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Entrepreneurial Finance and Institutional Logics in an Emerging Economy

Keywords: Entrepreneur-financier relationship, Entrepreneurial finance, Institutional logics, New ventures, Emerging economies

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Abstract

Entrepreneurs raise money from multiple funding sources over time, however studies of entrepreneurial finance typically focus on a dyadic view based on Global North institutional scaffolds. Taking a contextualised approach that understands funding as situated in local conditions, this research explores the influence of an emerging economy context on a financing process that incorporates multiple sources. Based on analysis of 36 interviews with entrepreneurs and financiers in Thailand, the research offers a model that identifies emerging entrepreneur-financier relationships, and strategies for navigating multiple logics. Accessing funding involves a process of deal-making that require multiple foci of attention over time. This paper advances institutional theory by reclassifying how entrepreneurs interact with heterogeneous resource holders. Divergent logical pathways of relational formation are found amongst various types of financiers, suggesting an underlying institutional logic is not universal. Instead, it depends on the habitual organising principles of the focal actors and strategies adopted to manage the requirements of multiple funders.

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1. Introduction

The range of finance options available to entrepreneurs is diverse, with some being more appropriate than others over a firm's growth lifecycle (Cumming and Vismara 2017; Drover et al., 2017). Scholars have acknowledged that resource holders differ in how they judge the legitimacy of new ventures (Überbacher 2014; Fisher et al., 2016; Fisher et al., 2017), and studies have started to conceptually discern how the relationships between entrepreneurs and their funders differ, depending on the type of financier (Huang and Knight 2017; Bessière et al., 2020). These variations have been explored through an institutional logics perspective to show how ventures pursue different actions depending on their founding logic (Lounsbury 2007; Almandoz 2014; Ciuchta et al., 2018) and also used to systematically classify financiers (Pahnke et al., 2015; Fisher et al., 2017).

When considering the basic premise of logics that revolve around the material practices, values, and beliefs of related actors in a system, such classifications have implications for understanding the logics of financiers and the actions of entrepreneurs in receipt of investment (Thornton et al., 2012). However, absent from these accounts and current classifications is a contextualised view where logics are understood as situated and where intra-institutional factors can be observed due to local conditions and respective cultures that influence focal actors' comprehension of ideal-type logics (Gümüşay et al., 2020). In this paper, we move beyond seeing entrepreneurial funding options in isolation and take a contextualised view where relationships may be guided by alternative logic paths. This navigation may involve a more complex blend of logics than previously thought.

While the entrepreneurial finance literature has outlined the varied nature of relationships between entrepreneurs and their financiers, we know little about how multiple funding sources are navigated by entrepreneurs from an institutional logics' perspective. Institutional logics – the prevailing norms, beliefs, and practices in a social situation (Thornton et al., 2012) – inform us what dyadic entrepreneur-financier relationships may look like (Fisher et al., 2017; Pahnke et al., 2015). The current understanding of institutional logics assumes that a financier holds the same logic in all contexts (Fisher et al., 2017), yet little is known about how entrepreneurs move between these logics across different financial relationships and adapt their practices to varied social situations.

Our contextualized view foregrounds the idea that entrepreneurial practices dynamically emerge from the interplay between varieties of local and non-local fields and rationalities (Lounsbury et al., 2021; Spigel 2013). Focal actors practically experience the variations of logics (Korber et al., 2022) and assimilate both global and local practices which emerge as their own field logic (Drakopoulou Dodd et al., 2018). As Gümüşay et al. (2020) highlight, extant research tends to take for granted this intra-logic

plurality and contextualization because of assumptions about Global North institutional scaffolds, whereas logic co-existence can be a more common feature of emerging economies (Liu et al. 2023), and where the primacy of profit maximisation dictates a precedence of a logic dependant on the institutions and assumptions of mature economies (Bruton et al., 2022). As such, we ask: *In an emerging economy setting, how do entrepreneurs navigate institutional logics throughout their investment relationships?*

To understand this contextualised view of logic navigation requires a rich research setting where emerging economy entrepreneurs interact with multiple types of investors – angel, corporate venture capital, venture capitalists and government – through the early development phase of the company. This research utilises a qualitative research design involving in-depth interviews in the context of Thailand. This has an emerging institutional scaffold for investors, where equity focused opportunistic investment has only recently begun to develop in a historically ‘bank focused’ market of close-knit investors (Wonglimpiyarat 2007; SCBEIC 2017). We conducted 36 interviews with entrepreneurs and financiers. By examining fine-grain differences in practices between entrepreneurs and financiers, the research deconstructs the emergence of their relationships and explains the distinct context within which each pathway is formed.

Our findings and theoretical model highlight a complex array of institutional logics guiding the entrepreneur-financier relationship in an emerging economy context. Over the course of the investment process, we show the presence of hybrid logics in interactions with venture capital, corporate venture capital, angel investment, and government funding, and a guarded professional logic guiding venture capital. These logics prescribe meaning and are also created through meaning, which leads to various understandings and enactments as they are differently interpreted and believed in. Further, in handling multiple logics, our findings show how entrepreneurs in context develop strategies to *cooperate* through mixing, merging, or simplifying logics, or *compartmentalise* by keeping logics cognitively separate.

We make two key contributions to the literature. First, by looking at emergence and formalizing of the context, our paper contributes to the debate within the literature around “doing contexts”, and how different sites of entrepreneurial interaction can emerge and persist (Baker and Welter 2021). Specifically, we show how “doing context” involves connections between past (historic logics) and new (emerging logics) to enable the emergence of an entrepreneurial finance system that requires hybrid logics, and cooperative and compartmentalising practices, from entrepreneurs. In doing so, we respond to specific calls for context research that develops deeper understandings of the “local” and how that emerges alongside imported formalised notions of entrepreneurial finance (Ben-Hafaïedh et al. 2023).

Second, we offer a contribution to the institutional logics literature by advancing the discussion

as to how entrepreneurs navigate multiple logics and funding sources (Su et al., 2017). Specifically, we demonstrate how entrepreneurs and financiers enact logics in an emerging institutional setting which blends historic informal practices with those associated with a new formalizing financial sector. In doing so, we respond to the call from Collewaert et al. (2021) to understand contexts where logics are regarded as fuzzy and not fully defined, such as those outside Global North institutional scaffolds (Gümüşay et al., 2020).

2. Theoretical overview

Institutional logics are a central organising framework for understanding the relationship between entrepreneurs and their financiers. However, little is known about the contextualized multiplicity of logic navigation amongst entrepreneurs, particularly outside of Global North research settings. In the following sections, we outline the existing classification of financier logics before critiquing them through a contextualised approach.

2.1 Classifying the entrepreneur-financier relationship

Resources to foster the development of entrepreneurial firms can be acquired from diverse audiences, including individual supporters, venture capitalists, government agencies, and corporations. In entrepreneurial finance research, scholars have acknowledged the issues of heterogeneity of legitimacy judgements amongst different financiers (Fisher et al., 2016; Überbacher, 2014). To understand these differences, scholars have explicitly begun to distinguish these financiers by their institutional logics.

Friedland and Alford (1991) introduced the notion of institutional logics as an inter-institutional system that exists in society. Such a system contains a behavioural template of legitimate action for ‘institutional logics’ that actors are involved in. An accepted definition of institutional logics is the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social reality (Thornton and Ocasio, 1999). Thornton et al. (2012) proposed a framework of logic ideal type that helps understand the interrelationships among institutions, individuals, and organisations in social systems. These ideal types differ depending on values, beliefs, assumptions, and norms shared between people. They include: community, corporate, family, market and professional logics.

Community logic provides a foundation of action based on reciprocity (Thornton et al., 2012), perceiving communities as collections of actors united by a sense of membership (Marquis et al., 2011); corporate logic revolves around the market positions of firms (Thornton et al., 2012) and achieving

organisational goals by control over individual actions through reproduction and efficiency (Townley 2002); family logics are the basis of action driven by kinship (Thornton et al., 2012) and associated with *'nurturing, generativity, and loyalty to the family'* (Miller et al., 2011, p.4); market logic concerns a cultural system driven by economic rationality, determining calculated exchange values (Friedland and Alford 1991); and professional logic encompasses sets of organisational principles built around specialist knowledge and expertise (Zhou 2005).

The different types of resource providers – venture capitalists, corporate venture capitalists, and government funding agencies affect firms' development through their different underlying institutional logics (Pahnke et al., 2015). The institutional logics of those resource providers, according to Pahnke et al. (2015), can be summarised as follows: venture capitalists are dominated by a 'professional logic', utilising personal capitalism as their core economic perspective (Gompers and Lerner, 2001); corporate venture capitalists are influenced by a 'corporate logic', investing corporate resources to achieve company objectives (Röhm et al. 2018); and government funding agencies operate on a 'state logic', granting resources to ventures to achieve technological advancements which will serve the public good (Muñoz and Kimmitt 2019). The logic subscribed to by each group of financiers prescribes how they interact with entrepreneurs.

The professional logic of venture capitalists influences them to play the role of professional consultants, working closely with their portfolio companies to achieve the key milestones for the next stage of fundraising (Bruton et al., 2009; Kirsch et al., 2009). The corporate logic of corporate venture capitalists may hinder new ventures from fully utilising potential corporate resources due to dispersed authority, directing their attention to corporate fit rather than their portfolio companies' growth (Dushnitsky and Lenox 2005), yet this relationship may be more positive depending on the environmental context (Dushnitsky and Lenox 2005). The state logic of government agencies leads to a focus on creations for the common good by entrepreneurial firms (Vanderhoven et al., 2020). Fisher et al., (2017) added to the resource providers, arguing that angel investors should be included and that they are dominated by a 'market logic' because they provide seed capital to new ventures expected to generate profits for personal gain.

Figure 1 summarises the current classification of the relationship, where logics are coupled to financier type, and an alternative where institutional logics are less tightly coupled to a specific type of financier, thus requiring a need for contextualisation. This illustrates how contextual differences, such as how varied institutional arrangements outside of the Global North, produce a more complex mix of logics for entrepreneurs to navigate.

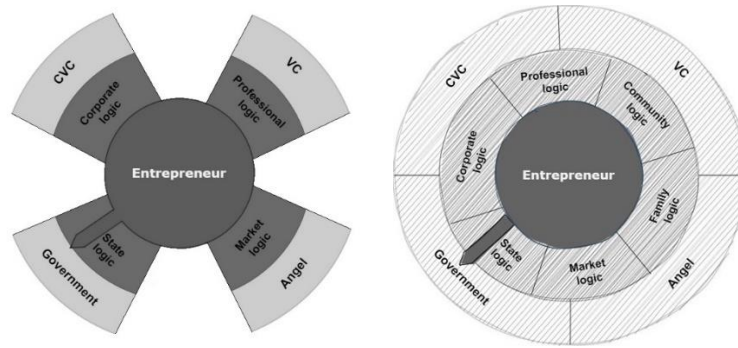


Figure 1 Current and alternative classifications of the entrepreneur-financier relationships

2.2 Contextualising the entrepreneur-financier relationship

The contextualization of entrepreneurship research has received growing attention over the last decade (Baker and Welter 2021; Welter and Baker 2020). New venture audiences may be situated in different contexts, each with different norms, values, and expectations, leading to different foundations for judging new venture legitimacy (Überbacher 2014). Research has shown how institutions that impact investment approaches at the micro-level differ markedly when comparing emerging/developing economies and their developed counterparts. Emerging economies are low and middle-income countries with rapid economic growth (Hoskisson et al., 2000), whereas developing economies are categorised as low- or middle-income states experiencing slower growth rates. Both categories share the same characteristic: a weak institutional environment where property rights protection is inadequate for investors (Lingelbach 2012). Such economies differ from developed markets in their institutional idiosyncrasies, such as institutional voids (as compared to developed economies) and the relative importance of informal over formal institutions (Rottig 2016). The differences in formal institutions, such as regarding property rights protection, leads to varying entrepreneurial practices at the micro-level (Ahlstrom and Bruton 2006; Bruton and Ahlstrom 2003; Zacharakis et al., 2007; Scheela et al., 2015). These differences arguably result in the prevalence of actions other than those driven by economic rationality and less formal practices associated with resource mobilisation behaviours (Foo et al., 2020).

Gümüşay et al. (2020) note the ‘contextuality of the logics’ – the logics as they are situated – where intra-institutional factors can be observed due to local conditions and respective cultures that influence focal actors’ comprehension of the same ideal type logics. Given that financiers’ varying practices and preferences are associated with investment decisions under different institutional settings, this offers scope for further investigation in understanding the entrepreneur/financier relationship. The linear classification of resource provider and institutional logics are likely more complex than previously

thought when one considers contextuality and institutional scaffolds beyond the Global North (Gümüşay et al., 2020).

