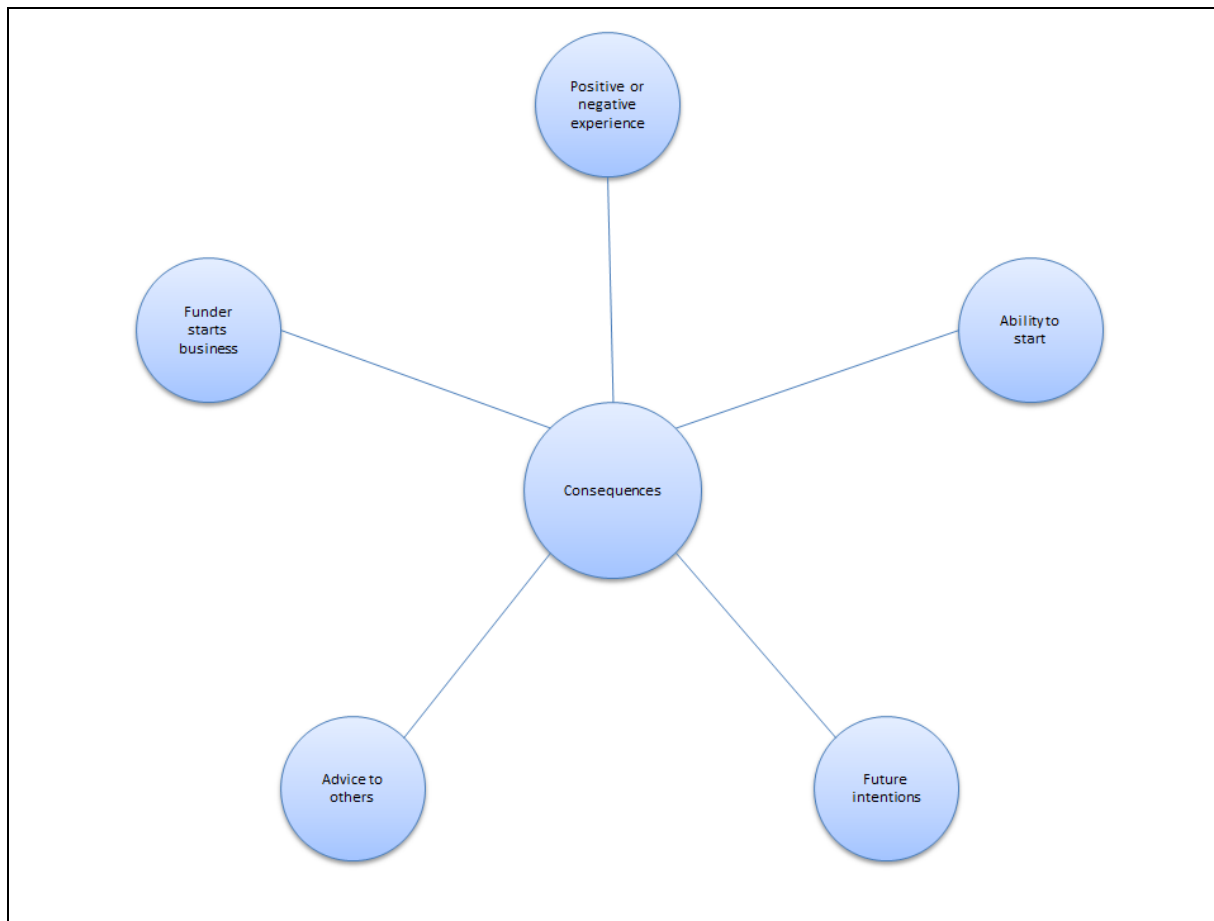


Fig 4-3: Consequences theme and associated sub-themes

The consequences of this behaviour primarily meant that the entrepreneur was able to pursue their goals:

I get the feeling then if my parents hadn't been there, then I probably would have put the business on hold

This was a consistent theme running through the interviews. This is not surprising, as the purpose of the funds was to start a business; however, what is significant is the importance of the goal of starting a business to both the entrepreneur and the funder:

well we've got the money to help them, so it's a pleasure to us to be able to help them, there's no other reason.

The consequences of achievement are felt beyond the receiver, it is shared by, and important to, the funder as well; this was a common experience. This clearly indicates a very important essence of the phenomenon in that the sense of the other is critical in this behaviour. The consequence of the funds to the entrepreneur in terms of achievement is significant to the funder and has greater weight than the simple provision of money. In one case, the satisfaction of seeing success in the start-up even led to the funder deciding that maybe this was a good idea for her:

my mother-in-law is now in business! [after the funding]

One of the indications that the exercise is not quite as disastrous as many expect is that there were at least three participants considering further funding activities:

other funds may be available, possibly another family loan, but we are very wary of that. We could look at that and possibly will.

Others had also gone through a series of funding 'rounds', and also received funds from a number of different family members. So the consequences of the behaviour are widely reported as being a positive experience:

Yeah that's my experience which has been positive.

Yes I've been very lucky though.

Overall a positive experience? Yeah. But I can understand how it could go very very wrong.

From the funder the satisfaction of being of help, of value, of participating in success of a loved one, for the entrepreneur, the ability to achieve their own goals, of seeing that the future holds a promise that they hold as a real option now that the funds are available, even though:

"I can understand how it could go very very wrong"

4.4.4.4 Relationship

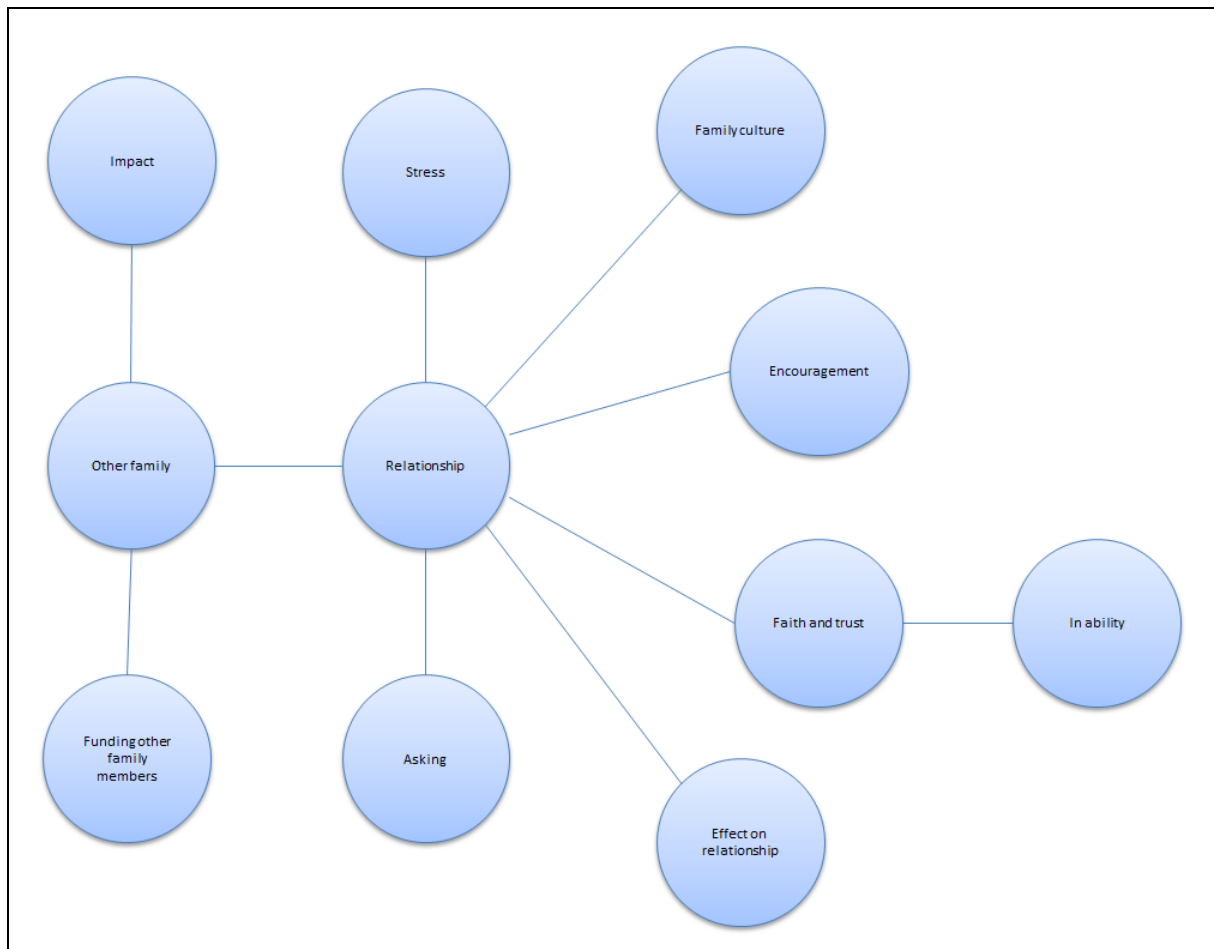


Fig 4-4: Relationship theme and associated sub-themes

The participants often clarified the meaning of the financing in terms of their meaning of relationship. There is little distinction between the funding activity and the relationship. They are, at the core of the meanings expressed, inseparable. For example:

everything they do is for their family.

And yet we see some interesting aspects that build to this understanding such as the impact on other members of the family who are not part of this particular arrangement directly:

Yes – we've lent them (other grandchildren) and given them money over the years, ... yes it was of course, to do with business

And when impacting on others in the family, in this case the husband of the entrepreneur, who received funding from her mother:

I didn't sort of sit down with him and go 'Okay you realise that if I do that, these are the consequences and this is how things are going to change' – because I didn't know any of that stuff so I think we sort of both went into it you know very green

There are a number of references to a cultural or shared norm aspect of the family:

It's interesting, I've never thought about this until you mentioning it, I mean I've always had sort of an ongoing thing with my own family that's very like that.

One participant also reflected that there were other families he knew of that seemed similar in this respect:

I think I do have some friends that have had their parents help out.

The core of the experience in this phenomenon within the relationship theme is the reciprocal nature of the way participants describe their experiences. There is a constant referral to trust, often expressed as a faith in the entrepreneur from their family, and the reciprocal obligation felt:

it's the ethical obligation you have, they started you, they had faith ..., they trust in you, and you should honour that in some way, some form, maybe you can't pay it back all at once, but, you know, be mindful

There is also a sense that the impact is wider within the family, rather than just the two parties involved. Such complexity appears important in trying to develop the themes in that there are different aspects of this phenomenon, and here, it is as clear as anywhere in the analysis of the data, that there is little that is not interrelated.

The stress that is evident is seen through this lens by many participants, and can impact in such ways as the concern for others around them:

Q: What about your partner, has that relationship changed?

A: (I think) He thinks he feels like the cash cow at times

Another example is the sense of stress that goes beyond the 'normal' financial stress. Many business operators feel the stress of meeting financial commitments etc., but the stress of meeting commitments to family is different:

I mean there have definitely been times where you're looking at all your bills and thinking 'Shit – I that's a monthly thing that we are paying' and yeah sort of feeling a bit of pressure and yeah, obviously because they have – ... mum I suppose – you know they sort of put their faith in you –

There is also the stress in asking for the money:

And I just felt really – like as I couldn't look them in the eye. I felt really really bad about it because it was almost like I didn't – like the fact that we had to ask for that money the way they would read that was we were in trouble,

As can be seen, this was more about how others perceived them, rather than the money itself. The funds are value laden from the family source – they are more than money, they present a separate source of, and very different feeling of, stress than would be expected simply in needing to meet financial obligations to, for example, a bank.

4.4.4.5 Risk

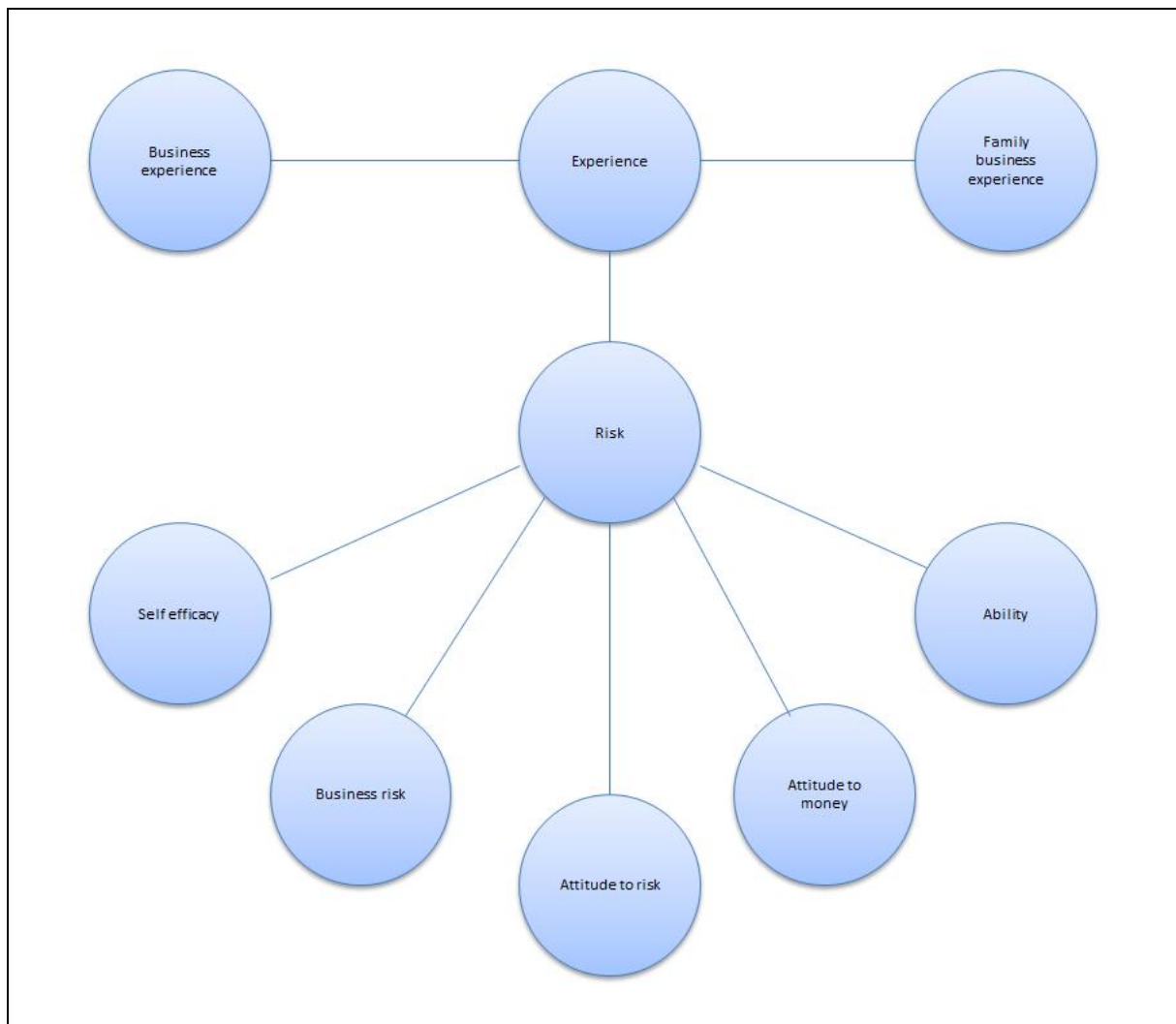


Fig 4-5: Risk theme and associated sub-themes

Many aspects relating to the concept of risk became evident in the interviews. A particularly important aspect of understanding the business risks was evident when the funder had some form of business experience, whether in a family context or not:

Q: Did that (business experience) make you more comfortable in helping her into her own business, do you think?

A: Well, because I'd done it, yes, yeah.

I mean they've gone through ups and downs through business, went bankrupt during the recession, now they just own a little take away.

However, there were many examples of funders providing money who had no experience of business at all:

Q: Have they (grandparents) been in business before?

A: No.

Q: Or your parents?

A: Not really no.

Q: Anybody else in your family?

A: My sister's a nurse.

On the other side, very few of the entrepreneurs had much business experience, a couple of exceptions included management experience:

I used to be a manager in various corporations and university...

Once again, inexperience should not be taken as significant because it was an anticipated quality of the sample participants chosen. It does highlight, however, that the riskiness and acceptance of the risk would have been in the context of limited business experience for many of the participants. Yet, their behaviour was similar, no matter whether there was experience in place or not – another reason to conclude that the motivations were relational, rather than business focussed. Most accept that there is a business risk, and it was not uncommon that there appeared a reluctance to put that risk onto others:

I don't want to put the risk onto them... Yeah. I think their gain is minimal

However, in a similar vein to the other themes, we see a consistent acceptance that the risk is real, but the fear of taking the risk is overcome by the need to succeed in business. The longer term gain is more powerful than the immediate risk, which is clearly identified and conscious, even amongst those with little or no business experience.

This is evident when those who are more willing to espouse their own beliefs in their future claim:

So you've got a belief which reduces the feeling of obligation because you know it's just going to happen.

Such comments, made by a few of the participants seem to show a level of commitment and self-belief that overcomes, or at least mitigates the perception of risk, whether it is relational or financial. The determination to succeed was a common thread, and revealed by at least one participant when she said:

it's not going to happen just because things happen, you actually have to do something in order to believe that it's going to happen, or have a plan, how it's going to happen and take some actions,

Risk is seen from a number of perspectives, and mitigated in different ways. The common, underlying understanding though, was that by taking this risk, the prospect of the future was improved, and that the risk was further mitigated by an action-oriented view of life – a tenacity to succeed is evident.

4.4.4.6 Repaying

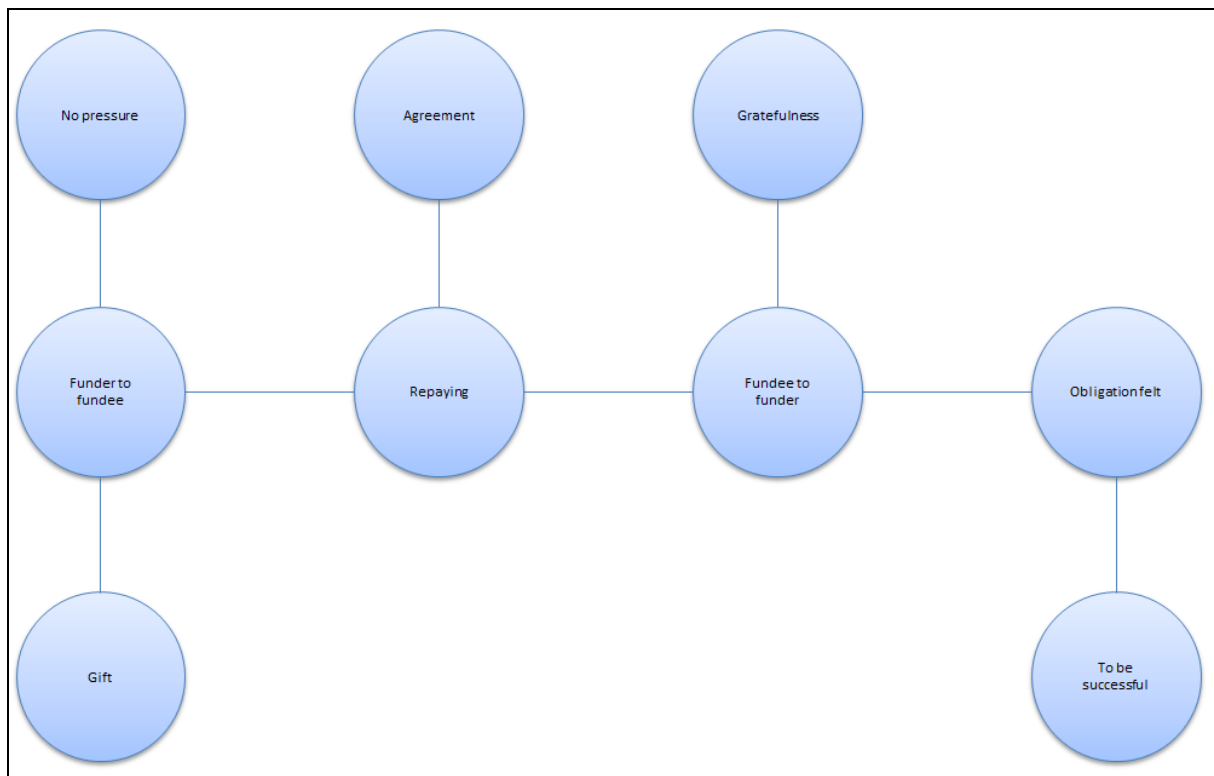


Fig 4-6: Repaying theme and associated sub-themes

The form of agreements varied significantly amongst the participants in terms of whether there was a loan agreement, gift, investment and so forth. However, many entrepreneurs considered the funding as a loan:

Obviously there was no paperwork involved in that either and that it was agreed to be a short term loan.

Well ... I'll pay them back but they're not really too fussed whenever, but not right now.

Some of the funders, however, tended to see the provision of funds as something else and often considered it a gift rather than a loan:

Q: So, they are adamant that they want to pay it back to you?

A: They do, they said they want to. Maybe I should ... I'd be happy for them to have it

Or even a bit of both:

I would go even further and say it's more a gift. Here is the money, if one day you find yourself in a position to pay it back well wonderful, if not, I mean I've forgotten about it already

So the nature of the funding is far from clear. In the cases where the participants said there was an agreement, it sounded somewhat vague in nature. The agreements were invariably based on mutual understandings and on an informal basis”:

Q: So it's just basically all trust from your point of view?

A: As far as I'm concerned, formal agreements are for lawyers.

The funder provided funds to enable the entrepreneur to achieve their goals. This principle purpose was unselfish (in that no pecuniary return was expected) and informal. The entrepreneur also tended to exhibit similar unselfish attitudes. Even though they have received the funds to achieve their goal, a sense of the humbling experience was evident in a number of interviews.

They've given everything for me to be able to do what I need to do

For example, one entrepreneur who had received funds saw her obligation to repay the money because her parents could use the repaid funds to better their lives in retirement:

...i feel very blessed but at the same time I feel very committed to help them have the life they have been working for.

A strong sense of care about the money was evident, not for the money's face value, but for where the money came from and what it meant:

I guess if we just won lotto or something like that, and we had all this money, you might not care if you didn't do well with it, whereas I know it was my parents' money

Many saw the best way to repay the funds was more than the physical repayment of the funds. The greater repayment was to be successful. This would repay the trust and commitment, and acknowledge the importance of the commitment to the future that might be, to realise their goals, to be successful:

I've always you know, I want to be successful, not just for myself but also to repay them and then give them something else as well. So if I can give them you know, I mean if I can repay that and give them more I'd be happy to do so. It's not interest it's more,

This thematic diagram reinforces many of the underlying essences that have emerged throughout the analysis. The sense of a future, a future that requires tenacity and fortitude to realise, but one that can only be realised through the love and care and unconditional support from family is revealed through this theme. This support in turn creates an obligation to succeed, but an obligation different to the simple financial commitment to repay moneys received. The future is there to grasp, but the future is envisaged by both the entrepreneur and their family financier – a deep sense of the life that can be and the relationship as core to that life.

4.5 Individual structural descriptions

The following set of individual structural descriptions provides an account of the understanding developed through the process of data collection, analysis, synthesis into themes and imaginative variation. They are explanatory accounts that describe what is going on. Each participant has a story about their experience of within-family finance; this story is understood through the lens of the participant's telling of that account and my interpretation and understanding through the conversation with the participant. By writing each account, deeper understandings of the meanings are elucidated. Phenomenological research is based on the writing and construction of meanings as evident from the data (Moustakas 1994).

4.5.1 Participant 1

Participant 1 is a family and friend funder. The participant had a number of experiences both with his own children, but also with one of his children's close friend, and later his son-in-law. The driving force behind the provision of funds to his family appeared to be a desire to see them follow their passion. However, this passion was aligned with his own interest, particularly in wine. Even though there was an interest in the product, there was no interest in becoming part of the business. Of all the participants in this study, this person was probably the most experienced in business growth. He had other investments in which he had equity stakes, so it was even more interesting to see that the family context was seen as a very different activity to normal business ownership and investment. The arrangements for repayments were very flexible, with an expectation that the money quite probably wouldn't be repaid in full in any case. Another aspect of this is that the business that this participant helped fund had a broader benefit for the family, in that he saw business as the means by which the extended family could prosper. He saw it as 'good' that success was part of the family. This experience

was followed by more attempts at within-family finance, including trying to engage larger companies to co-invest. This really was a departure from other participants in this study, but was probably a function of the contacts that this particular participant had. Helping family led on to helping friends and has been a source of interest and engagement, but not always financial success. The prospect of being able to help because of a familial or friendship base is the driving force for this participant, so emotional connection is fundamental to the way the investment within the family is perceived – it's the thought of helping them to achieve their goals the principle motivation.

4.5.2 Participant 2

Participant 2 commenced her business with the knowledge that funding was a serious issue. She was able to obtain a small business loan from the NAB, but this was not enough. Her father provided \$5,000 to her and her sister provided \$1,000 to help out when the cash was needed. Her partner supports her by paying all the home bills from his wages. In this case, there is significant financial assistance which could not be identified in the normal business accounts and the business could not survive without that level of assistance.

In addition to the cash support, her father, mother, sister and partner have all contributed a significant labour component. There is a common sense of commitment to the enterprise beyond Participant 2, even though it is her passion and drive that has started the business. Participant 2 believes that there is a clear family intent for the business to succeed and sees the cash injection as an indication of their support. Participant 2 talks about the pride that her parents have in the effort she is making.

The offer for funds from Participant 2's father arose through a family conversation about the business. Her sister offered to help when needed, and her partner has been supportive of the idea from the start and committed to assist by supporting the domestic finances with his wages. There is a hint that there may be feelings of stress at times between Participant 2 and her partner, but at this stage seems to be of no serious concern.

Repaying the money is a priority for Participant 2 even though she referred to the money as a gift at one stage. There is no clear agreement reached between her and her father regarding conditions of the funds. Participant 2 has a very strong commitment to repay it though.

There is a sense that she would like to do more than repay the money though, and she refers to wanting to help her parents live a comfortable life in retirement.

Similarly, the fact that she did not repay the \$1,000 to her sister when Participant 2 thought she should is causing her stress. Her sense of obligation to repay it, even though there is apparently no requirement by her sister to do so, causes her considerable angst.

Participant 2 is seriously considering funding from other sources as the business expands. One of these sources under consideration is family who may take a share of the business. However, she does not know much about this at the moment and it is very much only an idea at this stage.

Participant 2 sees the whole funding arrangement as an overall positive experience. The family funds enabled her to start the business and while she relied heavily on her intuition regarding the decision to accept those funds, recommends that anyone else considering doing the same should do so. She expresses that possibly a written agreement sounds like the most appropriate way to enter into such an agreement, but thought that this was not suitable for her family. The formal written contract would send a message that the risk was very high, and that it was going to go wrong. In a sense, a written contract would remove the emotional trust and obligation which is much stronger.

4.5.3 Participant 3

Participant 3 was very aware that he needed a change in career. Even though he was a successful physiotherapist with international experience, he needed to do something that held more meaning for him. The unexpected death of a young, close family relative motivated him to think about what he was doing with his life.

His decision to start his own food business was not met with immediate approval of his parents. They had immigrated to Australia from Vietnam in the 1970s one of the first 'Boat people'. Participant 3's parents did what many immigrants have done, worked very hard in their own business to provide a good education for their children. They experienced hard times and bankruptcy, but eventually developed their own food business. They preferred professional career paths in preference to running a small business for their children.

However, Participant 3 convinced them over a three month period to support his decision. Participant 3 produced a business plan and discussed the idea at length with them. There was clearly a level of trust in him from his parents in that they supported his decision even though, from the participant's perception, it went against their instinct. Having perceived that there was no option to borrow money from a bank at that stage, the only option he saw was borrowing off his parents.

At the core of the decision to ask for money from his parents was his belief that he would pay back the money 'no matter what'. He thought that if the business failed, he would go back to his profession and make money to do that. There was a strong sense of obligation in that his parents had sacrificed their own wealth to put him (and his siblings) through private school and university. Even though the economic environment was not strong (he referred to the Global Financial Crisis) there was a level of self-belief in his ability to be successful in the venture. He thought that his experience he gained by watching his parents in their business and an understanding of how to use modern marketing techniques through social media gave him an advantage.

The money borrowed amounted to \$50,000 and came from a mix of superannuation and savings from his parents and was a significant amount in terms of the overall wealth of the family. There was no written contract, nor a specific verbal agreement, other than it is paid back with no interest. Therefore, this is a loan with a gift component. The gift is the interest that is foregone. At the time of the interview (the business has been operating for almost two years) \$10,000 had been repaid and there was no pressure from his parents to see the rest.

