HETEROGENEITY IN THE LEVEL AND HANDLING OF THE LIABILITY OF NEWNESS

FEMALE AND IMMIGRANT ENTREPRENEURS’ NEED FOR AND USE OF BUSINESS ADVISORY SERVICE

Anna Kremel

2017

School of Business, Society and Engineering
HETEROGENEITY IN THE LEVEL AND HANDLING OF THE LIABILITY OF NEWNESS
FEMALE AND IMMIGRANT ENTREPRENEURS’ NEED
FOR AND USE OF BUSINESS ADVISORY SERVICE

Anna Kremel

Akademisk avhandling

som för avläggande av ekonomie doktorsexamen i industriell ekonomi och
organisation vid Akademin för ekonomi, samhälle och teknik kommer att offentligen
försvaras måndagen den 19 juni 2017, 09.15 i Paros, Mälardalens högskola, Västerås.

Fakultetsopponent: Dr Dan Hjalmarsson, Handelshögskolan i Stockholm
Abstract

In the start-up entrepreneurs face the Liability of Newness when problems and challenges often threaten business survival. Business advisory service, provided by public and private supplier contacts, can offer important knowledge and information, accompanied by various forms of assistance, and thereby decrease the entrepreneurs’ risk of failure and reduce their Liability of Newness. However, it is difficult to match the entrepreneurs’ need for such advice with the available advice. The support must meet the need. Most nations in the European Union have programs and projects that provide such support for entrepreneurs and SMEs. Special programs often support female entrepreneurs and/or immigrant entrepreneurs.

This thesis examines the level and handling of the Liability of Newness with special focus on female entrepreneurs and immigrant entrepreneurs in Sweden. The four papers of this thesis take the perspective of these entrepreneurs. The research is based on a sample of 2,832 entrepreneurs who were interviewed (in a telephone survey) on their impressions and recollections on their need for and use of business advisory service in the start-up processes of their companies. Fulfilment of need is achieved when the need for business advisory service is matched with the right use of business advisory service.

Heterogeneities as far as the level and handling of the Liability of Newness exist related to female entrepreneurs (vs. male entrepreneurs) and immigrant entrepreneurs (vs. non-immigrant entrepreneurs). Female entrepreneurs have a higher need for business advisory service than male entrepreneurs and also use more business advisory service than male entrepreneurs. As a result, female entrepreneurs can decrease the hazard rate for their companies and also reduce the Liability of Newness as their companies move toward the standard risk in their industry. Immigrant entrepreneurs also have a higher need for business advisory service than non-immigrant entrepreneurs. However, because immigrant entrepreneurs use business advisory service to the same extent that non-immigrant entrepreneurs do, immigrant entrepreneurs are unable to decrease the hazard rate for their companies or to reduce the Liability of Newness. The thesis makes both theoretical, methodological and practical contributions.

The thesis may be of interest to government policy makers with its attention to the need and use of business advisory service by female entrepreneurs and immigrant entrepreneurs.
Heterogeneity in the level and handling of the Liability of Newness – Female and immigrant entrepreneurs’ need for and use of business advisory service
Abstract

In the start-up entrepreneurs face the Liability of Newness when problems and challenges often threaten business survival. Business advisory service, provided by public and private supplier contacts, can offer important knowledge and information, accompanied by various forms of assistance, and thereby decrease the entrepreneurs’ risk of failure and reduce their Liability of Newness. However, it is difficult to match the entrepreneurs’ need for such advice with the available advice. The support must meet the need. Most nations in the European Union have programs and projects that provide such support for entrepreneurs and SMEs. Special programs often support female entrepreneurs and/or immigrant entrepreneurs.

This thesis examines the level and handling of the Liability of Newness with special focus on female entrepreneurs and immigrant entrepreneurs in Sweden. The four papers of this thesis take the perspective of these entrepreneurs. The research is based on a sample of 2,832 entrepreneurs who were interviewed (in a telephone survey) on their impressions and recollections on their need for and use of business advisory service in the start-up processes of their companies. Fulfilment of need is achieved when the need for business advisory service is matched with the right use of business advisory service.

Heterogeneities as far as the level and handling of the Liability of Newness exist related to female entrepreneurs (vs. male entrepreneurs) and immigrant entrepreneurs (vs. non-immigrant entrepreneurs). Female entrepreneurs have a higher need for business advisory service than male entrepreneurs and also use more business advisory service than male entrepreneurs. As a result, female entrepreneurs can decrease the hazard rate for their companies and also reduce the Liability of Newness as their companies move toward the standard risk in their industry. Immigrant entrepreneurs also have a higher need for business advisory service than non-immigrant entrepreneurs. However, because immigrant entrepreneurs use business advisory service to the same extent that non-immigrant entrepreneurs do, immigrant entrepreneurs are unable to decrease the hazard rate for their companies or to reduce the Liability of Newness.

The thesis makes both theoretical, methodological and practical contributions. The thesis may be of interest to government policy makers with its attention to the need and use of business advisory service by female entrepreneurs and immigrant entrepreneurs.
Sammanfattning

Alla entreprenörer som startar företag upplever Liability of Newness (översatt till nackdel eller begränsning) som har att göra med att vara ny. Kunskap blir då viktigt för att överkomma dessa begränsningar. Kunskap kan göras tillgängligt genom företagsrådgivning, vilket kan minska risken av misslyckande och reducera begränsningarna/nackdelarna som entreprenören upplever i starten av företaget. Att matcha entreprenörens behov av företagsrådgivning med det utbud som finns att tillgå är dock en utmaning.

De flesta länder inom EU har idag speciella program och projekt för att erbjuda råd och stöd till entreprenörer och SME:s. Några av dessa riktar sig specifikt till kvinnor som startar företag och till invandrare som startar företag.

Avsikten med den här avhandlingen är att studera nivån (level) och hante ringen (handling) av Lilability of Newness från entreprenörens perspektiv och att jämföra kvinnor som är entreprenörer med män och invandrare som är entreprenörer med icke-invandrare. Sammanlagt har 2 832 entreprenörer intervjuats.

I avhandlingen har konceptet Liability of newness operationaliserats och beskriver entreprenörernas behov av företagsrådgivning. Handling har definierats som uppfyllelse av behov av företagsrådgivning eftersom behovet av företagsrådgivning behöver matchas med efterfrågad företagsrådgivning. Genom att studera Liability of Newness från entreprenörens perspektiv har det framkommit att det finns heterogeniteter i nivån och hante ringen av Liability of Newness mellan dessa grupper. Kvinnor som är entreprenörer har större behov av företagsrådgivning än män och använder också mer företagsrådgivning än män. Kvinnorna kan därmed sänka sin risknivå och minska Liability of Newness. Invandrare som är entreprenörer har också större behov av företagsrådgivning men kan inte i samma utsträckning använda företagsrådgivning (jämfört med entreprenörer som är födda i Sverige). Därmed har gruppen av invandrare som är entreprenörer inte samma möjlighet att sänka risknivån och minska Liability of Newness.

Avhandlingen bidrar på ett teoretiskt, metodologiskt och praktiskt plan. Avhandlingen kan vara intressant för beslutsfattare och praktiker som arbetar med stödjande insatser till entreprenörer och SME:s och specifikt med kvinnor och invandrare som startar företag.
Preface

This thesis builds on results from a study conducted in 2008 (Lundström and Kremel, 2009). The aim of that study was to analyse the demand for business advisory service at new and young companies. At the time of the study, I was working with Professor Anders Lundström, the CEO at the Foundation for Small Business Research (FSF), later re-named Entrepreneurship Forum. Our motivation for the study was our desire to learn more about business advisory service at start-up companies.

The focus of the study was the need for and the use of business advisory service by start-ups in various regions in Sweden. The regions were Skåne, Västra Götaland, Örebro, and Västernorrland. Working with representatives from these regions, NUTEK (currently, Tillväxtverket, The Swedish Agency for Economic and Regional Growth), and The Ministry of Industry, Trade, and Communication (currently, The Ministry of Enterprise and Innovation), we created a reference group. The group’s main task was to design the study, including formulating the questions and developing the telephone interview survey. Professor Bengt Johannisson, at Linnaeus University, was an advisory member of the group. The group met several times. Swedish Statistics calculated the statistics. SKOP Ltd., a telecommunication company, conducted the telephone survey interviews.

The interview questions addressed the following areas: companies’ need for and use of business advisory service, company owners’ experiences with public and private business advisory service suppliers, the importance of such service, the supply side for such service, the comparisons between companies using such service with companies that do not, and the relationship of such service to financial services. The Foundation of Small Business Research (FSF), the formal project leader, prepared the final report. In the method section I explain my responsibilities for and contribution to this initial study.

The project concluded with the publication of a comprehensive report (Lundström and Kremel, 2009) and the presentation of many seminars at the participating regions, The Ministry of Industry, Trade, and Communication, and NUTEK. A seminar was also presented at Almedalen Week in Visby-Gotland, Sweden. All seminars were presented in 2009. The project produced a large amount of material that provoked our interest in conducting further research. With this interest, I began research for my doctoral thesis.

I like to thank my supervisors Professor Ulf Andersson, Professor Anders Lundström and Dr Peter Dahlin. Thank you for all the discussions about need, use and fulfilment. Special thanks to Anders Lundström for being there all these years. Thinking back, I’m not sure I would even have started without
your support. Furthermore, I like to thank Associate Professor Caroline Wigren, Lund University for introducing me to the Liability of Newness. Also, Lovisa and Tobias, thank you for the love you give every day.

Den 19 juni 2017
Anna Kremel
List of Papers

This thesis is based on the following papers, which are referred to in the text by their Roman numerals.

I  Kremel, A. (x). A user perspective on business advisory service for entrepreneurs of new and young companies in Sweden. To be submitted.


Reprints with permission from the publishers.
# Table of Contents

**Introduction** .................................................................................................................................................. 1

1.1 Outlining the research questions ........................................................................................................... 2

1.2 Structure of the thesis .................................................................................................................................. 6

2. Liability of Newness and Business Advisory Service ............................................................................... 7

2.1 The concept of the Liability of Newness .................................................................................................. 7

2.1.1 The liability of adolescence ................................................................................................................. 9

2.1.2 The liability of smallness ...................................................................................................................... 10

2.1.3 Other concepts of liabilities ............................................................................................................... 11

2.2 Business advisory service ....................................................................................................................... 11

2.2.1 Processes in business advisory service ............................................................................................. 12

2.2.2 The private and public supply of business advisory service ............................................................... 12

2.2.3 Evaluating public business advisory service ...................................................................................... 13

2.2.4 Effects of public business advisory service on start-ups ................................................................. 14

2.2.5 Use of public business advisory service ........................................................................................... 14

2.3 Definition and research interest .............................................................................................................. 15

2.4 Business advisory service as a means to overcome the Liability of Newness. ........................................ 15

2.4.1 Need for, use of, and fulfilment of business advisory service ......................................................... 17

3. Method, design, and data .............................................................................................................................. 19

3.1 Approach to method, and reflections on epistemology and social science ........................................... 19

3.1.1 Induction, deduction, and verification ................................................................................................. 20

3.1.2 Laws and social science ...................................................................................................................... 20

3.1.3 Preconceptions of entrepreneurship ................................................................................................. 21

3.1.4 My role in designing the questionnaire ............................................................................................ 22

3.2 The study .................................................................................................................................................. 22

3.2.1 Central questions .................................................................................................................................. 23

3.2.2 The start-up from the perspective of the entrepreneurs .......................................................................... 25

3.2.3 Strategic and operational business advisory service ........................................................................... 26

3.2.4 Private and public business advisory service contacts ....................................................................... 27

3.2.5 Telephone interviews .......................................................................................................................... 28

3.2.6 Loss of data ......................................................................................................................................... 29

3.2.8 Bias in the data ..................................................................................................................................... 30

3.3 Clarification of contribution from co-authors ......................................................................................... 30
4. Results and summary of the papers .......................................................... 32
  4.1 Overall results ...................................................................................... 32
    4.1.1 Descriptive statistics .................................................................. 33
    4.1.2 Business advisory services .......................................................... 34
    4.1.3 Factors or groups, more or less in need for or use of business advisory service .......................................................... 35
    4.1.4 Use of public business advisory service contacts ...................... 36
  4.2 Paper I: A user perspective on business advisory service for entrepreneurs of new and young companies in Sweden .................................................... 36
    4.2.1 Conclusions ............................................................................... 36
  4.3 Paper II: Business advisory service and risk among start-ups: A gender perspective ......................................................................................... 38
    4.3.1 Conclusions ............................................................................... 38
    4.3.2 Additional generated knowledge about sex and gender .............. 39
  4.4 Paper III: Business networks at start-up: Swedish native and immigrant entrepreneurs ....................................................................................... 40
    4.4.1 Conclusions ............................................................................... 40
  4.5 Paper IV: Fulfilling the need of business advice service among Swedish immigrant entrepreneurs - An ethnic comparison ..................................................... 41
    4.5.1 Conclusions ............................................................................... 41
  4.6 Summarizing the four papers ............................................................... 43
  4.7 Additional results: Fulfilment of need for business advisory service among female entrepreneurs ................................................................. 44
    4.7.1 Included variables .................................................................... 44
    4.7.2 Fulfilment, female entrepreneurs ............................................... 44

5. Discussion ................................................................................................. 46
  5.1 Level of the Liability of Newness ......................................................... 47
  5.2 Handling of the Liability of Newness .................................................. 48
    5.2.1 Reducing the Liability of Newness for immigrants ...................... 48
    5.2.2 Reducing the Liability of Newness for female entrepreneurs ...... 50
  5.4 Main theoretical contributions ............................................................. 51
    5.4.1 Using the concept of the Liability of Newness to discuss business advisory service ................................................................. 51
    5.4.2 Developing a model to examine the handling ............................ 51
    5.4.3 Testing the Liability of Newness ................................................. 52
  5.5 Expanded views .................................................................................. 52
    5.5.1 Expanded view of entrepreneurs and entrepreneurship ......... 53
    5.5.2 Expanded view of business advisory service ............................ 53
    5.5.3 Analysing the start-up process ............................................... 53
  5.5 Methodological and practical contributions ........................................ 54
  5.6 Replication .......................................................................................... 54
  5.7 Limitations ........................................................................................ 55
  5.8 Future research opportunities .............................................................. 55
6. References ................................................................................................. 57

Appendices ..................................................................................................... 69

1. Telephone survey questionnaire companies starting 2005
2. Telephone survey questionnaire companies starting 2008
4. Paper II. Business advisory services and risk among start-ups and young companies: A gender perspective.
6. Paper IV. Fulfilling the need of business advisory service among Swedish immigrant entrepreneurs.
Introduction

In the start-up process entrepreneurs face many challenges such as the risk of failure, the low level of legitimacy, and the dependency on the cooperation of strangers. These challenges can be described by the concept of the “Liability of Newness” (Stinchcombe, 1965). Knowledge is required to overcome these challenges (Phelps et al., 2007; Kess, 2014). Business advisory service suppliers can offer small and medium-sized enterprises (SMEs) such knowledge (Chrisman and Leslie, 1989). However, matching the need for advice with the available advisory support presents additional challenges (Hanks et al., 1993). Today, almost all European Union countries have special programs and projects that support entrepreneurs and SMEs (Rotger et al., 2012; Lundström et al., 2014). These programs and projects focus on the macro level, including infrastructure, access to the Internet, laws, and regulations, or focus on the micro level, that is, specifically on the entrepreneur (Audretsch et al., 2007). Business advisory service has been described as one of the most ubiquitous and persistent forms of government support (Cumming and Fischer, 2012).

Some programs and projects are designed for women and/or immigrants. These people are considered marginal groups that require special attention from the business advisory support system (Tillyväxtverket, 2010; www.ifs.a.se). For instance, in the United Kingdom, the Department of Trade and Industry (DTI, 2003) launched a “Strategic Framework for Women’s Enterprise” in 2003, aimed at improving the environment for female-owned businesses (Robson et al., 2008). The DTI also specifically supports and promotes minority and ethnic enterprise. In Sweden, there are legally binding regulations that promote equality (Prop. 2005/06:155) in how regional actors and authorities support entrepreneurship and SMEs.

In explaining the entrepreneurial factors behind the decision to start a new company, Stinchcombe (1965) stressed the following: general literacy and specialized advanced schooling; urbanization; money economy; political revolution; and the density of social life. These factors may also influence the chance of the company’s survival (Cafferata et al., 2009). Lundström and Stevenson (2005), who summarize the factors that influence success/failure of start-ups, conclude that the entrepreneur’s knowledge and skills are the most important. Business advisory service can thus increase the entrepreneur’s
knowledge, leading to competitive benefits (Penrose, 1959; Smallbone et al., 1993; Storey, 1994; Hjalmarsson and Johansson, 2003; Lambrecht and Pirnay, 2005; Chrisman et al., 2012). In addition, business advisory service may be useful for the recruitment of new staff, internal management training and development, and merger or strategic collaboration with other companies.

