



Representational gaps between struggling entrepreneurs and loan officers

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Abstract:

Albeit abundant, the literature on entrepreneurial failure has thus far overlooked the period of financial difficulty prior to bankruptcy when entrepreneurs run the risk of failure and depend on the support of their financial partners to prevent it. This research aims to address this gap through an in-depth analysis of the loan officer/entrepreneur relationship under these specific circumstances. We do so by comparing their cognitive maps to show to what extent successful collaboration is possible between the two partners. This study thus provides a new understanding of the purpose of the loan officer/entrepreneur relationship, their representational gaps, and the tendency of each side to externalize problem solving.

Keywords:

Struggling entrepreneurs, Loan officers, Bank, Representational gaps, Cognitive maps.



1. INTRODUCTION

The literature on entrepreneurial failure has been prolific in the past twenty years. As Shepherd et al. (2009: 135) point out, “Business failure occurs when a decline in revenues and/or increase in expenses are of such magnitude that the firm becomes insolvent, and is unable to attract new debt or equity funding. Consequently, the business cannot continue to operate under the current ownership and management”. It follows that prior to bankruptcy, the entrepreneur (henceforth EP) likely goes through a period of financial difficulty and business underperformance (Khelil, 2016), and could avoid failure by renegotiating the financing conditions. As in the case of bankruptcy, these difficulties are a key moment in the life of any small and medium enterprise (SME) (Ucbasaran et al., 2013; Shepherd et al., 2009), and the ability to overcome them will determine their survival (Wu and Young, 2002). Despite the abundant literature on entrepreneurial failure, it focuses mainly on the post-bankruptcy period, while remaining surprisingly under-investigated is the period when the EP faces the risk of bankruptcy due to complications in obtaining new financing, but in so doing might avoid business failure.

Beyond the financial dimension, these difficulties may also be of an economic, social, psychological, or physiological order (Ucbasaran et al., 2013), especially if ending in bankruptcy. Such situations will negatively affect the stakeholders’ perceptions, particularly financial partners, of their relationship with the EP (Shepherd and Haynie, 2011; Sutton and Callahan, 1987). As business failure has mainly been investigated from the EP’s perspective, a better understanding of the stakeholders’ perceptions of the difficulties is needed (Ucbasaran et al., 2013), which might determine the EP’s ability to bounce back (Hayward et al., 2010; Thornhill and Amit, 2003). This is particularly true in the case of relationships with banks, whose lending constitutes the most common source of funding (Berger and Udell, 2002; Bruns et al., 2008). Moreover, the quality of the relationship between the bank and the SME will determine access to loans for struggling EPs (Freel et al., 2010; Wilson, 2016). Similarity in the partners’ perspectives could guide the way out of the difficulty and thereby avoid business failure, while differences in perceptions likely increase the probability of failure.

Our goal is thus to understand and compare how loan officers (henceforth LOs) and EPs represent their relationship in struggling situations. The quality of the relationship between LOs and EPs is a key element of lending access (Freel et al., 2010; Wilson, 2016). Yet, the perceptions of this relationship may vary, leading to representational gaps or inconsistencies between their definition of the problem (Croning and Weingart, 2007). Surprisingly, the



interaction between EPs and their business environment remains poorly studied despite the emphasis in the entrepreneurship literature on the importance of the relational context (McKeever et al., 2015). To compare the representations of the two partners, we implement the cognitive mapping technique (Scavarda et al., 2006), by comparing the mental maps drawn by 12 struggling EPs et 15 bankers.

This study ultimately shows that, in case of entrepreneurial difficulty, both partners aspire to the same objective (in this case, to get out of the crisis). However, their different framing of the situation and of the behavior to be adopted in the relationship (e.g.: tendency to externalize problem solving) reinforces the asymmetry of information and hinders a beneficial coordination.

2. LITERATURE REVIEW

2.1. REPRESENTATIONS OF RELATIONS BETWEEN LOS AND STRUGGLING EPs

Business financing is based on a combination of commitment-affiliated technologies where the relations between banks and EPs play a central role (Stein, 2002; Berger and Udell, 2002). From this perspective, the interactions between LOs and their clients encourage the transfer of information, and over the course of negotiations, enable the contract details to be hammered out, thereby reinforcing the way the relationship develops (Harhoff and Körting, 1998; Uzzi and Lancaster, 2003). In particular, they help the bank to better understand the EP's environment, needs, and resources (Ennew and Binks, 1995). At the same time, the question arises as to the extent that struggling EPs try to understand the issues their financial partners have to deal with. Whatever the situation, the EP and the LO fine-tune their mental representations of the business venture over time, as well as its funding and their relations (Liberti and Mian, 2009). Based on their past experience, these representations influence the way they process information and their future relations (Hong and Lee 2010).

In practice, SMEs are not always able to provide the bank with well-structured information, in which case the LO's decisions are based on opaque information and personal judgment (Bruns et al., 2008). LOs then have to look for frameworks that can help them to interpret the situation (Lipshitz and Shulimovitz, 2007). As such, intuition or a good feeling play a key role in decision-making (Hensman and Sadler-Smith, 2011; Hodkingson and Sadler-Smith, 2018).

To make sense of the difficulty, LOs and EPs seek representations to account for certain aspects of the reality as they see it (Hong and Page, 2009; Csaszar and Levinthal, 2016). In particular,



this allows them to simplify decisions and adapt to a context informed by a significant influx of information (Garaus et al., 2015; Martignoni et al., 2016). Such simplification may however lead to errors by both the EP and the LO, laying the blame for the difficulties on external causes, especially in the extreme case of bankruptcy, rather than acknowledging the internal causes (Shepherd and Zacharakis, 2018).

These psychological representations of the environment and the behaviors help individuals understand the situation and find an appropriate response (Rouse and Morris, 1986; Kellermanns et al., 2008). More specifically, they help to describe, explain, and even predict the environment, the behaviors of those they interact with, thus facilitating interactions with the surrounding environment (Mathieu et al., 2000; Schmidtke and Cummings, 2017). The question then arises how such heuristics inform the relation between a struggling EP and the LO, where the individual mental models could serve as good predictors of future actions (Barr et al., 1992).

Another aspect complicates the analysis of these representations. The actors absorb information and multiple representations in building their individual cognitive thought patterns, especially mental representations of alternatives. Thus, the representation of a more local situation tends to square with their representation of more global relations (Hodkingson and Sadler-Smith, 2018). This capacity is essential in their decision-making process (Huber et al., 2011), and even more so when considering that the representation of the relationship may change over the course of the interactions as each party adapts to the specific characteristics of the other.

From this cognitive viewpoint, we might legitimately wonder how LOs and EPs manage to adopt a shared representation of the issue that brings them together, especially from the perspective of mental models (Kellermanns et al., 2008; Reuveni and Vashdi, 2015). The question in fact boils down to whether LOs can develop a shared understanding with EPs in difficulty, in other words, a collective meaning shaped over the course of their inter- and intra-organizational business interactions (Thompson and Fine, 1999). In this instance, the 'shared' characteristic means that the stakeholders' individual representations contain similar information and they describe the links between these elements in the same way (Healey et al., 2015). These compatible interpretations of their activities and their environment fit with their shared attitudes and beliefs, contributing to effective and coordinated decisions (Cannon-Bowers and Salas, 2001). Shared experiences and the history of the relationship thus foster cognitive convergence, with the LO's experience in particular enabling him or her to assess the



EP's situation more precisely (Andersson, 2004; Liberti and Mian, 2009). In the same vein, prior entrepreneurial experience is likely to provide an advantage to experienced EPs compared to novices (Politis, 2008), notably strengthening the structure of their cognitive maps, their values, and their clarity (Santos et al., 2010).

Such knowledge structures enable them to locate and update their understanding of the situation and coordinate, thereby reinforcing the effectiveness of the relationship (Cannon-Bowers et al., 1993; Thompson and Fine, 1999). Several studies have identified a link between shared representations and performance, especially within teams (Schmidtke and Cummings, 2017). Indeed, team members sharing the same mental models are shown to understand the perspectives of others, communicate more easily, and coordinate more efficiently (Kellermanns et al., 2008; Healey et al., 2015). Indirectly, they are also more able to adapt to challenges and changes in the conditions encountered (Cannon-Bowers et al., 1993; Mathieu et al., 2000). Resonating with this literature strand, we ask to what extent the representations of the LO and EP converge when the latter begins to struggle.

