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Strategies Small Business Owners Use to Access Working Capital to Fund Operations

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This is to certify that the doctoral study by

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has been found to be complete and satisfactory in all respects,
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Walden University
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Abstract

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Michael P. Belleman

MS, Walsh College, 1993

BA, Marygrove College, 1980

Doctoral Study Submitted in Partial Fulfillment

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Abstract

Many small business owners encounter a lack of access to traditional bank funding that limits the owner's ability to meet working capital shortages to sustain operations. Grounded in the resource-based view, the purpose of this qualitative multiple case study was to explore strategies that small, home health care agency owners use to access working capital lending sources to finance their operations. The participants comprised 3 owners of small home health agencies in Wayne County, Macomb County, and St. Clair County, Michigan, who developed and implemented successful strategies to obtain working capital. Data were collected through semistructured interviews using open-ended questions, and direct observation of financial documents. Data were analyzed using Yin's 5-step process. Thematic analysis was used to analyze the data. Three themes emerged: alternative sources of working capital, the use of banking relationships to improve the working capital position, and the sustainability of the business. A key recommendation is that bank owners use alternative forms of working capital to sustain operations in lieu of traditional bank loans. The implications for positive social change include the potential for small business owners to increase job opportunities for residents that can create positive economic viability in the three counties.

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Dedication

This study is dedicated to my wife, Melanie, who put up with my accumulation of articles, frequent time spent in the home office writing and reading, and her overall support during this process. To my daughters, Emily and Elizabeth who added encouragement and their drive in their studies that kept me going during this adventure.

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Section 1: Foundation of the Study

Small business owners represent many firms in the United States and create many employment opportunities in local communities (Edwards, 2018). An impediment to continuing operations for many small business owners is the ability to access working capital loans. Such loans serve as a financial bridge in lean times that allow small business owners to meet the current payroll and vendor billings and thus sustain the business in the long run. This study explored the working capital strategies of small business owners, considering the complexity of the bank lending system and the opacity of small business. Section 1 comprises the background of the problem, the problem and purpose statements, the nature of the study, the research question, the interview questions, the conceptual framework, operational definitions, the assumptions, limitations, and delimitations for the study, the significance of the study, and a review of the professional and academic literature.

Background of the Problem

Small business owners represent 99.9% of firms in the United States and 99.6% of the firms in the state of Michigan (Small Business Administration [SBA], 2017). The SBA defines small firms as those with fewer than 500 employees; a significant number of firms employ fewer than 100 employees (SBA, 2018). The underlying problem—due to the opacity of small firms—is that small business owners lack strategies to fund working capital requirements meet current obligations. Opacity refers to the lack of transparency in both small business owners’ financial statements and operations. Among smaller business entities, many owners have not accumulated sizeable assets because the entity is in its early stages. The lack of financial and operational transparency hampers their ability to obtain financing to fund current operations.

Traditionally, business owners obtain loans through banks, either short- or long-term, with the interest rate commensurate with the level of risk that loan officers are willing to accept in funding business financial needs. Small business owners are an essential part of the local economic development that creates employment opportunities for many in the community (Omri, Frikha, & Bouraoui, 2015). Lacking access to loanable funds, small business owners may encounter financial constraints due to banking regulations, economic downturns, or consolidation within the banking industry. As macro changes take place in the banking industry, small business owners may seek loans from alternative sources, such as peer-to-peer or crowdfunding, to meet current deficits in working capital (Courtney, Dutta, & Li, 2017).

Problem Statement

Small business owners' access to small business lending is the key to sustainability and growth (Memili, Fang, Chrisman, & De Massis, 2015). A barrier to sustainability for small business owners is the lack of access to small business loans that result in a 3.5% reduction in annual growth rates (Meisenzahl, 2016). The general business problem was that some small business owners do not have the necessary financial strategies to succeed. The specific business problem was that some small, home health care agency owners lack strategies to access working capital lending sources to finance operations.

Purpose Statement

The purpose of this qualitative, multiple case study was to explore strategies that small, home health care agency owners use to access working capital lending sources to finance operations. The study population included three such owners in Wayne County, Macomb County, and St. Clair County, Michigan, who developed and implemented successful strategies to obtain working capital in the small business market. With improved access to working capital to fund operations small, home health care agency owners could create jobs and support the economic development of regional communities.

Nature of the Study

From among the three research methods, qualitative, quantitative, and mixed methods (Hadi & Closs, 2016), I chose the qualitative approach because it had the greatest potential for developing a deep and rich understanding of financing strategies from small agency owners' experiences. By exploring the how what, and why of a business phenomenon (Yin, 2018), a qualitative researcher can develop a basis for the rationale used by small, home health care agency owners in their successful strategies for financing operations. In research studies, the researcher examines a research question that may develop further hypotheses (Zyphur & Pierides, 2017). In a mixed-methods study, the researcher uses both qualitative and quantitative methods (Hadi & Closss, 2016). To explore the small, home health care agency financing of operation strategies, I did not test hypotheses, which is a part of the quantitative study or the quantitative portion of the mixed-methods approach.

Among the four qualitative designs, I chose the case study approach because it enables the researcher an opportunity to ascertain an in-depth analysis of the problem (Yin, 2018). I used a multiple case study approach to achieve a broader base of experiences from small, home health agency owners. The smaller the business entity, the more likely the strategy phenomenon will appear in the responses to the interview questions (Kevill, Trehan, Easterby-Smith, & Higgins, 2015). By using a multiple case study approach, I was able to compare successful borrowing strategies among a few small, home health care agency owners (De Massis & Kotlar, 2014).

Other qualitative designs include phenomenology, ethnography, and grounded theory. The phenomenological study design requires researchers to study the meaning of the existence of the phenomenon in participants' lived experiences (Patton, 2015). The use of various financial strategies by small business owners is not a phenomenon, or lived experience, in the sense of focusing on the meaning of the phenomenon to the participants. In a study based on ethnography, researchers need to explore the culture of a group of people through the observation and exploration of various records and biographical materials. An example of an ethnography study may include, by example, patient records detailing diagnosis, the severity of onset health problems, and medical statistics (Cruz & Higginbottom, 2013). While loan records of home health agency owners could be a useful secondary data approach for my study, the primary data focused on the responses to the interview questions that aligned with the specific business problem. The ethnographic study design was not used in this study. In a grounded theory design, researchers use an inductive theory approach, or the observation of patterns of social life to construct theories from the data (Wiesche, Jurisch, Yetton, & Krcmar, 2017). The grounded theory design was not used in this study because the theory was not being developed from the data (Patton, 2015).

Research Question

The research question for the study was: What strategies do owners of home health care agencies use to access working capital lending sources to finance operations?

Interview Questions

1. What strategies do you use to obtain small business lending opportunities in funding operations?
2. What types of alternative financing do you currently use to fund operations?
3. What, if any, types of personal assets did you use in the funding of business operations?
4. What, if any, types of banking relationships did you have in the early years of the business?
5. What were your key challenges in implementing successful financing strategies to fund operations?
6. How did you address these key financing challenges?
7. What other strategies could you add about lending sources to finance operations?

Conceptual Framework

The resource-based view (RBV) theory, as developed by Wernerfelt in 1984, was the conceptual framework for this study. According to theorists, RBV is the ability of the small business owner to strategically allocate resources such as land, labor, capital—and to some degree, financial assets—in the development of the firm (Wernerfelt, 1984). A business owner could mitigate challenges to the implementation of business strategies by using the resources in a manner that provides a product or service to the consuming public at the least cost per unit. Enhancing value within a firm requires owners and managers to develop the resources efficiently and effectively. According to Barney (2001), the theoretical aspect of RBV extends to the efficient allocation of resources, including the use of working capital.

Using the propositions offered by Wernerfelt (1984), the RBV provides a lens for understanding participants' experiences in successful financing strategies. Access to small business loans by small, home health agency owners is crucial to the development and sustainability of the agencies. Positive cash flow is an integral part of the management of a firm's operations, and access to funding sources is a requirement for continuing success.