Various external and internal obstacles present challenges to companies’ survival (Stinchcombe, 1965). Although the start-up is associated with the risk of failure, the initial phase may be a period in which the entrepreneur experiences a low hazard rate because of an initial stock of assets. Fichman and Levinthal (1991) label these assets the “buffers”. However, the hazard rate may increase following the start-up phase. Researchers, especially organizational ecologists, have investigated company survival extensively (e.g., Kallenberg and Leicht, 1991). Yet the research on entrepreneurial companies has not received the attention needed.

Many researchers have defined the entrepreneur and entrepreneurship (e.g., Shane, 2003; Lundström and Stevenson, 2005; Berglund and Johansson, 2007). However, there is a lack in the discussion of what such a definition would mean to the field of entrepreneurship and it could in fact have negative consequences and be a hinder to the diversification, ambiguity and suppress complexity (Berglund and Johansson, 2007). Some researchers have tried to define the function of the entrepreneur (e.g., Gartner, 1988) or the entrepreneurial process (e.g., Yeats, 1956). In the early research, the entrepreneur was described as a risk-taker (Cantillon, 1755; Knight, 1921), an alert opportunity seeker (Hayek, 1945; Mises, 1949; Kirzner, 1973), and a coordinator of scarce resources (Casson, 1982), to mention only a few descriptions. More recent literature describes typical entrepreneurial companies as “wage-substitution businesses”. This description implies that the typical entrepreneur has much in common with the self-employed individual (Shane, 2009). In fact, studies show that only a few individuals will become successful entrepreneurs, and only a few start-ups will contribute to economic growth (Shane, 2009; Delmar and Wennberg, 2014). As a whole, these studies of the entrepreneur and entrepreneurship are useful for their examination of the problems and challenges that start-up companies face. In this context, the Liability of Newness concept is widely accepted (Cafferata et al., 2009).

1.1 Outlining the research questions

In 2001, the European Commission (EU, 2001) stated that regular evaluations of the effectiveness and efficiency of business support service should be an integral part of the support service suppliers’ culture. This statement motivated researchers to study the effectiveness of the public business advisory
service (e.g., Barnow, 1986; Mole, 2000; Robson and Bennett, 2000; Chrisman et al., 2005; Bennett, 2008; Greene, 2009; Cumming and Fischer, 2012; Chrisman et al., 2012). Researchers have also studied private business advisory service (e.g., Bennett, 2008). Given this research, we now have a comprehensive body of knowledge on the support structure of business advisory service (Storey, 1994, 2000) even though, to a large extent, it takes the supply side perspective rather than the demand side perspective (Lambrecht and Pirnay, 2005; Lundström and Kremel, 2011).

However, a few researchers have examined the demand side of business advisory service, taking the perspective of the entrepreneur and discuss both the supply and demand side of business advisory service (Lambrecht and Pirnay, 2005). Other studies (e.g., Smalbone et al., 1993) have examined established SME owners and their demand for business advisory service.

As described above, many challenges exist related to the level and handling of the Liability of Newness. For instance, the empirical literature that tests the Liability of Newness is often more suitable for studying the liabilities of newly established and survivor companies (Aldrich and Ruef, 2006) than of emerging firms, which was Stinchcombe’s intention in introducing the term (Abatecola et al., 2012). In addition, many studies on “new” organizations begin with datasets available in the public domain that were collected for administrative rather than research purposes. Thus, such information often omits businesses that have no employees (Aldrich and Ruef, 2006). Aldrich and Yang (2012, pp. 5) state:

> Improvements in three areas could provide entrepreneurship scholars with a more accurate picture of the dynamics surrounding the liabilities facing entrepreneurs: concepts more appropriately tuned to the rhythm and pacing of startup processes, data collected more frequently from entrepreneurs early in the founding process, and the use of statistics more appropriate for such data.

Cafferata et al. (2009) suggest that research on the dynamics of the Liability of Newness should take into account the development of entrepreneurship, technological innovation, and the process of capability building.

The Liability of Newness concept offers an explanation for the struggle for business survival (Abatecola et al., 2012). Although the start-up process is known as a period in which the hazard rate is high, researchers have found that the hazard rate in this phase decreases as time passes (Stinchcombe, 1965) and can also be reduced through buffers (Fichman and Levinthal, 1991). In this “newness period,” differences and similarities exist between new and
young companies level and handling of the Liability of Newness (Stinchcombe, 1965).

The aim of this thesis is to examine the heterogeneity in the level and handling of liability of newness from the perspective of the entrepreneurs.

Various researchers have proposed that gender should be linked to the issue of entrepreneurs’ failure or survival because female entrepreneurs tend to show higher risk of failure than male entrepreneurs (e.g., Block and Sandner, 2009; Fertala, 2008; Joona, 2010; Millán et al., 2012; Taylor, 1999). However, other research does not support this finding (Kallenberg and Leicht, 1991; NUTEK, 2003). Nevertheless, entrepreneurship studies that discuss the propensity for taking risks often associate this characteristic with male entrepreneurs (e.g., Watson and McNaughton, 2007; Charness and Gneezy, 2011). Other researchers have found that risk aversion plays a prominent role in the entrepreneurs’ decisions. They conclude that more risk-averse individuals tend to self-select paid employment whereas more risk-tolerant individuals are more likely to become entrepreneurs (e.g., Kihlström and Laffont, 1979). Other researchers conclude that entrepreneurs are more risk-tolerant than the general population (e.g., Gentry and Hubbard, 2001; Xu and Ruef, 2004). Other studies claim that while female entrepreneurs, compared to male entrepreneurs, may take a different approach to business and may be more cautious in the use of resources as they develop their enterprises, they are no less effective provided risk is taken into account (Watson and Robinson, 2003). In sum, this research concludes differences exist between female and male entrepreneurs as far as the hazard rate and the Liability of Newness.

Discussing the handling of the liability of newness among female and male entrepreneurs, other studies find there are heterogeneities related to the handling of the Liability of Newness. For instance, Barrett (1995) confirms that women seek, use, and value business advice more highly than men. Women are also more likely than men to consult multiple advisory sources in the start-up process (Brown and Segal, 1989). However, few studies on the Liability of Newness address the issue from the female vs. male entrepreneurial perspective.

Other studies link the issue of business survival and failure to ethnicity and race. One finding is that businesses owned by native-born or white individuals tend to have higher survival rates than businesses owned by immigrants or people from racial, ethnic, or minority groups (Bates, 1999; Fairlie and Robb, 2007; Fertala, 2008; Joona, 2010; Taylor, 1999). Afro-American entrepreneurs in the United States, for example, have the highest rate of business failure largely because they are located in poor and segregated areas (Sriram et al., 2007). Moreover, immigrants who are not accustomed to or familiar with
mainstream markets, but must compete with other immigrants in a limited ethnic market (enclave), experience greater business difficulties (Barrett et al., 2002; Waldinger, 1996). On the other hand, some researchers (e.g., Rusinovic, 2008) think such problems are more common for first-generation immigrants than for second-generation immigrants.

Immigrant entrepreneurs are important, not only for society’s economic growth and job creation, but also for the integration of immigrants into their new societies (e.g., Assudani, 2009; Birch, 1987; Werbner, 1990). Researchers have found that the survival and growth of small businesses in general, and those owned and operated by immigrants in particular, depend more on the informal, social networks of family, friends, and the immigrant community than on the formal, mainstream business networks (Au and Kwan, 2009; Light and Bonacich, 1988; Sequeira and Rasheed, 2006; Watson, 2007). Research also reveals that immigrant entrepreneurs have only limited access to mainstream business networks (Ahlström Söderling, 2010). As these business networks are important for immigrant entrepreneurs’ societal integration and business support, training programs are often recommended (e.g., Ahlström Söderling, 2010; Kariv et al., 2009).

Although much of the research supports, directly or indirectly, the Liability of Newness among immigrants, few studies address the level and handling of the Liability of Newness by taking the immigrant entrepreneurial perspective. Immigrants face different challenges than non-immigrants because they are less familiar with the customs, practices, and laws of their new society. Entrepreneurship can be a very complex undertaking for an immigrant. These challenges likely mean it takes some time for an immigrant to form and establish a company or business. In fact, some studies report that business support agencies are crucial to the success or failure of ethnic minority businesses (Fallon and Brown, 2004) as these groups have distinctive support needs (Ram and Smallbone, 2003). Similar findings show that immigrant entrepreneurs have a far greater need for business advisory service than non-immigrant entrepreneurs (Lundström and Kremel, 2011).

In short, research confirms that the level and handling of the Liability of Newness vary between female and male entrepreneurs and between immigrant and non-immigrant entrepreneurs. Examination of these heterogeneities can increase our understanding of entrepreneurship (Ogbor, 2000), the intention in this thesis is to study the perspective of the entrepreneurs as females compared to males or as immigrants compared to non-immigrants in the hope to expand how we think of entrepreneurship and how entrepreneurship can be supported.
Studying the Liability of Newness, the level of the Liability of Newness will be operationalized as need of business advisory service. The handling of the Liability of Newness will be defined as fulfilment of business advisory service. The research question in the thesis is the following:

*Studying the start-up process, what are entrepreneurs’ need for, use of, and fulfilment of business advisory service? Particularly the differences relevant to the need for, use of, and fulfilment of business advisory service, if any, between female and male entrepreneurs, and between immigrants and non-immigrant entrepreneurs.*

Starting a company means that the entrepreneur is doing something. Since in the start-up it is not obvious which company will be regarded as successful or which company will fail, in fact, all companies could have the potential of being successful. Because of this and since most entrepreneurs are self-employed small business owners (Shane, 2009) the view of entrepreneurship taken in this thesis, is someone engaged in running some sort of start-up company and the start-up could be both high tech, innovative or wage-substitution business. The interest is the entrepreneur regardless of economic situation or high tech, innovative activities. The definition of entrepreneurs includes their role as owners of a start-up company. The words “entrepreneur”, “start-up owner”, and “company owner” are used interchangeably. Stinchcombe’s (1965) “organization” is interpreted as a start-up company in this thesis.

1.2 Structure of the thesis

Following Chapter 1, Chapter 2 describes the theoretical foundation for this research. Chapter 3 describes the research sample, method, and design of the study. Chapter 4 presents the overall findings and summarizes the four papers of the thesis and findings about the fulfilment of the need for business advisory service by female entrepreneurs. Chapter 5 discusses the study’s findings and contributions and offers suggestions for further research. The four papers follow. The thesis concludes with a reference list in Chapter 6. Appendices 1 and 2 are the telephone survey questionnaires. Appendices 3, 4, 5, and 6 are the four papers of the thesis.
This chapter addresses theories and concepts that are important for this thesis. The first concept is the Liability of Newness. Because other liability concepts derive from the Liability of Newness concept (e.g., the liability of adolescence, the liability of smallness, and the liability of foreignness), these concepts are discussed in relation to the Liability of Newness concept and to the aim of this thesis. The chapter next describes previous research on business advisory service, such as different processes, strategic and operational advice, and findings on the need for and the use of business advisory service. This discussion includes both private and public business advisory service. The chapter concludes with comments on how the Liability of Newness relates to the need for and the use of business advisory service. Figures 1, 2, and 3 graphically illustrate the chapter’s discussion.

2.1 The concept of the Liability of Newness

The concept of Liability of Newness refers to the challenges a start-up company must overcome to succeed. Stinchcombe (1965), in his often-cited study, found that new organizations suffer a greater risk of failure than older organizations because they must depend on the cooperation of strangers, have low levels of legitimacy, and are unable to compete effectively against established organizations. Stinchcombe described how social conditions affect the level of liability as organizations acquire and define new roles and establish trust relations and stable ties (pp.148-150):

- a) New organizations, especially new types of organizations, generally involve new roles, which have to be learned; …
- b) the process of inventing new roles, the determination of their mutual relations and of structuring the field of rewards and sanction so as to get maximum performance, have high costs in time, worry, conflict, and temporary inefficiency; …
- c) new organizations must rely heavily on social relations among strangers. This means that relations of trust are much more precarious in new than old organizations; …
- d) one of the main resources of old organizations is a set of stable ties to those who use organizational services.
These challenges, which arise in a company’s early years, comprise the concept of the Liability of Newness. Abatecola et al. (2012, pp. 403-404) refines the Liability of Newness:

Infant mortality [in the business sense] is caused by the lack of learning experience; … new organizations possess minor survival chances than older organizations because they must rely on the cooperation of strangers; … trust matters for building stable ties with other organizations (e.g. potential suppliers and/or customers) within the firm’s specific task environment, or with other important stakeholders in the more general social environment (e.g. governmental regulators).

Abatecola et al. (2012) also emphasize the importance of time for building trust. “Infant mortality” results when trust relations are not established. Time also influences learning or the invention of new roles. Stinchcombe’s (1965) Liability of Newness concept predicts that failure rates, which are high in the start-up phase, will decline with time. Figure 1 graphs this relationship.

Figure 1. The Liability of Newness: A simplified representation.

Since the 1960s, when the Liability of Newness concept was introduced, the concept has provided a theoretical foundation for conceptual and empirical trajectories of organizational development and mortality (Abatecola et al., 2012) and has provided strong evidence of the influence of newness on organizational mortality (Wiklund et al., 2010).
Case studies and statistical studies are available that use the Liability of Newness concept. For instance, Pullen (1992) and Sorheim (2005) focus on ways to overcome the Liability of Newness. Pullen finds that new organizations must adapt to external demands and how to handle themselves internally. Sorheim finds that active business angels, as start-up team members, can reduce the Liability of Newness. Among the studies that use statistical data, some have focused on survival and the hazard rate (defined as organizational death). These studies use, variously, the Cox, Weibull, Gompertz, and Makeham models and log-logistic models (Cafferata et al., 2009) to show how the Liability of Newness reduces with time. Brüderl and Schussler (1990) describe the advantages of these models for measuring the Liability of Newness and the liability of adolescence. Most studies on the Liability of Newness have used data from the United States and Canada. According to Cafferata et al. (2009), empirical studies on the Liability of Newness using data from Europe are still scarce.

In addressing early business death in relationship to external factors, Singh et al. (1986) find that the lack of institutional support is one important factor. They explain that external legitimacy (e.g., a charity registration number) positively influences the survival of a start-up. Lerhman (1994) and Hager et al. (2004) describe similar findings. This supports the importance of the social conditions for start-ups that Stinchcombe (1965) described. As far as internal factors, the entrepreneur’s level of experience may positively influence a start-up’s survival (Shande and Khurana, 2003). Although some studies have stressed internal and external factors in the discussion on the Liability of Newness (e.g., Pullen, 1992; Shande and Khurana, 2003), this thesis does not separate the influence of these factors on the Liability of Newness.

Since the 1960s, many theoretical and empirical studies have addressed the Liability of Newness. Most studies have been published in the 2000s. According to Cafferata et al. (2009, p. 387), two studies (published in the early 1990s) are the “catalysts of new research commitment on this topic”. The two studies are by Brüderl and Schussler (1990) and Fichman and Levinthal (1991). More discussion on these studies is below.

2.1.1 The liability of adolescence

In their study of the start-up phase in an organization’s life, Fichman and Levinthal (1991) introduced the concept of the liability of adolescence. This concept which raises a shift in the way the death rate is associated with the age of newborn companies. While the Liability of Newness concept describes a horizontal, slow decline in failure (i.e., death) rates, the concept of the liability of adolescence has a non-monotonic, inverted U-shaped pattern (Abatecola et al.,
This difference is attributed to the assets (trust, goodwill, financial resources, or psychological commitment) that newly established companies have that can act as buffers in their start-up process. Owing to these buffers, the risk of failure is constantly low during the so-called honeymoon period when the company is newly formed (Fichman and Levinthal, 1991). The death rate then increases during a specific period (i.e. in adolescence) and peaks before beginning to decline (Abatecola et al., 2012). This peak normally occurs about one and a half years after the start-up (Henderson, 1999).

The liability of adolescence differentiates between two periods in an organization’s life cycle (Brüderl and Schussler, 1990). In the first phase, death rates are low because decision makers monitor performance and postpone judgement regarding success or failure. In this phase, the organization lives on its stock of initial resources (i.e., its buffers). In the second phase, the initial monitoring ends, and the organization is subject to the usual risks of failure.

Research has been conducted on the specific buffers that protect start-up companies using the concepts of the liability of adolescence and the Liability of Newness. For instance, in their study on financial buffers, such as accounting, Wiklund et al. (2010) find strong support that financial buffers can help overcome the Liability of Newness. Other studies have compared the two concepts (the Liability of Newness and the liability of adolescence). Some studies support the former concept while other support the latter concept (Abatecola et al., 2012). The concepts, however, should be treated as complementary (Henderson, 1999; Cafferata et al., 2009).

