



**UNIVERSITY OF GOTHENBURG**  
**SCHOOL OF BUSINESS, ECONOMICS AND LAW**

Master Degree Project in Knowledge-Based Entrepreneurship

# From Monkey Mind to Entrepreneurial Action

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# Abstract

The purpose of this research is to investigate how individuals manage negative emotions to close the intention/action-gap of starting a new venture. In an entrepreneurial context, if an aspiring entrepreneur does not take action despite having actual intentions, theoretically new ventures can not be created. *“Many people form intentions to start their own business but do little to translate those intentions into action”*. This research is based on a qualitative research approach by a multiple case study. The empirical data was collected through semi-structured interviews comparing and contrasting six different venture founders (entrepreneurs) from different industries, backgrounds and setups. The results of this research shows that the findings can be divided into tools and cognitions. The cognitions are the thoughts, or a state of mind, that made these founders start a venture. The tools are more or less what the founders needed outside of their cognition to gain a sense of confidence, again cognition, to start a venture. One can conclude that these tools are needed to silence the Monkey Mind, i.e. negative thoughts that delays the action, and generate certain cognitive factors that positively affects the founders and motivates them to act on their intentions to close the intention/action-gap to start a new venture.

**Keywords:** *Entrepreneurship, Entrepreneurial characteristics, Entrepreneurial action, Intention/action-gap, Emotions, Cognition, Biases and heuristics.*

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# 1. INTRODUCTION

## 1.1 Background

Entrepreneurship is mainly characterized by taking action e.g. emergence of new products, services or processes. *“To be an entrepreneur is to act on the possibility that one has identified an opportunity worth pursuing”* (McMullen and Shepherd, 2006). Despite having identified an opportunity worth pursuing and having intentions to start a business, there are many people that do little to transform their intentions to actions (Van Gelderen, Kautonen and Fink, 2015). There is a gap between intentions and actions which means that intentions are not as naturally closely related to actions (Gollwitzer, 1999), as one might think.

Why do some individuals try to translate their ideas into business ventures, but others do not?

While Shepherd, Williams, and Patzelt (2015) state that heuristics and biases are essential in entrepreneurial decision-making process, Grichnika, Smeja and Welpel (2010) claim that entrepreneurial behaviour is not solely influenced by cognitive biases but also by short-term emotional incidents. Limited research exists regarding emotions and their influence on entrepreneurship, even though the importance of emotions seems more important in entrepreneurship than in many other organizational settings. Negativity, fear and anxiety are emotions that can be a result of unmanageable thoughts Myers (2018). Such unmanageable thoughts are referred to as Monkey Mind chatter where people experience ongoing internal conversations and thoughts. When the thoughts are of negative manner one can experience regrets about the past but also think that certain future happenings will have negative outcomes. These cognitions can be experienced as a distraction and keep individuals from finding inner peace (Ferguson, 2013). Since entrepreneurship involves risk-taking and uncertainty about the future (McKelvey and Lassen, 2013) monkey mind chatter might play a role in why some individuals don't act on their intentions.

It has been shown that emotions play big role in certain entrepreneurial tasks (Baron, 2008), such as decision-making and judgment (Ireland, Hitt and Sirmon, 2003). Doubt, fear and aversion are action-related, avoidance-oriented emotions that may have an effect on whether one acts on an identified opportunity or not (Van Gelderen, Kautonen and Fink, 2015). Having negative emotions in an entrepreneurial setting is not advantageous because, according to Finucane et al. (2000), negative emotions make entrepreneurs unwilling to take risks. Since entrepreneurs are involved in acts such as risk-taking (McKelvey and Lassen, 2013) and perform in environments that usually are uncertain and unpredictable (Grichnika, Smeja and Welpel, 2010), it is not certain that one will act on identified opportunities. According to (McKelvey and Lassen, 2013), individuals need to not assume

risk to generate new ideas. One can conclude that having negative emotions in an entrepreneurial setting might not lead to new ideas.

## 1.2 Purpose and research question

Emotions have only recently been recognized to be an important part of the entrepreneurial process (Grichnika, Smeja & Welpel, 2010). Prior research on what emotions, such as doubt, fear and aversion, delay the individual to take entrepreneurial action exists, but also how emotions, such as joy and fear, affect opportunity and exploitation (Grichnika, Smeja & Welpel, 2010). There is limited prior research on what cognitive factors are present when the individual decides to take entrepreneurial action. Cognition is strongly affected by emotions (Forgas, 2000), which makes them connected. The aim of this research is not to distinguish the two, and what effect they have in a context of entrepreneurial action, but rather to specify what cognitions, including, emotions, thoughts and biases, delays entrepreneurial action, what is the reasoning behind it and how to deal with it to enable entrepreneurial action and start a new venture. The aim is to generate proposals by answering the research question:

*How do individuals close the entrepreneurial intention/action-gap caused by cognitive factors?*

## 1.3 Disposition

This research has the following disposition: following the introduction, the literature review is presented, thereafter, the chosen methodology is presented. Section four represents the empirical findings generated from the interviews, followed by an analysis of the findings in section five. Lastly, the research question is answered in the conclusion .

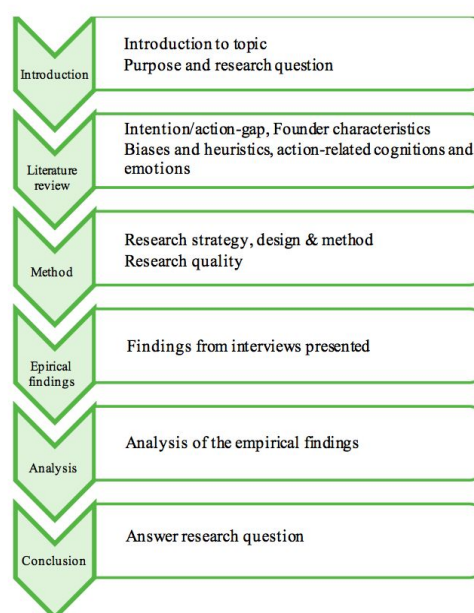


Figure 1 Disposition

## 2. LITERATURE REVIEW

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The following part presents the secondary data, theory, used for this thesis. Firstly, the entrepreneurial intention/action-gap is explained to gain an understanding that taking entrepreneurial action is a process including several phases and transition points characterized by time and effort, and not just something that happens all at once. This is followed by entrepreneurial characteristics and traits to gain an understanding of who becomes an entrepreneur and essentially closes the intention/action-gap. Thereafter, the most common decision-making biases and heuristics are presented to gain an understanding of what type of “mental shortcuts” can promote or delay entrepreneurial action. Lastly, action-related cognitions and emotions are presented to gain an understanding of how it can affect the closure of the intention/action-gap.

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### 2.1 Entrepreneurial intention-action gap

Entrepreneurship is mainly characterized by taking action e.g. emergence of new products, services or processes. New entry is what most accurately characterizes the concept of entrepreneurship, thus is the essential act of entrepreneurship (Lumpkin & Dess, 1996). Initiating a new venture (Gartner, 1985), (start-up, existing firm, internal corporate venturing) by entering new or established markets with novel or existing products or services are all considered as acts of new entry (Lumpkin & Dess, 1996). McMullen and Shepherd (2006, p.132) conclude that: *“To be an entrepreneur, therefore, is to act on the possibility that one has identified an opportunity worth pursuing”*.

*“Many people form intentions to start their own business but do little to translate those intentions into action”* (Van Gelderen, Kautonen and Fink, 2015, p. 655). If an individual's preference change or constraints arise, acting upon intentions may be delayed or abandoned. In an entrepreneurial context, if an aspiring entrepreneur does not take action despite actual intentions, theoretically new ventures can not be created (Van Gelderen, Kautonen and Fink, 2015). There is a gap between intentions and actions which means that intentions are not naturally closely related to actions (Gollwitzer, 1999).

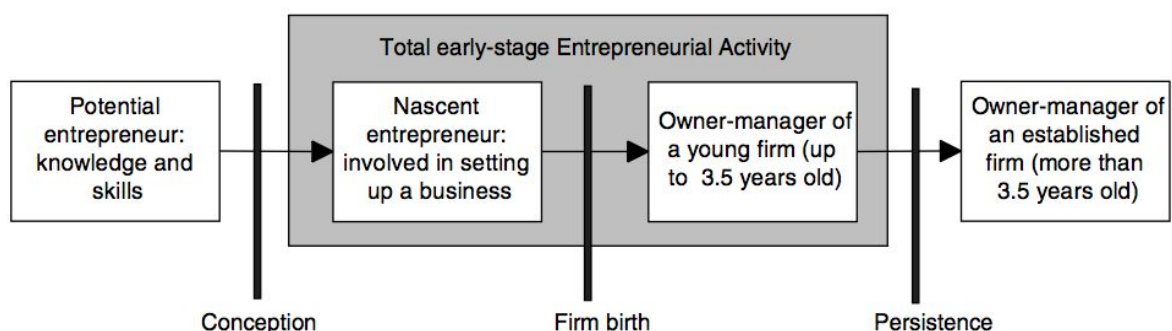
#### 2.1.1 Transition points and phases

New venture creation which, according to Lumpkin and Dess (1996), should be viewed as a process. The process, explained by Reynolds et al., (2005) is based on The Global



Entrepreneurship Monitor (GEM), a research program that was composed to enable a thorough clarification of the entrepreneurship role in economic growth, is composed of four phases. The transition points between each phase represent typical barriers that entrepreneurs encounter. The first phase represents the potential entrepreneur, an individual that might experience that no job alternatives are available or simply has recognized an opportunity and is intending and planning on establishing a new venture.

The transition point between the first and the second phase is characterized by the individual not only considering setting up a business but actually initiating some entrepreneurial start-up activities. The first transition is completed when the individual's intentions lead to actions, thus doing more than just talking about it. In *Figure 2* it is visualized as moving from conception into the gestation or start-up process. This transition also means that the individual has transited from a potential entrepreneur to a nascent entrepreneur who runs a start-up. Nascent entrepreneurs are individuals who are involved in the process of setting up a new venture, which excludes individuals who only have dreams or ideas to become an entrepreneur without actually taking any action to set up a new business. When completed specific activities related to the startup effort in the past year, only then can individuals be qualified as nascent entrepreneurs. The second transition represents the firm birth transition; thus the start-up develops into an operational business and the owner becomes a manager of a "young firm". Both "young firm" managers and nascent entrepreneurs are considered to be involved in early stages of the entrepreneurial process. This does not consider entrepreneurial activity in established firms. The age of the firm is what distinguishes the third and the final phase, by a transition that is called persistence. The third phase represents new "young firms" and is characterized by having paid salaries for more than 3 months and less than 3.5 years. The fourth phase represents "established firms" and is characterized by having paid salaries for more than 3.5 years (Reynolds et al., 2005). It is of importance to understand the entrepreneurial intention-action gap because intentions without actions don't lead to new venture creation. Additionally, this is important to be able to understand under which circumstances individuals turn their start-up intentions into actions or fail to do so (Van Gelderen, Kautonen and Fink, 2015).



*Figure 2 The entrepreneurial process and GEM operational definitions.*

## 2.2 Characteristics and traits of the founder

Entrepreneurship is generally about setting up new ventures (Gartner, 1985), or by realizing novel ideas for new markets (Lumpkin & Dess, 1996) such as new products, services or processes. Characteristics of the individual(s) who start(s) a venture is one of four perspectives in entrepreneurship when describing new venture creation. There are divided opinions among researchers regarding the relevance of developing an entrepreneurs psychological profile to measure their psychological characteristics as need for achievement. Despite the researchers differentiating opinions the following psychological characteristics have been used in many studies to describe entrepreneurs (Gartner, 1985):

- *Need for achievement* - this is a personality trait that is characterized by a constant interest to set and meet high standards. This desire is influenced by the pressure of expectations of others (extrinsic motivation) but also the entrepreneur's internal drive for action (intrinsic motivation). The need for achievement drives people to succeed in competition, and bloom in activities significant to them.
- *Locus of control* - according to the dictionary this is a personality trait that is characterized by the degree to which an individual believes the present and expected future situations, and the behavior towards them, are within the individuals control
- *Risk taking propensity* - according to the dictionary this is a personality trait that is characterized by the degree to which an individual is willing to take chances considering the risk of loss.

According McKelvey and Lassen (2013), the below mentioned entrepreneurial traits and characteristics matter when looking at which person is the founder:

- *Cognitive biases* - This is characterized by the entrepreneurs' overconfidence in their personal abilities, illusion of control and often skills and know-how, which determines how they shape the venture.
- *Risk perception* - This has to do with that the founder underestimates the risks involved, which ironically motivates the desire to exploit entrepreneurial opportunities.
- *Social capital* - This is about knowing people and trust that help to access resources and ideas, thus networks and societal aspects.

Individuals choose to become entrepreneurs due to a belief that they will succeed where others will fail (Camerer and Lovallo, 1999). They are overconfident in their own abilities,

thus they tend to overestimate their possibilities of success and underestimate the risks and uncertainties involved in initiating a business. Their way of thinking is positive for society, because if they would think the other way around and actually assume risk, there would be fewer new ideas. The society would have been affected negatively in the sense that there would be less new organizations. Moreover, if the entrepreneur is overconfident, then he or she will be ignoring uncertainties and reconceptualizing a failure as a success, and this can be a useful trait, especially if it can convince others. Individuals who decide to become entrepreneurs may have learned about entrepreneurship from encouraging people in their surroundings, which appears to be a powerful approach to encourage more entrepreneurship. Therefore, these individuals are thought to associate with this role more optimistically than others (McKelvey and Lassen, 2013).

## 2.3 Cognitive heuristics and biases

According to Shepherd, Williams, and Patzelt (2015), heuristics and biases are essential in the entrepreneurial decision-making process. The most common decision-making biases are: overconfidence, escalation of commitment, planning fallacy and illusion of control. The most common decision heuristics are: affect, availability and representativeness.

### *Overconfidence*

Overconfidence can have two meanings in the entrepreneurial sphere:

- The first one is related to optimistic overconfidence, thus the tendency to overestimate the likelihood that one's favored outcome will occur.
- The second one is related to overestimation of one's own knowledge, even when in lack of personally favored hypothesis or outcome (De Kort and Vermeulen 2010).

Overconfidence influences many entrepreneurial decisions which makes it one of the most important entrepreneurial decision-making biases and is the main driver of new venture creation (Hogarth and Karelaia 2012). The outcomes of overconfidence in entrepreneurial decisions can be both positive and negative. The negative being increased riskiness of the business, and the positive being increased entrepreneurial effort (Everett and Fairchild 2015). Despite the high rate of venture failure, the researchers that focus on the potential positive effects of entrepreneurial overconfidence, find that overconfidence is an important factor for new business creation.

Regarding nascent entrepreneurs in small businesses, marketing decisions are made by the founder. The decision complexity and uncertainty experienced by small business founders make them prone to overconfidence (Busenitz and Barney 1997), and the experienced uncertainty is especially prominent in new firms (Gruber 2004). It is not unusual for nascent entrepreneurs to make decisions based on their intuition, due to scarce information.

Therefore, they need to possess sufficient confidence in their ability to make appropriate decisions, which makes them more affected by overconfidence (Nouri et al., 2018).