2.2. REPRESENTATIONAL GAPS BETWEEN LOS AND EPs IN DIFFICULTY

The literature has shown that EPs have a highly personal representation of their activity in the context of their business environment (Ginsberg and Buchholtz, 1989). In particular, many studies have explored the differences between the representations of EPs and managers (Carland et al., 2007; Keane et al., 2018). EPs, especially novices, tend to adopt an optimistic and naive approach to business, while banks have access to high quality information and efficient decision-making processes (Meza and Southey, 1996).

It is thus important to examine the extent to which LO and EP representations differ. To our knowledge, no studies have looked at the differences in the representations of the financing relationship of LOs and EPs, especially in situations of financial distress. On the other hand, there is much work on venture capitalist-EP relations, particularly comparing the way they view business opportunities (Bishop and Nixon, 2006). Certainly, venture capitalists recognize the complex situation in which EPs in difficulty find themselves, and seek to understand the underlying circumstances (Cope et al., 2004). However, they use specific criteria to analyze the business ventures' performance that differ from the expectations of EPs (Shepherd, 1999). Furthermore, the banker's and the venture capitalist's perspective with regard to the entrepreneurship financing relationship differ substantially (De Bettignies, 2008).



Currently, studies comparing the representations of different actors mainly focus on teamwork, albeit offering some interesting insights. For instance, they show that the absence of shared representations, or at the very least gaps in these shared representations, are liable to cause coordination problems or even conflict (Cronin and Weingart 2007). This means that actors with different mental models of the work to be done find it difficult to coordinate their activities. This problem may also arise in relations between LOs and EPs in difficulty, where interaction is generally viewed as the main lever for sharing mental models (Levesque et al., 2001).

However, a deteriorating situation generally implies reassessing the relationship between the partners, where uncertainty about behavior can foster the absence of shared mental models. The actors then represent the problem according to their own knowledge base, which in turn influences the way they categorize the issue and turn it into a representation (Cronin and Weingart, 2007). The frequently different educational backgrounds and professional experiences of EPs and LOs could explain some of the wide representational gaps identified, with this cognitive dimension informing the notion of what can be done. On the other hand, similarities between an LO's human capital and that of clients may provide a significant indicator of the likelihood of an agreement emerging (Andersson, 2004; Bruns et al., 2008). Different representations thus limit the stakeholders' ability to absorb the input provided by others, leading to a loss of information and misunderstanding. This point is crucial, as the emergence of shared mental models depends on the specific features of individual mental representations (Cannon-Bowers et al., 1993; Cronin and Weingart, 2007). The compatibility of individual cognitive representations can determine the quality of the decisions made within the interaction systems. Beyond the cognitive dimension, different values tend to reinforce the likely emergence of divergent representations, at the same time pinpointing what needs to be done for a beneficial or desirable outcome (Cronin and Weingart, 2007). Sarasvathy (2001) confirms the impact of such diverging values in the way LOs and EPs perceive the risk associated with their relationship. While LOs see risk as negative and try to minimize it, EPs tend to focus on controlling the market, ignoring the goal risk-minimization aspect. The different parties in the relationship are thus sensitive to actions that aim to align the EP's and the bank's goals (Stiglitz and Weiss, 1981), such as past experience (Puri et al., 2011), respecting commitments and information transparency (Harhoff and Körting, 1998; Lehman and Neuberger, 2001), and the arrival of a third party in the relationship (Howorth and Moro,



2006). Such factors help optimize contracts and generate better credit conditions (Moro and Fink, 2013).

Over and above these cognitive and normative dimensions, both the EP and the LO are influenced by other contingencies, and the same problem – in this case, the EP in difficulty – can inform different representations depending on the context or the way it is formulated (Tversky and Kahneman, 1981; Wiesenfeld et al., 2008). At the same time, a difficult situation is a relevant matter for both parties in the funding relationship, so how do struggling EPs frame their relationship with the LO? This question is important as we know that the EP's background has a substantial impact on the way she/he frames the relationship (Busenitz et al., 1997). In the same way, the LO's perspective cannot be neutral in highly structured banking organizations where hierarchy and standards are important (Trönberg and Hemlin, 2014). LOs effectively try to reinforce their image as good professionals by behaving in accordance with the management's expectations (Deakins and Hussain, 1994; Nilsson and Öhman, 2012). Finally, emotions linked to the difficulties being experienced assume a strong psychological and affective dimension that can change the representations formed by the EP and LO (Cheung and Mikels, 2011). In situations of emotional reassessment, as is almost certainly the case in difficult times, the participants reduce their exposure to loss, and are more risk-averse in profit-making situations (Cheung and Mikels, 2011).

3. METHODOLOGY

In this research, we attempt to clarify whether there is a difference in the LO's and EP's representations of what should be a beneficial relationship in the case of entrepreneurial difficulties. To do so, we implement the cognitive mapping technique (Scavarda et al., 2006). We use the term “causal map” generally considered a particular type of cognitive map or an individual's mental model of the relationship (causal or otherwise) among the elements of a system. Causal maps are organized representations of individual beliefs about the problem being addressed (Weick and Bougon, 1986). An individual map is then a representation of an individual's perception of a particular topic, and can help the individual better organize, structure, and understand the topic (Bryson et al., 2004).

Causal maps enable visualizing an individual's perceptions or ideas through a network of explanations and consequences, and thus understanding a particular problem or situation (Cunha and Morais, 2016). When causal maps from multiple individuals are combined into a



collective causal map, the group can use this map to find differences and build a shared understanding of the topic (Scavarda et al., 2006; Cunha and Morais, 2016).

In this sense, we compare the maps produced by two distinct populations: LOs and struggling EPs. The methodology used in this study is based on the work of Scavarda et al. (2006) and follows the classic stages for eliciting individual maps and aggregating these for a final collective map (see below).

3.1. STAGE 1: CREATING THE CONCEPTS

The eligible concepts to use in the causal maps were chosen over several stages. First, we identified 33 research articles on failed EPs and/or granting bank financing. A careful reading of these different academic texts enabled us to identify a preliminary list of 95 variables that we provisionally grouped into 33 distinct categories. For example, terms such as discredit, stigma, culprit, black spot, judgment, stereotype, and discrimination were grouped in one and the same category, summarized in the “discredit” concept.

In a second step, we conducted six exploratory interviews of an average 22-minute duration. We also carried out three interviews with struggling EPs accompanied by a French Association supporting this type of entity to help them avoid bankruptcy, and three interviews with the LOs of one of the main French mutual banks. The same framework of questions was systematically submitted to all (Frame 1). These interviews were fully transcribed and form a total corpus of 29 pages.

Frame 1. Interview guide used in the exploratory interviews

<p>[EP] Brief presentation of your company and its current situation.</p> <p>[LO] Do you regularly face EPs in difficulty? What percentage of your client portfolio do they correspond to? In terms of time spent, does this represent a big workload for the EP in difficulty?</p> <p>[EP] Do you have multiple banks? In times of difficulty, what is the frequency and nature of your interactions? Do you feel supported?</p> <p>[LO/EP] In times of difficulty, do you feel that there is specific support from the bank? Is the relationship changing from your point of view?</p> <p>[LO/EP] How would you qualify the LO/EP relationship during difficult times?</p> <p>[LO/EP] What do you expect from a struggling EP/LO?</p> <p>[LO/EP] Symmetrically, what do you think is expected of you?</p> <p>[LO/EP] What makes the relationship work or not work? What are the main points of attention?</p> <p>[LO/EP] In summary, what are the 5 key variables of a successful LO/EP relationship?</p>

A careful reading of the transcribed interviews allowed us to initially identify 35 variables on the EPs' side (18 after grouping) and 54 variables on the LOs' side (28 after grouping). Thus, after analyzing both the research articles and exploratory interviews, we obtained two lists of 33 and 46 concepts respectively.



Lastly, we merged these two lists that largely converged. After successive iterations, we arrived at a final list of 26 variables aimed at limiting the cognitive load of future participants in the study. Each of these variables was accompanied by a synthetic definition (Table 1) to reveal other underlying and similar concepts. For example, “availability of the banker” is defined as: “The banker is attentive to the EP and is involved in following-up the file (e.g. responsiveness, commitment)”. This therefore enabled associating availability – one of the 26 concepts retained in our study – with other variables, such as listening, involvement, responsiveness, or commitment. As such, our various definitions reflect the grouping detailed above. Finally, this grid was submitted to two specialists: we sent it by e-mail to a Director of Commitments of a large French mutual bank and the President of the association specialized in supporting struggling EPs. After some minor adjustments to certain definitions, the two specialists validated our various choices.