Since both the Liability of Newness and the liability of adolescence emphasize the start-up process, these concepts can be useful in discussions of the differences and similarities between entrepreneurs as they initiate operations. However, because this study does not specifically focus on the buffers or the honeymoon and adolescence periods, it is not possible to identify these specific, influential factors. In Section 2.3 and Section 2.4, I will develop my interest further and how I will study the Liability of Newness.

### 2.1.2 The liability of smallness

Some studies show that cause of failure for new organizations stems primarily from the effects of size. In studying the Liability of Newness, researchers have found that the Liability of Newness may be a liability of smallness (Freeman et al., 1983). These authors find that the failure rate for small organizations declines with age. Hager et al. (2004) refine this argument with the idea that age itself is not the cause of failure. Instead, they claim the typical characteristics associated with youth (e.g., establishing legitimacy) explain company failure. The liability of smallness and the Liability of Newness are, therefore,
compatible because small size is coupled with newness. In his study of mortality rates related to size and age, Birch (1979) found that non-survival rates were very high for small companies, regardless of their age. Birch also showed that, regardless of age, small companies (0-20 employees) have a higher failure rate than all larger companies (measured by number of employees). Halliday et al. (1987) found that small size makes survival problematic although the effect of newness on failure rates is often stronger.

Only micro-companies (not larger than 10 employees) are examined in this thesis. Thus, the liability of smallness concept is not discussed specifically.

2.1.3 Other concepts of liabilities
The focus on liabilities involves other phases in companies’ life cycles. One concept frequently discussed in the literature on internationalization, which is similar to the Liability of Newness, is the liability of foreignness. The liability of foreignness arises from companies’ unfamiliarity with the culture, politics, and economies of their new environments (Zaheer, 1995). Companies that operate outside their home country have costs that local firms do not. Consequently, foreign investors require firm-specific, competitive advantage when they enter a foreign market (Johanson and Vahlner, 2009; Sethi and Guisinger, 2002) where the access to knowledge, particularly experiential knowledge (Johanson and Vahlne, 1977), about the new society and culture is essential. It seems very possible that immigrants rely on each other to overcome the liability of foreignness.

In studying immigrant entrepreneurs, the liability of foreignness may be useful in a discussion on the difficulties immigrant entrepreneurs encounter in their new environment. However, because the thesis concerns the initial phase for start-ups, the liability of foreignness is not specifically relevant for my purpose.

2.2 Business advisory service
Various descriptions of business advisory service have been proposed in the literature. Among these descriptions are the following: coaching (Cumming and Fischer, 2012); guided preparation (Chrisman et al., 2005); counseling of a strategic or operational nature although not informational (Chrisman et al. 2012); external assistance (Smallbone et al., 1993); external business advice (Bennett and Robson, 2003; Pickernell et al., 2013); and business advice (Robson et al., 2008).
Some studies examine entrepreneurs and their actual need for external consultation. In a study of established SMEs, Smallbone et al. (1993) found that entrepreneurs with higher education and a desire to grow their companies often turn to external consultants. They also found that the use and diversity of external consultants increase with company size. Johannisson (1995) concludes that this result may be explained by the fact that small companies often consult their personal networks for advice (e.g., other company owners, suppliers, or clients). Robson and Bennett (2000) and Hjalmarsson and Johansson (2003) found that the smaller the firm, the more likely managers are to use friends as advisers.

2.2.1 Processes in business advisory service

Rotger et al. (2012) describe the processes in business advisory service as knowledge acquisition/enhancement and badging. The entrepreneur, who understands the need for knowledge, looks for opportunities to acquire knowledge from an experienced outsider. The learning process that occurs between the entrepreneur and the experienced outsider leads to a combination of tacit knowledge, primarily experience-based, and explicit knowledge, primarily based on theories and facts. The experienced outsider may come from either the private or the public sector.

In the start-up process, the entrepreneur must send signals to resource providers such as banks and other financiers about the company’s value. Therefore, a “badge” of value is the certificate that can be shown to others (Rotger et al., 2012). Badging, usually provided by public sources, however, may offer less influence for the entrepreneur although it is still a key value. If a company lacks a badge, it may have more difficulty in securing bank loans or other financing (Burke et al., 2008). Thus, badging can be highly influential in the start-up process even though, in the long run, knowledge may have more influence as far as company growth (Rotger et al., 2012).

“Just-in-time knowledge” is another idea that is relevant to the discussion of business advisory service (Chrisman et al., 2012). Providing knowledge on a just-in-time schedule can be a major component of effective assistance for entrepreneurs. The delivery of knowledge at the right time ensures that the knowledge is fresh and relevant to the specific context in which the company operates.

2.2.2 The private and public supply of business advisory service

Both private and public suppliers offer business advisory service. Private business advice is the advice from family, friends, and other acquaintances. Organizations and consultants such as lawyers or accountants may also provide
private business advice. Public business advice, on the other hand, is provided by governmental organizations, including regional authorities. Mole and Keogh (2009, p. 78) define such public business advice suppliers as “advisers who work in the public sector to offer general advice to small and medium sized firms, with the intent to increase their performance and their willingness to access external advice in the future”.

Hjalmarsson and Johansson (2003) address the theoretical basis behind public business advisory service for SMEs in their description of two kinds of service: operational service and strategic service. Operational service is “objective” because it conveys clear and consistent (i.e., “static”) information, independent of the relationship between the client and the service provider. Strategic service is “subjective” because it conveys embedded information (i.e., “tacit”), dependent on the relationship between the client and the service provider. Operational service refers to hands-on activities, such as organizational, tax, and website information. Strategic service refers to more abstract activities, such as the service for making market analyses and the service for developing strategy, goals, and visions.

2.2.3 Evaluating public business advisory service

Numerous evaluations have been made of the support structure of public business advisory service. For example, the Prince’s Trust, established by the Prince of Wales in 1976, was evaluated five times in a period of 15 years (Greene, 2009). However, Storey (2000) questions the evaluation methods used to study start-ups and public business advisory service on the basis that different evaluation methodologies produce different conclusions on the program outcomes. Story especially focuses on the fact that few studies use a control group in the evaluation of the outcomes. In his study of “the six steps to heaven”, Storey addresses these difficulties as well as the difficulties in separating the influence of the adviser from the program outcomes. He describes the five steps that lead to the final step, Step 6, which is “best practice” or “heaven”.

Other studies conclude that the more sophisticated and careful the evaluation analysis, the weaker the apparent policy outcome (Hjalmarsson and Johansson, 2003). Greene (2009) argues that simple monitoring approaches produce different results from those produced by more sophisticated evaluations although he admits that more sophisticated methods are preferred to simpler monitoring approaches in some situations. In fact, some studies challenge the positive influence of public business advisory service (Bennett, 2008; Robson
and Bennett, 2000). Some studies even suggest public business advisory service has no influence on company results (Cooper and Mehta, 2006; Robson and Bennett, 2000).

2.2.4 Effects of public business advisory service on start-ups

Despite these challenges to the usefulness of public business advisory service, some studies confirm its positive effect for start-ups. For instance, Rotger et al. (2012), in a study conducted in North Jutland (Denmark), compared the performance of new, entrepreneurial start-ups that received this service with other start-ups that did not receive this service. They found that the former group had better performance as far as turnover, job creation, and productivity.

Cumming and Fischer (2012) evaluated a publicly funded business advisory support program for small and young entrepreneurial companies. They used a control group of start-ups that did not receive public business advisory service. They found positive benefits from this program that selectively supports companies with high growth potential. These benefits accrued to the companies and to the economies in which they operated. They caution, however, that more advice may not necessarily yield greater benefits.

Chrisman et al. (2005) found positive relationships between the time entrepreneurs spend with business advisory service and their turnover and job creation three to eight years after start-up. They also found a curvilinear relationship between time spent in public business advisory service and performance, suggesting there is a point at which the benefits of guided preparation diminish. Other studies have found that public support has a significant influence on venture performance for start-ups (e.g., Chrisman et al., 2012).

2.2.5 Use of public business advisory service

Despite these positive evaluations of public business advisory service, it seems such support has limited application. For instance, in their study of small and home-based businesses, Brooks et al. (2012) found that only around 6-7% of the businesses participated in mentoring or small business training, and only 1% used business incubators. In their study of SMEs in Sweden, Boter and Lundström (2005) found low participation rates in the use of available support from public business advisory service. They call for a better match between supply and demand for such services. In a study of micro-firms in Australia, Jay and Scharper (2003) discussed the need for further research on the limited use of such government business advisory service.
2.3 Definition and research interest

I use the term “business advisory service” in this thesis with reference to entrepreneurs and their need for and use of external support and information in their start-up process. The entrepreneurs in this thesis are the company owners. Many individuals and organizations in the entrepreneurs’ business and social spheres can be regarded as potential suppliers of business advice. Therefore, my interpretation of business advisory service derives from Robson et al. (2008). These authors, who took a user perspective on business advice in their study of male and female business owners in Scotland, included both formal and informal suppliers, such as accountants, solicitors, banks, customers, business associates, friends and relatives, and local authorities. Following their approach, this thesis examines the influence and role of private and public (both operational and strategic) business advisory service. Various kinds of business advisory service are also examined.

2.4 Business advisory service as a means to overcome the Liability of Newness.

Building on the concept of the Liability of Newness and what makes up the Liability of Newness as defined by Stinchcombe (1965) and also further developed by Abatecola (2012), the Liabilities of Newness can be operationalized as a need of business advisory service with the definition of business advisory service taken in the thesis. The concept includes the “learning experience” and the “importance of stakeholders” that these authors discuss.

The need for business advisory service as a way to overcome the Liability of Newness has various components. Companies need to create new roles, need to acquire new learning, need new resources, and so forth. The need of business advisory service constitutes an operationalization of the Liability of Newness. The need is the perceived need of the entrepreneur. The use of business advisory service refers to how entrepreneurs employ these types of business advice and the contacts that supply this service. Together, this is the business advisory support offered to entrepreneurs.

Handling the Liability of Newness means matching each need to the right use. In this thesis, proper handling of need leads to the fulfilment of business advisory service. Handling is defined as the fulfilment of business advisory service leading to a decrease in the hazard rate and a reduction of the Liability of Newness. If the need is not matched to the right use, the hazard rate will not decrease, and the Liability of Newness will not be reduced or overcome. The absence of handling means the entrepreneurs will have a continued hazard rate...
and a longer Liability of Newness period. Handling can take different forms depending on the available support from internal and/or external suppliers. This means that there will be heterogeneity in the handling of the Liability of Newness among the entrepreneurs.

In figure 2, the level of the Liability of Newness is expressed as the hazard rate or risk of failure (also, “death rate”). The hazard rate can be partially decreased as illustrated by the standard risk in the industry. The assumption is that the entrepreneurs are rational and wish to decrease the hazard rate, even though this may not always be the case. Figure 2 summarizes, on a theoretical level, how the Liability of Newness is reduced and overcome as the hazard rate is decreased with handling. This figure also presents the standard risk in industry, which all companies experience in their specific industry.

Figure 2. Reducing the Liability of Newness with handling.

Source: Revised from Cafferata et al., 2009.

In the start-up process, entrepreneurs inevitably encounter the Liability of Newness. Depending on internal and/or external factors, the level of the Liability of Newness will differ. Therefore, there is heterogeneity in the level of the Liability of Newness among entrepreneurs in the start-up process. Regardless of the level of the Liability of Newness at start-up, the Liability of Newness may be lowered with handling (i.e., with the use of business advisory service, as depicted in the lower curve in Figure 2). The upper curve in Figure 2 describes the Liability of Newness without handling, illustrating that entrepreneurs learn as time passes. As the Liability of Newness is overcome, the entrepreneurs reach the level of the standard risk in the industry. In Figure 2,
as the curves reaches the standard risk in industry, there is a slow decrease at the end of the slope.

Studying the shift between the curves, handling results in a steeper slope of the curve, thus shortening the newness time period before the entrepreneur reaches the level of the standard risk in the industry. This means that handling may reduce the Liability of Newness time period and also the period in which entrepreneurs experience the risk of failure. In Figure 2, the slope of the curve, which illustrates the handling of the Liability of Newness, gradually decreases. However, it is not clear that the slope will decrease linearly. On the contrary, it is more likely that the slope will take different forms, depending on shifts in the need for business advisory service and its use, thereby resulting in a stepwise decrease. The dashed line illustrates that the curve will shift.

2.4.1 Need for, use of, and fulfilment of business advisory service

To overcome the Liability of Newness, entrepreneurs must match their needs to the right uses. Clearly, entrepreneurs will have different as well as common needs. The entrepreneurs will also use business advisory service to different degrees. When the need is matched to the right use, the hazard rate is decreased and the Liability of Newness can be reduced. The proper match between the expressed need and the level of use leads to the fulfilment of the need. The extent to which the fulfilment of need is achieved can range between no fulfilment to total fulfilment. Consequently, the need for, use of, and fulfilment of business advisory service can take various forms – the forms are heterogenic.

Entrepreneurs’ use of business advisory service depends on the support available. They have little control over support since what is supplied depends on what is provided by others. However, they can supplement this support with business advisory service supplied by other individuals or organizations. Whatever its source, such support can be divided between formal and informal business advice. Various factors influence the supply of support (e.g., time limits, economic issues, and political agendas). This thesis does not address these factors.

Because the level and handling of the Liability of Newness is heterogenic, the need for, use of, and fulfilment of business advisory service can take different sizes and shapes. The type of service and/or the contacts determine the size and shape of this support. The right match between need and use is essential. It is not obvious that more support will meet the need if the need has a different shape. Figure 3 depicts a model that visualizes the relationship between need
for, use of, and fulfilment of business advisory service. For convenience and clarity, an ellipsis is used.

Figure 3. Visualizing the need for, use of, and fulfilment of business advisory service

In Figure 3, the area overlapping need and use illustrates the fulfilment. Fulfilment is a function of need and use. As such, use must match need if the need is to be fulfilled. For example, high need must be matched by high use. At the same time, low need for business advisory service can be fulfilled by low use. If the need and use of business advisory service are well matched, the level of fulfilment is high. What is important is the right match between the need and the use because this is how the hazard rate is decreased leading to a reduction in the Liability of Newness is reduced.
3. Method, design, and data

There were several choices in empirical research related to this thesis -- from basic scientific positions to methods of analysis. In this chapter, these choices are discussed and motivated. This chapter also explains how the data were collected, how the questionnaire was designed, the reasons for the loss of data, the description of the data, and a discussion concerning possible bias in the data. The chapter begins with a description of the approach to method, and some reflections on epistemology and social science.

3.1 Approach to method, and reflections on epistemology and social science

The position we take as scientists determine the questions we consider answerable by science. This position also determines the methods we use to answer those questions. As social scientists, we uncover meaning or significance by interpreting people's actions (Rosenberg, 2012). Human activities in social science are described as action, not behaviour. Beliefs and desires, which are reasons for action, justify our actions and show them to be rational, appropriate, efficient, reasonable, and correct (Weber, 1949). Actions can be aggregated as large-scale events and institutions in survey research (Rosenberg, 2012). The knowledge acquired in social science research rests on the belief that we can understand human behaviour and actions, whether people behave and act in groups or as individuals. Because human actions are based in beliefs, desires, intentions, goals and, purposes, it is extremely difficult to understand people. This is also what makes human actions so different from everything else (Rosenberg, 2012).

Social science can be viewed at two levels: the individual level (e.g., the company owner/the entrepreneur) and the aggregate level (e.g., the organization, the group, or society). The relations between these two levels are not easily captured. The starting point of my data collection is that there is an objective reality that, using quantitative data, I can measure and examine.
I agree it is not easy to prevent personal likes, aversions, hopes, and fears from colouring conclusions. Therefore, social scientists should abandon the pretence that they are free from all bias. Instead, they should state their value assumptions as explicitly and as fully as possible (Nagel, 1994). Bearing this in mind, it is my intention to be as thorough and transparent as possible when describing the research method used in this thesis. Transparency is accomplished by including the survey questions, explaining the reasons for the data collection, and providing knowledge following systematic strategy and procedure.

3.1.1 Induction, deduction, and verification

According to Einstein, science starts with facts and ends with facts, independent of the theoretical structures created in-between (Arbnor and Bjerke, 1994). What starts as a fact, ends with a fact; this new fact is the beginning of yet another new fact. Important parts of this process are induction, deduction, and verification. Induction is the process of deriving conclusions from empirical findings. Deduction is the process of analysing general laws (axioms) and making predictions. These predictions are then verified or falsified by empirical tests. Together, induction and deduction are parts of the cyclic process of knowledge creation where empirical facts are tested, verified, or falsified, thus resulting in predictions that are re-tested in an ongoing process.

3.1.2 Laws and social science

My aim in the thesis is to examine the level and handling of Liability of Newness by operationalizing business advisory service from the perspectives of the female entrepreneur and the immigrant entrepreneur. In the four papers that comprise this thesis, I propose and test hypotheses.