Operational Definitions

Creative destruction: In economic terminology, this is a change within elements of the production cycle or changes to the delivery methods of services as old processes are eliminated and new methods are employed within the production cycle (Schumpeter, 1942).

Credit cyclicality: The loanable funds market is subject to cyclical patterns due to the economic environment. As production and overall gross domestic product decrease, loan offices and federal administrators tighten the availability of lending in the marketplace (Azariadis, 2018).

Disequilibrium model: The market is segmented or divisible between the product market, the labor market, and the money market. The disequilibrium is the out of balance condition between the markets in an economic environment (Kor, Mahoney, Siemsen, & Tan, 2016).

Dynamic capabilities: The use of intellectual properties by firm owners to enhance and extend a competitive advantage (Teece, 2012).

Market for loanable funds: The standard market for loans available to small business owners through lending markets. Many small business owners obtain loans through banks and other non-financial lending institutions (Li, 2018).

Peer-to-peer (P2P) lending: The use of an alternative lending market where small business owners borrow from other small business owners or non-traditional banking enterprises (Singh, Uparna, Karampourniotis, Horvat, Szymanski, Korniss, Bakdash, & Uzzi, 2018)

Relationship lending: The development of a close relationship between the small business owner and the loan office or manager from a local bank. Under relationship lending, the loan officer can determine the probability of a loan payback by the owner (Berger & Udell, 1998).

Sustained competitive advantage: The ability of firm owners and managers to use internal physical and human capital attributes in the sustainability of the firm in the long run (Wernerfelt, 1984).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are elements of a study that are deemed to be fact, although they are not proven (Marshall & Rossman, 2016). Assumptions can affect research due to perceptions about a phenomenon (Helmich, Boerebach, Arah, & Lingard, 2015). Assumptions may include statistical measurements based on bank lending by region, loan defaults, small business financing needs, or historical information (Grant, 2014; Shader, 2018; Whitaker, Ghebremichael-Weldeselassie, Douglas, Smeeth, & Farrington, 2017).

This study was based on three assumptions: (a) participants have working capital knowledge and access to lending information about their agency (b) participants responded truthfully to the interview questions; (c) bank lending procedures to small business owners remain constant.

Limitations

Limitations of a study are events or factors that are beyond the control of the researcher (Connelly, 2013). Although they can be minimized, they may affect the validity and reliability of the study (Connelly, 2013). This study was subject to three limitations: (a) incomplete or partial responses may limit the interpretation and validity of the data; (b) the sample selection did not include owners who had successful working capital strategies through crowdfunding or peer-to-peer lending; (c) the small number of participants limited a general application of strategies across the small business sector. However, the limitations of a study provide an opportunity for further research.

Delimitations

Yin (2018) defined delimitations as a bounding of the case or setting the outer parameters for the study. Delimitation 1 was the bounding of this case was the home health sector and the counties' determinant for the study. Delimitation 2 was that the sample for the participant pool was limited to the counties of Wayne, Macomb, and St. Clair. Delimitation 3 was that more affluent communities may have a bearing on the availability of working capital strategies.

Significance of the Study

Small business owners encounter cash flow issues in the development and sustaining stages of operations. Access to working capital loans is integral to the longevity of the small business. Small business entities in the State of Michigan represent 95.6% of all firms actively engaged in a trade or business (SBA, 2016). The development of successful strategies to finance operations is a key element for business owners and the local community. As borrowing opportunities increase, the additional working capital lines of credit allow small business owners the opportunity to add additional health care services, thus enabling increasing operations and facilitating business growth. Adding additional workers leads to growth in the small business as well as the local community.

Contribution to Business Practice

Small business leaders could benefit from the results of this study by identifying various financial strategies, which could provide the owner with additional financing and the sustainability of operations. Small firms that sustain current operations can develop financial strategies for long-term growth and expand the flow of working capital for the small business owner. (Browne & Earle, 2017). According to the SBA (2018), as small business owners continue to expand, there is a greater emphasis on operating cash flow needs that may result in working capital shortages. Due to small business owners' need to meet current obligations, many owners identify responses to varying cash shortages. Using the strategies identified in this study could minimize cash shortages. The study may enhance a business owner's understanding of various financial strategies to maintain firm financial operations. A positive cash flow provides small business owners with the opportunity to meet current obligations and expand operations.

Implications for Social Change

This study has implications for a positive social change. Small home health care agency owners could access financing in the early and continuing stages of organizational development, and by obtaining the needed working capital, they could expand their ability to offer additional patient care services (Kariv & Coleman, 2015). An increase in such agencies in the region could enhance access to care as the local population ages and additional home health services are needed to reduce healthcare costs.

A Review of the Professional and Academic Literature

The purpose of this literature review was to summarize and synthesize past and current research on working capital strategies for small business owners. Yin (2018) suggested that it was important to master the basis for the case study and the phenomenon as it applies to my study. There is a significant number of articles on (a) small business operations and sustainability and (b) on bank lending to small and medium enterprises, although there is limited research from the perspective of the demand for loans by small business owners (Cole & Sokolyk, 2016).

The focus of the study was on small, home health care agencies and the strategies they need to obtain working capital to fund current operating deficiencies. Home health care is a sector of the health care market that provides services primarily to senior citizens and supplies skilled nursing, physical therapy, occupational therapy, and speech therapy services, as well as certified home health aide personnel. By providing in-home health care, patients can continue to convalesce in the home setting, where they are most comfortable, rather than in the hospital.

To identify prospective, peer-reviewed articles (as well as books and grey literature) on the resource-based view, alternative theories, small business lending, and alternative lending sources, the following electronic databases—ABI/Inform, Business Source Complete, SAJE Journals, and Google Scholar—were searched for the years 2015–2019 using the following keywords: *resource-based view*, *resource-based theory*, *credit rationing, small business lending*, *information asymmetry*, *relationship lending*, *and the demand side of small business loans.* I used the Boolean operators, AND and OR, to optimize the results. Abstracts were used to judge an article's relevance to the research questions. The reference lists of the selected articles were searched for additional articles.

Table 1

Literature Reviewed by Source

Source	Older than 5 years	2015	2016	2017	2018	2019	Total
Books	1	1	2		2	0	6
Peer-reviewed articles	29	59	49	40	47	8	232
Websites			2	1	2	1	6
Total	30	60	51	41	53	9	244

The results of the searches encompassed 232 references, with 203 (87.5%) of the aggregate, which were peer-reviewed journal articles that were published in the period 2015 through 2019. The number of references for the entire study was 244, which consisted of 87.7% peer-reviewed articles in five years.

Resource-Based View

The theoretical framework for this study is the resource-based view, based on the seminal work of Wernerfelt (1984), which is an economic concept of the efficient allocation of resources acquired and developed by a business owner. To sustain and grow the business, the owner attempts to acquire and use the various resources, which includes financial, human, and operational capital, with successful product performance in the marketplace. Of the three resources above, the financial is a priority to meet current working capital needs and, if a shortage exists, the owner may infuse the firm with personal assets or seek outside funds through local and large banking institutions. The premise of the RBV is the ability of the owner to integrate and efficiently use the resources to meet current obligations and future growth.

Historical development of the resource-based view. Wernerfelt (1984) developed the RBV or resource-based theory, as used by a few in the literature, to determine the value-added nature of resources employed by firm owners. The resources include physical capital, such as machinery and equipment, and human capital that includes skill sets of managers and staff, the development of various processes, and the use of the tangible and intangible assets to further the competitive advantage of the organization. The RBV is an economic view, thus affording owners the ability to efficiently allocate resources that will derive a competitive advantage in the marketplace. Wernerfelt posited that resource allocation allows for the improvement of the value of the firm thus representing a first to market or a market power within the industry sector. By enhancing the use of the resource or resources that are specific to the firm, the owner creates a competitive barrier in the short-run and can increase value for the firm and representative shareholders.