Participant 3 became quite emotional as he described a discussion he had with his father recently. His father had expressed his pride in Participant 3 after seeing his business success. The business is in the process of expanding and has developed a sound reputation. Even though the parents' expectations of success may have been low, their trust in Participant 3's decisions has paid off and it appears that this has been a very positive family experience.

To this end, not only does Participant 3 want to repay the money, but he wants to pay more. This is not interest, he says, but something more of a thank you for the belief and trust they placed in him. It is more than the money, it is justifying his parent's belief in him by showing them that he is successful. The stress that he felt in borrowing the money would be justified by making his success his parent's success. The money, while important, is only part of the motivation and obligation felt.

4.5.4 Participant 4

Participant 4 needed some funds to grow a business that she had been trying to start for some time. A number of alternatives were explored including government support schemes (NIES), grants, and banks. However, the conditions that she was asked to meet made these difficult. She used a variety of support from her family that included loans from her grandparents and parents and is looking for more

support in that she will use her parents to guarantee a loan for machinery and move back into her parent's home to avoid paying rent.

Her retired grandparents offered her \$5,000 that needed to be paid back, but the time frame was not specific. There was no interest attached to this money either, so the funding was seen by the participant as consisting of both a loan and a gift, the gift being the interest foregone. Participant 4 asked her parents for funds, and she also sees her parents as a sort of guarantor to the loan from her grandparents. Participant 4 reported that they (grandparents) think this is a lot of money.

There is a distinct perception that her grandparents don't really understand the business. Participant 4 related how she thinks that they think she 'still has the money' but it was invested in the business. There is clearly a low level of understanding in place, but clearly a great deal of trust on a personal basis. Participant 4 doesn't feel a huge level of pressure yet to pay it back, however, she is keen to pay back some as soon as possible.

Both her parents and grandparents are seen by Participant 4 as investing in her, rather than a business. They are impressed with her progress so far, and while they would like to see her in 'steady employment', still trust enough to invest in her.

4.5.5 Participant 5

Participant 5 comes from a family that has little or no experience in business. His brother tried and failed at business. His father saw problems with the business opportunity which Participant 5 perceived as discouraging him to go into business. However, even though this was the case, his parents supported him by offering free accommodation because they still wanted to support him and not end up in financial hardship. Even after their support, Participant 5 now avoids discussing his business plans with them because he perceives that they are negative about the business.

Participant 5 saw this support in terms of financing the start-up of the business venture to the tune of \$20,000 per year. To him, it meant freeing up cash that could be used to start business. The business would not have commenced without the in-kind financial support from his parents.

He also feels obligated to pay back some money in order to 'take care of them'. Participant 5 sees this support in terms of trusting him in what he wants to do with his life – a personal trust rather than a business investment. In response to this, he feels a strong obligation to see his parents are looked after financially. He sees it as his responsibility to do this from proceeds of a successful business even

though there is no agreement between him and his parents about this. Participant 5 senses an obligation that is bigger than just a successful business. He wants to be successful for his parents' sake and he sees this as an added motivation to work hard. There is a heightened sense of obligation now because his father recently became unemployed. This may even extend to retirement and he was the sole earner in the family.

Participant 5 has no experience in business, and sees borrowing money from anyone as a high risk. He was comfortable accepting in-kind funding, but was extremely nervous about actual cash. He is yet to prove to himself that he has what it takes to be successful, and is worried he may fail like his brother. However, if a bank would lend him the money he would feel more comfortable because risk is the business that they are in. Family is not in that business.

4.5.6 Participant 6

Participant 6 found an opportunity to run a business in an area that she is passionate about. She had business and management experience in Poland in various corporations, but her true interest lied in organic food. When friends of hers were selling an organic cafe, she dearly wanted to be able to buy it but had no finances. After exploring formal debt finance, she realised that there wasn't any way she could borrow the money through traditional channels. Being determined to get hold of the business, she approached her parents-in-law who loaned her \$35,000. Without their funds, the business could not be purchased.

There was no formal agreement regarding the loan apart from there was no expectation of interest and it would be 'nice' if it was repaid in about two years. Participant 6 isn't sure whether she is able to meet that time frame, but is determined to do so if possible. The money came from proceeds of selling the parents-in-law's house.

There was no family experience in business, no business plan prepared and presented for the loan, but significant trust in the ability of Participant 6 to work very hard at running the business. There were significant personal family motivations at play as well. Participant 6's husband worked two weeks on, two weeks off in the mines, so was absent much of the time, and they had recently had a child. The parents were keen to assist Participant 6 and her husband to find something that would allow him to not have to travel and be absent from the family. This business opportunity provided that. It is clear that there were emotional issues at stake that went beyond the business opportunity. This was an investment in the family as much as a business.

There is a significant feeling of obligation by Participant 6 to her parents-in-law to pay back the money. The fall-back position was to sell the business or other property that they held. The drive to succeed, however, was keenest as she described how she has had to build up trust and confidence with her parents-in-law. As an immigrant from Poland, she perceived that her parents-in-law didn't expect much of her. However, after a number of successful activities such as managing and promoting the Vegan Festival and completing university studies, she has turned this around to the extent that they are willing to invest in the business. However, there remains a burning desire to continue to prove that she can be successful and justify the trust placed in her.

The feeling of obligation to succeed was beyond the business success once funds were accepted from the parents-in-law. The thought of ruining the relationship by such activity was significant, and the business success was going to justify the trust and faith that the parents-in-law had shown and which had strengthened the relationship further. As a contrast, money from a bank is completely unemotional, and there is much less personal commitment.

4.5.7 Participant 7

Participant 7 started her business after having travelled widely and receiving training in the Pilates method in Canada. A ballet dancer and teacher, she was looking for an opportunity and decided that teaching Pilates was a passion that she wanted to pursue. To do so required funds; the equipment needed was not cheap and she understood the necessity of investing in marketing and meeting business start-up costs.

She recently settled in Adelaide with her husband, who comes from Adelaide and whose parents live here. The relationship with her parents-in-law is, therefore, quite young in terms of family. However, there is an obvious strong sense of trust present. The mother-in-law often babysits Participant 7's young child, and this also assists her in the running of the business.

When Participant 7 realised that she wasn't going to be able to get finance from any other sources, such as a bank, she discussed the issue of finance with her parents-in-law along with a rudimentary business plan. She reported that the money was forthcoming very easily, and suggests that it was as much offered as asked for. The loan is a type of advance that is taken out in the parents-in-law's name, but Participant 7 has full access to draw down or repay it as she needs. In this way, she is responsible for the interest incurred, but it is a low rate and affordable. The repayments are made regularly, and she has never missed one.

Participant 7 describes herself as very independent and found it very difficult to ask for, and accept, financial help to start the business. She is very aware of the possible loss of independence by accepting finance from her parents-in-law, even though they don't interfere to any real extent. It is a real issue though, and even though the relationship at the moment is very strong, there is an awareness about, and desire to keep, her independence in running the business.

Accepting the money with no strings attached was difficult for Participant 7, so she offered a share in the business to justify the investment. This was not, however, accepted. From her perspective, 'no strings' usually did not mean that. Even though she accepts that the parents-in-law don't have any requirements, Participant 7 feels a very strong sense of obligation. She sees this as the 'strings attached' to the loan.

The obligation that is felt is the absolute commitment to repay the loan. Even if the business fails, the loan will be repaid. The loan is for \$25,000 which Participant 7 saw as a large risk, but one that she could manage if the business did not succeed. The plan is to have the money repaid in about three years, but she also is clear that expanding the business will require more funds by then. The loan is not in Participant 7's name, nor the name of the business. This is really a personal loan with no documentation between Participant 7 and her parents-in-law. It is based on the trust of the parents-in-law and obligation from Participant 7.

There is a sense of being very lucky to have access to funds from family, and knowing someone who is trying to start a business without such support has made Participant 7 realise the value of it. She is very positive about the experience. Even though she knows that there is a significant risk in the relationship should something go wrong, this drives her motivation to succeed even more. There is a need to pay back the money, but the 'strings attached' result is an increased sense of obligation to succeed for the relationship as much as the business.

4.5.8 Participant 8

Participant 8 comes from a family where both parents have extensive experience in starting and running a business. Although Participant 8 was a successful physiotherapist, she had a passion to solve a problem that she had experienced since her early teens. Participant 8 had large feet. Buying nice shoes was a particularly difficult problem for her, and she suffered significant emotional stress throughout her teens and early adult life. This is a problem that is experienced by other women, and availability of good quality large size footwear in Australia was minimal, if non-existent. She vowed to

solve this problem one day, and this was the genesis of her business. The business commenced as a retail outlet in the Central Business District. However, after a few years, it was obvious that the location was not ideal. Participant 8 decided to shift the business to on-line only sales, supported by regular demonstration sessions where clients were invited to view the latest season's shoes.

Before starting the business, Participant 8 spent considerable time discussing her business ideas with her parents. Eventually, she committed to doing something, and along with the realisation that a bank was not going to lend money to start a business, her mother offered her a financial solution. She would access funds by borrowing from an industry fund in her name, and allow Participant 8 to access the money for her business. A \$100,000 interest only loan was secured for the start-up capital. Participant 8's parents, while successful were not in a position to fund this amount out of their own assets.

Along with the money came significant encouragement, particularly in the early stages of the business. Participant 8's father accompanied her to Italy to search for shoes that would suit the business, and offered advice where possible. Participant 8 also continued to work part-time as a physiotherapist to keep cash flowing while the business started up.

The business would not have commenced without this assistance because there was no other alternative at that time. Participant 8 was willing to go ask her husband's parents, but this was not a preferred option.

There was a time where Participant 8 needed a small amount of money (\$5,000) for a short period of time to solve a cash flow issue. She was wary of asking for more funds from her parents because they had already helped so much. She discussed the issue with her husband and decided to ask his parents for the money. This small amount, however, caused significant stress. The relationship dynamics were very different because their attitude to money was in contrast to that of her own parents. Even though the money was forthcoming, and appeared to be provided willingly, Participant 8 felt very uncomfortable. This money was paid back within a few weeks, and since then she hasn't asked them for any more. Money and business was a common theme of discussion in Participant 8's home, but her husband's family never really talked about it. They were both career people, successful, but remained in paid employment for long terms with the same employers. This contrasted with Participant 8's parents who both run their own businesses.

The fact that her parents were willing to invest such a significant amount of money in her provided a sense of ratification that she was doing the right thing. She felt that if they weren't willing to support her, she would feel that the business was not a viable option. Even if they provided the money with

reticence, her stress and pressure would have been significantly higher. As it is, she is very comfortable with the arrangement and feels no undue pressure to perform. There is a sense of being able to concentrate on the business without having to worry about a commitment that distracts from the business itself. For example, when changing strategy from bricks and mortar retail to on-line, there was no issue with her parents. A formal loan contract, however, may have restricted or impacted on such a major change in strategy.

Participant 8 questions what money is; it appears on statements, gets transferred around from computer to computer and is never seen. With this attitude in mind, she is still clear that \$100,000 is a significant amount of money. She feels a very strong obligation to pay it back even if the business failed. A fall-back position would be to go back to her profession (physiotherapy) to earn money. The current plan is to get the business to a position that a bank would lend the money to it and that would be used to repay her mother's loan in full. Participant 8 sees this as tidying up and building the business to the point that it can exist without relying on funding from family. Only once it is financially independent from the family support can she conceive the business as a success. She feels that she would like to relieve her parents of any involvement in order to make her feel better about the whole arrangement even though there is no perceived overt pressure or concerns from her parents about the money.

4.5.9 Participant 9

Participant 9 has received financial support to the tune of \$4,000 from her partner. He is a successful business person and has been able to provide significant support from both a financial and managerial perspective. She could still operate the business without this support, but it would take much longer. The funds have been provided as an investment in the business from Participant 9's point of view, but she thinks that her partner is not particularly worried about getting the money back. There is nothing in writing and no formal agreement. There is a suggestion that this investment could be expanded as the business grows, and if so, then a formal agreement may be entered into. Participant 9 hopes to have this repaid in a year or so.

Participant 9's business is in training, and mostly in the retail sector. She is in the process of working out the best way to develop and grow the venture and has had some small successes so far. At least one of the successful activities was in conjunction with her partner, so the business is clearly supported on a number of levels by him. There is the cash, the advice, discussions, and probably introductions to potential clients. This supportive business relationship is underpinned by a very deep emotional bond.

Participant 9 did not approach any banks for finance. She perceived that there was no point given her current financial situation. More importantly, she was concerned that the bank would not be supportive of her business idea. Up to this point, she had received positive feedback about her concept and did not want to be discouraged. Her partner, on the other hand, provided significant emotional support and encouragement. This was just as important as the cash that was provided. The money was really the confirmation of the belief in her idea as much as financial support. After all, she could have continued on without it, albeit slowly.

Participant 9 feels that it is imperative to repay the amount with a dividend. This is important to her because it is a way of validating her business concept and being very grateful of the funds. There was much discussion about the business between them because Participant 9 does not like to borrow money anyway. She was very keen to do this on her own. Accepting cash from her partner was a significant decision, but didn't result in guilt or bad feeling. There is, however, a significant feeling of obligation from both a financial and emotional perspective because of the trust in her that her partner has shown.

This feeling of an obligation has resulted in a heightened determination to be successful to repay the trust that was shown. In addition, because it is someone very close to her that has shown this trust, there is even more incentive to succeed. There is a deep level of this commitment that goes beyond just repaying the money with a dividend. There is the validation of the trust on one level, but also the emotional issue that the trust shown was from someone intimately close. Participant 9 feels this deeply and is very positive about the experience.

4.5.10 Participant 10

Participant 10 has provided funds to her granddaughter (which this interview concentrated on) but she has also provided funds to other grandchildren and her own children over many years. This activity is very much a part of the family culture. Participant 10 and her husband operated their own businesses for many years and the experience has left them with the capacity and understanding to be very happy to financially assist other family members to do the same. Her children all ended up becoming involved with their own or the family businesses in one way or another. As far as grandchildren are concerned, she pretty much leaves them to their own devices as far as business advice is concerned, trusting in the family to assist as she had done with her children.

Participant 10 has a clear desire to see her children and grandchildren succeed. She perceives that they work hard and would not waste money. There is a strong sense of trust that they would do the right thing with the money. There is a sense that their upbringing has educated them in how to run a business by perseverance and hard work. She would like to give more, except that the taxation system discourages it. She has provided money both as a loan and as gifts over time.

The money that is provided in this case is clearly a gift. There is no strings attached and may be considered as an advance on their inheritance. Participant 10 has a strong sense of the money doing more good now rather than waiting until it later when it may not be as useful anymore. She is very proud of the progress that her granddaughter and her partner had made with their business endeavour, and was very confident that they had the expertise and energy to be successful. She gets a feeling of pleasure out of helping and that is all that is needed to be of help in this way.

4.5.11 Participant 11

Participant 11 has always thought that he would like to run his own business. He had an attempt previously and, while he was only marginally successful in that endeavour, he enjoyed the experience. He has friends and has met others who have businesses, taken a short course on running a business, and is inspired to do something himself. His main motivation is to fund his retirement which is expected to be within three years. To get a business up and running as soon as possible requires funding that he doesn't have.

He works in the financial industry so understands the limitations of bank finance. He plans to use funds from his father-in-law to get the new business up and running. This is in the early stages of planning. The structure of the finance is probably going to be a loan or possibly as a share in the company, but he does not expect to pay significant interest or dividends.

He does not expect that this money will also come with advice. He is very wary of accepting business advice from family, and would prefer to use professionals for this. However, he also mentioned that a friend who is very successful in private business could possibly come into the business with him, but is not sure about that yet. If this does happen, there may be a chance of having his friend invest in the venture as well as his father-in-law.

Participant 11 is planning and designing this business opportunity with family and friend funds from the beginning. He knows enough of the financial industry to know that this is the only way he can establish the business using external finance. The risk of family relationships is seen as minimal because he is

adamant that he will structure the business in such a way that he will accept the risk, rather than any investor. How this could be done is, however, yet to be determined.

The desire to start a business is in response to a family aim, in particular driven by Participant 11's wife, to be able to retire from their current employment within three years. A lack of superannuation has led Participant 11 to conclude that a business venture is an appropriate means to do this. Financing the new venture will be by using funds provided by his father-in-law. This has the potential to make the arrangement somewhat complex in that not only is the father-in-law emotionally involved with the financial aspect, but is also keen to see the goals of the Participant 11 and his wife come to fruition. There is a clear emotional connection between the investment, which is not going to return substantial interest or dividends, and the desire to assist his daughter and son-in-law to achieve their goal of retirement. Participant 11 expresses the investment by the father-in-law as more than just a financial endeavour; it is facilitating the lifestyle of his family and is relational in nature.

4.5.12 Participant 12

Participant 12 has invested in his partner because he believes in what she is doing. He understands that there is a high failure rate in new business ventures and is keen to help avoid this trap for his partner. He thinks that to start a business on your own is almost impossible, so sees his assistance as much greater than simply funds.

Participant 12 has experience in business and wants to use that expertise with his partner's venture. He has a strong belief in the business opportunity, but even more than that has a strong belief in his partner's future business potential. Even if this business does not succeed, it is a building block for the future. This commitment is from a very deep and personal relationship. It is not completely driven by business analysis, yet there is an element of believing the business has potential.

The money provided is seen as much as a gift as anything else. There is no formal agreement, just complete trust and emotion. Money from a source such as this also allows him, in Participant 12's opinion, to alleviate financial pressure on his partner. He expresses how he perceives many businesses fail because too much focus is on paying back a loan, rather than building the business. The focus is wrong in that one could starve a new venture by paying back loan money instead of investing it in the growth and future viability of the business.

The entrepreneur can concentrate on what is important when the funding is through an informal, unstructured mechanism based on trust, as they don't have to worry about the repayment time frames

and pressures and possible legal complications. Finance from a bank is difficult, if not impossible, to obtain because they do not accept that the business may not make any money for the first 18 months or so. Nor do they accept that this business may not be a raging success, but the next one may be. The clear difference between Participant 12's view on this finance and a formal arrangement is that Participant 12 is investing in the person...whether this is the business or not is irrelevant. A bank is loaning money for a business activity, and wants to see that business be profitable enough to pay back the loan.

Participant 12 is very concerned that this type of financing could be discouraged by government tax policy. If gift duties are introduced, such family financing would become untenable. It is already difficult for people on retirement pensions to do so due to the gift laws in place there. He is very conscious that family funding may be termed equity, loans, or other investment, but in reality it is a gift because of the nature of the manner in which it is done without any formal or informal agreements in a lot of cases.

Participant 12 reflected on how, as he was developing his businesses, he received in-kind assistance from his own parents. As the discussion progressed, he also realised that within his family, there had been many occasions where money was made available for short or medium terms to each other in informal ways. He realised that this was a family cultural norm to move money around to enable activities.

Money is nothing more than an enabler. It is there as a tool. What is it anyway? It is simply a means to an end and not an end in itself. This is the core of why the money provided to his partner is not simply money, but an enabler for her business, as well as an emotional support, confirmation that she is doing the 'right' thing, building her expertise for the future, and confirmation of the deep relationship that is based on trust and support.

4.5.13 Participant 13

Participant 13 is in business with her husband and has seen some significant early success. Finding funds to start the business created significant stress. The experience of trying to obtain finance from banks was very demoralising and difficult. It left her feeling that maybe the business was not a sound proposition and impacted on their self-confidence. After attempting to get finance from a number of banks, her parents offered her the \$20,000 they needed to start.

Participant 13 did not accept the offer immediately because she and her husband were determined to be independent and wanted to do this themselves. The thought of accepting a handout was not in their

nature, and did not want to feel they were reliant on anyone. The thought of having an obligation to family was uncomfortable. However, they finally agreed, and experienced exactly the obligation that was anticipated.

There was a relief though that finances had been secured, and that the awful experience with the banks could stop. There was also a sense that someone believed in them. The money was more than just enabling them to do what was needed to get the business up and running; it was confirmation that someone emotionally close to them believed that they had the ability to be successful. This affirmation was very important to their self-esteem after experiencing the difficulty in dealing with banks.

Her parents took out a loan in their name and gave it to Participant 13. The commitment that Participant 13 made was to meet the monthly payment so as not to cost her parents anything. It was considered a loan from the start with no suggestion that the parents had any financial interest in the business.

They worked extremely hard to build the business and paid back the money after only 12 months. Paying back the money, even though there was no pressure at all from her parents to do so, became their highest priority. Participant 13 was adamant that the business was going to be built on their own effort.

Her husband's parents are very wealthy, yet they did not approach them for finance, even as the banks were refusing to help. The relationship between the husband's parents and Participant 13 was very different to that with her own. Participant 13's husband's parents had been discouraging to entering business previously. Her husband had been successful in previous jobs and she perceived that any success, even though not encouraged, was often attributed by his parents to themselves. Participant 13 perceived that had her husband's parents provided the finance, not only would they feel an even greater obligation, but credit for their success would be taken by them. Accepting finance from her own parents, in contrast, had no such emotional risk. Yet, there was a significant financial risk taken by her parents compared with the relative financial risk in terms of family wealth that would have been incurred by her husband's parents. There was a great deal of emotion tied up with the decision to accept funds at all, and the additional emotional cost from her husband's parents was not acceptable.

If the funds were not forthcoming from her parents, they could not have started the way that they did. Participant 13 would have gone back to work to earn a wage and they would have had to sell the family car to fund a business vehicle. The result would have slowed the growth of the business significantly and added a significant risk to the viability of the venture. They were prepared, however, to do that before they would be willing to approach her husband's parents for financial assistance.

4.5.14 Participant 14

Participant 14 was 19 years old when she and her husband had an opportunity to purchase a business. At the time they had a new baby and were living in a different state to her parents. The business opportunity, however, was near to her parents' home. Participant 14 can't clearly remember exactly how the financial arrangement with her parents came about. They financed the purchase of the business with \$70,000 and also went guarantor for a \$10,000 overdraft for working capital. In addition to the cash, they signed the lease agreement and sub-let the premises to Participant 14 and her husband.

The motivation for this investment was understood by Participant 14 as both as a means to support her and her young family both in a business sense and also to get them back home. The emotional motivation was apparently extremely strong. So much so that Participant 14 thought the money to purchase the business was agreed to before the actual opportunity was fully explored; the most important aspect was to get the family home.

The father was diligent once the opportunity was examined though. He helped Participant 14 and her husband develop a kind of a plan and build some expectations about what the business could do in terms of turnover and profitability. The money was provided without any written agreements, but it was an understanding based on trust that it would be paid back on a monthly basis. Participant 14's parents had just retired and could not afford to give them the money. They did not want to be involved with the business, but did help out from time to time.

Participant 14 had a very difficult time with this arrangement as her husband's behaviour became more and more destructive. He was an alcoholic and gambler. All the money that was made was lost and the obligation that Participant 14 felt to pay back her parents was not met. Eventually, the parents had to take action and with the support of the rest of the family took over the business. Participant 14's marriage broke up, they were officially evicted from the lease, and her parents took over the business to try and recoup their losses.

The relationship with her parents through this time was difficult, but survived and the issue resolved. Participant 14's parents operated the business and Participant 14 now worked for them. Eventually, the business thrived and her parents found themselves running an extremely successful and financially rewarding enterprise. They also found that they enjoyed the business experience once the family and

emotional issues were resolved. Participant 14 continued to work in the business with her parents until it was sold at a solid return on their original investment.

Participant 14 reflected that if she was to accept family finance again, she would make sure there were written agreements in place and would advise anyone else to do the same. She would also try to be more realistic in assessing the risk, from both a purely business aspect and the emotional and relational aspects.

Participant 14 learned a great deal about running a business and has since gone on to learn more about small business management by attending short courses. She has started up another enterprise. With the education she has received through her experience, she thinks she is far better placed to make sound business decisions in the future.

4.5.15 Participant 15

Participant 15 is a successful business woman and has financed her daughter into business. She has done this by using her own financial ability to borrow funds and on lent that to her daughter. The amount is \$100,000. With her experience in starting a new business and expertise of her husband who has always worked for himself, they were keen to encourage their daughter to pursue a business that was clearly a passion for her. They were very comfortable about providing this support and encouragement based on their own experience and with the belief that they could provide more than just money.

The amount is significant and Participant 15 would like to pay it back one day. However, there is no immediate imperative to see the funds returned. There is no formal agreement in place other than trust. Participant 15 was somewhat hesitant to begin with. However, she could see the passion and determination that her daughter had for the business opportunity, and could also see there was indeed a very real opportunity in the market. Without her support, she believed that her daughter could not start the business. The fact that there is no pressure applied to pay back the loan is important because Participant 15 understands the distraction that a large debt can have on a new business can be detrimental. She wanted her daughter to concentrate on getting the business up and running without worrying too much about having to meet financial deadlines.

Not only does Participant 15 provide financial assistance, but she allows her to use her business premises from time to time. There is no monetary exchange for this, but it is a significant cash saving for her daughter. There have also been some small amounts of money that have been gifted. This is

seen as something that is provided regardless of the business, and will be matched for her other children.

There continues to be some discussion about the business, but most of the time, particularly at family gatherings, there is little discussion about it. There is a strong sense that her daughter is running her business, and that even though Participant 15 has funded it to a large extent, she has no role in its ongoing operations.

There is a feeling that there is a dual relationship present. One is the business financier, who should have an accurate reporting structure about what is going on in the business, but there is also the parent relationship and the wariness of becoming interfering. Emotion is stronger though, so the parent relationship is stronger than the business relationship in this instance. This was experienced right from the beginning when the funding was first discussed. Even though Participant 15 knew a business plan with a formal repayment structure was an appropriate business approach, the relationship and the willingness to help was the over-arching motivation. By not questioning her in depth about the business, Participant 15 feels she is sending a signal to her that she has faith and trust in her to run the business and is doing the right thing. There is a sense that the encouragement that both Participant 15 and her husband provided at the beginning needs to be reinforced.

Participant 15 is very positive about financing her daughter and thinks it is a good thing to do. She has also helped one of her other daughters' partner set up a business – not by financing him, but by providing an opportunity to do significant amounts of work for her business. She is conscious that his parents, though quite wealthy, are reticent to help him out at all, and sees this as a reflection of a lack of faith in their child. Participant 15, having great faith in her children, perceives this as somewhat unfair so attempted to rectify the situation to some degree by at least giving him a chance.

4.5.16 Participant 16

Participant 16 wanted to start a business for a number of different reasons. She was craving independence, a way of providing relief from looking after her two very young children, having a social avenue, and self-satisfaction of experiencing success. She had an idea that came from the UK, and thought that it could be worthwhile seeing if it would work here in Australia.

To start, however, she needed funds. Banks proved very difficult – her husband is self-employed, there wasn't enough equity in their home and she had no other means of income, etc. She couldn't even get a credit card with a decent amount of credit. Eventually, she found a financier who advised her to use

her child's trust account (basically borrowing off her son) and a small amount of re-draw available on the home mortgage. This was still not enough though.

Other assistance came from her husband who was able to do a lot of work on Participant 16's business but not charging for his work or materials.

Participant 16's father-in-law was a business man and understood that funds are needed to get any business up and running. When she asked her parents-in-law for money to assist in the business, they readily agreed to support her. Participant 16 had great difficulty in asking though. She sees herself as very independent and found that asking for help was very hard. She was, however, at the point where if more funds did not become available, the business would collapse. There was a complicating factor in that her parents-in-law lived in the UK. So, the deal was for them to visit Participant 16 and her young family over Christmas, and while here, have the chance to babysit the children. Not only were they happy to be here for the emotional support for Participant 16 to launch her business selling Christmas products, but were able to help financially in both domestic and business terms. There was also expertise and advice which accompanied the financial assistance.

The money, \$10,000 was given as a gift with no expectation of getting it back. However, Participant 16 felt a very strong need to do so, and was working out how to do it in a way that looked like it wasn't a direct repayment. Her feeling of obligation and appreciation of their support is such that she would pay them back in some way. The business was struggling, so the chance of a financial disaster was high without the support they provided.

Their encouragement was also very important. They were able to assure Participant 16 that a new business is often very difficult and cash flow is usually a problem. That reassurance along with the financial assistance both at the business and private level kept the business afloat.

4.6 Textural structural synthesis

The following textual structural description synthesises the thematic structure, individual textual descriptions, and the individual structural descriptions. The passage that follows presents an understanding of the phenomenon in light of the interpretations of the experiences of the participants. It alludes to an understanding of the phenomenon and provides a deeper meaning that has become evident through the phenomenological process. This is achieved through the conjunction of the participants' experiences and sense making and the imaginative input of the researcher in the generation of new knowledge; the core of the phenomenological method.