Deriving from natural science, positivist proposes that axioms are hypotheses (predictions about observations) that can be tested. Nevertheless, hypotheses can never confirm that a theory is verified once and for all since theory in social science is always subject to revision, corrections, and improvements (Rosenberg, 2012). According to the positivist, the concept of knowledge stems from successful predictions in certifying that explanations are correct. Positivists hold that explanations together with predictions, are two sides of the same coin. My epistemological platform has much in common with positivism but I will not call myself a “pure” positivist. The reason is that I cannot defend a pure positivistic standpoint. As a social scientist, I find that using multiple approaches will promote my research.

Because of my intention to use hypotheses, it is important to highlight that causal knowledge, such as cause and effect, is the foundation for formulated
hypotheses (Hempel, 1942). In the four papers for this thesis, I test my data for causal effects—that is, that one factor is explained by another factor and can also predict what may be expected. It is also important to remember there is no single cause that produces an effect about what is expected, but rather several causes. Causal explanations build on the thesis of “ceteris paribus” (all other things being equal). This is an important assumption when predicting laws in social science.

Moreover, distinguishing merely coincidental statistical correlations from correlations that reflect real causal sequences is important. This means that in each paper, as I test my hypotheses, I control for the variables that can affect the test results. Each control variable is theoretically substantiated and explained as far as its effect on test results. I present the hypotheses and describe these variables, methods, and statistical tests in detail in each paper.

3.1.3 Preconceptions of entrepreneurship

One could say that I have a practitioner’s experience. I formed my first company when I was about 20 years old. At the time, because I was interested in green cotton, it was my intention to work with clothes that were made from green cotton. The timing was not right because the market was not ready for green cotton in the 1990s. Following that experience, I studied economics at Örebro University, Sweden, and completed a Master’s in Business and Economics. I then started to work at The Foundation of Small Business Research (FSF) as a research assistant. At FSF my job was to assist Professor Anders Lundström on various research projects and to work on other projects. One project dealt with the business climate in 20 municipalities in Sweden. For the project, we conducted face-to-face interviews with more than 100 entrepreneurs, from Bromölla in the south of Sweden to Kiruna in the far north of Sweden. We also challenged Svenskt Näringsliv in its yearly evaluation of the business climate by conducting our own study and making our own ranking. The media interest was enormous. More than 200 articles on the project appeared in the press.

In 2010, I formed a new company with the intention of using my experience with evaluations and projects about entrepreneurship and SMEs in this new company. Since then, I have focused on evaluations of projects on equality, innovation, entrepreneurship, development, and SMEs. I am very familiar with the understanding of everyday life that entrepreneurs require – which is useful for this thesis. I am also quite familiar with the kinds of organizations that support entrepreneurs and SMEs, with EU structural funds, and with different projects in Sweden on equality, innovation, entrepreneurship, development, and SMEs.
3.1.4 My role in designing the questionnaire

As a research assistant at FSF on the project “Demand for Business Advisory Service”, my work included conducting analyses of the data, writing the report, and presenting the study at the regional seminars. The questionnaires were designed in cooperation with the organizations involved in financing and coordinating the project. Representatives from the following organizations participated: Region Skåne, Västra Götalandsregionen, Region Örebro, Västernorrland, SCOP, NUTEK (currently Tillväxtverket, The Swedish Agency for Economic and Regional Growth), and The Ministry of Industry, Trade, and Communication (currently, The Ministry of Enterprise and Innovation). These representatives commented on the questions suggested for the survey questionnaires. We also received support from Professor Bengt Johannisson from Linnaeus University and from representatives from Statistics Sweden (SCB). Because I coordinated the project, I could adapt the questions for use in their final form.

3.2 The study

This thesis expands on a study made in 2008-2009 (Lundström and Kremel, 2009) in which 2 832 telephone interviews with start-up entrepreneurs were conducted. The entrepreneurs were owners of micro-companies. As far as time, 1 804 entrepreneurs registered their companies in the second quarter of 2008; 1 028 entrepreneurs registered their companies in the second quarter of 2005. The interviews were conducted in the Autumn of 2008. Figure 4 presents information on the times when the companies registered and the time of the interviews.

Figure 4. The age of the companies at the time of the interviews

As Figure 4 indicates, the companies that were registered in 2005 had been active between 40 and 42 months. The companies that were registered in 2008 had been active between 4 and 6 months. These age definitions are similar to the definitions used in The Global Entrepreneurship Monitor (GEM) studies

---

1 Between 1 and 9 employees.
(Reynolds et al., 1999) in which the Total Entrepreneurial Activity (TEA) index uses 42 months as the age parameter for entrepreneurs (nascent entrepreneurs and young companies) (Reynolds et al., 2002). To clarify, the company owners in the study are all defined as entrepreneurs, and their companies are all defined as start-ups. The companies that registered in 2005 are referred to as young companies. The companies that registered in 2008 are referred to as new companies. These age specifications have no connection to the age of the entrepreneurs.

It is important at this stage to point out that there is a difference between the new and young companies. The research was conducted in 2008. Therefore, the companies registering in 2005 are companies that have survived their first three years. The companies registering in 2008 include companies that may not survive their first three years. To some extent, this different degree influences the study. I address this issue throughout the thesis.

The questionnaires asked the entrepreneurs to indicate their sex. This question was necessary so that we could distinguish between female and male entrepreneurs. Today, it is recognized that other sexes exist (Hostetler and Herdt, 1998). However, this study only deals with women and men. A problem of intersectionality (Ahl, 2008) also arises. This term refers to how different stereotypes interact in positioning individuals and groups in relation to each other (e.g., black women). However, in the study, we only divided the sample using the variables female/male and immigrant/non-immigrant. Furthermore, we did not study the immigrants’ country of origin.

3.2.1 Central questions

The two central questions in the telephone survey deal with the need for and use of business advisory service. These questions are the most important questions in the survey because their responses are useful in examining the fulfilment of business advisory service and the level and handling of the Liability of Newness.

The first central question on the need for business advisory service was asked in slightly different forms for the two groups -- start-ups in 2005 and start-ups in 2008. The entrepreneurs in the 2005 start-up group were asked: “During the last four years, to what extent would you have had the following need?” The entrepreneurs in the 2008 start-up group were asked: “As you see things today, had it been helpful for you in starting your company to get support in any of the following and to what extent would you at the start-up have had the following need?”
The second central question on the use of business advisory service was also asked in slightly different forms. The entrepreneurs in the 2005 start-up group were asked: “Thinking of the help, advice, or tips that you actually did get during the last four years, to what extent have you, during the last four years used any of the following?” The entrepreneurs in the 2008 start-up group were asked: “If you think of the help, advice, and tips that you actually did get during the start-up, to what extent did you use any of the following?” The question for the 2005 start-up group of entrepreneurs covers a longer time period because these entrepreneurs had formed their companies three years earlier. Thus, this group had a longer time perspective to reflect on when responding to the question. Furthermore, they had obviously survived their first three years.

It is not simple for an entrepreneur to state a need for or use of a business advisory service because the entrepreneur reveals a value. This value is their perceived need for business advisory service. Since this thesis is about the perspective of the entrepreneur, it is understood that the perceived need is the actual need.

Another problem with the questions on need for and use of a business advisory service is that the entrepreneur is reflecting retrospectively. Thus, the entrepreneurs were looking back in time when they completed the questionnaires. Furthermore, the entrepreneurs describe a need that is then measured against a use. From a retrospective perspective, the use expresses opinions (an evaluation) about the help, information, and support that the entrepreneurs received.

The questionnaires used an ordinal scale with four options for each question on the need for and use of business advisory service: (none: 0; small: 1; rather much: 2; very much: 3). This means that the entrepreneurs could choose different options about the need for and the use of business advisory service. The question on the entrepreneurs’ contacts was prepared slightly differently. In the questionnaires, because a nominal scale was used, it was not possible to determine the extent of the entrepreneurs’ interaction with their business advisory service contacts. Table 1 presents an illustration of the questions on the need for and the use of business advisory service contacts.
Table 1. Connecting the empirical questions with need and use.

<table>
<thead>
<tr>
<th>New</th>
<th>Need, Q2</th>
<th>Use, Q3</th>
<th>Use, Q5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As you see things today, to what extent would you at the start-up have had the following need?</td>
<td>If you think of the kind of help, advice, and tips that you actually did get at the start-up, to what extent did you use any of the following?</td>
<td>Did you at the start-up get in contact with any of the following for help, advice, or tips?</td>
</tr>
<tr>
<td>Young</td>
<td>During the last four years, to what extent would you have had the following need?</td>
<td>Thinking of the kind of help, advice, or tips that you actually did get during the last four years, to what extent have you, during the last four years, used any of the following?</td>
<td>Have you during the last four years been in contact with any of the following to get help, advice, or tips?</td>
</tr>
</tbody>
</table>

As Table 1 shows, one question concerns the need for business advisory service, and two questions concern the use of business advisory service. As explained above, these questions were presented in slightly different forms to the entrepreneurs.

3.2.2 The start-up from the perspective of the entrepreneurs

Even though the sample is based on registered companies, the questions to the entrepreneurs contemplates what they consider to be the start-up, not specified as to the actual time of the registration of the company. Taking the perspective of the entrepreneur and what can be considered as their start-up, it is not obvious that their answers highlights the actual time of the registration but rather their experience of what they consider to be the start-up. This means that from the perspective of the entrepreneur, the start-up could be the time before the actual registration and also the time following immediately after. Therefore, for the new companies, their view of business advisory service may also include the period as nascent entrepreneurs (Reynolds and White, 1997) when they had registered but had not actually “done” anything for a period of time (i.e., in this case, a few months).

The young companies’ impressions of the start-up process may also include the period as nascent entrepreneurs. However, the difference between the two groups is that the young companies had successfully operated their companies for three to four years. Their companies are all survivors. Therefore, the questions about the need for and the use of business advisory service are presented a bit differently for the young companies than for the new companies. The young companies were asked about their experience “during the last four years” since the start-up.

In sum, the questions for the new companies about the start-up process can include the period as nascent entrepreneurs as well as the period immediately thereafter. From the perspective of the young companies, the questions about
the start-up process reflect the whole period after the start-up. This period may, in fact, include the period as nascent entrepreneurs. These two groups are studied separately in Paper I. The entrepreneurs of new and young companies are studied as one group in Papers II, III, and IV.

The process of forming a company sometimes begins long before the actual registration of the company. The process varies in length by company. It is not possible to determine the length of the process from the registration data. Therefore, the data used in this study consist only of data following the registration date. The data also cover only the start-up process.

3.2.3 Strategic and operational business advisory service

In previous sections, business advisory service was discussed in terms of strategic and operational business advisory service (Section 2.2.2). The thesis refers to 20 different kinds of business advice. Table 2 summarizes business advisory service as strategic, operational, or both.

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Operational</th>
<th>Both</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advice on strategy, goals or visions</td>
<td>Advice on accounting</td>
<td>Advice on marketing or sales</td>
</tr>
<tr>
<td>Help on constructing a business plan or a market analysis</td>
<td>Advice on tax issues</td>
<td>Advice on export issues</td>
</tr>
<tr>
<td>Help developing a business idea</td>
<td>Advice on facilities and / or land issues</td>
<td>Advice on patent issues</td>
</tr>
<tr>
<td>Help connecting to other company owners</td>
<td>Education on how to start your own business</td>
<td>Advice on the choice of business form</td>
</tr>
<tr>
<td>Connecting to a mentor</td>
<td>Advice on opportunities for financial aid or grants</td>
<td>Advice on product development and design issues</td>
</tr>
<tr>
<td>Help from someone who knows the industry</td>
<td>Advice on legal issues, such as contractual or personnel issues</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Advice on IT issues and technical support</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Help with permit applications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Help with building a website</td>
<td></td>
</tr>
</tbody>
</table>

It is somewhat difficult to classify business advisory service according to the three categories presented in Table 2. In some cases, the correct classification is obvious; in other cases, the correct classification is less obvious.

As previously discussed, the definition of business advisory service also includes information. For each area of advice, one can imagine a scale describing the level of engagement, ranging from basic information, tips, and help to exchanges and cooperation. The questions on the need for and the use of business advisory service were designed to reveal this information (Section 3.2.1).
3.2.4 Private and public business advisory service contacts

In this thesis, both private business advisory service and public business advisory service are included. We identified 20 different contacts. Table 3 presents these contacts as either private or public. This list is not comprehensive because other organizations also provide business advisory service. The contacts referred to in this thesis are well known and established organizations available in the whole of Sweden. In planning the study, the members of the reference group knew which organizations to include. Table 3 shows the 20 contacts, divided between private/public business advisory contacts and between formal/informal business advisory contacts.

<table>
<thead>
<tr>
<th>Informal</th>
<th>Private</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family and relatives</td>
<td></td>
<td>The tax office</td>
</tr>
<tr>
<td>Friends</td>
<td></td>
<td>Labour office</td>
</tr>
<tr>
<td>Other company owners</td>
<td></td>
<td>Export office</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Swedish registration office</td>
</tr>
<tr>
<td>Formal</td>
<td>Banks</td>
<td>Start-up guide on Internet</td>
</tr>
<tr>
<td></td>
<td>Accountants</td>
<td>Office for spin-offs at the University</td>
</tr>
<tr>
<td></td>
<td>The Swedish Federation of business owners (Företagarna)</td>
<td>Start-up courses</td>
</tr>
<tr>
<td></td>
<td>The Confederation of Swedish Enterprise (Svenskt Näringsliv)</td>
<td>IFS (Advisory service for foreigners)</td>
</tr>
<tr>
<td></td>
<td>Trade Organizations</td>
<td>ALMI Företagspartner (National Support for companies at all stages)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enterprise Agencies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The office for business support offered by the municipality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coompanion</td>
</tr>
</tbody>
</table>

As previously described, private business advisory service can be both informal and formal. For instance, while family, relatives, and friends can be regarded as private, informal business advice suppliers, these contacts may also be identified as public and/or formal business advice suppliers, depending on their professions. They may be employed by the tax authorities or may work as accountants. Nevertheless, in completing the questionnaires, the entrepreneurs were asked to identify such individuals, for example, as either “family” or “accountant”. The entrepreneurs made these decisions in accordance with the objective of this thesis that the entrepreneur’s perspective is taken throughout.

Private, formal business advisory service is provided by individuals or organizations employed to support entrepreneurs and SMEs, by organizations owned by different groups of entrepreneurs, or by the company owners themselves (e.g., from trade organizations or The Swedish Federation of business
owners). Table 3 lists no informal, public suppliers of business advisory services. The public suppliers are all formal suppliers. The questionnaires were designed to learn which contacts the entrepreneurs used. The data were collected using a nominal scale because there were only two possible responses to the contact questions: “yes” or “no”. Therefore, we were unable to learn the extent of the entrepreneurs’ interaction with their contacts.

3.2.5 Telephone interviews

Telephone interviews were used to collect the data for the study. We found this data collection method very effective for two reasons. We could obtain a large sample of entrepreneurs, and we could collect data that could be used in quantitative analyses. SCOP Ltd., a professional company specializing in surveys, was engaged to conduct the telephone interviews. Sweden Statistics (SCB) delivered the sample.

It was important to assemble a sample that would facilitate comparisons between regions, sub-regions, etc. Thus, the number of interviews had to have a certain quantity. Table 4 presents the interview numbers and the interview losses.

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2008</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total individuals contacted</td>
<td>2603</td>
<td>3389</td>
<td>5992</td>
</tr>
<tr>
<td>Loss*</td>
<td>1145</td>
<td>1257</td>
<td>2402</td>
</tr>
<tr>
<td>Subtotal</td>
<td>1458</td>
<td>2132</td>
<td>3590</td>
</tr>
<tr>
<td>Not wanting to participate</td>
<td>430</td>
<td>328</td>
<td>758</td>
</tr>
<tr>
<td>Interviews</td>
<td>1028</td>
<td>1804</td>
<td>2832</td>
</tr>
<tr>
<td>Response rate</td>
<td>70.5 %</td>
<td>84.6 %</td>
<td>73.2 %</td>
</tr>
</tbody>
</table>

* A description of the losses is in Table 6.

As Table 4 (“Total” column) shows, to complete the planned number of interviews, we contacted 5 992 individuals. In total, 2 402 individuals did not fit our sample criteria (a detailed description of these losses is presented in Table 6). Of the remaining 3 590 individuals, 2 132 individuals were in the new company group. The others, 1 458 individuals, were in the young company group. After eliminating individuals who did not want to participate in the study, the following individuals were interviewed: 1 804 individuals in the new company group and 1 028 individuals in the young company group. The response rate was 84.6% for the companies that registered in 2008, and 70.5% for the companies that registered in 2005. Altogether, 2 832 telephone interviews were conducted. To test the questions, a pilot study among 50 entrepreneurs was conducted in a different region (in Södermanland).
The interviews were conducted in four different regions of Sweden: a region in the far south of Sweden (Skåne) that includes the third largest city in Sweden (Malmö); a region in the southwest of Sweden (Västra Götaland) that includes the second largest city in Sweden (Göteborg); a region in the middle of Sweden (Örebro); and a region in the far north of Sweden (Västernorrland). Table 5 presents a listing of the regions and sub-regions.