### *Escalation of commitment*

This is a certain entrepreneurial characteristic that is originating from entrepreneurial cognitions (Baron 1998), where the entrepreneur, despite receiving negative feedback, invests additional resources, even if the proposition only has little chance to succeed (Brockner 1992). Entrepreneurs that have started their ventures themselves are experiencing more severe escalation of commitment. The main factors to escalation of commitment are (Nouri et al., 2018):

- when the entrepreneur is unwilling to make required mental effort again
- when feeling accountable for the decision
- when being afraid of losing face among others
- when having a strong desire to validate the initial decisions

*Planning fallacy* - This is a very common bias in entrepreneurs. Entrepreneurs have a tendency to ignore past significant experiences and are more focused on the future, this makes them more prone to planning fallacy bias. Entrepreneurs tend to:

- highlight positive outcomes in relation to their own skills and know-how
- while relating negative results to factors that are out of their control

These factors lead to planning fallacy in entrepreneurs and makes the entrepreneurs either overestimate the amount of work they could finalize in a given time, or underestimate the time needed to fulfill their tasks. Previous business experience is uncommon among nascent entrepreneurs (Davidsson 2006), which make them inexperienced in how long different projects takes to accomplish. Believing that they are capable of finishing undertaken tasks within a certain time may lead to the bias of planning fallacy (Baron 1998).

### *Illusion of control*

This is one of the most important decision-making biases (Hogarth 1987), and is characterized by:

- individual's tendency to overestimate their skills
- and abilities to regulate outcomes outside of their control

Individuals are more prone to the illusion of control, the more they are familiar with the situation and the more they have experienced prior success. Managers can put their businesses at sudden risk when affected by the illusion of control, because it can cause them to make positive predictions regarding the outcomes of their decisions (Duhaime and Schwenk 1985). In the decision to take entrepreneurial action and start a new business,

illusion of control has been considered as one of the most important factors (Simon, Houghton, and Aquino 2000). Due to the uncertainty that entrepreneurs encounter in the process of creating new ventures, it is necessary for entrepreneurs to believe in their abilities to forecast possible happenings and have control over matters. This may lead to underestimation of possible risk when deciding to start a new business. Thus, the illusion of control can reduce entrepreneurial risk perception during the start-up phase. Negative effects of illusion of control are related to entrepreneurial opportunity evaluation, which influences entrepreneurial decisions in a negative way (Carr and Blettner, 2010).

### *Affect*

Entrepreneurial passion and emotion are central to many entrepreneurial activities (Cardon et al. 2009), therefore when making entrepreneurship-related decisions, affect plays an important role (Baron 2008). It is also one of the most common heuristics in people in general.

- Negative emotions make entrepreneurs more risk-averse
- Positive emotions stimulate risk-taking
- The affect heuristic is a subconscious process that results in people making decisions based on numerous different emotional incentives

Through this, people lessen the cognitive effort and the amount of time they need to make a decision (Finucane et al. 2000). Affect heuristic is significant when considering risks and benefits in various situations, when making decisions. It is necessary for entrepreneurs to be able to make fast decisions, which can't always be made based on rationality, therefore emotions and affect play an important role in these cases. This makes entrepreneurs prone to the affect heuristic in their decision-making processes. Many entrepreneurial processes are affected by the affect heuristic. It stimulates venture creation (Hayton and Cholakova 2012), it stimulates entrepreneurial opportunity evaluation (Foo 2011) and plays an important role in entrepreneur's risk-perception (Podoyntsyna, Van der bij, and Song 2012).

### *Availability*

This is a mental shortcut that stimulates people to make judgments, about a specific topic or decision, based on the probability of outcomes, based on how easily they can remember relevant and related happenings. For example, when you see something on the news you start to believe that this specific happening is common due to availability heuristic (Tversky and Kahneman 1973). Additionally, something that is recalled more easily and intensely, must be increasingly significant. In various fields of science, availability heuristic has shown to be one of the most important decision-making heuristics. This plays an important role in the field of entrepreneurship, mainly concerning entrepreneurial opportunity evaluation. Availability heuristic makes entrepreneurs see certain opportunities as more attractive because they are more in line with their abilities, experience and understanding (Haynie, Shepherd, and McMullen 2009).

### *Representativeness*

Out of all decision-making heuristics and biases, this is one of the most common (Hogarth 1987). According to Tversky and Kahneman (1971), representativeness is about:

- making decisions based on results from small samples
- and generalizations based on results from non-random samples

This may mainly be used by entrepreneurs due to the unwillingness to use large random samples which can disclose the entrepreneurs' plans to competitors. Large random samples are also expensive which entrepreneurs in small businesses may not have enough resources to conduct. Instead of making sufficient pilot tests in the market based on large samples, they base their decisions based on the inexpensive, small-, non-random samples which makes them more prone to the representativeness heuristic (Busenitz and Barney 1997).

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### **Cognitive heuristics and biases**

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Overconfidence	Optimistic overconfidence Overestimation of one's own knowledge
Escalation of commitment	Entrepreneur unwilling to make required mental effort again Feeling accountable for the decision Afraid of losing face among others A strong desire to validate the initial decisions
Planning fallacy	Highlight positive outcomes in relation to their own skills and know-how While relating negative results to factors that are out of their control
Illusion of control	Individual's tendency to overestimate their skills and abilities to regulate outcomes outside of their control
Affect	Negative emotions make entrepreneurs more risk-averse Positive emotions stimulate risk-taking The affect heuristic is a subconscious process that results in people making decisions based on numerous different emotional incentives
Availability	See certain opportunities as more attractive
Representativeness	Making decisions based on results from small samples and generalizations based on results from non-random samples

Figure 3

## 2.4 Action-related cognitions and emotions

### 2.4.1 Monkey Mind

Monkey Mind (MM) chatter is something that all individuals have experienced. The chatter that goes on in our minds can be conversations about the present, past and the future. These conversations can refer to the numerous commitments, demands and plans that are present but also regrets from the past that we keep replaying over and over. Thinking that certain happenings will have poor outcomes, can be referred to negative chatter about the future. Internal conversations and endless amount of thoughts, that constantly pass through our minds, can be experienced as a distraction and keep individuals from finding inner stillness and peace. Constant flow of thoughts generates monkey mind chatter that, together with worrying and negative emotions, lead us further away from feeling inner peace (Ferguson, 2013). If we don't learn how to manage our unmanageable thoughts (MM) it will provoke feelings such as negativity, anxiety and fear (Myers, 2017).

According to Myers (2017) entrepreneurs, especially, are affected negatively by MM mainly because they are surrounded by an environment that naturally challenges them to take new risks, seize opportunities, fears and challenges overall. If overlooked and left undealt with it can lead to failure. Due to that the entrepreneur allows the negative traits of the MM to root in their thoughts. Myers has, throughout his life, been experiencing anxiety about his uncertain future and the infamous "what ifs", which escalated when he took entrepreneurial action and started his company (Myers, 2017).

To predict entrepreneurial intentions, attitude plays the most important role. When entrepreneurs shift their attention to specific actions required to achieve their goals, and the tasks appear to be more complex than expected, and result in procrastination to create a new venture (Lieberman et al., 2007; McCrea et al., 2008). 69% of potential entrepreneurs take insignificant amount or no action in the year following showing their intention for new venture creation. Therefore, it is incorrect to assume that entrepreneurial intentions naturally lead to entrepreneurial actions. This statement generates the question of what controls the entrepreneurial intention-action gap. How come some individuals act on their intentions and others do not? (Van Gelderen, Kautonen and Fink, 2015). Liao and Welsch (2008) provide a study of five cases where the prospective entrepreneurs postponed on acting on their intentions for almost 50 years.

Intentions are characterized by future goals and actions. However, a combination of ongoing intentions and lack of actions means that that potentially fruitful entrepreneurial initiatives are not recognized. Entrepreneurial action is essential for new venture creation but also to decide whether an effort to set up a new business will eventually be abandoned. Studies show that

nascent entrepreneurs who abandon the start-up process will naturally have taken more action than the ones that remain in the still-trying phase. While aspiring entrepreneurs are likely to have taken little action, nascent entrepreneurs have done the amount of research and action to be able to determine whether they should proceed with the idea or not (Lichtenstein et al., 2007).

## 2.4.2 Doubt, fear and aversion

Van Gelderen, Kautonen and Fink (2015). focus their study on individuals' willingness and desire, thus their ability to practice willpower to enable for their intentions to transform into actions. Knowledge about procrastination together with studies on intention-action gaps in various research areas, but entrepreneurship, have resulted in action-related, or avoidance-oriented, emotions that can be the reason to why individuals don't take action. Such emotions are doubt, fear and aversion (Van Gelderen, Kautonen and Fink, 2015). Emotions of doubt, fear and aversion may lead to procrastination (Van Gelderen, Kautonen and Fink, 2015) which is characterized by individuals avoiding tasks that they find displeasing, thus overly challenging (Van Eerde, 2000). These emotions affect the individuals' volition when one intends to take, or takes, action (Van Gelderen, Kautonen and Fink, 2015).

*Action doubt* – Individuals prefer to, firstly, develop the goal intention and then make concrete action plans. Action plans are shaped in the “pre-action” phase, prior to taking actions (Gollwitzer, 1999). Concerning aspiring entrepreneurs, action doubt is related to the individual feeling uncertain towards, and not knowing, how to initiate the start-up process (Van Gelderen, Kautonen and Fink, 2015). Procrastination is generated by uncertainty that, in the context of action, hinders or postpones action (McMullen and Shepherd, 2006). Entrepreneurs are unwilling to act when they feel response uncertainty (McKelvie et al., 2011). Response uncertainty is characterized by not knowing how to respond to a certain event and/or not being able to foresee the effects of a response choice (Milleken, 1987). Response uncertainty is similar to action doubt, although an entrepreneurs' action on intentions are self-initiated rather than a response. Overall, entrepreneurs anticipate emotions of doubt to generate complications in the “pre-action” phase that distract the intentions to convert into actions.

*Action aversion* - An individual may have no emotions of doubt, however still not implement. Taking action is never guaranteed due to other avoidance-oriented emotions, such as aversion. Setting up a business involves many different activities. Due to aversion, aspiring entrepreneurs might find it difficult to accomplish one or more of these activities (Van Gelderen, Kautonen and Fink, 2015). Individuals can view tasks as feasible but boring which can, for instance, provoke the feeling of aversion (Van Eerde, 2000).



In the context of entrepreneurship, individuals may experience aversive emotions towards certain gestation activities such as: bookkeeping, employee management, recruiting, raising finance etc. In the beginning, when developing the intention to start a new venture, the prospective entrepreneur may only have a slight familiarity of these tasks and therefore only feel somewhat of aversion towards them. However, that feeling increases the closer to taking action one gets. Individuals delay aversive activities to avoid the unpleasant emotions that they bring (Van Eerde, 2000), and this concerns all individuals including entrepreneurs. The prospective entrepreneur is not guaranteed that the new venture will succeed. This uncertainty can be another reason for delaying action. Overall, prospective entrepreneurs are aversive towards new venture creation activities which hinders them from turning their entrepreneurial intentions into actions (Van Gelderen, Kautonen and Fink, 2015).

*Action fear* - To be able to deal with required activities in the pre-action and action phases, in a successful manner, can be affected by yet another avoidance-oriented emotion: fear. Fear may activate natural avoidance responses (Gable et al., 2000). When faced with a risky event, the feeling of fear tends to grow and the desire to quit is tempting. As it's getting closer to make the move and take action the individual thinks about practical considerations and the implications of loss. Instead of considering probabilities of diverse outcomes, fear stimulates negative thinking towards the outcomes (Loewenstein et al., 2001).

In the context of acting on entrepreneurial intentions, action fear means that the individual is experiencing anxiety when carrying through activities that are important for venture development. Fear can be viewed as both positive and negative in the context of action. If an aspiring entrepreneur is afraid of missing out on an opportunity fear, in this case, can motivate the aspiring entrepreneur to take action. However, fear may also cause people to delay both the planning and implementation of action (Markman et al., 2005). Fear of loss or failure together with anticipatory emotions of regret may trigger individuals to be more careful in the context of translating intentions to actions. Prospective entrepreneurs may choose to postpone action when they focus on potential short-term losses rather than potential benefits. In summary, when concerning gestation tasks implementation and the individual is feeling the emotion of fear. In summary, when feeling the emotion of fear in relation to implementation of gestation activities, it can hinder people from turning their entrepreneurial intentions into actions (Van Gelderen, Kautonen and Fink, 2015).

### 2.4.3 Positive fantasies

When individuals judge a desired future as likely they are experiencing positive expectations. It goes hand in hand with optimistic thinking about the future and having outcome expectations, which is based on past experiences. Individuals fantasies about the future are imagined future events that are not based on any past experiences and are relatable to daydreams. Positive fantasies are results of positive thoughts and mental pictures about an

anticipated future not dependent on past experiences. Individuals with positive fantasies lack a reflection of the current state, since it generates a vision of already being in the preferred future, thus the process that needs to be taken in the present situation (to get to the desired future) is being overlooked. When imagining that a goal is already achieved, people minimize the need to act, therefore individuals are less capable of taking action when encouraging positive fantasies. Positive fantasies decrease energy and motivation and have therefore a negative effect on action. They captivate individuals to enjoy the illusion of a desired future on a psychological level, which results in negative outcomes on effort, persistence and the ability to take action to create the desired future (Oettingen and Mayer, 2002).

## 3. METHODOLOGY

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The following section presents the methods used for this research. Here are the techniques presented, that are used to collect data for this research.

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### 3.1 Research Strategy

Initially a theoretical approach was undertaken to address the various aspects of the research topic. As presented in the literature review, none of the existing theories have fully investigated the matter, and theoretical gaps emerged, that this study will consider. When an inductive approach is applied to a research, it means that theory is generated out of the observations and findings, thus the process goes from research to theories (Bryman and bell, 2011). This study is naturally characterized by a theory building inductive approach to map how individuals close the entrepreneurial intention/action-gap caused by cognitive factors. When observing the relationship between research and theory, Bryman and Bell (2011) state that a case study leans towards an inductive approach when the majority of the research strategy is of qualitative nature. A qualitative approach allows the researcher to collect and study data that is of verbal character, rather than numerical, and the focus is on the perspectives of the interviewees and in-depth analysis.

This study is characterized by interpretivist epistemology as it investigates how entrepreneurs are handling cognitive factors to enable entrepreneurial action. A qualitative research with this approach means that the researcher studies and understands a social phenomenon by analyzing how the participants, that are partaking in the research, understand this phenomenon. Almost no research has previously been conducted on this topic. In such case a quantitative strategy may be insufficient, as there is an insufficient amount of literature available to draw leads from. A quantitative research approach is theory-testing, as a set of hypotheses are developed and empirically scrutinized, which is not the case in this research. An exploratory view is adopted as it usually is related to generation of theory rather than testing it, as in a quantitative research (Bryman and Bell, 2011).

### 3.2 Research Design

A case study is about investigating an event within its nature and it is not restricted to one single case exclusively. A multiple-case study includes numerous cases and is mainly applied for the purpose of comparing and contrasting the outcomes from each of the cases involved,

thus is called a comparative design. This allows to explore commonalities and realize what is distinctive across these cases, and stimulates theoretical reflection on the discoveries (Bryman and Bell, 2011). Although all designs can generate fruitful case studies, multiple-case studies may be favored. In a multiple-case study each case must be selected with careful consideration, that the researcher(s) either (a) expect similar outcomes between the cases (*literal replication*) or (b) anticipated contrasting outcomes (*theoretical replication*) (Yin, 2009).