From the economic perspective, value-added and creative destruction are significant attributes of RBV as small business owners and managers attempt to develop and use resources in a manner that provides a sustained competitive advantage in the marketplace. Creative destruction in the RBV element is the innovation of a good or process that adds value to the firm through the destruction of the old process through innovation (Mathews, 2002). Innovation and new product development through research and development is the application of the RBV methodology that may result in sustainable competitive advantage (Kawakami, Barczak, & Durmusoglu, 2015).

Barney (1991) expanded on the scope of RBV to include four indicators of added value using resources that would generate specific value through sustained competitive advantage. The four indicators include the value that a resource adds to the firm, the rarity of the resource, the degree of resource imitation, and whether the resource is substitutable (Barney, 1991). The first indicator, value in this instance is subjective, although, the increase in both tangible, in money terms, and the intangible, creating well-being or competitive advantage for the owner through the use or from the ownership of the resource. In an orthopedic or cardiovascular setting, the use of advanced medical technology equipment is a value-added resource that increases the ability for patients to recover quicker and is a resource that is consistent with RBV (Zengul, Weech-Maldonado, Ozaydin, Patrician, & O'Connor, 2018).

The secondary indicator in the RBV is the rarity of the resource. For a resource to be rare, Barney (1991) posited that other organizations would not have access to the resource thus allowing for the market advantage by the owner. The rarity function may exist for a short period, thereby giving a temporary strategic advantage in the market sector. As competitors begin to access rare resources or develop processes that increase competition, the resource becomes less rare, although, the application of the process may allow a sustained competitive advantage (Wernerfelt, 1984). As the economic output has progressed from the main source of manufacturing to a service and information based gross domestic product, a shift from the rarity of tangible resources to the intangible resource creates an expansion of the RBV.

The third indicator of the RBV is the imitation of a resource. The imitation of the resource is prevalent today due to the expansion of information and the global connectedness of producers and buyers in the market. The organizational process or method management and small business owners' use in the use of the resource would decrease the level of imitation. While the resource may be imitable in a few aspects, the sustained competitive advantage lies in the use of the resource by personnel within the organization that increases value for the owner and shareholders. Barney (1991) posits the exploitation of the resource is time-dependent, therefore the competitive advantage is temporary unless the use is skill-specific.

The fourth indicator under RBV is the degree of substitutability in the marketplace for a product or service resource (Barney, 1991). Under this condition, for sustained competitive advantage by the business owner, the resource can be substitutable in a different form by competitors and continue to remain a competitive advantage for the original holder of the resource. In a small business environment, this includes the use of the resource by staff and managers that are individualistic, thus maintaining the strategic use of the asset. In healthcare services, the knowledge and application of processes that are firm-specific may lead to better patient care and a sustained competitive advantage by staff and agency owner (Burton & Rycroft-Malone, 2015; Harvey & Kitson, 2015).

RBV in SME operations management. Hitt, Xu, and Carnes (2016) expanded on the four criteria to include the use of intangible resources developed within a firm, specifically in operations management. The underlying argument with OM is that internal resources may bundle in such a manner that an owner or manager could create a competitive advantage. The inclusion of the intangible resources is part and parcel of the development of entrepreneurial activity within the marketplace. Originally, researchers attributed the RBV to large organizations through various supply chain activities, although the application of RBV in small firms provides opportunities for analysis from a different perspective. In the small business structure, Lonial and Carter (2015) posited the intangible resources as an avenue for further strategic management at the entrepreneurial level. The intangibles include entrepreneurial, market, and learning orientation, with each segment adding value to an organizational process or the overall firm value (Lonial & Carter, 2015). Extending the entrepreneurial argument within RBV, Campbell and Park (2017) postulated the development of intellectual capital, while intangible, is a creation of wealth for the firm and hard to imitate by other organizations due to the individuality of the resource.

The sustainability of the competitive advantage is a side of RBV that Bromiley and Rau (2016) disagreed with as they question the applicability of RBV within the operations management framework. The contention is external resources will eventually become available to many forms within the economy thus the sustained competitive advantage is very short-term. Additionally, Bromiley and Rau posited the problem with the RBV model is the dependent variable, sustained competitive advantage, which is limiting the long-run economic environment. Rashidirad, Soltani, and Salimian (2015) advanced a theoretical view of the RBV model using holistic rather than the reductionist point of view. The initial work of Schumpeter (1942) on creative destruction and innovation led to the academic research into the RBV model and subsequent expansion in resource use that may lead to a sustained competitive advantage in the economy.

Priem and Butler (2001) questioned the use of the RBV as a theoretical basis in strategic management research due to the lack of application in the market, although later works use RBV in various management fields including human resource, entrepreneurship, and strategic innovation. The basis of strategic innovation is the premise that management and owners of organizations can recognize and use resource capabilities to their fullest extent, thus gaining a competitive advantage in the marketplace (Foss & Hallberg, 2017). In the information technology industry, the staff develops and utilizes various internal and external sources of resources to create products or services that sustain and increase competitive advantage. Tebboune and Urquhart (2016) developed a model using vendor sourcing to derive a supply chain of technology built around the RBV initiative. Adding a streamlined effect on the use of resources creates a competitive advantage in the IT sector.

Wu and Chiu (2015) hypothesized the use of the RBV model in the application of resource allocation in the information technology industry and the development of internal resources that can sustain a competitive advantage in the market. As the economic landscape changes from a manufacturing base to a service and information-based economy, the expansion of the RBV model could shift resources to technological enterprises. The combination of intellectual capital and physical capital, in this case, the use of technology, derived additional applications for the information technology firm. The combination of tangible and intangible resources has allowed small business technology owners to create and sustain a competitive advantage in the market (Kaufman, 2016). The inclusion of RBV attributes in entrepreneurial strategy may provide long-term benefits to small business owners. As the health care market expands, home health agency owners could apply RBV resource strategies in the sustainability of the firm.

Entrepreneurial development is a key factor in the sustainability of a region and local economy due to the expansion of the use of resources within the small firm environment (Neffke, Hartog, Boschma, & Henning, 2016). Innovation and the RBV are integral parts of the development of entrepreneurial activity, as small business owners use external and internal resources to implement strategies for growth and sustainability. By creating an internal process network of resources, small business owners may gain a competitive advantage through the efficient allocation of the resources and the use of the RBV model (Hervas-Oliver, Ripoli-Sempere, & Moll, 2016). Innovations in information technology and other communications provide small business owners with capabilities that provide value to owners and shareholders in small enterprises (Bi, Davison, & Smyrnios, 2017).

RBV as a value-added element in SMEs. The use of the RBV model historically has derived most of the discussion at the large firm-level by academics and other management researchers (Kelliher & Reinl, 2009). Bringing the small and micro-sized firm RBV into focus Khan and Quaddus (2017) suggested the use of the RBV model enhances value-added processes within a firm, especially within developing economies. Small or micro-sized business owners within developing or emerging economies can acquire and develop capabilities and processes that may sustain the life of the firm (Kazlauskaite, Autio, Gelbauda, & Sarapovas, 2015).

The development of the RBV model from the tangible asset base to include the intangible assets broadens the scope of RBV to include the fields of human, financial, and organizational capital (Kellermanns, Walter, Crook, Kemmerer, & Narayanan, 2016).

The largest review of the human capital component within RBV includes authored works in the areas of knowledge and capabilities that increase the small business owner's opportunity for sustainability within the market sector (Rafique, Evans, Nawaz, & Agha, 2015). The versatility of the intangible resources of knowledge and capabilities provides management with RBV opportunities to enhance product development or service that may sustain strategic initiatives leading to adding value for the small business owner (Nason & Wiklund, 2018).