Although research in this area is limited, some studies offer insight into what dynamics may look like in an emerging economy. For example, research within emerging economies suggest an entrepreneur's informal ties to the VC are vital in navigating the deal making process (Ahlstrom and Brunton, 2006; Bruton et al., 2009). Specifically, personal networks serve as replacements for formal institutions, establishing a foundation for informal governance systems. This indicates a simultaneous presence of distinct practices within emerging economies, highlighting the theoretical divergence in the actions and logics of actors (Foo et al. 2020). Turning to CVCs, Fisher et al. (2017) and Pahnke et al. (2015) suggest that corporate logics are dominant. However, Souitaris and Zerbini (2014) argue that whilst this may be the case where there is high cultural pressure to conform to a parent organisations *modus operandi*, lower pressure cultures will instead align to a VC logic, being either a professional logic (Pahnke et al., 2015) or an integrated community logic (Ahlstrom and Brunton, 2006).

Similarly, research looking at angel investors suggests that where there is weak institutional support, they will instead rely on developing networks with family members as a way of building trust and monitoring the relationship, suggesting a family logic may be a better fit than market logic (Harrison et al. 2018; Fisher et al. 2017). Finally, whilst Pahnke et al. (2015) suggest that government funding follows a state logic, it can be argued that the purpose of subsidy in a developing economy is to correct for market failure, in this case through spanning a finance gap where there are limited alternatives (Bruton et al. 2015). Rather than a logic targeting a distal public good outcome, this suggests the purpose of government funding may be in part explained by a liberal market ideology with the more proximate private goal of encouraging profit.

In sum, prior research has offered a contextual understanding of entrepreneurial finance, pinpointing some differences in underpinning institutional logics between Global North and South environments. However, most of this research offers a relatively fragmented account of how entrepreneurial finance works in emerging economies. Specifically, prior research offers a limited representation of the real ambiguities facing actors in an emerging economy where entrepreneurial practices dynamically *emerge* from the interplay between a variety of local and non-local fields and rationalities (Lounsbury et al., 2021; Spigel 2013). This ambiguity is created because many emerging economies are attempting formalizing elements of their financial practices (Muñoz et al. 2022), which means that we see elements of historic locally embedded norms, beliefs, and practices as well as newly

imported ideas for formalization. This is much less apparent in Global North contexts where guiding principles for actions and behaviours are much more established and unambiguous.

Whilst prior classifications outlined here allow for a systematic approach to classifying patterns of relationships, it offers a limited understanding of the ambiguities that entrepreneurs and financiers experience in a historically informal yet openly formalizing financial ecosystem. In this regard, entrepreneurs are not only exposed to multiple logics of different financiers in their funding journey, but the norms, beliefs, and practices are not collectively understood. Entrepreneurial practices originate from a complex and dynamic interplay between a range of local and non-local fields, each with their unique characteristics and rationalities, creating a tapestry of influences that shape the way entrepreneurs navigate their business landscape within a context (Spigel 2013). These practices are micro-foundations that constitute institutional logics. If micro-level practices change, this implies that the wider context of institutional logics holding the entrepreneur-financier relationship together in emerging markets is poorly understood.

3. Research design and methodology

3.1 Empirical context and emerging institutional scaffold

Thailand was chosen as having an appropriate setting for this research, because it has a vibrant entrepreneurial ecosystem within an emerging economy, that although relatively young, shows signs of thriving (Forbes 2018; HSBC 2020). The Thai entrepreneurial ecosystem is currently ranked above average in the Asia-Pacific region, with activities for fostering entrepreneurship and internal market dynamics (Guelich 2020). The emergence of the ecosystem can be traced back to 2012, with records of start-up venture deals (Scheela et al. 2016). Due partly to the financial crisis in 2008, talented returnees, who had previously pursued careers in consulting or financial firms after graduating abroad, founded internet companies (Scheela et al. 2016). Since then, an upward trend of investment deals has followed, from 1 deal in 2011 to 35 deals in 2018 with a total amount of £256.4 million (Techsauce 2018). Various forms of support, such as incubators, co-working spaces, and pitching competitions, have been introduced, making the national entrepreneurial landscape more vibrant (Scheela et al. 2016).

3.1.1 Government resource provision

Historically, government support for new ventures in Thailand was primarily through financial aids, such as matching grants and R&D tax exemptions, benefiting mature companies more than high-growth tech startups. In recent years, there has been a strategic shift towards introducing non-repayable grants and equity financing. For instance, the Digital Economy Promotion Agency (DEPA) is a government venture

capital fund aimed at promising firms lacking private investment appeal, marking a significant strategic pivot in the government's approach to nurturing innovative startups.

3.1.2 VC resource provision

The Thai VC sector began in 1994 with the establishment of the Thai Venture Capital Association. Initially, the industry focused on private equity-style investments in established, profitable companies - an approach characterised with a traditional 'bank-focused' mindset (Wonglimpiyarat 2007). Change occurred post-2012, with the creation of professional domestic VC firms and attracting foreign VCs interested in Southeast Asia (Scheela et al. 2016).

3.1.3 CVC resource provision

Driven by digital transformation initiatives spearheaded by foreign parent companies, corporates from the telecom sector, began investing from 2012 in new ventures through CVC funds and accelerators (SCBEIC 2017). By 2016, as digital transformation threatened to disrupt finance and banking, major banks also established funds to invest in new technologies to stay competitive.

3.1.3 Angel resource provision

The Thai angel investing landscape is in a developmental phase compared to its mature counterparts. This sector, traditionally dominated by a close-knit group of high-net-worth individuals, notably from the Thai Chinese business association, has historically focused on traditional sectors like finance and agriculture (Scheela and Jittrapanun 2012). However, the sector shows evidence of development with an upturn in tech and early-stage company investment (Scheela et al. 2016).

3.2 Research design and data collection

This research adopts an abductive approach, combining both inductive and deductive reasoning to develop theory (Suddaby, 2006). This form of research uses initial theoretical lenses to guide data collection and permits further concepts to emerge from the data (Ryan et al., 2012). The premise of this research is that 'institutional logic' guides the interaction between entrepreneur and financier, however, as logics are reflections of micro-level activities, different logics are likely to be observed.

A purposive sampling strategy was applied to the population of entrepreneurs and financiers. The sampling criteria followed was: 1) entrepreneurs whose ventures receive financial support; and 2) various types of financiers providing financial support to entrepreneurs or new ventures. Entrepreneurs were all founders or co-founders. Their ventures demonstrated a certain degree of newness by at least utilising

incremental technology to enter the existing market category (Kuratko et al., 2017). Due to the newness accompanied by informational opacity, they face challenges in getting access to debt financing (Berger and Udell 1998; Vanacker and Manigart 2010) and consequently resort to alternative forms of finance such as angel investors, VC, CVC, and government funding. The sample thus encompassed technology-based ventures operating in different domains: finance, e-commerce, tourism, logistics, services, art, machinery/robotic, and biotechnology.

In a 2019 report published by NXPO¹, surveyed entrepreneurs identified six financing options available to them when starting their ventures: personal savings (64%), family and friends (12%), angel investors (9%), venture capital and corporate venture capital (6%), public funding (6%), and other external sources (3%). Given the primary focus of this research on external sources of finance, the analysis will concentrate on angel investors, venture capitalists, corporate venture capital, and public funding. These financiers, who were all investors with decision-making responsibilities, were drawn from across the identified types of investors. They are widely recognised as key players in supporting technological and entrepreneurial firms (Drover et al., 2017; Colombo et al., 2016). Angel investors here refer to a high-net-worth individual or group that invests their own money and their time and experience in unquoted firms with which they have no family ties in the hopes of making a profit (Mason et al., 2019). The emergence of this financial source within the evolving ecosystem, though paralleling development, remain less comprehended compared to the systematically established practices in the Global North (Collewaert et al. 2021). Acknowledging the complexities of Thailand's investment environment, where the distinction between formal and informal funding sources is more nuanced, this study highlights the pivotal differences by focusing on the role of angel investors, who offer more than just capital. Unlike the personal capital from family and friends, angel investors, even those lacking formal accreditation, provide a broad spectrum of resources. This intentional separation enables an in-depth exploration of the distinctive dynamics characterizing angel investments in financial ecosystems that are in the process of formalization. VCs refer to professional investors whose offer is to fund a venture demonstrating its potential for high growth (Gompers and Lerner 2001). In contrast, CVCs are investors who strategically provide funding for (young) ventures whose technology or business model can enhance the growth of the parent organisation (Röhm et al., 2018). Government funders are financial partners who help bridge the gap between technical development and commercialisation for an enterprise

¹ The Office of National Higher Education Science Research and Innovation Policy Council (NXPO) is an autonomous public agency affiliated to the Ministry of Higher Education, Science, Research and Innovation. Its main responsibility is to design, monitor, and evaluate national policies related to education, science, and technology.

with significant social payoffs or public advantages (Colombo et al., 2016). Potential entrepreneurs and financiers were initially identified from Crunchbase² and Techsauce³.

This employs a qualitative approach to capture institutional logic, whereby segments of text from empirical textual data obtained through interviews and direct observation, including personal experiences, can be categorized into meaningful patterns representing practices or behaviours associated with institutional logics (Reay and Jones 2016). Data were primarily gathered from in-depth semi-structured interviews. The interview instrument was developed in accordance with our research question and conceptual structure (see “Appendix A” for the interview guidelines). First, we wanted to learn about the history/background of each entrepreneur and financier before delving into the institutional logics guiding their interactions. Second, we took each participant through the stages of the investment process (pre-conditions, evaluation, relationship management). We utilised the definition of institutional logics - norms, beliefs, and practices in a social situation (Thornton et al., 2012) – to unpack the relationships between entrepreneurs and financiers. This required us to retain an open mind as to what the guiding logics and behaviours were, rather than assuming their consistency with classifications in the literature. A total of 36 interviews were conducted with 20 entrepreneurs and 16 financiers, as detailed in Table 1 and Table 2. Each participant was interviewed once, totalling 36 single-session interviews. Interviews lasted from between 40 and 120 minutes and were translated and transcribed shortly afterwards.

ID	Informant	Stage	Industry/domain focus
Angel_01	Business owner	Seed	Diversified / opportunistic
Angel_02	Business owner	Seed	Diversified / opportunistic
Angel_03	Retired upper management	Seed	Diversified / opportunistic
Angel_04	Business owner	Seed	Diversified / opportunistic
Angel_05	Business owner & head of an entrepreneurial university program	Seed	Diversified / opportunistic
VC_01	Director	Start-up	Diversified / conservative
VC_02	Investment manager	Later stage	Diversified / conservative
VC_03	Investment associate	Later stage, growth	Diversified / conservative
VC_04	Director	Later stage, growth	Diversified / conservative
CVC_01 (Banking and finance)	Director	Start-up, later stage, growth	Opportunistic, based on corporate strategy
CVC_02 (Banking and finance)	Investment manager	Later stage, growth	Opportunistic, based on corporate strategy
CVC_03 (Telecommunication)	Director	Later stage, growth	Opportunistic, based on corporate strategy
CVC_04 (Banking and finance)	Investment associate	Later stage, growth	Opportunistic, based on corporate strategy
CVC_05 Telecommunication	AVP	Seed	Opportunistic
GOV_01	Grants manager	Seed	Diversified according to national priorities
GOV_02	Director of digital start-up institute	Seed, start-up	Diversified according to national priorities

Table 1 List of financier informants

² Crunchbase is a website providing information about new ventures, including their funding.

³ Techsauce is a local technology media reporting news about Thailand’s entrepreneurial ecosystem.