This research is built on six cases, more precisely six venture founders (entrepreneurs) from different industries, backgrounds and setups that . The researchers expected similar outcomes due to the fact that they are all entrepreneurs and might have experienced similar hurdles and applied similar solutions. The researchers also expected contrasting outcomes due to the fact that founders with different backgrounds from different industries were chosen, and due to their obvious difference in purposes in providing diverse solutions. These outcomes will be generated through interviews with the founders of the ventures.

### 3.3 Research Methods - Data collection

#### 3.3.1 Secondary data

*Primary data* is data that is gathered exclusively for the prevailing study, while *secondary data* is research data that is gathered through a third party (Doyle, 2016). The secondary data was the main data gathered in the beginning of the research process. This allowed the researchers to familiarize, and gain more knowledge, about the topic and enable further future analysis and gather primary data. Secondary data has been collected from databases such as Google Scholar and University online library called Supersök. To find suitable data, in terms of academic articles and other literature, following keywords were used: *Entrepreneurship, Entrepreneurial characteristics, Entrepreneurial action, Intention/action-gap, Emotions, Biases and heuristics*. Looking at the number of citations, when choosing academic articles, gave a sense of credibility knowing that other researchers have used it too. Many articles were new, which naturally didn't have the same amount of citations as the older ones.

#### 3.3.2 Primary data - semi-structured interviews

Primary data was collected through semi-structured interviews with chosen venture founders. A semi-structured interview refers to that predetermined questions are in place but the process is more flexible than in a case of a structured interview where the questions are standardized and follow the same order in every interview. Semi-structured interviews are somewhat structured but also provide the freedom to tweak the sequence of the questions, but

disregard leading questions. Semi-structured interviewing, but also unstructured interviewing, is typical in a qualitative research. (Bryman and Bell, 2011). It is supposed to extract the interviewees views of the world which is why it is a fitting approach to attempt to answer the research question of this study. The interview started with somewhat general questions about the founder and the company and followed by a somewhat a broad question about the moment the founder decided to start a business. The following questions were about specific hinders and how they overcame them to close the intention/action-gap. All questions in the interview guide were addressed in each interview but the order of the questions was not always strictly followed. Semi-structured interviewing is not considered appropriate for large-scale studies involving many people. It is a very flexible technique that absolutely fits a study involving a smaller amount of people (Drever, 1995).

### 3.3.3 Interview guide

An interview guide refers to a rather organized list of questions to be addressed in a semi-structured interview. It is suggested to be prepared to change the order of the questions during the actual interview if required to get a better flow, use a language that is plausible to the interviewees, avoid leading questions and include “facesheet” information such as name, age, position in company etc. (Bryman and Bell, 2011). The official interview started with questions about the interviewee and the company. The following questions are categorized in a way to find out what different cognitive factors hindered and allowed the entrepreneurs to start their business. The topics were inspired by the theory and includes factors such as; positive and negative emotions, past failures and future uncertainties, overconfidence and doubt, fear and aversion. The first topic is somewhat general and asks the interviewee to tell about the moment he, or she, decided to start a business, what hinders they experienced and what solutions were applied. According to Bryman and Bell (2011), if it is possible to conduct a pilot study, one should always do it. The purpose of a pilot study is to insure that the research instrument is satisfying as a whole and how well it is fitting the research question. Before the interview one pilot study was conducted to ensure that the questions are easily understood and not confusing. The changes where made in the questionnaire by the valuable feedback that we received from the pilot study, thereafter the questions were amended and the topics were added. We changed the order of the questions , clarified the vocabulary and added some questions to make it more clear for the respondents.

### 3.3.4 Interviewees

Six, Gothenburg based, founders of diversified entrepreneurial firms were interviewed. The purpose was to interview founders of small entrepreneurial firms, as young ventures as possible to enable for the founders to remember the initial startup phase when they closed the intention/action gap to initialize the business. The limit was set to ventures not older than eight years. Firms under eight years are considered as new firms, according to McKelvey and

Lassen (2013). As mentioned, the founders have initiated ventures in different industries but they have also different backgrounds. They are also different in the sense of their setup, meaning that some of them started alone while others have partners. Some of them are first time entrepreneurs while others have previously experienced an entrepreneurial journey. Accordingly, they are all different.

#### *Michaela*

reCreate Design Company is founded by Michaela who has an educational background in business development and marketing. She founded the company 5 years ago, in 2014, together with her co founder Michael. The initial idea was, their common interest in trying to reuse as much existing material as possible and giving it a new life, and this is still the company's main focus. They help companies to sell or donate their existing furniture to nonprofit organizations, schools and hospitals. All the money from the sales goes back to companies' project budget which makes companies save money. They also focus on reusing and reproducing interior design for companies and offices, but also consulting as reusing specialist for companies and municipalities. The main focus is to help companies with sustainability aspects.

#### *Pouya*

NAU Drinks is founded by Pouya who has an educational background in marketing and business but also entrepreneurship at Chalmers. He founded the company two years ago, in 2017, together with classmates and co founders Linus and Rebwar. NAU Drinks has its focus in niched branding of supplement drinks to gamers and the e-sport industry. The goal is to become the first choice for gamers in regards to supplements because it is a healthier alternative compared to the competitors.

#### *Karin*

Kreativa Karin AB is founded by Karin and this entrepreneurial journey began five years ago, in 2014. She has no employees and her educational background lays in graphical design, media and communication and visual merchandising. Her work background is in visuals and interior. Kreativa Karin AB shows and teaches a mix of crafts in workshops, TV, magazines and she has also made craft books for children.

#### *Sebastian*

Sebastian is the founder of a service called Recycla.se and this entrepreneurial journey started eight years ago, in 2011. Sebastian has ten years of work experience in the waste and recycling (W&R) field but his education lays within marketing and national economy. Recycla.se is a marketplace within the field of W&R and they have developed a matchmaking system where they help households and individuals, stores and other companies to find the best recycling solution for their waste.

### *Petra*

Ten Medical Design AB is founded by Petra and her partner who are both chemists. This is her second entrepreneurial journey. The company was founded six years ago, in 2013. They have developed a unique fabric that is patented and used as radiation protection material by hospital staff during surgical interventions.

### *Cecilia*

Cecilia Videcél is the founder of Healthmakers Technologies AB and this entrepreneurial journey started four years ago, in 2015. Her educational background lays in marketing and international business and it helps her having two employees and three consultants onboard that are more experienced, technically, with what she wants to accomplish with Healthmakers Technologies AB. Currently they provide a technical solution to increase access to primary care but they are constantly developing their idea.

<b>Founder name</b>	<b>Company name</b>	<b>Date of meeting</b>	<b>Type of meeting</b>
<i>Michaela</i>	<i>reCreate Design Company</i>	<i>2019-04-22</i>	<i>Phone call</i>
<i>Pouya</i>	<i>NAU Drinks</i>	<i>2019-04-24</i>	<i>Phone call</i>
<i>Karin</i>	<i>Kreativa Karin AB</i>	<i>2019-04-29</i>	<i>Phone call</i>
<i>Sebastian</i>	<i>Recycla.se</i>	<i>2019-04-15</i>	<i>Face-to-face</i>
<i>Petra</i>	<i>Ten Medical Design AB</i>	<i>2019-04-24</i>	<i>Phone call</i>
<i>Cecilia</i>	<i>Healthmakers Technologies AB</i>	<i>2019-04-29</i>	<i>Phone call</i>

*Figure 4 Interviewees*

### **3.3.5 Sampling**

A population represents the group of people that we want information about and a sample represents a part of this population, a segment, that is selected to examine. The method of selection used in this case is a non-probability approach which means that some individuals in the population are more likely to be picked than others. This case, how entrepreneurs handle cognitive factors to enable entrepreneurial action, can be represented by every entrepreneur on this planet but this research only studied a small sample. The participants were chosen based on availability and accessibility, due to lack of time and resources. This is also called convenience sample. Based on this, the sample might not be viewed as fully

representative of the population. Additionally, a sample bias exists due to only a small part of the entire population had chance of being selected for inclusion in the sample (Bryman and Bell 2011).

A problem is deciding on the most appropriate sample size, as highlighted by Bryman and Bell (2011) it is impossible to know the most optimal size before reaching theoretical saturation. Moreover, as no previous research provides a suitable guideline for the sample size, the researchers have decided the sample to represent six venture founders.

### 3.3.6 Interview process

Prior to the execution of the actual interview, the interview questions were sent by email to the interviewees so that they could be prepared for what types of questions were going to be addressed. Bryman and Bell (2011) claim that this can be done to support to improve the dependability of the research. At the beginning of each interview the interviewees were asked if they wanted to stay anonymous in the research and whether they approved for the interview to be audio recorded. None of the interviewees needed to remain anonymous and everyone accepted for the interview to be recorded.

One of the interviews, the first one, occurred face-to-face while the remaining five were conducted over the phone. Both techniques have pros and cons. When conducting a face-to-face interview, it gives the interviewer the possibility to observe body language and see how the interviewee reacts in physical sense to the questions. The interviewer may detect discomfort or confusion, why body language may be important and this may not possible to realize through a phone interview. Phone interviews are considered not being appropriate for group interviews. It is not a preferred technique for longer qualitative interviews because it gives more freedom to the interviewee to end the interview than if it was conducted face-to-face. Phone interviews can include technical difficulties such as a poor line and difficulties with recording. One main pro about phone interviews is that the interviewer is not physically present, thus the interviewee might be more open when answering sensitive questions (Bryman and Bell, 2011).

For the telephone interviews a smartphone was used and a recording app was running in the background during the conversation, which gave the recording a good quality. Only one person was interviewed, even if they had partners/co founders. The face-to-face interview took more time but the physical reactions, body language and facial expressions were captured and noted. Both researchers were participating in all interviews but one always asked the main questions and lead the interview. This still allowed for both of the researchers to ask follow up questions and receive the same information directly, and avoid getting it second hand through the recordings.



### 3.3.7 Recording and transcribing

It is common for qualitative interviews to be recorded and transcribed, which they should be. It is an advantage because it doesn't only store what the interviewees say but also the way they say it. One advantage with audio recording is that the interviewer doesn't have to write notes during the interview and can instead focus on the interviewee, on what is being said and be ready to follow up on uncertainties and/or interesting points made. Individuals may feel uncomfortable about their answers being recorded and saved therefore some interviewees might even refuse. In such case the interview should still be conducted because even without recording valuable information will still be forthcoming (Bryman and Bell, 2011). Luckily this was not the case for this research, all interviewees approved the recording which were conducted on a smartphone both the face-to-face and the phone interviews. It is suggested to keep recording for as long as possible since the interviewee sometimes "open up" by the end of the interview and maybe even when the recorder has been turned off (Bryman and Bell, 2011). This occurred in the face-to-face interview, the recorder got switched on again and notes were taken to avoid missing out on potentially fruitful information. This was not needed in the cases of the phone interviews because the function in the smartphone automatically recorded from when the call started until it ended.

Transcribing is very useful because it allows the interviewer to listen to the interview again and enables a smoother analysis. The downside is that it is very time-consuming. It is important to know that sufficient time for transcription must be allowed, because even if transcription is beneficial, it increases up the amount of text to be analyzed. It is advised that the qualitative data is analyzed as an ongoing activity and not left to be analyzed until all the interviews are finalized and transcribed. One advantage of transcribing an interview as soon as possible after completion is to avoid the impression of transcribing being a huge task. Another advantage to transcribe and analyze continuously is that themes might arise that are suitable to ask about in upcoming interviews (Bryman and Bell, 2011). Based on previous experience, the interviews, for this research, were transcribed within the following day after the interview completion to avoid feeling overwhelmed. This also to allow verbal analysis of the previous interview to have in mind when conducting the next.

It is unnecessary to transcribe parts of interviews that you know is not going to be useful. This can sometimes be the case when the answers are not as relevant to the research topic as anticipated. One suggestion is to listen to the interview a couple of times and transcribe only what is considered important. While this might save the researcher some time it may mean that going back to the recordings later on might be necessary, e.g. when analyzing and trying to find something that appears as meaningful later on (Bryman and Bell, 2011). Based on previous experience, having to go back in the recordings, the researchers transcribed each interview without leaving anything out.

### 3.4 Data analysis

The empirical findings are analyzed by thematic analysis and the steps followed are provided by Braun and Clarke (2006). (1) The first phase is about familiarizing yourself with the data by transcribing, then reading it and writing down initial ideas. (2) In the second phase, initial codes are generated. This is done by coding noteworthy features of the data and collecting relevant data to each code. The empirical findings were coded using different colors by the highlight function in a PDF document, to indicate potential patterns. The coding process is a part of analysis as data is being sorted into important groups (3) This is when all data have been collected, coded and a long list of the varying codes are identified from the data. Thereafter you start thinking about what themes can be made out of the codes. Review the relationship among codes, themes and different levels of themes. The list contained nearly 100 codes which was later sorted into 23 themes. (4) In this phase the themes are reviewed and narrowed down to 12 themes by some themes being excluded because they didn't have enough data to support them. Other themes were merged into one and some were separated. (5) This phase is about defining and naming the themes. For each theme a detailed analysis was written, in relation to the research question. (6) This phase is about conducting the report itself which is also the final chance for analysis. This is also where the literature is included and analyzed together with the analyzed themes related to the research question.

### 3.5 Research quality

Quantitative researchers tend to portray the reliability and validity criteria as more significant, compared to qualitative researchers, probably due to its' simple application in this type of research. While qualitative researchers tend to decrease the importance of identifying reliability and validity, they can use alternative criteria that are equal to reliability and validity.

#### 3.5.1 Reliability

Reliability is associated to whether the results of a study are repeatable, whether the measure is stable or not, and is mainly related to quantitative research. In a qualitative research the researcher looks at the external-and internal reliability. *External reliability* refers to the degree to which a research can be replicated. In a qualitative research, external reliability is a challenging criterion to meet this due to the inability to "freeze" a social setting and circumstances of an initial research to enable its replicability. When trying to replicate a qualitative study and reproduce what has been seen and heard, the researcher needs to adopt a similar social role to that adopted by the original researcher. When researchers, for any reason, choose to replicate findings of others, a study must be capable of replication in order for a replication to happen. Naturally, if a researcher is not clear and detailed about the procedures that have taken place, replication is not possible (Bryman and bell, 2011). To

enable replication of this study, the interview questionnaire is available and the descriptions of the interviewees are carefully described. Additionally, the research method is detailed in terms of that actions have been taken and why which hopefully influences the replicability and naturally increases the reliability of this research. *Internal reliability* refers to when there is more than one researcher, if they agree regarding what they see and hear (Bryman and bell, 2011). As this study is conducted by two individuals it has enabled exchange of opinions, thus increased the internal reliability.

### 3.5.2 Validity

Validity refers to whether the you are observing, identifying or measuring what you claim that you are. *Internal validity* refers to whether there is a suitable match between the observations and the developed theoretical ideas. *External validity* refers to the degree to which findings can be generalized. This is usually problematic in a qualitative research due to their small samples (Bryman and bell, 2011). The internal validity can be confirmed based on the fact that the developed theoretical ideas have been generated from the observations, i.e. the interviewees answers. Regarding the external validity, the findings were not meant to represent generalizability based on the choice of interviewees. However, some findings can be generalized, possibly based on the fact that they are all founders of new firms and deal with similar uncertainties.