Organizational aspirations are another aspect of the intangible side of the RBV model that includes the recognition of homogeneous resource application and the movement to creatively destroy old methods using innovation at the intellectual capital level (Chun, 2016). In this instance, management and owners of businesses must recognize the changing business landscape and create new processes to sustain market competitiveness. A portion of the innovation in the process is through the development and maximization of the supply chain components within and external to an organization. In small firms, the chain becomes smaller in scope, although, the importance of managing the resource acquisition and allocation is extremely important to maintain a competitive advantage (Miemczyk, Howard, & Johnsen, 2016).

The use of RBV in human resource management strategies may be effective when integrated with the human capital component of firm resources (Kaufman, 2015). Small business owners obtain a competitive advantage, whether temporary or sustainable, given the efficient allocation of knowledge and capability resources within the small market structure. The RBV methodology is a management strategy that may provide varying levels of value within the resource use applications. Using the human capital or human resource aspect of RBV, Ozcelik, Aybas, and Uyargil (2016) advanced the work using high-performance work systems. Organizational culture is built on the development of practices within a strategic environment that adds value to the product or process and enhances long-term competitive advantage. The underlying argument is the allocation of resources through teams that are a part of the organizational structure. Enhancing the resource environment through the high-powered work systems, a heterogeneous set of resources is inherent to a business that increases competitive advantage. The application of the human resource element is a significant part of the delivery of health care services as each discipline has a unique skill used in-patient care (Ferlie et al., 2015).

As the economic output is globally connected, the small business owner may have the opportunity to obtain a temporary or sustained competitive advantage due to the use of the proprietary firm resource. Huang, Dyerson, Wu, and Harindranath (2015) hypothesized that an owner has a temporary competitive advantage only to the extent of the short-term financial assets that are available to use in the application of the resource. Success at the small business level may also include the development of social entrepreneurship that includes the use of internal resources in the development of opportunities to limit externalities in the local community. The use of RBV enhances the sustainability of the small business that provides the owner with additional assets that can expand the employment of residents and effectively sustain the firm and the community (Day & Jean-Denis, 2016)

Alternatively, the sustainable competitive advantage is the optimal position for the small business owner and succeeds in cases when there are adequate cash flows and the resource is proprietary (Huang et al., 2015). Long-term performance within a market environment is a factor for firm sustainability and meeting cash flow demands. Firm performance is an output of the viable and efficient use of inputs, or resources, that may develop through proper use (Popli, Ladkani, & Gaur, 2017).

Several studies approach the RBV from the Penrosean perspective that advocates versatility in the use of resources to promote firm growth (Burvill, Jones-Evans, & Rowlands, 2018; Narula & Verbeke, 2015; Nason & Wiklund, 2015). Penrose (1959) developed the integration of firm resources with management resources that are valuable in the growth of a firm. Under this disequilibrium model, management's use of resources, both physical capital and human capital, are combined to varying degrees in the growth of a firm (Kor et al., 2016). An alternative argument is in the application of the resources that provide for growth within the firm thus an acceptable use of the RBV and the expansion of the basic premise of owner cultivated resource within the small business environment.

Alternative Theories

In addition to the RBV perspective, there are additional theories relative to small business lending and success that enhances business sustainability. The first theory is credit rationing, which encompasses lending constraints due to factors that are a part of small business opaqueness and the cyclical pattern of lending within overall monetary policy and banking regulations (Stiglitz and Weiss, 1981). The additional alternative theory is dynamic capabilities that are an inherent part of management and ownership of a small business (Teece, Pisano, & Schuen, 1997**)**. Managers and owners use resources, both human and physical assets, to create value for the business. The allocative efficiency of the resources by management creates value, which may increase product or service development and may provide a basis for loan officers to approve a loan request by small business owners through collateralized assets.

Credit rationing theory. In their seminal work on credit rationing theory, Stiglitz and Weiss (1981) posited that bankers would continue to lend to small business owners, although, incur an adverse selection or a moral hazard problem. Small business owners are financially opaque due to the size, experience, and relationship with banking institutions (Kirschenmann, 2016). A Type 1 credit rationing is the granting of a loan for less than the owner anticipates or a Type 2 credit rationing that is a full denial of credit (Drakos & Giannakopoulos, 2018). Information asymmetries create a larger portion of Type 1 and Type 2 credit restraints for small business owners (Cenni, Monferra, Salotti, Sangiorgi, & Torluccio, 2015). In an exploratory study, Mijid (2015), questioned the gender differential in Type 1 loan denials as the data does not support a large gap in loan access between female and male small business owners.

The supply of small business loans will vary depending on the regional banking regulations, the demand for loanable funds by small business owners, the economic environment, and the type of collateral offered by the borrower (Kiser, Prager, & Scott, 2016). The regulatory aspect of small business lending increases during times of threats to the financial system. As cyclical patterns arise due to economic downturns, many regulators tighten the credit market through increases in bank capital. Cyree (2016) determined that increases in banking capital caused a shift in the supply of loanable funds in the small business market. The leveling effect increases the collateral requirements for small business owners that demand loans while forcing loan officers to shift loan access to larger firms. The movement to a credit scoring model during financial contractions limits small business owner's access to working capital loans (Demma, 2017).

Collateral requirements did not dictate an approval or disapproval of the loan application, although, collateral is a security mechanism used by many loan officers, specifically in the small business market (Kjenstad, Su, & Zhang, 2015). Niinimaki (2018) determined that most forms of collateral decreased the likelihood of a moral hazard by loan officers. However, there was a small increase in the investment return to bank management for some collateralized loans. The moral hazard is the increase in the possibility of higher risk projects by small business owners that may reduce the asset value and loan proceeds to the bank, thus limiting or rationing the availability of loans to small business owners. Collateral constraints cause a decrease in the availability of small business loans as the value of the collateral declines. The constraints were evident during the recent financial crisis given the significant decrease in housing values that are a primary collateralized asset for many small business owners (Guerrieri & Iacoviello, 2017).

The imperfection in the lending markets limits access to financing for many small business owners thus limiting the expansion of small business firms. The limitation stems from the information asymmetry with many small business owners as the owners apply for loans to meet current financial obligations. However, loan officers limit the amount of the loan due to the lack of financial and operational information (Bonnet, Cieply, & Dejardin, 2016). In a study of credit rationing, Kjenstad et al. (2015) determined that small business owners request larger loans that are necessary due to the probability of credit rationing by bank managers or loan officers.

Dynamic capabilities theory. The dynamic capabilities theory is an alternative to the RBV model through the development and use of intellectual property (IP). The IP extends beyond the creation of innovative goods and services and includes the owner's and management's strategic vision for the organization (Teece, Pisano, & Schuen, 1997; Teece, 2012). In a highly competitive market, firm owners will find a reduction of competitive advantage in the long run as products or services become homogeneous. The development of IP and enhanced dynamic capabilities increase an owner's ability to regain sustaining competitive advantage using the higher-order resources (Teece, 2018). In an exploratory study, Alonso and Kok (2018) identified the use of regional differences to enhance the dynamic capabilities within the RBV framework.

The regional differences include the industry-specific use of resources that may lead to improving performance for the small business owner. Using the regional difference method, Khan and Lew (2018) posited the competitive advantages that exist in the Pakistani IT industry are due to dynamics capabilities and the application of the enhancement of the internal resources. As small business owners increase their application of the use of dynamic capabilities within the operational processes, the competitive advantage opportunities flourish. Given the speed of certain technological sectors of the economy, the advancement of the dynamic capabilities aspect of resource use may offer

Linking the dynamic capabilities model with small firm performance, Hashim, Raza, and Minai (2018) posited the integration of firm-specific capabilities with changes to the economic and business environment might enhance sustainability. A sustained competitive advantage, in combination with higher-order resources, develops a level of performance that may exceed industry benchmarks (Pervan, Curak, & Kramaric, 2018). From the entrepreneurial perspective, the use of dynamic capabilities broadens self-efficacy in small business owners that may improve their ability to access credit through financial institutions. The success or failure of small businesses is contingent on access to, and the efficient allocation of resources and the use of dynamic capabilities may provide the necessary tools to increase the probability of success (Fernandes, Ferreira, Gimenez, & Rese, 2017). Kevill, Trehan, and Easterby-Smith (2017) noted the strengthening of the dynamic capabilities resource might improve management use of resources thereby increasing competitive advantage.