Table 5. Regions and sub-regions

<table>
<thead>
<tr>
<th>Region</th>
<th>2005 size</th>
<th>2005 %</th>
<th>2008 size</th>
<th>2008 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skåne Nordväst</td>
<td>105</td>
<td>10.2%</td>
<td>153</td>
<td>8.5%</td>
</tr>
<tr>
<td>Skåne Nordost</td>
<td>100</td>
<td>9.7%</td>
<td>150</td>
<td>8.3%</td>
</tr>
<tr>
<td>Skåne Sydväst</td>
<td>89</td>
<td>8.7%</td>
<td>154</td>
<td>8.5%</td>
</tr>
<tr>
<td>Skåne Sydost</td>
<td>110</td>
<td>10.7%</td>
<td>152</td>
<td>8.4%</td>
</tr>
<tr>
<td>Göteborgsregionen</td>
<td>88</td>
<td>8.6%</td>
<td>154</td>
<td>8.5%</td>
</tr>
<tr>
<td>Sjuhärad</td>
<td>89</td>
<td>8.7%</td>
<td>147</td>
<td>8.1%</td>
</tr>
<tr>
<td>Skaraborg</td>
<td>74</td>
<td>7.2%</td>
<td>155</td>
<td>8.6%</td>
</tr>
<tr>
<td>Fyrbodal</td>
<td>103</td>
<td>10.0%</td>
<td>154</td>
<td>8.5%</td>
</tr>
<tr>
<td>Örebro kommun - Örebro län</td>
<td>88</td>
<td>8.6%</td>
<td>155</td>
<td>8.6%</td>
</tr>
<tr>
<td>Glesbygddskommuner - Örebro län</td>
<td>70</td>
<td>6.8%</td>
<td>152</td>
<td>8.4%</td>
</tr>
<tr>
<td>Västernorrland - kustkommuner</td>
<td>61</td>
<td>5.9%</td>
<td>201</td>
<td>11.1%</td>
</tr>
<tr>
<td>Västernorrland - inlandskommuner</td>
<td>51</td>
<td>5.0%</td>
<td>77</td>
<td>4.3%</td>
</tr>
<tr>
<td>Total</td>
<td>1 028</td>
<td>100%</td>
<td>1 804</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 5 shows that the entrepreneurs in the study are located in various regions—both urban areas and sparsely populated areas. The division of the regions into sub-regions facilitates comparisons between sub-regions and regions in different contexts.

3.2.6 Loss of data

Table 6 presents the reasons for the loss of interview data. For various reasons, these entrepreneurs did not match the criteria for the interviews.

Table 6. Data losses

<table>
<thead>
<tr>
<th>Reason</th>
<th>2008 N</th>
<th>2008 %</th>
<th>2005 N</th>
<th>2005 %</th>
<th>Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Older than 2008, alt. 2005</td>
<td>377</td>
<td>30%</td>
<td>363</td>
<td>32%</td>
<td>740</td>
</tr>
<tr>
<td>Never started the company</td>
<td>127</td>
<td>10%</td>
<td>214</td>
<td>19%</td>
<td>341</td>
</tr>
<tr>
<td>Change in business form</td>
<td>233</td>
<td>19%</td>
<td>63</td>
<td>6%</td>
<td>296</td>
</tr>
<tr>
<td>Not active</td>
<td>125</td>
<td>10%</td>
<td>165</td>
<td>14%</td>
<td>290</td>
</tr>
<tr>
<td>Agriculture</td>
<td>41</td>
<td>3%</td>
<td>106</td>
<td>9%</td>
<td>147</td>
</tr>
<tr>
<td>Liquidated</td>
<td>96</td>
<td>8%</td>
<td>38</td>
<td>3%</td>
<td>134</td>
</tr>
<tr>
<td>Considering closing down</td>
<td>1</td>
<td>0%</td>
<td>113</td>
<td>10%</td>
<td>114</td>
</tr>
<tr>
<td>Does not speak Swedish</td>
<td>98</td>
<td>8%</td>
<td>-</td>
<td>0%</td>
<td>98</td>
</tr>
<tr>
<td>Subsidiarity</td>
<td>57</td>
<td>5%</td>
<td>24</td>
<td>2%</td>
<td>81</td>
</tr>
<tr>
<td>Change of owner, sold</td>
<td>28</td>
<td>2%</td>
<td>29</td>
<td>3%</td>
<td>57</td>
</tr>
<tr>
<td>Bankruptcy</td>
<td>2</td>
<td>0%</td>
<td>4</td>
<td>0%</td>
<td>6</td>
</tr>
<tr>
<td>Other*</td>
<td>71</td>
<td>6%</td>
<td>26</td>
<td>2%</td>
<td>97</td>
</tr>
<tr>
<td>Total</td>
<td>1257</td>
<td>100%</td>
<td>1145</td>
<td>100%</td>
<td>2402</td>
</tr>
</tbody>
</table>

*Out of town, ill, or retired.
The primary reason for the loss of this interview data is that the start-ups did not register in either of the study’s two years. Significant secondary reasons are the following: failure to start the company, change of company form from sole proprietorship to limited liability company, or inactive at the time of the interview. In addition, about 10% of the entrepreneurs who registered their companies in 2005 were considering ending activities. However, only a few companies had entered bankruptcy.

3.2.8 Bias in the data
Because of the many questions, the four response options, and the diverse background information about the entrepreneurs, the data collected present some notable challenges as far as interpretation. One challenge involves the comparison of the two datasets. The companies that registered in 2005 have survived their first three years and thus can be considered to some extent as having succeeded. Of the companies that registered in 2008, some probably will close down or in some other way cease their business activity.

Another challenge arises because of the timing of the interviews. The interviews were conducted from October to mid-December of 2008. This was a period of severe financial crisis in Sweden. As the influence of this crisis on the companies in this study was not investigated, I cannot comment on the effect the crisis may (or may not) have had on the studied companies. It is very possible this crisis created financial difficulties, especially with regard to start-up financing, but there are no data one way or the other. Previous financial crises in Sweden have negatively affected small businesses somewhat later in the crisis trajectory. Furthermore, previously small businesses in Sweden have recovered more quickly than medium-sized or larger companies (Davisson et al., 1994, 1996). Any reaction among the entrepreneurs as a result of the 2008 financial crisis was not investigated.

3.3 Clarification of contribution from co-authors
When working with a co-author, it is important to describe how the work was performed and by whom. Two papers in this thesis were co-authored: Paper II (“Business advisory service and risk among start-ups and young companies”); and Paper III (“Business networks at start-up: Swedish native owned and immigrant owned companies”). Next I explain my co-authors’ and my contributions to these two papers.

For Paper II (“Business advisory service and risk among start-ups and young companies”), my co-author was Associate Professor Darush Yazdanfar. Our
cooperation on the research and paper began with my idea for the study. We formulated the hypotheses. My co-author, who had access to statistical programs that I did not have at the time, ran the tests using the collected data. We then discussed the findings from the tests. I conducted the literature review and wrote the paper except for the section on “the empirical results”, which we co-authored.

For Paper III (“Business networks at start-up: Swedish native owned and immigrant owned companies”) my co-authors were Associate Professor Darush Yazdanfar and Associate Professor Saeid Abbasian. Our collaboration began with an idea I wanted to test. We three discussed the idea and how we could formulate the hypotheses. After Saeid Abbasian gave me some ideas about the relevant literature, I conducted the literature study. Darush Yazdanfar ran the tests and sent me the results. We then discussed these results. I wrote the paper’s Conclusion and Discussion sections. My co-authors offered advice on the paper specifically and on scientific writing in general.
4. Results and summary of the papers

This chapter begins with the description of the data and a presentation of the overall results from the initial study (Segelod et al., 2011; Lundström and Kre-mel, 2009, 2011). Next the results from the four papers of this thesis are summarized. Three papers were published in academic journals; the fourth paper will be submitted for publication in the near future.

I. A user perspective on business advisory service for entrepreneurs of new and young companies in Sweden

II. Business advisory services and risk among start-ups and young companies: A gender perspective

III. Business networks at start-up: Swedish native-owned and immigrant-owned companies

IV. Fulfilling the need of business advisory services among Swedish immigrant entrepreneurs - an ethnic comparison

The four papers are presented in Appendices 3, 4, 5, and 6.

Furthermore, to complete the research question together with the aim of the thesis, the chapter concludes with commentary on the results from the study of the fulfilment of the need for business advisory services from the perspective of the entrepreneurs as females compared to males.

4.1 Overall results

The overall results from the interviews are presented in the article titled Demands for Counseling Towards Surviving Business – A Role for Public Counseling (Lundström and Kremel, 2011, in Segelod et al., 2011). These results present descriptive statistics, and information on areas of business advisory service, factors or groups with more or less a need for or use of business advisory service, and public business advisory service contacts.
4.1.1 Descriptive statistics

Female entrepreneurs account for nearly 30% of all entrepreneurs in the sample, of which 11% are immigrants. Of the 70% men entrepreneurs, 11% are also immigrants. The mean age of both the women and the men is 42.5 years. Respondents have various levels of education.

The companies are micro-companies (1 to 9 employees) with 70% of the companies with only one employee. Only about 7% of the companies have more than four employees. Immigrant-owned companies are, on average, larger than non-immigrant-owned companies, as measured by number of employees (statistically significant at the 5% level). Because financial measures were unavailable, no additional size comparisons were made. Only 3% of the companies’ exports exceeded one-fourth of their annual turnover.

The entrepreneurs are engaged in four industries: agriculture and other industries (14, 3%), production and construction (16, 9%), trade, transport, hotels, restaurants (23, 5%), and other services (45, 3%). 80% of the companies are in the service industry and 20% are in non-service industries. The service industry employs 81% of the women and 60% of the men.

Of the companies, 70% are sole proprietorships, 22% are limited liability companies, and 8% are trading partnerships. Male-owned companies are mainly organized as trading partnerships or limited liability companies; female-owned companies are mainly organized as sole proprietorships.

Before start-up, 70% of the entrepreneurs were employees of other companies, 14% had owned a previous company, 6% were students, 4% were unemployed, and about 1% were retired. 15% of the entrepreneurs had more than one company at the same time, and around 35% of the entrepreneurs had start-up experience. This means that a high percentage of the entrepreneurs had previous experience in starting and operating a company (i.e., serial entrepreneurs). Slightly more than 40% of the entrepreneurs also worked at another job, which means that they are classified as hybrid entrepreneurs (Folta et al., 2010).

As far as education, 24% of the entrepreneurs had a secondary education, and 15% had a university education. There were no significant differences between immigrants and non-immigrants regarding the level of university education, experience in starting a business, the legal form of the businesses, or other employment.
4.1.2 Business advisory services

Table 7 presents the mean values related to the need for and the use of business advisory service categorized by kind of service. An ordinal scale was used with four options for each question (none; 0, small: 1; rather much: 2; very much: 3).

<table>
<thead>
<tr>
<th>Service</th>
<th>Need</th>
<th>Mean</th>
<th>Use</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advice on taxes</td>
<td>2816</td>
<td>1.51</td>
<td>2787</td>
<td>1.21</td>
</tr>
<tr>
<td>Advice on accounting</td>
<td>2808</td>
<td>1.49</td>
<td>2781</td>
<td>1.28</td>
</tr>
<tr>
<td>Help from someone who knows the industry</td>
<td>2812</td>
<td>.96</td>
<td>2787</td>
<td>.73</td>
</tr>
<tr>
<td>Advice on opportunities for financial aid or grants</td>
<td>2820</td>
<td>.92</td>
<td>2783</td>
<td>.51</td>
</tr>
<tr>
<td>Advice on legal issues, such as contractual or personnel issues</td>
<td>2819</td>
<td>.74</td>
<td>2782</td>
<td>.52</td>
</tr>
<tr>
<td>Training on how to start your own business</td>
<td>2820</td>
<td>.72</td>
<td>2786</td>
<td>.57</td>
</tr>
<tr>
<td>Help with building a website</td>
<td>2821</td>
<td>.71</td>
<td>2789</td>
<td>.48</td>
</tr>
<tr>
<td>Advice on strategy, goals, or visions</td>
<td>2822</td>
<td>.68</td>
<td>2795</td>
<td>.57</td>
</tr>
<tr>
<td>Connecting to a mentor</td>
<td>2818</td>
<td>.68</td>
<td>2782</td>
<td>.49</td>
</tr>
<tr>
<td>Advice on marketing or sales</td>
<td>2821</td>
<td>.63</td>
<td>2779</td>
<td>.46</td>
</tr>
<tr>
<td>Help with business plan including market analysis</td>
<td>2820</td>
<td>.60</td>
<td>2786</td>
<td>.50</td>
</tr>
<tr>
<td>Advice on IT issues and technical support</td>
<td>2806</td>
<td>.59</td>
<td>2776</td>
<td>.42</td>
</tr>
<tr>
<td>Help developing the business</td>
<td>2813</td>
<td>.52</td>
<td>2780</td>
<td>.36</td>
</tr>
<tr>
<td>Advice on the choice of business form</td>
<td>2811</td>
<td>.51</td>
<td>2777</td>
<td>.48</td>
</tr>
<tr>
<td>Help with permit applications</td>
<td>2821</td>
<td>.48</td>
<td>2785</td>
<td>.39</td>
</tr>
<tr>
<td>Help connecting to other company owners</td>
<td>2796</td>
<td>.46</td>
<td>2774</td>
<td>.32</td>
</tr>
<tr>
<td>Advice on local and / or land issues</td>
<td>2808</td>
<td>.34</td>
<td>2771</td>
<td>.27</td>
</tr>
<tr>
<td>Advice on product development and design issues</td>
<td>2822</td>
<td>.30</td>
<td>2778</td>
<td>.21</td>
</tr>
<tr>
<td>Advice on export questions</td>
<td>2819</td>
<td>.22</td>
<td>2780</td>
<td>.14</td>
</tr>
<tr>
<td>Advice on patent issues</td>
<td>2818</td>
<td>.20</td>
<td>2773</td>
<td>.13</td>
</tr>
</tbody>
</table>

The mean values for need are higher than the mean values for use. Of the 20 areas of business advisory service, the most required support (need) was for advice on taxes, followed by advice on accounting, and help from someone who knows the industry. These areas influence the level of the Liability of Newness most. Other areas of high need are advice on opportunities for financial aid for grants and advice on legal issues. The entrepreneurs indicated they had less need for the business advisory service advice related to patents, exports, and product development (all areas of great concern for development and growth). Accordingly, these needs do not influence the Liability of Newness as much as other needs.

Concerning the use of business advisory service, the entrepreneurs most used advice on accounting, advice on taxes, and help from someone who knows the industry. Advice on patents, exports, and product development were less used. High use must match high need. Otherwise, hazard rates will not decrease and the Liability of Newness will not be reduced.
Based on Table 7, it appears that high need for advice is matched by high use. This is true for the business advisory service for taxes and accounting. At the aggregate level, this means that the kind of need is matched by the use, depending on the nature of the advice. These results suggest that there is some sort of fulfilment at the aggregate level. However, these results do not tell us if there are differences between the groups of entrepreneurs. Furthermore, the fulfilment of need at this level does not tell us if the need is related to availability.

4.1.3 Factors or groups, more or less in need for or use of business advisory service

Table 8 presents the results concerning the need for and use of business advisory service by different groups and by different factors. The tests were performed using only expressed needs (2) and (3) for at least four of the 20 different kinds of business advisory service in the study (significant at the 5% level).

Table 8. Factors or groups, more and less need for or use of business advisory service

<table>
<thead>
<tr>
<th>Different groups/factors</th>
<th>Need</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>New compared to young companies</td>
<td>Higher need</td>
<td>No different</td>
</tr>
<tr>
<td>Companies with stated good revenue</td>
<td>Less need</td>
<td>More use</td>
</tr>
<tr>
<td>More than four employees in the company</td>
<td>Higher need</td>
<td>More use</td>
</tr>
<tr>
<td>Financial difficulties at the company</td>
<td>Higher need</td>
<td>More use</td>
</tr>
<tr>
<td>Many different financial sources</td>
<td>Higher need</td>
<td>More use</td>
</tr>
<tr>
<td>Female entrepreneurs</td>
<td>Higher need</td>
<td>More use</td>
</tr>
<tr>
<td>Immigrant entrepreneurs</td>
<td>Higher need</td>
<td>More use</td>
</tr>
<tr>
<td>Young entrepreneurs (under age 31)</td>
<td>Higher need</td>
<td>More use</td>
</tr>
<tr>
<td>Total number of working hours in the company</td>
<td>No relevance</td>
<td>More use</td>
</tr>
<tr>
<td>The size of own investments in the company</td>
<td>No relevance</td>
<td>No relevance</td>
</tr>
<tr>
<td>Received entrepreneurship education in school</td>
<td>No relevance</td>
<td>No relevance</td>
</tr>
<tr>
<td>Entrepreneurs in large cities compared to others</td>
<td>No relevance</td>
<td>No relevance</td>
</tr>
</tbody>
</table>


Compared to young companies, new companies had a greater need for business advisory service. However, there was no difference between the two groups as far as the use of business advisory service. More profitable companies had less need of such service, yet, somewhat paradoxically, used more of such service.