ID	Informant	Business type	Domain focus/ Description	Funding sources	Financiers
EN_01	CEO, co-founder	B2C/service (global)	Financial services / Growth	Angel investors / CVC	CVC_01
EN_02	CEO, co-founder	B2C/service (global)	Financial services / Seed	Angel investors / VCs / accelerator	ACC_01
EN_03	CEO, co-founder	B2C/service (local)	Ticketing services / Growth	Government subsidies / VCs (on-going negotiation)	GOV_01
EN_04	COO, co-founder	B2C/service (local)	Tourism / Growth	Accelerators / VCs / Government subsidies	ACC_01 / VC_01
EN_05	CMO, co-founder	B2B/C/service (local)	Online marketplace for small vendors / Growth	Accelerators / Angel investors / VCs / CVCs / Government subsidies	ACC_01 / VC_01
EN_06	COO, co-founder	B2B/C/service (global)	E-commerce fulfilment / Growth	Accelerators / VCs / Government subsidies	VC_02 / GOV_01
EN_07	CEO, co-founder	B2C/service (local)	Financial services / Seed	Angel investors / CVCs	
EN_08	CEO, founder	B2C/service (regional SEA focus)	Financial services / Growth	Accelerators / Angel investors / VCs / CVCs / Government subsidies	ACC_01 / VC_01 / GOV_01
EN_09	CTO, co-founder	B2C/service	Online marketplace for venue / Growth	Accelerators / Angel investors / VCs / CVCs / Government subsidies	Uni_01 / VC_01 / GOV_01
EN_10	CEO, co-founder	B2B/C/services (local)	Ticketing services / Growth	Angel investors / VCs / CVCs	CVC_01
EN_11	Founder	B2B/product (local)	Online marketplace / Growth	Angel investors / VCs (approaching)	Angel_01
EN_12	CEO, co-founder	B2C/services (local)	Online marketplace for small vendors / Seed	Angel investors / CVCs / Government subsidies	GOV_02
EN_13	CEO, founder	B2C/services (local)	Online learning and teaching marketplace / Seed	Angel investors / CVCs	Angel_01 / Uni_01
EN14	CEO, co-founder	B2B/C/services (global Asia focus)	Financial services / Growth	Angel investors / VCs / CVCs	CVC_02
EN15	VP, regional business development	B2B/C/ services (regional SEA focus)	Online marketplace for small vendors / Growth	Angel investors / VCs / CVCs / Government subsidies	GOV_01
EN16	CEO, co-founder	B2B/C/services (regional SEA focus)	E-commerce fulfilment / Growth	Angel investors	
EN17	CEO, co-founder	B2B/C/products (local)	Machinery and equipment / Growth	Angel investors / VCs / CVCs / Government subsidies	VC_02
EN18	CEO, co-founder	B2B/C/services (regional SEA focus)	Social data intelligence / Growth	Angel investors / VC	VC_02
EN19	CEO, founder	B2B/services (global)	Biotechnology / Seed	Accelerators / VCs / Government subsidies	Uni_01 / VC_01 / GOV_02
EN20	CEO, co-founder	B2B/service (local)	Property management platform / Seed	Angel investors / CVC / Government subsidies	Angel_04 / CVC_01

Table 2 List of entrepreneur informants

3.3 Analysis

The data were analysed based on the Gioia et al. (2013) organisational coding method. The method includes a presentation of the first- and second-order analysis and overarching themes. The coding was separately done for the first-cycle concept by looking at practices between entrepreneurs and a specific type of financier. In addition, it was performed separately between the entrepreneurs and the financiers. As it progressed, the data from both sides were compared, giving a sense of how a relationship was developed. The data were then clustered around these investment timelines.

Given the research question, the focus was on statements broadly encompassing both parties' practices in making a deal and investment, rather than narrowly restricted to economic concerns. For example, statements referring to a direct tie between entrepreneurs and financiers, such as 'friend' or 'former colleagues', were grouped into a broader thematic category of 'informal relationship'. These broader categories of first-order analysis were redefined to best capture the phenomenon of interest. In the interviews, the discussion did not simply happen as a linear process in which informants recounted their stories chronologically. This was particularly so for entrepreneurs, most of whom are involved in multiple processes of external financing. Thus, other parts of the interviews were located on relevant themes to help complete the whole picture (see Figure 2).

The next step of the analysis was axial coding, linking the first-order concepts to broader second-order theoretical themes. This research was expected to reveal a pattern of relationships between entrepreneurs and a specific type of financier. Thus, this stage of analysis was a reflective process in which data were considered in tandem with the literature to explore descriptive categories that would be best not only for general explanations across types of financiers but also to leave room for the subtle nuance of comparison.

Across the investment timeline, the second-order themes generated generic categories of 'leveraging social capital', 'identity mechanism', 'organisational mechanism', 'governance model' and 'resources exchanged'. The first-order concepts that emerged under the tie between an entrepreneur and a particular financier were consolidated to a more specific form under these descriptive categories. For example, a second-order theme of 'pre-existing trust' emerged in relationships with angel investors, and one of 'cognitive social capital' emerged in relationships with venture capitalists, analogous to a category of leveraging social capital. Lastly, aggregated dimensions of institutional logics were introduced to depict what underpins the relationship between entrepreneurs and financiers. This approach enables us to capture the empirical paradox that sparked considerable attention because of the disparity between the 'ideal logic' that ought to be in place and prescribe interactions, and "actual logic" the institutional practices and values encountered in interactions between entrepreneur and financier on the ground in the emerging market context of Thailand.

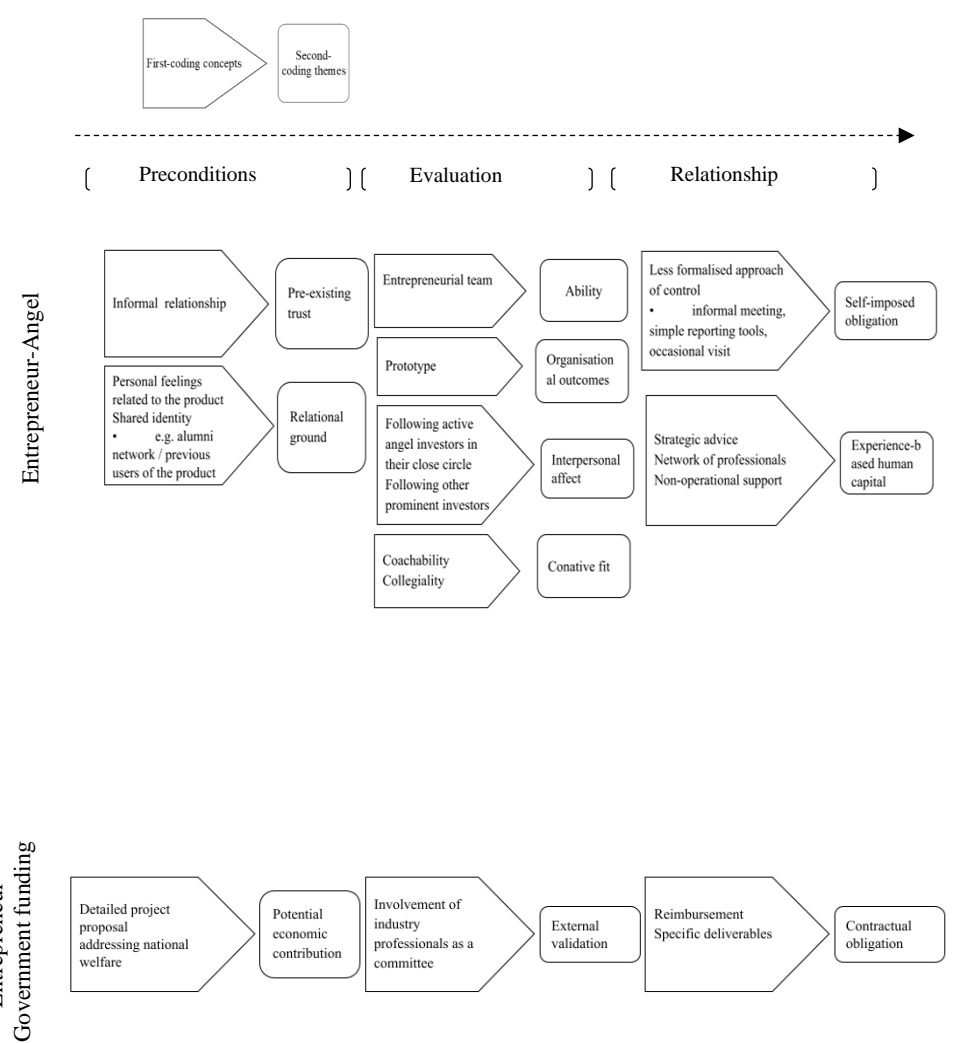
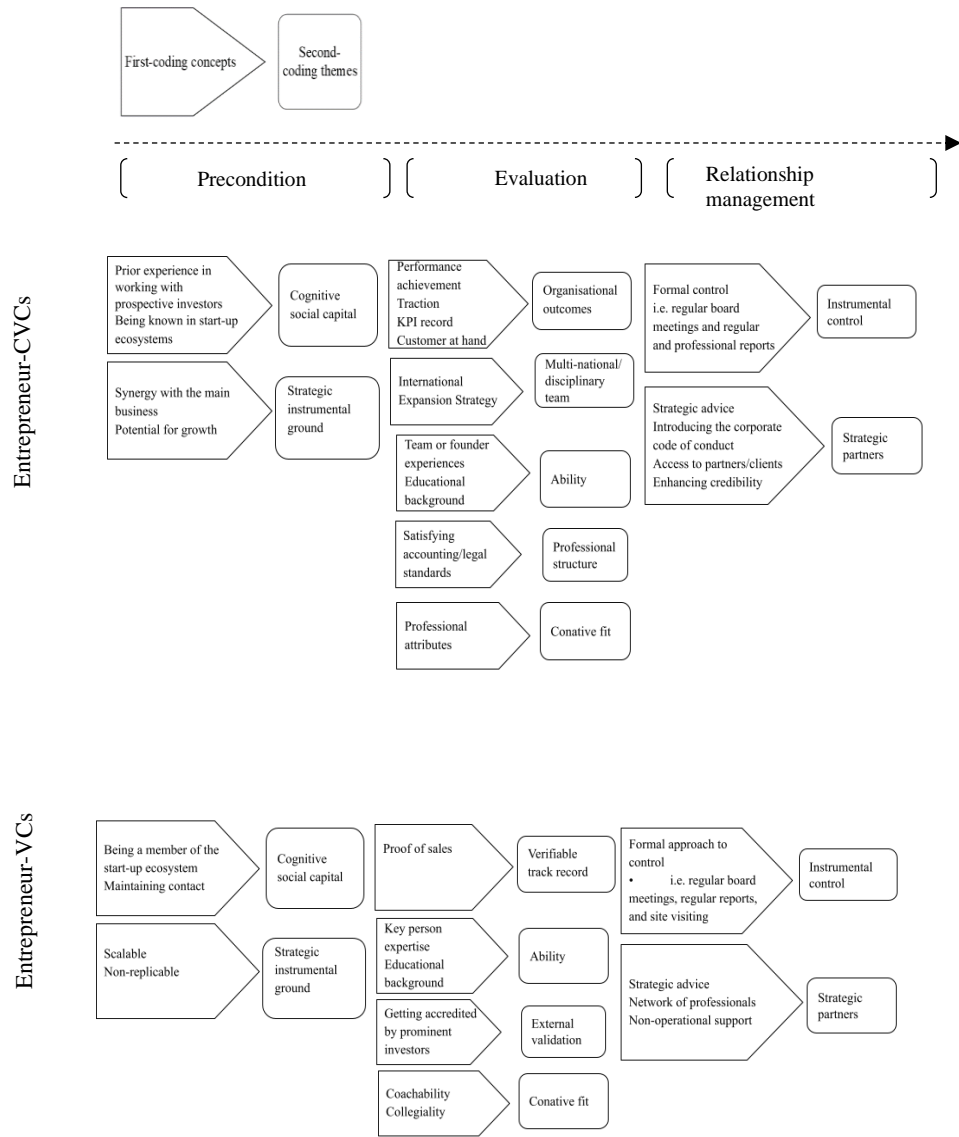


Figure 2 Coding map across financing timeline for entrepreneurs and investors

Table 3 provides a concise summary of the institutional logics employed as archetypal categories for examining the material, as well as typical practices.

Logics	Typical practices
Market	<ul style="list-style-type: none"> - Looking for deals - Staying opportunistic - Chasing profits - Being competitive
Community	<ul style="list-style-type: none"> - Building relationships - Actively participating in communities - Having shared goals
Professions	<ul style="list-style-type: none"> - Gaining deep knowledge for respect - Expertise in the field - Being known for success - Working closely with clients
Corporates	<ul style="list-style-type: none"> - Tech and product scouting for companies - Planning for consistency and efficiency - Organized roles for better oversight - Slow decision-making
State	<ul style="list-style-type: none"> - Thorough, science-based assessment - Choosing projects for public benefit - Formal procedures

Table 3 archetypal categories of institutional logics for new ventures' audiences

Sources: Adapted from Thornton et al. (2012), Greenman (2013), Pahnke et al. (2015), Fisher et al. (2016), and Fisher et al. (2017)

Upon identifying the underlying logics and practices that shape the relationships between entrepreneurs and their financiers, the analysis shifted to the strategies entrepreneurs employ when faced with the complexity of multiple financiers. Staying closely aligned with the data, two broad patterns emerged regarding the entrepreneurs' perspectives on this multiplicity. Through iterative analysis, these perspectives were further refined, revealing nuances in the sources of multiplicity, the actions taken, power dynamics, and the entrepreneurs' views on the relationships. Building on these observations, it becomes possible to delineate specific characteristics inherent to each identified pattern. This allows for an elevation to a more abstract level of analysis, where the strategies are distinctly categorized into two primary patterns for navigating multiple logics: cooperation and compartmentalization.