Management innovation is key to enhancing small business strategies and the further development of dynamic capabilities (Lin, Su, & Higgins, 2016). The innovation strategies are a recognition tool employed by some small business owners in highly competitive business environments (Pervan, Curak, & Kramaric, 2018). The opening of new avenues to strategies using dynamic capabilities improves financial performance by the small business owner (Ko & Liu, 2017). As the learned attributes of dynamic capabilities permeate financial and operational strategies, the small business owner can excel in highly competitive environments (Hashim et al., 2018). As small business owners adapt to changes within the competitive environment, there is a refinement of the dynamic capabilities within the organization (Fernandes et al., 2017).

Small Business Lending

To determine the depth and breadth of small business lending and the economic effect for the local community, a review of the academic literature will provide insights into the complexity of obtaining small business loans. Many communities depend on local businesses for tax revenues and employment opportunities. As an integral part of the local economic development, small business owners need access to working capital loans to sustain current operations (Neagu, 2016). The proliferation of large banking institutions sifts the lending landscape from soft information based small lending arrangements to the credit score based large financial institution (Chen, Hanson, & Stein, 2017).

Small businesses represent a large component of the business organizations in the United States and account for 47.8% of the employment opportunities for many members of the labor force (Small Business Administration, 2017). In the state of Michigan, small business firms represent 99.6% of firms and 49.2% of the total employment opportunities (Small Business Administration, 2018). As an important part of the state and national economy, small business owners view access to loans as an integral part of the sustainability and growth of the firm (Wang & Zeng, 2016). One of the constraints to financing working capital deficits is the opacity or information asymmetry that is present in many small and medium-sized firms. Asymmetric information, or the lack of transparent financial and operational information, is a constraint in small business lending opportunities. In larger firms, loan officers and managers can ascertain the value of collateral and other assets within a firm in determining the size of the financing packing. In smaller and medium-sized firms, the extension of credit can carry a high risk of non-repayment as SME owners lack collateral and financial history (Niinimaki, 2018).

To alleviate lending constraints, loan officers and managers will use additional lending tools that include relationship lending, small business credit scoring, and personal guarantees to minimize the potential of loss to the small business owner (Cassar, Ittner, & Cavalluzzo, 2015). Han, Zhang, and Greene (2017) posited the need for relationship lending as the cost of trade credit, the financing of payables, is greater than the interest cost on the debt. With relationship lending the loan officer has intimate knowledge of the small business owner and the firm, thereby providing greater qualitative information to access lending opportunities. In a study of small business lending, Durguner (2017) found that a greater number of lending institutions, both large and small, are relying on small business credit scoring to determine the acceptance of small business debt requests.

Small business lending constraints are also prevalent from the supply side of the loanable funds market, either through changes to banking regulations, the addition of alternative lending sources or because of cyclical economic issues. Berg and Kirschenmann (2015) posited the reduction in the supply of small business loans through banks during the Great Recession was due to tighter lending standards, which is a problem for small business owners. After the financial crisis of 2007–2009, federal banking regulators increased the capital requirements for most banks. Kim and Sohn

(2017) hypothesized that increased bank capital requirements reduced the supply of loans, and thus reduced the ability of some small business owners to meet current working capital requirements.

The funding of small business loans is normally structured through traditional financial institutions, both large and small banks, although in recent years alternative non-financial institutions have filled the lending gap. The most basic form of small business finance is the funding of working capital shortages through loans, whether from an owner's assets or through financial institutions. Howorth and Westhead (2003) hypothesized that only large firms apply analytical tools in assessing the causality factors associated with working capital shortages.

Additionally, Talonpoika, Karri, and Monto (2016) suggested various strategies to finance working capital strategies. From a theoretical perspective, most of the strategies have yet to be initiated in small firms, although, to a degree, the analysis of causal effects of changes to payment dates and collection discounts are analytically reviewed in many small firms to maintain positive cash flow. In a further study in the analysis of working capital and firm behavior, Erdogan (2015) determined that smaller and younger firms derived most of their financing through personal loans to the firm and the use of trade credit, whereas, larger firms were found to use bank loans to finance working capital shortages. In a parallel study, Banos-Caballero, Gardcdia-Teruel, and Martinez-Solano (2016) posited the financing of a working capital requirement was paramount to improved performance from a financial and operational level within the firm.

The demand for small business loans is not a widely researched topic as most articles stem from the supply side of bank lending activity. Farinha and Felix (2015) posited the desire of small business owners to access loans, although, were greatly constrained due to the various factors that drive small business lending activities. In their study of small Portuguese firms, they found many owners that were unable to obtain adequate lending even with the greater demand. Cole and Sokolyk (2016) suggested that many small business owners are credit constrained and discouraged from applying for loans due to market conditions or a performance deficit, either in profits or the age of the firm. Observing the financial background of small business owners, Frid, Wyman, Gartner, and Hechavarria (2016) hypothesized that low-wealth households would have greater financing constraints than their more wealthy and experienced counterparts.

Small business owners, specifically those that are in the early stages of the business life cycle, have a larger demand for loanable funds to meet current working capital obligations (Ylhainen, 2017). As firms mature over the business life-cycle, there is a reduced demand for loans in the medium- and long-term. In their seminal work on small business finance, Berger and Udell (1998) argued that the economics of small business debt demand is due to the information asymmetry present in many small firms. Information asymmetry exists when one part has relevant information about a transaction or event, whereas, the other part does not have the same information. In small business lending, small business owners know how strong their revenue stream will be in the near term, while loan officers and bankers cannot ascertain the likelihood of a sufficient production and collection of revenues. The degree of opaqueness may change when a relationship exists between bank management and the small business owner. Furthering their work in relationship lending, Berger and Udell (2006) examined the lines of credit for small firms. The opaqueness, or information asymmetry area of small business lending opened further studies based on the uniqueness of this type of lending constraint (Meisenzahl, 2016).

Information asymmetry in small and micro-sized firms is a significant obstacle to meeting current working capital obligations and overall firm growth (Berger & Udell, 1995). The accumulation of financial information on a small business owner will determine the viability of firm operations and the potential for sustainability (Brancati, 2015). In their seminal work on information asymmetry, Petersen and Rajan (1994) argued that the lack of transparent financial information was a detriment for many small business owners that led to the limit in positive cash flows and expansion for the firm owners. The opacity of small firms leads to increase costs of lending due to the lack of relevant information that loan officers use to assess the probability of loan repayment (Moro, Fink, & Maresch, 2015).

The cost of the opacity problem is a factor in determining the rate of interest charged by lenders to small business owners. The cost of the external financing is problematic for small business owners, specifically newer owners, due to the lack of experience and collateral that covers the apparent risk assumed by lenders (Hu, Lian, & Su, 2016). The authors posited that bank lending relationships might reduce the information asymmetry and the overall cost of the loan to the business owner. Reducing the information opacity problem, small business owners may see an increase in small business lending opportunities, which is the main source of working capital, specifically at local banks (Refait-Alexandre & Serve, 2018).

An alternative to opacity in small businesses is the use of financial statements by loan officers in determining the size of the loan. In small firms, owners generally have few assets and are not large enough to use accrual accounting. Once there is an increase in operations the conversion from the cash-basis to accrual basis accounting creates the opportunity for more complex reporting in the financial statements. Cassar et al. (2015) posited accrual accounting allows small business owners the opportunity to realize lower loan costs because of increasing transparent financial statements.