Participants are faced with many choices when they decide to commence a business. Choices include the nature and structure of the business, the legal basis, partners (not in the legal sense), location, and timing amongst others. These choices are limited by circumstances that are seen as constraints on the achievement of a future that is desired. The particular participants in this study have chosen to pursue an entrepreneurial solution to their future goals. Herein lays their main constraint to that solution – finance. Participants report a limited choice in finance. They generally know that funds can be obtained from various sources, but feel restricted in their possibilities. They could use their own funds, if they had any, but most believed they did not have the amount needed. Banks are recognised as sources of funds, but perceived as unavailable to them for a number of reasons or not even worth bothering about. A few participants approached banks and were turned away. Yet others accepted family finance before doing so.

I have kind of looked into it a little bit with my dad but I was going to think about getting a loan [from a bank] and then my grandparents offered to lend me money, so that's how that came about

Some participants, through either experience or reputation of banks simply dismissed them as an option:

I did consider it but it seems an uphill battle to actually explain what it is that you're wanting to achieve and what it is that you're wanting to do and for them to be as passionate about it as what you are. And I guess that's kind of put me off a bit

For those who did try bank finance, reasons for not being successful included lack of assets, lack of a business plan, or lack of an independent means of repaying the loan. The inability to secure bank

finance also has a major emotional impact by sending a message that the business is not worth investing in. This is personalised by the applicants and they feel that they personally aren't worth investing in:

It was terrible I think I applied through a couple of banks...so it was – effected confidence I guess a little bit

This is in direct contrast to funds being available from family that sends the opposite signal; that they are worth investing in. This is an important insight. Bank finance, even if possible, did not provide anything other than a means to an end. Finance from a bank is simple and utilitarian, whereas finance from a trusted, loved family member is complex and instrumental (Brush, Greene et al. 2001).

None of the participants thought that formal (such as venture capitalists) or informal (such as business angels) equity finance was an option. In fact, many did not know what these were, and if they had heard of them, would not know how to approach them. However, micro loans and competitions are very much on the possible finance list for some of the participants:

I've been entering lots of competitions, like there's a Qantas one at the moment, the ... one and you win like \$5000 and a mentor program for a year and flights to London and things like that and then another one for small business achievement award, SA awards or something, just been doing things like that to get my name out there and to just get some cash

Funds that are available to commence the business from family becomes the 'lifeline' to commencement. Without it, the business would either not have started, or it would have started with such a lack of funds that the business would have been stressed and likely to have failed. Many reported that they simply would not have started without the family funding support.

if my parents hadn't been there, then I probably would have put the business on hold

One participant recalled how the timing was perfect for the business but a lack of funds would have meant the business would not have commenced because by the time they could save up the money, the ideal time may have passed:

Yeah the timing was right but we didn't have money

Once they realised that funds were needed from a source other than banks and their own resources, the choice to ask for the money was confronted. Some participants were offered funds from their family without asking:

It was offered; from my grandparents it was offered

This was usually after a discussion with the family about the difficulties in raising funds. One participant refused the first offer, and subsequently accepted as the reality became clear – that the start-up wouldn't happen without it.

Others report that they asked for the funds up front. This was often accompanied by nervousness, trepidation and questioning whether this was the right thing to do.

I don't really ask for money and things like that, it was very hard

I'm a very independent girl if I can't do it, it doesn't get done it's as simple as that so I was just like right we'll ask them and as soon as I did I regretted it; it was like oh my god why have I done that

Sometimes this was done within a meeting (over dinner for example); one of the participants reported a three month time lapse before accepting help. Even if the funds were offered, there was often a sense of trepidation in accepting the money. There is a wariness of what could go wrong accompanied by a sense of relief and thankfulness. There is a contradiction at play. There is a sense of relief that the business can indeed start, but the relief is accompanied with a realisation of a personal obligation that comes with the financial assistance.

because this would be the worst thing to borrow money knowing that you're going to fail and have no, or borrowing knowing that you're not going to give it back, and then ruin the relationship, that's pointless

and,

I think that was the biggest issue is knowing how that can turn sour and really not wanting that to happen

The money that is provided by the family is rarely, if ever, accompanied by a clear and unambiguous understanding of what 'type' of funds it is.

There's no terms, no terms with the conditions at the moment. The base is that I will repay them with no interest...Just verbal

Traditionally, businesses are funded by owner's equity, external equity, debt, or gift. With family finance, most receivers of the money consider it money that must be repaid.

However, the manner and time of this repayment is often not discussed or on a casual basis. Interest is usually not paid, and if it is, it is only to cover interest incurred by the family providing the funds. Family providing the funds are not expecting return on investment in an economic sense. Many cases report that the money is not even expected back, or if it is, the time involved is very flexible. As an example, the following family financiers said:

If we can help you now we'd rather do it now than when we go there's going to be nobody to help you so I can't imagine they're going to say look this is a loan

I would go even further and say it's more a gift. Here is the money, if one day you find yourself in a position to pay it back well wonderful, if not, I mean I've forgotten about it already.

One of the fund receivers recounted how even though there is an understanding that the funds are not expected back, there was still a desire to treat them like a loan:

I mean to him it's probably more of a gift and he's not really interested in whether he sees a return, but for me, I would prefer that he has a return

None of the cases reported an equity position in the business; there was, however, often a significant emotional connection. The success of the business is significantly linked to the success of the person. The finance that is provided is more about helping the success of the person rather than the business, even though these two aspects are tightly interwoven. Even if the business was to fail, there is a sense that the assistance to start a venture is as much a personal development and educational process as anything else. The funds are an investment in the individual, provided through love and commitment and a belief in them.

Because they work so hard, and these times are tough, but if they get off the ground, then – well we've got the money to help them, so it's a pleasure to us to be able to help them, there's no other reason

And I'm pleased that we can help her. And it would have been terrible for her not to be able to do what she wanted to do because we couldn't help her

In a number of cases, money is accompanied by non-financial assistance. These include looking after young children, providing real estate at no charge, helping out with labour in the business, providing introductions and networks, etc.

Trust plays a significant role in the relationship: trust that the money will be used for what it was intended, trust that the receiver will do the right thing, trust that the person will try their hardest, trust that is often unspoken. Funders all showed levels of belief and in some cases active encouragement. The provision of funds is saying that we do believe in you and we'll prove it by helping with money – it is a concrete expression of trust and belief.

probably ... it's sort of like telling her that we've got faith in her and that she can do this

In return for that level of trust, a reciprocal obligation is experienced by those receiving the funds. There is a very strong sense of obligation to repay the money. No matter whether it is couched as a loan, gift, or unspecified. All participants expressed the sentiment that even if the business did not succeed, they had thought about how the money would be repaid. The means to do this often involved returning to a previous career, getting a job, etc. One expressed this as:

The only reason I couldn't pay it off is if I became sick or died or something like that and I couldn't do it.

An emotional obligation was very clear amongst the participants. This was a need to justify the trust that was shown by their family to start the business.

she thinks that I'm capable of doing it

When someone close had shown a deep enough trust to invest in them and their attempt at business, the importance of succeeding in business was perceived from a different perspective. Success of the business in its own right was important, but important for the relational reasons as well as the (usual) financial reasons. In the perception of the fundees business success was seen as a way to confirm that

the trust was warranted. This resulted in an obligation felt to show their family that their trust was well deserved.

But in terms of the financial support, it was a very honest token of support. There's no conditions alongside that.

Success in the business became important in the scheme of the relationship dynamic. They didn't want to let them down by failing at this endeavour. Interestingly, if they were able to fund the business through a bank, they expressed that that would be a very different relationship. The bank would be an unemotional transaction, and risk was their business. Funding from family means a heightened desire to succeed and clearly beyond what could be termed "normal" motivation. The desire to succeed is strong and this is not unusual amongst entrepreneurs, however, there is a clear sense that this motivation is greater than a financial imperative or personal pride. When the family invest they are also saying:

There's a lot of encouragement that you can do this

The sense of needing to repay someone's trust, someone who is close and respected is greater than that which is simply internal. The funding was not only the means to start, but a concrete and 'honest' confirmation of the belief in the entrepreneur and the belief that they can be successful. This belief provides a profound need to be successful to say:

'thank you' for your belief and support. The money is only one facet of the assistance to commence the business

The obligation was always with the entrepreneur though. None of the participants who provided funds expected significant returns on their investments. Some did think that they would eventually get their money back whereas others simply consider it a gift (almost an advance on their inheritance concept).

None considered the funds to be so desperately important that legal contracts be drawn up. However, this lack of legal contract did not lessen the emotional contract. Legal or written contracts were deemed to be something that could actually get in the way. It sent a message that the funds were more of a financial transaction rather than the emotional one which is evident.

I suppose it's basically just gone on a gut instinct and a feeling that yes, we will get the money back. It might not be for quite a while but she'll come up with it. And having – probably in a

way by not questioning her, it's sort of like telling her that we've got faith in her and that she can do this

Two significant issues were apparent from some of the funders. The first is that there was a belief that by not having a formal, structured, and strict agreement in place, the entrepreneur would be able to concentrate on what was important in the building of the business, rather than needing to meet monthly repayments and starving the business of funds. There was a perception that meeting bank loan commitments could result in money that should be used to invest in the business being drained from the business. Whereas with an informal, relaxed (pay me when you can) attitude, the business stood a better chance of survival and growth. The prime motivation was to see the entrepreneur succeed – maybe a sophisticated approach to funding new business even though not as usually expected in terms of rational financing behaviour:

Somebody's not thinking, oh god I have to pay this back, therefore I have to make perhaps rash or sudden decisions about how I'm going to run my business that might not be the best long term positions.

and,

And I mean most businesses are not going to be profitable the first 18 months, and you're certainly not going to be able to justify to a bank manager that they are without lying or perhaps doing things that aren't in the true nature of your business, and much better just to be able to say right well I'm going ahead and it will take as long as it takes and when it's ready to make money it will

The second was that, in many cases, the money was simply not expected back. This wasn't true for all participants, but a common concept that it may not be paid back was certainly a very real possibility. This was in stark contrast to the obligation felt by the entrepreneurs. There were two clearly different expectations of the repayment of the funds. The entrepreneurs felt a heightened sense of obligation to repay, whereas the funders sensed that even though they (nearly) all wanted it repaid, the expectation of when or if that happened was not a significant issue. Even though we could say that few of the participants were 'sophisticated investors', the understanding of the reality of the risk involved was clear. None exhibited an unreal expectation that the new business would be very successful.

The experience of the funding was overall positive. Participants report that it was a positive experience, that they would accept funds from family again and that they would advise others to do it (with appropriate caution).

I would recommend that it happens if there's a lot of trust there and it's something that you have to be very genuine about

There was an awareness that such behaviour could go wrong, but the trust that was shown by the funder, and the reciprocating obligation to repay the money was strong.

Yeah, but I can understand how it could go very, very wrong.

There were also examples where the entrepreneurs have shown an intention to source more funds from family in the future. This is an indication that the means of funding may become normal after the positive experience. Interesting side consequences were that two of the family funders actually ended up going into business themselves and being successful. This happened for two different reasons, the first because they needed to step into the business themselves to help and the other started their own enterprise after being inspired by the success of the participant. Another couple of participants built the business to the extent that their partners were either working full-time or part-time in the enterprise, and some involved their family in a casual manner. Throughout, there is a strong sense that the participant was not on their own in business. The funds are provided along with social support, emotional support and in some cases physical (labour) support. This was often described in terms that could be best expressed as the norms internal to the family.

In some cases, there was an acknowledgement that the parents would provide for the children's future and this is one of the ways that this could be done.

well we've got the money to help them, so it's a pleasure to us to be able to help them, there's no other reason

The family norm was evident in comments that indicated that support within the family unit was normal. In fact, one participant during the discussion about how he was providing funds for his partner to start a business, suddenly came to the realisation that he had experienced similar support for his own earlier ventures from his own family. During the discussion he exclaimed that he had not thought of this as a normal behaviour, yet clearly he behaved in this supportive manner. He thought on reflection that maybe that was because that is how his family had always behaved.

It's interesting, I've never thought about this until you mentioning it, I mean I've always had sort of an ongoing thing with my own family that's very like that

Another significant aspect is that funds may also have a higher purpose than just business finance. In more than one case, funding a family member kept them from having to travel or live far from the family. This was particularly noticeable with two of the participants who had young families – by commencing a business locally they were able to be close to their parents. Support was then available, not only in financial terms, but also through emotional and child rearing support.

There was a consciousness regarding affordability. From the entrepreneurs they all thought the amounts significant for their respective family funders. From the funders' perspective, they often reported that they run the real risk that they could lose the money, but in all cases it would hurt.

All participants reported that there were no significant changes in the relationship. In one case, the relationship grew stronger, and in others there seemed to be a shift in maturity – for want of a better word – and respect for/from both parties. The participants were very aware that that this could be seen as a high risk activity and were cognisant of the common belief that relationships can be harmed by doing this.

...we talked in depth about [the financing] a lot because I don't like to borrow money, I like to try and do everything myself. So accepting his assistance was a really big thing for myself. But I don't feel bad about it and I don't feel guilty about it

Experience of the family in business ranged from completely naive to very experienced, however, the emotional contract was very similar amongst all participants. In one case, the parents had run their own business through necessity, being immigrants and unable to get jobs in any other way, and were reluctant to see their children do the same. The parents had paid for private schooling for their children in order that they get a job in a good profession and had to be convinced that business was desirable. Even so, the trust that was placed in their child was strong and funding made available and the business subsequently is doing very well. For the entrepreneur, the recognition from his parents of his success was greater than the business success, and the relationship is stronger than ever, with enhanced respect from parents to son, and from the son in realising what his parents had done to support him. The support was for him personally, rather than the business, and the resulting obligation on a personal level is extremely high.

The pre-existing relationship is very important to the behaviour though. In a few cases, the entrepreneurs reported that they would not even ask some parents, even though it was perceived that they could afford the risk. This is an interesting issue that begs the question as to what creates such a relationship that would result in such behaviour. There are significant internal relationship issues that impact on this. For example, one set of parents were seen as an acceptable source of funds, yet, the other set (parents-in-law) were not, even though they were significantly more wealthy. This was to do with family relationships and dynamics. Emotion and perception of what people think is a powerful driver. The 'what people (i.e., parents) think' is a significant issue in the way the phenomenon plays out.

The fact that the money was offered to the entrepreneur sent a clear message of affirmation for the behaviour. Without the financial support and the resulting emotional message that that sent, the confidence to go ahead with the business would be severely reduced.

...if they were reluctant [to fund me] that would change my thoughts.

[if not funded] then I probably feel like I didn't have their support or their belief that they didn't think I could do it

There is a sense that the money was more than cash – it was an affirmation of the plan to get into business. Someone close, that has the respect of the entrepreneur, was giving the final 'go ahead' and showing through deed rather than words a level of trust and belief in the entrepreneur that is probably difficult to get in any other way.

Action speaks louder than words. The parents not only are saying they believe in you, but are actually putting up money, significant amounts, that confirm the words. There appears to be a profound impact of that which feeds into the heightened sense of obligation.

In a few cases, there was advice provided with the finance, but at a very informal level, and even experienced funders did not think they should 'interfere' much. There was some trepidation by some entrepreneurs that the funding would/could result in 'interference' but mostly this was unfounded.

There was a sense, however, that the experience would be positive for the entrepreneur. Even if the business was not successful, the experience would be important and a 'life' education received. There were a number of references about 'discussing the business' rather than advising. There appeared to be a relationship of collaboration rather than advice.

There are a number of aspects of risk that are evident. The usual level of risk in starting a business is always there, but like many start-ups, confidence is the key to actually commencing. The funders varied in financial knowledge and what could be termed financial sophistication and experience. In all cases though, there was limited, if any robust assessment of financial or business risk. Once again, the trust was placed in the receiver of the funds to have assessed that for themselves.

There is also awareness by the receiver of the funds that starting the business venture is a significant risk. The added complication to this is, with family money, the risk is spread to others who are close. This is a very different attitude to spreading the risk to a financial institution. In that case, the risk is still with the entrepreneur because they will have to answer to the bank themselves. However, by involving the family, the risk is personal, it won't go away after the business has failed and bankruptcy or other means are entered into to pay back a loan, etc. There is the added emotional tie that does not want to hurt those who have placed emotional trust in them. There is a sense of integrity that transcends the financial imperative to pay back money. The difference in consciousness appears as:

Bank loan = financial risk first, and personal risk second.

Family funding = emotional risk first and financial risk second

4.7 Conclusion

This chapter has, through a robust phenomenological investigation, revealed essential themes to the phenomenon and meanings through thematic, textual, and structural analysis. The chapter discussed, and, through imaginative variation, explored the data to create a story about the essential elements to this behaviour.

The first step was to analyse the data and develop key themes which were: Choices, Consequences, Funding, Relationship, Repaying, and Risk. These were used to develop, analyse and construct meaning of the data resulting in first, textual descriptions, followed by structural descriptions and finally a textual-structural synthesis of the phenomenon. The experiences of the individuals in telling their stories illuminated the meanings and essences of the phenomenon and together with the interpretation and engagement of the researcher provided an insight into within-family finance behaviour. The story of the phenomenon presented in this chapter has revealed some fundamental aspects and reveals the dynamics of motivations and behaviour embedded in the within-family financial relationship. These form the basis of the essences of the phenomenon. It has illuminated some understanding of the 'things themselves' and there is now a very clear description of how the participants see their involvement with

within-family financial relationship. The chapter provides a basis to examine these dynamics so that essential aspects of the phenomenon can be revealed. This next step will be developed in Chapter 5 from within the phenomenological philosophical perspective resulting in a conceptual framework.

Chapter 5 Findings and conclusions

I may not have gone where I intended to go, but I think I have ended up where I needed to be.

Douglas Adams, The Long Dark Tea-Time of the Soul

5.1 Introduction

This chapter presents a conceptual framework that encapsulates the findings of the research project and answers the research question. The framework is based on a phenomenological philosophical paradigm, consistent with the research project. The framework explains why people engage in within-family finance. It does so from a social constructivist view and is presented as a possible theory that may be able to help us understand entrepreneurship on a wider scale.

The chapter is structured in five principle parts. The first establishes that a phenomenological research project should present findings within the philosophical paradigm of phenomenology so that the findings, conclusions, and understandings derived from the research project are seen as sound and trustworthy. The findings, distilled into the essence of the phenomenon, are introduced and consist of three principle themes, Care, Angst, and Tenacity.

The second, third and fourth sections discuss Care, Angst, and Tenacity respectively. Each section first discusses the construct at the philosophical level and provides the evidence derived from Chapter 4 as to how each is relevant. The evidence is presented as examples from the analysis in Chapter 4 to illustrate the connection of each of the constructs to the themes.

Section five discusses Authenticness. This is the central theme of the framework that encompasses Care, Angst, and Tenacity. It illustrates how people who engage in this phenomenon can be seen as pursuing an authentic life. The authentic life is discussed at both the philosophical level and with regard to its relevance to the findings of this research project.

The following chapter draws conclusions from the study and provides implications of the findings.

5.2 The phenomenological task – understanding the essence

To arrive at an understanding of the essence of this behaviour, I turn back to the phenomenological premise upon which the study has been conducted. Within phenomenological research philosophy, there is a search for the essence of the experience: the essence that is at the fundamental heart of the experience and is evident for each and every person who experiences this phenomenon (Van Manen 1990 p10). By this, it is meant that the conclusions for phenomenology is more akin to an argument rather than concrete findings; it is based on evidence but that evidence is 'collaborative, mutually reflexive, and oriented toward discovery' (Walsh 2012). So far, this thesis has presented descriptions which are an essential task for phenomenological investigation (Willis 2001), clear positioning of the research in context of presumptive knowledge (Van Manen 1990), and thematic development to elucidate the experience and meanings of the phenomena followed by textual-structural analysis (Moustakas 1994).

The final step is to consolidate the complex, somewhat disparate collection of meanings that at times appear unrelated (as in the themes of *Relationship* and *Repaying*), at others times complementary (as in the themes of *Risk* and *Choices*), and sometimes contradictory (as in the themes of *Relationship* and *Risk*). This final synthesis embraces the complexity of human research. It looks to the 'things themselves' and through an argumentative process, rather than an objectivist stance, looks to understand what is going on. The findings and conclusions are more, therefore, akin to a 'joining the dots puzzle'. There are no simple, direct, causal, or correlational relationships between the presented data and final theoretical conclusions (as would be found in a positivist research study). The conclusions, rather, are soft interpretations and make use of imaginative variation (Moustakas 1994) to arrive at understandings. Notwithstanding this, the findings are guided by a logical, robust, and well established process using accepted methods and methodology as explained in Chapter 3.

In accordance with Giorgi (2010), findings and conclusions of research should be in line with the philosophical paradigm in which the research effort has been made. Therefore, to reveal the essence of this phenomenon, I return to the philosophy of phenomenology. This research has used a broad approach to the use of the phenomenological methodology, and in particular has been guided by Merleau-Ponty's view. Therefore, in searching for a phenomenological construct in which the understanding and answer to our research question can be framed, an exegetical approach is used in this chapter. Each identified aspect is reflected in an appropriate principle phenomenological thought. This approach takes the thinking of phenomenological authors and extends their thoughts to the

phenomenon at hand (Van Manen 1990). Such an approach provides a philosophical base from which to develop the understanding of the phenomenon under question. In this way, I build on existing knowledge to develop a framework that is relevant to, and explicitly describes, within-family finance behaviour, but in a manner that engages with the phenomenological philosophy through exegesis.

What follows is, therefore, not an argument for any particular phenomenological philosopher; rather it uses a number of concepts as a guide to identify and build a conceptual framework. It is, however, grounded in a philosophical paradigm that illustrates a theoretical approach to the essence of the phenomenon. In the tradition of Merleau-Ponty, the distinctions between Husserl and Heidegger are not so much contradictory, but a building of thought within the phenomenological frame (Macann 1993). I do not propose that the particular framework offered here is the 'right' one, or the 'only' one within phenomenology. Rather, I argue that it is the most appropriate one.

In reviewing the task of engaging existing philosophy to build understanding it became clear to me that Heidegger engaged largely with 'interpretation of the participants' unreflective ready-to-hand activity of participants' (Walsh 2012). This perspective is also suitable because Heidegger discussed at length, specifically in *Being and Time* (1962), the condition of the human being. It is in these writings that we can see the connection between phenomenology as a philosophy and the lived experience. This frame is ideal to this particular research task because we are indeed looking to connect the lived experience of our participants in the within-family phenomenon and a theory grounded in a strong phenomenological philosophy. It is precisely in this way that Heidegger shifted his views away from those of Husserl. Heidegger was less concerned with the consciousness and intentionality of Husserl's approach, and more interested with the interconnectedness of human beings in the world (Dasein-mit). The following discussion relies heavily on this view, and is predominantly guided by this aspect of philosophy. Purely based on the appropriateness of Heidegger's philosophical position for this particular research outcome I am not, in any sense, arguing for one philosophical position over any other.

5.3 The themes in a philosophical framework

In Chapter 4, six key themes emerged in the analysis of the data, these are:

- Choices
- Consequences
- Funding
- Relationship
- Repaying
- Risk

These themes and the subsequent textual structural synthesis provide significant insight into the world of those who engage in within-family finance for a new venture. They provide an understanding of what the lived experience is like for these individuals. Such insights are valuable and stand on their own merit. The individual themes reveal aspects of the human condition important to the within-family financial relationship.

The clear underlying understanding that emerges from this study is that there is little, if any, economic rational decision-making taking place. If we take the economic view that social, familial, and sexual behaviour is a matter of choice and exchange then we could take the within-family finance behaviour and apply agency-type theories to explain it away (Becker 1985). However, from the evidence shown here, that is a serious oversimplification. Such a view discounts intimate human feelings. There are, of course, more progressive views of economics, but the concept that within-family financial relationships can be explained through predominantly an economic exchange simply does not fit within the evidence presented in this thesis. The argument that humans are driven by 'needs' and that money is the modern means to achieve such things as shelter, food, safety, etc., through exchange, and that human behaviour is simply autonomous and self-interested has been widely criticised within the feminist literature (England 1993) for example. A similar view is evident from the understandings elucidated by the participants in this thesis.

5.4 Essences of within-family finance

Now that I have presented some of the key meanings that are evident from the analysis, the remaining task is to identify what is essential to all participants. The essential aspects are common to the meanings that are required for this phenomenon to occur, and help answer the research question.

Through the process of reflection, of engagement with my understanding of the data, of the process of interpretation and imaginative variation, I arrive at and hereby present my understandings of the fundamental essences that traverse the themes identified in the analysis.

I have identified three fundamentally important aspects of how the participants in this study present their view of the world they inhabit. I conclude that there are three fundamental essences that are evident, and the combination of these three aspects lead to a higher level of perception that manifests itself in within-family finance. In other words, what I believe is going on here, is that the behaviour of within-family finance is indicative of a view on life that answers the question of why people engage in this activity given the anecdotal and common advice against doing so.

These aspects are:

- Care
- Angst
- Tenacity.

I discuss each of these aspects and show how they traverse the themes identified in Chapter 4 and are evident in the texts of the participants' descriptions of their experiences. While some participants will show indications of one or more themes, but possibly not all, these fundamental core essences are common to the experience and, I would contend, essential to the phenomenon. These essences traverse the contradictions, similarities and complexities of the themes previously identified. I place these aspects of the individuals' experience and meaning in a philosophical frame in line with the phenomenologist's task. I also draw on examples of where these aspects have resonance with previous theoretical understanding of entrepreneurship or investment behaviour.

The three aspects are phenomenological in nature. That is, they are about deep meanings and are not psychological traits. They are more than attitude; they are based on a view of the world, a life view. They represent how people see themselves in a world, a world that has a time limit for them, a world where they exist, and can only know the world from their existence, from their viewpoint, from their own existing knowledge base. They are, in summary, ontological rather than ontic.

The following three sections are each presented in two parts.

The first is the description of the core aspect. This is the culmination of a conceptual leap that I, the researcher, have made in conjunction with the meanings of the participants through the analysis process documented in Chapter 4. I may not be able to provide a linear, logical progression from the

textual-structural analysis, which itself is a culmination of in depth conceptual thinking, to each of the three aspects. Phenomenological research is a reflective discipline (Van Manen 1990), and requires an intuitive and integrated reflection of the related stories of the participants' meanings (Moustakas 1994). In each of these sections, I apply my own insight to the whole of the data, rather than any particular part of it.

The second part of the following sections illustrate the aspect by reflecting back to the themes identified in the first part of Chapter 4. I do this in the interest of clarity and brevity. I want to clearly identify specific examples of the aspects under discussion. Identifying specific themes is easier to illustrate aspects rather than relaying lengthy passages in the textual or structural descriptions. It also illustrates that the aspects are grounded in the data, are relevant across numerous themes, and thus provide an understanding of the essence of the within-family financial relationship.

5.4.1 Care

I will commence with Care. To help understand what I mean by this term, I include a story that Heidegger used to explain the ontological concept of care (Heidegger 1962 p242).

Once when 'Care' was crossing a river, she saw some clay; she thoughtfully took up a piece and began to shape it. While she was meditating on what she had made, Jupiter came by. 'Care' asked him to give it spirit, and this he gladly granted. But when she wanted her name to be bestowed on it, he forbade this, and demanded that it be given his name instead. While 'Care' and Jupiter were disputing, Earth arose and desired that her own name be conferred on the creature, since she had furnished it with part of her body. They asked Saturn to be the arbiter, and he made the following decision, which seemed a just one: 'Since you, Jupiter, have given its spirit, you shall receive its spirit after death; and since you, Earth, have given its body, you shall receive its body. But since 'Care' first shaped this creature, she shall possess it as long as it lives. And because there is now a dispute among you as to its name, let it be called '*homo*', for it is made out of *humus* (earth).

This story provides an insight into Heidegger's ontological, rather than ontic basis of the term 'Care'. Saturn, the god of time is instrumental in this story. Time for humans is core to their life-world but is overlooked by much of Western cultural traditions (Scott 2010). Heidegger distinguishes the

everydayness of our lives (particularly within the Western Cultural Traditions) and the Authenticness of life as it should be. Care is a fundamental aspect of this authentic lived world, and 'The ways we care and what we care for govern our lives to a considerable degree' (Scott 2010). In this discussion, the word 'care' is used in two ways. The first is an ontic use, the physical manifestation of care such as 'I care for you when you are sick'. Everyone has a clear idea about what this means, it is used in terms such as 'medical care' or 'aged care'. When the term is capitalised, I refer to the ontological form as described earlier: the form of a deeper engagement with life as experienced in the world, the Dasein-mit, the state of being that allows a person to behave in an authentic manner in the world, not just being, but being a part of a greater existence including others (Heidegger 1962 p244).