4. Findings

To explore how emerging economy entrepreneurs navigate multiple institutional logics throughout their investment relationships, we present the empirical findings in two parts: The first outlines the institutional

logics underpinning the relationship between entrepreneurs and financiers, detailing the relational building blocks formed through discrete practices across the investment process, and reporting themes from various entrepreneur-financier ties. Demonstrating even greater complexity, the second part explores how entrepreneurs manage these logics across financiers.

4.1 Logics underpinning entrepreneurs and financiers relationship

This section of the findings presents the institutional logics encountered by focal actors. The discrete practices spread throughout the investment process serve as building blocks of relational development between entrepreneurs and financiers. The following subsections will report themes that emerged from data among various entrepreneur-financier ties (for more representative data of elements involved in the entrepreneur-financier relationship, see “Appendix B”).

4.1.1 VCs and guarded professional logic

Growth in the Thai VC sector set the stage for a deeper and more structured engagement between entrepreneurs and venture capitalists, characterized by professional logic. As detailed in Table 4, with venture capitalists specializing in funding diverse high-potential startups, "guarded professional logic" denotes norms rooted in specialized knowledge, expertise, and credibility (Zhou 2005), but reflecting a conservative risk profile inherited from a professional logic rooted in the banking sector. As GOV_02 noted,

In the perspective of finance, Thailand is what we call a bank-based country... Most of the money, like for factories, is primarily from banks. Therefore, the banking sector is quite large and has a significant impact on the country's ability to create innovation.

This reliance on traditional banking models presented challenges, particularly in financing innovation, as the methods used for innovation investment were not distinct from standard loan issuance. The lack of specialized knowledge in technology and innovation management further compounded these challenges. The government's new approach to startup financing, treating investments more like equity than debt, led to the creation of the fund VC_02 works for. “[The government] decided to involve fund managers with business knowledge to invest in startups and help them grow”, according to VC_02.

Types of investors	Origin of logics	Institutional logics shaping the relationship	Preconditions		Evaluation		Relationship management	
			Leveraging social capital	Identity mechanism	Organisation mechanism	Interpersonal fit	Mode of governance	Resources exchange
CVCs	-Bounded opportunism -Multi-national/ disciplinary teams -Opportunistic mindset	Corporate-professional hybrid	Cognitive social capital	Strategic instrumental ground	Organisational outcomes Ability Multi-national/ disciplinary teams	Conative fit	Instrumental control	Strategic partners
VCs	-Risk averse venture capital Initiatives -Modernizing venture capital funds -Business mindset	Guarded professionalism	Cognitive social capital	Market potential	Verifiable track record Ability External validation	Conative fit	Instrumental control	Strategic partners
Angel investors	-Informal and personal nature of Thai Angel investing -Learning focus -Contrast with more developed pathways	Community-market hybrid	Pre-existing trust (<i>Guanxi</i>)	Relational ground	Ability Organisational outcomes External validation	Interpersonal affect	Self-imposed	Experience-based human capital
Government funding	-Policy shifts towards broader entrepreneurial support -Bureaucratic constraints in funding mechanisms	Fragmented state-market hybrid	N/A	Potential economic contribution	External validation	N/A	Contractual obligation	N/A

Table 4 Summary of pathways of how entrepreneur-financier relationship emerge.

The industry's evolution also led to a shift in the recruitment and required expertise within VC firms.

VC_02 shared her view,

First and foremost, you need to have a business mindset. You can be a tech guy, but not overly techy, because we are not doing app development or writing programs ourselves. You need to have a business background, a business mindset. As for finance, you don't need to have a lot of knowledge in it since it can be taught ... what's important is to have a business mindset..

This narrative underscores the diversification of backgrounds and skills in the VC sector, where finance, strategy consultancy, and a robust business mindset are highly valued. "Mostly, we focus on backgrounds in finance or strategy consultancy," added VC_03.

As preconditions for initiating relationships, venture capitalists are accessed through the cognitive dimension of social capital, which is established through shared understandings and cannot be obtained without investment. Identity mechanisms serve as a focal point for venture discussions. This is illustrated through the following quote from one entrepreneur:

It was not difficult at all in my case [to initiate a deal]. When we had the right product, we're in the start-up's circle, and everyone knew us. VCs would approach us quite often. We then could talk and establish a connection. If we were not ready to raise a fund with them, it's still OK.
(EN_01)

In addition, all financiers seek monetary incentives, and venture capital firms specifically seek scalable and non-replicable market potential as the following quote highlights:

It must be a business that integrates technology into its business model to scale. I'd say 'scale' means if we need two times output, we may not put in the same amount of input. We may put in three times the input; we may get ten times the output. It's whether [a business is] scalable. (VC_01)

At the point of evaluation, a relationship is formed if ventures demonstrate their strong ability and organizational outcomes. Venture capitalists evaluate credibility through the ability and past achievements of a venture as a hedge against uncertainty inherence by the new ventures. The ability is linked to the capabilities of the founding members or key staff, while past successes indicate organisational outcomes. References to the 'team' or 'co-founder' are common. Venture capital funds sometimes base their investments on perceived judgment quality, especially regarding a venture's value. Deals with venture capitalists are more likely if renowned investors support the valuation as external validation. Additionally, establishing an interpersonal fit through conative alignment or demonstrating cooperative intentions plays a central role in solidifying the investment relationship. The following quotes provide insight into these aspects:

Apart from a clear vision that others do not have, you must be able to execute. They will consider how good the team, [including] management level and the founding team are. What has been done before by the founder? All of these are see-through during talks. If you've never done this before, the investors will know you haven't closed the funding round, terms and conditions, etc. The prominent VCs in Asia ... know a lot about this kind of stuff. They knew my previous venture. (EN_02)

Even though some practices of developing relationships resemble those in developed economies, the traits of being risk-averse in investment exist as part of investing terms at the expense of entrepreneurs, especially those who do not know how to play the game. Several entrepreneurs mention the conservative views of many VCs. The EN_06 expression best captures this situation.

[In Thailand], to raise your first series of funding, you must prove that you can make sales, not just finish a prototype. It's very sad for Thailand; even though it has developed, it's still in a very bad stage compared to the region. Partly because Thailand hasn't had any startups that are proven successes yet ...so, I think VCs are still wary. Looking back 3-4 years, it was terrible. You could raise 1-2 million THB for a 20% stake, which is roughly 5 million THB for a 20% stake, and those weren't just flimsy startups ... back then, startups had no bargaining power at all. But now, things have improved, though they are still worse off than other countries like Vietnam, Indonesia, Malaysia. Thailand is in a different league.

Once the relationship has been established, central to this is ensuring that their goals are met. Governance through *instrumental control* mechanisms, such as formal meetings and regular reporting, plays a crucial role in this stage, ensuring transparency and accountability as described:

Reports, etc., will be more official. [Including] how our KPI, growth, and product roadmap look, and whether [targets] are hit. Who are the new customers on-board? ... things like our Profit & Loss and Balance sheet are what investors are serious about. (EN_14)

Furthermore, the investors play a vital role of strategic partner, such as strategic advice and network building, to ensure the venture's success and goal alignment. An entrepreneur (EN_18) sheds light on this aspect, stating,

We previously ran [the company] by circulating the profit, making it hard to expand [due to] fewer options in financing. When we got the investors, at least there would be someone to crosscheck on how money is spent, which I like.

In addition to providing strategic advice, investors also actively contribute to expanding the venture's network. As described by EN_14, *'Many investors work together. Some funds may focus on a particular cheque size. When the size exceeds their limit, they will help introduce [us] to other investors.'* This cooperative nature amongst investors ensures that the venture has access to sufficient capital and resources, creating a supportive environment for growth. The entrepreneur further explains the mutual benefits of this arrangement, stating,

They know that what they invest at the beginning will be gained if our valuation increases. This is why they want to introduce us or raise the next round. It's the way they help us.

The quote highlights the strategic considerations of investors in fostering relationships, emphasizing their vested interest in the venture's success.

4.1.2 CVCs and corporate-professional hybrid logic

First movers in the Thai CVC sector were foreign telcos, importing the corporate logics and opportunistic investment associated with disruptive innovations. As CVC_03 describes: *'It was initiated by our [Singaporean] parent company... around 2011-2012, [they] started having initiatives to find new technologies for digital transformation.'*

CVC_02 notes that in the development of the Thai corporate landscape *'there were telcos first, then banks, and in the past 1-2 years, general corporates.'* As the CVC sector in Thailand expanded, there was a noticeable shift in the recruitment strategies of these firms. They began to assemble teams with a diverse array of skills, ranging from technical prowess to business acumen and financial expertise. The backgrounds of individuals like CVC_01, with a foundation in engineering and experience in a Japanese VC fund, and CVC_03, with a combination of computer engineering and finance degrees, exemplify the kind of multidisciplinary talent that became integral to the CVC world. CVC_03 shares their personal

journey, highlighting the interplay between their finance background and the evolving venture capital sector:

Initially, my goal was to study finance... However, I also became interested in venture capital... But at that time, since I had to return to Thailand... I ended up working as an investment banker.

In addition to building multi-disciplinary domestic teams, Thai CVCs also looked beyond their borders to enhance their investment strategies. They actively sought to learn from and participate in global markets. CVC_02 discusses this outward-looking approach, emphasizing the importance of international exposure:

Besides direct investment, we also have fund of fund investments... We're interested in these technologies, but given that technology in Thailand isn't as advanced, we need to look farther afield.

Corporates have been key players in Thailand's entrepreneurial ecosystem, particularly pioneering startup investment styles in conjunction with the development of VC funds. Consequently, the entrepreneur-corporate venture capitalist (CVC) relationship has evolved, incorporating a hybrid of corporate logics and professional logics inherited from VCs, detailed in Table 4. CVC funds merge traditional venture capital practices with corporate characteristics, including tech scouting, strategic planning, and the establishment of organized roles for oversight and decision-making.

Mostly, the practices shaping the relationship resemble those of entrepreneur-venture capitalist ties. To begin with, preconditions for further developing the relationship are drawn from leveraging cognitive social capital. Moving through the evaluation, the outcomes of the venture and the ability of those who harness it are the key considerations to assess the investment opportunity. In addition, both entrepreneur and corporate venture capitalists are committed to working in partnership for a significant period during the investment stage. Thus, conative fit is another key ingredient for relational development. Entering the relationship management stage, both parties are held together by instrumental control and the exchanges of strategic partnership.

In the context of CVC investment in Thailand, it's essential to understand the underlying professional logic that shapes their approach. CVCs, while embracing the opportunity to invest in promising startups, remain cautious, exhibiting a risk-averse nature that often complicates startups' access to financing. This cautious approach underscores the challenges startups face in navigating the investment landscape, particularly when seeking equity financing. CVC_02 sheds light on these challenges, explaining that for startups in Thailand, the traditional funding avenues—such as bank loans—are practically inaccessible – as startups typically lack the necessary track record and collateral:

In Thailand, when startups seek funding, they predominantly turn to VC. However, the scarcity of VCs in Thailand means that CVCs become the primary source of equity financing. Yet, securing deals with CVCs is far from straightforward and occurs less frequently than one might expect, CVC_02 observes.

Unlike the more indiscriminate investment strategies seen elsewhere, where funds might invest in a broad portfolio of early-stage startups and expect a significant portion to fail, CVCs in Thailand adopt a more conservative stance, that reflects the conservative banking focus of recent history.

The risk of failure is taken much more seriously. A startup's failure can have significant repercussions, potentially causing unease within the company's board. Therefore, we must be thoroughly convinced of a startup's viability and potential for at least breaking even before committing to an investment. (CVC_02).

This cautious approach is further illuminated by another perspective within the CVC community.