Table 1. List of 26 concepts retained for the development of the causal maps and their synthetic definition.

Concept	Definition
Action plan	The EP takes corrective actions to get out of difficulties (e.g. projects, objectives, prospecting).
Alert	Information is made available by a partner (LO or EP) to prevent the other from encountering difficulties (e.g. the EP informs of past due loans, the LO informs of a debit balance).
Availability	The LO listens to the EP and is involved in following-up of his/her file (e.g. reactivity, commitment).
Bank process	The banks' organization (e.g. procedure, hierarchy, control) has an influence on the way the LO addresses the difficulty.
Benevolence	The LO adopts a favorable position toward the EP in difficulty.
Communication	The LO and EP have regular exchanges.
Continuity of financing	The LO decides to make a financial commitment (e.g. maintenance of bank loans, new financing) despite the EP's financial difficulties.
Denial	The EP does not admit the difficulties despite the facts and the warnings.
Difficulty	The EP's financial situation is distressed.
Discredit	The EP is stigmatized by his/her distressed financial situation.
Ecosystem of EP	The EP is in contact with other partners (e.g. customers, suppliers, accountant).
Effort of the EP	The EP is ready to make concessions to overcome difficulties (e.g. remuneration, personal contribution, guarantees).
Emotions	Entrepreneurial difficulties generate specific affective states (e.g. stress, affect, fear) that affect the LO-EP relationship.
EP competences	The EP masters the skills enabling him/her to overcome his/her difficulties.
External regulation	The LO's management of the difficulty is framed by the regulatory environment (e.g. Banque de France filing, banking profession standards).
Human relations	The partners have developed a relationship that goes beyond technical and financial dimensions.
Information	The LO has both objective (e.g. financial data) and subjective data about the EP (e.g. relationship history).
Interpretation of the difficulty	The difficulties are attributed to external (e.g. bad luck)/internal (e.g. management error) or cyclical/structural causes.



Learning	The EP learns from his/her experience and questions himself/herself.
LO Profile	Both the personality and qualifications of the LO influence the way in which he/she accompanies the EP in difficulty.
Opportunism	The partner (EP or LO) takes personal interest before honoring his/her commitment.
Risk management	The LO analyzes the difficulty according to the risk policy of his/her organization.
Solutions	The bank offers the EP tools and business solutions to face his/her difficulties.
Support	The LO seeks to help the EP during his/her difficult time and defends the case internally.
Transparency	The partners share the information they possess in good faith (e.g. no hidden information, lack of manipulation, honesty, sincerity).
Trust	The partner (LO or EP) is assured of the other's ability to respect his/her commitments.

3.2. STAGE 2: BUILDING THE INDIVIDUAL MAPS

Two separate two-hour workshops were organized: one with 12 EPs in difficulty, accompanied by the aforementioned association (in November 2019), the other with 15 LOs from the mutual bank (in December 2019). The two workshops were structured in the same way:

- 1) Introduction to the workshop (10 min): We provided simple explanations on causal maps through concrete illustrations on subjects different from that studied here.
- 2) Development of causal maps (50 min): After completing an identity card, participants were subjected to the scenario below (Frame 2).

Frame 2. Scenario submitted to LOs and EPs.

- **Scenario for LOs:**
You are an LO and are dealing with a small business EP. He/she is already part of your portfolio of clients, and his/her financial situation has deteriorated. You must build the causal map that best fits your representation of a beneficial LO/EP relationship in the event of entrepreneurial difficulties.
- **Scenario for EPs:**
You are a small business EP whose financial situation has deteriorated and you are dealing with your usual LO. You must build the causal map that best fits your representation of a beneficial LO/EP relationship in the event of entrepreneurial difficulties.

Participants then had to develop individual causal maps by answering the following question: “What is your representation of a beneficial LO/EP relationship in the event of entrepreneurial difficulties?”. In practice, after having read the list of 26 variables and their definitions, the participants had to select between 10 (min) and 15 (max) concepts, and transfer them to post-it notes that they could then place on an A2 sheet to build their causal map.

- 3) Collective debriefing in “focus group” style (1h): Participants were asked to compare their mental representations and give meaning to their respective causal maps. These exchanges were recorded and fully transcribed (forming a total corpus of 32 pages).



3.3. STAGE 3: ANALYZING AND CONSTRUCTING THE COLLECTIVE MAPS

Each individual causal map was then converted into a matrix format and analyzed in terms of the chosen concepts and links. The analysis of individual maps was performed independently with the objective of ascertaining the similarities and differences of individual maps for each population and between the two populations. We then computed the following elements used for the analysis and the further construction of the collective causal maps:

- 1) Number of common concepts chosen by the participants of each population
- 2) Number of common relationships drawn by the participants of each population
- 3) Number of concepts with a maximum number of relationships
- 4) Causal weights for each relationship
- 5) Density of relationships in each causal map
- 6) Degree of complexity of each individual causal map
- 7) Total number of arcs or relationships for each concept chosen by an individual
- 8) Average number of relationships between concepts for each of the two populations
- 9) Analysis of ingoing vs outgoing arcs (head vs tails) per concept for each causal map
- 10) Concepts of the domain centrality principle for each population
- 11) Ranks of concepts in each individual map according to the above principle
- 12) Quantitative analysis of distances¹ between individual maps
- 13) Similarities among individual maps of each population²
- 14) Similarities between the collective maps of the two populations³

The aggregated collective map was built as an adjacency matrix with frequency data in each cell, corresponding to the causal links indicated by individual participants. Based on the computed qualitative and quantitative measures of the analysis enumerated above, we built three other collective causal maps (Fig. 1):

- *Unanimity map* including the concepts and relationships chosen by all participants

¹ The Minkowski square distance $D(A,B)$ between the two matrices A and B is defined as following $D(A,B) = \sqrt{\sum_{i=1}^N \sum_{j=1}^N ((a_{ij} - b_{ij})^2)}$, where $A = [a_{ij}]$ and $B = [b_{ij}]$ are the matrices representing the individual causal maps of participants A and B respectively.

² The similarity between two individual causal maps is defined using a simple multiplicative model: $S(A,B) = (\sum_{i=1}^N \sum_{j=1}^N a_{ij} b_{ij}) / 2N$, where $A = [a_{ij}]$ and $B = [b_{ij}]$ are the matrices representing the individual causal maps of participants A and B respectively.

³ The similarity between the collective maps of the two populations is based on a multiplicative model (see above).



- *Majority map* including concepts and relationships chosen by the majority of participants
- *Enlightened majority map* including the concepts and relationships chosen by the majority of participants and those that were the most important for each participant based on the domain centrality principle.

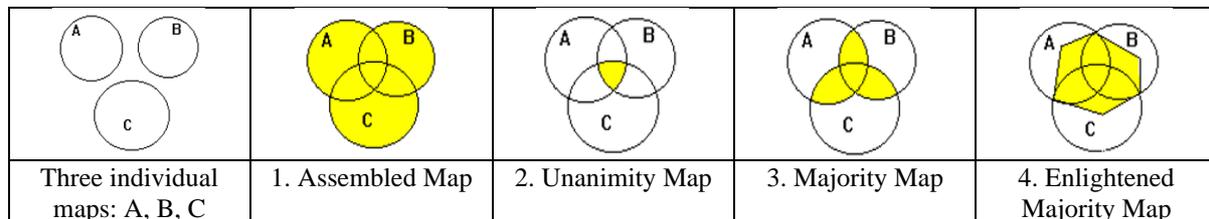


Fig. 1. Four types of collective maps adapted from Scavarda et al. (2006).

3.4. STAGE 4: QUALITATIVE DATA ANALYSIS

We also analyzed the qualitative data collected in the exploratory interviews and focus groups. These different corpuses were coded under NVivo in accordance with the grid of 26 variables to construct for each concept a verbatim base capable of shedding light on the phenomena observed during the analysis of the causal maps. These qualitative data were used to put the results from the quantitative analysis of the causal maps into perspective.