Positive relationships between the need for and the use of business advisory service were found for these factors: number of employees, difficulties in financing the company, and securing financing from several sources. At the same time, a positive relationship was found between the need for and the use...
of business advisory service for female entrepreneurs, young entrepreneurs, and immigrant entrepreneurs. These groups expressed a higher need for business advisory service, and also used more of such service than other groups.

The number of hours invested in the company during the most recent month did not influence the need for business advisory service but had a positive effect on its use. The size of the entrepreneur’s financial investment in the company was unrelated to either the need for or the use of business advisory service. No relationship was found, as far as need/use, between entrepreneurs in large cities and entrepreneurs in small cities or rural areas. Furthermore, the entrepreneurs’ education (elementary school, high school, or university level) did not influence either the need or the use. No difference was determined as far as need/use between entrepreneurs who had studied entrepreneurship and those who had not.

4.1.4 Use of public business advisory service contacts

The results result show that a large majority of the entrepreneurs, slightly more than 80%, did not use any of the publicly financed organizations and programs.

4.2 Paper I: A user perspective on business advisory service for entrepreneurs of new and young companies in Sweden

Paper I use an exploratory approach for the study of the concept of the Liability of Newness and for the analysis of new and young companies use of business advisory service in the start-up process. The emphasis is on identifying the differences/similarities in the kinds of business advisory service these entrepreneurs use. As explained in Chapter 3, the new companies registered their companies in 2008, the same year the interviews were conducted. The young companies registered their companies in 2005, three years before the interviews.

4.2.1 Conclusions

The results from this study of the entrepreneurs and their new and young companies reveal both similarities and differences in how they use the 20 business advisory services. The most-used services were the following: Accounting, Taxes, and Support from someone who knows the industry. The least-used

---

2 Young entrepreneurs are defined as individuals younger than 31 years.
services were the following: Advice about patent issues, Export questions, and Product development & design.

The results from the t-test reveal differences between new and young companies. Differences exist for 12 of the 20 business advisory support areas. In accordance with the first univariate analysis of advisory support, the new companies use more advice for nine areas (Strategy, goals or visions; Business plan & market analysis; Accounting; Start-your own company; Patent issues; Developing the business; What business form to use; Contact with other company owners; and Connection to a mentor). The young companies used more advice for three areas (Taxes; IT and technical support; Website).

The results from the t-test reveal similarities between new and young companies for 8 of the 20 business advisory support areas: Marketing or sales; Business premises and/or land issues; Export; Financial support or grants; Product development & design issues; Legal issues; Permit applications; and The support of someone who knows the industry. These advisory support areas were equally important to both groups.

Considering the support of How to start your own and What business form to use, it was not surprising to find that these advices was used more by new companies than young companies, since the support are naturally not targeting entrepreneurs that have been running their company for some time. However, the use of Mentor is most important to the entrepreneurs of new companies. There might be different reasons for this. For instance, when trying to establish themselves in the market the support from a mentor can expedite the process. Also, it is natural to think that entrepreneurs that have been running their entrepreneurs for three years have established links to others where they can find support. They know where they can turn to get information, advice or help.

The result of the tests show that there are both differences and similarities between the new and young companies. Studying the differences, it is important to notice that the differences can be related to the specific start-up phase in which the entrepreneurs find themselves in as this kind of advice target start-ups in a different phase. Some of the differences in the use of business advisory services are simply not used later in the process. However, since the new and young companies to some extent use the same business advisory service, the findings in the study indicate that there is a logic in discussing the start-up process of new and young companies as one process.
Because the need for business advisory service is not addressed in this paper, it is not possible to determine whether the fulfilment varies between new and young companies.

4.3 Paper II: Business advisory service and risk among start-ups: A gender perspective

Paper II examines the use of 20 business advisory service contacts among female and male entrepreneurs. The paper also examines whether risk-taking is more characteristic of male behaviour than female behaviour. Several characteristics are used to compare the female and male entrepreneurs: age, university education, work experience prior to current work, and other work positions. Statistical tests such as ANOVA and logistic regression are used to analyse the data.

4.3.1 Conclusions

The results show that the female entrepreneurs use more business advisory services than the male entrepreneurs. Female entrepreneurs also use different business advisory contacts than male entrepreneurs. Of the 20 business advisory service contacts, 10 contacts differed among the groups. The female entrepreneurs used primarily the following business advisory service contacts: Family and relatives, Tax office, Labour office, Start-up courses, ALMI, Enterprise agencies, Office for business support offered by the municipality, Start-up guides on Internet, and Industry organizations. The male entrepreneurs mainly used the following contact: Accountants. There were no differences in the use of contacts such as Friends, The export counsel or Banks, Swedish companies’ registration office, Coompanion, IFS (Advisory service for immigrants), Swedish Federation of Business Owners (Företagarna), Office for spin-off at University, and The Confederation of Swedish Enterprise (Svensktmäringsliv). In addition, no differences were found as far as the use of Advice from company owner you know of.

The male entrepreneurs use Family and relatives for business advice less than the female entrepreneurs. Female entrepreneurs, on the other hand, are more likely to discuss business matters with their spouses or partners. Both male and female entrepreneurs use private and public business advisory service.

Some researchers (e.g., Klyver and Grant, 2010) claim that male entrepreneurs have wider business networks (e.g., other company owners) than women entrepreneurs. However, this study does not support this conclusion. The study
reveals that female entrepreneurs in Sweden have many other female entrepreneurs to use as role models.

As far as risk, the study shows that male entrepreneurs, with a greater amount of start-up capital than female entrepreneurs, have a cushion against early losses. Although male entrepreneurs may have more resources at risk, they also can sustain a period of negative returns. Female entrepreneurs generally do not have this cushion. However, male entrepreneurs typically employ more people than female entrepreneurs. Thus, male entrepreneurs have greater costs as well as greater responsibility related to their employment of others.

The majority of all the entrepreneurs are in the service sector: 80% of the women and 60% of the men. Because the service sector may have lower start-up costs than other sectors, women (who have less start-up capital) may be more inclined to form companies that offer services rather than manufacture or sell products. In addition, an entrepreneur may begin operations in the service sector with few or no employees.

The female entrepreneurs had more prior business experience before start-up than the male entrepreneurs. Nevertheless, the women used more business advisory service than the men. This difference requires additional investigation.

4.3.2 Additional generated knowledge about sex and gender

In addition to its empirical results on females and males as company owners, Paper II also provided a deeper understanding about sex and gender and the importance of being clear about when to use the word sex and when to use gender.

In gender theory, theoretical concepts are used to categorize individuals: sex, gender, and equality (Lindström, 2010). The word “sex” is often used in statistical data to distinguish between females and males (Ahl, 2008) while the word “gender” refers to social constructions about women and men (Butler, 1990; Hirdman, 2001). The word “equality” refers to policies that promote gender equality between the sexes. “Gender” (which is a social construction) is used as a contrasting term to “sex” (which is a biological construction). The use of “gender” has gained greater popularity with the recognition that society shapes not only personality and behaviour but also body appearance and perception (Nicholson, 2002). One problem with the use of “gender” is that it has been co-opted in daily language and is often used in the same binary sense as sex. This is the case in many English-speaking countries where the original analytical distinction is lost (Ahl, 2008).
Paper II uses “gender” to distinguish between women and men as it examines the differences between the two groups of entrepreneurs. Given the discussion in the previous paragraph on “sex” and “gender”, it is useful in the tables and results to refer to “sex” because we were unable to study “gender” as a construct.

4.4 Paper III: Business networks at start-up: Swedish native and immigrant entrepreneurs

Paper III explores the differences and similarities between immigrant and non-immigrant entrepreneurs’ use of business advisory service contacts. Twenty business advisory contacts (both private and public contacts) were studied. See also Section 3.2.4 for the discussion about private and public business advisory service contacts. To test the research hypotheses, statistical tests, such as logistic regression, were conducted.

4.4.1 Conclusions

The results reveal both similarities and differences between immigrant and non-immigrant entrepreneurs as far as their use of business advisory service contacts. They use 18 similar contacts. The two contacts where differences were observed are the following: IFS (Advisory service for immigrants) and Other company owners you know of. The results indicate that the business advisory service contacts at IFS are used as a substitute for mainstream business advisory services. The non-immigrant entrepreneurs used Other company owners you know of to a greater extent than the immigrant entrepreneurs. The results raise the possibility of an economic/social problem because of this difference in the use of contacts. The outcome may be a less diversified economy and society.

To summarize, Paper III finds more similarities than differences between immigrant and non-immigrant entrepreneurs in the use of business advisory service contacts. Therefore, the use of a service can have the same size but a different shape. These results may influence the fulfilment of the use of business advisory service. The results may also indicate whether entrepreneurs can overcome the Liability of Newness with the use of business advisory service. However, no firm conclusions are possible with this study because the need for business advisory service contacts was not investigated.
4.5 Paper IV: Fulfilling the need of business advice service among Swedish immigrant entrepreneurs - An ethnic comparison

Paper IV examines the extent to which the need for business advisory service among Swedish immigrant entrepreneurs compared to non-immigrant entrepreneurs was fulfilled. The paper examines both the need for and the use of business advisory service and the kinds of advice fulfilled. Twenty areas of business advice were studied.

4.5.1 Conclusions

The fulfilment of the need for business advisory service among immigrant entrepreneurs was not met. This result can be explained by the higher need for business advisory service among the immigrant entrepreneurs than among the non-immigrant entrepreneurs. It can be assumed that the area describing the need for business advisory service among immigrant entrepreneurs is different and larger compared to that of non-immigrant entrepreneurs. The immigrant entrepreneurs were younger, and the start-up year of their companies was more recent (compared to the average age of the non-immigrant entrepreneurs and the start-up year of their companies). These results may explain in part why the immigrant entrepreneurs required more business advisory service. Furthermore, it can also be assumed that the use of business advisory service among immigrants and non-immigrants is alike since there were no differences between immigrants and non-immigrants on the use of business advisory services.

In summary, the need for business advisory service was not met among immigrant entrepreneurs compared to non-immigrant entrepreneurs. This result may be interpreted that the system does not fulfil the need for such service among the immigrant entrepreneurs. Another interpretation may be that immigrant entrepreneurs have a greater need for business advisory service than the system can provide. Yet another interpretation is that immigrant entrepreneurs use other sources or business advisory service to fulfil their needs. However, in this study, other business advisory service areas were not identified.

In using the model of need for, use of, and fulfilment of business advisory service, we can examine the fulfilment of those needs and identify differences between the groups of entrepreneurs. The results of this study show that the fulfilment of needs among immigrant entrepreneurs compared to non-immigrants is not met, which indicates that the extent of fulfilment is greater among the non-immigrant entrepreneurs than that of immigrant entrepreneurs. The
non-immigrant entrepreneurs can use business advisory service to decrease their hazard rate and to reduce the Liability of Newness. However, among the immigrants, the use of business advisory service does not fulfil their needs, and thus they are unable to decrease their hazard rate or reduce their Liability of Newness to the same extent.
### 4.6 Summarizing the four papers

Table 9 summarizes the four papers.

<table>
<thead>
<tr>
<th>Title</th>
<th>Hypotheses</th>
<th>Main findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 A user perspective on business advisory service for entrepreneurs of new and young companies in Sweden</td>
<td>New companies use significantly more business advisory service than young companies. New companies use different kinds of business advisory service than young companies.</td>
<td>New companies use more business advisory services than young companies. Regarding different kinds of business advisory service, there were mixed findings: The result of the t-test show significantly differences regarding 12 of 20 kinds of business advisory services.</td>
</tr>
<tr>
<td>2 Business advisory services and risk among start-ups and young companies: A gender perspective</td>
<td>The business owner’s sex is expected to significantly influence the use of business advisory service contacts among the entrepreneurs.</td>
<td>Female entrepreneurs use more business advisory service than male entrepreneurs. Female entrepreneurs use different services than male entrepreneurs. Male entrepreneurs had more start-up capital than female entrepreneurs, which can provide a cushion against early losses, suggesting that men have less risk when starting a company. Male entrepreneurs had more employees than female entrepreneurs, suggesting that men were greater risk-takers because of their greater responsibility for employees. The female entrepreneurs had more prior business experience before start-up than the male entrepreneurs, and even sought more business advisory service. Because female entrepreneurs have less access to networks, business advisory service is important in helping them reduce risk.</td>
</tr>
<tr>
<td>3 Business Networks at Start-up: Swedish native-owned and immigrant-owned companies</td>
<td>The owner’s ethnic background is expected to significantly influence the use of business advisory service contacts at the start-up stage.</td>
<td>Immigrant entrepreneurs and native-born entrepreneurs use different business contacts. Native Swedish entrepreneurs’ business contacts are more likely to include mainstream contacts at the start-up stage than immigrant entrepreneurs’ business contacts. Immigrants tend to use the IFS as a substitute for mainstream contacts.</td>
</tr>
<tr>
<td>4 Fulfilling the need of business advisory service among Swedish immigrant entrepreneurs: an ethnic comparison</td>
<td>The immigrant entrepreneurs have a higher need for business advisory service at the start-up stage compared to non-immigrants. The fulfilment of the need for business advisory service (different kinds) among immigrant entrepreneurs is expected to be lower than among non-immigrant entrepreneurs’.</td>
<td>Immigrants have a higher need for business advisory service at start-up compared to non-immigrants. There is a lower fulfilment of need for business advisory service among immigrant entrepreneurs compared to non-immigrants. There is a disparity between the kind of advice that was fulfilled and unfulfilled among the immigrant entrepreneurs. Both strategic advice and operational advice were sought.</td>
</tr>
</tbody>
</table>
4.7 Additional results: Fulfilment of need for business advisory service among female entrepreneurs

In this section, I examine the differences and similarities as far as the fulfilment of business advisory service needs for female and male entrepreneurs. The section also examines the various kinds of business advice.

4.7.1 Included variables

Twenty business advisory service variables were examined. Each variable was scored between 0 and 3, where 0 was the lowest score as no expressed need, and 3 was the highest score for very high need. Since there were entrepreneurs not needing any business advice (score 0) and at the same time not using any advice (score 0), they have been removed from the sample and are not included in the material. Note that “no needs” can be the result of the entrepreneur’s own knowledge or competence.

To examine the fulfilment of business advisory service by the entrepreneurs, it was necessary to study both the need for and the use of such service. Statistical tests were conducted in several steps. In the first step, the fulfilment of the need for business advisory services was examined at an aggregate level that included both female and male entrepreneurs. Then the sum of the 20 needs for business advisory service and the sum of the 20 uses of business advisory service were calculated. Because the data were calculated using a nominal scale (between 0 and 3), the value of each service area can range from 0 to 60.

4.7.2 Fulfilment, female entrepreneurs

The Mann-Whitney test supports the finding of a significant difference in the need for business advisory service by female and male entrepreneurs (p<0.000, z -5.660). Female entrepreneurs have a higher need for business advisory service than male entrepreneurs. Other differences were revealed (p<0.000, z -5.430). Female entrepreneurs use more business advisory service than male entrepreneurs. Together, this means that at an aggregate level, female entrepreneurs have more need of business advisory service than male entrepreneurs, and also use more business advisory service.

An additional test was conducted to verify these results. This test examined the fulfilment of business advice area for the female entrepreneurs by studying...
each area separately in a comparison of the need with the use. The Mann-
Whitney test was again used. Table 10 shows the results of the test and which
areas of business advice were fulfilled and which were unfulfilled.

Table 10. Fulfilment of the need for business advisory service among female
entrepreneurs.