CVCs may seem to operate under the 'same old' principles, but a deeper understanding reveals nuances. Some CVCs, particularly those with international experience, possess a keen insight into what makes a startup investment-worthy. However, the challenge remains in the startup's ability to demonstrate its value and potential, particularly in a global context, EN_19 points out.

Nonetheless, the traits of corporate logic are passed on through the relationship, distinct from those with venture capitalists. As perceived by corporate venture investors, the locus of opportunity is both internal and external. A precondition for further discussion about a focal venture is the alignment of their identity. In other words, they seek potential complementary to their parent organisation as much as financial return from the investment. Therefore, a strategic instrumental ground will enhance the possibility for a deal to gain further consideration with corporate venture capital funds. One informant mentioned the need to:

In a talk with corporate investors, we need to present two aspects. The first thing is company growth. The second thing is, how can we collaborate. These are used to convince corporate investors. (EN_12)

Moreover, the formation of the relationship requires consistency and well-organised practices for better oversight. The different focus among other financiers is having a professional structure. One entrepreneur described his experience that.

Oh ... CVCs. They looked at ... if [you] have not yet generated profit, it is still fine, but the financial figures must be correct [emphasis]. I used to deal with a Japanese company. It's one of the biggest car rental companies in Japan. When I talked to this investor, I couldn't answer anything about accounting. In the end, they sent a rejection email that they couldn't invest in my company because I couldn't answer all of their accounting questions ... they said our accounting system was horrible and they couldn't make the deal. I then knew I needed to improve the accounting system. (EN_08)

4.1.3 Angel investors and community-market hybrid logic

The Thai angel investing sector was traditionally dominated by a close-knit group of high-net-worth individuals, notably from the Thai Chinese business association. This influenced behaviours more closely associated with traditional values of Guanxi, with community participation, trust and learning more important than personal gain. Angel_02 and Angel_04 highlight this:

I'm not an investor for the money. I'm an investor to follow the world I also like to watch and see how this generation works, how they do their work, what they think, why they are like that. I enjoy seeing new things all the time. It's also the reason why I'm not aggressive. (Angel_02)

On day 1, the expectation was not really about returns or financial gain. It was more about the excitement of trying something new, testing new things. Obviously, the risk was very high. We knew that the survival rate for startups is very low. So, the return, when you ask about it from the perspective of day 1, wasn't even considered ... day 1 was about joining and learning new things, and then seeing if we could make it happen. (Angel_04)

Nevertheless, personal gains remain important,

But once 2-3 years have passed, obviously we have to start looking at returns because we've invested both effort and money. So, then we start considering that the return can be both short term and long term, right? And the expectations, well, they have to be 10 times, especially if we're talking about startups. (Angel_04)

As such, the entrepreneur-angel investor relationship is characterized by a unique blend of personal and communal interactions, evolving through what can be termed a community-market hybrid logic. Detailed further in Table 4, this encapsulates the balance between the personal gains sought by angel investors and the practices typical of community logic. Community logic is rooted in the principles of relationship building, active participation within communities, and the pursuit of shared objectives. In this nuanced relationship, angel investors engage closely with entrepreneurs, blending their personal interests with a community-oriented approach, fostering a supportive and collaborative environment. Additionally, a disconnect exists between less experienced, younger entrepreneurs and older, wealthier, more seasoned individuals. This divide is evidenced by comments on the nature of investment, where some angels, lacking execution drive, still seek involvement: *"what often comes with angel investors is that some might like an idea but lack the energy to execute it themselves. They are willing to finance it and let someone else run with it wanting to be involved somehow"* (EN_04). This perspective highlights the varied motivations behind angel investments and underscores the challenge of aligning investor support with entrepreneurial needs for hands-on guidance and execution. Angel investors present a marked diversity compared to corporate venture capital and venture capital entities.

Although wealthy individuals showed interest in this form of investment, deal proceedings typically originated within a tightly knit group. Preconditions for initiating relationships involve leveraging different forms of social capital and identity mechanisms — *pre-existing trust* and *shared identity*. Predominantly driven by informal networks and personal investments, this sector fosters close yet experience-divergent ties between investors and young entrepreneurs. This close-knit group is difficult to engage with where entrepreneurs lack *guanxi* (or personal trust). One investor highlighted this gap, stating, *'We don't have a clear path to finding and pitching to angel investor groups for funding'* (BA04), pointing to a heavy reliance on personal savings or family resources for funding. The importance of pre-existing trust in forming relationships between entrepreneurs and angel investors is apparent. *"Mostly, we know [the investors] beforehand. They are friends who have watched us work on the venture project for one or two years,"* explains EN_07, highlighting the depth of these personal connections. 'Friend' and 'colleague' are terms denoting informal professional relationships, distinct from personal connections, mirroring our informants' language. These terms describe industry peers linked by shared professional goals, with interactions anchored in a mutual professional setting rather than personal lives.

These investors not only value trust but also seek relational grounds based on commonalities, be it in venture ideas or a shared sense of belonging. An alumnus leading a group of angel investors, Angel_05, expresses this sentiment:

We do this by giving them a try with [business ideas] by their own hand. If they fail, they will learn something. [It's fine if the money is lost] because we usually support the school financially every year. We invested in them; if they survive, the gain will be reinvested in other start-ups in the university.

Expanding on this sentiment, an encounter with a member of our alumni group is described.

At first, I talked to XXX from our alumni group, and... the seniors there are quite supportive of startups. It's our good fortune to have such strong, kind, and wealthy seniors. They showed interest, but we also went to talk to VC_01. (EN_09)

During the evaluation phase, like other investors, angel investors weigh the abilities of the founding team and the potential outcomes for the organization. They often seek external validation, especially in determining a venture's valuation, with a tendency to co-invest within their close network. EN_13 sheds light on this practice, stating,

In the group [of angel investors], there are influencers. Addressing their expectations and alleviating their fears is key. Convincing them can lead to nominations of other investors in their circle.

Entrepreneurs often perceive these investors as followers, especially in significant funding rounds, adhering to the terms set by more professional investors like corporate venture capitalists or venture capitalists.

The emphasis on interpersonal fit, particularly influenced by interpersonal affect, becomes crucial when prior personal ties are absent. Angel investors prefer startups led by individuals they find likable and trustworthy. Angel_01 remarks

They [entrepreneurs] need to be open. If it seems they're trying to hide something, which I experienced myself and it didn't end well, because they're economical with the truth, I won't invest.

EN_07 adds a perspective on the significance of personal chemistry:

One of the difficulties in talking to angel investors is that, what if it doesn't click? No chemistry, the deal may not happen. If they invest, they have to work with [us] for years. For meeting every quarter or two quarters, if they don't like us, they won't invest.

Upon establishing a relationship, angel investors lean towards less formalized control methods, relying on *self-imposed obligations* by entrepreneurs to honour their commitments. The relationship is driven by a mutual desire for growth and success, with investors providing freedom for entrepreneurs to navigate their company's growth. EN_01 captures this sentiment:

It's like they believe in us. We must push [the success] out. The most difficult is, we must find the business model whatever. It's not like we got their money for fun, to do nothing or don't find a way to generate revenue. We can't be like that in business.

Investments from angel investors often encompass not just monetary incentives, but also a valuable infusion of experience-based human capital, fostering a unique environment of mentorship and opportunity. “*They bring their business experience, offering substantial internal guidance,*” says EN_20, highlighting the practical support angel investors provide. EN_13 concludes, “*They are realistic, rely less on paperwork, and focus more on interaction and discussion.*”

In a notable example of the quasi-community logic in action, Angel_01 recounted a situation where an entrepreneurial venture faced a decision about acquiring a building for 15 million baht. Instead of pursuing traditional financing routes, the angel investor offered a direct loan, embodying the supportive, all-hands-on-deck spirit prevalent in the Thai angel investing community. “*This level of support, where it's all-hands-on-deck, is quite unique to our country. 'Need money? Let's go for it' is the prevailing attitude,*” Angel_01 explained. This approach not only highlights the depth of financial support but also reflects a profound commitment to the entrepreneurial venture's success, going beyond conventional investment dynamics.

As the Thai angel investment scene continues to evolve, its distinct blend of personal engagement and communal support sets it apart from more structured approaches seen in neighboring countries. Entrepreneurs in Thailand benefit from a uniquely supportive network, although they also navigate challenges stemming from the informal nature of these relationships.

Comparing angels in Malaysia or Indonesia with those in Thailand, the difference is stark. Angels there have clear foundations; they invest, follow up, connect, and provide a pool of resources to startups' (EN11).

The contrast underlines the diversity of investment cultures across Southeast Asia, with Thailand's community-market hybrid logic offering both unique advantages and challenges for startups.

4.1.4 Government funding and fragmented state-market hybrid logic

The Thai government's approach to funding innovation has traditionally been characterized by considerable bureaucratic and regulatory hurdles, making it difficult for the state to dynamically interact with innovative ventures. As GOV_02 insightfully notes, *“The state processes and mechanisms make funding innovation difficult... venturing into co-investments or strategic investments is quite challenging.”* However, a move towards more market-oriented approaches is in evidence:

There's been a shift in policy focus towards downsizing at the entrepreneur level... leading to the creation of new financing tools, like the TED fund, intended as seed money for high-innovation entrepreneurs, states GOV_02.

The entrepreneur-government relationship, detailed in Table 4, is predominantly driven by state logic with the aspirational goals of an opportunistic market logic. The merit system of funding allocation used by public bodies requires a feasible project with a *potential economic contribution* for further evaluation. Entrepreneurs reported the need to justify the broader effect of their project. One entrepreneur described:

... it's about SMEs. Most government agencies are really into this. Thai SMEs can't grow effectively and sustainably, and it matches with our vision ... [the government] think that our business can help boost Thai SMEs' growth as a whole. (EN_06)

For public funding agencies, external validation is vital for their decision to support a venture. Their lack of market knowledge leads them to involve real investors in the evaluation process to ensure the commercial success of a prospective project.

Unlike other financiers, interpersonal fit does not appear in the case of government funding. No respondents referred to it as an important factor in funding decisions. By its nature, government capital aims to support the specific development of a product or project perceived to help new venture growth.

Nevertheless, the funding administrators see their role as allocating financing rather than being a business partner. This implies that no other match between the parties is required to maintain the relationship. Interestingly, the form of relationship governance imposed by public funding agencies contrasts sharply with other financiers. The focus of government support is on the accomplishment of a specific project proposed by a new venture rather than on the company's growth. Therefore, the exchange relationship, in this case, involves adhering to a prescriptive contract. One entrepreneur described his experience:

If it was for product development, it would be written in a contract. We had to state what will be delivered. Sometimes, we had features that we thought we would do at the beginning, but we found out later that customers did not want those features. Nevertheless, we had to keep doing as we promised to do. (EN_20)

Angel_04, an investor in a technology startup, further illuminated the challenges posed by these mechanisms. *'The financial support is there, but the attached strings aren't always aligned with business realities,'* he remarked. The bureaucratic hurdles—requiring startups to complete over a hundred tasks just for fund access—place an untenable burden on already stretched-thin ventures.

Analysis reveals that, while relationships between entrepreneurs and public funding bodies can be more straightforward than those with traditional VCs, the nature of government support can appear fragmented. EN_19 describes navigating this landscape:

...the essence of their operation is neither purely governmental nor entirely venture capitalist. This duality is why, in selecting a funding source, we assess the value beyond the capital ... it's about discerning which collaborations will be most beneficial, not merely who will approve our application.

This highlights the importance of strategic selection in public funding, urging entrepreneurs to carefully assess potential partnerships for their growth potential, operational style, and the comprehensive support on offer.

4.2 Entrepreneurs' interaction with multiple financiers

In the preceding section, we delved into the interactions between entrepreneurs and various types of financiers, each characterized by distinct logic prescriptions. In this segment of our findings, we shift our focus to how entrepreneurs integrate diverse logics, revealing the varied paths they take in their relationships with financiers. Two distinct paths – 'cooperate' and 'compartmentalise' – emerge from the data. These paths are determined by the following building blocks: sources of multiplicity, action, power dynamics, and the entrepreneurs' perspectives on the relationship. Table 5 provides a summary of how

entrepreneurs navigate through multiple institutional logics (for more representative data of different modes of navigating multiple logics, see “Appendix C”).

Navigating multiplicity	Cooperate	Compartmentalise
Sources	Mixtures of community-market hybrid, guarded professionalism, and corporate-professional hybrid	When fragmented state-market logic is involved
Action	Reducing multiplicity A simplification or merging of different logics	Separating multiplicity A particular logic without letting it interfere with others
Power Dynamics	Conferment of power within the relationship A more intertwined or symbiotic partnership	Does not confer power in the venture A more distant relationship
Entrepreneur's Perspective on the relationship	The more nuanced or multifaceted exchange	A more transactional and clear-cut arrangement

Table 5 Overview of how entrepreneurs navigate multiple institutional logics.