In an additional study of information asymmetry, Song, Yu, and Lu (2018) determined that the lack of access to credit is minimized using supply chain lending. Following the supply chain financing method, business owners within a supply chain create a financial services provider. The financial services provider will act as a lending institution to suppliers within the chain. A negative aspect of the information opaqueness issue for small business owners is the stigma effect because of credit denial (Albertazzi, Bottero, & Sene, 2017). The financial intermediary within the supply chain allows small business owners to access working capital loans that would otherwise return a denial at the normal banking level. Many small business owners may find that relationship banking is a viable alternative to the lack of financial information transparency (Chen, Huang, Tsai, & Tzeng, 2015).

Relationship lending. In the seminal work on small business finance, Berger and Udell (1998), discussed the various lending methods loan officers use to determine the acceptability of potential small business loan customers. One method is to use the hard information, or credit scoring, to determine loan eligibility, while the other method is the use of soft information (Beck, Degryse, De Hass, & van Horen, 2018). The soft, or relationship lending, is the process where bank managers and loan officers gather internal information from the potential borrower. The longer the relationship, the better the opportunity to borrow, even during downturns in the business cycle where access to credit is tightened either by banking regulations or due to economic instability in the market.

Relationship banking, or relationship lending, is beneficial during times of economic downturn when small business owners may need additional working capital, and there is more transparency of the firm's finances than in the early stages of the relationship (Ferri & Murro, 2015). The Chinese refer to this type of banking relationship as having value, or guanxi, which can minimize the effects of opacity or the tightening of the loan supply function within banks (Wong, Lu, Tjosvold, & Yang, 2016). Relationship banking also provides bankers that live in the community an opportunity to participate in the expansion of social and economic capital (Teckchandani, 2016).

Further studies in this type of small bank lending indicate that small business owners may obtain a lower interest rate of loans due to the information accumulated by loan officers and bank management (Retap, Abdullah, & Hamali, 2015; Santikian, 2014). The soft information form of lending technology allocates bank resources in the process of matching local borrowers with local lenders. Tsuruta (2016) posited that information asymmetry is a cause for loan denial, although, with the establishment of a bank relationship, there is an increase in lending activity with eligible small business owners. Additionally, Tsuruta (2016) determined that the longer the relationship, the less likely the possibility of moral hazard and adverse selection activities in the loan acceptance process. The negative aspect of the long-term lending relationship is the potential for bank managers to collect economic rent, as an increase in service fees or a larger interest rate from the small business owner (Bonini, Dell'Acqua, Fungo, & Kysucky, 2016).

While the lending relationship is an opportunity for small business owners to secure additional working capital, lending relationships seem to be limiting the effectiveness of securing additional loans. In a study, Sedunov (2017) analyzed relationship lending between small business owners and the banking sector and found, through data accumulated from the FDIC call reports, that a local presence of bank management was indicative of the greater transparency between the lender and borrower, although the amount of lending is less due to changes in bank technology. Sedunov determined that the change in accessing information was a shift from the soft to the hard, or quantitative, information thereby relying on credit scores rather than the lending relationship.

In a further study on relationship lending, Bauer and Esqueda (2017) suggested the cost of borrowing increases over time due to the relationship. In this case, the longer the relationship, managers can develop trends on revenues and profits of the small business and determine the level of risk, which may include an increase in the interest rate on loans due to cyclical downturns. When the loanable funds market tightens, small business owners that have relationship banking access find that the price of borrowing remains the same as the pre-downturn rates (Saaskilahti, 2016). Peterson and Rajan (1995) suggested that small business owners will incur a higher cost of borrowing when there are multiple lenders as the loan officers may not have the relevant financial information to make a lending determination, therefore, an adverse selection will result.

The collection of soft information by bank managers and loan officers may prove beneficial to small business owners as the process may reduce the cost of credit and enhance credit acceptance decisions. In a study developed by Porzio, Sampagnaro, and Verdoliva (2018) the soft information provides the benefit to the small business owner unless the decision on the loan request shifts to a central body at the bank. The use of soft information, or the qualitative aspects of small business clients by bank managers and loan officers to minimize the opaqueness of firm information. Cornee (2019) determined that loan officers and bank managers could benefit from access to soft information channels in the SME environment.

In a further study, Stevenson and Pond (2016) determined that German loan officers used soft information in determining SME loan acceptance, although, during the comparison with English loan officers, the British bankers favored hard, or credit scoring information in determining loan size and acceptance of the loan application. The qualitative aspect of small business lending allows for relationship banking and enhancement of the loan process. As the availability of qualitative information decreases, there is a relative reduction in relationship lending by large and small bank managers due to the increasing level of risk within a small business environment (Sedunov, 2017).

In a counter study to the relationship lending literature, Tsurata (2016), posited the idea that lending relationships were not necessary and that small business owners will accumulate cash and act as an internal lender. This position is evident during the tightening of credit or for those owners who are discouraged borrowers, those that do not apply for fear of a rejected application. Tsurata (2016) suggested that small business owners, in this case, will move from the traditional lending institutions to the non-traditional forms of lending that includes peer-to-peer lending opportunities.

Trade credit. An additional form of working capital financing for small business owners is the use of trade credit. Under this method, the supplier grants a certain level of credit to the small business owner with specific repayment terms. Agostino and Trivieri (2014) suggested that small business owners will rely on trade credit in the initial years as a method of working capital financing until there is enough reduction in the information asymmetry to obtain bank loans. Casey and O'Toole (2014) hypothesized that during bank lending constraints, small business owners would use to a greater degree the trade credit opportunities to meet working capital needs. In a subsequent study, McGuinness, Hogan, and Powell (2018) posited the increase in trade credit leads to small firm owners surviving and flourishing beyond those encountered in bank lending constraints.

Trade credit is a substitute for small business loans as some SME owners lack enough collateral or operations longevity. In a study of European SMEs, Bussoli and Marino (2018) determined that small business owners with little operations experience will opt for trade credit as an alternative to bank loans. An increase in trade credit availability is also the case during lending constraints due to economic downturns as suppliers may have current and clearer information on the small business owners. There are concerns with the extension of trade credit as suppliers, or the grantor of the trade credit, may elect to limit or cancel the extension of trade credit given certain constraining economic and financial market downturns (Martinez-Sola, Garcia-Teruel, & Martinez-Solano, 2017).

While the costs of trade credit may exceed the costs of borrowing from financial institutions if a discount on early payment is foregone, many small business owners may encounter working capital shortages that do not permit the use of the trade discount. Carbo-Valverde, Rodriguez-Fernandez, and Udell (2016) determined that many financially constrained SME owners will choose the trade credit channel to finance working capital shortages. The increase in trade credit is evident during economic downturns as loan officers shift lending to larger and more transparent firms. In a parallel study, Lawrenz and Oberndorfer (2018) posited that SME owners would rely heavily on trade credit while in the growth years until the information asymmetry problems lessen and can access bank loans.

In further studies, trade credit was frequently used by small business owners even when there was access to bank financing, even though the cost of trade credit exceeds the cost of bank loans (Lin & Chou, 2015; Tsuruta, 2015). In a study of Japanese small business owners, Tsuruta (2015) determined that trade credit was an effective tool in the development of small business performance. When the loanable funds market tightens, either due to banking regulations or changes in economic cycles, small business owners seek this form of finance. In a further study, Shenoy and Williams (2017) determined that small business owners who were unable to obtain loans due to changes in the economic cycle found the trade credit market an acceptable line of credit for working capital deficiencies. Alternatively, Fabbri and Klapper (2016) argued that market power exists within the trade credit market that may lead to higher costs during cyclical patterns within the economy.

Credit cyclicality. The credit market that includes the cyclicality of loanable funds through banks is determined by economic conditions, to a large extent, and changes in banking regulations. Azariadis (2018) posited that the change in credit cycles is a factor of unsecured credit and business owner's future expectations of accessing bank lending and a credit shock. The credit shock may result in a significant financial constraint for small business owners who need additional funding to cover working capital shortages. In a similar vein, Lee, Sameen, and Cowling (2015) posited that small innovative business owners were less likely to access loans after the financial crisis than before the credit cycle downturn.