## 4. EMPIRICAL FINDINGS

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The following part presents the empirical findings based on findings provided from the interviews with the interviewees, the founders. The findings are presented based on each category of questions from the interview guide and each category is finalized with a summary.

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### 4.1. Hinders/solutions when starting a business

#### *Mikaela*

The founder Mikaela of reCreate Design Company tells that before starting the company she and her business partner Michael started arranging workshops for private groups of people who they invited to do artwork, from reused and reclaimed material. They started to market these workshops as “the cheapest therapy in town” because people who attended said that they were not creative and that they couldn't do anything. But after the workshops people left with a spectacular piece of artwork and they were so proud of the work they established. During the workshop people forgot all their everyday problems. These workshops were motivating but it was not something that they couldn't make a living off. Michael worked for a company where they helped other companies to get rid of furniture and other interior goods. According to Mikaela 99% of the time firms hire moving companies to help them to get rid of their belongings where everything gets burned or shipped away. This happens because nobody at the firm has the responsibility to handle the move or knows what to do with it. Above mentioned arguments were the starting points for reCreate Design Company.

Additionally, Michael had a blog that aimed to inspire individuals to DIY (do it yourself) and the blog had a huge amount of followers all around the world. Mikaela and Michael saw a local interest and need and decided therefore to build a local platform. Also, it was time for both of them in their personal careers to shift focus and do something where they could feel inspired and inspire others. Ultimately they wanted to feel that they were doing something where they could truly make a difference.

Mikaela and Michael confronted a lot of hindrances. They did a study with Gothenburg University and the city of Gothenburg where they explored the obstacles of increasing the flow of reused interior for public offices. At the moment there is no other company in Sweden that does what reCreate Design Company do, they are first and they are plowing their way. Customers perception of something reused is that it should be free but they don't know about the costs that are involved e.g. storing the material and transportation. Everything is

done locally and nothing is imported, that also makes everything more expensive. Another opinion is that second hand is ugly, where companies want the best of best and not the second best alternative. Reused is not knowing where the furniture come from and what material it is made of. Another huge obstacle is space and figure out where to store everything due to second hand products are not made for preorder, but for here and now.

Michaela and Michael overcome the hinders by educating, continuously discussing and letting their customers know everything. From an environmental perspective it is not good to burn and throw away what you have and buy everything newly produced. From an environmental and financial aspect, it's better to reuse what you have. This is new to people and people are scared of new processes and doing things differently.

### ***Pouya***

The journey for NAU Drinks began the second year of the founder's mutual Entrepreneurship education at Chalmers. According to the founder Pouya, he and the other founders formed their team during a school project with their hope to register a firm by the end of the project, which is not always the case. The founders considered the project being very technical, which was not their initial interest, which is why they shut down the idea of registering a company by the end of the project. The problem was never the team but their interest in the project itself.

Linus, one of the founders, was researching and found that healthier focus drinks are trending in the USA. The interest for these drinks is increasing while, for the first time in many years, the interest for energy drinks have, to some extent, stagnated. Pouya mentions that trends usually start in the USA which later reaches Europe and the rest of the world. The founders started researching within the field and found numerous companies in Europe, including Sweden that had similar ideas but are more focused on areas within meditation and spa. According to Pouya, one thing lead to another. They were discussing several ideas but NAU Drinks felt closest to their hearts. It was not too technical but more of a customer branding case which allowed more creativity. The founders already knew they worked good as a team, no one had given up on the idea to start their own business and none of the founders wanted to get a "regular" job after their graduation. This is when the journey for NAU Drinks started.

Pouya said that the clearest obstacle occurred for him and the other founders in the development phase. Pouya were naive, thinking that finding a supplier that could develop something in line with their ideas would be easier. They found a supplier in Germany and noticed very soon that they will not get any business done, they were not prioritized, due to their size, and the German hierarchy. After that they got in touch with an English company, which turned out being even worse. After experiencing this, the founders realized that they needed right connections to be guided towards the right direction. Lastly they contacted the "Swedish Food Administration" that guided them in a direction to find a supplier, but also contacts through Chalmers and the startup world were helpful. The amount of time this took

made the founders question whether they should continue this journey or not. They were naive enough to think that they would have a product at hand within three months but it actually took almost one year.

### ***Karin***

Karin the founder Kreativa Karin has always dreamt of starting her own business but she was never sure of what kind of business or in what field. She thought about owning a shop but never found her niche. After graduating, her goal was to work at IKEA. She noticed almost immediately that she didn't really fit in. She was very creative and had her own way to express it, which didn't fit IKEA's template. At the same time, she ran an Instagram account that was well-known and had a lot of followers. On there she started to get requests and different projects regarding the crafts that she was posting about on Instagram. This is when she decided to start her business, but mostly because she needed an official way to invoice her clients. It was never her dream to start this business specifically, it just had to be done. Only later she noticed that this business fits her very well, she enjoys it and she is allowed be creative in her own way, compared to when she was at IKEA. Karin kept her employment at IKEA for six months before she quit and ran her own business full time.

As a creative person, Karin doesn't find it as enjoyable to deal with the practicalities of how a business works. Accounting was a struggle but she got outside help for that. Karin finds it important to be able to get advice and support from other entrepreneurs in the same industry, to know what is going on, especially in an industry concerning crafts. Karin tells that this is a small, pretty peculiar, industry with not that many active entrepreneurs.

### ***Sebastian***

Sebastian is the founder of Recycla.se and back when he was employed by the W&R company he had a strong position and was on the board of directors. The company was the 3rd largest in Sweden but they knew that their brand name was rather unheard of. They did an extensive marketing effort to measure their brand awareness before and after. When comparing, Sebastian noticed that the difference was insignificant. Sebastian started to question whether W&R field is a brand focused business because he realized that it was more of a "on demand" type of business, meaning that when the need occurs the need to find a solution develops as well.

He realized that the company needs more visibility on search engines such as google. He created some online ads which generated a lot of traffic but not as many new clients. After further research he found that there is a huge information gap but also perceived monopoly situations, consequently companies and individuals in Gothenburg thought that the only alternative is the big player called Renova while there are at least thirty other dipeoplefferent actors that can be considered. Sebastian came to the realization that it might be difficult to make a brand name in the W&R field and, as a company, you need to be visible where people are looking and searching for solutions. After further research he found that there were no

platforms that facilitated for companies and individuals in the sense of what they should do with their waste, whether they should turn to municipalities, find a company or try to get rid of the waste themselves. This realization triggered Sebastian's opportunity recognition and one year later he decided to quit his job and pursue this opportunity. He had come up with the idea approximately one year before pursuing it and he believes one year is very long but this required a lot of research, which he did, and finally when he had the guts, but also enough funding he decided to pursue this.

Sebastian states that individuals and companies don't have sufficient knowledge about waste management and recycling because, according to him, it is usually considered being a "boring" field. Most of the time, people and companies just want to find a good solution and just go on about their daily activities. Sebastian continues that there is a huge gap in regards to knowing what kind of companies that are available, their pricing and what it should be and the different environmental solutions that are available etc. Recycla.se are trying to make the whole market more transparent, increase the competition and to make it easier to find the best solution. They want to be the "hotels.com" in the W&R field.

### ***Petra***

The idea to start Ten Medical Design AB came first and 1, 5 year later the founder Petra and her colleague produced a new radiation protection material and they knew what the customer needed. Petra and her colleague started first from the market, where they started to talk about the existing customer need and after that they started to discuss about the technique.

Petra experienced financing as major problem and also hesitated because her and her colleague were both employees previously before. There are big problems when starting and running a company and when having a family. Everything has to be considered twice and they can't just drop everything. Petra and her colleague got to learn how it works with soft financing and how to apply different contributions. One of the problems that arose was that as an owner of the company they couldn't take a salary from the soft financing so they had to earn the money and if they were not earning any money they don't get any money. For the first couple of years the founders worked a lot on the weekends and evenings so they could be employed by the company. The driving force for the founders was that they got soft financing to start Ten Medical Design AB.

### ***Cecilia***

Cecilia doesn't have a traditional entrepreneurial start, it involved some bottles of red wine and talking with her girl friends. When Cecilia came up with the idea to start Healthmakers Technology AB she was studying in Los Angeles. In the beginning the idea was that Cecilia would run a digital youth clinic, but she realized quite quickly that in Sweden people know where to go when they need birth control pills or when they have some questions, but it's not the same in the USA. Then Cecilia thought that this should be possible to do digital and there she got the idea to start a company, she was perhaps not quite sober but then she presented

the idea to her of that time boyfriend. They made a business plan and just took action. Cecilia was very naive when she started the company and she thinks that there are many people who are naive. According to Cecilia you have to be naive when starting the company:

*“because if you see all the problems that will occur it makes you never want to start a company.”*

Cecilia thought mostly about how difficult it might be to start a company and that her idea was needed. Cecilia made a quick calculation and then she moved to Sweden and started Healthmakers Technology. In the beginning Cecilia did everything wrong that could be done and she started from the wrong end. Cecilia highlights that she had more of an American way of thinking where you just keep going, because she had lived there for three years and the Swedish innovation system looks completely different. The biggest problem for Cecilia was that she came from a marketing background focused in the fashion world. So Cecilia went from working at the fashion week to have meetings with Sahlgrenska Science Park within three months. Cecilia's biggest hindrance was that she had no credibility as an entrepreneur and as a first time entrepreneur she didn't understand the industry very well, but knew there was a need.

#### **4.1.1 Summary, Hinders/solutions when starting a business**

What made Michaela initially start the business was the response from the workshops, Michael's previous experience with how companies deal with their furniture and her blog that was known worldwide. They are also the only ones doing what they are doing and don't have any direct competition. Their obstacles were, for instance, that companies' opinions are that secondhand is ugly, it should be costless but they also want the best of the best. Michaela and Michael solve this by continuous discussions and educating their customers about the multiple benefits of using their services. Pouya and the other founders were driven by the idea of starting a business, a business that was close to their hearts. They had the team but not the idea. When they got the idea the obstacles to turn it to reality, an actual product, became an issue which they solved through networking. Karin started her business due to the popularity of her Instagram account. Since she was pretty much forced into starting this business, since the clients were already interested, her main hurdle was to handle her accounting which didn't stop her, she simply got outside help. Since she operates by herself she finds that networking with others in the industry is important to be able to know what is happening.

A problem for Sebastian was people not knowing enough about W&R but this is what triggered him, to recognize an opportunity. Sebastian wanted to become the link between individuals/companies and W&R solutions. Sebastian felt that if he would ever start his own business this was the right time but it was also important that his wife was onboard with his



decision. For Petra was financing a problem when starting the company and also having a family made that they had to think every step extra time. Petra and her business partner got to learn how it works with soft financing and the driving force for them was that they got soft financing to start their business. A problem for Cecilia was that she had a different educational background and had no experience as an entrepreneur but it didn't stop Cecilia from taking the action..

## 4.2 The effect of positive/negative emotions

### *Michaela*

The founders felt very excited about getting to do something that would make a difference. Additionally, they knew that their offer would benefit companies economically, environmentally but also in terms of sustainability. Doing something together and being creative made them feel excited about going to work everyday. Michaela emphasizes that:

*“thinking too hard about something will never make you start anything; therefore, don't think too hard.”*

This is what the founders lived by when they started this business, they told each other: “it is time to close our eyes and jump”. According to Michaela there is so many scary things when starting a company for example having a location. Location means that you have fixed overhead costs which means that you signed a contract to be paying x amount of money in advance every month. Also financially it's a huge undertaking and its really scary because when starting a new business, you have to have an idea and you don't know if it's going to work or not. Questions that came up for Michaela when starting reCreate Design Company were: “How are we going to make it work?”, “How are we going to find customers?”, “How are we going to pay our bills?” and “Is there any interest in what we have to offer?” Michaela emphasizes their approach as “going forward, taking one day at a time”. The founders had initially many different ideas for example, arranging birthday parties. They were very popular but didn't generate a sufficient income and is therefore not a part of their business anymore. In the beginning they had to be willing to work for free and to do whatever it takes to get the business started. This made everything exciting to them, try to see what works and what can generate money. They had to make sure to make their own money which gave them thrills but also scared them, both positive and negative. According to Michaela you can't be too much of secure content person if you want to be an entrepreneur because:

*“ you have to be willing to take some risks and give it a shot. “*

## ***Pouya***

The driving force for Pouya, when starting NAU Drinks, was definitely the freedom, to be his own boss and to be in charge. To build and create something while being able to be creative was also important to him and the other founders. By studying the Entrepreneurship program and being in that environment has been a good push for Pouya to start a business. It might have generated the feeling of wanting to create something of his own and start a business while also given him the opportunity to get help with things that other individuals might be scared of. The entrepreneurial environment, during his education, has been inspirational when seeing others engage in different projects and companies. He also got motivated when he learned about the numerous different tools needed to start a business. After gaining theoretical knowledge, he was excited to try it out in practice. Pouya works officially as marketing director and unofficially he works with everything possible that needs to be fixed in the company.

The financial situation is something that Pouya often worries about and the fear of failing. He describes that having your own business is a constant rollercoaster. This makes him think that it might have been better if he, after his education, worked for someone else to gain experience in a certain industry and later applied that knowledge on your business. Thoughts like these are recurrent. Naivety is also something that Pouya mentions. He says that naivety makes you trick yourself, in a way. It is positive because it makes you dare to start your own business, but at the same time negative when you don't plan correctly. If he would start over, he would do many things differently but everything is a learning process. To stabilize their economical situation and save some capital, the founders took on part-time jobs and also worked together as consultants during the summer. After that everything fell into place, but it was important to have a plan.

To be able to handle the earlier mentioned rollercoaster it is important to call for meetings where the founders are able to discuss and plan how to facilitate difficult situations. For example, when in stressful situations or experiencing hurdles or doubts and not knowing how to handle the situation, planning makes one feel calm. Some situations are more of an emotional character, hence impossible to plan how to handle, in such case it is up to each founder to apply the tools that works that individual. Pouya handles such situations by going out for a run or going to the gym but also by hanging out with friends. Someone else might handle the problem by working even more intensely, everyone is different. Pouya points out that long-term planning is important to solve problems and to prevent having everyone running in different directions. Since the beginning of the journey of NAU Drinks, the founders have had meetings every Monday. This makes them somewhat structured and united. According to Pouya, as an entrepreneur one is not very good at reflecting which makes one do mistakes. You think that you are doing the right thing just because it feels good then and there and because they need to be done.

## ***Karin***

It was exciting for Karin to start Kreativa Karin when everything happened successively because from the beginning, she didn't have the guts to bet everything on it because she was working simultaneously. It was amazing for Karin having people reaching out to her for collaborations and to be able to do just what she does and not having to adjust to anyone else's vision. Another advantage was to be able to control your own time. Karin enjoys to work alone where she can structure and plan the way she wants to. Selling an idea and oneself has previously been a hurdle for Karin but when people reach out to her on Instagram, everything happens rather automatically and easily. Instagram has been a good platform to present her work, this is where everything started. It has also given her a better confidence because people see and confirm the work that one does. Karin has always been creative and so has her family. They enjoyed painting but she has never found satisfaction in painting on a flat piece of paper. She enjoys it when it becomes three-dimensional, like crafts. She started posting her crafts on Instagram, that's when she realized how good she felt about craftsmanship and creating.