4. FINDINGS

In this section, we briefly provide a description of the representations of the LO-EP relationship in the case of entrepreneurial difficulties from the EPs' and the LOs' side organized in the individual and aggregated maps.

Our analysis highlights the marked differences of the perceptions of each group - LOs and EPs. Respondents' quotes are provided in Table 1A in the appendix as evidence supporting the research findings. The visibly different perception patterns of the two groups confirm that there will be no common ground for cooperation and mutual understanding unless the values of each group can be permanently built into the foundations of their relationships.

4.1. The perceptions of EPs

The 12 EPs who participated in Stage 2 of the study ($M_{age} = 55.2$ years; 66% female) cumulated in a total 21 experiences of company creation with an average expertise level of 13.3 years in business. The respondents' areas of expertise were deemed to provide good coverage.



The 12 maps created by the EPs employed a total 161 concepts and 245 links, with an average 20 links per map. The authors worked independently to verify the constructed maps and then checked the results for inter-rater agreement.

Only 88% of the concepts were retained, and three were not chosen by EPs – “Denial”, “Discredit”, and “Opportunism” – and only one chose the concept “Emotions”. The EPs’ plebiscite of “Action Plan” (Table 2) confirms the extreme importance of this concept for all participants.

Table 2. Impartial plebiscite of the concepts chosen by EPs

EPs’ agreement on the choice of concepts							
Action Plan	100%	LO profile	83%	Transparency	75%	Information	58%
Communication	92%	Continuity of financing	75%	Alert	75%	Interpretation of the difficulty	58%
Support	92%	Availability	75%	Solutions	67%	Trust	50%
Benevolence	83%	Ecosystem of the EP	75%	EP competences	58%	Effort of the EP	50%

The unanimity map is composed of the single concept “Action Plan”, as there was no common agreement either on the other concepts or on the causality links among the concepts. No other associations and links were unanimously chosen by all participants, as it is frequently the case (Scavarda et al., 2006).

The aggregated map of EPs (Table 3), which we obtained by summing up all their individual maps, contains the 23 concepts and 245 links. The four concepts with the highest number of entering and sorting links were identified as the most important for this map.

Table 3. The analysis of entering vs. sorting links for the concepts in an aggregated collective map of EPs.

Concept	Number of entering links	Number of sorting links	Concept positioning in the map
Action Plan	24	13	Head of the map
Communication	22	21	Head of the map
Support	20	10	Head of the map
Continuity of financing	17	5	Head of the map
LO Profile	15	27	Tail of the map
Alert	10	16	Tail of the map
Benevolence	17	20	Tail of the map

While tails represent the starting point, heads correspond to the final goals in the perceptions (Bryson et al., 2004). The concepts presented in the majority of EPs’ individual maps are reflected in the majority map (Fig. 2).

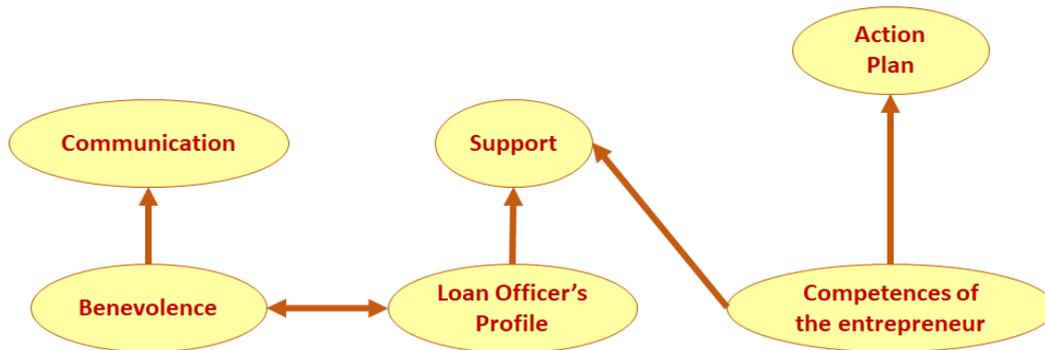


Fig. 2. The majority map of EPs' perceptions representing the concepts and links that were important for the majority of participants.

The enlightened majority map complements the majority map with the concepts and links of high importance in the individual maps (Fig. 3), which is therefore far richer, more inclusive, and likely to be the fullest and most interesting for the analysis.

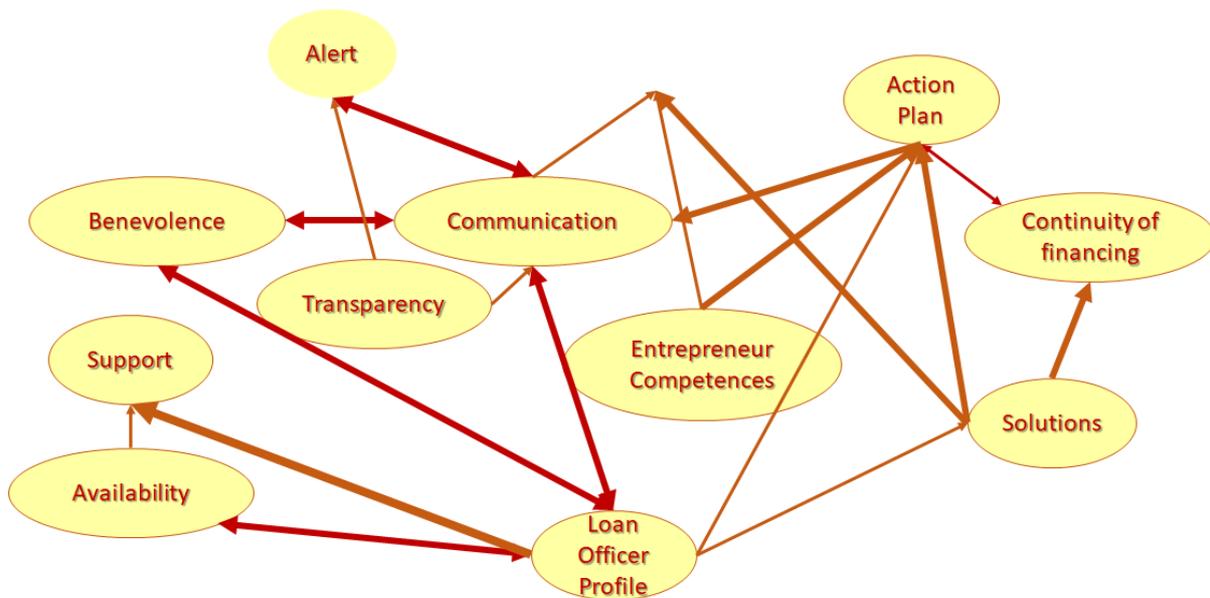


Fig. 3. The enlightened majority map that illustrates the EPs' perception of the beneficial relationship with LOs.

The results indicate the distances between the EPs' individual maps calculated using the Minkovski square distance. If the minimal found distance $D(E_i, E_j) = 5.12$, the maximal measured value corresponds to $D(E_i, E_j) = 6.8$, and on average these distances vary from 5.83 to 6.32. The distances between the individual and the collective maps (majority and enlightened majority) are definitely greater. On average, the distance between the EPs' individual maps and the collective majority map is 10.72, while it increases to 17.57 for the enlightened majority map.



To measure the similarities between the maps, we implemented the following procedure. As each map transformed into a matrix format is composed of 0 (no link) and 1 (there is a link between the concepts), then the multiplication of the two matrices will show 1 only when both respondents chose the same link. If only one indicated the link, there will be 0 in the respective position in the product matrix. Therefore, to calculate the indices of similarities σ between two matrices, the multiplication model was used, and we calculated the sum of all the elements of this product matrix. The bigger the value obtained, the closer the two maps. The smaller the value obtained, the more differences in the maps.

Applying this approach to measure the similarities of perceptions among EPs, a value $\sigma(E_i, E_j) = 9$ was obtained. Together, these findings support the claim of the prolific perception of the representations of an LO-EP relationship by EPs.

4.2. The perceptions of LOs

In this part of the study, the 15 LOs who participated in Stage 2 ($M_{age} = 48.7$ years; 47% female) had accumulated over 360 years' experience in the banking sector in total, with an average 23 years. The participants had a strong level of expertise in entrepreneurial difficulties, indicating on average 3.73 on the scale of 5.