<table>
<thead>
<tr>
<th>Fulfilled</th>
<th>Unfulfilled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advice on strategy, goals or visions</td>
<td>Advice on accounting;</td>
</tr>
<tr>
<td>Help with business plan including market analysis</td>
<td>Advice on opportunities for financial aid or grants</td>
</tr>
<tr>
<td>Advice on marketing or sales</td>
<td>Advice on patent issues</td>
</tr>
<tr>
<td>Advice on taxes</td>
<td>Advice on IT issues and technical support</td>
</tr>
<tr>
<td>Advice on local and/or land issues</td>
<td>Help connecting to other company owners</td>
</tr>
<tr>
<td>Training on how to start your own business</td>
<td></td>
</tr>
<tr>
<td>Help developing the business</td>
<td></td>
</tr>
<tr>
<td>Advice on product development and design issues</td>
<td></td>
</tr>
<tr>
<td>Advice on legal issues, such as contractual or personnel issues</td>
<td></td>
</tr>
<tr>
<td>Help with permit applications</td>
<td></td>
</tr>
<tr>
<td>Help with building a website</td>
<td></td>
</tr>
<tr>
<td>Connecting to a mentor</td>
<td></td>
</tr>
<tr>
<td>Help finding someone who knows the industry</td>
<td></td>
</tr>
<tr>
<td>Advice on export questions*</td>
<td></td>
</tr>
<tr>
<td>Advice on the choice of business form*</td>
<td></td>
</tr>
</tbody>
</table>

*more use than need

The result of the Mann-Whitney test revealed no gaps between the need for and the use of business advisory service in 15 of the 20 areas. In these 15 areas, the need for and the use of business advice matched, which indicates fulfilment of the need. Gaps between the need for and the use of business advisory service were found in five areas (significant at the 5% level). In two areas, the entrepreneurs used significantly more advice than they needed. One explanation may be that the entrepreneurs were offered this advice because they needed other advice. It may be that, given the support perspective, it was important for the suppliers to offer this support even though it was not sought.

In summary, the results show that female entrepreneurs have a higher need for business advisory service than male entrepreneurs and also use business advisory service more than male entrepreneurs. This means that the need is matched with the use; thus, business advisory service is fulfilled to some extent for the female entrepreneurs. The level of the Liability of Newness is different between the female and the male entrepreneurs. The female entrepreneurs also have a higher hazard rate than the male entrepreneurs. These findings also reveal that the Liability of Newness, from the perspective of the female entrepreneurs, is somewhat reduced by handling and as such lowering the hazard rate at the start-up.
5. Discussion

At start-up, entrepreneurs experience the Liability of Newness (Stinchcombe, 1965) that includes problems associated with dependency on the cooperation of strangers, low levels of legitimacy, and the inability to compete effectively against established organizations. According to Stinchcombe, the Liability of Newness decreases as time passes. Knowledge is important in this process. Therefore, to decrease the hazard rate and to reduce the Liability of Newness, entrepreneurs can use business advisory service such as the assistance, information, and advice that private and public business advice suppliers can provide (Chrisman and Leslie, 1989).

This thesis examines the level and handling of the Liability of Newness by female entrepreneurs and immigrant entrepreneurs in the start-up process of their new and young companies. In this context, “level” has been operationalized as the need for business advisory service. “Handling” has been defined as fulfilment of business advisory service since the need has to be matched with the right use of business advisory service. With handling, the hazard rate can be lowered and the Liability or Newness reduced. By studying both level and handling, it is possible to ascertain if the entrepreneurs are able to lower the hazard rate and reduce the Liability of Newness. The research question was outlined in the following way:

Studying the start-up process, what are entrepreneurs’ need for, use of, and fulfilment of business advisory service? Particularly the differences relevant to the need for, use of, and fulfilment of business advisory service, if any, between female and male entrepreneurs, and between immigrants and non-immigrant entrepreneurs.

To answer the question, based on data from a questionnaire survey among a sample of entrepreneurs in Sweden, statistical analyses were conducted. The findings are presented in this thesis in a series of illustrative figures and a model with associated commentary. The findings have also been presented in the four research papers that comprise this thesis (three papers have been published and the fourth will be submitted for publication in the near future). One important finding in paper I was that the two datasets of new and young companies can be used as one sample. Furthermore, since the thesis uses the perspective of the entrepreneurs, therefore, it is the perceived need for business
advisory service from their perspective that is studied. This chapter adds additional discussion on the findings, notes the limitations of the research, and suggests areas and topics for future research.

5.1 Level of the Liability of Newness

The level of the Liability of Newness varies among the entrepreneurs. We can say there is heterogeneity between the entrepreneurs. This heterogeneity takes several forms.

New companies have a greater need for business advisory service than young companies (see Chapter 3 for definitions of new and young companies). The level of the Liability of Newness among new companies is greater than that of the young companies. Thus, the new companies have a higher hazard rate than the young companies. This finding confirms Stinchcombe’s (1965) observation that the hazard rate decreases as time passes. This finding may not support Fichman and Levinthal’s (1991) observation that buffers in the so-called honeymoon phase of a company’s existence offer protection against business failure. However, longitudinal studies are needed to further explore this idea among the kinds of entrepreneurs featured in this research.

Female entrepreneurs have a greater need for business advisory service than male entrepreneurs. As the model shows, the area depicting the need for business advisory service by female entrepreneurs has a different size and shape than that for male entrepreneurs. In fact, the findings reveal many differences in needs. This means that the level of Liability of Newness is higher for female entrepreneurs than for male entrepreneurs. Thus, female entrepreneurs have a higher hazard rate than male entrepreneurs.

The propensity for taking risk is often associated more with men than women (e.g., Watson and McNaughton, 2007; Charness and Gneezy, 2011). However, this study does not support that assumption. The female entrepreneurs, in some respects, are at greater risk than the male entrepreneurs. The women have less initial financial support than the men, and so are at greater risk of business failure; they have no “cushion” to fall back on in the start-up process when they are just getting started. Thus, the female entrepreneurs have a greater need for business advisory service. This finding also confirms findings by other researchers (e.g., Block and Sandner, 2009; Fertala, 2008; Joona, 2010; Millán et al., 2012; Taylor, 1999). A question of interest, although not answered by this research, is why female entrepreneurs dare to start companies when they are at high risk of failure.
Immigrant entrepreneurs have a greater need for business advisory service than non-immigrant entrepreneurs. As the model shows, the area depicting the need for, business advisory service by immigrant entrepreneurs has a different size and shape than that for non-immigrant entrepreneurs. This means that the level of Liability of Newness is higher for immigrant entrepreneurs than for non-immigrant entrepreneurs. Thus, immigrant entrepreneurs have a higher hazard rate than non-immigrant entrepreneurs.

5.2 Handling of the Liability of Newness

The handling of the Liability of Newness varies among the entrepreneurs. We can say there is heterogeneity among the entrepreneurs as they use business advisory service. To fulfil their needs, entrepreneurs must match their needs to the right service. This means that entrepreneurs have to evaluate both the business advisory service and the business advisory service contacts.

New companies use more business advisory service than young companies. To some degree, they also use different areas of business advisory service. However, the difference between these groups relates to the entrepreneurs’ specific business situations. This finding confirms Chrisman et al.’s (2012) ideas on the importance of “Just-in-time knowledge”. Accordingly, new companies initially use business advisory service for help and information on forming a company. As their companies mature, they use other help and information, for example, for accounting, tax reporting, and technical issues (e.g., IT and websites).

5.2.1 Reducing the Liability of Newness for immigrants

Immigrant and non-immigrant entrepreneurs use almost the same number of business advisory service contacts. However, they use different contacts. The immigrant entrepreneurs are more likely to use IFS (an advisory service for immigrants) while the non-immigrant entrepreneurs are more likely to use other company owners they know. This means that the shape of the area of use differs between immigrant and non-immigrant entrepreneurs although the size is similar.

Immigrant entrepreneurs use business advisory service for the choice of business form (e.g., sole proprietorship, partnership, or limited liability company) more than non-immigrant entrepreneurs. On the whole, however, there are more similarities than differences in the use of business advisory services by the two groups.
The immigrant entrepreneurs have a higher level of the Liability of Newness than non-immigrant entrepreneurs. This liability is not reduced through handling as effectively for immigrant entrepreneurs as for non-immigrant entrepreneurs. Thus, the handling of the Liability of Newness, as illustrated, differs between the groups with respect to the shape, but not the size, of the use. Thus, the reduction of the Liability of Newness by immigrant entrepreneurs is not fulfilled because the right shape does not match the use. As a result, immigrant entrepreneurs have a higher hazard rate than non-immigrant entrepreneurs, and thus require more time to reach the level of standard risk in their industry.

Figure 5 illustrates these findings. However, it is not possible to comment on the length of time required to meet the standard risk in the industry for either group. The timeframe of this research does not permit this analysis. For the same reason, it is neither possible to comment on if the immigrant group will reach the standard risk in industry before, at the same time or later than the group of non-immigrants.

It will be possible to calculate the hazard rate for the groups. However, this has not been done at this point and could be a task in future studies. The level of hazard rate at start-up as illustrated in figure 5 is therefore an estimate. Figure 5 shows the hazard rate for immigrant and non-immigrant entrepreneurs and the standard risk in industry.

Figure 5. Liability of Newness, level and handling, immigrant and non-immigrant entrepreneurs.

As the figure shows, the Liability of Newness and the hazard rate that immigrant entrepreneurs have at start-up are not met to the same extent through
handling as for the non-immigrant entrepreneurs. The immigrant entrepre-
neurs’ Liability of Newness is greater and lasts longer. This means that the 
companies owned by immigrant entrepreneurs have less chance of survival 
than companies owned by non-immigrant entrepreneurs. The finding could be 
a result of the liability of foreignness (Johanson and Vahlner, 2009; Sethi and 
Guisinger, 2002; Zaheer, 1995). This finding suggest further studies about im-
migrant and non-immigrant entrepreneurs, how they handle their Liability of 
Newness and how their Liability of Newness can be overcome.

5.2.2 Reducing the Liability of Newness for female entrepreneurs

The area of the use of business advisory service differs, in size and shape, for 
female entrepreneurs and male entrepreneurs. Female entrepreneurs use more 
business advisory service contacts (and other contacts) than male entrepre-
neurs. The results also reveal that female entrepreneurs tend to use more areas 
of business advisory service (and other advice) than male entrepreneurs. Alt-
ough female entrepreneurs have a higher level of the Liability of Newness 
than male entrepreneurs, they are able to decease their hazard rate and reduce 
the Liability of Newness through the handling of their business service con-
tacts. Figure 6 illustrates these findings.

Figure 6 illustrates these findings.

Figure 6 graphs the hazard rate against the passage of time for female and 
male entrepreneurs as both groups approach the standard risk in the industry. 
It is not possible to tell which group will reach the standard risk in the industry 
first. As this research is not longitudinal, this graph is an approximation. Fur-
ther research is needed to confirm this assumption.
Because the business advisory service in this thesis is provided by both private and public business advisory service contacts, it may be that female entrepreneurs offset their lack of public business advisory service with increased access to private business advisory suppliers, such as family, spouses and partners, and friends. Even so, female entrepreneurs will be able to lower the hazard rate and reduce the liability of newness even though they use a different approach to reduce the liability of newness.

5.4 Main theoretical contributions
This thesis contributes to research with its model that illustrates the heterogeneities and the homogeneities in the start-up process among different groups of entrepreneurs. By studying the level and handling of the Liability of Newness with respect to the need for, the use of, and the fulfilment of business advisory service by these entrepreneurs, our understanding of the value and application of such service is enhanced.

5.4.1 Using the concept of the Liability of Newness to discuss business advisory service
This thesis uses the Liability of Newness concept to address the challenges entrepreneurs face in the start-up process (Stinchcombe, 1965; Abatecola et al., 2012). Abatecola et al. conclude these challenges must be overcome in order to avoid “infant mortality” in the life cycle of an organization. In this thesis, the challenges in focus are the need for and the use of operational and strategic business advisory service – both private- and public-provided business advisory service. In this perspective, the concept of the Liability of Newness has been used to discuss the level and handling of business advisory service, need, use and fulfilment.

5.4.2 Developing a model to examine the handling
In developing a model that can visualize the handling of the Liability of Newness (i.e., the fulfilment of business advisory service) it was possible to study the match between the need for and the use of business advisory service. The model allows for the detection of the heterogeneities and homogeneities related to the groups of entrepreneurs (female/male; and immigrant/non-immigrant) in the handling of the Liability of Newness. The model visualizes these heterogeneities and homogeneities in size and shape for these groups.
5.4.3 Testing the Liability of Newness

Following ideas from Aldrich and Yang (2012), this thesis tests the reduction in the Liability of Newness for the entrepreneurial groups. As described above, the intention in this thesis was to operationalize the Liability of Newness concept in a study of business advisory service. The aim of business advisory service is to support entrepreneurs as they form and operate their businesses. In the thesis, the need for, the use of, and the fulfilment of business advisory service areas and business advisory contacts were studied by taking the entrepreneurs’ perspective. Twenty business advisory service areas were studied individually by examining the fulfilment of business advisory service and by comparing various groups of entrepreneurs. In this respect, this research has at its focus the pragmatic tasks and problems that nascent entrepreneurs must deal with as they form their companies and begin their business activities (Aldrich and Yang, 2012).

The entrepreneurs provide the data for the analysis of this thesis. They responded to extensive questions on their need for and use of business advisory service with a focus on the start-up process. One could argue that the entrepreneurs themselves answer the questions in a way that reflects what they consider being the start-up. This period could in fact be the time before the actual registration or the time right after the registration. Together this means that the group of new companies could be nascent entrepreneurs. Studying new and young companies, both these groups are early in the process, especially the new entrepreneurs. Considering the argument of Aldrich and Yang (2012) this thesis give emphasis to focusing on entrepreneur early in the process.

The sample for this thesis consisted of more than 2800 entrepreneurs who own either new or young companies. The young entrepreneurial group (registered in 2005) consists of the survivor companies. The new entrepreneurial group consists of all companies registered in 2008. This sample design was evaluated as appropriate (see Aldrich and Yang, 2012).

5.5 Expanded views

The scope of the thesis permitted a discussion of entrepreneurship from various entrepreneurial perspectives and of some traditional economic theory on entrepreneurship. Such theory is rooted in economic development and equilibrium as well as in the norm of the European, male entrepreneur. At present, for instance, we are witnessing an increased interest in entrepreneurship that focuses on its social aspects (Lundström et al., 2014) and on its societal aspects (Berglund and Johanisson, 2007). This expanded view of entrepreneurship suggests we should question how we define growth so as to include all
individuals in the economy and to avoid marginalizing particular groups (Delmar and Wennberg, 2014). One intention of this thesis has been to expanded the view of the entrepreneur and entrepreneurship in some parts.

5.5.1 Expanded view of entrepreneurs and entrepreneurship

The research for this thesis features the perspectives of female entrepreneurs and immigrant entrepreneurs as they express their need for, use of, and fulfillment of business advisory service. The assumption behind this focus is that female entrepreneurs and immigrant entrepreneurs are important to the economy and have, in part, particular needs for business advisory service and different ways of using this service. This sets them, to some extent, apart from male entrepreneurs and non-immigrant entrepreneurs. Since certain programs support these groups (Tillväxtverket, 2010; www ifs.se), it is important to study how these groups are supported in the system in order to improve or change the system accordingly.

In addition, the research for this thesis features the perspectives of the entrepreneurs as new and young companies. The contrasts and comparisons between these two groups as far as their need for and use of business advisory service at start-up expand our understanding of entrepreneurship beyond growth, innovation, and development (Shane, 2009; Delmar and Wennberg, 2014).

5.5.2 Expanded view of business advisory service

With inspiration from Robson et al.’s (2008) definition of business advisory service, in this thesis business advisory service includes 20 areas of business advisory service and 20 business advisory service contacts. The service is interpreted as operational and strategic advice service (Hjalmarsson and Johansson, 2003). The contacts are both private and public contacts (Mole and Keogh, 2009). With this broad definition of and perspective on business advisory service and contacts, it was possible to examine the entrepreneurs’ differences and similarities in the need for, use of, and fulfillment of business advisory service.

5.5.3 Analysing the start-up process

Few studies address the perspective of the actual, independent entrepreneur (Lambrecht and Pirnay, 2005; Lundström and Kremel, 2011). Most studies, which take the entrepreneurs’ perspective, focus on SMEs. The research in this thesis examines the whole start-up process and includes entrepreneurs in
the beginning of the process as well as entrepreneurs later on in the start-up process (Reynolds et al., 1999; Reynolds et al., 2002; Stinchcombe, 1965).

5.5 Methodological and practical contributions

This thesis makes methodological and practical contributions. As far as methodology, the thesis develops ways to examine the amount and use of data. Enormous amounts of data are now available in society although much of the data is used only to a limited extent. This thesis builds on a previous study in which a comprehensive database was collected and developed. This thesis shows that previous studies can be used to examine research questions and to increase our understanding of phenomena relevant to our society. This thesis demonstrates it is not always necessary to collect new data.

As far as practical contributions, this thesis contributes to our knowledge of the need for and use of business advisory service in the start-up process. This is useful knowledge for organizations (public and private) that offer such service. It is well known that such support is often needed, if not essential, for the success of start-up companies.

5.6 Replication

Can the findings from this research be replicated? That is the crucial question for all research. To answer this question, the researcher would need to identify the same business advisory service contacts and to determine if they offered the same business advisory service. As of the date of this thesis, the 20 contacts, private and public organisations are still actively supporting entrepreneurs and SMEs. One contact, however, has shifted its initial focus. ALMI Företagspartner began prioritizing service for young companies over service for new companies in 2010. The kinds of business advice remain the same.