The negative emotions were mostly related to the financials. Karin considers herself being a driven and spontaneous individual while her husband is more careful and always wants to think things through. At times it has been difficult for Karin to motivate that she wants to work on Kreativa Karin full time, so she did it one step at a time. Karin could slowly show that she will be getting income from different secure projects on a monthly basis. Then she could argue that she needed a space to grow her business, and she acquired a 70 square meter studio. Her strategy was to take a chance and try. According to Karin:

*"you have to invest to be able to move forward."*

Even though she doesn't have any debts, she needs to continuously generate income to manage. When she was working and had crafts as her hobby, she used to tell her husband that she wishes that somebody could pay her for her hobby. Her hobby slowly grew into becoming her fulltime job, she is successful and feels very fortunate. She continues that it is important to do what you love and at the same time never forget that it is a business and you have to know how to generate income. In the beginning, when doing her workshops, she didn't charge enough but realized soon that she had to increase her prices to be able to pay for all her charges. She also started to value herself more and what she offers as a creator.

She would like to work part-time with Kreativa Karin and see it grow and getting secure projects and then go over to work full-time. But Karin sees herself as a bit restrictive and doesn't want to take too big risks. For example, last year was fruitful but the spring has been slower and she noticed immediately how vulnerable she becomes when it comes to taking out salary for oneself. She has learned a valuable lesson and that is to be careful with her economy and investments.

### ***Sebastian***

Sebastian had 100% positive emotions leading up to taking the action, he explains it like he wasn't fleeing anything "bad" because he had a good salary and the future seemed very bright at his then, current job. But with this idea, he really felt that he had something unique and couldn't let it go. So the emotions were very positive. Naturally he had emotions of whether the idea might fail and everything turns out bad (even today) and felt very nervous but once he jumped onboard the boat he just had to row. But having these negative emotions are also a trigger for him. Sometimes it generates more negative stress but at his current stage he feels that it generates a positive stress. But for years of uncertainty it has been very stressful.

Sebastian had dreams about what having the company would look like, he would be laying in a hammock, being location free only having his laptop and his phone and this being a one man show imagining that internet would solve all the problems. But no matter what everything can not be automatized, people are needed. Having this dream motivated him to start the company too.

### ***Petra***

At the start of Ten Medical Design Petra and her business partner felt that it's more fun to work for yourself instead of working for someone else and during the period there weren't many other interesting jobs. One of the reasons why they started Ten Medical Design was that the labor market in Gothenburg had fallen quite sharply in their industry, medicine and park science. Petra and her business partner decided to start their own business in order to remain in the industry of Gothenburg. According to Petra, they wanted to take advantage of the opportunity that existed when they had talked to the customer and target group. According to Petra the negative part was regarding financing, because having money enables doing lots of other things and makes you progress faster. No other negative emotions arise for the founder because there are mostly positive things that arise when its fun.

### ***Cecilia***

Cecilia was happily naive when she started the company, she was more afraid to miss the chance than to fail. According to Cecilia it's an art to run a company and she doesn't recommend to do it if you're not mentally stable. Cecilia was excited to do what she did and she was definitely naive because she thought that everything was much easier. Cecilia closed the business idea about to run a digital youth clinic, they didn't take any capital for it and now they work with something much bigger. Cecilia doesn't think much about risks because she has a tendency to go all in. The driving force for Cecilia was that she had to take the chance and if she failed, she had to take it then. Then Cecilia booked all the meetings to build up the credibility as a woman from another industry and she started to learn and get herself in the same context with people who knew the industry.

According to her she has had moments when she is wondering what is she doing. The worry about if someone wants what they are working with and it's very important to do customer

verification. Cecilia experienced quite a lot of concern but the feeling of fear of missing the chance was even bigger. Even though Cecilia was concerned, she kept going anyway and at the same time she highlights that perhaps she is still doing everything in the wrong way. If Cecilia feels worried or bumps into an obstacle then they usually think a little bigger and drive a little harder to get forward. The worst according to Cecilia is not to take any decisions because of concern, she thinks that it's better to make the wrong decisions and then solve it. Cecilia has a need to feel that she has the control in every situation and she has a tendency to make things bigger than they actually are. Cecilia is surrounded by very good people, she has good employees and very good board. Cecilia involves the most people in the decisions they make because everyone can come with their input due to that everyone have always different solutions for something and they work alot with teamwork where they solve the most things anyway.

At Healthmakers Technology everyone works with different tasks due to their different competencies, Cecilia is the CEO and she works with sales and meetings. Cecilia emphasizes that she would not come anywhere without her developers who sees solutions what the customers wants.

#### **4.2.1 Summary, The effect of positive and negative emotions when starting a business**

The positive emotions for Michaela were generated by the fact that they knew that their idea was beneficial for numerous parties and that it would make a difference. Their partnership and being able to be creative were also influencing. The negative emotions were generated by the uncertainty to pay bills and generate income, but also not knowing how to find customers that are interested in their offer. Their solution was to simply close their eyes and jump. The positive emotions for Pouya were generated by the fact that he had learned about starting a business and wanted to apply it in practice. He was also feeling inspired by the entrepreneurial environment during his education but the main driving forces for him were definitely the freedom, to be his own boss and to be in charge. The negative emotions were generated by the financial situation and the inexperience of having his own business. He sees that being naive is positive in the sense that it made him start his business but also negative if you don't plan correctly. Planning how to overcome hurdles and doubts is important in order to feel calm and also having frequent meetings to get structure and unity. To overcome emotional difficulties, Pouya works out and socializes with friends. From the start Karin was positively inspired by Instagram having people reaching out to her for collaborations which grew her confidence. She was able to work alone, control her own time and not having to adjust to anyone else's vision. Worrying about the financials generates negative emotions. Karin has to invest to be able to move forward but at the same time, when noticing how vulnerable she gets when the jobs are not coming to her, she needs to be careful investing.

Sebastian felt mostly positive emotions regarding the uniqueness of his idea. The negative emotions were more about whether the idea might fail and everything would turn out worse. When moving from intention to action Sebastian felt very nervous but once he jumped on board the boat he emphasizes that you just have to row. According to Petra, the positive emotions for her and her business partner was that they felt that it's more fun to work for yourself than instead of working for someone else. The negative part was regarding financing, because having money enables doing lots of other things and makes progress faster. The positive emotions for Cecilia were that she felt excitement to do what she was doing and she was also naive because she thought that everything was much easier. Even though the feeling of fear of missing the chance was big for Cecilia she still experienced a lot of concerns.

### 4.3 The effect of past failures/future uncertainties

#### *Michaela*

Michaela has had a business before but this was the first time for her partner Michael to start a new business. Michaela knew that the most difficult thing to do is to sell yourself and find customers and there are many times when you don't earn anything until you find your next project, which is scary and risky. Michaela has been through that before so she knew what needed to be done and what to do differently this time. The big difference for Michaela was that this time there was two of them starting the business so she didn't have to do it on her own, which helped a lot. Also being the two of them, building everything up and taking the risk together made a difference. To move past this, they simply kept going and believed that there is a market. Quite quickly they saw a market, and a huge interest, actually existed which helped Michaela and Michael to overcome that fear.

Of course they were worried about future uncertainties. They were lucky to be able to make a project that got a lot of response and attention. This way their business grew through word of mouth and generated new projects. Projects come and go and according to Michaela you're only as good as your last project. So far they are still a project based company and there is still a sense of fear towards that if they don't get new projects.

#### *Pouya*

Past failure is nothing that Pouya can relate to regarding his business. He doesn't have enough working experience to enable him to experience failures that could affect him negatively when starting a business. He feels a more general concern about failures, whether he's the right person to do what he's doing and not being able to solve something he thought he could. He has a concern to fail.

Pouya was concerned about future uncertainties before the start of the company but he later realized that everything can be solved. He says that starting a business is not rocket science, you just have to be driven. It is not easy to build a sustainable business, NAU Drinks are not even close, but this doesn't mean that they are not heading there. Pouya is driven forward by looking back to see how far they have come and being able to compare last year's material with today's'. Being able to see this makes him feel calmer today. Pouya and his business partners started NAU Drinks due to the combination of their naivety. Pouya emphasizes that the positive emotions drive one forward because they make you think that you can do anything. Despite all the fears, failures and financial hurdles Pouya felt the need to try to start a business.

### ***Karin***

Karin does not feel that past failures have affected her to start Kreativa Karin. She has never been unemployed and has no past failures to consider. She has been in a positive state of mind when it came to trying and see what happens, and it has just unfolded for her one step at a time. As long as she is able to develop Kreativa Karin, she will continue doing that.

Future uncertainties are something that Karin can relate to. The crafts industry is constantly changing, for example regarding fixed projects. Many magazines have closed down and through that you lose your projects. Libraries have had some extra funding to use for different activities during school holidays, but that is always changing depending on the government. Karin is dependent on her customers, whether they will contact her for different projects or not. She doesn't see herself contacting anyone and asking for a job, although she is very dependent on the jobs. The future is uncertain and therefore Karin is trying to find her own, new ways to the money.

She is frequently communicating with people inside and outside of the industry on social media. Through that she gets inputs about what is going on and what might be her next step. She uses slow periods to focus on evolving and developing something different instead of getting sad. Karin is active on Instagram and during slower periods she has started to develop clips for YouTube where she thinks that there might be a different target group. On Instagram her primary followers are middle aged women, and YouTube attracts a younger audience. She is always trying to look outside the box to find different, creative ways to new customers and collaborations.

### ***Sebastian***

He had the confidence of knowing that if the idea would work he knew he could sell it. Now that he has a board and investors that he has promised a lot and needs to deliver (he has been bootstrapping until recently Also the expectations for the company's value to rise rapidly which generated fear because of the feeling of not being able to deliver that. The fear of having employees and not being able to communicate his ideas so that they will share the same vision. Sebastian is worried about the future but he is confident knowing that what he

does now creates the road to the future. He handles it by having a somewhat clear plan of where he wants to go, he just tries to check off the steps. He doesn't have any choice (in a positive way) he enjoys what he does and just wants to make the best out of it.

### ***Petra***

Past failures is something that hasn't affected Petra. She doesn't see things as failures but more like other challenges and lessons. All the experience that she has gathered, she has used during Ten Medical Designs journey. Petra's first entrepreneurial journey has not affected her because it's something that she doesn't call failure due to the company is still running. Petra made a decisions to leave the company because she wanted the company to go another direction. Ten Medical Design is Petras business partners first entrepreneurial journey.

Other uncertainties is something that has affected Petra. When Petra and business partner started Ten Medical Design they were both married to each direction so then they both had to take into account the situation of the other partner. It was important for Petra to involve the family early on in different situations so they knew just the right amount about the risks and opportunities. According to Petra they didn't feel uncertain about the market or the customers, because already in the beginning they proceeded from the customers and if they managed to get the technology to work then they knew that the market will be there. Petra highlights that it is important to use the network during the way. Petra and her business partner talked about ideas with others to get some tips and input to get help on the way and to know who to contact.

### ***Cecilia***

Cecilia is very fearless as a person and Healthmakers Technology is her first company. Cecilia moved to Los Angeles without knowing anyone and she just thought that it will go well. According to Cecilia every time when you have hit your head in the wall, you repair yourself. Cecilia would never let failure stop her because she thinks that otherwise you would never come anywhere, it's more about do it again, do it right and do it better. Cecilia does not put much of her energy on something that does not go so well, then she just tries to do it better.

Future uncertainties have obviously affected Cecilia and they have more impact now because they have taken in capital in two rounds and now its not only Cecilia's capital that they risk but there are others capital that is involved and it's something they respect. Cecilia took in a first full-time employee in November for Healthmakers Technology and then there are two new employees coming and they have also consultancy working. It is a responsibility to have employees e.g one of the employees left their permanent employment to work with a startup. While Cecilia has employees they must know that they have a job in one or two years. Cecilia tries to keep focus and focus on what is most important, she tries to see the bigger picture and at the sametime is important that everyone is involved to reach the sub-target.



### 4.3.1 Summary, The effect of past failures/future uncertainties when starting a business

For Michaela it was difference when starting reCreate Design Company because this time she started the company with Michael and it helped a lot when they were two that shared the risks and builded up everything together. From past experience Michaela knew that one of the hardest things is to sell yourself and find customers and there are moments when you don't earn anything that are scary and risky. Future uncertainties were also something that worried Michaela but they were lucky to be able to make a project that generated a lot of response and attention. According to Pouya past failure is nothing that he can relate to because he hasn't had enough working experience to enable him to experience failures that could affect him negatively when starting a business. Before starting the company Pouya was concerned about future uncertainties but later he realized that everything can be managed. Past failures have not affected Karin, as she is person that has generally a positive view. Karin can relate to future uncertainties because the crafts industry is constantly changing and the future is uncertain and therefore Karin is trying to find her own, new ways to make money.

According to Sebastian past failures haven't affected him but he his worried about the future, he experiences fear of having employees and not being able to communicate his ideas so that they will share the same vision. Sebastian is confident knowing that what he does now creates the road to the future. Petra doesn't see things as failures but more like other challenges and lessons so past failures is something that hasn't affected Petra. She has used all the experience that she has gathered and used during Ten Medical Designs journey. Petra highlights that they didn't feel uncertain about the market or the customers. Failure is something that wouldn't stop Cecilia because she emphasizes that otherwise you would never come anywhere. Past failures haven't affected Cecilia because she doesn't put much of her energy on something that does not go so well but future uncertainties have obviously affected her more now because they have taken in outside capital and it's something that she has respect for. Also having employees is a responsibility and Cecilia wants to make sure that they have jobs in the future.

## 4.4 The effect of overconfidence

### *Michaela*

According to Michaela they were not overconfident about their idea. They knew that it was a great idea but they were not overconfident about it. They thoroughly believed what they did, but they were hesitant and sceptical. Even though they knew it was a great idea were people willing to pay for it or pay for the services? Not being overconfident helped Michaela and

Michael to work really really hard. It made them to go out there to talk and find customers. Running your own business makes them work a lot and all the time.

### ***Pouya***

Pouya was not very confident in the beginning, but he was more confident then than now. Now he has been able to reflect about the importance of building a strong brand. It takes more energy, drive and thought. They are moving forward and everything is working out but the concern that everything might collapse is present too. New competitors are constantly arising and the current competitors are very good at what they are doing, being creative and providing novel products. Therefore, it is important, as a company, to be visible and not disappear. Pouya is today more realistic and has more respect for how everything works, and not the same naivety as before. Pouya tells that NAU Drinks received a positive response from gaming influencers, prior to launching their products, but also on Instagram. This might have unconsciously boosted their confidence to start the business, but still with a pinch of skepticism regarding how the product will be welcomed when actually launched.

### ***Karin***

Karin was confident regarding Kreativa Karin because she knew what she wanted and often makes fast decisions. According to her, one has to enjoy being competitive when being an entrepreneur. Karin wants to become the best at crafting, in Sweden, and that is her driving force. She wants to be visible and for people to know who she is and she wants a strong brand. Her experience is that people in her industry don't feel comfortable being on TV or in pictures. That used to be Karin too, she also thought it was a burden to stand on a stage. But after having done that a couple of times, especially talking about something that she's passionate about, she has become more comfortable. Having a drive, not to give up and wanting to win are good entrepreneurial traits to possess, according to Karin.