They created 15 individual cognitive maps, using in total 186 concepts with an average 22 links per map. 100% of the concepts were retained by the LOs, and if there was no full plebiscite among the concepts, the two "Action plan" and "Transparency" concepts were both at the top of their choice. The results (Table 4) on the agreement among LOs are in line with the EPs' agreement on the importance of the "Action plan" for all, and the "Transparency" concept for 75% of EPs.

Table 4. Impartial plebiscite of the concepts chosen by LOs.

LOs' agreement on the choice of concepts					
Action plan	93%	Communication	67%	Interpretation of the difficulty	60%
Transparency	93%	Difficulty	67%	Continuity of financing	53%
Alert	80%	Effort of the EP	67%	Information	53%
Trust	73%	Risk management	67%		
Availability	73%	Solutions	67%		

The unanimity map remained empty, which is a frequent situation as explained above. This confirms the heterogeneity of individual perceptions of the relationship of LOs. The aggregated map of LOs, obtained by summing up their individual maps, contains all the 26 concepts and 199 links. The four concepts "Action plan", "Solution", "Effort of the EP", and "Continuity of



financing” are distinctive “heads” of the aggregated map and represent the final goals in the LOs’ perception of an LO-EP relationship. The two concepts “Information” and “Communication” are distinctively positioned as “tails” and form the basis of the map, the grounds for discussion perceived by LOs. Noteworthy is that there are certain concepts – “Trust”, “Interpretation of difficulties”, “Risk management” and “Transparency” – that do not have a distinctive “head” or “tail” position in the map, and are both seen as necessary conditions for a beneficial relationship. This is explained by the fact that many respondents used double-sense arrows for these concepts.

The majority map (Fig. 4) is composed of the two distinctive patterns of six and five concepts each. One part of this map emphasizes more the basis of discussion with information and communication concepts linked to “Availability” and “Transparency” requested by LOs. The other part of the majority map represents the final goals of “Action Plan” and “Solutions” to be put in place and supported by “Trust”, “Interpretation of the difficulty”, and “Efforts of the EP”.

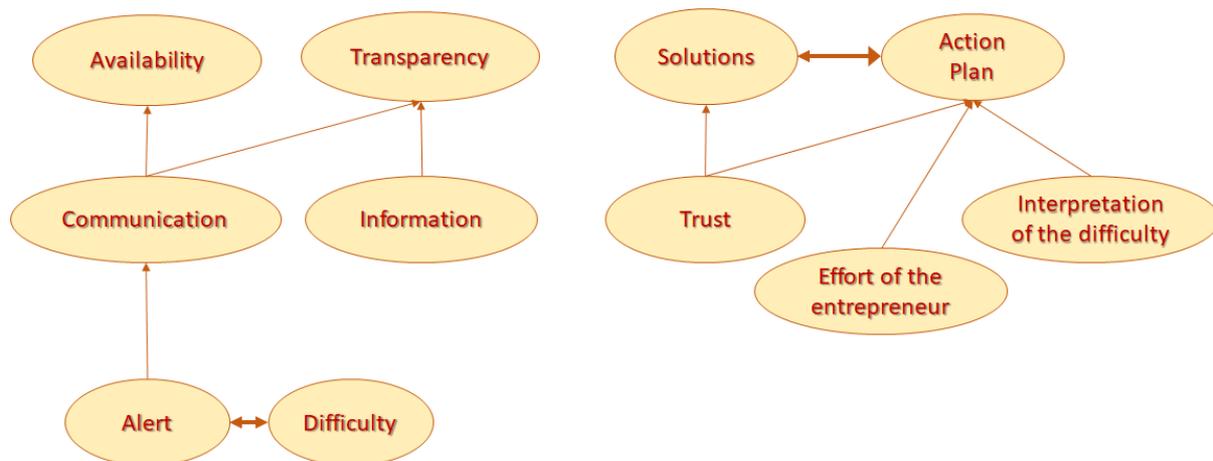


Fig. 4. The majority map of LOs representing the concepts and links that were important for the majority of participants

The enlightened majority map (Fig. 5), which supplements the majority map with the concepts and links of high importance revealed in the individual maps, is again more complete than the majority map and presents a more ample perception of the LO-EP relationship of LOs.

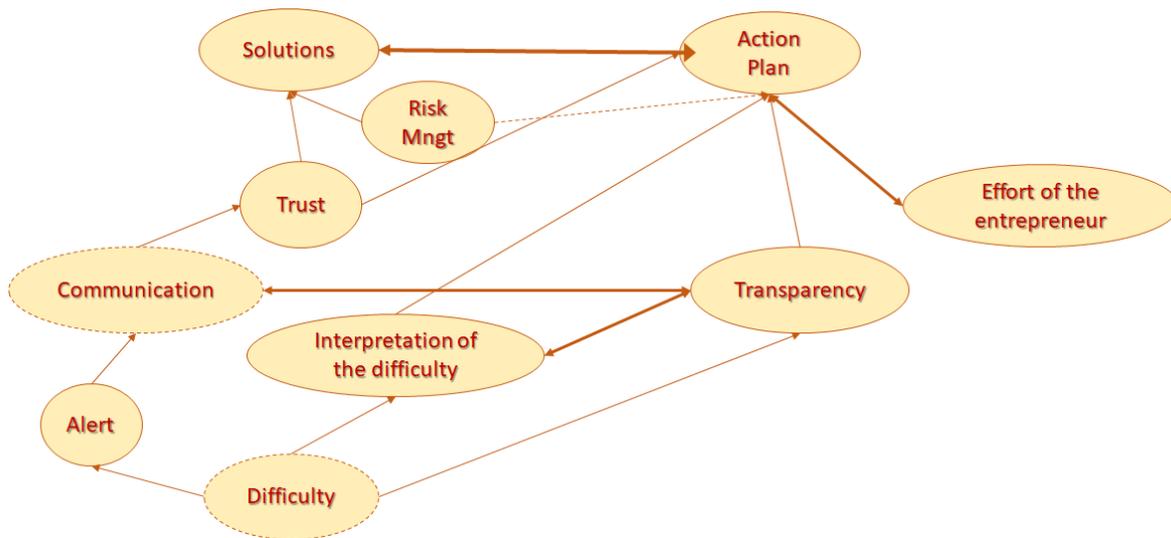


Fig. 5. The enlightened majority map of the LOs' perception of the beneficial relationship with EPs.

The results indicate the distances between the individual maps of LOs calculated using the Minkovski square distance. If the minimal found distance $D(B_i, B_j) = 4.47$, the maximal measured value corresponds to $D(B_i, B_j) = 7.81$. These distances are greater compared to the distances between the EPs' maps, and on average, also show a slightly larger variation from 5.58 to 6.94. The distances between the LOs' individual maps and their collective maps (majority and enlightened majority) are definitely greater. On average, the distance between the LOs' individual maps and the collective majority map is 16.94, while 23.92 in the case of the enlightened majority map.

The similarities of perceptions among LOs is measured using a simple multiplicative model and a value $\sigma(B_i, B_j) = 14.6$ is obtained, which is higher than in the case of EPs and shows a stronger similarity in the perceptions among LOs compared with the similarities of perceptions among EPs with $\sigma(E_i, E_j) = 9$.

4.3. Comparison of the perceptions of EPs and LOs

The results observed in Table 5 show the comparison of the distances between the EPs' and the LOs' maps. While the min $D(B_i, E_j) = 5.22$ and the max $D(B_i, E_j) = 8$, the average distance is 6.29. Compared to the average distance between the EPs' maps of 6.1 and the average distance between the LOs' maps of 6.32, it is evident that there is common ground in the perceptions of the two groups.