The difference, that one could expect if this study was performed in 2016, would probably involve the use of Internet as a tool for the entrepreneurs to access business advisory service as well as services on Internet. The study in 2008 did include business advisory services accessed by Internet, such as start-up guide on Internet. However, specific questions on the use of the Internet for business advisory services were not asked. If the research for this thesis were replicated today, the Internet tools and advice would be much more used (e.g., www.verksamt.se³). Also, administrative services (e.g., the tax office) are now accessible on the Internet in Sweden today.

---

³ The website is a collaboration by several government agencies.
5.7 Limitations

One limitation of this research is that the immigrant entrepreneurs were regarded as one group. This group is in fact very heterogeneous. The same is true for the other groups as well. Future studies should acknowledge this fact and consider differences due to intersectionality, country, or size of start-ups for all entrepreneurs.

A second limitation is that the entrepreneurs are presented as aggregate groups rather than as individuals. Therefore, the results do not tell us anything about the individuals who have different levels of the Liability of Newness and different ways of handling the Liability of Newness. Even among the groups, there are likely interesting variations.

5.8 Future research opportunities

The findings in the thesis indicate that the public business advisory service system may have marginal value. The majority of the entrepreneurs formed and established their business without such assistance. This finding has policy and practical implications for the public business advisory service suppliers. Because significant sums are invested in public business advisory service (Lundström et al., 2014), it is important to study to what extent the use of business advisory service is used. Therefore, one recommendation for future research is to delimit the definition of business advisory service to these public suppliers in order to evaluate their effectiveness. Additional studies on the lack or poor use of government business advisory service is needed (see Jay and Schaper, 2003).

A current debate in the area of entrepreneurship policy is whether female entrepreneurs are adequately supported (Tillväxtverket, 2010). Because this thesis reveals that female entrepreneurs use more publicly provided business advisory service than male entrepreneurs, it may be that the neglect of female entrepreneurs is a false concern. Nevertheless, it should be emphasized that the thesis reveals that female entrepreneurs need more business advisory service than male entrepreneurs. Therefore, researchers might study the need for and use of business advisory service for female entrepreneurs by delimiting the contacts to public business advisory service suppliers.

Another area for additional research a refinement of the definition of needs. Needs may also include new roles, new learning, and new resources. We need to know more, specifically, about these areas for both female and immigrant entrepreneurs.
Still another area for additional research is an examination of the success/failure of the kinds of entrepreneurs this thesis investigates. Such an examination would entail longitudinal research with a specific focus on how they use business advisory service.

Last, researchers might make a comparison of female immigrant entrepreneurs with non-immigrant female entrepreneurs. In the thesis, 11% of the female entrepreneurs are immigrants. This is not an insignificant percentage, and has doubtless increased since the time of the study.
6. References


Lindström, M. (2010), *Samverkansnätverk för innovation, en interaktiv och genusvetenskaplig utmaning av innovationspolitik och innovationsforskning* [Cooperation network for innovation: An interactive and gender scientific challenge to innovation policy and innovation research], Luleå Tekniska Universitet, Luleå.


Mises, L. V. (1949), *Human action*. Yale University Press, New Haven, CT


(http://www.ifs.a.se/about-ifs/) 2017-02-22
Appendices
0. Is it true, that you start your company about 3 years ago of which you still are partly or the sole owner?

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>Thank you for your help!</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. If you think back on your last 4 years as entrepreneur. What is the most important support or help which you have had a demand for, received by someone outside your company? The demand can be something you received or did not receive.

2. When you start and run a company there are a lot of different help, counseling or support or help which you have had a demand for, received by someone outside your company?

You can answer great, rather great, little or none.

To what extend did you the last 4 years need …

<table>
<thead>
<tr>
<th>Great</th>
<th>Rather Great</th>
<th>Little</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Support about strategy, goal or visions?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Help with business plan including marketing analyze</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Support about counseling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Support about marketing or sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Support about taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Support about business local- and/or land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Education in stating a business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Support about export</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Support about issues concerning patent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Support about the possibilities for getting financial support or subsidy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Help in developing the business idea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Support about choosing business form</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Support about product development or design issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Support in legal questions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Support about questions relating to IT or technical support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Help with requests for different kinds of permits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Help with building a web site</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Help with getting in contact with other entrepreneurs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Support by someone who knows the business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Help from a senior entrepreneur.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Concerning the help and support you actually did receive under the four latest years, to 
what extent did you the last four years get help, counseling or support.

You can answer great, rather great, little or none.

<table>
<thead>
<tr>
<th>Did you get...</th>
<th>Great</th>
<th>Rather Great</th>
<th>Little</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support about strategy, goal or visions?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with business plan including marketing analyze</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about counseling</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about marketing or sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about business local- and/or land</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education in stating a business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about export</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about issues concerning patent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about the possibilities for getting financial support or subsidy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help in developing the business idea</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about choosing business form</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about product development or design issues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support in legal questions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about questions relating to IT or technical support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with requests for different kinds of permits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with building a web site</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with getting in contact with other entrepreneurs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support by someone who knows the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help from a senior entrepreneur.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Do you want to add something about those who gave you help, counseling or support the last four years?

5. Some entrepreneurs may get help, counseling or support from different organizations or individuals.

Did you during the last four years get in contact with any of the following for help, counseling or support?

<table>
<thead>
<tr>
<th>Did you during the last four years get in contact with any of the following for help, counseling or support?</th>
<th>Nej (1)</th>
<th>Ja (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relatives or family</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurs you know of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counseling adviser</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export counseling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bolagssverket</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nuteks startlinje eller företagarguide</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Företagshotell, typ inkubator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisationen Företagarna</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisationen Svenskt näringsliv</td>
<td></td>
<td></td>
</tr>
<tr>
<td>En branschorganisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Starta-egent-kurs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--/Connect Väst/Startcentrum/Norrlandsfonden</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
You can run into a lot of problems or difficulties when you get in contact with authorities and organizations.

7. If you think back on the last four years. Has it been difficult to know who to turn to when looking for information?

☐ 1 Yes
☐ 2 No

9. During the last four years did you try to get help or support by authorities or organizations who turned out to be unprofessional or less service minded?

☐ 1 Yes
☐ 2 No

**IF YES:**

Who was unprofessional or less service minded?

1. .................................................................
2. .................................................................
3. .................................................................

10. Have you during the last four years tried to get help or support by authorities or organizations that turned out lack necessary competence or knowledge?

☐ 1 Yes
☐ 2 No

**IF YES:**

Who were lacking necessary competence or knowledge?

1. .................................................................
2. .................................................................
3. .................................................................

11. Is there any authority or organization who has given you a very kind personal reception, when contacting them for support, during the four last years?

☐ 1 Yes
☐ 2 No

**IF YES:**

Who gave you a very kind personal reception?

1. .................................................................
2. .................................................................
3. .................................................................
12. From whom did you get help in financing the company?

<table>
<thead>
<tr>
<th>No (1)</th>
<th>Yes (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>89</td>
<td>Family member</td>
</tr>
<tr>
<td>90</td>
<td>Friends or persons you know</td>
</tr>
<tr>
<td>91</td>
<td>Other partners in the company</td>
</tr>
<tr>
<td>92</td>
<td>Bank</td>
</tr>
<tr>
<td>93</td>
<td>ALMI</td>
</tr>
<tr>
<td>94</td>
<td>Start-up funding</td>
</tr>
<tr>
<td>95</td>
<td>Venture capital</td>
</tr>
<tr>
<td>96</td>
<td>Persons whom you did not know before</td>
</tr>
<tr>
<td>97</td>
<td>Others, who?</td>
</tr>
</tbody>
</table>

13. How hard or easy has it been financing the company?
Give your answer on a scale between 1, very hard and 5, very easy.

1 2 3 4 5

14. How much have you yourself and your family invested in the company?

kronor

15. If you think of your company, about how many hours have you put in to the company during the last month?

hours the last month

16. On a scale between 1 or 10, where 1 means not at all and 10 means completely, to what extent has the company developed in a way that you planned when starting the company?

1 2 3 4 5 6 7 8 9 10

Not at all Completely

17. Are you the sole owner in the company?

1 Yes
2 No

18. How many individuals do work in the company including yourself?
(Recalculate part time workers into full time)

persons

20. From the company sale, how much goes export

1 Half or more
2 Approximately 1/4
3 Less than 1/4
4 Nothing

21. To what extension can you provide for yourself through the company?

1 Completely
2 Pretty much
3 Pretty bad
4 Not at all

22. At this moment, are you employed in another company, part from the ones you own?

1 Yes
2 No

23. Do you have experience from starting a business in the past?

1 Yes
2 No

24. Are you engaged in some other company, part from the one you started at about four years ago?

1 Yes
2 No

25. Did you get any training in how to run a business in elementary school?

1 Yes
2 No

26. Did you get any training in how to run a business at university level?

1 Yes
2 No

27. What year were you born?

Year

28. How did you provide for yourself before starting the company?

1 Employed
2 Self employed
3 Student
4 Unemployed
5 Retired
6 Other alternative

29. How did you provide for yourself before starting the company?

1 Yes
2 No

30. Are you born in Sweden?

1 Yes
2 No

31. Are any of your parents born abroad?

1 Yes
2 No

32. Sex

1 Female
2 Male

33. May we return to you and ask further questions about your new company?

1 Yes
2 No

Thank you for your help!
Companies started 2008 - FSF
Region Skåne/Region Västra Götaland/Örebro/Örebro län

0. Did you start your company about 3 years ago, of which you still are partly or the sole owner?

1. Yes
2. No - Thank you for your help!

1. As you see it today, what was the most important help or support that you got when starting your company? The demand can be something you received or did not receive.

2. When you start and run a company there are a lot of different help, counseling or support that you can use. Had it been helpful for you getting support in any of the following areas and to what extend did you need support or help?

You can answer great, rather great, little or none.

As you see it today, had it been helpful for you in starting your company so get support in ...

<table>
<thead>
<tr>
<th>Great</th>
<th>Rather Great</th>
<th>Little</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about strategy, goal or visions?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with business plan including marketing analyze</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about counseling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about marketing or sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about business local- and/or land</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education in stating a business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about export</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about issues concerning patent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about the possibilities for getting financial support or subsidy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help in developing the business idea</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about choosing business form</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about product development or design issues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support in legal questions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about questions relating to IT or technical support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with requests for different kinds of permits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with building a web site</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with getting in contact with other entrepreneurs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support by someone who knows the business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help from a senior entrepreneur.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Thinking back on the help and support you actually did receive when starting your company to what extent did you at starting your company get help, counseling or support.

You can answer great, rather great, little or none.

Did you get...

<table>
<thead>
<tr>
<th>Support about strategy, goal or visions?</th>
<th>Great</th>
<th>Rather Great</th>
<th>Little</th>
<th>None</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help with business plan including marketing analyze</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about counseling</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about marketing or sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about business local- and/or land</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education in stating a business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about counseling</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about marketing or sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about business local- and/or land</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about issues concerning patent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about the possibilities for getting financial support or subsidy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help in developing the business idea</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about choosing business form</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support about product development or design issues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support in legal questions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with requests for different kinds of permits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with building a web site</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help with getting in contact with other entrepreneurs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support by someone who knows the business</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Help from a senior entrepreneur</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Do you want to add something about those who gave you help, counseling or support when starting your company?

...............................................................................................................................
...............................................................................................................................

5. When starting a company, you may get help, counseling or support from different organizations or individuals.

Did you, when starting your company, get in contact with any of the following for help, counseling or support?

<table>
<thead>
<tr>
<th>Nej</th>
<th>Ja</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
</tr>
</tbody>
</table>

| Relatives or family |       |      |
| Friends             |       |      |
| Entrepreneurs you know of |   |      |
| Bank                |       |      |
| Tax government      |       |      |
| Counseling adviser  |       |      |
| Employment office   |       |      |
| Export counseling   |       |      |
| Bolagsverket        |       |      |
| Nuteks startlinje eller företagarguide |       |      |
| Företagshotell, typ inkubator |       |      |
| Organisationen Företagarna |       |      |
| Organisationen Svenskt näringliv |       |      |
| En branschorganisation |     |      |
| Starta-egot-kurs    |       |      |
| --/Connect Väst/Startcentrum/ Norrlandsfonden | | |

In contact with Coompanion/Startcentrum/Coompanion:

<table>
<thead>
<tr>
<th>Nej</th>
<th>Ja</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
</tr>
</tbody>
</table>

One a scale from 1 to 5, where 1 is the lowest rank and 5 the highest rank.

What ranking would you give to the following organization concerning where reception?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What ranking would you give to the following organization concerning where competence and knowledge?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In contact with DRIVHUSET/IFS/LÄNSSTYRELSEN:

One a scale from 1 to 5, where 1 is the lowest rank and 5 the highest rank.

What ranking would you give to the following organization concerning where reception?

1 2 3 4 5

What ranking would you give to the following organization concerning where competence and knowledge?

1 2 3 4 5

In contact with BUSINESS REGION GÖTEBORG/LÄNSSTYRELSENS/LRF-KONSULT:

One a scale from 1 to 5, where 1 is the lowest rank and 5 the highest rank.

What ranking would you give to the following organization concerning where reception?

1 2 3 4 5

What ranking would you give to the following organization concerning where competence and knowledge?

1 2 3 4 5

In contact with ALMI:

One a scale from 1 to 5, where 1 is the lowest rank and 5 the highest rank.

What ranking would you give to the following organization concerning where reception?

1 2 3 4 5

What ranking would you give to the following organization concerning where competence and knowledge?

1 2 3 4 5

In contact with NYFÖRETAGARCENTRUM:

One a scale from 1 to 5, where 1 is the lowest rank and 5 the highest rank.

What ranking would you give to the following organization concerning where reception?

1 2 3 4 5

What ranking would you give to the following organization concerning where competence and knowledge?

1 2 3 4 5

In contact with NÄRINGSLIVSKONTORET:

One a scale from 1 to 5, where 1 is the lowest rank and 5 the highest rank.

What ranking would you give to the following organization concerning where reception?

1 2 3 4 5

What ranking would you give to the following organization concerning where competence and knowledge?

1 2 3 4 5

You can run in to a lot of problems or difficulties when you get in contact with authorities and organizations at starting a company.

6. In starting your business, has it been difficult to know who to turn to when looking for information?

1 Yes
2 No

7. In starting your company. Did you try to get help or support by authorities or organizations that turned out to be unprofessional or less service minded?

1 Yes
2 No

IF YES:

Who was unprofessional or less service minded?

1. ............................................................
2. ............................................................
3. ............................................................

8. In starting your company. Did you try to get help or support by authorities or organizations that turned out lack necessary competence or knowledge?

1 Yes
2 No

IF YES:

Who were lacking necessary competence or knowledge?

1. ............................................................
2. ............................................................
3. ............................................................

9. Is there any authority or organization who has given you a very kind personal reception, when contacting them for support, when starting your company?

1 Yes
2 No

IF YES:

Who gave you a very kind personal reception?

1. ............................................................
2. ............................................................
3. .............................................................
10. From whom did you get help in financing the company?

<table>
<thead>
<tr>
<th>No</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
</tr>
</tbody>
</table>

- Family member
- Friends or persons you know
- Other partners in the company
- Bank
- Almi företagspartner
- Start-up funding
- Venture capital
- Persons whom you did not know before
- Others, who?

11. Has it been easy or hard financing the company?

Give your answer on a scale between 1, very hard and 5, very easy.

| 1 | 2 | 3 | 4 | 5 |

12. How much money have you yourself and your family invested in the company?

|   |   |   |   | kronor |

13. If you think of your company, about how many hours have you put in to the company during the last month?

|   |   |   |   | hours last month |

14. On a scale between 1 or 10, where 1 means not at all and 10 means completely, to what extent has the company developed in a way that you planned when starting the company?

| not at all | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | completely |

15. Are you the sole owner in the company?

| Yes | No |

16. How many individuals do work in the company including yourself? (Recalculate part time workers into full time)

|   |   |   | persons |

17. From the company sale, how big is your export?

| About half or more | About 25 % | Some, but less than 25 % | None |

18. To what extension can you at this moment provide for yourself through the company?

| Completely | Pretty much | Pretty bad | Not at all |

19. 19. At this moment, are you employed by another company, part from the ones you own?

| Yes | No |

20. Do you have experience from starting a business in the past?

| Yes | No |

21. Are you engaged in some other company, part from the one you started this year?

| Yes | No |

22. Did you get any training in how to run a business in elementary school?

| Yes | No |

23. Did you get any training in how to run a business at the university?

| Yes | No |

24. 24. What year were you born?

| Year 19 |

25. How did you provide for yourself before starting the company?

| Employed | Self employed | Student | Unemployed | Retired | Other alternative |

26. Where were you born?

| I Sweden | In another country |

27. Are any of your parents born abroad?

| No | Yes |

28. Sex

| Female | Male |

29. May we return to you and ask further questions about your new company?

| Yes | No |

Thank you for your help!