It is this interpretation of the term 'Care' that I recognise and discern from the research. While Heidegger used Care as a fundamental aspect of his philosophy, I use the term in the specific case of this research. I propose that the concept of the ontological Care is an essence of the behaviour under investigation and manifests itself in each of the themes identified in Chapter 4.

5.4.1.1 Care as revealed in the thematic analysis

Care is, therefore, about oneself as well as others in the world. Following is an example from the *Choices* theme:

Now with my family I will invest because I want to help them

Both Trust in the theme *Relationship* and Obligation in the theme *Repaying* have a reciprocal aspect. The care that is revealed within the dialogues of this study show a gratefulness for, and appreciation of, the care shown to them. There is also a strong sense of caring for others, and a mindfulness that care is given as well as taken.

I feel very blessed that my parents are willing to do that... so I feel very blessed but at the same time I feel very committed to help them have the life they have been working for

And a number of participants expressed how obligation resolves itself within this concept of Care, the need to be aware of and fully engaged with the concern of others:

Q: So it's an obligation from your perspective rather than from your sister?

A: ...she kind of laughs it off and says 'that's fine' . So definitely from my side

Q: So from their perspective there's no strings attached but from your perspective there are?

A: Yeah I don't call that a string though I call that just my obligations as mine.

This care manifests itself in the discussions that revolve throughout the *Funding and Repayment* themes. A level of diligence becomes evident in how the participants addressed this aspect – a diligence of making sure that the obligation is attended to. In the context of within-family finance, the need to repay the funds provided takes a form that is particularly complex and value laden. Repayment is beyond the simple action of repaying money provided. It is an emotional repayment, a deeper need to have not only the money repaid, but the trust and belief validated in some way. The individuals concerned are elucidating a clear Heideggerian concept of not only Dasein, but Dasein-mit (Macann 1993 p83). This is where we see that the participants not only see themselves as being-in-the-world, but doing so in a world of others, not simply as other objects, but as others who they care for, are cared for by others, and care for each other. This is where the ontic notions of care, the manifestations of care reported by the participants, reveal the ontological Care, the underlying philosophical basis of the phenomenon under investigation expressed as empathy for all concerned:

I want to be successful, one just for myself but also to repay them and then give them something else as well. So if I can give them, you know, I mean if I can repay that and give them more I'd be happy to do so. It's not interest it's more.

The Care evident in within-family finance is both preceded and subsequent to the actual event. There is no simple cause effect relationship between the care shown and the activity, but the people involved do seem to have a world view that Care is important, sometimes shown as trust that developed through the activity as well as prior to it:

...we had this great trusting relationship by then

...they trust me.

The relationship has Care embedded within it, the world view of the family participants:

...its not just bank, it's not somebody who's just invested in it, it's somebody that I know on a very personal level. You really do want to do your best with that.(9R20)

And the activity is not seen as a chore, or obligation as much as:

it's a pleasure to us to be able to help them, there's no other reason.

I suppose it's basically just gone on a gut instinct and a feeling that yes, we will get the money back. It might not be for quite a while but she'll come up with it. And having - probably in a way by not questioning her, it's sort of like telling her that we've got faith in her and that she can do this.

This was seen with those who received money and the Care that was exhibited by them towards their funders (as seen in the *Funding* theme) but particularly when we listen to the funders, who through the concept of temporal mortality, and the dedication to the future, showed Care in the authentic life concept. Beyond worldly things, beyond the rational return on investments, beyond the daily living of inauthentic lives:

that money really is an enabler, not for what it is...exactly, it's not an end in itself, it's a way to get to where you want (P12R20)

Care is clearly evident. It is part of the belief structure and beyond the simple act of caring. It is deeper than that. The Care shown is 'transformation into that which he can be in Being-free for his ownmost possibilities (projection) – is "accompanied" by "care"' (Heidegger 1962 p243).

From a sociological point of view, 'I have been repeatedly struck by the attachment most people feel to their families' (Mackay 2010 p152). Care can be seen as the *Desire to Belong* within the family context and Mackay (2010) proposed that such a desire was a very strong driver of our behaviour. Similarly, when discussing the *Desire to be Useful*, Mackay states, 'We are often more easily galvanised by someone else's need than by our own' (Mackay 2010 p132). So while there is a clear phenomenological basis for Care, the concept is accepted in other fields such as sociology. The concept of Care is a very powerful explanation for part of the behaviour.

5.4.2 Angst

The next aspect I label as Angst. Throughout the discussions with the participants, there was evidence for a sense of fear or, at least, wariness about the possible negative outcomes of the behaviour. However, there was also an underlying feeling that not to go ahead with the business, and not accept money from family to do so, held a deeper, more profound threat. This distinction is important. The fear of the immediate was not as strong as the angst of not fulfilling the dream of business ownership. I clearly define Angst as a higher perceptual order, future oriented feeling or mood, rather than fear of

something specific. Angst is the ontological, fear the ontic. Such a distinction is evident in *Being and Time* where Heidegger distinguished anxiety from fear (Heidegger 1962 p228).

Fear is the feeling that one may experience when threatened by something. Whereas anxiety, Heidegger argues, is a mood that is not easily located, that leaves a feeling of incompleteness and not being 'all that one can be'. Anxiety 'Is something like a haunted spirit that seems to whisper, as though to itself, Better take care...it's coming to pass...you come from nowhere...where are you headed...who are you?' (Scott 2010 p65).

In this context, Heidegger's anxiety is the basis of nothingness (Åsvoll 2012). This is proposed as a motivational factor for pursuing an authentic life, one in which an individual will persevere to be all that they can be, rather than the alternative which feels like nothing. There is a strong link between anxiety and the prospect of death and therefore there is a strong time element in this view of the world.

I use the term Angst because it has a stronger connotation than mood, and is more clearly distinct from fear of a specific thing. In fact, many authors translate Heidegger's 'Anxiety' as Angst (see for example Scott (2010). This same essence could be akin to Merleau-Ponty's concepts of Temporality and Freedom (Macann 1993).

Angst is, therefore, strongly related to a sense of time. Such a view has distinct similarities with the Future Time Perspective Theory (Nuttin 1984). More specifically though, the concept of a future time perspective is more relevant to this concept, because this theory shows that different people have different perspectives of time, particularly when considering the future (De Volder and Lens 1982). This theory explains how some people accept that action now will impact their more distant future, yet others will consider only the more immediate future. Future Time Perspective is important in this case because it explains how those who perceive the future implications of their current behaviour will differ from those who don't see future implications. Further, different people have different time horizons, so what is the far future for one is not perceived as far future for another. Temporal distance to goals is, therefore, different for different people. Those who experience Angst as discussed, do so because they have a sense of the future, however, the timeframe (long or short term) of that future is going to be different.

5.4.2.1 Angst as revealed in the thematic analysis

Angst, or the feeling (mood) of not being all that one could be in the future was evident. This feeling appeared in not only one theme, but across various themes. For example, the theme *Choices* revealed

many instances where Angst played a role in the decisions entrepreneurs and their financiers made. Another example was the theme *Repaying* where there was consistently more emphasis placed on being successful in repayment of the trust shown (also found under *Funding* and *Consequences*) because the immediate trepidation of not repaying is eclipsed by the *Relationship* which is long lasting and far more important.

The following excerpts taken from the textual-structural statement and transcripts illustrate how participants alluded to their own concept of Nothing as revealed through Angst.

I think it's a hard thing to do and I think you've got to be in the right frame of mind to do it

One of the differences between anxiety and fear in Heidegger's philosophy is that fear is about something tangible, whereas anxiety is a mood or condition about something more indistinct.

Yep it's stressful, because in the back of my head you know I've always worked right from as a teenager, so my parents have always encouraged me to work hard and so it sounds great to be able to say, look mum can I have 50 thousand dollars or whatever the amount is, then they give it to you back. It's not in my personality or it's not the way they taught me to just take money off people.

This feeling of anguish, of the terrible possibility of not being all that one can is strong enough to drive the entrepreneur. Even though they were not brought up to accept money from others, even though there was a genuine concern about accepting money from his parents who were not wealthy, the possibility of Nothingness (Åsvoll 2012) is revealed through the fact that he still accepted the funds.

Another participant recalled how money from her parents was fundamentally important in realising her future. Had they not been there, there was emptiness, a sadness that the dream of owning a business was going to be delayed, or worse never realised. It is in the mood and manner in which these participants all recall the possibility of not being what they perceive that they can be that truly reveals the concept of nothingness.

I get the feeling then if my parents hadn't been there, then I probably would have put the business on hold

The drive that some of the participants showed to overcome the Angst of not achieving their aims were often expressed as a feeling or belief. It was a level of determination that overcomes the primary fear of the ability to repay the money that is provided by their family.

So you've got a belief which reduces the feeling of obligation because you know it's just going to happen.

I think belief (is the) most important things in business, in the business success ... believe in what you do

The drive to achieve something (avoiding Nothingness) was evident from a participant who was very aware that he needed a change in career. Even though he was a successful physiotherapist with international experience, he needed to do something that held more meaning for him. The unexpected death of a young, close family relative motivated him to think about what he was doing with his life. Heidegger spends considerable effort in *Being and Time* (1962) in discussing death as a way we all personalise our own being. The individual cannot experience death, they are aware of it, and while they may witness another's death, it is the defining temporality that provides the meaning of angst – that to avoid nothingness, a desire to achieve an authentic life, a life that is not merely locked into routine and preconditions which Heidegger refers to as inauthentic living. The future time perspective becomes important in understanding the motivation to achieve today for the benefit of tomorrow, and these examples show how 'contexts orient people toward those future consequences' (Simons, Vansteenkiste et al. 2004).

Another way participants expressed this need to avoid nothingness was through expressing passion for their business. Not just the business, but the activity of the business. The thought of not being able to do so because financial institutions refused to provide finance made the possibility of nothingness real:

it was quite disheartening going to different institutions and finding out that you couldn't even get \$20,000.

Another participant went on to notice that:

When they (family) said yes (to the money) I was real happy because then you know, we knew we could do something

One of the participants was passionate about organic food and saw the opportunity to enter the business by buying a cafe that was for sale. She didn't have the finances needed, so asked her husband's parents. Doing so created significant stress for her, but the thought of missing the opportunity to be what she thought she could be was too powerful and overcame the fear of asking for money.

And I just felt really – like as I couldn't look them in the eye. I felt really, really bad about it because it was almost like I didn't – like the fact that we had to ask for that money.

But, the overriding passion is very strong:

it's not going to happen just because things happen, you actually have to do something in order to believe that it's going to happen, or have a plan, how it's going to happen and take some actions, ... say yes, you know. I knew I'm going to get in, I believe in that,

When asked whether she would advise others to accept money from close family:

there is such an opportunity and if that helps you to make your dream come true, yes definitely

The participants in this study all had a heightened sense of obligation, responsibility, and a certain level of anxiety about the ability to repay (in money or success) money provided to them from their family. However, the fear of the thing (Heidegger's concept) is insufficient to outweigh the need to overcome anxiety of nothingness.

Basically (we) wouldn't have been able to start this business without that sort of level of assistance from (his) parents.

Everyone can try, just do it and see. I think people are in general are scared a little bit.

The empirical evidence from this phenomenological investigation clearly shows how fear and angst are identifiable and distinct. Angst is a mood which is contrasted with fear which is more of a conscious focus on an event. Participants are quite clear about their fears. These were spoken about in terms of not repaying those who provided money to them and of letting them down. Angst, however trumps this feeling amongst the participants. The need to overcome the Angst of not being everything that they think they can be, the possibility of not achieving their passions and goals in life, the chance of missing an opportunity for fulfilment are all indications of Heidegger's concept of nothingness. The participants all displayed a deep future time perspective which has been shown to predict that when people have a positive outlook toward the future, they will undertake immediate tasks to achieve those outcomes (Simons, Vansteenkiste et al. 2004). The Angst of nothingness, of 'falling' or 'slipping away' from the world to an inauthentic existence and not feeling 'at home' with oneself is clearly evident from these participants. These entrepreneurs' heightened sense of nothing appears to provide the spark, the drive, and the ability to overcome fear to follow their passion. Such evidence is clearly supporting Heidegger's concepts of fear, that which is experienced in the presence, as opposed to Angst, which 'springs from

future resoluteness' (Heidegger 1962 p395). We can reconceptualise the lived experience of entrepreneurs through this lens. Heidegger shows how angst is the feeling when there is an 'impossibility of projecting oneself upon a potentiality-for-being which belongs to existence and which is founded primarily upon one's objects of concern' (Heidegger 1962 p393).

This study strongly suggests that entrepreneurs may feel a heightened sense of nothingness. A clear motivation for taking on present day fear (*risk*) in order to alleviate the dread of not achieving all that is possible in being. The Need for Achievement is a theory that has been used in entrepreneurship research to explain entrepreneurial behaviour (McClelland 1965). The concept has been widely used, but has been mostly focussed on the achievement of individuals seeking identifiable goals that are measurable and impact the economic environment (Kenworthy and McMullan 2013). Therefore, while I accept that the need for achievement is an established trait of successful entrepreneurs, what this thesis reveals is that achievement in a phenomenological sense is very much focussed on a very long term (in terms of perceived time) set of possible futures.

Time is fundamental and death, while not necessarily in the front of mind, is a constant reminder of our mortality and the temporality of nothing in the context of being in the world, *dasein*. As one participant recounted regarding her parents in-law:

I think their theory is going to be look we're going to be dead in 20 years we can't take it back with us. We've got the money we're doing it, if we didn't have the money we'd have just told you.

These entrepreneurs and their family financiers certainly feel the need to be in the world, to be in a decision-making paradigm that takes control and moves toward a life that could be, rather than the alternative of nothing.

5.4.3 Tenacity

There is an evident determination, a resoluteness, a deep desire, and a passion, to do something in order to address the future. This is seen from both the entrepreneur and family financier. Tenacity, when used as a construct to explain entrepreneurial behaviour has been proposed as a predictor of entrepreneurship through measurements with perseverance (Duckworth and Quinn 2009) and action orientation and persistence (Hmieleski and Corbett 2006). Another individual construct is proposed to illustrate that tenacity or perseverance is the, 'ability to sustain goal-directed action and energy when

confronting difficulties and obstacles that impede goal achievement' (Morris, Webb et al. 2013) and is presented as a part of a set of competencies that entrepreneurs exhibit. These approaches have been based on individual, psychological scales. The difference between the trait-based approach illustrated above and the phenomenological meaning of tenacity is seen from the perspective of a concept proposed by Heidegger. He used the term resoluteness. This term referred to the resolve for an individual to achieve a future that is beyond the immediate. This implies the individual has an acceptance of a deep need to do something, beyond simply persevering to achieve an immediate task. It is, rather, about a future orientation beyond the immediate task.

Heidegger's resoluteness is based in the concept of truth in accepting the world and oneself as potentially being everything one could be in the world. This is very much placed within the context of mortality – 'I recognize I may die' (Macann 1993) – which Heidegger refers to as 'toward death'. It is the complement to angst, discussed earlier. In my interpretation of the data, Tenacity arrives with the realisation of an urgency to achieve whatever it is that will fulfil the angst. It is akin to Heidegger's Resoluteness which manifests itself in an awareness of the temporal structure of life, the anticipation that effort today will provide reward for tomorrow (Scott 2010). This is also linked to the theory of Future Time Perspective as discussed earlier. Whereas persistence is in response to a specific task, Tenacity, rather than responding to, sits alongside Angst and is purely a consciousness, 'when the call of conscience summons us to our potentiality-for-Being, it does not hold before us some empty ideal of existence, but *calls us forth into the Situation*' (italics in original) (Heidegger 1962 p347). The person who holds a positive outlook of the future and has a deep future time perspective will thus exhibit Tenacity to achieve that imagined future. In fact the concept of resoluteness is firmly embraced by Sartre in his discussions about personal unlimited responsibility for oneself (Macann 1993). Similarly, his discussion regarding freedom is linked deeply to Heidegger's Nothing (and resulting Angst).

5.4.3.1 Tenacity as revealed in the thematic analysis

Much evidence illustrating tenacity is found in *Choices*. For example:

it's not going to happen just because things happen, you actually have to do something in order to believe that it's going to happen, or have a plan, how it's going to happen and take some actions, ... I thought I'm going to do it tonight and I'm going to get it

There were significant aspects of temporality and the perception of the future, evident in themes such as *Repaying*:

The only reason I couldn't pay it off is if I became sick or died or something like that and I couldn't do it.

and in *Consequences*,

To actually really get it done now, because somebody else that's very close to me has invested in it

There were a number of examples in the study where there was an underlying belief that there was 'something' that needed to be achieved, and even though the *risk* of within-family finance was acknowledged, the perseverance needed to fulfil the deep desire to achieve was very much evident:

I kind of instinctively knew that I could make it happen

Everyone can try, I believe to just do it and see. I think people are in general are scared a little bit.

Resoluteness was more often expressed in the context of *repaying* the obligation felt for support from family. This was tied to the firm belief that there was a need to repay, greater than the need to repay money, but a tenacity to repay the trust and that repayment was by fulfilling the need to succeed.

... but I'll take care of them ... they'll get something back(P5R6)

They've given everything for me to be able to do what I need to do and then once I'm in a position to be able to do so, I will pay that back. (P3R18)

But I think she knows that if everything fell to pieces there wouldn't be a problem; I would still service that loan; I'd still pay it back; it would work out somehow,(P8R18)

This tenacity is also evident with those who provide the funds. This takes a form that is very much in the Heideggerian concept of 'being toward death' and that help must be provided now rather than later.

Q. They're just giving you your inheritance early?

A: That's what they said. If we can help you now we'd rather do it now than when we go there's going to be nobody to help you

There is certainly a consistent message that the financial assistance is more than simply money. It is a form of ensuring that the family is successful, not just in business terms, but in a holistic manner that is very personal and appears focussed on the ability to achieve the imagined future for all.

And I'm pleased that we can help her. And it would have been terrible for her not to be able to do what she wanted to do because we couldn't help her.

... I feel very committed to help them have the life they have been working for.

There were a number of conversations where this sentiment was expressed specifically, but there were certainly a number of occasions where it was evident. One participant in particular expressed that this activity was not a rational choice, but very much emotional and said:

Intuition is a pretty powerful tool and we should get to use that a lot more often in today's world and society

From the perspective of someone receiving within-family finance:

it's even more motivating because you know you have to give it back, you don't want to fail in your friends eyes, for the bank 'whose bank'?, there's nothing (emotional) committed

Tenacity is clearly evident from this perspective. There is an intense feeling of being in the world, the world of others, not just oneself. This connectedness with others manifests itself in a sense of urgency with which the participants expressed their desire to either help, or repay the help they received.

Tenacity encompasses the Angst, embraces Care, and projects itself in Dasein. Resoluteness, 'is precisely the disclosive projection and determination of what is factually possible at the time' (Heidegger 1962 p345)

I mean there have definitely been times where you're looking at all your bills and thinking 'Shit – I that's a monthly thing that we are paying' and yeah sort of feeling a bit of pressure. Yeah, obviously because they have an (impact on how I pay) Mum. But that whole – you know they sort of put their faith in you – 'you can do this' and all that kind of stuff and then you think 'Oh can I do it?' or 'am I going to be able to meet these commitments that I've got?' so that that initial time – no – didn't feel any pressure at all – only later. (P8R14)

In this sense, Tenacity is the manifestation of the conscious decision to act on Angst, and taking care with others (and oneself) in order to achieve life's possibilities. 'This makes it entirely plain that when the call of conscience summons us to our potentiality-for-Being, it does not hold before us some empty ideal of existence, but *calls us forth into the Situation*' (Italics in original) (Heidegger 1962 p347).

5.5 Authenticness: The link between Care, Angst, and Tenacity

Given these three aspects of the essence of the phenomenon, Care, Angst, and Tenacity, the immediate question that comes to mind is why are these particular essences any different to anyone else in other situations? Aren't these universal characteristics of humankind? Not in the context of modern Western philosophy (Comte-Sponville 2003; Russell 2008) nor in the context of sociology (Mackay 2009). These are aspects that are certainly not evident everywhere or with everyone. Heidegger bemoans the fact that in modern (Western) culture, these aspects are deficient. The authentic life, as he terms it is something to strive for, but not often done so. Yet, 'it is more or less familiar to any individual' (Heidegger 1962 p422) and therefore possible. An authentic life is one in which one may 'remain affirmatively alert' to the possibility of life (Scott 2010). Hugh Mackay (Mackay 2009) observed that investing in our economic future is worthwhile, but quite different from simply buying shares on the stock market. He goes on to suggest that this *authentic* investment shows an investor's faith in the future and in the integrity and potency of the enterprises they choose to support'. A virtuous life requires conscious engagements with the way we live our lives in order that we should 'try to understand what we should do, what we should be, and how we should live, and thereby gauge, at least intellectually, the distance that separates us from those ideals' (Comte-Sponville 2003).

The concept of everydayness, which Heidegger spends a great deal of effort exploring, is in stark contrast to his concept of an authentic life. Everydayness is the concept of living from time to time, with no regard for the mortality or possibility of the future. This concept of time, or 'Authentic time' was

important to both Husserl and Heidegger, even if expressed differently (Held 2007). An authentic life, however, is grasping the potential of the future, of embracing, investing in, and participating in a full life of possibilities. More than just engagement in life, it is an engagement that is honourable that is the key difference.

The essences of the motivation and behaviour of within-family financial relationship that exists for the purpose of starting a new venture can be framed in the concepts, Angst, Care, and Tenacity. Each theme and every meaning that makes up those themes, as has been related to me by the participants, can fit into these three aspects. Those who embrace Care, Angst, and Tenacity within the context of the within-family finance relationship provide for an Authentic life; a life that embraces possibilities, that takes the future as something that is not given, that needs to be acted on, and that holds possibilities beyond the ordinary life. Those who undertake within-family finance show that they do so within the contexts of these aspects. These aspects, according to Heidegger, are not always embraced. In our Western culture these tend to be left behind in the pursuit of everydayness, of instrumental aims and goals, of normative ethics, of following norms, rules and the usual. Those who embrace the authentic life will break with such normalisation and embrace something deeper. In the words of Hugh Mackay (2009), 'That's participation; that's engagement; that's investment'.

5.6 Conclusion

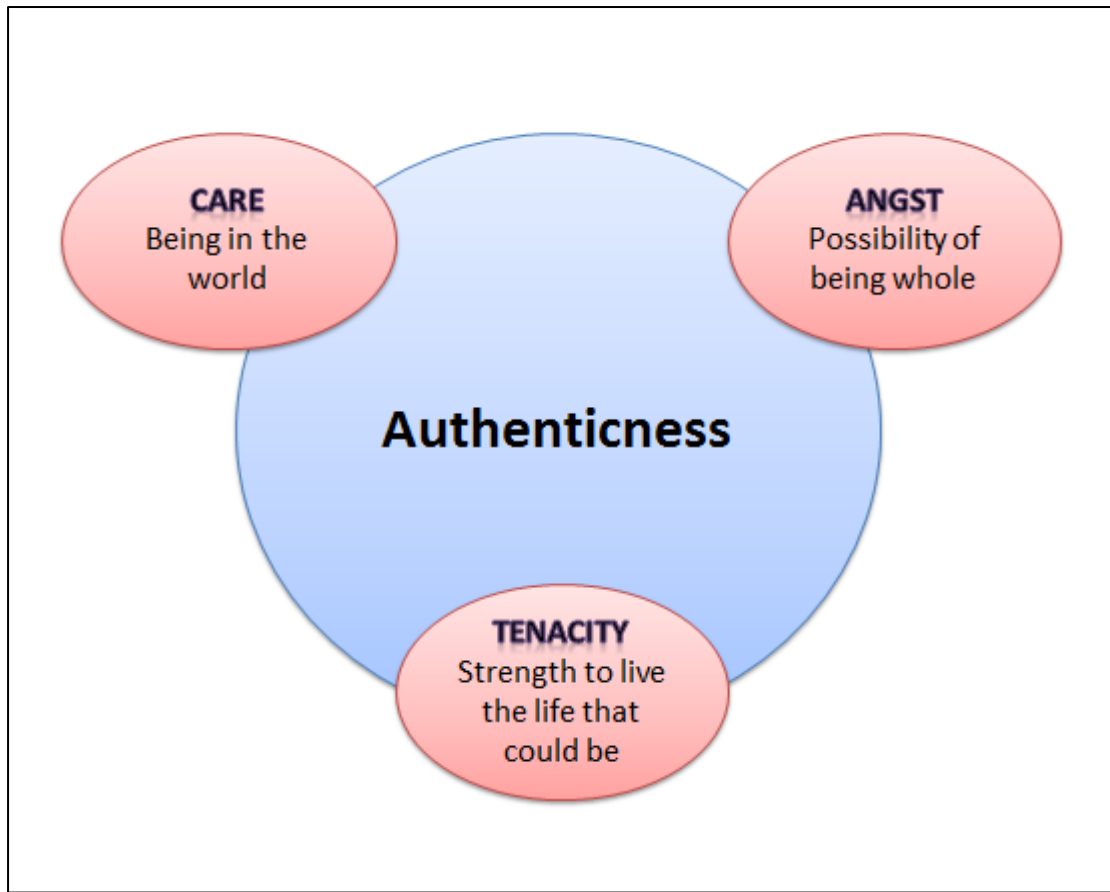
Answering the question posed in Chapter 2:

What are the influences on the motivations and behaviour in a within-family financial relationship that exists for the purpose of financing a new venture?

I have shown how entrepreneurs and those who financially support them within the family see the world and make sense of it from an Authentic perspective. They are influenced by the sense of Angst of the possibility of what could be in their future, they are motivated by Care for their world, the others in their world, themselves in the world, and the genuine concern for what it means to be in the world. Finally, they exhibit the Tenacity to live the life that could be, by not just conceiving, but acting on that vision. They aim to achieve an Authentic life. In this case they are creating their own future by starting or supporting a loved one to start a new business venture. In proposing this structure as a means to explain the answer to the question, the following diagrammatical representation of the framework is presented.

This diagram proposes an Entrepreneurial Theory of Authenticness. The word *Authenticness* is chosen in preference to authenticity because it better reflects the ontological meaning. Authenticity as a noun does not, in my mind, portray the same level of deep belief or understanding whereas Authenticness is a quality of being authentic as defined by the Oxford English Dictionary. The next section discussed the implications of such a proposal.

Fig 5-1: A Conceptual framework to understand within-family finance for new ventures



Chapter 6

“You have brains in your head. You have feet in your shoes. You can steer yourself any direction you choose. You’re on your own. And you know what you know. And YOU are the one who’ll decide where to go...”

— Dr. Seuss, Oh, the Places You’ll Go!

6.1 Introduction

This chapter draws conclusions from the study and provides implications of the findings and what they mean to the entrepreneur, family financier, teacher, adviser, policymaker and academic. Finally, a discussion on the limitations of this study and suggestions for future research is presented to conclude the thesis.

6.2 Implications of An Entrepreneurial Theory of Authenticness

Having established the empirical evidence and conclusions that lead to the above conceptual framework, the implication for a wider understanding of entrepreneurship is presented. Taking the knowledge developed from the investigation into within-family finance, there appears that there could conceivably be a wider application to the understanding of entrepreneurship generally. I would propose that this framework is worthy of use in examining other contexts of entrepreneurship.

Entrepreneurs in various contexts are likely to experience the future in terms of Angst, the engagement with their fellow human beings in terms of Care, and the persistence encapsulated within Tenacity.

Entrepreneurs, and entrepreneurship, as discussed in Chapter 2, has been viewed through many lenses, and rightly so. It is well established that there is no one entrepreneur ‘type’, however, the conceptual framework presented in this thesis is not bounded by type. It is derived from an examination of the human condition, and as such, I would contend that this framework is worthy of wider investigation in the study of entrepreneurship.

The human condition, it could be argued, is beyond context. If entrepreneurship is examined from the perspective of the underlying human condition, then understanding what could lead more people to be aware of their potential in their own future, and experience the angst of nothingness, coupled with a care for others, their community, and selves, and have the drive to achieve their goals, will lead to a

deeper understanding of entrepreneurial behaviour. From this perspective, anyone can achieve the authentic life if they choose to do so and entrepreneurship is but one option for the authentic life. In this light, entrepreneurship can be so much more than simply 'starting a business'.