4.2.1 Cooperate

When faced with multiple logics, entrepreneurs often choose to collaborate to simplify the situation. This complexity arises especially when there is a blend of community-market hybrid, guarded professionalism, and corporate-professional hybrid. Such situations commonly occur when entrepreneurs engage with multiple investors in one funding round or when they have a diverse group of investors in subsequent financing rounds. For example, a diverse group of investors in a funding round might include angels, venture capital firms and corporate venture capital firms.

Under these circumstances, entrepreneurs appear to simplify various logics, merging them into manageable approaches to advance their venture. This is evident in the common practice of having a 'lead investor'—typically the one investing the most—who sets the investment terms and conditions. Entrepreneurs then view this lead investor as the representative of all investors, streamlining communication and decision-making. The logic of this lead investor imprints and substitutes for the discrete logic of the other investors as EN_09 aptly describes:

When we have multiple stakeholders in the same round, according to the proper practice, the followers should just follow ... when it comes to deciding on terms and such, we negotiate with only the main stakeholder. The others either follow or they don't.

Entrepreneurs proactively align their investor base, ensuring shared goals and visions right from the outset. EN_20 shares, “*There's no difference because everyone wants the company to grow in the same direction. The company's directions have been discussed since the very beginning, from the angel investors to the VCs.*” The role of angel investor declines as their board presence decreases to a single

representative. Though they stay on as vigilant shareholders, they tend to contribute less, stepping back to allow the CVCs to take a more active role in steering and fortifying the company.

While communication with lead investors is vital, entrepreneurs also grapple with balancing varied investor interests. Most investors, except for government funders, will require equity in the venture in exchange for finance and other forms of support. In practice, these investments will have board seats and, in some way, can exert influence on the company, reflecting the power dynamics between entrepreneurs and financiers. The entrepreneurs typically take suggestions from boards into consideration, balance different demands that might arise, and later justify what is best for the venture. According to EN_15:

There are cases where, for instance, CVCs might say, 'I'd like xxx to move more in this direction,' but the VCs might respond, 'That benefits only you.' ... However, in the end, it depends on the board of directors ... ultimately, I believe it's up to the CEO. After all, this business is their 'child'.

Echoing this, even if some investors do not hold board seats, they still hold stakes in the focal venture. En_12 points to leveraging a relationship with the investor by keeping them informed and taking their advice non-judgmentally:

... legally or from an investor's perspective, there's nothing mandatory ... we give them due consideration when we're about to do something ... we don't just ignore them, but it's not like we have to believe everything they say.

Based on this, entrepreneurs view their relationship with investors as a multifaceted exchange, encompassing both material and non-material resources. They see non-material contributions, like advice, as being offered with good intentions. Consequently, they approach such ideas with care, not dismissing them hastily without thorough consideration as part of deconstructing complexity to a more unified direction that aligns with the company's goals.

4.2.2 Compartmentalise

Entrepreneurs often demonstrate a unique pattern of behaviour when dealing with complex regulatory frameworks, especially those involving government policies. They frequently seek support from government funding organizations in addition to securing equity financing. Notably, government organizations do not typically demand ownership stakes in the entrepreneurs' ventures, which leads entrepreneurs to perceive state regulations as a distinct entity. They tend to selectively comply with these regulations, choosing to do so only when it offers clear benefits to their ventures, and may opt not to comply when it doesn't contribute positively to their endeavours.

The received wisdom regarding government funding support posits it as a linear process, often being the initial external financing option for budding ventures. However, our data challenges this notion, revealing that entrepreneurs strategically utilize this financing at various stages of their venture's development. This strategic use arises partly because the government, aiming to boost both the survival and success rates of new ventures, has developed various schemes and has yet to consolidate its position in the emerging ecosystem. Some entrepreneurs leverage government funding before exploring equity financing (EN_03 and EN_06), while others tap into it even after securing an equity fund (EN_04, EN_05, EN_08, EN_09, EN_12, EN_15, EN_17, EN_19, and EN_20).

These practices introduce additional logics and potential demands on ventures, alongside those imposed by equity investors. Nevertheless, entrepreneurs typically regard government funding as a distinct entity, ensuring it does not hinder their venture's progress. EN_19 explained,

Honestly, we try to stay away from the government as much as possible; we don't want to get involved because we've had conflicts before. Some funds don't really fit with us. They require upfront payment, which is then claimed back later ... Paying out of pocket initially and being reimbursed later isn't particularly beneficial.

Entrepreneurs thus experience a distinct dynamic in their relationship with government financiers compared to other investors. Typically, support from the government comes in the form of grants, meaning no equity is taken from the entrepreneur. This absence of power conferment in the venture results in a more distant relationship between the two parties, as opposed to the closer ties formed between entrepreneurs and private investors. Essentially, entrepreneurs retain the freedom to steer their ventures without needing to heavily consider government reservations, aside from submitting key documents and reclaiming spent funds. This is illustrated by the following points made by entrepreneurs:

To get the documents processed, it's all about applying for funds. When you want to withdraw funds, you need documents to show what you've used the money for. It's like a reimbursement process. You pay first and get reimbursed later. So when it's time for reimbursement, you have to spend first, save the bills, and then submit them ... You have to carefully assess if the effort is worth it. (EN_12)

... we also have a target that we need to achieve. Even if we requested the funds, if we don't reach the milestone, then we can't withdraw the money, right? And for consulting firms we choose to work with, they need to be on their list. (EN_08)

Entrepreneurs therefore perceive their relationship with government funding bodies as being primarily driven by a state logic, with a minor infusion of market logic if they can signal potential growth of their venture, viewing it as a transactional arrangement. This relationship is typically centred around a project with predefined compliance requirements. Entrepreneurs will leverage opportunities from government

funding when they can strike a balance, ensuring that the benefits outweigh the efforts invested in meeting these requirements.

In summary, the strategies entrepreneurs use to navigate multiple institutional logics hinge on the types of logic multiplicity they face, viewed through three lenses: action, power dynamics, and perspective. The "cooperate" strategy seeks to reduce multiplicity, potentially merging diverse logics, while "compartmentalise" maintains distinct logic without overlap. Power dynamics within "cooperate" suggest a symbiotic relationship with mutual granting of power, whereas "compartmentalise" denotes an arms-length, controlled relationship. From the entrepreneur's perspective, both strategies focus on exchange relationships, but "compartmentalise" emphasizes a more direct, transparent interaction, contrasting with the intricate exchanges of "cooperate".

5. Discussion

We present Figure 3 as a contextualised theoretical model that ties together the building blocks of the entrepreneur-financier relationship and the set of logics that guide this process, combined with the complexity of how entrepreneurs navigate multiple institutional logics. The upper section of the model depicts the three core processes underlying the dyadic entrepreneur-financier relationship. Whilst our findings showed some consistency, these diverged between the investment and logic types.

First, the *entrepreneur-venture capitalist relationship* gradually emerges through a professional logic. In the Thai context, this follows the process in Global North economies, contradicting previous work arguing that in emerging economies, entrepreneurs' history with or connections to the venture capitalist are vital for them to strike a deal (Ahlstrom and Bruton 2006; Bruton et al., 2009).

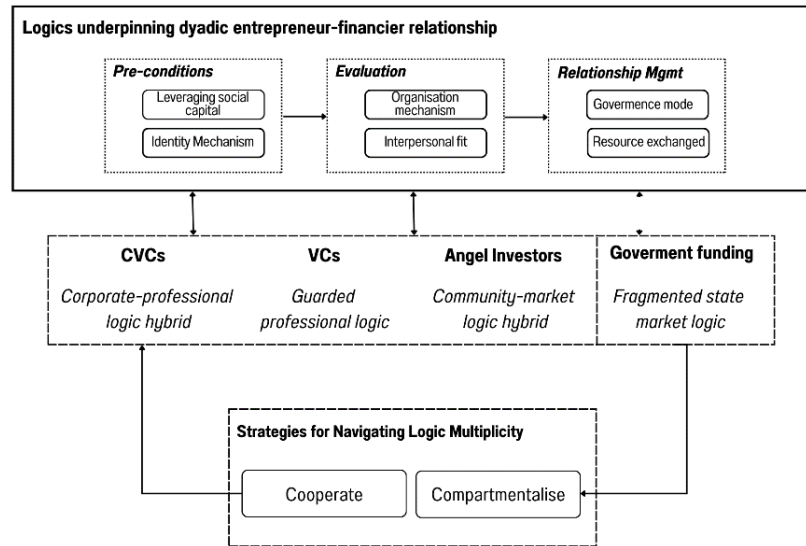


Figure 3 Theoretical Model of Institutional Logic Navigation in Emerging Economies

The reliance on a historically imprinted banking mindset increases a reliance on formalised control, contrasting with Ahlstrom and Bruton’s (2006) findings that the monitoring of funded firms is performed through informal ties to entrepreneurs and their families. Whereas research suggests a professional logic reflecting an idealised professional VC present in the Global North institutional scaffold (Fisher et al., 2017). This demonstrates a VC professional logic based on a local professional banking mindset oriented around capital investment.

Second, the *entrepreneur–corporate venture capitalist relationship*, is guided by a hybrid of corporate and professional logics, contrary to the suggestions of Fisher et al. (2017) and Pahnke et al. (2015) that corporate logics profoundly influence CVCs. In this research, the evidence indicates that CVCs pursue a duality of logics by using alignments with the parent organisation to identify prospective and opportunistic deals but adopt more conservative Thai professional banking VC practices for the rest of the investment process. This supports Souitaris and Zerbini’s (2014) view that, with a moderate emphasis on corporate investment practices, CVC units tend to adopt the traditional VC investing style.

Third, the *entrepreneur–angel investor relationship* points to community-market hybrid logics in their relationships. This is strikingly different from previous contentions that market logic will prevail in this relationship. The key interactions between entrepreneurs and angel investors can be understood by community logics (Thornton et al., 2012), where the local field level logic appears dominated by the Thai Chinese business association, imprinting traditional values of *guanxi* (Theingi et al. 2008). Additionally, investors allow entrepreneurs significant autonomy through a less formal control strategy to support growth, prioritizing self-imposed obligations over strict oversight. This empowers entrepreneurs to be at

the forefront of their company's development. Such a governance model is distinct from the market logic's focus on reducing the agency problem via shareholder activism (Zajac and Westphal 2004; Thornton et al., 2005). Instead, it is far more relevant to informal control based on expectations of reciprocity, influenced by community logics (Thornton et al., 2012).

Last, the *entrepreneur–government funding relationship* indicates a difference in the state logics argued to govern the relationship between entrepreneurs and public subsidies. The state logic is prevalent, aiming to bridge a perceived early-stage funding gap, and is bureaucratic and impersonal. However, some elements in the relationship are borrowed from a market logic that reaches for a ‘disruptive’ narrative. In contrast with the received wisdom that the audience involved in government funding allocation would be expert evaluators, mostly university professors or scientists with domain expertise (Fisher et al., 2016), in this context, they involve real financiers with investment experience.

In Figure 3, the bottom section of the model illustrates further complexity by demonstrating the strategies entrepreneurs adopt when they navigate multiple financial relationships and logics. In the context of government funding, we see how entrepreneurs *compartmentalise* by segregating state logic from other logics and maintaining a more distant relationship. In other funding contexts, we see how entrepreneurs *cooperate* through mixtures of the logics in the middle part of the model. In these relationships, logics are combined or transposed to form symbiotic partnerships with funders, a logic dynamic only currently associated with the study of hybrid organisations (Reay and Hinings, 2009). This contrasts with current literature which has so far only looked at the dyadic relationship between entrepreneurs and individual financiers rather than the broader melting pot of relationships and variety of institutional logics.

5.1 Theoretical contributions

Our paper offers two contributions to the literature. First, with our focus on the *emerging*, we also contribute to the debate in the literature regarding on entrepreneurship and context. To date, the relationships between context and entrepreneurship has adopted somewhat of a container approach where entrepreneurship is seen to happen within and be shaped by different spatial, social and industry settings, among others (Welter, 2011). However, the notion of “doing context” refers to how different sites of entrepreneurial interaction can emerge and persist (Baker and Welter 2021). In an emerging context, our findings emphasise how this occurs, as entrepreneurs and investors connect historic logics with newer emerging logics. In doing so, we respond to specific calls for context research that develops deeper understandings of the “local” and how that emerges alongside imported formalised notions of entrepreneurial finance (Ben-Hafaïedh et al., 2023).