Table 5. The distances between the LOs' and the EPs' individual maps

	EP 1	EP 2	EP 3	EP 4	EP 5	EP 6	EP 7	EP 8	EP 9	EP 10	EP 11	EP 12
LO 1	6.26	6.63	6.48	6.32	6.32	6.65	6.93	6.32	6.32	6.24	6.00	6.56
LO 2	5.41	5.66	5.83	5.10	5.29	5.68	5.66	5.66	5.66	5.39	5.29	5.74
LO 3	6.87	7.21	7.35	6.78	6.93	7.37	7.35	6.93	7.21	7.00	7.21	7.55
LO 4	5.87	5.77	6.42	5.77	5.94	6.28	6.42	6.10	5.94	5.85	5.77	6.18
LO 5	6.02	6.24	6.24	6.08	6.08	5.77	6.56	6.24	6.40	5.83	6.08	6.16
LO 6	6.18	7.00	7.14	6.56	6.71	7.02	6.86	6.71	6.71	6.16	6.56	7.07
LO 7	6.18	6.40	6.40	6.24	6.24	6.73	6.86	6.56	6.40	6.16	6.40	6.78
LO 8	6.10	6.48	6.93	6.48	6.63	8.00	6.63	6.78	6.63	6.40	6.32	6.86
LO 9	6.95	7.28	7.14	6.71	6.86	7.02	7.00	7.00	7.14	6.78	6.86	7.07
LO 10	5.77	5.83	6.16	5.66	6.00	6.18	6.32	6.00	6.16	5.57	5.66	6.24
LO 11	6.18	5.92	6.71	6.56	6.40	6.87	6.86	6.71	6.40	5.66	6.24	6.78
LO 12	6.58	5.66	6.63	6.16	6.32	6.65	7.07	6.63	6.63	6.40	6.16	6.40
LO 13	5.77	5.66	5.83	5.83	6.00	6.02	6.48	6.00	6.16	5.74	5.66	5.92
LO 14	5.22	5.29	5.66	5.29	5.29	5.68	6.00	5.29	5.48	5.20	5.29	5.74
LO 15	5.94	5.00	6.32	6.00	6.16	6.34	6.16	6.16	6.00	5.74	5.66	6.24
<i>Average</i>	<i>6.09</i>	<i>6.14</i>	<i>6.48</i>	<i>6.10</i>	<i>6.21</i>	<i>6.55</i>	<i>6.61</i>	<i>6.34</i>	<i>6.35</i>	<i>6.01</i>	<i>6.08</i>	<i>6.49</i>

The comparison of distances between the EPs' and LOs' collective majority and enlightened majority maps (Table 6) confirms the previous conclusion.

Table 6. The comparison of the distances between the collective maps of LOs and EPs

	EPs' Majority Map	EPs' Enlightened Majority Map
LOs' Majority Map	20.49	23.32
LOs' Enlightened Majority Map	27.07	27.26

The analysis of the similarities between the individual and collective maps based on a simple multiplicative model enables comparing the patterns of the perceptions of the two groups. With the values $\sigma_{\text{Entrepreneurs}} = 9$ and $\sigma_{\text{bankers}} = 14.6$, there are more similarities among the LOs' collective maps, while the perceptions of EPs are more dispersed. The analysis of the similarities among the individual LO maps and the individual EP maps shows a value $\sigma(B_i, E_j) = 8.963$, hence even fewer similarities than among the LOs' maps and the EPs' maps.

5. DISCUSSION

In this study, we seek to determine whether there is a representational gap between LOs and EPs of what a beneficial relationship should be in the case of entrepreneurial difficulties. Indeed, the shared representation of a problem to be solved is the source of better coordination, easier communication, and thus increased performance (Cannon-Bowers et al., 1993;



Thompson and Fine, 1999). Our analysis of the cognitive maps reveals significant differences in the representations linked to information asymmetries, the framing of the relationship, and the resolution heuristics of the difficulty.

5.1. REPRESENTATIONAL GAPS OF INFORMATION ASYMMETRY

In this study, the partners' interest in the macro (external regulation) and meso (banking process) aspects is marginalized in favor of a micro representation centered on the interactions between the EP and the LO. This posture of respondents is singular, as banking support is perceived as constrained by the regulatory environment in France (Table A1, in the Appendix). In the context of LO-EP micro-interactions, our results highlight the importance assigned by the partners to both communication and information sharing. In particular, the information asymmetry context plays a structuring role. LOs seek signals to interpret and refine their representation of the situation of difficulty (Ashforth and Humphrey, 1997; Fiske and Neuberg, 1990). Their main challenge is to determine whether the difficulty is circumstantial (e.g. unpredictable unfortunate event) or structural (e.g. lack of entrepreneurial skills). The signal or alert will therefore be combined with communication to understand the difficulty. However, whether the alert about the difficulty is signaled by the LO or the EP will determine the continuity of the business relationship. If the EP spontaneously informs the LO of the worsening situation, it creates a favorable mental predisposition in the latter (and vice versa). For both parties in the relationship, access to information, and more broadly transparency, are thus crucial. All but one of the interviewed LOs take this dimension into account, and the importance of transparency (vis-à-vis an LO) is an issue of which struggling EPs are also fully aware. However, the two actors differ in their representation of the consequences of truthfulness. LOs build an interpretation grid of the difficulty (Lipshitz and Shulimovitz, 2007; Hensman and Sadler-Smith, 2011), and in addition to a formal risk assessment, base their opinion on a broad spectrum of indices. In the mental representation, a good feeling (Hensman and Sadler-Smith, 2011; Hodgkinson and Sadler-Smith, 2018) thus ensures the link between the different variables retained. A good feeling is also based on trust and defines the follow-up to the relationship, particularly the definition of solutions, the possibility of support, and the continuity of financing. The LO's trust is more linked to the perceived morality of the EP than to his/her technical skills (Brambilla et al., 2011). Our results confirm that the LO's intuition is based on a combination of situational (alert and difficulty), organizational (risk analysis),



and individual (customer relationship) factors (Hogarth and Karelaia, 2007; Greifeneder et al., 2011).

On the other hand, the EP agrees to reveal information if (and only if) the LO has proven his/her benevolence earlier. The choice to analyze, first and foremost, the LO's profile can then be interpreted as a form of temporization. If the EP believes that the LO is accommodating, she/he will disclose the information because she/he thinks that the solutions proposed will be to his/her advantage. Otherwise, the EP will consider that a renegotiation will be disadvantageous, and will then prefer to withhold information in order to avoid the changes that could be made to the contracts signed before the difficulty. By choosing this type of behavior, the EP loses sight of the dangers to which she/he exposes his/her company. A "hampered" three-dimension channel – LO profile/benevolence/communication – emphasizes and justifies the possible lack of transparency.

The expectation of support⁴ and availability, expressed by the EP as the prerequisite of a successful relationship, does not take into account all the work on the information analysis undertaken by the LO for the particular situation of difficulty. We consider that there is potentially a sub-optimal balance if the LO waits until the EP reveals information as a signal of trust for benevolence. Ultimately, if the EP does not make all the information available, it is not only because she/he does not have it, but also because, like the LO (Hensman and Sadler-Smith, 2011; Hodgkinson and Sadler-Smith, 2018), the EP engages in certain calculations based on the intuition of the continuity of the relationship, even if it means sometimes hiding or manipulating the information⁵. Feeling weakened, the EP wants to avoid being stigmatized at all costs (Simmons et al., 2014; Singh et al., 2015). This "fear of the banker" stems from the belief that the LO can use the information against the EP. In this sense, our research identifies obstacles in the interaction (Harhoff and Körting, 1998; Uzzi and Lancaster, 2003) between the LO and the struggling EP, leading to information loss and mutual misunderstanding (Cronin and Weingart 2007). Consequently, they exacerbate the difficulty in the LO's eyes. Placed in a situation where they are unable to refine their interpretation of the difficulty (Ashforth and

⁴ In the EP's representation, support is above all an expected posture of the LO, reflecting his/her human "values", while referring to "support solutions" (on an operational level) in the eyes of the LO.

⁵ "Obviously, I lied! Obviously, I made false forecasts! Otherwise, the company wouldn't be here anymore today. And luckily, I acted like that. If I had told the truth, I would not have had this funding. I would no longer have machines that work. And the company would be already dead. If we don't lie to them, it doesn't work!", noted a struggling entrepreneur.



Humphrey, 1997; Fiske and Neuberg, 1990), they then adopt a position of detached accompaniment.

As the EP's attitude creates the conditions leading to stigma (Simmons et al., 2014; Singh et al., 2015), which she/he specifically sought to avoid, this situation falls into a self-fulfilling prophecy (Barr et al., 1992). Therefore, when mutual trust has not been previously established, this situation leads to a "tit-for-tat" approach (Axelrod, 1985) – the LO will cooperate if believing that the EP will do the same – and a zero-sum defensive game. However, it appears that trust, which is decisive for the LO, is much less important for the EP. The relationship then remains dependent on a calculation and on the EP's ability to overcome (or not) the "feeling of shame" inherent in the difficulty faced. In the case of a silent struggling EP, the two partners will rely on less rational solutions to understand the situation.