Alternatively, Deyoung, Gron, Torna, and Winton (2015) identified areas in bank lending that maintained or increased loan supply due to relationship lending activities with small business owners during the financial crisis. The tightening of credit markets has a multiplier effect on the macroeconomy, specifically with small and medium-size markets (Bassett, Chosak, Driscoll, & Zakrajsek, 2014). As economics cycles turn negative, lending officers tighten credit standards thereby creating a shock within capital markets (Gambetti & Musso, 2017). Furthering the credit contraction are the reductions in collateral values, specifically housing values, as small business owners using the previous increase in housing prices to obtain more loans. As the value of the home eroded, the collateral becomes less effective and forced loan officers to deny additional loans with housing as a collateral base (Huang & Stephens, 2015).

During the economic expansion of the mid-1990s through 2007, many small business owners used personal and family savings to meet current working capital deficiencies within the business (Conroy, Low, & Weiler, 2017). With the increase in housing values during this same period, many small business owners used the increasing equity value in their homes as collateral for small business loans. In a study of housing values and small business loans, Kapinos, Gurley-Calvez, and Kapinos (2016) determined that housing market valuations may be a barrier to obtaining loans when there is a collateral requirement.

Credit cyclicality may be a function of the differential between state and private banks. Access to lending and increasing availability in the public lending market is a result of stabilization policies within the public sector (Bertay, Demirgu-Kunt, Huizinga, 2015). Due to the loan market imperfections during the financial crisis, central banks provide increased funding to member banks (Tsurata, 2015). Additionally, small business owners that may have a higher demand for loans, specifically during an economic downturn, will have a greater level of unemployment due to the lack of access to small business loans. In a study of small business owners and access to lending, there was a greater limitation on procuring bank loans, thereby creating a working capital shortage and a reduction in the demand for labor (Duygan-Bump, Levkov, & Montoriol-Garriga, 2015).

To stem the reduction in lending, agencies within the federal government amended current procedures or created new lending support opportunities for small business owners. In a study of credit cyclicality and government intervention in the lending market, Behr, Foos, and Norden (2017) determined that bank lending with government backing is 25% less likely to constrain the availability of lending to SME owners. The SBA is the largest guarantor of small business loans in the United States. In a study of SBA loan activity, Brown and Earle (2017) hypothesized that a net increase in employment resulted from the availability of small business loans during contractions of the credit market. In a subsequent study, Lee (2018), determined there was a minimal increase in employment, although, in this study, the data was from 1998 and 2003 reporting years.

Another form of small business lending through legislative intent is the use of the Community Reinvestment Act (CRA). In this instance, Bostic and Lee (2017) determined that the number of small business loans remained relatively stable, even though the financial contraction, the size of the loans decrease through 2015. In an earlier study on the CRA, Bates and Robb (2015) determined that access to loans through the CRA continued to increase over time, the number of minority small business owners saw a reduction in access to the traditional lending market. In a recent study, Mencken and Tolbert (2018) found that the CRA program opened lending opportunities for small business owners in underprivileged areas thus adding to a positive economic impact in the region.

A reduction in small business lending is due, in part, to the greater the market power that exists within the banking industry, such as large banks merging with smaller and medium-sized banks, the greater the threat in small business lending to the market. The material aspects of a constraint on the availability of loans for small business owners may be through not only the size of the bank. However, loan officers also use in determining small business owner's access to loans. In a quantitative study of small business loan requests and large lending institutions, Ryan, O'Toole, and McCann (2014) found that the market share of a bank is indicative of the size of the lending facility. The larger the bank, the greater the market power, the less likely a small business owner will be able to borrow the necessary working capital.

Alternative Lending Sources

For small business owners that are unable to obtain loans from traditional banking institutions, there are alternative financial platforms. Nontraditional small business lending may include crowdfunding and peer-to-peer (P2P) lending opportunities (Bruton, Khavul, Siegel, & Wright, 2015). In a P2P study, Nowak, Ross, and Yencha (2018) empirically determined that small business owners can obtain loans in this market, albeit at a slightly higher rate. The signaling from small business owners to P2P lenders appears to combine the hard information, credit scores, with additional soft information. In a slightly earlier study, Marot, Fernandez, Carrick, and Hsi (2017) posited the growing acceptability of the P2P lending alternative.

The use of the alternative loan platform is advantageous for small business owners when there is difficulty in obtaining traditional bank loans (Rupeika-Apoga &

Danovi, 2015). P2P and crowdfunding methods is a lending mechanism in many emerging markets and are now advancing as an alternative to traditional lending in developed markets (Eniola & Entenbang, 2015). The development of crowdfunding and P2P lending serves as an increase in the availability of soft information that decreases the potential for higher interest rate costs and adverse selection on the part of the lender. Beyond the P2P lending, credit cards and home equity loans are prevalent sources of debt financing for small business owners. Before the Great Recession (2008-2009), small business owners could use the equity value in their homes as collateral or a line of credit to fund shortages in working capital. During and following the Great Recession values of homes fell precipitously leaving many small business owners with little value to support any future borrowing opportunities at local financial institutions (Adelino, Schoar, & Severino, 2015).

With the consolidation of banks and housing equity disappearing, credit union managers began opening lending channels for small business owners. Talbot, Mac an Bhaird, and Whittam (2015) studied the effects of increasing small business lending in the Scottish market and found credit union loan officers increasing the availability of small business loans. Talbot et al. posited that changes to the regulatory environment for credit unions could lead to an expansion of small business lending and further local economic development. In a further study, Forrester, Martinez, and Cummings (2017) determined that community banks, through increasing advances from the Federal Home Loan Bank (FHLB), offer small business owners expanding lending opportunities that also support local economic development.

The small business lending literature was diverse in the approach to analyze working capital shortages and the ability of small business owners to access loans. Access to the traditional lending market, as detailed in the literature, was subject to economic trends, small versus large banks and the use of financial information by loan officers, financial stability of the owners, and the use of alternative forms of funding by owners. Small business owners, when unable to access traditional bank loans found enterprising methods to meet obligations. Various methods including trade credit, the use of business credit cards, and lending through supply chain networks. I surmise from the literature that additional discovery is needed into the alternative methods small business owners could use to meet current working capital shortages.

Transition

The purpose of this qualitative study was to explore the strategies small business owners employed to meet working capital shortages. Section 1 laid the groundwork in determining the successful strategies used by small business owners to fund working capital shortages. The theoretical/conceptual framework for this study was based on the resource-based view of Wernerfelt (1984). Using the RBV concept some small business owners can use their resources in an efficient manner that generates positive cash flows and a positive working capital environment. The literature review for this case study developed the overarching research question and the underlying argument that many small firms lack certain financial and operational strategies to fund current operations. Many of the traditional methods of financing operations are subject to credit cyclicality, the lack of financial information on behalf of the business, and a growing trend by loan managers to employ credit scoring rather than a banking relationship with the small business owner.

In Section 2 of the study, the focus will turn to the research method and design, the e data collection method used, and the determination of eligible participants who are small business owners. Within the next section, there is a discussion of the ethical standards in research regarding participants, the technique used to collect and analyze the data from interview responses. These steps are important in determining the reliability and validity of the data for this study

Section 2: The Project

Introduction

The purpose of this proposed qualitative multiple case study was to explore strategies that small, home health care agency owners use to access working capital lending sources to finance operations. The data that to be collected are interview responses from open-ended semistructured questions based on strategies used in financing working capital shortages. Gathering and the interpretation of the data may allow other small business owners to develop financial strategies and successful outcomes. With improved access to working capital to fund operations small, home health care agency owners could create jobs and support the economic development of regional communities. In this section of the study, I cover the following topics: a discussion of the role of the researcher, the research method and design for the project, and the process of the determination of purposive sampling of small home health agency owners, data collection and analysis that provides reliability and validity in the data. In each of the sub-sections, aspects of the process are supported through the academic literature.