While this thesis has engaged deeply in a phenomenological philosophical approach, there are broader philosophies that could be examined in the light of the findings herein. One, in particular is that of the philosophy of virtue. Andre Comte-Sponville's *Short Treatise on the Great Virtues* (Comte-Sponville 2003) purports to provide insight to a lived philosophy based on virtue, and it makes sense that the authentic life will be one that is virtuous. Hence, applying a lived philosophical perspective of Comte-Sponville, with the conceptual framework based on a phenomenological understanding of the behaviour, will provide a window into the application of that framework. This provides a means of understanding how the framework presented in this thesis can be applied broadly.

The virtue of *Generosity* is 'both the awareness of one's own freedom ...and the firm resolution to make good use of that freedom' (Comte-Sponville 2003 p94). It moves us towards others; it can only exist towards others and as seen in this research, is evidence of the virtuous connection between the care of ourselves and the care of others. *Gratitude*, is the reciprocal virtue that may arise from generosity. In the case of within-family finance, the generosity of the provision of funds invariably results in the gratitude, expressed in various ways, of the entrepreneur. Gratitude, like any virtue, is not automatic, it is a link to the Angst in the conceptual framework and the care for those who are generous towards us. Yet Comte-Sponville refers to gratitude such, 'Gratitude or anxiety, the joy of what is or was, versus the dread of what could be'. Gratitude is the recognition of avoiding the Angst of Nothingness. It is the recognition that someone has cared enough to be generous in order that Nothingness does not come to pass. A person generous enough to take a risk in funding a family member, and the entrepreneur tenacious enough to pursue their goals, could both be seen to possess the virtue of *Courage*. Courage from the financier may not always be seen as altruism, but rather incurring a calculated risk to help another. Courage that is shown to others is often referred to as bravery, but it is also seen in personal pursuits, such as overcoming illness or injury. It occurs to change the future for the good (I do not consider courageous acts that harm as virtuous for the purpose of this discussion, but acknowledge there is an argument for using the label in that context). The courage of the entrepreneur in our case is to accept money and in doing so overcome the immediate fear. In these terms, the activity can be seen as virtuous, both from the funder and the entrepreneur. In fact, I would argue that at the core of Authenticness, is a virtuousness that drives the motivations of those involved in within-family finance.

This perspective of the conceptual framework may also be viewed through a sociological lens. Hugh Mackay, a leading Australian sociologist, in his book, *What Makes us Tick?*, proposes that there are ten desires that 'drive us' (Mackay 2010). Many of the desires that Mackay proposes as guides as to the question 'Why did I do that?' could just as easily be applied to the question posed by this research: why did I engage in within-family finance?

The *Desire to Belong*, in particular within the family context, is proposed as being a very strong driver of our behaviour, 'I have been repeatedly struck by the attachment most people feel to their families' (Mackay 2010 p152). Similarly, when discussing the *Desire to be Useful*, Mackay states, 'We are often more easily galvanised by someone else's need than by our own' (Mackay 2010 p132). These together, form a core to the concept of Care. Desires to be *Taken Seriously* and *Something to Believe In*, point to the future, and the need to ensure that there is more than nothingness will drive people through their sense of Angst. Finally, the Desire for *Something to Happen* is clearly part of the tenacity concept, 'We know the treadmill is not for us: we are not lab rats. We need breaks, breakouts, breakaways. The desire for something to happen nags at us, a persistent voice in the back of our mind that's intent on rescuing us from emotional atrophy. *Act! Move! Create! Change! ...Do Something different!*' (Mackay 2010 p246).

Just like the philosophy of Comte-Sponville, the sociological views of Mackay traverse the three concepts of Angst, Care, and Resolutness, and provide a vision of the Authentic life. These two views, coupled with that of Husserl, Heidegger, and Merleau-Ponty, and the results of this research all point to the reason that entrepreneurs and their families do what they do. They are driven by a common, essential human driver, to live an authentic existence.

The data that has been gathered in this research is vast. There are many details and idiosyncratic comments, meanings, themes and sub-themes. The task of phenomenological reduction through imaginative variation has reduced this large amount of data to three essential aspects that help understand what is going on. Other researchers, with different experiences and outlooks on life may take the same data set and end up with a different set of constructs. However, I contend that the outcomes in this thesis are robust and will hold value for anyone interested in within-family finance in particular, and possibly entrepreneurship in general.

Therefore, I propose that the *Entrepreneurial Theory of Authenticness* is a valuable contribution to our understanding of within-family finance specifically, and entrepreneurship generally. It is bounded within

a philosophical frame, and this may be of concern to those who find phenomenology not of their world view. However, looking beyond that, the examination of the broader phenomenon of entrepreneurship from this perspective may just provide valuable insight into entrepreneurship from the lived perspective of those involved. The ramifications of these findings mean that we can now better understand the driving forces of those engaged in and impacted by this phenomenon.

At the philosophical level, and if we accept that people have the ability to move from an inauthentic life to an authentic life, there is a conversation to be had about the ability of people to engage with and get satisfaction out of this behaviour. If we understand the difference between angst and fear; the importance of care for others, the world and self; the drive and tenacity required to undertake such behaviour from both the entrepreneur and the family financier, then entrepreneurs, their educators, policymakers, advisors and investors may have a deeper insight into those who pursue within-family finance. There is a deeper implication that people may move from a world view that is inauthentic, to that which is authentic; one of the outcomes of this transition could be entrepreneurship. Such a view implies that people can be better guided and educated to understand entrepreneurship and be more accepting of the challenges that such activity presents.

6.3 The contribution to knowledge

This thesis has contributed to the body of knowledge through the development of a conceptual framework that assists in the understanding of the influences on within-family finance. The contribution is multi-layered and consists of contributing to our understanding of the meanings evident from the analysis. These are explored in detail in the following sections.

Importantly, it contributes to the growing use of new cultures of inquiry in entrepreneurship. This is discussed in this section by identifying examples of the body of knowledge that this research sits amongst and where this research adds to the conversation.

6.3.1 Meaning for the entrepreneur

For the entrepreneurs themselves who may be considering accepting money from their family, this should be seen for what it is. It is not an alternative to banks, formal, or informal investors, even though it replaces them. It is not completely about utility, rather it is about relationship. It will result in a heightened sense of obligation and possibly even provide an enhanced motivation to succeed. It will take concepts of success away from a rational 'business-like' analysis and move to a personal feeling of repaying and 'making good' for the sake of the trust shown. Those involved will likely feel a

heightened sense of what success really is; money is only important as a means to satisfy the need to repay the trust experienced.

The phenomenon is explainable through the participants' care for each other and themselves. This finance will be available only when there is a mutual care (and understanding) of each other's situation. The awareness of the other's situation is likely to become heightened, and this will complicate an already uncertain time. The fear of accepting money from a relative is real. It will, however, be weighed against the longer term angst of not achieving a dearly held goal to become more than you are now. If the desire to achieve the imagined future is strong enough and you hold the resolve and tenacity to have a go, then the finance will be acceptable too, but may never feel quite comfortable. The result will be a sense of living life to the fullest, an authentic life that holds meaning and fulfilment.

6.3.2 Meaning for the family financier

The funds that the family financier makes available will hold a significant financial risk. The fear of losing this money is real, yet the care for the entrepreneur and the willingness to see them achieve their goals will be strong enough to overcome that fear. The future holds more importance in terms of their success; and that is likely to be the repayment. The immediate risk of the investment is offset by the sense of the future and that, if coupled with a determination to see that future come to pass, will likely result in the within-family finance arrangement.

6.3.3 Meaning for the adviser

For advisers to entrepreneurs, the findings provide some significant challenges. It shows that if you are going to engage with someone who is embarking on this finance journey, or have already done so, the complexities of the start-up process are going to be significantly increased. Attitude to risk by the entrepreneur is likely to be developed in light of the enhanced obligations felt to their family. The need to repay money before financially (rationally) ideal is a pressure that cannot, nor should, be ignored as will the contradiction that the financiers may not want, or need the money repaid quickly or at all. The emotional response to difficult times in business is going to be heightened because it is more than just the entrepreneur and the business at stake. The fear of loss of face, of letting down a deeply trusted relative, of letting down themselves, and the resulting guilt of taking money from someone loved and the prospect of not being able to repay is always present. What is important for an advisor is to keep the focus on the future, the possibility of being everything that the entrepreneur could be, of envisaging the future as an authentic lived life, rather than the angst of nothing. This can overcome immediate fear

of the daily lived things. Advisors should familiarise themselves with the aspirations of the entrepreneur, the hopes and fears of their loved financiers, of the inherent risks imposed by such activity and the very important difference in the perspectives of the meaning of this finance from both sides. Only then can an advisor really understand the best course of action to take as the enterprise grows and experiences all the likely ups and downs of new venture creation.

6.3.4 Meaning for the policymaker

From a policy perspective, this research opens up the prospect of social policy that could possibly be geared to make the activity acceptable and supported wherever it occurs. It is not the recommendation to attempt to encourage or discourage the activity. It will occur in any case. This behaviour is outside of economic rationalism, and economic solutions are unlikely to impact on the prevalence of the activity. If, however, policy is to increase entrepreneurship, as many jurisdictions purport to desire (Román, Congregado et al. 2013) then this is how most entrepreneurs start. If start-up is to be made somewhat more attractive, and other forms of finance appear to not be able to facilitate this, then at least policy should be in place to assist those who do engage. Whether this is done through taxation, support systems, business advice, family counselling, or other tools available to governments, this research does not address. It does highlight, however, that this is a fundamental aspect of new venture formation, and without it, many entrepreneurs simply would not start.

6.3.5 Meaning for the scholar

From an academic and theoretical perspective, this research provides the following main contributions.

It provides advancement of theoretical development of entrepreneurship using a relatively new philosophical approach to the study of entrepreneurship. A phenomenological approach has been used and shown to be valuable in entrepreneurship research. It does this by providing empirical evidence that systematically reduced the data to themes, then essences of the phenomenon. Three key aspects that illuminate the essences of within-family finance are proposed: Care, Angst, and Tenacity. These aspects emerged from the data analysis and built upon existing philosophical and theoretical knowledge. This is a major step towards proposing that there could be a general phenomenological Entrepreneurial Theory of Authenticness. By proposing such a theory, I suggest that future research should look at various other aspects of entrepreneurship within a phenomenological lens.

Such a lens adds to a growing diversity of research approaches in entrepreneurship. It sits comfortably amongst a diverse and eclectic development of approaches to the task of investigating entrepreneurship that has emerged over the past few years. More specifically, it builds on the phenomenological approach to entrepreneurship, and adds to the recent work by authors such as Cope (2011), Shaw (2011), Rehman and Roomi (2012), Lam and Harker (2013) as well as recent dissertations by Zhang (2013) and Thomas (2013).

The research process and outcomes reported in this thesis fill a number of important niches in the conversation that is entrepreneurship research. For example, Law and Urry (2004, p390) wrote about social research as an activity that doesn't just report on the world, but enact it. The approach used in this study of within-family finance did not set out to enact, but it was certainly more than simply reporting. The development of knowledge, as reported in the analysis section, was through the interaction of the researcher and participants. It would be nonsense to suggest that both parties did not learn something from the process; maybe even improving their entrepreneurial knowledge, and maybe even their capacity. It does answer the call, as have other phenomenological scholars, to not only describe what is seen, but to engage deeply and be a part of the reality that they are able to communicate as understanding (Steyaert 2011). Rigg and O'Dwyer (2012) highlight the importance of the the community of practice that entrepreneurs find themselves in. While they drew attention to the fact that this community is broad, consisting of "family, customers, employees, suppliers, competitors and others". This research shines light on the family part of this important aspect. It sits very comfortably in the social constructionist view of these authors.

It extends, and to some degree, reinforces the research by Gartner and Bosma (2011) who found that as the distance between investors increase, the likelihood of altruistic investment decreases. The shared aspects of Care in particular show that with greater emotional distance, the relevance of Care is diminished. Weak or strong ties are important, but the underlying ontological understanding of the meanings that individuals attribute to such ties is better explained through a phenomenological view.

There are a number of authors that such a conversation could be continued with, such as (Steyaert 2011), identity construction (Rigg and O'Dwyer 2012), qualitative perspectives on women's business growth (Dalborg and von Friedrichs 2012), theoretical development (Corley and Gioia 2011), migrant entrepreneurship through qualitative causal pattern recognition, (Nijkamp et al 2009), entrepreneurial method as a means of distinguishing the study of entrepreneurship from other scientific approaches,

(Sarasvathy and Venkataraman 2010), and using qualitative data analysis software for constructionist epistemology within the entrepreneurial context (Kikooma 2010).

Of these contributions, there is one conversation that is important to acknowledge and build on. Sarasvathy and Venkataraman (2010) have suggested that entrepreneurship could be viewed as a method, rather than entrepreneurship should be viewed through a set of methods. This is certainly an interesting position, as it is common for those of us who are searching for an appropriate philosophical stance to base our work in entrepreneurship on to be confronted by choices of methods and methodologies borrowed from other disciplines. The conversations between quantitative and qualitative approaches continues (Davidsson 2005), notwithstanding that there is still a preponderance of positivist approaches even amongst qualitative researchers, see Nijkamp et al (2009) as an example. The call from Sarasvathy and Venkataraman (2010), I would suggest is one of philosophy. Such a call should welcome any researcher that would decide that going back to the things themselves (Husserl 2001) is appropriate. This thesis can be seen as building on such calls for a new look at entrepreneurship research; unshackled from the history of the shadow of other disciplines such as management, strategy, psychology, and so forth. It fits alongside such papers as Verreynne, Miles, and Harris (2013) that are starting to engage in entrepreneurship as a method viewpoint, rather than fitting method to entrepreneurship.

In closing, this thesis provides a philosophical view of entrepreneurship rather than a methodological one. The methods chosen were done so for the reasons described in Chapter 3, but the core contribution to the current academic conversation is one of philosophy. It describes the importance to engage in the meaning of entrepreneurship to individuals, and propose a means of making sense of the phenomenon under investigation.

Within-family finance which has been largely ignored by the entrepreneurship literature to date. Little, if anything is known about this activity, yet its prevalence makes it vitally important. This research reveals that the emotional context of the behaviour is fundamental to understanding the phenomenon. Trust, risk, obligation, the future, and the angst of not being everything that they could be are contrasted with the fear of failure and the impact that would have on the feeling of betraying the trust so explicitly provided by a loved one. This research contributes to our understanding of entrepreneurship because it provides, along with previous recent phenomenological studies of entrepreneurship, a fresh approach that enables us to reconceptualise the lived world of entrepreneurs. The link to a philosophical base is important in developing theory, and by deep engagement at the philosophical level guiding research

this thesis is able to provide evidence to support Ásvoll's (2012) contention that Heidegger's Theory of Nothing has value in explaining entrepreneurship and goes on to expand this concept to a more complete conceptual framework of within-family finance.

In summary, this research expands on the knowledge of entrepreneurship through a relatively new philosophical lens, that of phenomenology. The predominant research activity in entrepreneurship continues to be a positivist approach (Abebrese 2013). Calls to broaden the research methodologies in entrepreneurship have been made for some time. The slow trend towards more diverse research approaches has been recognised, called for, and welcomed by a number of scholars (Bygrave 1993; Cope 2005; Gartner 2008; Deirdre Tedmanson, Verduyn et al. 2012). This research accepts that entrepreneurship, broadly, is a social construct (Dodd, Jack et al. 2013) and this research has been conducted within this paradigm. The search for understanding about 'what it is like' to experience entrepreneurship (Morris, Kuratko et al. 2012) is a task that holds promise in illuminating the rich, complex, ambiguous world of entrepreneurship, sometimes best told as a story (Popp and Holt 2012), but always looking for the things themselves, the meanings that individuals relate about the experience.

This research adds to this rich base of growing knowledge within the phenomenological view. This is important to answer the calls for research that can diverge from the norm, and thereby fill the void of the experiential knowledge of entrepreneurship.

Finally, this investigation specifically looks at the financial aspects of entrepreneurship, and as far as I have been able to discern, apart from a phenomenological investigation that examines saving (Pandey and Swasdpeera 2012) no other phenomenological research attempt has been made in this sphere of interest. This research adds new knowledge to the field of finance of new ventures by expanding the philosophical research perspective of this field.

6.3.6 Meaning for me, the researcher

My own knowledge and understanding of entrepreneurs has been significantly impacted. As a phenomenological researcher, it is important to reflect on what I already knew and perceived regarding the phenomenon, and bracket that in the research process. That, however, is only half the task. To finish the 'story' I now discuss how the research has impacted my knowledge.

I have been a serial entrepreneur, experienced both failure and success (thankfully success came last), worked with and advised countless young entrepreneurs starting up from scratch, watched some grow

and succeed while others continue to struggle, and engage in education and research of entrepreneurs and innovators. My experience and research identified what I thought was an interesting yet under-researched phenomenon of family finance in entrepreneurs starting a new business. I hadn't, however, in my own entrepreneurial endeavours experienced accepting money from my family. I simply wanted to know more. What does this mean to those who do? Especially given the wealth of anecdotal evidence of the danger of doing so! Within my academic, business, and friends network, I found that little if anything was known about this, yet most people who had anything at all to do with entrepreneurship clearly acknowledged that it was prevalent.

In researching this phenomenon, I have found a fresh understanding of the motivations, philosophy, desires, hopes, dreams and importance of relationships in those starting a business using family money. The heightened sense of trust, obligation, success, and future, are clearly different from typical management, economic, and even the majority of entrepreneurship texts. The emotion and needs expressed by the entrepreneurs and their funders in this particular study show a human element often missing in the majority of entrepreneurship research. I have an admiration for those who place their trust in their loved ones, and an even greater respect for those who accept that finance, and then build their enterprises, balancing their own dreams alongside their self-imposed obligations – a clear illustration of care. What I always understood to be a complex activity has revealed itself to be more complex than I could ever have anticipated. However, within that complexity arises simplicity. The Authentic life world of these participants, espoused by their engagement with others at a deeply emotional level, their possible future, and the resilience to follow that world view provides a clarity and understanding of what it is like to be involved with this phenomenon.

I have also been able to develop my own perception of the philosophy of research in entrepreneurship. My journey in this research project engaging deeply with phenomenology has allowed me to elucidate and, hopefully, communicate a new perspective on a much under studied phenomenon. One that is fundamentally important yet largely ignored in the literature. I am satisfied that I have been able to contribute in a small part to doing three things: first, illuminating one aspect of entrepreneurship through the lens of the entrepreneur and their family financiers; second, enhancing theoretical understanding of entrepreneurship by engagement with a philosophical approach that is rarely used in the discipline and providing insight; and third, legitimacy to those who engage in this behaviour or are advising them.

6.4 Limitations of the research

The following section details the limitations of this research. The discussion will address the key limitations within three key areas; the philosophical basis, the sample, and the research design.

- The philosophical base of the research

There are two main criticisms of phenomenological research (Berglund 2007). The first is related to the reliance on interpretation, the second related to the focus on the individual.

In respect to the reliance on interpretation, a reader could justifiably see different interpretations from that of the researcher. The process is not as clinically simple as a set of rules such as are found in quantifiable research such as statistical rules. In defence of this, phenomenology is all about the interpretation. First, from the perspective of the participant who experienced the phenomenon, and then from the researcher investigating the phenomenon. This becomes the basis, rather than the problem of interpretive, phenomenological research.

In regards to the focus on the individual, it is true that the meanings and interpretations are focussed on individualistic views and representations. However, given these interpretations, this research has endeavoured to place such meanings in the context of a philosophical view of life. In this way, this limitation is overcome in this thesis by placing the experiences of the individual within a higher philosophical context. This context reflects on, and engages with phenomenological philosophy such that the findings are able to provide an understanding of the phenomenon, rather than a set of separate individual understandings.

- The sample

In regards to the individuals contributing to the research, the purposive sampling frame of this research means that the participants were predominantly from one geographic region, South Australia. This may mean that the transferability of the research could be limited to economic and socially similar regions. This research, however, did not intend to undertake any comparative investigation, and as such the results must be accepted as within these limitations. The participants self-elected to participate, hence the likelihood of hearing 'bad' stories may have been diminished. This is somewhat alleviated by the fact that few of the participants were considered very successful at the time of the interview, and one did relay their story of initial failure. However, the findings are acknowledged to be relevant to those who have not experienced serious family disruption. This could be seen as a limitation in that the view

may be very different, and understanding and meanings could change under more adverse conditions. Future research needs to address this limitation.

There is a gender imbalance in this sample. While this may be a reflection of the identified bias that female entrepreneurs have in obtaining finance, more work needs to be done within the family relationship basis of this research. Given that the findings are about the human condition, this limitation is proposed as being minimal, but interesting future research based on gender bias in this phenomenon could be looked at. In particular, future research could look at relationship differences between genders (parents-child dyads for example), whether male or females are more likely to ask for and receive family financing, whether male or females are more likely to provide family financing and so forth.

The sample frame used in this research is not evenly split between funders and fundees. This could have introduced a bias in the findings, so future research needs to be conducted with a better balance of funders and fundees. One possible means to build on this thesis is to examine a set of dyadic relations. This may provide more fine grained data in further understanding the relationship, in particular, the different and similar meanings to the behaviour elucidated by the two participants in the relationship.

The sample consisted predominantly of individuals who were yet to experience long term success, and only one had experienced failure. Future research should look at this same phenomenon from the perspective of both longer term success and failure. The findings in this thesis are limited to experiences of a relatively short business experience, but this is mitigated somewhat by the inclusion of one participant who was unsuccessful and another who is showing strong signs of success, albeit early success.

The sample base is from a WEIRD population. That is, western, educated, industrialized, rich and democratic (Henrich, Heine et al. 2010). Along with the great majority of literature in the entrepreneurship and business disciplines, this research is not extending the research outside of this relatively narrow perspective. Much of our modern entrepreneurship and management literature is based on this relatively narrow perspective of human strata. This research, while not looking outside of this limited world-view, does address one aspect common to management and entrepreneurship literature.

“Much of management theory is based on writings of early 20th century Western scholars . . . who depict Homo sapiens as an individualistic, utility-maximizing, transaction-oriented species. In contrast, recent scholarship . . . has shown these to be invalid models of human nature.

Humans are social and communal beings. Along with rationality, they are guided by emotions such as anxiety, hope, disappointment, fear, anger, excitement, pity, and remorse. By acknowledging the importance of emotions, world management discourse can evolve more holistic, inclusive, and emancipatory theories” (Mangaliso 2001 p23).

This research does provide insight to entrepreneurship that could be more universal than traditional management and strategy studies. It has achieved this by examining the deeper meanings attributed to the behaviour, and not dwelt on economic factors that are culturally and socially bound.

- Research design

There are two main issues arising from the research design. The first is that participants were required to recall their experiences, and recall is not always seen as reliable (Podsakoff and Organ 1986). However, the participants were recalling a critical event, and as such are more likely to remember what was important to them (Chell 2004). More importantly, this research, within the phenomenological paradigm was investigating what meaning is attributed to the behaviour. That is, the meaning that the participant holds at the time of the interview, rather than what actually transpired. The investigation of sense-making as in this research means that the temporal constraints are significantly reduced.

Use of the qualitative data analysis software tool, Nvivo v10, results in analysis that is hierarchical - May have some limiting consequences because of the hierarchical nature of the sorting and analysis process. This limitation was addressed by not relying heavily on the outputs of the software, rather, the tool was used as a sorting and quick reference mechanism. Outcomes predominantly relied on interpreting and understanding the data which was done independently from any mechanistic device or technique available in the software.

6.5 Future Research

There are many aspects that this research could lead to. Given this relatively new philosophical approach to entrepreneurship research, there are many areas that could be examined to build on this thesis. I have identified some key areas that lead directly off this thesis and require research to assist us in understanding within-family finance and other entrepreneurial phenomena.

Further research outside of the WEIRD population base is warranted to further investigate whether the understandings elucidated in this research is more universally experienced. To assist with this broader understanding, longer term investigations should be carried out to understand whether the meanings of this phenomenon change over time and with different business outcomes. Specifically, do the concepts

in the framework presented in this thesis, nothingness, care and angst resonate in cultures other than our WEIRD world? Similarly, do people change their philosophical views as their businesses progress or die? Such investigations will further enable us to understand what it is like to be an entrepreneur.

Studies that look at the phenomenon from the perspective of others in the social sphere could provide interesting perspectives on the impact of within-family finance. For example, what do other members of the family, both close and distant relatives, make of the within-family financing behaviour? This could also be expanded to non-family, looking at both close and loose ties.

There is a broad literature on family and family culture including the diversity of such cultures around the world. This examination was outside the scope of this research, but the conceptual framework presented here suggests that an investigation of within-family finance in diverse cultural contexts may be valuable.

More broadly, other entrepreneurial behaviours and contexts could be investigated using the framework as a basis. Do rapidly expanding entrepreneurs, lifestyle entrepreneurs, family owned businesses, or any other category of entrepreneurship see the world in the same context presented by the framework presented in this thesis? This could be examined within or across cultural, social, economic, and political contexts.

Finally, what is crucial to understanding the impact of within-family finance is examining the instance of negative outcomes resulting from the behaviour. Research should look at the case of a family relational breakdown that could have been caused by either a catastrophic failure of the business or extreme success. The framework should be used in this context to provide a contrast to this study. It will assist in elucidating how the different aspects of the model fit the dynamic process that entrepreneurship is.

6.6 In Closing

The purpose of phenomenological research is not to 'discover' causality, nor arrive at correlations between factors. Its value is to enable a deep engagement with people to develop a joint meaning and understand the essences of human lived experience. By doing so, and by reflecting on my own experiences, prejudices, preferences, world views, and understandings, I have been able to gain a breadth and depth of others' experiences. We cannot hope to begin to understand the world views of others until it is reflected in our own. Knowledge is socially constructed and co-developed with the research participants. Phenomenology provides the close link between knowledge and understanding. It allows us to close the link between perceptions and the actions we take. It provides a richness that

averages, regression lines and dispassionate observation will never do. By examining the meanings that are created in the phenomenological research process, the underlying essential aspects of the phenomenon are revealed. Essence means that we understand the bare minimum yet essential components of a phenomenon. If one of the components is missing, there is an incomplete picture, but components that are superfluous do not add to the understanding. Refer to Fig 3-1 in Chapter 3, *Picasso's Metamorphosis of a bull* as an example of a phenomenological reduction. The final drawing represents a bull, but is the minimal required for our recognition of such (Sadala and Adorno 2002). What I have proposed as the essences of within-family finance is the minimum required by all parties concerned. When both the entrepreneur and their family financier see the world from the same perspective, and if the possible future is envisaged through an entrepreneurial perspective with restricted access to capital, within-family finance is likely.

This research was aimed at obtaining a deep understanding of the motivations and behaviour encountered by people who are engaging in a within-family financial arrangement to start a business. The findings should be considered within this paradigm. As a result of this research, our ability to engage with such activity should now be able to be more compassionate and meaningful. Rather than decry such behaviour as 'uneconomic', 'risky', 'irrational'; we should see it as a manifestation of the family unit, of culture, of future orientation, of trust and obligation, of hope, of trying to be all one could be, of investing in people rather than things. All of these aspects are important for everyone engaging with entrepreneurs and, more widely, entrepreneurship.

The theoretical outcome from this research shows how people experience this phenomenon through pursuing an authentic life. Care, Angst, and Tenacity form the essence of the phenomenon, a driving force to be everything that one could be resulting in an authentic existence.

Appendix 1: Research Participant Form



Have you started a business using funds from a friend
or family member?

or

Have you helped a friend or family member start a
business by providing funds for them?

and

Are you interested in a free no obligation consultation
from an experienced business consultant?

If so, I would like to talk to you. My name is Gary Hancock, and I am conducting research into friend and family financing of new businesses. As a token of my appreciation in you sharing an hour or so of your time, I would like to offer an hour of small business consulting service to you, or someone close to you, who is in business.

See the attached information sheet for further details, but please contact me with any questions or concerns;

phone: 08 8303 0125 or my mobile 0418 847 765

e-mail: gary.hancock@adelaide.edu.au

I look forward to talking with you.

Information sheet for the research project:

Toward a theoretical framework for understanding the effect of relationship on early stage venture finance

The University of Adelaide's Human Research Ethics Committee requires an information sheet to be given to potential research participants to assist you in your decision about involvement. The information sheet provided here is one aspect of providing information so that you may come to an informed decision about your involvement in this research. It does not replace personal communication between the investigator, Gary Hancock, and you. Please take sufficient time to consider the verbal and written information provided, and discuss it with other people if required before giving consent to be involved.