### ***Sebastian***

He was very confident in his role and a lot of people knew who he was, in summary he knew the industry very well and he knew what would work or not. It would be a difference if he would have come up with an idea within a field he knew nothing about. When he mentioned the idea to people in the industry, they didn't believe in the idea and the feeling that it generated was that he knew better than them. He felt more empowered when they said that, due to his experience. In his head he put himself on top of them, knowing better.

### ***Petra***

Petra and her business partner were not very confident about their idea because there were both technical hinders and then working with the physical product where the clinical data is included and can deviate from the scientific data. Also thoughts about how new techniques will be met by people created uncertainty for them. This is something that hasn't hindered Petra and her business partner to start Ten Medical Design because they started the business before all the thoughts arise and there is a lot of question marks that arise along the road.

### ***Cecilia***

Already from the beginning Cecilia was confident in her idea, when she came home to Sweden from USA. Cecilia told people in the industry that it is the best idea ever and it worked well until they started asking about Cecilia's background if she was a nurse but in spite of that Cecilia confirmed that her idea was needed. Cecilia has pretty good self-esteem and she knows that the most of things usually gets fixed and she is born with quite a lot of luck. Cecilia thinks that things get fixed in one way or another and if you work hard it gets fixed even better.

Cecilia is not a scared person so it has not stopped her because she is used to keep going. Self-confidence has driven her and she emphasizes that if you have enough speed then you usually run through hinders and it usually goes very well. Some days Cecilia is questioning what is she really working with and it's normal to have downs, it goes up and down. Usually Cecilia surrounds herself with her closest friends and close/ good people to get over the downs. If Cecilia has anxiety, then it's good to her to exchange ideas with her friends because her closest friends also run companies in different industries and its nice to see things from someone else's perspective.

According to Cecilia it is important to break down exactly why you feel worried and see if you can solve the problem immediately or if you take care of it when it happens. In recent days meditation and relaxing has helped Cecilia to be able to see the next step clearly. As mentioned before Cecilia is a fearless and energetic person so she has always been a little scared to seem boring. That's why sitting down and relaxing is very much needed for Cecilia and meditation is Cecilia's way of removing the noise.

#### **4.4.1 Summary, The effect of overconfidence when starting a business**

Overconfidence is something that Michaela and her business partner did not experience with their idea. Even though they knew that it was a great idea they were not overconfident about it. Michaela emphasized that because she was not overconfident when starting the business it made her and her business partner work even harder. Pouya felt the opposite, he was very confident in the beginning but he points out that he was more confident in the beginning then now because it takes more energy, drive and thoughts. Due to that NAU Drinks generated a positive response from gaming influencers, prior to launching their products, but also on Instagram might have unconsciously boosted Pouyas and the other founders confidence to start the business, but still regarding how the product will be welcomed when actually launched. Karin felt confident when starting her business because she knew what she wanted and her driving force is that wants to become the best at crafting, in Sweden. Sebastian knew the industry very well made him confident in his role even though when he mentioned the idea to people in the industry, they didn't believe in the idea and but he knew better than

them. Petra and her business partner went through technical hinders that made that they didn't feel very confident about their idea. Because they started the business before all the thoughts arise and there is a lot of question marks that arise along the road. Self-confidence is Cecilia's driving force and she been confident from the beginning with her business idea and she's used to keep going because she not a scared person. Cecilia highlights that some days she is questioning what is she really working with even though its normal to have ups and downs.

## 4.5 The effect of doubt, fear and aversion

### *Michaela*

#### *Action doubt*

What postponed them was registering their company, making them think if they really are there and do they really want to do it. They have been working with the business for 2,5 years before starting the company, while simultaneously working at their previous jobs. It was just the thought of not being able to work with their previous jobs, they would have to do this full time to be able to really move forward. Michaela and Michael were both aware of what was expected, what needed to be done and what action needed to be taken to start the business so this was not something that was holding them back.

#### *Action fear*

Positive fear was the driving force why Michaela and Michael when starting the company. It was all about the:

*“close your eyes and jump”*

and to do it now or never. If Michaela and Michael would not have done it, someone else would. They are both surprised that they don't have any competitors doing exactly what they do, because there is a need and interest for it and customers want this. Of course they have competitors such as interior designers and architects but one difference is that Michaela and Michael use 100% reused interior while others try to use around 30%. Michaela emphasized that other companies need to start doing what they are doing because they can't handle the whole market on their own.

#### *Action aversion*

For Michaela, starting a company means a lot of work with, for instance, registered documents. Setting up a business is a burden with a huge amount of responsibility but in their case they are two people running the company. They have different skill sets and backgrounds, and they complement each other. Both of them have the competence to do everything but they have split up the workload for the sake of efficiency. For instance, Michaela does the bookkeeping and Michael does all the presentations and customer photo

shoots. This helped them move past the feeling of aversion. They were not in their 20's when starting this business which means that they had a great business experience from their past so these tasks were not something that scared or delayed them. The scary part was the reality of it and the responsibility of the cost. They have hired a work force and they have a part time employee that is also further responsibility for Michaela and Michael.

Also a lot of people ask if they are designers or have designer backgrounds. Interior designers and architects do not respect Michaela and Michael, because they are not interior designers and architects but Michaela personally thinks that it helps them because they have a different approach. (1) They don't look at something and design something traditionally, their starting point is the material not the design. They design something from existing material not the other way around where you design something first and then try to find the right material. So you can say that Michaela and Michael work backwards. (2) They have business backgrounds where they have done a lot of financial analysis and bookkeeping. Being able to these gestation activities didn't scare them as much as if they would have had pure artist or designer backgrounds. This could have impacted them to not starting this business due to the lack of sufficient skills to start a business, which they had.

## ***Pouya***

### *Action doubt*

This was nothing that Pouya could relate to. The school environment provided the right tools and and and nothing felt strange or complicated in regards to not knowing how to initiate the start-up process.

### *Action fear*

The fear in regards to delaying action is nothing that Pouya can relate to. He can relate to the action fear in regards to the fear of missing out (FOMO) on a gap and an opportunity that they have discovered, supplements for gamers. According to Pouya they wanted to be the first ones on the market.

### *Action aversion*

Feeling aversive towards necessary gestation activities has not been a hinder for Pouya to start the business. Again naivety appeared when he thought that some of these tasks would be more enjoyable, but they are not but they are necessary and somebody needs to do it.

## ***Karin***

### *Action doubt*

Karin didn't know anything about running a business and she felt that there was no sufficient help or tools available so she had to learn everything on her own. Yet it was still easy for her to get started because she doesn't sell anything nor has any employees.

### *Action fear*

In the beginning Karin didn't feel any anxiety, everything felt exciting and fun. A lot of secure/permanent projects made her feel safe but as soon as she lost them she felt anxiety and started questioning whether it is worth to continue. She still has a positive view, when one door closes another one opens. When she got this opportunity, she decided to jump on board because this is the only opportunity that she has ever gotten.

### *Action aversion*

Feeling aversive towards necessary gestation activities has not been a hinder for Karin to start the business. When she was studying visual merchandising some business studies were included but once she started her business she found this part very difficult. This didn't stop her since she thought it was going to be easier due to her experience from school. For some parts she gets outside help while she is constantly learning.

### ***Sebastian***

#### *Action doubt*

He was in a good position at his previous job and he was happy. He felt that if he would ever start his own business this was the right time but him and his wife just got a newborn and quitting his job would mean less income, so the decision was not obvious. Before quitting his job he deliberated with his wife and they decided that he should follow his heart. Sebastian deliberated with his father as well who advised him to do the same. He felt very secure about his idea and admitted that he also was very naive which he believes is a key factor to pursue your idea. But he gained confidence from knowing that he had enough knowledge and value on the market and that if it wouldn't work out he knew that he could be hired by the same company or another. He was developing the website, he quit his job and naturally started the business.

#### *Action Fear*

He had many sleepless nights when moving from idea to take action because it is the biggest step he has taken, from a professional point of view which was filled from anxiety. But he emphasizes that once he made the decision to move forward with the idea he sees it like it's no turning back. When he made that decision, it felt much better because it's tricky to compare what you have to what you might have and make a decision based on that. Sebastian knows himself and he's a "gut feeling kind of person" when feeling something bad he will avoid it and when feeling something good he will go for it but also being rational when making a decision. But his feelings are many times guiding him towards a decision.

#### *Aversion*

Sebastian was worried about the administrative part of the process because he knew that in the past that wasn't his strong side. But when he made the decision to do it, he decided to "go

with the flow” and find a way to go forward. It was more of a fear than an actual problem for him. It was a fear but it wasn't a big enough hurdle for him so he just went with it. He had enough confidence knowing that he would be able to do it. It was just a matter of how much energy it would take from him.

## ***Petra***

### *Action doubt*

Petra can relate to action doubt because on her first entrepreneurial journey with the company that they founded they had a risk capitalist that started and did everything and Petra was involved as a co-founder. But the difference when starting Ten Medical Design was that this time it was Petra and business partner who started everything and everything became more tangible because they had to do everything that was included to start a business. To overcome that, Petra and her business partner called people who were familiar with things, with the innovation system, previous contacts and people in the university world.

### *Action fear*

In the beginning, Petra and her business partner took decisions relatively quickly but they continued to work with their old jobs so that they wouldn't feel that they have lost something. Petra felt that you can only win and what you lose is time, but the longer the time goes then it will mean that you lose money and time. According to Petra you can earn more money if you work with something else on the side so the risks are bigger.

### *Action aversion*

Petra decided that they don't have to do everything by themselves so they hired an accounting firm for Ten Medical Design that Petra's friend had recommended. Considering finance, Petra and her colleague worked a lot themselves, spending a lot of time on it and now have they also received outside help. Nothing has affected Petra and her business partner in order to start the company, but more questions have been raised if they have energy to keep up running a business.

## ***Cecilia***

### *Action doubt*

For Cecilia, registering the company was the easiest while running it was the most difficult. It has definitely been a learning curve but then again Cecilia was very naïve in the beginning and ran towards everything. She did everything just to get the business started. According to her she started from the wrong end but she learned pretty fast what is worth focusing on and if you always want results, you need to prioritize.

### *Action fear*

Cecilia was somewhat affected by fear when she started her business. When Cecilia sought out the capital for the first time she was pitched to run a digital youth clinic. Before she pitched to the last investors Cecilia knew that she will change the business track because when Cecilia talked with the healthcare center a problem arose that was much bigger than they thought. Cecilia felt to like canceling the pitch with the last investors but at the same time she felt that if she had come that far she could also get further, in that moment Cecilia decided to just keep going and if there come some problems she will take them when they occur.

It was a period for Cecilia when she sat with dual projects, partly with the digital youth reception clinic where she was recruiting nurses and at the same time she was planning with what Healthmakers Technology is working now with. In that moment Cecilia felt that its a little too much to handle and she began to worry about what the investors would say and worried about running two projects at the same time. Then Cecilia changed the direction of the company and investors decided to participate. The biggest anxiety for Cecilia was that she had betrayed someone where the investors stills believes in the idea and Cecilia takes their money and starts work with something else. It is Cecilia's closest fears for not being able to move on. To move past that, she need to know everyone's view of it and to see the pros and cons. As mentioned before it's all about talking with others and changing ideas to get confirmed if its a good idea that Cecilia is working with. According to Cecilia she is honest with what she does and she handles a problem when and if it occurs. Cecilia tries not to worry before and if you stop then you will not succeed either. According to Cecilia many entrepreneurs have problems with how to make everyday life go around because you want to focus 100% to run the company and then you cant have a fulltime job on the side. But you don't also get capital if you don't work full time with your company.

Cecilia worked 100 % with the company and then she worked evenings and weekend simultaneously until April this year. This is also a constant concern which may cause that you are not able to continue and Cecilia has also been close to not being able to continue. You come to a point where you wonder that if it's worth continuing and how long can you keep going with a subsistence minimum. Cecilia emphasizes that it's important to have people around her because you go all in when running a company. Cecilia has a constant concern in the back of her head, if you're a little headsprung you try not to listen to it but it's difficult sometimes

### *Action aversion*

While bookkeeping is not Cecilia's strongest side, she would not waste her time trying to do it. She wants to focus on what she can do and doesn't want to waste energy on "small things" because it will not pay off in the long run. GU Ventures are investing in Healthmakers Technology and are also handling their bookkeeping and they have an open dialogue. The recruitment is handled by Cecilia herself and she wouldn't leave that to anyone else. She



considers the financing a bothersome part. Bootstrapping is for slow company growth while if you have a bigger vision it is important to raise external capital. For example, Cecilia doesn't know how to code and needed therefore to raise capital to be able to hire someone who can. Today, she doesn't understand how she was able to raise capital because she was alone running her business and a woman. Her experience is that investors usually invest in teams, especially consisting of men. She is proud to have achieved that. Cecilia outsources what she doesn't know and regarding the recruitment and capital she knows what to do, it is just to do it.

### **5.1.1 Summary, The effect of doubt, fear and aversion when starting a business**

Michaela and her business partner did not experience action doubt when starting the business, but the registering of the company postponed them. They both experienced positive fear when starting the company even though it includes hard work. Since Michaela and Michael complement each other because they have different skill sets and backgrounds so it has helped them moving past the feeling of aversion. Pouya didn't feel doubt when moving from intention to action with the business idea. In his case the school environment provided the right tools to initiate the start-up process. Pouya felt more FOMO on an opportunity that they have discovered. Regarding action aversion Pouya felt naivety with different tasks that he thought would be more enjoyable. Karin experienced action doubt when starting the business because she didn't know anything about running a business and she had to learn everything on her own, but it was something that wasn't a hinder for her. In the start Karin didn't feel any anxiety because everything felt exciting and fun. Secure projects made her feel safe but anxiety is something that arose along the way depending on different factors. For Sebastian it was one of the biggest steps to move from intention to action when starting the business and from a professional point of view which was filled from anxiety, but he decided to follow his heart. When Petra started the business she felt action doubt because everything became more tangible when she and her business partner had to do everything by themselves included in starting the business. According to Petra nothing has affected them in order to start the company, but more questions has emerged over whether they have energy to keep up running a business. For Cecilia it was easy to register the company but running it was the most difficult and she has experienced fear regarding the capital part. Cecilia's largest fear is not being able to move on and to move past that, she need to know everyone's view of it and to see the pros and cons of everything.

## 5. ANALYSIS

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The following part presents the analysis based on the literature review and the coded themes generated from the empirical findings. The identified themes are related to the literature review based on similarities and differences to enable conclusions.

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Themes

<i>Support by knowledge and experience</i>	<i>Mindfulness</i>	<i>Social media</i>	<i>Naivety</i>
<i>Financial security</i>	<i>FOMO</i>	<i>Support by individuals</i>	<i>Overconfidence</i>

Figure 5 Themes

### 5.1 Support by knowledge and experience

This section will present how having support by knowledge (knowing something specific) and having certain experience plays a big role when individuals decide to take entrepreneurial action. This is not always the case, looking at Cecilia who was not driven by having any specific knowledge about the medical field. She also had experience and knowledge about marketing in the fashion industry which is not related to her business idea she decided to pursue. In contrast to the other founders, she stands out in the sense that she was driven by her self-confidence while the other founders were driven by some specific knowledge and experience.