5.2. THE INITIAL FRAMING AT THE HEART OF REPRESENTATIONS OF THE RELATIONSHIP

Our findings provide new insights to current knowledge on the LO-EP relationship by establishing the framework of this relationship. The proposed framework echoes the "EP's background" concept, which significantly frames the perception of the relationship (Busenitz et al., 1997). It has been shown that the initial framing (Tversky and Kahneman, 1981) of the relationship focuses primarily on the business partner (on both sides), signaling a form of self-complacency (Miller and Ross, 1975). We observed the tendency of LOs and EPs to consider that the way out of the crisis involves "external" elements, even those that are not under their control (Rotter, 1954). More specifically, they expect a personal commitment from the business partner to launch a virtuous circle and exit the crisis. In practice, the EP expects the LO's benevolence (empathy, non-judgment, personalized listening, etc.), symmetrically, the LO expects the EP's efforts in terms of remuneration, capital contribution, or guarantee (while the EP considers that much effort and many sacrifices have been already made). This bias in representation manifests on both sides, even if it seems more acute in the EP's perception of the situation.

Prior to any action, the EP assesses the LO's profile, perceived somewhat as "all-powerful". In this perspective, the EP then appears to be at the mercy of the LO's benevolence, support, and availability. Therefore, the communication and solutions available depend on the way of framing the partner. It thus seems possible to approximate the "LO profile" variable as "LO competence" in the mind of EPs. The qualitative data suggest this interpretation. Indeed, EPs



are often inclined to point a finger at the LOs' lack of skills. It may thus be surprising that LOs do not mobilize situational and personal variables in their representation of the relationship. In particular, only a minority of LOs consider to what extent their profile is involved in the relationship.

In practice, EPs frame LOs referring to three dimensions: benevolence (a favorable disposition), support (defending the case internally and seeking to help the EP), and finally, availability (attentiveness, responsiveness, and commitment to the matter). These mental patterns allow EPs to predict the behavior of LOs and explain the way in which they interact (Mathieu et al., 2000; Schmidtke and Cummings, 2017). Their failure to take into account the LO's specific expectations can make such schemes counterproductive or even destructive in terms of value for both parties. We could then ask how conventional (partners follow heuristics shared within their population likely to conflict with those of the other population) or rational the choice might be (the EP's interest in not trusting the LO under the assumption that disclosure could be fatal).

Symmetrically, the LO will assess the EP's competence, effort, and transparency, determining the trust placed in the relationship and forming a first idea of the action plan. This framing must be put into perspective with the "contextual" framing of the situation through alerts and the difficulty faced. The last elements are also used to conduct banking analyses in terms of information and risk management. Mainly through communication, the EP feeds the interpretation process and structures the representation of reality (Hong and Page, 2009; Csaszar and Levinthal, 2016). If, for EPs, this cognitive scheme makes it possible to simplify the decision (Garaus et al., 2015; Martignoni et al., 2016), it is different for LOs. Indeed, the latter engage in arbitration that is rational, based on risk management, and intuitive, even moral, when mobilizing their own confidence indicator. As Shepherd and Zacharakis (2018) have shown, such simplifications can then lead to attribution errors both for EPs and LOs. However, if these errors can be explained by erroneous justifications of the difficulty, our results show that the foundations of these errors relate to informational, relational, and moral dimensions.

The difficulties encountered in the relationship are further increased by the heterogeneity of the profiles observed among EPs and LOs. This observation constitutes, in itself, a theoretical contribution, as it allows confirming the limits of reasoning in terms of homogeneous blocks (Shepherd and Patzelt, 2015). Our research shows that there is even more variance on the side of EPs, partly explained by the fact that LOs represented only one bank, and that banking



activities are highly processed. The EPs who participated in this study had less in common a priori, and we observed varied cognitive structures and individual perceptions among them. This result extends the work of Baron (2006), who underlined the heterogeneity of views within the entrepreneurial population. Such conclusion underscores the necessary adaptability of LOs and therefore gives credit to the idea – defended by EPs – that the LO's profile is decisive in managing entrepreneurial difficulties. The mental structures of certain LOs appear to be less distant from those of certain EPs. The debriefings through focus groups shed light on this phenomenon, showing that the LO has a close relationship with the world of EPs (family, personal history, etc.) and, on the EP's side, that they have received support or have already experienced bankruptcy. This finding extends the work of Andersson (2004) and Bruns et al. (2008), according to whom a similarity between the LO's and the client's human capital is a significant indicator of the probability of an agreement emerging.

5.3. DIFFERENT HEURISTICS OF DIFFICULTY RESOLUTION

Our results ultimately confirm the difficulties encountered by LOs and EPs in adopting a shared representation allowing them to identify common approaches to exit from the difficulty. Our analysis thus goes in the direction of studies emphasizing the “apart” character of the representation that EPs may have of their activity and the relationship with their business environment (Ginsberg and Buchholtz, 1989). In full compliance with the current literature, we confirm the differences in the views among LOs and EPs, and further characterize these differences. In particular, this helps in better understanding why LOs and EPs find it difficult to coordinate in the case of difficulties. Specifically, if the actors agree on the end point, the mobilization of mind maps highlights the obstacles to information sharing, both in terms of common language (support, efforts, etc.) and relationship representation (map structure, links between variables, etc.).

First, we underline the EPs' weak consideration of the “difficulty” variable, instead frequently considered by LOs for whom the context is far from neutral (Tversky and Kahneman, 1981; Wiesenfeld et al., 2008). This form of unconscious denial of EPs is even more surprising, since a difficulty is the starting point of the scenario submitted to participants. As a result, the EP clearly hopes that the LO will judge the situation regardless of the context of difficulty. This phenomenon stems from what Meza and Southey (1996) describe as the EP's optimistic approach in opposition with the LO's use of “rational” and “efficient” solutions. The failure to



take into account negative elements, following Kim et al. (2010), relates to different ways of perceiving the situation. Thus, an LO has a “risk manager” logic, and perceived as negative, the struggling EP is in the position of “market manager” focusing on relationships and business opportunities without a global view of the situation. These elements strengthen the prospects that Sarasvathy (2001) expressed on the difference in perceptions of the risk associated with the LO-EP relationship, and reinforce the challenge for LOs to reduce information asymmetry and find incentive and relationship control mechanisms (Lehman and Neuberger, 2001; Liberti and Mian, 2009). It is difficult for both parties to integrate information from the other, and could ultimately lead to misunderstandings (Cronin and Weingart, 2007). In summary, the mental models of LOs and EPs are globally different.

However, our research tempers, on several points, the numerous works opposing – sometimes in a Manichean way – the representations of EPs and those of managers, in our case LOs (Keane et al., 2018; Singh et al., 2015). While, obvious differences emerge in the results, there are points of convergence in their representations, *i.e.*, some cognitive proximity (Nilsson, 2019).

LOs and EPs share common goals. In the present study, the most retained variable is “action plan” positioned at the “head of the map”, which is seen as a goal or objective. This is a key variable in the two mental models linked to banking solutions and/or continuity of financing. This means that the cognitive representations of LOs and EPs as to what to expect from the relationship in situations of difficulty are theoretically compatible (Cronin and Weingart, 2007). In other words, the business partners have a common representation of the problem they face (Kellermanns et al., 2008; Reuveni and Vashdi, 2015). The shared representation of the purpose of the relationship includes setting up an action plan (EP’s side) and ensuring continuity of funding (LO’s side). If this shared representation is based on similar information, and the variables used are described in the same way by LOs and EPs (Healey et al., 2015), such representation opens up opportunities for both sides to make concessions and find a compromise. Instead, the mental processing to reach this common goal differs for EPs and LOs (each expects different things from the other).

Finally, this research also argues that the representations of LOs and EPs converge on two interesting points, running counter to the literature on entrepreneurial failure: learning and emotions. The idea of learning from failures (Singh et al., 2015; Thornhill and Amit, 2003) appears here as a mantra, which neither in the business relationship actually takes into account



in practice. On the one hand, EPs seem confident in their skills despite the difficulties encountered. On the other hand, LOs do not see the difficulty as an opportunity to strengthen the experience, but more as a risk. The representations also tend to completely disembodify the relationship of this emotional dimension, perhaps due to the methodology used, even though the psychological costs of failure are well known (Jenkins et al., 2014; Shepherd et al., 2009). On both sides, the absence of the emotional dimension can be interpreted as a desire to avoid stepping into a psychological field. This could likely modify the representations of EPs and LOs, and echoes Cheung and Mikels (2011) stating that in a situation of emotional reassessment, as would be the case in a period of difficulty, participants reduce their search for risk in situations of loss and have greater risk aversion in situations of gain. This research invites thinking that the actors neutralize, voluntarily or not, their emotions to avoid biases in their interpretation grids.