The information sheet is to remain your property and a copy of your signed consent form will be provided on request.

This study aims to develop an understanding of how new businesses are started and, in particular, financed from people that they know.

This is important because this knowledge enables entrepreneurs, their advisers, and policy makers to make better decisions. Informal finance has been identified as an important enabler in the establishment of entrepreneurial new businesses and finance obtained from friends and family are a leading source of capital for start-up and small business growth. This is an important source because many early stage enterprises could not start without it.

As a participant, you will be asked to take part in an interview with the researcher. This will take place at a mutually agreed place and time. The interview will probably take between one and two hours duration. The interview will be recorded using a digital audio recorder and Gary Hancock may take notes as well.

Possible benefits from the study will be a better knowledge about the phenomenon of financing among friends and family in new businesses. The benefits may include better government policy – including taxation policy, better advice from professional business advisers, more appropriate finance packages from financiers, and better knowledge for entrepreneurs and their investors (whether friends, family or others).

There are no foreseeable risks other than your information not being held confidentially. To mitigate this risk, all interviews and the transcripts will be held on University property in secure storage. The results of the study will be published in the

completed PhD thesis, journals, and conferences. No participant will be identified or will be identifiable from these publications. Anonymity of participants is assured.

You have not been chosen as part of a random sample of the general population, rather you have been identified as being able to assist the research.

You may withdraw from the study at any time, even after the interview has commenced.

You are provided with the name, title, telephone number and email of Gary Hancock who can be contacted if you have any questions regarding your consent form.

The interview will be unstructured. There will be few pre-prepared questions and you will be encouraged to talk about your own experience.

CONTACTS FOR INFORMATION ON PROJECT AND INDEPENDENT COMPLAINTS PROCEDURE

The Human Research Ethics Committee is obliged to monitor approved research projects. In conjunction with other forms of monitoring it is necessary to provide an independent and confidential reporting mechanism to assure quality assurance of the institutional ethics committee system. This is done by providing research participants with an additional avenue for raising concerns regarding the conduct of any research in which they are involved.

The study, *Toward a theoretical framework for understanding the effect of relationship on early stage venture finance* has been reviewed and approved by the University of Adelaide Human Research Ethics Committee.

1. If you have questions or problems associated with the practical aspects of your participation in the project, or wish to raise a concern or complaint about the project, then you should consult the project co-ordinator:

Name: Gary Hancock.

telephone: +61 8 83030125

2. If you wish to discuss with an independent person matters related to

- making a complaint, or
- raising concerns on the conduct of the project, or
- the University policy on research involving human participants, or
- your rights as a participant

contact the Human Research Ethics Committee's Secretary on phone (08) 8303 6028

THANK YOU FOR PARTICIPATING, A TOKEN OF OUR APPRECIATION

As a token of our appreciation, and in recognising that your time is valuable, Gary Hancock is offering a one hour consulting session to discuss your business venture. This session will be held at a mutually convenient time after the interview has been completed. There is no obligation to accept this offer, but if you do wish to take advantage of the consult, please let Gary know at the conclusion of the research interview.

BACKGROUND INFORMATION ABOUT THE RESEARCHER

Gary Hancock

Senior Technical Officer (Telecommunications), Associate Diploma in Business (Mgt), Bachelor of Business (Management Information Systems), Bachelor of Business (Management) Honours, PhD Candidate.

Gary is lecturer and undergraduate program director for the Entrepreneurship, Commercialisation, and Innovation Centre in The University of Adelaide. From an academic perspective, he has taught and developed courses in the areas of small business management, business start up, consulting, and entrepreneurship (both face to face and on-line). He has expertise in a variety of areas including teaching, course development, administration, leadership, student supervision, and student mentoring.

From a hands-on business perspective, Gary has worked in a large telecommunications organisation both in a technical and senior management role. He spent over sixteen years starting, operating, and harvesting growth-oriented ventures in franchise and non-franchise environments. These businesses have been in the entertainment, telecommunications, business consulting, vocational education, and child care industries. Gary also assisted in developing the Innovation Foundation Program, a joint project between the Department of Transport and Regional Services, the City of Salisbury, and the University of South Australia. He provides consulting services to start-up ventures.

From a community perspective, Gary provides mentor support and advice to young entrepreneurs via the South Australian Young Entrepreneur Scheme (SAYES). He also runs a course about planning and starting a business in a local not-for-profit adult education organisation (WEA of SA) and is the President and Chair of the WEA of SA. He is a member of the Western Regional Enterprise Day committee, and runs the secondary and primary teachers forum at that event annually.

THE UNIVERSITY OF ADELAIDE HUMAN RESEARCH ETHICS COMMITTEE

**STANDARD CONSENT FORM
FOR PEOPLE WHO ARE PARTICIPANTS IN A RESEARCH PROJECT**

1. I, (please print name)

consent to take part in the research project entitled:

Toward a Theoretical framework for understanding the effect of relationship on early stage venture finance

2. I acknowledge that I have read the attached Information Sheet entitled:

*“Research Information Sheet for *Toward a theoretical framework for understanding the effect of relationship on early stage venture finance*”*

3. I have had the project, so far as it affects me, fully explained to my satisfaction by the research worker. My consent is given freely.

4. I have been given the opportunity to have a member of my family or a friend present while the project was explained to me.

5. I have been informed that, while information gained during the study may be published, I will not be identified and my personal results will not be divulged.

6. I understand that I am free to withdraw from the project at any time.

7. I am aware that I should retain a copy of this Consent Form, when completed, and the attached Information Sheet.

.....
(signature) (date)

WITNESS

I have described to (name of subject)
the nature of the research to be carried out. In my opinion she/he understood the explanation.

Status in Project:

Name:

.....
(signature)

.....
(date)

Appendix 2: Individual verbatim textual statements

The following is a record of the textual statement excerpts that were used in the theme development analysis. The verbatim examples of comments are identified under the participant who made them and the theme under which the comments were allocated.

Participant 1

Reference 1 *Need for funds*

I had already had my first serious investment, which was my eldest son brought his best friend along, he was about 18 at the moment, was passionate about starting this wine business.

Reference 2 *Quantum/Agreements and contracts*

there's eight grand. We'll have an agreement but it will be very informal and it's a loan. But I didn't want equity frankly cause if I'd taken equity and gone on the board I'd have become responsible in a way

Reference 3 *Motivation*

I wanted him to succeed but I didn't want to get lumbered as a director of a wine business I didn't understand

Reference 4 *Motivation*

My motivation was he was my son's best friend, he was passionate, I like wine and I could see a young man who was frustrated and might bring something of great value to the local community. And also there was one little thing, I get discount on all the wine

Reference 5 *Funding/Affordability*

did you expect to get that money back at all?

A: I didn't, no.

Reference 6 *No pressure*

It took ten years to get the money back. I accepted it as a monthly. After a while we agreed a monthly repayment of a modest amount and he paid it back plus an interest That was the arrangement we had. Nothing more or less. No arguments. There were months when he said, oh it's a bit difficult this month, I said, oh well carry it forward.

Reference 7 *Choices*

I wrote all the necessary letters of reference. I mean I took risks really.

Reference 8 *Business advice*

I did another thing – I helped him with marketing because he didn't know anything about marketing.

Reference 9 *Choices/Reasons/To offer*

And my daughter came home one day and said, this is my boyfriend Paul and then announced they were having a baby. They were both out of work, actors at the time. They'd gone to drama school together. Paul had had some training in the wine business in Ireland, didn't have a job. So I went to Noel and said, hey do you need a bit of help? He said, well I could probably use some help. I said, okay, there he is. He employed Paul. So Paul had a job and some money. And eventually Paul came to me and said, I've been with Noel for four years now, I really think I'm ready to start my own wine business but I haven't got any money.

Reference 10 *Outcome*

My son-in-law got a job, he's now got his own business, thriving. And that's good for his family.

Reference 11 *Outcome*

And Noel's business is probably some hundreds of thousands a year. I got my money back. Another thing, the reason I didn't take equity because I just did not want. When you take equity you will get involved and engaged and if things go wrong with the business you have legal responsibilities that I didn't really want. It wasn't my thing.

Q: So you didn't want the sleepless nights that go along with it.

A: No.

Reference 12 *Business advice*

So we went and talked to [company x] and we started a company called [company y] Ltd. I put some money in, not a lot. I was the chairman and it failed miserably. After two years [company x] hadn't spun anything out, the chamber of commerce didn't understand issues of equity investment and risk, so we learned a lot but it was a failure. But that was a family and friends investment of money and time, in what you would think was quite an attractive idea, association with a bigger company to get the technology out.

Reference 13 *Investor assisting business*

I have now got on the basis of a friendly lawyer over the road came to me one day and said, we've got a company in Nottingham, a start up in the wound care business, they're looking for a chairman, can you help us? So I met the people and they've got two guys in London who were ex-investment bankers who have started a kind of virtual incubator. They like the look of this technology. The mad scientist guy with wound care ideas, going to make a new product to change the world. So I looked at it and I liked it. He had a tiny little room like this in Bio-City, which is an incubator. Didn't have any money, wife was about to leave him because of the poverty. So I said, oh this looked good. I'm not going to put any money in immediately but I'll be the chairman. So I gave him a lot of time, got friendly with the guys and we eventually went out and raised \$1.5 million. I now have 10% of the equity of that company, which is approaching, he's in the middle of his clinical trials, so we've got that.

Reference 14 *Faith and trust*

But I only invested in that company because I believed in John and I knew him personally. And you know what he said to me? If at any time you are desperate for that ten grand you can have it back anytime. ...See this brings a ... level of trust and understanding.

Reference 15 *Investor assisting in business*

But the other thing about family and friends, we said well, why don't we go to the [investors], because we know all these guys. So we went to the ..., we went to however many would see us. We actually got six to invest in a venture fund, which is quite unusual

Reference 16 *Faith and trust*

Well he trusted us more because he knew us more

Reference 17 *Faith and trust*

Now with my family I will invest because I want to help them, even if I might feel that they are not going to make me any money. If I'm going to bring an investment prospect to [investor's name] I would only do it if I thought it was going to be a successful money maker. So that would be the difference, a big difference

Reference 18 *Motivation*

well why would I do that? I would do it for more than one reason. I would do it if I thought it really was a fabulous technology that will change the nature of inkjet printing for the common good. I would do it if I was going to make some money maybe. I'm going to make some money by recommending him, or even investing. I would do it because I like the guy and I would also do it because I like him. He's my friend. So I wouldn't give the information on another inkjet company.

Reference 19 *Motivation*

I've actually put loan money into a consulting firm that was run by [company name]. For a period of time they were short of money. And it was convertible but I didn't convert it So again I didn't really want an equity investment hanging around in a service company. But they were short of money and so I actually put cash in on a loan basis because I knew them, I liked them, I worked with them, I became their chairman for a while. So that was a purely friends type thing but it wasn't like the wine business, I had more professional rationale for believing it would return something than I did with the wine business. So there's a whole range of things.

Participant 2

Reference 1 *Realisation*

well I guess for us, I kind of instinctively knew that I could make it happen but I also knew I didn't have the money to do it. We're not home owners, and we were saving to buy a home but study and travel means I didn't have a pool of money behind me.

Reference 2 *Decision*

so we needed to either get loan money from a financial institution or from our family.

Reference 3 *Affordability*

we have been relying on Dan's wage to pay all the bills and even though we are pretty good at budgeting it is pretty tight

Reference 4 *To accept/Quantum*

my dad was in a position to loan us a small amount so he lent us the \$5000 which was the first lot of money that we got our hands on and that meant I could purchase stock, register the business name, started some of the branding and those sorts of things.

Reference 5 *Sources/Non-financial support*

Q: So, you have two sources of funds to get you started, one is from your dad and the other from Dan, your partner?

A: And it his wage that pays home bills as well

Q: so there's support funds there as well and even though it's not funds coming into the business, you would not be able to operate without it?

A: that's right

Reference 6 *Non-financial support*

Especially for the fitout. It took a lot of time because we did everything ourselves. All of the carpentry, my dad and Dan did by hand.

Reference 7 *Offer or ask*

Q: did you ask for the money? Or did he offer it to you?

A: I think there was a discussion where he said there was a pool of money there if we needed it

Reference 8 *Gift*

I get the feeling that that's my donation - in a sense where families often give their children money for a house...I think we have taken it for the business which I'm happy about that

Reference 9 *banks*

Dan and I discussed the best way to use Dad's money ... and worked out that Dad's was interest free so better to start with and could be repaid whenever we were able to and I think he said that

Q: you think he said that?

A: he definitely said that (laughing) he definitely said it, but he said it in the sense of if you can't that's OK so without any pressure

Reference 10 *Gratefulness*

Q: How do you feel about that though?

A: Um I feel very blessed that my parents are willing to do that They're not the wealthiest people, they have gone through a bankruptcy with a small business themselves about 15 years ago . So they have been rebuilding and have just got to the point where they own their own house again and a couple of other little properties and a successful business but they're almost at retirement age and lucky to be in a position to be able to do that so I feel very blessed but at the same time I feel very committed to help them have the life they have been working for.

Reference 11 *Repaying/Fundee to funder*

Q: so you feel an obligation to get this money back?

A; Absolutely

Reference 12 *Non-financial support/Business advice*

So your father has been in business, was he supportive of you going into business?

A: Cautiously yeah we've had a lot of really honest conversations about how it was going to work and what the reality of the business would be like but ultimately they've been supportive and been behind us 100% as long as we were committed to it 100%.

Reference 13 *Non-financial support*

Q: obviously he's helped you physically with the shop and that, what about advice about how to run the business itself?

A; Yeah he's pretty quiet on that front I think the bankruptcy shook him pretty bad but also my parents...they tend to let us live our lives

Reference 14 *Effect on relationship*

Q: has it changed your relationship at all?

A; No not all

Reference 15 *Pos or neg experience*

Yep he's grateful to be in a position to offer that support and they would probably like to be more hands on with the business but they live in the Riverland so they're three and a half hours drive away. They come down every now and again, and when they come down they like to do jobs and mum does a lot of baking and things and they're very, very excited about the idea of the business and they love sharing with their friends so there's a big pride there

Reference 16 *No pressure*

But in terms of the financial support, it was a very honest token of support. There's no conditions alongside that.

Reference 17 *Relationship/Stress*

Q: What about your partner, has that relationship changed?

A: He thinks he feels like the cash cow at times

Reference 18 *Relationship/Stress*

I've got the adrenalin and drive and the vision whereas he feels more of the drain of the reality. Sometimes we have to juggle the cash and it can be tricky at times. But there's definitely no resentment there

Reference 19 *Obligation felt*

Our main goal at the moment is to pay off the loans as quickly as we can

Reference 20 *Future intentions*

Other funds may be available, possibly another family loan, but we are very wary of that. We could look at that and possibly will.

Reference 21 *Agreement*

My sister loaned us \$1000 just to get through. Obviously there was no paperwork involved in that either and that it was agreed to be a short term loan

Reference 22 *Obligation felt*

In my mind it was short term and that would be 2 to 3 months and now were over that so I feel under pressure to be able to repay that. So Dan and I are discussing whether we sell a couple of vehicles to repay that loan. Just to be able to resolve that. And take that pressure away as well.

Reference 23 *Obligation felt*

Q: So is that pressure from your sister? Or just with you?

A: yeah, just my own perspective.

Reference 24 *Obligation felt*

Q: So it's an obligation from your perspective rather than from your sister?

A: and I've mentioned it like a few times in conversation and she kind of laughs it off and says 'that's fine'. So definitely from my side

Reference 25 *Effect on relationship*

Q: Hasn't had an impact on your relationship with her?

A: no

Reference 26 *Advice to others*

If someone came to you and said 'I want to start a business and mention that their family have offered them money' what's your advice?

A: I guess my first piece of advice is to make sure there's a substantial pool of money behind you to be able to do it to ease the stress of starting, and cover daily expenses, and always trust your gut instinct on those sort of things. Intuition is a pretty powerful tool and we should get to use that a lot more often in today's world and society. Use that as a gauge to tell you whether it feels right or not. And I think family situations can be so tricky with money involved

Reference 27 *Agreement*

But as long as there's a reasonable feeling that all is going well, then that's ok...but probably should put it in writing, but that wasn't the sort of thing in my family, I guess I'm lucky

Q: so you think that would have been outside of your family culture to sit down with your dad and say, 'ok lets write all this up'?

A: That would have felt a bit formal, were pretty relaxed folk, but I don't think anyone would have been opposed to doing that, but I guess for us that would probably would have been, for me saying that there was more risk involved and there was a chance of not paying it back.

Participant 3

Reference 1 *Quantum*

When we started the business (funds) came partly from the business partner who contributed probably about 20% and myself was probably about another 20%. The rest of the 60% came from my mother and father.

Reference 2 *Convincing the funder/Asking*

Firstly had to convince them that physiotherapy wasn't for myself and that I wanted to start a food business, which for them was sacrilege-

Yep (my parents) paid for my private schooling, put me through University. (so to leave) a fairly good paying job ... and say, look are you going to take the risk and give me, you know, lend me some money for an idea that I have, and for them it was a very difficult concept to grasp because they had gone to food only because they had no skills when they first came here, so they were forced into it. Whereas I've had a choice now and I've gone back to what they were doing and they're like, you know for them it was very difficult to – it just took a little bit of convincing but you know I presented the plan, my business plan to them -

Q: Okay, so you wrote a business plan for them?

A: Yep.

Reference 3 *Convincing the funder/Asking*

Even though they were apprehensive, they're still very supportive of my choices.

Reference 4 *Obligation felt/Obligation and trust*

There was always the opportunity for me to go back to physiotherapy, earn a good wage, pay back (my parents) what needed to be paid.

Reference 5 *Obligation felt/Obligation and trust*

Q: [What about not being able to pay back the money if the business isn't a success?]

A: So I mean for them, in the end I don't think they would have minded, it was more piece of mind for myself to know that, okay if this idea doesn't work, I still have this degree and I can pay back using my physio skills

Reference 6 *Business Risk*

I mean when we were setting up it was still the GFC [referring to the economic climate at the time], it wasn't a great time for business and so it was still very risky to go into a small business at that time

Reference 7 *Time*

Q: So how long did it take you to convince them to fund you?

A: Initially it was just, it was a small approach. I just wanted to let them know about the idea first, let them take that in first and then probably about, I reckon from start to finish about 3 months.

Reference 8 *Quantum*

[Source of the parents funds] Part was from my Mum's super, yep she had a little bit of super that was coming through and part was from their savings as well.

Q: And do you mind me asking how much?

A: It was 50 thousand dollars.

Reference 9 *Type*

There's no terms, no terms with the conditions at the moment. The (understanding is) that I will repay them with no interest.

Q: Is this an agreement that you had?

A: Just verbal.

Reference 10 *Obligation felt*

Q. Any pressure being put on yet?

A: No. No, I mean I've only been able to pay back about 10 thousand.

Reference 11 *Effect on relationship*

My dad said to me this year, he was proud of me on fathers' day because he thought it would last 3 months and I was like, ahh. They went in there with very low expectations, so whatever – I've survived 2 years and we're looking at expansion next year

Reference 12 *Family Culture*

I would say, I mean I think it's the culture, (my parents) come here with nothing at all, so everything they do is for their family. Everything goes to their kids, like all the 7 days a week, 2 jobs that they hold just to put their kids through school and give them an opportunity.

Reference 13 *Family Culture*

I think I do have some friends that I've had where their parents help out.

Reference 14 *Experience*

I mean they've gone through ups and downs through business, went bankrupt during the recession, now they just own a little Take Away, they're almost retired now, my Mum's 65 Dad's 67.

Reference 15 *Business Advice*

They come from a very old school mentality, so from a culture that would have no idea about social media or even just advertising or – but the principles are still there. I mean they don't like to borrow money from the banks at all

Reference 16 *Business Advice*

I like to listen to them talk about their experiences, especially the downfalls, the hard times. You can learn a lot from, you know, what went wrong with the business and why.

Reference 17 *Pos or neg Experience*

Q: It's been a positive experience for you, taking money from your parents and setting up your business?

A: Yep it's stressful, because in the back of my head you know I've always worked right from as a teenager, so my parents have always encouraged me to work hard and so it sounds great to be able to say, look Mum can I have 50 thousand dollars or whatever the amount is, then they give it to you back. It's not in my personality or it's not the way they taught me to just take money off people. And I've always you know, I want to be successful, one just for myself but also to repay them and then give them something else as well. So if I can give them you know, I mean if I can repay that and give them more I'd be happy to do so. It's not interest it's more,

Reference 18 *Obligation Felt/Gratefulness*

They've given everything for me to be able to do what I need to do and then once I'm in a position to be able to do so, I will pay that back.

Reference 19 *Banks*

Q: Did you go to the bank when you first had the idea?

A: No.

Q: Didn't bother?

A: No I knew I could show them no income, it would be just based on my house. I mean I know how the banks work and how they lend money so, and even the small business loans you know, limited to 10 thousand dollars ... so it wasn't worth it

Reference 20 *Pos or neg experience*

Yeah that's my experience which has been positive.

Participant 4

Reference 1 *Sources*

Yep I borrowed money off my parents and then my grandparents have also lent me money

Reference 2 *Alternatives*

I'm trying to get on that and the system is so backwards, you have to go on Newstart first which is the dole and you can't have more than \$5000, few thousand dollars in the bank to be able to get on it and then they expect you to be able to start up a business but you've got no money. So I'm going to try to get onto that, which I should be able to because I don't have any money,

Reference 3 *Alternatives*

I don't really know how to (find money for the business) and I tried grants and stuff and there's not really any available

Reference 4 *Quantum*

Well I've borrowed, not that much from my parents, maybe like a few hundred dollars every now and again when I needed to buy materials for things but it kind of – I didn't decided I wanted to do it and then borrow a big lump sum, I think I just borrowed as I went along but then recently, my grandparents gave me \$5000 to just help me with materials and getting out the first initial big orders

Reference 5 *Future intentions*

I haven't borrowed too much off them but if I want to get a machine I'll probably need to take (another) loan from them to buy it.

Reference 6 *Offer or ask*

Q: Did you ask for the money or was it offered to you?

A: It was offered, from my grandparents it was offered and my parents when I needed some money I asked them for it.

Reference 7 *Agreement*

Well the grandparents had the condition that I'll pay them back but they're not really too fussed whenever but not right now.

Q: Is there a formal agreement in place for this or is it just spoken, just verbal?

A: No just spoken.

Reference 8 *Experience*

have they (grandparents) been in business before?

A: No.

Q: Or your parents?

A: Not really no.

Q: Anybody else in your family?

A: My sister's a nurse.

Reference 9 *Encouragement*

They're obviously very happy to support you going into business?

A: Oh yeah they are yep.

Q: They didn't try to talk you out of it?

A: At the start they kind of did a little bit, they thought I should go back to study or do something where I can get a steady income but then when I got that job that's almost full time, I had 2 half days a week, they were a bit happier and now I've kind of proved that I can do it-

Reference 10 *Alternatives*

I've been entering lots of competitions, like there's a Qantas one at the moment, ... and you win like \$5000 and a mentor program for a year and flights to London and things like that and then another one for small business achievement award, SA awards or something, just been doing things like that to get my name out there and to just get some cash.

Reference 11 *Obligation felt*

I think my grandparents are kind of hoping I'll pay them back soon...(But) they're not too worried about it.

They think I've still got the money that they gave me and I don't, I can't tell them I've spent it all because I don't think they'll understand. They probably think it's a lot of money

Q: So do you feel under pressure to get that back to them as soon as possible?

A: Not really.

Reference 12 *Repaying*

Probably lump sum (payment)or maybe give them half of it when I can, they've been fine about it so there's no real rush.

Reference 13 *Bus experience*

You mentioned they're very supportive of you have they been able to give you advice on the business or?

A: No.

Reference 14 *Non financial support*

Q: You think you might actually go back home?

A: Yeah I think I might have to.

Reference 15 *Pos or neg experience*

Q: overall has it been a positive experience?

A: Yeah ...but it's hard, it's hard to start with nothing and yeah there's no support out there really

Reference 16 *Agreement*

Q: Are your parents and Grand Parents expecting interest?

A: No.

Reference 17 *Obligation felt*

If I told them I couldn't pay them back for another year I don't think they'd (Grand Parents) be too upset... or Mum and Dad would probably pay them back if they really wanted the money.

Reference 18 *Alternatives*

Q: Did you go to a bank?

A: No I haven't, I don't know if they'd give me (money) I have kind of looked into it a little bit with my dad but then my grandparents offered to lend me money, so that's how that came about.

Reference 19 *Alternatives/Bank*

But now I would like a (bank) loan to buy a machine ... but I'd have to get my parents to be guarantor I suppose

Reference 20 *Risk/Faith and trust*

Q: Do you get a sense that they see this (giving you money) is as a risky investment?

A: I don't think so, I think they're impressed with how I'm personally going.

Q: They're investing in you personally rather than the business?

A: Yep.

Participant 5

Reference 1 *Experience*

My brother has tried (to run a business), and failed. Extended family has, we're talking cousins but no other immediate.

Reference 2 *Non financial support*

Your parents are also helping you by providing you with accommodation. So you're working from their home?

A: Yes.

Q: And they're quite happy

A: Yep. They said "You know you can come back here, we don't want you to be in financial hardship".

Reference 4 *Ability to start*

I didn't have the financial capacity to start myself up elsewhere and then I would have been getting into a – it would have cost me more to move somewhere else and that would have caused difficulty for me to invest money or time in the business.

Reference 5 *Family culture/Encouragement*

They (parents) didn't actively discourage me (to get into business), I mean it depends how you look at it. They've always been supportive of a particular pursuit, I remember when I brought this business plan to my dad to talk about it, I mean he's not a great business mind, in a lot of ways he's similar to the boss that I had at work, it's very narrow-minded and has a propensity to think of the problems before realising that there are solutions and there's a way to work around it, a problem is just, it's an obstacle but you overcome it. So in that regard when I showed him the business plan he highlighted all of the obstacles that he saw and presented it in a way that seemed insurmountable. So it's – sort of discouraging you without discouraging you.

Reference 6 *Agreement*

Q: how do you perceive this money that has now been released into your business with your parents, do you have an obligation that you feel like you should be paying them rent, or paying it back?

A: There is some agreement that's a good point. We pay the electricity bill and some of the internet bill and we pay for all of our own food, all of our own consumables.

Q: But there's no obligation once your business is up and running?

A: No, but I'll take care of them ... they'll get something back

Reference 7 *Obligation felt*

Yeah, so there's certainly no spoken obligation but, I'd take care of them as a consequence.

Reference 8 *Bus experience*

My oldest brother tried to start his own business and he didn't put a lot of effort into it, and it essentially failed on itself.

Reference 9 *Family bus experience*

Q: Do you talk to your parents about these ... future expansion plans for your business?

A: Not so much anymore, not so much. After the initial experience with talking to dad about the business plan and the problems they're in, I found that it was good to get a negative perspective on the business, but incredibly demoralising and I found it frustrating to try to explain business concepts to somebody who wouldn't understand business.

Reference 10 *Quantum/Non financial support*

Q: So how long do they expect you to stay in the home?

A: They said that up to a year would be fine.

Reference 11 *Alternatives/Business risk*

I need to invest more money into this business from an outside source anyway. And I can't rely on them to fund it (any more) because dad is recently unemployed/retired and he was the sole income earner.

Reference 12 *Business risk/Effect on relationship*

I suppose there's also the barrier in my mind about borrowing money from anyone to run this, because this is my risk, I don't actually have any experience, and I know that, and I've also got certain personality attributes which mean, that started my own business is difficult, and I may self-sabotage like my brother did, that's in my mind. So borrowing money in actual cash form concerns me, I don't want to let anyone down I suppose.

Reference 13 *Alternatives*

Q: So not even if a bank (offered you funds)?

A: If a bank then yes, because then the responsibility is on me. And that's my plan-

Reference 14 *Ability to start*

Q: What would have happened if they (parents) weren't there?

A: I would have to had to go out and get another job. That wouldn't have necessarily been a negative thing, but I would not have been able to spend the past 2 months on the business like I have.

Reference 15 *Ability to start/Gratefulness*

I get the feeling then if my parents hadn't been there, then I probably would have put the business on hold

Reference 16 *Pos or neg experience*

I reckon, there's also something else, the dollar value to attach to the support of the parents just being around and the fact that I'm, and it's also the incentive, the fact that I move in with the parents, an incentive to work very, very hard, I mean, ...there's driving force there as well – to put a dollar value on it is rent, absolutely, it might be half of my previous full time wage, so we might be talking \$20,000 a year. So it's rent and enough to actually survive.