Knowledge can, according to Makhbul (2011), be obtained through formal and informal education and can be assessed through training and personal experience. Knowledge has an important role for entrepreneurial success and having a knowledge background may help entrepreneurs to be innovative. Our empirical findings show that education and personal experience has played an important role for the founders when starting a business. When Pouya and his business partners studied Entrepreneurship education at Chalmers, the environment was a source of inspiration for them. There they had the opportunity to learn about different tools that are needed when starting a new business, and the environment itself motivated them to utilize all of it for their own business one day. The theoretical knowledge they gained inspired them to implement it in practice. The schools entrepreneurial environment also opened up an opportunity for the founders to received assistance with tasks

that other individuals might be scared of, and it may also have generated a feeling of wanting to create something of their own and start a business.

Even though Pouya and his business partners gained scholarly knowledge, they were missing business experience. Planning fallacy bias mostly regards people that lack business experience (Davidsson 2006). This puts Pouya under the category of founders that wouldn't know how long time different projects take to accomplish, specifically when he and his business partners miscalculated how long it would take to develop a product. Pouya relates these negative results, the time it took to develop the product, to factors that are out of their control, namely the suppliers. This factor made them question whether they should give up or not. Having sufficient business knowledge might have not made them question their abilities this way. However, having sufficient support from scholarly knowledge made them pursue their idea and take entrepreneurial action.

The empirical findings show that knowledge gained from previous employment, at IKEA, motivated Karin to start her business. Karin noticed almost immediately that she was not completely fit to work at IKEA because she was very creative and she had her own way of expressing it, which did not fit IKEA's template. Even though Karin has documented education, somewhat, aligned with her current business, this did not make her start her business. It was the limited flexibility at her previous employment that made her take the step, but also the fact that she had more knowledge related to crafts which we can call "field specific" knowledge that gave her the confidence to pursue this specific industry. This means that having support by specific knowledge can motivate an individual to take entrepreneurial action.

The empirical findings show that previous business experience has impacted some of the founders to take entrepreneurial action. Sebastian was confident, knowing that he had enough knowledge and value on the market when he decided to take entrepreneurial action. Sebastian has ten years of experience in the waste and recycling (W&R) field which he gained from working at one of the largest W&R companies in Sweden. He knew that he had sufficient "field specific" knowledge to pursue his idea within the same field. This shows the importance of having support by knowledge when wanting to take entrepreneurial action.

Sullivan and Marvel (2011) emphasize that entrepreneurs may be more prepared to overcome different challenges in the start-up phase if they have knowledge e.g. in marketing, finance, human resources and sales. This is something that is seen in Michaela's and Pouya's situations when running their new firms. Pouya works officially as marketing director but he also operates in almost every part of the company, for example, financing and bookkeeping. Michaela emphasizes that having the right educational background enabled her to handle the business side of the entrepreneurial firm during the start up of the company. Michaela and her business partner have business backgrounds where they have done a lot of financial analysis and bookkeeping. This was one of the influencers for Michaela, when starting the business,

namely having sufficient skills in knowing how to start and run a business. Michaela and her business partner have different practical skill sets and backgrounds and they complement each other. Also not having a traditional background as interior designers gave them a unique position, by having a different approach meaning they don't design in a traditional manner, their starting point is the material not the design and they design something from existing material, and not the other way around. This means that they have found a non traditional approach in designing, and having this specific knowledge and ability motivated Michaela and her business partner to take entrepreneurial action.

## 5.2 Financial security

Financial resources are not only generated through sales, such as products and/or services. They can be accessed through funding programs, venture capitalists and other capital investors (McKelvey and Lassen, 2013). When setting up the ventures, none of the founders used outside funding to start their businesses, although all of them found this topic bothersome. None of the founders used outside funding to start their businesses although all of them were worried about the finances. The empirical findings show that Karin gets negative emotions when worrying about her finances. She kept her employment at IKEA for six months before she quit and ran her business full time. Michaela stresses the importance of financing and relates this to an emotion of fear when starting a new business. Michaela and her business partner have been working with the business for 2,5 years before starting the company, while simultaneously working at their previous jobs. It is not unusual for new venture founders to combine multiple sources of finance when funding the new venture. This to spread the risk and avoid being reliant on one single financing source (McKelvey and Lassen, 2013). This is apparent among the founders who don't only rely on the possible sales that the new venture might generate but use other jobs as an additional source of funding when financing their venture.

For Pouya, negative emotions appear in relation an uncertain financial situation. To stabilize the economical situation, when starting the business, him and his business partners took on part-time jobs and also worked together as consultants during the summer. Having a job, to secure the finances, when starting the business, is something that is common among each founder in this research. In the context of entrepreneurship, individuals may, according to Gelderen, Kautonen and Fink (2013), experience aversive emotions towards certain gestation activities, for instance raising finance. Worrying about finance generated negative emotions for the founders but they did not experience aversive emotions towards raising finance per se. They knew what needed to be done, when starting their business, and implemented it by having a job on the side.

Petra experienced financing as a major problem. When starting the company, Petra and her business partner continued to work with their jobs so that they could feel that they haven't

lost anything. Their driving force was that they got soft financing to start their company. Cecilia considers the financing a bothersome part. Today she has managed to get investors on board but she has worked 100 % with the company and simultaneously worked extra evenings and weekends until April this year, meaning she was employed by someone else while starting this business. Sebastian has investors on board today but he has been bootstrapping until recently. Prior to starting his company, he was sitting on the idea for one year, partially to be able to save a sufficient amount of money.

All of the founders have been bootstrapping more or less in their startup process and negative emotions have developed around this subject but they have all managed to attract external funding later on which is important if you want to progress faster, according to Petra. Bootstrapping is for slow company growth while if you have a bigger vision it is important to raise external capital, according to Cecilia. This shows that the founders are reliant on financing to develop their product. For example, Cecilia is dependent on her developers who initially develop her product.

Without financing, the venture cannot grow. Moreover, obtaining financing can be a hurdle if you can't convince others of the benefit of your idea. This might, according to McKelvey and Lassen (2013), be the main reason for why so many ventures are self-financed. The founders in this research did not exactly express their aversion towards raising finance, and this being a hurdle to not wanting to start the company in the first place. Bootstrapping seemed like an obvious solution for them. One can conclude that, by knowing that the financial aspects are secured, and knowing where to obtain financing during the startup phase, can give individuals a sense of confidence to take entrepreneurial action, hence close the intention/action-gap.

### 5.3 Social media

According to Cestyakara & Surendro (2013) social media is one of the most popular strategies for entrepreneurs because when starting a business you need to select a market, observe opportunities, and use social media form that is most suitable for your potential customers. The empirical findings show that using social media as a marketing tool gave some of the founders validation about their business ideas prior to starting the actual firm. This raised their confidence which eventually motivated them to take entrepreneurial action and translate their idea into a business. In Karin's case, social media, predominantly Instagram, has played a vital role in her pursue to take entrepreneurial action. She posted her crafts and ideas on the platform, where she also got job offers and attention due to her account being well-known and followed by a lot of people. This gave her an opportunity to be seen and gaining the confidence knowing that people liked her ideas. This is was one of the main reasons for Karin to pursue this idea specifically to make a business out of.

Pouya and his business partners got positive response about NAU Drinks through Instagram, from gaming influencers, prior to launching their products and business. This is something that boosted their confidence and but didn't entirely motivate them to take entrepreneurial action. Pouya clarifies that it might have been an indirect effect on starting the business.

Michaela's business partner, Michael, ran a blog that aimed to inspire individuals to DIY and the blog had an international presence with followers from all around the world. The blog also showed the founders that there was a local interest and need for their business and having confirmed that the service is beneficial across several sectors motivated the founders to take entrepreneurial action. It is shown that social media is used as motivation to enable entrepreneurial action. Some of the founders did not mention the use of social media whatsoever, when talking about their motivations to start their businesses. This may depend on which industry the entrepreneur operates in, if the offered products or services are meant for businesses or individuals, the public or niche markets. However, it can be concluded that the use of social media can motivate entrepreneurial action.

## 5.4 Support by individuals

According to Klyver, Honig and Steffens (2017) during the start-up phase, emotional support such as listening and providing empathy from family, friends and business contacts is important to the entrepreneurs persistence. The empirical findings show that for Petra, support by individuals, mainly her family, has played important role when starting the business. Both Petra and her business partner were married so it was important to take both families into consideration. Petra emphasizes that when you have a family you have to think about every movement a couple of extra times because you can't just drop everything. Petra and her business partner had to make the right moves because their families were depending on them, hence the importance of the families support in return. For Sebastian it was important to know that his family was behind his decision to start a business. What initially drove him to take entrepreneurial action was the advice from his wife and his father to follow his heart. Having his own business would prevent him to generating the same income that he used to, hence having his wife's support gave him a sense of relief that enabled entrepreneurial action. The empirical findings show that having support by individuals, namely ones family, make individuals prone to taking entrepreneurial action.

Klyver, Honig and Steffens (2017) emphasizes that emotional support has more effect in the start up phase then later in the entrepreneurial process because then entrepreneurs are more mature. Cecilia got support from her friends in the ideation phase of her business. Even though Klyver, Honig and Steffens (2017) highlights that emotional support has more effect in the start up phase, for Cecilia it is important to get support during the business process and be surrounded by close friends who also run companies in different industries to see things from someone else's perspective. Even though support by individuals has had an important

role then moving from intention to action we can also see that the support by individuals plays an important factor for the founders in the later business phase.

## 5.5 Mindfulness

The empirical findings show that all the founders were worried about future uncertainties when starting their business, in one way or another. The emphasis on past failures was almost non-existent. According to Lassen and McKelvey (2013), entrepreneurs may experience unexpected instances of something that “just happens”, due to the future uncertainty involved. It is not uncommon for the founders to have something in mind but end up somewhere else. Future uncertainties included situations such as, not being able to get customers, or obtaining projects in Karin and Michaela’s case. As stated in the theory, thinking that certain happenings will have poor outcomes, can be referred to negative chatter about the future. Constant flow of thoughts generates monkey mind chatter that, together with worrying and negative emotions, lead us further away from feeling inner peace (Ferguson, 2013). According to Finucane et al. (2000) negative emotions make entrepreneurs more risk-averse while positive emotions stimulate risk-taking, which goes hand-in-hand with Pouya when he emphasizes that the positive emotions drive one forward because they make you think that you can do anything. While entrepreneurship and new venture creation includes risk-taking one can conclude that having negative emotions and being risk-averse don’t lead to new venture creation.

The empirical findings show how the founders have been affected by Monkey Mind chatter in several situations, for example, when Pouya and his business partners were unable to find the right supplier, they were questioning whether they should continue or not. When Karin lost her projects, and felt uneasy, she was questioning the same. Michaela and her business partner have been project-dependent from the start and they still experience a sense of fear regarding whether they will get new projects or not. In both latter cases it was a situation of having to do “*its now or never*”. Karin saw starting her business as the only opportunity she had ever gotten and therefore decided to jump on board, having an overall thinking of “*try and see what happens*”. In the case of Michaela, her and her business partner decided to “*close their eyes and jump*”.

According to Ferguson (2013), to reduce the negative chatter about the future one has to find inner peace. The first key to inner peace is to accept “what is”, this to be able to open up to life’s circumstances. This can be related to the case of Michaela and Karin when they decided to just go for it. The second key refers to allowing things to progress naturally rather trying to make them happen in a certain way or time. This is relatable in the case of Karin and her thinking about firstly trying and then observing what happens. Through that she simply let the business unfold one step at a time. In all these cases the founders have been affected by Monkey Mind chatter which they clearly have been able to manage, since they all have

started a business. In some cases, we can clearly see that mindfulness is used to manage your thoughts. One can conclude that mindfulness plays a role in taking entrepreneurial action.

Cecilia was basically applying mindful thinking when she started her business. She did not let herself get affected by possible future uncertainties, she went for it and if it would fail she would take care of it then and there, and not beforehand. On the other hand, she doesn't consider failures as something bad. She sees it more as having a chance to do it again, do it right and do it better. Mindful thinking is, according to Gonzalez and Byron (2009) about noticing the way things are, accepting "what is" without resistance and accepting things you can't control. When you are able to focus on the task at hand and leave the distractions in the background, then you are mindful. In a way this is Sebastian's approach as well. The difference is that he naturally felt that his idea might fail and have bad outcomes and he was nervous once he made the decision to start his business. The similarities are that once he started it, he just had to run with it. In a way this can be related, they go for it in the moment and deal with the problems when they occur, and not beforehand. While Sebastian was thinking about potential negative outcomes, Cecilia was not. When problems do arise for Cecilia, it is important for her to take the problem apart to see whether it needs to be dealt with now or later. Lately, meditation has been a way for her to see her next step clearer and to remove the noise. According to Gonzalez and Byron (2009) the evident benefit of mindful meditation is the feeling of relaxation. With continuous meditation, you will no longer worry about circumstances that once generated stress. This can be applicable in peoples, both personal and professional, lives. The professional and organizational benefits are for instance: better judgment, decisions making, concentration, focus, an ability to prioritize, better at multitasking due to the better ability to focus, improved time management and creativity. Since entrepreneurial activities are characterized by making decisions, in some cases the ability to make fast decisions, one can conclude that applying mindfulness is beneficial in decision-making, including the decisions that have to be made during the startup phase.

## 5.6 FOMO

FOMO is something that appears in our empirical findings and it is factor that has affected the founders to go from intention to action. If an aspiring entrepreneur is afraid of missing out on an opportunity fear, in this case, can motivate the aspiring entrepreneur to take action (Markman et al., 2005). This has affected Cecilia when she started her business in less than three months due to that her feeling of FOMO had a bigger impact than fear of failing. In Pouya's case he relates to action fear in regards to FOMO after having identified a gap in the market for producing supplements for gamers and seeing this as an opportunity for them. Pouya emphasizes that he and his business partners wanted to be the first ones on the market and according to Michaela, FOMO was a driving force for them when starting the business, because they were afraid that someone else would do it. This shows that the feeling of FOMO has been a driving force for the founders to take entrepreneurial action.



Reynolds et al., (2005) discuss about the phases when moving from intention to action where the potential entrepreneur recognized an opportunity and is intending and planning on establishing a new venture. The theory goes hand in hand with what Sebastian says about establishing his business. Sebastian found, after researching, that there were no platforms that facilitated for companies and individuals, in the sense of what they should do with their waste, whether they should turn to municipalities, find a company or try to get rid of the waste themselves. This realization triggered Sebastian's opportunity recognition and later pursue this opportunity. This means that some of the founders got confidence to take action when they recognized that there is a market.

After discovering the opportunity, they might have been affected by affect heuristics. Positive emotions enable entrepreneurs to take more risks and vice versa. When an individual makes a decision based on emotions, it is affected by the affect heuristic. The time to think about the decision therefore decreases. Rapid decision-making is something that is typical in the entrepreneurial sphere, and affect and emotions play an important role in this case which makes it highly probable that entrepreneurs make decisions when moved by the affect heuristics (Finucane et al. 2000). This can be related to FOMO when founders discover a gap and an opportunity, they act fast because they don't want to miss the opportunity, additionally they can, based on positive emotions of their discovery which makes affect heuristic apparent in this case. This can be concluded as FOMO is experienced when a need is recognized.