6. CONCLUSION

This research makes several contributions to better understand the relationship between LOs and struggling EPs. Applying the cognitive maps methodology, this study reveals the representational gap between LOs' and struggling EPs' perceptions of financial difficulties. This study is among the first to show that the two business partners converge on the purpose of their relationship (in this case, exiting the crisis), despite the significant differences in their perceptions of how to achieve this common goal. Both externalize the resolution of the problem by considering the partner's profile and the propensity to "make the first move" as the key success factor. By emphasizing inter-subjectivity, this research extends current understanding of the coordination difficulties traditionally observed in the literature studying relations between EPs and LOs.

Nevertheless, this research suggests the possibility of improving the relationship at the managerial level if both the EP and the LO accept making adjustments. On the one hand, the LO must send signals of benevolence (listening, availability, non-judgment, etc.) to reassure the struggling EP, which requires banks to preselect the most appropriate profiles (initial training, professional career, seniority, etc.) to deal with these types of sensitive cases. On the other hand, EPs must agree to question themselves and meet the expectations of LOs in terms of information sharing to appear legitimate in their eyes (Kibler et al., 2017). Finally, our study has some limitations in that we analyze a single case in a specific socio-cultural context



of a high-risk adverse country, France (Hofstede et al., 2010). However, our study is an in-depth investigation, and we believe that these revelatory findings are rich and likely significant for further theory development. To generalize the findings, we thus encourage future research to extend the study to other countries.



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APPENDIX – TABLE A1: SELECTION OF VERBATIM

Concept	LO	EP
Action plan	<i>“I made a diagram linking transparency and trust. To get to this transparency-trust diagram at the center, we start with a LO profile and an EP profile, and depending on the situation, if there are exchanges, that will establish transparency. From transparency, we will get to trust (...). And depending on trust, we get to support solutions and action plans.”</i>	<i>“In the ideal relationship with the banker, this should lead to a search for solutions and an action plan.”</i>
Alert	<i>“It’s not always the client who comes to see us. It is sometimes us who realize that there are tensions on the account, that the overdraft is used too often, and especially that we never get by. We are sometimes the ones who notice it and make the client talk.”</i>	<i>“There is barely one contact per year. I did not try to solicit more, because I have 20 years of experience. And I know that from the moment you start telling them you’re not fine, they turn off the taps! They don’t take any risks! They turn off the taps. So, I didn’t speak.”</i>
Benevolence	<i>“When you put in some human relationship, empathy, benevolence and when you are close to your client, the client will open up much more. And, as a result, we will have objective means to help him.”</i>	<i>“What I expect from a banker, at a minimum, is benevolence. That is to say, first of all, that he has to listen. For me, benevolence goes through listening. He is not there to cry with me. He is there to listen to all that I have to set up, my difficulties, etc.”</i>
Communication	<i>“He [EP] has to communicate. He must not keep the information. He has to pass it to us. He shouldn’t wait until we find out things. There must be regular communication at the different stages with the client, when there are legal collective proceedings. By email, by phone. So, the client should be a little more open in communication and should not withhold the information.”</i>	<i>“I’m the one who initiated the insolvency proceedings. When you have a large amount outstanding, it is better not to tell them [LOs] about it, because otherwise your amount outstanding will be reduced! You need that but they reduce your outstanding amount. So, you cannot communicate!”</i>
Continuity of financing	<i>“Generally, the EP expects an increase in overdrafts. He’s awaiting the establishment of an additional line of credit. And it is complicated.”</i>	<i>“This major unpaid debt caused us serious cash flow problems. So, we called our bank to compensate for this overdraft. We asked for a loan to be able to continue the activity serenely. The bank granted us this loan.”</i>
Effort of the EP	<i>“Efforts, which means putting money back in equity, lowering the salary of the spouse who is not always hyper justified. They can find sources of savings.”</i>	<i>“I did not put the efforts of the EP in the diagram, because we are talking about the relationship with the banker and because, as far as I am concerned, the efforts, I made them! I made them on my own, not to please a banker. I made them for myself, for my company, for my employees.”</i>
EP competences	<i>“If he does not have a skills base, he will not be able to acquire them in a situation of difficulty. The guy made a mistake. Afterwards, thanks to his acquired skills, he will correct the error. But if he has no skills at the beginning, he will go to the wall.”</i>	<i>“When an EP has had a company for 20 years, we don’t cut his legs just like that! Because he has experience. We can trust the EP, who has had his company for twenty years.”</i>
Information	<i>“It’s basically based on a lot of communication, a lot of information, a lot of availability. This is one of our current</i>	<i>“They [EPs] must be informed, as the company goes on, of the difficulties they encounter. It is important to communicate with them. If there is tension or something,</i>



	<i>constraints that we must know how to assume.”</i>	<i>you have to try to dispel any misunderstandings, so that, really, the communication is serene and we are transparent with them.”</i>
Interpretation of the difficulty	<i>“We are looking at whether these are temporary difficulties or not. Are they structural or not? Is it due to an event that the client could not foresee? We examine what is happening. We try to understand how he can get out of this situation. Then, depending on the reasons, we position ourselves favorably or not.”</i>	<i>“We can analyze and interpret all this information and where the financial difficulty comes from. Let’s not forget that the financial difficulty is only the result of intrinsic difficulties to the company. Or, perhaps, the result of a certain banker’s incompetence.”</i>
LO profile	<i>“Above all, the EP expects to deal with a professional. Before having someone empathic, he wants a professional who knows how to support him in his development phase or who knows how to anticipate.”</i>	<i>“I find that when you’re in trouble, it’s not the first thing you want to hear: that there are rules, that there are norms, that there are ratios, etc. Instead of adding extra weight and tension, the banker can also - at least in appearance - have a posture, an attitude that doesn’t complicate the situation.”</i>
Risk management	<i>“A banker can suggest solutions. These solutions must be offered in the context of strong external regulations and management risk in relation to the constraints of each establishment.”</i>	<i>“The goal of the bank is to reduce the risk! Because banks are rated based on their level of risk. The riskier the clients of a bank are, the lower the bank is rated. And so, they [banks] want to get rid of them.”</i>
Solutions	<i>“What we ask ourselves is how we can find common ground on what the customer wants and what can be done. To find an amicable solution or not. Sometimes we don’t have a solution and sometimes we have it and we can accept the gap in cash flows.”</i>	<i>“They were much less available. And they weren’t listening! And, above all, they did not provide any solution. A banker is not just someone who takes money. They are advisers. They didn’t try to fix the problem.”</i>
Support	<i>“It’s a meeting of two professionals: an EP and a banker, who assume their respective obligations. This is what will allow us to build, or not, solutions and develop a support plan.”</i>	<i>“For me, what is important is the human relationship between the two. I represented, as a priority, the values of this human relationship: trust, transparency, availability, support... For me, these are essential elements, which should be clear from the very beginning.”</i>
Transparency	<i>“There may be an absence of transparency. Because he [EP] doesn’t want to tell us or doesn’t have the ability to completely question himself about what is happening. This can be problematic, as when there is no transparency, there will be no trust. I think these two go together.”</i>	<i>“I think you have to be transparent and tell them [LOs] things without waiting until the situation deteriorates. They must be informed of the evolving situation. I think that it is very important for the banker to be able to defend the case transferred to his hierarchy, if it can’t be resolved at the agency level.”</i>
Trust	<i>“If the client does not want to tell us or if we believe that he is hiding things from us, we will not be confident and eager to help him. We will be more likely to let things go and end the relationship as soon as possible. Conversely, if we have a relationship based on trust, and if we know that the situation is temporary, we will more easily seek to find where we could help.”</i>	<i>“We have to be honest with them [LOs]. If we know that there are no contracts to come, we must tell them: “There is a big problem!”. We shouldn’t wait until we’re really under the water to consult them. Or lying to them can be very badly perceived. Afterwards, the relationship degrades. I think if there is no longer trust between the two, it is no longer possible for them to help us.”</i>