Participant 6

Reference 1 *Business risk*

just friends of ours they were selling the business and they didn't even offer it to us at first, just didn't think ... that we would have money or anything like that.

Reference 2 *Banks/Ability to start*

Yeah the timing was right but we didn't have money. So we didn't have any cash apart from maybe \$5000 and that was it, and we thought oh what can we do. So we approach our broker, but he said the bank would not give us any money because I hadn't got a job and Shane is like a casual worker

Reference 3 *Asking/Quantum*

And then we approach Shane's mum and dad and we asked them if it would be possible at all to lend us some money because otherwise we won't be able to buy the business. And we borrowed more than what we paid for the business because we needed some money for a start-up-

Reference 4 *Quantum*

I paid \$25,000.

Reference 5 *Quantum*

We borrowed \$35,000 from mum and dad.

Reference 6 *Repaying*

Last week I paid the first \$1000 off. (after)16 months.

Reference 7 *Agreement/Repaying*

We could probably pay it off earlier, I mean like step by step, but we always put the money, to invest the money to build something up, but they are at the stage that they would like to have the money back, We can do it, and we can afford it, so we can give it back now.

Reference 8 *Agreement*

There was no documentation whatsoever, they just told us you give it back when you can, it would be nice if you can get it in a years to 2 years time, or at least some of it and no interest, which is good.

Reference 9 *Gift/Gratefulness*

They were able to give us also that money because they sold the house, so they had spare cash and they didn't need it back then.

Reference 10 *Repaying/Quantum*

So hopefully we're going to pay off within the next 2 years, hopefully we can, but not sure.

Reference 11 *Experience*

Q: Now Shane's parents then, are they business people themselves?

A: Not at all

Reference 12 *Faith and trust*

Q: So there's obviously a level of trust there for you?

A: I think they believe in us and they've already seen what we've done.

Q: And they're happy with the progress to date?

A: They're happy, yes.

Reference 13 *Ability*

I had my own business before - back in Poland - and I've got a management background, so I used to be a manager in various corporations and university,

Reference 14 *Bus experience*

Q: You said you had your business in Poland?

A: It wasn't food at all; it was a graphic design and website development.

Q: So quite different – why food now?

A: Look food is my passion,

Reference 15 *Faith and Trust/in ability*

Q: how did you feel when they said 'yes we'll give you the money'?

A: I think at that time wasn't too bad, because I think the biggest fears or the most fears were in the beginning when I arrived in Australia and they didn't know me, they didn't believe in me because they didn't know me, and once they got that confidence in me and they knew what I could do, and what I

can't do, then they could just, I think that the trust build up itself and they could not only hear from me, like I always say I can do this, but they actually saw me-

Q: You were able to show them that you could do?

A: Yeah so they see me achieving

Reference 16 *Faith and trust*

They thought that I would be cleaning the streets or something (Laughing) When they told me that, it was like; 'well I'm not going to do that'. But that's like a perception, when I came here – you know a girl from Poland came here who knows. And they are from – nothing against or without offending anyone, but from that... Working class

Reference 17 *Obligation felt/Gratefulness*

When they said yes (to the money) I was real happy because then you know, we knew we could do something and even if we – we had a plan B obviously, if it didn't work out we would sell it (the business) and then they could come and get the same amount of money or something happened we would sell the property, so give them the money back,

Reference 18 *Obligation and trust/To be successful*

One way or the other you were determined that they were going to get the money back.

A: Yes,

Reference 19 *Faith and trust*

I mean we had this great trusting relationship by then

Reference 20 *Faith and trust*

I think they had doubts in the beginning, we've never done that before, you know, as a business

Reference 21 *Asking/Convincing the funder*

when I talked to them and say, you know Shane he's got great social skills, like he talks to people all the time, people will love to come and talk to him, so he's like perfect front of the house, and I've got brains, I've got skills to make it work. So I think once they, and they saw me also doing the vegan festival and the fruit and veg parades, which I organised here voluntary, and it was very successful. So they saw me achieving, small great things, they were very enthusiastic when it comes to oh that's great, we're going to do something different in life, but I'm sure there were doubts.

Reference 22 *Reasons/To accept*

And I think they are happy seeing Shane, he in that light as well, and seeing him happy rather than travelling, because he worked 2 weeks on, 2 weeks off in Perth.

And with the baby he wouldn't be happy, they wouldn't be happy.

Reference 23 *Ability to start*

Q: Were there other ways that you were able to have done this without that (financial) assistance?

A: No because we wouldn't have the money.

Reference 24 *Attitude to risk*

Everyone can try, (I believe to) just do it and see. I think people are in general are scared a little bit.

Reference 25 *Advice to others/Obligation felt/Obligation and trust*

Q: So would you advise somebody else to ... ask someone close to you to invest in you?

A: If there is such an opportunity and if that helps you to make your dream come true, yes definitely. as long as you know you're going to give this money back and you're sure you can do it, because this would be the worst thing to borrow money knowing that you're going to fail and have no, or borrowing knowing that you're not going to give it back, and then ruin the relationship, that's pointless.

Reference 26 *To be successful*

So, and I think once you've borrowed the money from your parents, or even from the bank, I think from the parents is probably more stronger for me to, it's even more motivating because you know you have to give it back, you don't want to fail in your friends eyes, for the bank 'whose bank'?, there's nothing (emotional) committed

Reference 27 *Fundee to funder*

Q: So there's an added level of commitment (borrowing from family)?

A: To me personally yes.

Reference 28 *Self efficacy*

Q: So you've got a belief because you know it's just going to happen.

A: It has happened. I think belief is most important things in business, in the business success, if you don't believe in what you do...

Reference 29 *Self efficacy*

it's not going to happen just because things happen, you actually have to do something in order to believe that it's going to happen, or have a plan, how it's going to happen and take some actions, ... say yes, you know. I knew I'm going to get in, I believe in that, I said it was the last minute and I thought I'm going to do it tonight and I'm going to get it-

Participant 7

Reference 1 *Alternatives*

Q: So how did you first think you were going to finance it?

A: Oh I thought I'd have to just save my money. Yes but I knew that that was going to take a lot longer given the cost of the equipment and start-up costs.

Reference 2 *Sources*

Q: So ... some finance came from your family?

A: Yep Troy's parents. [parents-in-law]

Reference 3 *Offer or ask*

Q: Okay and did you ask them?

A: Yes I didn't have to ask very hard

Reference 4 *Asking*

I wasn't really keen to do it. I'm very independent usually. So yeah but it was just – I made a little business plan up which was not much of anything, put it to them and then they said here you can have this.

Reference 5 *Quantum*

It's \$25,000 worth. At this point of time I'm sitting about \$18,000 and that's including all the renovations, the costs and everything that I've incurred here in the last few months.

Reference 6 *Repaying*

So if I pay off a \$1,000 - it's always rotating around that figure

Reference 7 *Offer or ask*

Oh well I don't really ask for money and things like that, it was very hard.

Q: What tipped you over the balance to ask?

A: I think just they were really forthcoming with it and I had – you know what I think I had approached the conversation first as just this is what I want to do. And then I don't know if I was really asking for money but they gave it to me anyway.

Reference 8 *Offer or ask*

I think we'd had a talk about it and then they came back to me and said "Well we can give you this" and then I put a business plan together and showed them that I was serious about it.

Q: So the loan being as much as an offer as an ask.

A: Yeah exactly.

Reference 9 *Experience*

Q: Had they [Parents-In-Law] been in business themselves before?

A: No.

Reference 10 *Funder starts business*

My mother-in-law is now in business, she has the raw food thing

Yeah so I think I had a little bit of a help with (her decision to go into business) you know like motivation (because she saw what I had done with my business)

Reference 11 *Affordability*

the amount of money that they've allowed you to have, is that a significant amount of money in terms of their net wealth?

A: I would say so

Reference 12 *Affordability*

I wouldn't say they're super wealthy.

Reference 13 *Effect on relationship*

Q: How's the relationship since that?

A: Oh hasn't really changed,

Reference 14 *Repaying/Obligation felt*

I pay the loan off monthly and never missed a payment. It's a really low interest rate which is great so I don't have to pay a lot every month.

Reference 15 *Effect on relationship*

A: No nothing's really changed, my mother-in-law also looks after Dorian (very young son) a lot so she's very involved in our lives.

Reference 16 *Business experience/Obligation felt*

I moved out when I was a teenager and I've lived by – I've had independence since then. So that's a hard thing to accept sometimes and then I think sometimes she'll make comment about "Maybe I should do this with the business" or something like that. But I don't think its money motivated, I don't

think she feels that it's her right to do that because she lent me the money I think that's just her nature. So I wouldn't say that I feel an obligation to them anymore than repaying the money.

Reference 17 *Other family/Attitude to money*

Yep that's okay and your husband Troy he's still quite comfortable with the whole issue and happy for it to happen?

A: Yep Oh he's been totally comfortable, he's the one that convinced me I think to do it.

He's got the – "it's only money" attitude; I'm like "Oh my god how I'm going to rent this month?"

Reference 18 *Advice to others*

Q: So having done it would you advise other people it's okay? (borrowing money from family)

A: Yes I've been very lucky though.

Reference 19 *Agreement/Obligation felt*

I think that was the biggest issue (risk of family disputes over money) is knowing how that can turn sour and really not wanting that to happen. But the way that it was so no strings attached to them made me feel comfortable with it.

Q: Okay so how do you think you'd feel if you couldn't pay it back? If the worst happened and the business is gone and you just can't pay it back?

A: Well I mean it will still be paid back by me.

Reference 20 *Obligation felt*

The only reason I couldn't pay it off is if I became sick or died or something like that and I couldn't do it.

Reference 21 *Agreement*

Q: Has there ever been suggestions that they would take a share of the business as part of that and give you the money and become millionaires when you become a millionaire or something like that? (humorous discussion at this point)

A: Be waiting a long time, no. I ... offered that. I implied that would be something I'd be comfortable with because it was actually quite hard for me to take it without having any strings attached.

Reference 22 *Agreement/Obligation felt*

Yeah and being suspicious that, you know, "no strings attached" doesn't usually mean that. Even with the best intentions you know.

Q: Yeah okay so that's interesting. So from their perspective there's no strings attached but from your perspective there are?

A: Yeah I don't call that a string though I call that just my obligations as mine.

Reference 23 *Agreement/Obligation felt*

I think if I paid it off, if I was to pay it off in 3 years that will be good but again I hope to buy more equipment so that my capital costs might go up again. But I would like to have it in 3 years so that's about \$500 a month.

Reference 24 *Taxation issues*

Q: Is this arrangement reflected in your financial statements?

A: No I don't think so.

Reference 25 *Agreement/Faith and trust*

Q: any paperwork for the loan or is it just a verbal agreement?

A: Well through the bank they've got the paperwork (with my Parents-In-Law) but I have the access to it and pay it - aside from that not really.

Reference 26 *Banks/Repaying*

But you know from a banks point of view it's not my name so I'm not showing any evidence of paying it off or anything like that.

Reference 27 *Risk*

Well yeah I mean it was a huge risk, well a huge risk to me a lot of money to me. I think that ... I never thought that I wouldn't be able to pay it off because I thought that even if the business went down the tubes I've borrowed an acceptable amount for me.

Reference 28 *Reasons/To accept*

And I guess, you know, I didn't really know Troy's parents all that well but I had a good feel for them as people.

Reference 29 *Business advice*

Yeah anyway okay so your parents-in-law – other than the occasional suggestion of what you might want to do with the business have absolutely no role in running the business at all, or

A: Nodding yes

Reference 30 *Faith and trust*

Yeah I try and keep them in the loop but to be honest they're not that – it's not that their interested but they're not really that interested. You know they trust me.

Reference 31 *Gratefulness*

Nadine who I share a studio with she doesn't have anyone giving her a loan so I always felt like I was very lucky that I've had this to fall back on.

Reference 32 *Pos or Neg experience*

Q: Overall a positive experience?

A: Yeah. But I can understand how it could go very, very wrong.

Reference 33 *Quantum/Affordability*

[referring to the amount of the loan] for somebody on an average income, \$25,000 is significant. You can't just wipe that off easily.

Participant 8

Reference 1 *Realisation*

Q: So when was the realisation that you were going to need some finances for all this?

A: Straight away.

Reference 2 *Encouragement*

Yeah, I mean I already knew and the thing is I didn't have money sitting there ready for this so I suppose going through that whole business plan process. I realised that but I suppose the other thing, along the whole way when I was doing that, was because mum's got her own business and so has dad, ... having their sort of influence and talking, because I was talking to them a lot about what I was

wanting to do and getting ideas and all that kind of stuff, and I think it was probably just – I mean and they knew that I didn't have the cash sitting there

Reference 3 *Encouragement*

Q: So they were encouraging (you) through this conversation?

A: Very which was good.

Reference 4 *Banks*

I spoke to the bank and they were like "Well you have a house?" "No"; "Do you have any assets?" "No". "We're not going to lend you any money".

Reference 5 *Sources*

Mum's a dentist and so through her business – there's a group called Medfee and they do loans and they did a loan for her – like for medical type people and they did a loan for her and she set up a business and obviously her business was very well established and making money and all that kind of stuff. So she said "Well how about I try and loan you the money and we will go through them?" because she didn't have the money sitting there just to give me but the loan essentially came through this group.

Reference 6 *Type*

(The loan is) In her name and they just do interest only loans if you want that – so did an interest only loan

Reference 7 *Quantum*

Yeah, well initially it was \$80,000 and then 6 months later we got an additional \$20,000 so \$100,000 in total

Reference 8 *Ability to start*

Q: You wouldn't have been able to start this business without that (money)?

A: No.

Reference 9 *Alternatives*

After I had the chat with the bank and "no" this is not coming up, Mum said "Oh well there might be another way we could do it".

Reference 10 *Alternatives*

I mean if that wasn't an option. I don't know. I suppose I would have explored – I would have looked a bit harder to see if there was another way that I could do it or look at a different model – doing it a different way or – I don't know.

I don't think I would have sort of completely given up at that point but I mean we might have gone to Jules' family or might have asked other people

Reference 11 *Ability to start*

Q: But really that (Mum's money) enabled you to get started when you wanted to?

A: It did.

Reference 12 *Gratefulness*

Q: What sort of pressure did that put on you in running your business?

A: Um, I didn't really feel as pressure.

Reference 13 *Gratefulness*

I mean I was incredible grateful and ... but it was sort of recognised as well that that's not something that everyone has access to. You know, I sort of felt – you know what I mean – you're going through the normal sort of channels that I might not have otherwise been able to do what I wanted to do. So I was really happy and excited and all of those sorts of things.

Reference 14 *Stress*

I didn't feel so much pressure at that point and I suppose maybe later on as the reality of what I was doing set in. So there was still a good six months before we even sold our first pair of shoes because that was pretty much at the start of the year. It was all just "everything's wonderful" and "this is going to be easy" and all that kind of stuff. So I suppose later on – I mean there have definitely been times where you're looking at all your bills and thinking "Shit – I that's a monthly thing that we are paying" and yeah sort of feeling a bit of pressure. Yeah, obviously because they have an (impact on how I pay) Mum. But that whole – you know they sort of put their faith in you – "you can do this" and all that kind of stuff and then you think "Oh can I do it? or "am I going to be able to meet these commitments that I've got?" so that that initial time – no – didn't feel any pressure at all – only later.

Reference 15 *Encouragement*

I mean she was really, really, really encouraging and so was dad and still is. I suppose because they've been through business– I mean Mum with her new business as well

Reference 16 *Experience*

She decided to set up her own practice and I talked to her about it on numerous occasions and I mean it's different but obviously there are similarities starting up from nothing. She was sort of saying basically in that first five years she didn't make any money at all, and she can reel off how many patients she had in her first week or – you know like one or – you know that whole sort of starting from nothing

Reference 17 *Encouragement*

Exactly, so she sort of – I mean she thinks it's a good idea – she thinks that I'm capable of doing it – all those sorts of things and I suppose she's got the benefit of having been through that kind of experience and knowing that it's not an overnight success – you don't just start a business and have all this money in the bank, so whether privately she is thinking "Shit, what's Lauren doing?". She didn't say that to me.

Reference 18 *Obligation felt*

But I think she knows that if everything fell to pieces there wouldn't be a problem; I would still service that loan; I'd still pay it back; it would work out somehow,

Reference 19 *Type*

Q: Your expectation is that you just service the loan?

A: Yeah.

Q: She's not an investor in the business per se or anything like that?

A: No.

Q: Was that ever discussed?

A: No it was never discussed.

Reference 20 *Agreement*

Yeah, mum sort of said when we first organised it; she said "We'll write something up" and I was like "Don't be stupid, of course I'm going to pay" but any way she said and I said "Okay, that's fine" – so she just typed something up saying "I'm lending you this money, you're going to pay be me back, blah, blah,

blah – sign here” – it was just something and I think she just wanted – I don’t know – just to formalise it and but there was nothing else.

Reference 21 *Obligation felt*

I give paying that back a priority over maybe other things – not that it’s – it’s usually in a matter of a week or something like that but whenever she sends me “This is how much you owe” and I just pay that back straight away because I don’t want her incurring any penalties for me being late, so whereas other – wherever we’re advertising through or whatever – I just think “Oh delay that a week” and whatever so I do it that way if that’s ever an issue.

Reference 22 *Impact*

Yeah, often I’ve said to Jules when I’m sort of feeling you know crappy about everything – I sort of say “I’m really sorry, I’ve dragged you in” – basically it was something that I always wanted to do and I never actually went and said to him you know – because I suppose I didn’t know what it 100% involved and how much of our life and all these other things so I didn’t sort of sit down with him and go “Okay you realise that if I do that, these are the consequences and this is how things are going to change” - because I didn’t know any of that stuff so I think we sort of both went into it you know very green and thinking this is going to be fantastic and I told him it was going to be fantastic so he said “Yeah, great”, but as it’s gone along it’s very much – I mean I obviously do all the stuff and the decisions and most of that sort of day to day – all of the other things but it’s our business and so Jules he has that sense of ownership over it as well and he does help out with a lot of sort of bits and pieces that I don’t want to do or aren’t very good at doing – I.T. sort of stuff and the likes, so yeah but at the start because we didn’t know what we were doing so it would be different if we say got rid of this and started “Oh let’s do a different business” – start again – we’ve have a lot more – I suppose our thinking about it would be quite different and we would sort of sit down and weigh it up

Reference 23 *Alternatives/Obligation felt*

Q: So how long is it going to take you to pay the money back to your mother?

A: Oh that’s a good question. Well, see I’m still doing interest only at the moment. Because the plan was, and still is I suppose, to get the business established – you know get it going for a few years and then I would go to the bank and get that onto the loan, so I actually spoke to the bank a few months ago about that process and ... this year and it’s about equity and all this kind of rubbish, and at the moment they said we couldn’t just give you that loan for the full \$100,000.

Reference 24 *Pos or neg experience*

Q: Okay would you do it again? Borrow money off your parents?

A: Yep. Yeah, there’s been no problems.

Reference 25 *Pos or neg experience*

I suppose, I don’t know – I suppose that kind of stuff with your family can cause problems. I don’t know.

Reference 26 *Asking*

I suppose if they were reluctant that would change my thoughts, because then I probably feel like I didn’t have their support or their belief that they didn’t think I could do it and it was a bad idea. So I don’t know – I mean I would have asked them anyway I’m sure but I wouldn’t have felt as comfortable with everything and then if you are asking for it I would have felt pressured

Reference 27 *Experience*

So anyway mum is doing really well with her business now and it's all worked out fine. Dad's a geologist. And he does well as well with his business; he works for himself and does a lot of work from India and up in Brisbane and so forth

Reference 28 *Quantum*

Yeah but getting back to saying \$100,000 was significant – it is but I didn't really – like I wasn't losing sleep over it.

Reference 29 *Attitude to money*

It's still more like I was saying to Jules "What is this money – you never see it – it's not a thing that just floats somewhere around – we just move it from computer to computer when we transfer it". You know what I mean? I don't know. Do you know what I mean? Because of that – yes I think \$100,000 is – yeah I recognise that that is a significant amount of money but if the business went under now and I had this debt to pay back I wouldn't be too stressed about (it).

Reference 30 *Pos or neg experience*

Q: Would you advise anybody else to do it? (Borrow from family)

A: I'd advise people to do it but I think it really depends on their relationship with whoever they are borrowing from.

Reference 31 *Family culture/Asking*

There was one case and I don't know when it was – say a year or 18 months after we had started – we needed \$5,000 – we were going to pay it back within two weeks – it was needed – just a cash flow issue and I didn't want to ask my parents because they had sort of helped us out a lot with this. We went and asked Jules' parents – well he did – that was quite stressful even though it was only \$5,000 for me. I didn't ask them but it comes back to that relationship thing. His parents have always almost got the opposite attitude to what I just described to you about money.

Reference 32 *Asking*

I said to Jules "Do you think we could ask your parents?" – we meaning you" – because there was no way I felt comfortable talking to them.

Reference 33 *Other family/Pos or neg experience*

As far as "I don't think this is a good idea" – and not so much – it was sort of getting better the longer we are still going but I sort of got the sense that maybe they thought this is not a good idea and look what I'm doing to their son and leading him down this path.

Reference 34 *Obligation felt/Family culture*

Anyway, so he sort of asked them – well he did – he asked them for the money and they – on the face they were very happy to give it but I still got that – that made me feel very uncomfortable.

We had it back to them within 2-3 weeks – less than a month but I felt I really (had to pay it back)

Reference 35 *Stress/Obligation felt*

Q: You really felt the pressure to pay that back?

A: Oh yeah. And I just felt really – like as I couldn't look them in the eye. I felt really, really bad about it because it was almost like I didn't – like the fact that we had to ask for that money the way they would read that was we were in trouble, we were not doing well and this that and the other and it was a bad idea ... because they haven't come from a background where they would understand what it's like to be in your own business and all that kind of stuff. They've always worked for someone else and always worked in one job for a long time, whereas I suppose my parents I know I don't have to explain to them.

Reference 36 *Stress/Family culture*

Very much so (different to my parents)– they sort of – they do behave like old people I think mentally ... but a stark contrast (to my parents).

Q: That's interesting.

A: Yeah, and like I said made me feel very, very uneasy about the whole thing and like when I saw them afterwards I was – I didn't know if I should mention it, not mention or look at them or not look at them or?

Q: One little bit was more stress than the whole of the other-

A: Absolutely, it's both of us and Jules was stressed about it.

Yeah, and because also he's not used to talking to them about money. It is a hard thing for a lot of people to talk about – when you're actually getting down to it.

Reference 37 *Business advice*

Q Did being given the money mean that they had any decision making influence?

A: Influence, power nothing like that – so probably when I think about it didn't actually really matter

Reference 38 *Obligation felt/Alternatives*

and now because I mean I spoke to the bank recently and now I'm just – just to make it a bit tidier I suppose I would just in my mind would like to think that they're not involved – like I said, there's no influence or anything like that – I just like to feel that it's all-

Q: it's more of a commercial sort of entity?

A: No, just in my head. Just something that it's neater, tidier and I don't have to involve anyone else or worry anyone else – not that they're worried or involved – you know what I mean – I don't know – what am I trying to say? I just prefer that – I suppose it's just me feeling like I can do it myself.

Participant 9

Reference 1 *Sources*

Q: You've had some assistance from-

A: It was from Matt

Reference 2 *Quantum*

He funded me to have the illustrations done, which was an illustrator that was in Melbourne and it's quite expensive, there were 48 illustrations, so it's sort of like \$150 to \$200 each. So that was fantastic

Reference 3 *Quantum/Ability to start*

So basically whatever I need to get done at the time with each development that comes, I'm really assisted.

Reference 4 *Sources*

Q: And Matt's relation to you is?

A: Partner.

Reference 5 *Ability to start*

Q: So could you have done it without that?

A: Yes, I could of; it just would have taken me a lot longer.

Reference 6 *Quantum*

At the moment I've probably spent close to about \$7000 and Matt has assisted with about \$4000 So it's significant for the business.

Reference 8 *Type*

Q: Is it a loan, is it a gift, is he investing in your business?

F: He's investing in my business

Reference 9 *Gift*

I mean to him it's probably more of a gift and he's not really interested in whether he sees a return, but for me, I would prefer that he has a return.

Reference 10 *Family Culture*

Absolutely and I think it's more truthful too, I think a lot of people don't give things like this away.

Reference 11 *Type/Agreement*

Q: Is this seen as an investment that looks for future income or is it a capital investment?

A: It is, but it's not down on paper as such - It's all informal.

Reference 12 *Experience*

Matt's a very successful business person himself, extremely as a matter of fact.

Reference 13 *Agreement*

Q: So it's totally informal at this stage, it's just between you two; nobody else really knows anything about it?

A: Not really, no.

Reference 14 *Banks*

No I haven't, haven't gone to a bank at all.

Q: You didn't try? Did you consider it?

A: I did consider it. I did consider it but it seems an uphill battle to actually explain what it is that you're wanting to achieve and what it is that you're wanting to do and for them to be as passionate about it as what you are. And I guess that's kind of put me off a bit

Reference 15 *Effect on relationship*

Q: Has this assistance that Matt gave you changed your relationship? Or how you feel about each other from a – either personal or professional way?

A: No we talked in depth about it a lot because I don't like to borrow money, I like to try and do everything myself. So accepting his assistance was a really big thing for myself. But I don't feel bad about it and I don't feel guilty about it

Reference 16 *Obligation felt/Faith and trust*

Q: You obviously feel a certain sense of obligation to give the money back at some stage or somehow?

A: Absolutely, yes.

Q: And he has a level of trust from you?

A: Absolutely.

Reference 17 *Pos or neg experience*

Q Would you recommend that other people do it?

A: I would recommend that it happens if there's a lot of trust there and it's something that you have to be very genuine about

Reference 18 *To be successful*

I guess for me what's really happened as a consequence from that, being a part of the funding is that I'm more determined to see it finished and get it done. Whereas if it had just been me I probably wouldn't have thought oh gosh do I really want to do this, can I be bothered and now I'm going to have to keep pushing myself which I have always done with this, but now I feel an obligation to get it done

Reference 19 *To be successful*

To actually really get it done now, because somebody else that's very close to me has invested in it.

Q: So do you see that as a, I guess a bigger obligation than if say a bank had lent you the money?

A: Yes, that's right, that's exactly how I probably would have thought about it.

Reference 20 *To be successful*

Q: Oh that is interesting

A: That's right, it's not just bank, it's not somebody who's just invested in it, it's somebody that I know on a very personal level. You really do want to do your best with that.

Participant 10

Reference 1 *Gift*

They do, they said they want to (pay back the money). ... I'd be happy for them to have it

Reference 2 *Experience*

Q: So, have you been in business yourself?

A: Oh, yes.

Reference 3 *Family culture*

Q: So, (you have) a really strong family history of being in business though. So, when you helped out, Jodie and Adam with cash, did you also help them out with assistance and advice?

A: No, no, I haven't. We worked with the others but not with the grandchildren.

Reference 4 *Funding other family members*

Q: Have you helped the other grandchildren as well?

A: Yes - we've lent them and given them money over the years. Its really over to them and what they did with it. But yes it was of course, to do with business

Reference 5 *Taxation*

And I would give them more, except for the tax thing (gift restrictions on pensions)

Reference 6 *To offer*

Q: what's the basic reason that you'd want to help your grandkids, in particular, to get into business?

A: Because they work so hard, and these times are tough, but if they get off the ground, then – well we've got the money to help them, so it's a pleasure to us to be able to help them, there's no other reason.

Reference 7 *To offer*

I'd rather give them a whole lot more now, while they're struggling, than leave it to them after we die, because then they ... may or may not need it as much.

Reference 8 *Advice to others*

Q: Would you advise that other people do the same as what you're doing?

A: That depends. I suppose it depends on their children and their assessment of what their children are doing. I'm very proud of what our children have been doing, and they don't waste money, they work hard and use it well.

Participant 11

Reference 1 *Sources*

Funding is a question - yeah, absolutely. And whether I dip into my own assets or the father in law comes along to help (is a big issue)

Reference 2 *Type/Taxation issues*

Q: So (when you use) somebody else's money as well as yours, how would you envisage that you would structure that?

A: Well, they're the things on the tax implications...So if I'm setting up a propriety limited business and I'm bringing funds into there, then do I make them somehow part of the business so I can pay it back?

Q: So they become a shareholder?

A: Yeah, yeah possibly.

Reference 3 *Type*

Q: How would you personally like to feel about that money – as a loan or as an investment so they take a share out of the profit?