Not only do logics prescribe meaning; they are also created through meaning, which leads to various understandings and enactments as they are differently interpreted and believed in. In a setting where entrepreneur-investor relationships are not yet fully formalised, this highlights an enactment of context that enables the emergence of a particular form of entrepreneurial finance system. For example, the community-market hybrid logic shaping entrepreneurs' relationships with angel investors in this research exemplifies the contextuality and value plurality of logics. Such a logic indicates a distinct variation from market logic, underpinned by entrepreneurs' and angel investors' ties. Undoubtedly, an element of market logic is involved in the relationship as angel investors expect personal gain when making an investment. However, their patterns of interaction differ greatly from the perceived wisdom of angel investing in developed economies, which is characterised by market logic. Instead, the angel investing practices found here are more related to 'affinity capital' tied to social relationships or familial ties (Harrison 2017) and embedded in the regional concept of *guanxi* (Theingi et al., 2008). In this regard, the "doing context" here highlights a distinct shift away from the 'ideal types' identified elsewhere in the literature (e.g., Fisher et al., 2017).

By adopting a contextualised view, Figure 3 models the financing process and delineates how entrepreneurs' relationships with various types of financiers – corporate venture capitalists, venture capitalists, angel investors, and government funding – emerge. Each path is developed under its own associated practices that trace back to a wider context shaping the relationship. With that said, we respond to the call for additional research on activities at various phases of the financing process in terms of explanations of causal mechanisms applicable to the mobilization of diverse resource types (Clough et al., 2019). In addition, Figure 2 reframes Fisher et al.'s (2017) conceptualisation of entrepreneurial finance by emphasising *cooperate* and *compartmentalise* as two strategies entrepreneurs adopt to manage institutional complexity. As a result, our paper moves the literature beyond simplistic entrepreneur-financier dyads.

Second, our paper contributes to the institutional logics literature by advancing our understanding of how entrepreneurs navigate multiple logics through the management of multiple funding sources (Su et al., 2017). Huang and Knight (2017) demonstrate the importance of affective and instrumental dimensions associated with navigating multiple relationships. However, with our focus on the emerging economy of Thailand, we can outline an entrepreneur-investor relationship process in a context where role boundaries are much more ambiguous. This responds directly to a call from Collewaert et al. (2021) regarding the need to understand the relationship between investment and the institutional environment.

Therefore, in this paper, we go beyond Global North institutional scaffolds, to explore entrepreneurial finance in a context where logics may be fuzzy and less well defined (Gümüşay et al., 2020).

In doing so, our paper deepens our understanding of how institutional logics shape the nature of the entrepreneur-financier relationship. Specifically, by emphasising the context as *emerging* our findings portray guiding logics that are regarded as incomplete and not fully formalized. This means that actors must grapple with the ambiguity this brings. For example, with VC firms that continually change and modernise, CVCs that recruit and learn from influential international relationships, and/or constant comparisons with acting like ‘developed’ counterparts. Therefore, the affective and instrumental dimensions that are viewed as central to entrepreneur-investor relationships in Global North contexts (Huang and Knight, 2017) are less apparent because it is much harder to define what counts as a personal or instrumental commitment. As one aspect of this approach, we highlight strategies to *cooperate* or *compartmentalise* that demonstrate approaches to logics that involves embracing logic complexity or acting to minimise it. This helps us to understand the complex mix of logics that entrepreneurs must handle when working with investors, beyond the usual dyadic view.

5.2 Implications for policy

The research has particular implications for government and angel investors in the Thai emerging economy. To optimize the effectiveness of governmental seed funding, a critical reassessment of the current constraints is imperative. The paper emphasizes the importance of not only financial but also non-financial resources and suggests the adoption of investment readiness programs, similar to those recommended by Mason and Kwok (2010). Such programs would improve ventures' market visibility and provide essential financial and legal insights. Transitioning towards demand-side strategies, like public procurement for innovation, offers promising advantages. Utilizing the substantial demand from the public sector to create lead markets, according to Edler and Georghiou (2007), can enhance ventures' survivability and appeal to VCs and CVCs.

Advocating for strategic policy interventions tailored to Thailand, designed to adeptly navigate and alleviate these challenges. Re-engineering angel investing through the creation of intermediaries that facilitate the connection between angel investors and entrepreneurs is a key strategy. This approach, along with fostering professional associations that nurture a community among investors committed to ethical and professional standards, can significantly enhance the impact of angel investments. Organizations such as the Angel Capital Association (ACA) in the United States and the European Business Angel Network (EBAN) in Europe are exemplary in their focus on post-investment engagement and governance (Collewaert et al. 2021), showcasing the potential benefits of structured support.

Moreover, educating new investors on the nuances of angel investing is crucial, particularly in regions where this investment type is underutilized. Education can elevate investor professionalism, ensuring they provide not just capital but also valuable guidance and mentorship. Institutional intermediaries, such as science parks, play an indispensable role in enabling early-stage entrepreneurs in emerging economies to access public resources (Armanios et al., 2017). Leveraging the connections of science parks, often associated with universities (Rodríguez-Pose and Hardy 2014), by establishing entrepreneurial funds led by successful alumni, can foster a shared identity and provide additional support.

These custom recommendations for Thailand aim not only to address its unique entrepreneurial ecosystem challenges but also to contribute to the global discussion on entrepreneurship promotion in the Global South. Tailoring policy recommendations to the Thai context offers practical insights for policymakers.

6. Conclusion

In this paper, we asked: *In an emerging economy setting, how do entrepreneurs navigate institutional logics throughout their investment relationships?* We interviewed 36 entrepreneurs and financiers and identified four distinct entrepreneur-financier relationships, and two strategic responses to multiple logic navigation. The paper offers two key contributions across the literature on entrepreneurial finance and institutional logics. Specifically, we provide a framework of entrepreneur-financier institutional logics in an emerging economy, that enriches our understanding of contextuality and multiple logic navigation outside of Global North institutional scaffolds.

However, the paper's contributions should also be considered alongside its limitations. Whilst this is also a strength of the paper, exploring heterogeneous logics within a particular context means a potential limitation to generalisability. Thus, comparative studies could further enhance understanding of the relationships between entrepreneurs and investors in heterogeneous economies. Another limitation is the cross-sectional nature of this research. Although the findings indicate how entrepreneur-financier relationships are formed and maintained, it is worth acknowledging that the logic underlying the derivation of the relationship is linear. The data obtained by this research only allow conclusions on a generic state of how the relationship is managed. However, it is likely that entrepreneurs' relationships with VCs or CVCs, which are oriented towards disciplinary matters as found in this research, may switch to more informal arrangements as they develop their bonds over time (Huang and Knight 2017). Further research should consider a longitudinal approach of multiple case studies of emerging ventures, including their corresponding investors, and observe their progress from their earliest days of development. In

doing so, we believe future research can build upon this paper by continuing our understanding of contextualisation in the entrepreneurship literature.

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Appendix A: Interview guidelines

Entrepreneurs

1. Background information of informant (e.g., founders or co-founders)
 - a. Professional and academic background
2. Company's background
 - a. When and why the company was founded?
 - b. Which development stages company are in? How many employees?
 - c. Could you please explain the company's core value?
 - d. How would you describe your business model?
 - e. What would you say to be the major contributing characteristics that brought this company to the current stage?
3. At what point do you need finance? And which are sources of capital provided financing your company?
4. Why did you decide to draw on X, Y, or Z for financing? (government funding, angel investors, venture capital, corporate venture capital)
5. How would you describe the fundraising and the investment process?
6. How do you engage with financiers throughout the investment process?
 - a. Pre-investment
 - i. How did you present your business case to financiers in particular?
 - ii. What contributing factor made the impact for you to obtain financing from X, Y, or Z?
 - iii. What went particularly difficult and/or easy with source X, Y, or Z?
 - b. Investment
 - i. How do you work with financiers X, Y, or Z?
7. How has the company changed (in terms of values, practices, and beliefs) after receiving the investment from X, Y, Z?
8. What do you think about access to finance for entrepreneurs in Thailand?
9. Any recommendations to improve the investment process from your point of view?
10. Any final comments or anything else you would like to share?

Financiers

1. Background information on the informant
 - a. When joined and how?
 - b. Responsibilities
 - c. Professional and academic background
2. Could you please tell me more about the firms?
 - a. What is the current strategy of your firm? (regarding stage, size, and sector of investment)
 - b. What is the rationale behind your strategy?
 - c. Who are the limit partners or investors? (For VCs)
3. What are you looking for from entrepreneurs before and during the investment process?
4. How do you engage with entrepreneurs throughout the entire investment process from sourcing deals to existing deals?
 - a. Background of specific investment
 - b. Pre-investment
 - i. Deal sourcing
 - ii. Deal evaluation
 - iii. Due diligence
 - iv. Deal structuring
 - c. Investment
 - i. Monitoring and value-added activities
 - ii. other activities
5. Could you please share with me about the financing landscape in Thailand?
6. What are your comments on the entrepreneurs seeking external sources of funding? And any advice to entrepreneurs seeking finance?
7. Any advice for the government for supporting early-venture investment?
8. Any final comments or anything else you would like to share?

Appendix B: Representative data of elements involved in the entrepreneur-financier relationship

	Corporate venture capital	Venture capital	Angel investors	Government funding
Leveraging social capital	<p><i>Cognitive social capital</i> For some companies, we've known them since two years ago. We keep tracking by getting in touch like 'hello how are you?' or occasionally meeting in events. Two years later, [those companies] may scale up or pivot [their business model]. And if they want to raise funds, we'll discuss. Sometimes, we've known [these companies] for a long time. (CVC_02) A venture needs to add value to our corporate or have a track record with us. The latest deal we made with venture_20 [EN_20] had 3–4 projects with us. (CVC_01)</p>	<p><i>Cognitive social capital</i> We started by joining an xxx accelerator. I think it's the right move. In the accelerator, there's a well-known facilitator from Israel. We learn how to present. We have to change the presentation style and learn how to depict a start-up's picture. We also get a connection there. (EN_06) If someone says no, we won't cut the tie. We still keep the relationship. The venture capital business is about the relationship. (VC_02)</p>	<p><i>Pre-existing trust</i> Whether we chose the angel investor or not, actually we did not have any knowledge [about fundraising]. Honestly, in the first round [of fundraising], it was due to our connection only. They are a group of angel investors [and] did not even have a term sheet. They just liked us [also wanted to support us], and gave us money. (EN_12) I would say it's about having a relationship as friends. I would say that. (EN_14)</p>	N/A
Identity	<p><i>Strategic instrumental ground</i> There must be people who are willing to pay for products. Otherwise, it will be like Dropbox or Evernote that are adopted, but users don't want to pay for. It will be difficult to survive. (CVC_01) All we talk about are only [the matter of the following] three or four things. What will we do? How will we make money? How will we expand the market? If we have to talk to CVCs, we need to consider which angle we can fit with them. When talking to VCs, we don't have to talk about the fit because they are not corporate. Just discuss three matters. That's all. (EN_20)</p>	<p><i>Market potential</i> It must be a business that integrates technology into its business model to scale. I'd say 'scale' means if we need two times output, we may not put in the same amount of input. We may put in three times the input; we may get ten times the output. It's whether [a business is] scalable. (VC_01) It's the same as start-up theory. First, what we want to fix or what gap we want to close. Second, is it repeatable? Third, is it expandable? Fourth, whether the team are able to execute. These are what matter and need to be a focus. If the investor is interested, they will call for a rematch. (EN_14)</p>	<p><i>Relational</i> [My] angel investors are mostly [xxx] and [yyy]. Especially [xxx], we share something in common. [We're] nerdy and things about education are far easier to talk about. Also, they are successful in their career and have some sense of giving back. (EN_13) We are quite lucky because angel investors are those using our products. They believe in us, that we've lived long enough. We have been there for three or four years and offered free services. They're our users and would like to contribute. They don't want us to fail because they still use our product and want to see us grow. (EN_01)</p>	<p><i>Potential economic contribution</i> We're [an] government organization. We look at them from [potential] economic impact they can generate. (GOV_01) I do not know which one came first [the vision match or SMEs needs shaping vision]. Anyway, they [the government agency] think that our business can help boost Thai SMEs' growth as a whole. (EN_06)</p>
Organisation mechanism	<p><i>Organisational outcomes</i> Oh, [we] update both the financial plan and business plan, including the monthly progress. Performance is a must to show [the investor] from what we made a claim. It is sometimes a technique used by VCs [to ensure the deal]. When we made a claim on day one, they may say nothing but wait to see, three months later, whether we reach the milestone claimed or not. If we've done nothing, they will know that we have the pitch deck for raising money only. (EN_12) We will check whether they have real customers or real contracts, including what [customers] are in their pipeline, whether they have real evidence. (CVC_03)</p> <p><i>Multi-national/ disciplinary teams</i> If we're talking in general, I'd like to see thinking that goes beyond Thailand. Moreover, some focus only on Bangkok. It's not that it's bad because the Bangkok market is big, and the Thai market is quite large, but it won't grow beyond that if you only think that way. You</p>	<p><i>Verifiable track record</i> Are their claims real? If they said they had revenues, we might look at the company book, whether they had the money [as they claimed]. (VC_01) For due diligence, they asked me to provide a lot. It's a page full of checklists, such a list of customers from the beginning, cost per acquisition, history of growth, where the growth came from. I actually have those data, but I have no time to prepare. (EN_16)</p> <p><i>Ability</i> If you've never done this before, the investors will know you haven't closed the funding round, terms and conditions, etc. The prominent VCs in Asia [who first offer the term sheet] have closely monitored cryptocurrency and blockchains. They know a lot about these kinds of stuff. They knew my previous venture, which can prove [my credibility].</p> <p><i>External validation</i></p>	<p><i>Ability</i> It's all about the team that we will focus on. We rarely cling to the [initial] business model and [it's] not even important. At day 1, people are far more important as well as direction. If [the business direction] sounds sensible, it's OK. We can revise [the business model] later. It is actually not one time talking. Sometimes, it took six months to find out the right direction. (Angel_04)</p> <p><i>Organisational outcomes</i> At the time, we had a prototype to show how it works, including the outcome we expected to see. It's like a simulation [of how] the system can work. We didn't have a real product. (EN_14)</p> <p><i>External validation</i> I always invested with Angel_01. I saw him as my dealer. I trust him and the way he works, and I will have him filter a deal first. I can't filter the deal myself as there might be something I cannot see through. So, I trust in angel_01. However, it</p>	<p><i>External validation</i> We rely on them for business potential. Our beliefs are if the market won't buy, no one will buy. They [start-ups] must fail and be reborn. The failure culture is normal [for start-ups]. Therefore, our screening process will have a team of judges from private sectors. They need to have enough experience [in investment]. Let's say in our growth fund, we have venture capitalists investing in the series A round with a big ticket size as a judge. (Gov_02)</p>