According to Reynolds et al., (2005) when moving from intention to action the first phase the potential entrepreneur might experience that no job alternatives are available. This is something that happened when Petra and her business partner took the opportunity to start their business, it was due to necessity. The labor market in Gothenburg had fallen quite sharply in their industry as in medicine and park science so they decided to start their own business in order to remain in the industry of Gothenburg. The founders wanted to take advantage of the opportunity that existed and so they talked to the customer and target group. This shows that one of the biggest factors for the founders to move from intention to action was to start a business because there were no jobs available for them.

## 5.7 Naivety

Naivety is synonymous with innocence and inexperience and according to the encyclopedia.com a naïve person is someone who is showing lack of experience, wisdom and judgment, which clearly have a negative connotation. But, in regards to starting a venture, being naïve only seems to be advantageous. Naivety is something that stands out in the empirical findings. Pouya gets negative emotions from the inexperience of having his own firm, that is when he emphasizes that being naïve is something that helps one to start a business. Michaela and her business partner had a business idea that would positively impact

the environment, sustainability but also their customers' economy. They were driven by making a difference which motivated them to start this business. Although their idea provided this many advantages, they later realized that it was not as easy to convince their potential customers about the same, who considered second-hand being ugly but also that reused items should be free. Knowing this made them work harder to maintain their customers. In both cases, being naïve steered the founders towards starting their business. One can conclude that being naïve, and not knowing about the amount of work that is required to start a venture is only an advantage. If Michaela and her business partner would have known about the difficulties in maintaining their customers, they might not have started their business in the first place. Perman (2007) presents lessons from the "serial entrepreneur" Stuart Skorman who claims it's not easy to clarify the difference between arrogance and naivety but most entrepreneurs would not start a business if they knew about the amount of work that is required.

Michaela already had entrepreneurial experience and knew what it took to start a new business. In this case her and her business partner decided not to think too hard, Michaela said that thinking too hard stops you. With this approach in mind they decided to just close their eyes and jump when starting this business. In an article on LinkedIn.com (2015), Dana Severson writes about his experience as a naïve entrepreneur. He emphasizes that being naïve has its advantages since it makes you approach difficulties with an open mind. This can be related to Michaela and her business partner when they decided to start their venture, they decided not to think too hard about it because, according to Michaela, thinking too hard stops you. With this approach in mind they decided to just close their eyes and jump, thus having an open mind. *"To be open-minded is to be aware of one's fallibility as a believer, and to acknowledge the possibility that anytime one believes something, one could be wrong"* Riggs (2010). This is something that is relatable to the founders. They believed that they could be wrong about their ideas but they went for it anyway. Naivety doesn't only allow you to start a business, many times it also guides a startup to disrupt a whole industry (LinkedIn.com, 2015). Although Sebastian was very sure about his business idea he stated that that he was very naïve. Being naïve is according to him a key factor when pursuing a business idea.

## 5.8 Overconfidence

One of the entrepreneurial characteristics is overconfidence. Overconfidence is labelled as cognitive bias and has to do with the entrepreneur's being certain in their own abilities and illusion of control, therefore misjudge the uncertainties and risks involved. Sometimes they are too certain of their experience as well. This is positive for the society as a whole because if the entrepreneurs would have been more aware of the risks, there would be less new ideas and organizations (McKelvey & Lassen, 2013). Overconfidence is something that stands out among the interviewees in the empirical findings, in regards to starting their businesses. Overconfidence concerns both their abilities but also in the idea. For example, Sebastian was

extremely confident in his idea and his abilities to make it successful. As mentioned in the empirical findings, Sebastian knew the W&R industry very well. Knowing that people in the industry did not believe in his idea actually empowered him. He said that he knew better than them, due to his experience, and knew what would work or not, therefore it did not stop him to start his business. It would be a difference if he would have come up with an idea within a field he knew nothing about. Having “field specific” knowledge might generate sufficient confidence to start a business but might also be connected to availability heuristics which is explained as seeing certain opportunities as more attractive because they are more in line with one's’ abilities, experience and understanding (Haynie, Shepherd, and McMullen 2009).

In Sebastian’s case the effect of availability heuristics gave him enough confidence knowing that his idea was a good business idea.

Cecilia was sure about her idea and she thought it was the best idea ever. When she told people in the industry about it, they liked it too but were questioning her background, she was not a nurse. She talks about how having good self-esteem makes her believe that most things will turn out good and with a combination of hard work it turns out even better. Her self-confidence is what drove her. Unlike Sebastian, she did not have “field specific” knowledge. Comparing these two, he was driven by his knowledge in his field and his gut feeling. He went for an idea in a field he was very experienced in, which Cecilia did not and it did not stop her, she was driven by her self-confidence. Judging from the theory, being more aware of risks might not get you anywhere. Sebastian went for it despite knowing the industry, and most likely the risks, but for him it was important to have that knowledge to start his business. Cecilia went for it without having that knowledge, as she said she is not a scared person. The thing that they have in common is that they were very confident in their idea and went for it despite people doubting them. Being overconfident as an entrepreneur means ignoring uncertainties and mentally transform a failure to success. This can be advantageous if it can influence others (Lassen & McKelvey 2013). Petra and her business partner successfully influenced others in the sense that they succeeded to get a soft loan even though they were not very confident about their idea. What made them confident is knowing that there was a market, and customers, that were standby to buy their product if they succeeded with the technology. Cecilia naturally has good self-confidence which motivated her to start her business, Sebastian was driven by knowing a lot about the industry and Petra and her business partner did not have a product but were able to sell the idea to potential buyers which gave her confidence to proceed. Karin and Michaela gained confidence in their idea when knowing that others liked it, for instance through social media, which can be seen as a tool used to gain confidence. Overconfidence is something that is apparent in all of these founders but generated through different happenings.

Pouya was more confident in the beginning than he is today. Today he has a concern that the company could collapse, he is more realistic and has more respect for how everything works, and not the same naivety as before. He also mentions that he sometimes questions whether they should continue or not. Based on this, one can conclude that in regards to starting a

business, the less you know, the higher confidence level that may drive you to take the step and pursue your business idea.

## 5.9 Summary, Findings

### *Support by knowledge and experience*

Education and the educational environment had an impact for the founders when moving from intention to action, and also the possibility to use the theoretical framework in practice. For some of the founders knowledge did not have any effect when moving from intention to action, their self-confidence pushed them to start a business without having “field-specific” knowledge. Earlier work experience has influenced many founders to take action.

### *Financial security*

All of the founders experienced negative emotions regarding their financial situation, but for different reasons. Some of the founders were more focused on whether they would get customers, or projects as they expressed it, who ultimately support their financial situation. Focus for other founders were more focused on whether they would get financial support to develop their product, to enable a faster progress and growth. All of the founders handled this hurdle by having jobs on the side and bootstrapping.

### *Social media*

Social media has affected founders self-esteem by getting confirmation for their business through instagram and blogs that has influenced them to take action. Social media has not been apparent for all of the founders and it might depend on which industry they are in or if the product or the service is oriented to the public or to some specific market. Some of the founders have made another effort by doing more an active search as customer verification or marketing research for creating customers.

### *Support by individuals*

Some of the founders experienced that support from the family had an very important role when moving from intention to action. For e.g. Sebastian's family recommended him to follow his heart, so despite all the hurdles he quit his job and started his business. Cecilia got external support from her friends in the idea phase of her business but she also emphasizes the importance of the support during the business.

### *Mindfulness*

Many founders applied mindfulness in a sense to close the intention/action-gap and start a business. None of the founders put any significant attention to past failures but mostly future uncertainties, which is common in the case of an entrepreneur. Theory suggests that applying mindfulness to your life makes you accept “what is” without resistance which in this case can

mean not worrying about future uncertainties. All the founders have in one way or another expressed something like “I just did it”, whether they had done a lot of research, prior to starting the business, or not. Which also shows that they accepted “what is” without resistance and went for it. Cecilia expresses in her own words that she meditates to “remove the noise” and she is also very different in her approach, not scared of failure, compared to the other founders who seem more rational.

### *FOMO*

The feeling of FOMO has pushed the founders to start their businesses, if they did not start the business someone else would. Founders have experienced this as a driving force to start the company. Cecilia mentioned FOMO as a bigger reason to start than the fear of failing. She even talked about it prior to the question about action fear was asked. For Pouya , they experienced FOMO after the discovery of a gap and an opportunity. FOMO is apparent for all the founders, one way or another, as a reason to close the intention/action-gap and start a business. It was important to know that there was a market before pursuing. Petra started by recognizing the market first, prior to knowing whether they would be able to provide the solution. Sebastian did not entirely identify the customer need, he identified a knowledge gap in the market by pointing out that individuals and companies did not have enough knowledge about W&R but this was enough to proceed with his idea. One thought is that FOMO is experienced when a gap and/or a need is recognized.

### *Naivety*

Being naïve is something that has made the founders take entrepreneurial action and start their businesses. There is not a major differences regarding the founders’ naivety. Cecilia and Sebastian express directly that naivety is important when starting a company and it’s a key factor to pursue your idea. But Pouya from mentions it multiple times, and in different scenarios, during the interview, which the researchers concluded was the main aspect in his action-taking.

### *Overconfidence*

Being confident is something that stands out among the founders. One can conclude that being overconfident is necessary to start a company and closing the intention/action-gap, whether it’s the individuals’ personality or related to the business idea or previous experience and knowledge.

Tools	Cognition
<i>Support by knowledge and experience</i>	<i>Mindfulness</i>
<i>Financial security</i>	<i>FOMO</i>
<i>Social media</i>	<i>Naivety</i>
<i>Support by individuals</i>	<i>Overconfidence</i>

*Figure 6 Findings*

Above table presents a summary of the coded findings. The findings that stood out can be divided into tools and cognitions. The cognitions are the thoughts, or a state of mind, that contributed to these founders to take entrepreneurial action. The tools are more or less what the founders needed outside of their cognition to gain a sense of confidence to take entrepreneurial action.

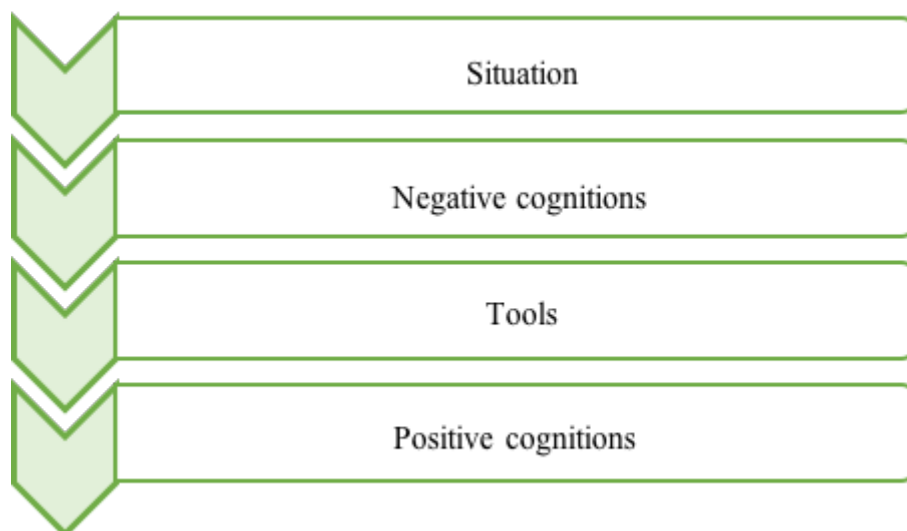
## 6. CONCLUSION

The aim of this research was to establish how founders of small firms managed their Monkey Mind, cognitive factors such as thoughts and emotions, that were present when they decided to take entrepreneurial action, close the initial intention/action gap and start their business. The focus questions were about what type of cognitive factors the founders encountered, and in which situation they were most apparent during the start-up process. Most importantly, for this research, was to establish how they managed these cognitive factors to establish their business. Available theory in combination with material generated from interviews with the founders, has enabled the researchers to present solutions to cognitive factors experienced during the start-up process.

Research question:

*How do individuals close the entrepreneurial intention/action-gap caused by cognitive factors?*

The findings present various ways entrepreneurs close the intention/action gap that is caused by cognitive factors. There are both similarities and differences among the founders, both in experienced thoughts and emotions, but also the way they managed these to start their businesses.



*Figure 7 Conclusion*

Above figure shows that the founders were initially told about certain situations, such as not having enough funding, others not believing in their idea or not having enough knowledge about being an entrepreneur. This generated negative emotions, such as doubt, fear and anxiety, which made the founders delay taking entrepreneurial action. The findings show that

the founder needs some validation from some kind of “tools” such as: *support by knowledge and experience, financial security, social media and support by individuals*, to manage these cognitive factors and get a sense of confidence to take entrepreneurial action. The findings also show that the founder needs to be in a certain cognitive state, positive cognitions, to be able to start a new business, such as: *being mindful, being naive, overconfidence and the feeling FOMO*. The interviews didn’t necessarily show above sequence in each situation. Asking interview questions in a manner to get this type of result would be “unnatural”. But, this sequence can be concluded when looking at each interview as a whole. The cognitions are the thoughts, or a state of mind, that motivated these founders to take entrepreneurial action. The tools are more or less what the founders needed outside of their cognition to gain a sense of confidence to take entrepreneurial action. However, these tools generated positive emotions, such as confidence, that enabled them to take entrepreneurial action. One can conclude that in the end, what is needed to manage the Monkey Mind are certain cognitions, emotions or thoughts. This to motivate individuals to pursue their ideas, close the intention/action-gap and start a new venture.



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# Appendices

## Appendix 1: Interview guide

### **Introduction**

1. Interviewee name and position:
2. Are you a first time entrepreneur? Your education?
3. Shortly describe your company (main activities, employees, age, patent):

### **Hinders/solutions when starting business**

4. Please tell us about the moment you decided you wanted to start a new business.
  - a. What hinders did you encounter and how did you overcome them?

### **The effect of positive and negative emotions**

5. When starting your business, what positive emotions did you feel?
  - a. How have these emotions affected you to start your business?
6. When starting your business, what negative emotions did you feel?
  - a. How have these emotions affected you to start your business?

### **The effect of past failures and future uncertainties**

7. The moment you decided you wanted to start new business, did your past failures affect you? Why/why not? (examples)
  - a. If yes, how did you overcome that? Any techniques/support from others?
8. The moment you decided you wanted to start new business, did you worry about future uncertainties? Why/why not? (examples)
  - a. If yes, how did you overcome that? Any techniques/support from others?

### **The effect of overconfidence**

9. The moment you decided you wanted to start new business, were you overconfident about your idea?
  - a. How has this affected you to take action? (helped/hindered?)

### **The effect of doubt, fear and aversion**

10. Action doubt is about not knowing how to initiate the start-up process. Is this something you can relate to?
  - a. If yes, how did you overcome doubt? Any techniques/support from others?
11. Fear (anxiety) can be both positive (afraid to miss out) and negative (delay) in taking action. Is this something you can relate to?
  - a. If yes, how did you overcome fear? Any techniques/support from others?
12. Setting up a business involve many different activities such as bookkeeping, employee management, recruiting, raising finance etc. which can delay action due to aversion. Is this something you can relate to?
  - a. If yes, how did you overcome aversion? Any techniques/support from others?