A: A loan to the company, I think, because that has obvious benefits where I can claim back against that. That's one point of view. So that can minimise cost.

Reference 4 *Business advice*

Q: Would you consider them as being part of a business, engaged in the business at all or nothing other than a source of funds?

A: A source of funds. Yep - mainly because of decision making processes afterwards.

Q: Such as?

A: Being very close in family like that, I can see people making decision – or wanting to make decisions that I wouldn't want to go down.

Q: So you want to maintain control.

A: Absolutely.

Reference 5 *Attitude to risk*

And obviously you know if the thing fell over and losses and stuff like that, I would want that to be my loss and not his loss.

Q: You don't want to put that risk onto someone else.

A: No, no.

Q: Why is that? If they're funding it and possibly getting a gain out of the end of it?

A: Yeah. I think their gain is minimal. I don't expect to be paying big dividends back to them – more repaying the loan, making an interest payment, yes, because the business should do that. So it's probably a loan on a preferential basis rather than a commercial loan.

Reference 6 *Banks*

To get a business up and running ... it's, you know, it's very hard to get a commercial loan up front.

Reference 7 *Ability*

Have you been in business before?

A: For a very short time – I was in the importing industry and thought “Bugger this, I’m going to do it myself.”

Reference 8 *Business advice*

Q: Would you be looking for someone who could provide some form of advice on top of (finance)?

A: No. I think I would take advice professionally. I think family advice is sometimes dangerous unless that person in the family ...have a professional background to give that advice.

Reference 9 *Family business experience*

One of my brothers, he’s in business

Reference 10 *To accept*

Q: I understand the reason that you want to fund your retirement. Why business?

A: I’ve always had a penchant to run my own business. For whatever reason, I don’t know. And yes, and seeing the past and watching all the reasons other people wanted to start business in hand with that, I found very interesting and very grounding, if you like. And having been there was also excellent.

Reference 11 *Experience*

I have a mate who’s very entrepreneurial – runs lots of his own businesses. So he suggests I would make a lot more than that. But I’m very reserved about the money I make.

Reference 12 *Sources*

I sort of hope that he might jump on board so he’ll invest in it.

Reference 13 *Sources*

He doesn’t need the money. He loves investing. He loves investing. And he’ll fly somewhere in Australia and talk to somebody about investing.

Reference 14 *Banks*

But I think that’s a real hard yards trying to drum up the funds.

Reference 15 *To accept*

I’m pretty much now on a 3 year plan to retirement. And my wife is telling me “You’ve got to retire in 3 years.” And I’m saying “We can’t afford it.” And that’s why I need to do this, not because I want to, because I don’t. I want to because I need to.

Reference 16 *To accept*

All driven by lack of superannuation.

Participant 12

Reference 1 *Business risk*

I mean I’ve heard 80% something of new businesses fail and most of them fail in the first 18 months, it’s a difficult thing to get a business going and trying to do it on your own is almost impossible.

Reference 2 *Faith and trust*

This is a situation where you're choosing to help somebody with their business because you believe it's something that's going to go ahead.

Reference 3 *In ability*

So I can see she's got some real skills there that I just don't have.

Reference 4 *Business advice*

Q: Are you able to use your business skills in helping her with your past experience?

A: Well I hope so, I do hope so,

Reference 5 *Agreement*

Q: So now you've provided some money to Leanne to kick start it ... there's no formal agreement between you?

A: Nothing at all.

Q: So it's just basically all trust from your point of view?

A: As far as I'm concerned, formal agreements are for lawyers.

Reference 6 *Faith and trust*

Look it's totally a trust thing

Reference 7 *Gift*

I would go even further and say it's more a gift. Here is the money, if one day you find yourself in a position to pay it back well wonderful, if not, I mean I've forgotten about it already and, I think it's better to do it that way and then it's not something that's hanging over you and sort of being a stress on the whole running of the business.

Reference 8 *No pressure*

Somebody's not thinking, oh god I have to pay this back, therefore I have to make perhaps rash or sudden decisions about how I'm going to run my business that might not be the best long term positions.

Reference 9 *No pressure/Banks*

If I could make sure I understand...So you see this mechanism, formal bank finance is the bank managers going to be ringing up every month and saying "I want to see your spread sheet, I want to see your profit and loss, I want to see your balance sheet to see if you can pay back the loan" whereas your finance, you're clear of all that.

A: Exactly.

Reference 10 *No pressure*

So the business can just get on and do what it needs to do.

Reference 11 *No pressure*

And I mean most businesses are not going to be profitable the first 18 months, and you're certainly not going to be able to justify to a bank manager that they are without lying or perhaps doing things that aren't in the true nature of your business, and much better just to be able to say right well I'm going ahead and it will take as long as it takes and when it's ready to make money it will and if it doesn't well okay we'll go and do something else.

Reference 12 *Bus experience*

If Leanne's project with her training package turns out to be an amazing success well wonderful, if it doesn't it's interesting to do and it'll provide her with the next stage of the business that might well be amazingly successful.

Reference 13 *Emotional paradox*

I think it's (financing family) a hard thing to do and I think you've got to be in the right frame of mind to do it

Reference 14 *No pressure*

There's the money. I don't expect to get it back, I don't want it back. I'm not keeping track of it, but, ... if it's a pressure on you, if it's adding to your total pressure of running the business then it's not a good thing. The last thing you want in the early days of starting a business is any sort of extra pressure, I mean you're putting enough on yourself. You're saying this is going to work, this is what I'm putting all my effort into.

Reference 15 *Taxation issues*

But the sort of thing that scares me a lot, slightly off the track but something that will become relevant to this sort of thing down the track. Many, many years ago the government had death duties, so when you died you had to pay tax to the government. It was a horrible thing, really is, particularly farmers and that sort of thing, really means they can't have generational farms. The other thing you've got to do of course when you have death duties is have gift duties, because otherwise on your death bed you give everything to the kids and suddenly the government doesn't get it. And gift duties is the most absolutely draconian horrible tax in the whole world, and it really makes this sort of thing almost impossible. If they do bring this in, because I couldn't just say well there you go Leanne there's \$10,000 do what you like with it. Because suddenly I've got to pay 30% tax on that or something, and of course the answer is you wouldn't do it, or you wouldn't do it that way. So that would make an enormous difference to the way this sort of transactions happen.

Reference 16 *Type/Gift*

Q: Is it an investment, is it equity, is it a loan?

A: And the answer is it's none of those, it's really just a gift and that's the way it has to remain. Now if suddenly there's paperwork involved in gifts, well that's going to be just horrible

Reference 17 *Non financial support*

There's a big part of your funding too... is the free accommodation and board or whatever that the parents just naturally provide. I guess my parents provided that for me too

Reference 18 *Family culture*

It's interesting, I've never thought about this until you mentioning it, I mean I've always had sort of an ongoing thing with my own family that's very like that. (referring to financing businesses informally)

Reference 19 *Family culture*

It's interesting just talking about it, I love talking about these sort of things with people because it clarifies them in your own mind and you suddenly realise that there's some sort of system that you've been following that perhaps you didn't really know and it was just sort of instinct at the time

Reference 20 *Family culture*

You've triggering off some ideas for me and that money really is an enabler, not for what it is...exactly, it's not an end in itself, it's a way to get to where you want

Participant 13

Reference 1 *Sources*

Q: So you had finances from somebody that you know to start your business?

A: Yeah – my parents.

Reference 2 *banks*

We did try and go down the avenue of just getting a business loan or anything-

Q: How did you find that?

A: It was terrible I think I applied through a couple of banks, ANZ, Bank SA, NAB and because it was a start-up business, because I was on maternity leave, David was obviously wanting the funds so he could purchase a van, that was the main thing, purchase a van so he could start out on his own

Q: You couldn't get one?

A: No, no, so it affected (our) confidence

Reference 3 *Gratefulness*

So thankfully my parents also had strong belief in us and said that (they would provide) any money that we needed

Reference 4 *Quantum*

I think we just said, yeah well \$20,000 we can get a van and a few extra things set up.

Reference 5 *Repaying*

And we paid that back within 12 months.

Reference 6 *Type*

Q: Now how did you treat that – as a loan?

A: Yes.

Q: So you saw it right from the start as a loan-

A: Yes.

Q: And not an investment in your business?

A: No.

Reference 7 *Obligation felt*

They took out a personal loan and I said "Well you tell me what your monthly repayments are and I'll make sure I cover your monthly repayments". So I was transferring money from our business bank account into their bank account the day before their repayment came out.

Reference 8 *Obligation felt*

So I didn't want any impact on them whatsoever and that way any interest or anything we covered and then when the time came that I said "Look we've got enough money we'll pay it off, get me a payout figure and I'll give you that money".

Reference 9 *Gratefulness*

And we didn't want to take advantage of it, we were appreciative enough that they could do that

Reference 10 *To be successful*

I guess we wanted to show that we are serious and we can do that. So we saw that as a priority to pay off that loan before we did anything else.

Reference 11 *Obligation felt*

Q: You saw that as a significant obligation in your business?

A: Yeah, yep.

Q: More so than had you borrowed it from a bank?

A: I think we treated it the same,

Reference 12 *Obligation felt*

We didn't take advantage of the fact that it's family and whatever. So I just wanted to make sure that my parents weren't out of pocket or anything inconvenienced by it.

Reference 13 *Affordability*

Q: was that a significant amount of money for them?

A: Yeah

Reference 14 *Attitude to risk*

I don't think at any time they saw it as a risk either, with us – they know me obviously and they knew that we were quite confident in getting this business working and up and running. So it wasn't a huge risk for them.

Reference 15 *Alternatives*

We did have an offer from my brother-in-law, as like an investor, he'd always said "If you two decide to go into business I'll invest in you" and things like that, but we were quite adamant that we wanted this to be ours and we took a loan from my parents because we knew there'd be no obligation or ties with that.

Reference 16 *Business experience*

Q: So your parents, were they business people themselves?

A: No, not in the sense of, I mean they both work full time, have pretty good careers, but not in the sense of entrepreneurial or having their own business or anything like that.

Reference 17 *Family culture*

So this was, what we're doing, what David and I are doing is totally out of the norm for our – especially for my family and things like that.

Q: What about David's family are they in business?

A: No

Reference 18

I just thought that between the 2 of us we were both very good at what we did in our respective fields that put it together I thought that we could do something really great, and I've always believed that and it's proving to be working well.

Reference 19 *Self efficacy*

I guess I'm getting a sense of your expansion is very, very controlled, and it sounds like that's very much what you did when you started off and took money from your parents. It was all within your control within what you knew you could pay back and your business continues to follow the same sort of philosophy.

A: Yeah.

Reference 20 *Ability to start*

Q: If that money wasn't available for you, would you have started the business up in any case?

A: I think our next plan of attack was to perhaps, I think we were thinking of downsizing my car, getting a cheap car, selling off some of our assets and things like that. We also did explore the option of perhaps me going back to work full time to earn the money

Reference 21 *Offer or ask*

Q: Did you ask them or did they offer it to you?

A: They offered and initially I declined for a week or so while I was sorting finances.

Q: So why did you decline it as a first option?

A: I think I wanted to do it for ourselves, I didn't want to have to rely on, even though it wasn't a hand out I just wanted us to build this business on our own, as such, I didn't want to feel like reliable or obligated to them as such. Not that my parents would have thought that, but I just didn't want that

Reference 22 *Emotional paradox*

Yeah I didn't want to feel like we were obligated to them or anything like that.

Q: And how did you feel when you finally accepted – How did that make you feel at that time?

A: I think a little bit relieved the fact that I could stop treading pavements and looking for finance – but – I was very certain that that would be our number 1 priority in paying it back and same with David,

Reference 23 *To accept*

Q: So even though you had an initial reticence to do it, once the decision was made it was no huge issue to you at all?

A: No. It was just – it was disappointing that we couldn't get the finance ourselves

Reference 24 *Alternatives*

I guess if we weren't as confident as what we were, in succeeding that could have knocked us down I guess, because it was quite disheartening going to different institutions and finding out that you couldn't even get \$20,000.

Reference 25 *To be successful*

I guess if we just won lotto or something like that, and we had all this money, you might not care if you didn't do well with it, whereas I know it was my parents money and I didn't want them to have to be at a disadvantage at all because of something I'd done.

Q: So you saw a real value in this amount of money?

A: Yeah I saw it as something important and we needed to get return on that money to be able to pay them back and build up things from there.

Reference 26 *Bus experience*

Q: have your parents ever helped you out with your business, other than given money?

A: No. No, other than babysitting so I can work more

Reference 27 *Other family/Family culture*

I mean the hesitation that I had is I didn't want anyone to take credit for us. Starting out from where we were, and that's probably one of the reasons why, David's got very wealthy parents, and we didn't even consider getting finance from them because then we knew we'd be obligated with David's family.

Whereas my family's a bit different in that regard. But it was just, I mean even though I didn't think for a second we wouldn't be able to repay the debt, I just felt a little bit like a failure that we couldn't start up on our own, to start by ourselves, and that. I thought – I don't think my parents thought it – but I thought that well if there's people, bank managers and things like that don't want to even give us, risk giving us

\$20,000 my parents might think “well, what is there, what are we missing”. But I guess they know me, and they knew David, and knew that we both would work hard for it. So that was the main thing is that we did feel like failures I guess to start with

Reference 28 *Family culture*

Q: Tell me a bit more – I'm curious about this feeling that you had with your parents, you were comfortable to take the money-

A: Yes.

Q: But with David's parent's, because they were wealthy you felt there was a different dynamic there?

A: I think it's the – I don't know without going into all the family dynamics and things like that, but just the personalities. ... even to this day they take credit for where David has gone, yet when he wanted to take on his apprenticeship I was the only one who encouraged him to do that. They didn't want him to be a tradesman, they wanted him to go to university. So yeah, now that he's very successful-

Q: It's because he was brought up really well? (Laughing).

A: Yeah exactly, exactly, yet at the time, and even when he – and oh now that I'm remembering – when he said that he was going to quit his job and he was going to go into business on his own, his dad told him that he was absolutely crazy, and that was ridiculous, he's got a wife and a newborn, and I wasn't working, and he's got a house and so on

And it's not time to go out on a whim and do silly things, you know leave a good job to do that. So I think, I knew that they didn't quite believe in us as much as we believed in ourselves, whereas my parents have always been quite supportive.

Reference 29 *Family culture*

I think mainly with his parents it was that there was just no encouragement, yet they're more than happy to take a lot of the credit for it now.

Reference 30 *Ability to start/Alternatives*

Q: So if your parents weren't there willing to help you, you may have had to struggle by selling a car and doing all those sorts of things.

A: Yeah I mean that was our next plan of action rather than going to David's parents.

Participant 14

Reference 1 *Choices/Ability to start/Need for funds*

Yeah it was financed by mum and dad because we were, well I was all of about 19 back then, and we certainly had not a penny to our name.

Reference 2 *Choices/Sources*

Yeah financed by them, I think they also went guarantor for a business overdraft account

Reference 3 *Sources*

The deal was, is that at that point that money that they used to buy the business was actually their retirement fund. They virtually only just almost retired in that year if I remember rightly

Reference 4 *Quantum*

It's about \$70,000 (that) bought the business, I think the overdraft account was about \$10,000.

Reference 5 *Offer or ask*

And so then I don't even know who came up with the idea, whether it was mum and dad themselves or whether it was Alan (interviewee's husband) who planted the seed

Reference 6 *Non-financial support/Business advice*

But the next thing we were packing up and flying home to mum and dad's, and we sat around the kitchen table and dad virtually said "Right what do you generally charge for a meal? Okay and how many seats have we got, right are you going to fill them on a Friday or Saturday night?" Tossed over the figures and just went "Yep okay, we'll give you some money".

Reference 7 *Risk/Experience*

So he (the father) wasn't totally ignorant of a business concept?

A: No, Yeah and he is, he's a very smart man, he's not a smart man in a sort of university education type way, he's very world wise

Reference 8 *Motivation*

so they thought they were going help you, was there an element of getting you back to South Australia do you think, back to the family?

A: Oh I have no doubt, yeah. Yeah because I was all of 19, first baby [and living interstate]

Reference 9 *Motivation*

I think it was bring her home first and let's just make sure the figures are okay second (Laughing).

Reference 10 *Choices/Alternatives/Type*

Q: now you also mentioned that you were then paying it back?

A: That was the plan yep. On a monthly basis

Q: So did your parents consider this just to be a pure loan or did they consider being partners in the business?

A: No I think they considered it just as pure loan, they didn't want to, they just wanted the money in the bank each month and that was it. They didn't want to be involved with the business or they didn't need to know about it, they just needed to money back in the bank, yeah.

Reference 11 *Non-financial support/Business advice*

Q: So they went guarantors on the lease when you started?

A: So they virtually had signed the lease I guess, so...(the parents) signed a lease and sort of sub let it to us

Reference 12 *Pos or neg experience*

So would you recommend that other people use money from their family again for business?

A: No (Laughing) you would want to have some really big discussions as to how it was going to happen, and you'd want to sign on the dotted line somewhere yeah. And think beyond, and think worse case scenarios and go "Well okay well what will happen if you can't pay us that month or if the business is not doing what you thought it was going to do?"

Participant 15

Reference 1 *Quantum*

up to \$100,000

Reference 2 *Sources*

she basically just pays interest to me every month on that amount. And that's how – that's where she got her first lot of funding from.

Reference 3 *Experience*

So you've been in your own business, the dental (clinic) here?

A: Yeah. I started this off

Q: Did that make you more comfortable in helping her into her own business, do you think?

A: Well, because I'd done it, yes, yeah.

Reference 4 *Experience*

My husband's working on his own business too. But he's not ever worked – he's only been himself so he's only ever been as one person.

Reference 5 *Experience/Advice*

But even so he's always worked for himself. And he was very supportive of Lauren. We both were very supportive of her and what she wanted to do. And the money was the stumbling block.

Reference 6 *Faith and trust*

And I suppose our hope is that I'll get the money back one day.

Reference 7 *Agreements*

Obviously I don't want to be in loan for it forever.

Reference 8 *Agreements*

It's a personal loan, yes. It's just between the 2 of us. I wasn't sure about it to start with. I had some reservations. But I suppose because she was having so much trouble getting the money and she could never really make a go of it.

Reference 9 *Effect on relationship*

Q: So has it affected your relationship in any way?

A: No. No, we don't talk – it's funny, we don't talk about it. We just send each other emails. And if she hasn't paid me – gets to the end of the month and I haven't been paid, I just send her another email and remind her

Reference 10 *Business advice*

We discuss things at different times and it's not just me but with my husband and her.

Reference 11 *Non-financial support*

She uses the surgery for the showings. She does these so she has that rent free.

Reference 12 *Agreements*

Q: Do you have anything written in your agreements anywhere or is it all verbal?

A: Well, we should have – I mean I suppose we should have something written. And I think we did talk about that and I don't know if we actually wrote anything down or not. We probably didn't.

Reference 13 *Choices/Emotional paradox*

Q: But you said you think you should have. Why is that?

A: Well, I suppose you'd only – well, I thought that would probably be the right way to do things in any sort of business relationship you should have things in writing and that there should be an undertaking that the money would be repaid.

Reference 14 *Faith and trust*

But – and doing business in family, they always say you should never do business with your family.
(laughing)

Reference 15 *Faith and trust*

Q: So it is trust?

A: It is trust. It is trust. I suppose that if she were to get run over by a truck tomorrow I'd have to wear it but – the debt, you understand. I probably would never – I mean I don't know if I'd ever really expect – I don't know if she – I suppose she's got insurance.

Reference 16 *Relationship/Stress*

Well, how's it going?" And yeah "That's none of your business, Mum. So you're not allowed to ask."
And I sort of feel like saying "Well, I should be allowed to ask since I've bankrolled you" but then again, I think perhaps that's too – I don't know. Perhaps that's – that I'd be an interfering parent.

Reference 17 *Agreements*

She's got a business plan.

Q: Did you have a business plan to see how you thought you might get the money back?

A: (no) I know it is very un-businesslike, I know. I know the way we've done it in theory is very non – it's not businesslike at all.

Reference 18 *Faith and trust*

I suppose it's basically just gone on a gut instinct and a feeling that yes, we will get the money back. It might not be for quite a while but she'll come up with it. And having - probably in a way by not questioning her, it's sort of like telling her that we've got faith in her and that she can do this.

Reference 19 *Relationship/Encouragement*

And I want her to be successful. And I think – I don't personally feel responsible but I think my husband feels responsible because he's the one that pushed – he said "You can do it. You can"

And he went with her to Milan and helped her and all of that sort of thing.

Q: So there was some encouragement at the beginning?

A: There has been a lot of encouragement. There was a lot of encouragement that you can do this.

Reference 20 *Experience/Risk*

A: Yeah, she did. She did. Yeah, and it was funny because I've never really sort of spent too much time thinking about it. And I was just encouraging her not to get too bound down by the debt and the thought she's got all this money to pay back because I know that when I first started the practice it was very much on a wing and a prayer when we – when I decided to go into private practice because we had the 4 young children and a huge mortgage and I had no patients. I started on my first day with one patient. And that was really putting a lot of faith in myself and my ability to build a practice, not having any idea whether I could actually do it. But yeah, I just – and Gavin again encouraging me that I should go into private practice. Well, he encouraged me that I should do the study. And that cost us a lot of money too.

Reference 21 *Business advice*

But no, as far as how much we've sat down and talked about business, we – I haven't actually ever looked at her books, never asked to look at the books. I ask how things are going. We talk about major changes a bit but it's not that we sit down and have like little meetings about how to run a business.

Q: So you don't have a meeting on how it's all going?

A: No, no, nothing like that. So I haven't really - even though the money's been - I haven't really been involved to that extent.

Reference 22 Gift

We have given her money to help her set up the business but that's money that doesn't need to be repaid. And we've given her money initially and we've given her some more again recently. But that's nothing to do with - and that's money that we will probably give everybody in time.

Reference 23 Advice to others

So coming back to Lauren again, would you do it again?

A: Yep.

Q: Would you advise other people to do it?

A: Yep. Providing I was - providing I'm in the position that I can - I mean I wouldn't if I was having - obviously if I was having financial difficulty.

Reference 24 Motivation

Yes, yeah. And I'm pleased that we can help her. And it would have been terrible for her not to be able to do what she wanted to do because we couldn't help her.

Reference 25 Advice to others

If another parent came to you and said, "Oh look, I'm thinking of doing this for my children. I've got the ability to do so." What would you advise them to do?

A: Well, I suppose I would say "Do it. Help them." We've - my third daughter - her partner, boyfriend, whatever - she's been living with him for the last couple of years. They've been together for yonks. I felt or Gavin and I both felt dismayed because his family is actually quite - they're quite wealthy. Well, we know they're quite wealthy and the father owns a number of different companies and got all sorts of contacts and everything. And this guy is setting up his own business. And it always struck us that they didn't seem to have enough faith in him. They basically were telling him that he wouldn't succeed.

Participant 16

Reference 1 *Banks*

Q: No. Did you go to the banks and actually talk to them or is this an assumption?

A: My husband's self employed okay what are you going to do? Well I want to sell some stock and – and it's like yeah we're not going to touch you.

A: No I went to my bank and I chatted to them and I just said look I know on paper I don't look very good I'm on maternity leave, I'm not earning anything my husband's self employed he's only got 1 year's worth of tax waiting for second year can I re-mortgage? They said I wouldn't even put that through the system because it would just look bad that I'd done it cause he's going to refuse it we can't offer you a loan, I said what about a credit card, they were like no again we cannot anything that involves credit.

Reference 2 *Choices/Source*

the manager just looked through she just went right you've got \$4000 sat there what's that for and I went that's my son's trust account and she went spend it, if your business works you can give him it back if it doesn't technically it was your to start with, so spend that.

Q: Borrow it off your son?

A: She just went spend that, she went you've got \$1000 or \$2000 in your mortgage that you can draw back so she went take that so that was how we started so I think I managed to get about \$6000 to start with

Reference 3 *non-financial assistance*

My husband's a carpenter anything that we think is feasible to put through his account we do so if it's timber he just buys it and obviously he's not getting paid so his business is now going in-

Q: So he's wearing that, all the inventory that you have here as in the framework and all that sort of stuff it's on his inventory?

Reference 4 *Choices/Alternatives*

So hopefully we'll get the cash and I can pay him the money back cause at the moment now we've got the problem where he's actually got no funds to buy the materials for the jobs that he needs to be doing cause I've spent all – he's like you've spent all my money and I'm like I know so he's completely maxed out now.

Reference 5 *Quantum*

It's not technically they've not handed over \$10,000 but I reckon by the 6 weeks has gone-

Q: That's what it will be?

A: Yeah.

Reference 6 *Risk/Experience*

Barry my father-in-law has had his own business, he was a green grocer. They're retired now. They are very much aware of how bad things are now.

Q: So they were in business themselves?

Reference 7 *Offer or ask*

Did you actually ask them or did they offer?

A: I asked them.

Q: How did you feel?

A: I'm a very independent girl if I can't do it, it doesn't get done it's as simple as that so I was just like right we'll ask them and as soon as I did I regretted it. It was like oh my god why have I done that?

Does that mean he's going to take over? He's going to think I'm stupid and then it was also that if I can manage to get them just to look after the kids and leave me to my business, my warehouse, then I'm losing out on my babies as well and I'm like 6 weeks without babies. I just thought "which way do I go?"

Reference 8 *Business advice*

Paul says you could do it this way or they will offer advice but won't just come in and do it which is actually working really well.

Reference 9 *Type/Gift*

Q: And the money you might be getting from your in-laws how do you perceive that, is it a loan, is it a gift?

A: If this business works well I personally would like to give them some money back cause there's no chance in hell they're going to touch it. If I was to say look we've done really well here's \$10,000 thank you so much that's for your flight, I can't imagine, they might think, "oh fantastic thank you". I can't imagine they're going to I think their theory is going to be look we're going to be dead in 20 years we can't take it back with us. We've got the money we're doing it, if we didn't have the money we'd have just told you.

Reference 10 *Type/Gift*

Q: They're just giving you your inheritance early?

A: That's what they said. If we can help you now we'd rather do it now than when we go there's going to be nobody to help you so I can't imagine they're going to say look this is a loan.

Reference 11 *Obligation felt*

How does that make you feel though, being very independent?

A: I actually don't really mind at the moment if when it gets to the fact that I've made some money then I expect them straight something back because next year I might decide I want to do something else and I might need their help again so if they won't take the money for helping this time then at least I can buy them a flight to say look I can pay it back but I can offer it in a different kind of way so we've not actually discussed terms this is just my idea I'm presuming they're not going to say right we've spent so much.

Reference 12 *Repaying/Agreement*

Q: So they didn't sit down with you and say look we'll stump you up for X amount of dollars?

A: No because we actually haven't asked, the only thing we've asked is that they pay for their own flight to get here and we did say look we'd like you to come it is going to be work with no money so you do have to pay for yourselves that was all discussed and they were like that's absolutely fine we get to spend time with the grandkids so it's a bonus for them.

Q: A trip for them as well I guess and it's Christmas time.

A: But when they got here and in terms of the fact they're doing all our shopping for us and that kind of stuff wasn't discussed, we didn't realise things would be this bad and things are as bad as bad can be. I mean there's nothing anywhere, every resource is full which I don't think we expected to be quite like that so it's kind of just going unmentioned really other than the fact that I keep saying you keep going doing shopping let me pay for something they're like no. so and they subsequently what we've had to do to get to this so he'll be aware that we didn't have that kind of money to start with.

Reference 13 *Pos or Neg experience*

Q: would you do it again knowing what you know now?

A: Yes. Yes well that's a bit difficult. On the 24th December if I paid everything off that it's cost then it was an experience and it's kept me active for the last 6 months stayed away from post natal depression and crawling the walls. So in that respect yes it was worth it and it was good and I've enjoyed it. Would

I do it again, I would have to think of another way of doing it that would mean that next time I actually made some money as opposed to just breaking even cause otherwise they're no point in doing it just to break even so I would then sit down and try and working a plan of doing it again.

Reference 14 *Encouragement*

I'm like don't lose faith, you don't need to worry and I'm coming home and they're like how have you done and I'm like – they're like that's fine it's supposed to be like that and even my husband is like look stop it's fine, it will be okay.

Appendix 3: Table of abbreviations

Abbreviation	Meaning
EA	Entrepreneurial Attitude
ESE	Entrepreneurial Self Efficacy
FFF or 3F's	Friends, Family, and Fools
GEM	Global Entrepreneurship Monitor
OR	Opportunity Recognition
TBP	Theory of Planned Behaviour
BA	Business Angel
VC	Venture Capitalist

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