	<p>have to think as if you're in Singapore, where there is no domestic market of your own. Do whatever it takes. I think Thai startups have this problem where they only look within Thailand. It's easier, it's simpler to start, but they don't consider how they could expand abroad within 2 or 3 years or something. Some have been around for 5 years and are still just in Thailand, and then their growth is limited. Do whatever it takes to be braver than that. (CVC_03)</p> <p><i>Ability</i> We actually do not expect that [entrepreneurs] should have exact backgrounds. But [we] consider their experiences in running a business. Especially if they used to run previous start-ups even if they fail, it still is fine. They have tried and have a learning curve. This is much more important. (CVC_02)</p> <p><i>Professional structure</i> DD took quite a long time [to complete]. It will be BIG4 coming to conduct DD and accounting DD. [in terms of] legal matters, everything has been checked for months. Accounting, audit came to check everything. Because [investors] both CVCs, it took time. (EN_10)</p>	<p>It's very simple, like a supply-demand. If entrepreneurs raise funds when they're running [out] of money, they'll have no bargaining power. Also, when they don't have other investors to invest, they won't have bargaining power. You have to raise funds when you're at your peak. (VC_02)</p>	<p>doesn't mean I did nothing. I still read the white paper. (Angel_02)</p>	
Interpersonal fit	<p><i>Conative fit</i> There may be better VCs [offering better financial terms], but we may not feel a click after talking to them. Sometimes, they just don't fit with us. As many said, VCs are even more like family, [we] need to talk, meet, work, quarrel, or face the challenge together. If [we] don't have dedication since the very beginning, [we] may later be arguing. It's not fun at all. (EN_01) 'sensitivity to understand each other', 'integrity', and 'similar tastes of working' (CVC_01).</p>	<p><i>Conative fit</i> We focus on the founder: whether they are humble, willing to listen to us. How well do they adapt to our advice? How smart are they? If they are dumb or ego-centric, we won't invest. We will gauge whether we will be able to work together or not. (VC_02) Mostly, it's from talks that we know their expectations. If they are hands-on VCs, they will tell that they will send someone to work with you. If it is like that, they may not be suitable for us, [and we will] turn down the offer (EN_14).</p>	<p><i>Interpersonal affect</i> Although we don't have a real product, as [I] previously said, it depends on whether we can tune in during conversation and trust that from what we've pitched, we're likely to execute. (EN_14) In fact, I didn't check much but experiences can tell from [entrepreneurs'] characters. It also includes my positive feeling towards that person. (Angel_01)</p>	N/A
Mode of governance	<p><i>Instrumental control</i> We try to work closely with start-ups we invest in and always update [their performance] monthly. It's quite often. Some [investors] may set a quarterly update. We think we need to update very often, monthly. In the first case, updating performance helps us know what is not enough or what we can support. We will ask whether they need our support. If they want, we will be ready to help. (CVC_02) There is nothing about a meeting. It's the same [as the meeting with angel investors], but they will need a more firm commitment, such as a meeting every one or two months. They will ask for updates, or else they can support. It's like we have much more commitments, what they want to suggest, they want us to improve,</p>	<p><i>Instrumental control</i> We have a timeframe for a performance update. They have to set their KPI, and we will meet every three months to see whether they're met, etc. It's like giving them homework; whether you're doing well, [maintaining] growth, the business model needs to pivot. Does the recent model work, or does it need to change? Are customers required from new sectors? Are all these things we can provide coaching on or mentor? (VC_01) They [VCs] are more organised than angel investors. It helps us become more structured, which is good. Previously, we rarely updated the investors depending on their call for an update. We try to set</p>	<p><i>Self-imposed obligation</i> Even though angels won't be serious about their money, we got their money; we will have an obligation to achieve our missions. It's like they believe in us. We must push [the success] out. The most difficult is, we must find the business model whatever. It's not like we got their money for fun, to do nothing or don't find a way to generate revenue. We can't be like that in business. (EN_01) It's quite simple. We meet every two to three months. In case of an emergency or [if entrepreneurs] have something to discuss, they can give us a call. It's informal. It is not quite like a regular board meeting. (Angel_01).</p>	<p><i>Contractual obligation</i> We need to pay in advance. It's like when we come to reimburse; we have first to spend our money, keep all receipts and hand them in later. We also need to justify the spending of the money, and they [grant officers] will audit. It's the same as a tax audit. Sometimes further explanation is needed. We need to think when applying for [other grants], whether it will be</p>

	and what they want them to support. We discuss and dismiss and will meet again in the next two months to see the progress of both parties, actually for supporting our missions to achieve growth or customer acquisition. (EN_01)	[up] a proper structure and do more things. We need to move faster. (EN_19)		really beneficial or wasted effort. [To] write a report every month, it's draining. (EN_12)
Resources exchange	<p><i>Strategic partners</i> Surely, if we didn't achieve KPI we set, they would ask why couldn't achieve it what's a matter or what's kind of support do we need. Sometimes, we will ask them for help directly. Several deals we've had [with customers]. It's CVC_02 that have premium customers at the executive [level]. We will have good connections in businesses. We just [told the CVC] we need those customers. Can you help connect? And they made it. (EN_14)</p> <p>In our view, as a financial investor, we will have a path for a venture to follow. For example, if a company will go for IPO, [we] know how to maximise the value of the IPO. This part I think it's a part that we're quite keen on. We practically see the path or what [a venture] should do. It's not what a company, in general, can see through. (CVC_04)</p>	<p><i>Strategic partners</i> We previously ran [the company] by circulating the profit, making it hard to expand [due to] fewer options in financing. When we got the investors, at least there would be someone to crosscheck on how money is spent, which I like. We see it as positive even though someone is monitoring. I may not be good at finance think when having the investor is good. We can use them without hiring a CFO. (EN_18)</p> <p>We help them find [business] partners. This is one part. Another is to help them raise the next funding round, like finding investors and preparing investment deck etc. (VC_03)</p>	<p><i>Experience-based human capital</i> It's about team management, recruiting HR and other staffs. I feel a little uneasy about having a senior on the team. However, the investor told me, 'you have to do it if you want to scale.' Finally, I realised they've told us, we just simply try. And, finally, we can scale. (EN_16)</p> <p>I have a sales background. Thus, I know how to make a contract with customers. On some occasions, the entrepreneur makes inferior deals with customers. They can't get payments from their projects. When I later reviewed that contract, I thought about how can they make this kind of contract. The case gave them a lesson. [the investor later help settle the case] (BA_04)</p>	N/A

Appendix C: Representative data of how different modes of navigating multiple logics

	Representative data
Cooperate	<p>Mostly, when discussing 'angels', we need to explain the investment mechanism of one round. This includes mentioning the term 'lead investor'. Generally, lead investors are not usually angels. There isn't a clear-cut criteria for determining who the lead investor is. However, the person who invests the most money or pays the most should ideally be the lead to protect their own interests. Thus, if they invest the most, it means they should protect their own interests and ensure that all processes are done properly, such as conducting due diligence, reviewing contracts on their own, and creating term sheets according to their own format. Therefore, the lead investor is crucial because they invest the most. Once the lead investor says yes, the others who follow will likely trust them, especially because the one who has invested the most is giving their approval. (EN_04)</p> <p>No, it means, in the end, like when we work, we also report to the board and shareholders, they already get the report, there's not much else. Along the way, we also have angel investors coming in, there are quite a few of them. (EN_10)</p> <p>Having many people, like 25 people who are demanding, do they differ? To be honest, not really, because our visions are clear or have been sharpened since the time when the angels were involved early on. Once it becomes a listed company, they hand off in terms of visions. It's a move up from the trust that we've already built. Like I said, when it's a listed company, just spread out the shareholder book and take a look. (EN_13)</p> <p>Mostly, there isn't much difference. It might be a rare case where my board has visions that align in the same direction. This is why choosing VCs initially is so important. We don't want to be in a board meeting where everyone is just fighting and it's all chaotic. We don't want that. Instead, it should be an atmosphere where we lead the conversation, and the board helps us. If they have questions or anything, we can clarify. We can tell them where we are stuck, what's going on, and how they can help us. I think that's the scene of a good board. But if each person wants to do their own thing, the company will definitely be a mess. So, it's very important that VCs understand, as I said, the identity or the DNA of the company. They also need to understand how they can help the company grow after they join because this affects their return as well. (EN_14)</p>
Compartmentalise	<p>As I've said, when we select whom to ask for funding from, we have to consider how they can help, who is running it, who they are, and what kind of assistance they offer. Some agencies, we don't want to approach because we know there are internal issues. So, we are selective. It's not like we'd go for anyone who offers (EN_19)</p> <p>To be honest, we don't want to lose equity too quickly. And the government has some good xxx programs. It involves preparing proposals and paperwork, which is time-consuming, but we see it as worth the effort. For instance, we once applied for something from NIA and received about 500K THB. At that time, for our team of 5-6 people, it sustained us for several months. We felt it was okay since it was a grant and we didn't lose anything. We view it as a lifeline that helps keep our company afloat. (EN_03)</p> <p>This is about the Thai government process being incredibly slow. The procedure to get reimbursed takes up to 2 months, and we still haven't received any money. It's been 12 months past the schedule of xxx. This process is slow, but fortunately, we have enough funds to run the company. So, even if the money comes in late, we can still survive. But if it were for newer startups, if they</p>

couldn't get reimbursed, it might lead to their downfall because without the funds, they can't continue to operate as their runway would be exhausted. Yes, this is one issue. When we started accepting this funding, we knew it would be slow, and that's why we didn't focus too much on preparing a lot of documentation. We saw the company's growth as the main priority. We thought we'd deal with the documentation later. So, the delay was on both sides; our documentation was also late. The government process is basically writing a proposal. (EN_20)

They open a project, you apply, and then you write a proposal, sit down to explain, and submit a ton of documents. It's not so much about convincing them. It feels like if your KPIs match their set criteria, then that's it. They don't seem to track whether what was proposed actually happens or not, and all those other details. (EN_20)



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