Role of the Researcher

The role of the researcher is to design the study, ask relevant questions, and, if qualitative, to be a good listener (Yin, 2018). As the researcher is the main instrument for the study, the researcher's interview process is an important aspect of the data collection process (Patton, 2015). Varying types of interview instruments are available. However, the decision about the type of instrument is an aspect of the researcher role. In a case study project, semistructured questions allow the interviewee the opportunity to expand on information relevant to the study (Dasgupta, 2015). In this study, the role of the researcher may be in close alignment with the study topic. My employment with home health agencies in the past and prior knowledge of working capital strategies may present a form of bias in the study. The researcher develops focused questions that align with the underlying research question for the study. By limiting the personal perspective, or researcher bias, the participant responses develop the richness of a qualitative study (Greene, 2014). Any significant relationship between the researcher and the topic or the participants through past employment or friendship creates a potential bias in the study. It is the responsibility of the researcher to remain neutral in the collection of data through the interview process (Patton, 2015).

Malone, Nicholl, and Tracey (2014) noted that bias is apparent in many forms, including measurement, observer, and misclassification bias. However, using various techniques, it is possible to mitigate the most bias in a study. Due to the requirement of human interaction in qualitative studies, the elimination of bias is not possible; however, a researcher should take the necessary steps to avoid bias. Techniques used by qualitative study researchers include member checking and triangulation and the use of multiple sources in the collection and verification of the data (Patton, 2015).

The use of a qualitative multiple case study with interviews allows the researcher to obtain data using open-ended questions. The case study interview protocol is an important tool in obtaining data through participant responses. The researcher develops a set of interview questions that are based on the research question, although, may produce responses that initiate a further investigation into the topic (Castillo-Montoya, 2016). By using a standardized set of interview questions, the researcher minimizes the potential bias that may occur from varying the content of the interview (Yin, 2018). I used the same questions to owners of three small home health agencies, thus ensuring a level of validity in the data.

Patton (2015) posits a qualitative interview process is a purposeful event that yields a perspective different than our own. The participant responses will guide the determination of strategies used in small business working capital strategies specific to the home health care industry. The interview protocol consisted of a general introduction of the researcher and the study, the semistructured interview questions, probing questions on specific contextual responses, identification, and notation of non-verbal communication, and the recording and review of reflection notations during the interview process. Following the interview protocol, the researcher can develop a further understanding of the research phenomena (Yeong, Ismail, Ismail, & Hamzah, 2018).

Participants

The population for this study was small business owners who used funding sources to meet working capital needs (Kristensen & Ravn, 2015). The right participant is someone who aligns with the premise of the study and who has the necessary information in alignment with the research question (Brown et al., 2015). I selected three home health agency owners who have experience using various financial strategies to fund working capital shortages. An appropriate agency would have 99 or fewer employees and provide services in Wayne County, Macomb County, and St. Clair County in Michigan. Larger agencies might include hospital-based or long-lived agencies and their funding strategies would deviate from the parameters of the study. To maintain ethical standards and protocols for human rights, I obtained permission to interview small business owners through a request to the Institutional Review Board (IRB) at Walden University (Approval No. 06-13-19-0014196).

To determine the participant pool for this study, I used the listing of home health agencies in Michigan through the Medicare data website (data.medicare.gov, 2018). The Center for Medicare Services (CMS) provides a list of home health agencies by locality (CMS.gov, 2018). Contact with the participants included communication through letters and phone calls because they are more personable than e-mail (Marshall & Rossman, 2016). To determine additional participants for the study, I contacted local physicians and hospital patient care coordinators. To ensure trustworthiness, I provided each participant with a statement as to their voluntary participation, and they may leave the study at any time (Patton, 2015). Building a relationship with each participant is key to open and honest dialogue with each participant (Kornbluh, 2015). Once the participant decides to participate in the study, I provided an informed consent letter (See Appendix A).

Research Method and Design

The goal of this study was to explore how small business owners use their resources in the funding of working capital shortages. Small home health agency owners were the focal point of the study in determining the varying methods used for working capital shortages. The options for minimizing or eliminating working capital shortages in this market sector may provide information for other small business owners.

Research Method

The three main approaches to research methodology are qualitative, quantitative, and mixed methods. The determination of the specific method for research is in part based on the theoretical/conceptual framework that supports the study. A quantitative approach considers the numerical and graphical representations that may prove or disprove a hypothesis. The qualitative method may be an exploratory approach to a phenomenon that provides a response to the how and why questions in the study (Yin, 2018).

The use of the qualitative method was appropriate for this study due to the overarching theme of the research question. This method broadens the nature of the problem, which is the strategies used by small business owners to minimize working capital shortages, specifically in the early years of business. The application of qualitative research expands the potential use of various financial strategies across a broad spectrum of small business owners. A qualitative study is a pathway to determine the how, what, and why of a business phenomenon (Yin, 2018). This method is appropriate for this study to derive a richness of the data beyond the normal survey responses found in other methods (Saunders, Lewis, & Thornhill, 2016). Using the qualitative research method, the researcher may seek to understand the larger view of the phenomenon rather than the causality of an event or strategy (Dasgupta, 2015).

In quantitative research, the researcher seeks causality, or causal inference relative to a phenomenon for the study (Zyphur & Pierides, 2017). Quantitative research requires a control group and random assignment of participants. In business research there may be times when the researcher does not have access to a control group or data before initiating a study is unavailable (“Measuring corporate”, 2017). A quantitative study will require the use of a hypothesis and expected outcomes that are not present in a qualitative study (Rutberg & Bouikidis, 2018). The quantitative method does not apply to this study as the researcher does not seek a causal inference or the inclusion of a control group in determining small business working capital strategies.

The mixed-methods model is a combination of the qualitative and quantitative methods of research. In mixed methods the are advantages and disadvantages to using this approach that includes the triangulation of a single case (Hadi & Closs, 2016). Under the mixed methods approach, the how questions may be the most problematic due to philosophical differences in the approach to analyzing the data (Chiang-Hanisko, Newman, Dyess, Piyakong, & Lehr, 2016). The level of skill and knowledge in both the quantitative and qualitative methods is greater than the individual method (Patton, 2015). The mixed-methods approach is not acceptable for the alignment of the research question and the direction of the study.

Research Design

For this study, I reviewed three research designs that may align with the research question and the direction of the study. The three possible qualitative research designs included case study, ethnography, and phenomenology. I evaluated each design subject to the research question. The use of case study research designs allows the researcher the opportunity to answer the how and why questions for a phenomenon or event (Yin, 2018). The depth of context in the case study design is a preference for this study as participants may expand on constructive reasons for working capital strategies (Marshall & Rossman, 2016). Case study research combines the analysis of the contextual basis for a phenomenon and provides a level of rigor found in many qualitative studies (Houghton, Casey, Shaw, & Murphy, 2013).

The use of the ethnographic research design is the study of groups of people and cultures (Marshall & Rossman, 2016). Ethnography is a greater benefit to the study of patients with multiple morbidities (Daker-White et al., 2018). A review of a culture or group of people may include cancer patients who are transitioning to hospice from critical care (Pattison, Mclellan, Roskelly, McLeod, & Wiseman, 2018). The people and cultural boundaries in ethnographical research entail the researcher to immerse into the culture or group for a significant perspective of the phenomena (Denzin & Lincoln, 2018). While this study is restrictive to a certain group, small home health agency owners, the optimality of the ethnographic design is not a study of the owners as people or a culture.

Phenomenology is the study and analysis of the meaning of a lived experience of an individual (Patton, 2015). Under this design, the researcher explores a deeper understanding of the meaning of an event or phenomenon from one person’s perspective. An example of the phenomenological design includes the study of an individual nursing student from program courses through the clinical exams (Obizoba, 2018; Wong, 2018). The interview process within the phenomenological design may include one or more individuals with a direct focus on the individual’s experience (Cypress, 2018). The essence of the lived experience is the basis for this design. Therefore, I did not select this approach.

In reaching data saturation, the researcher identifies patterns and themes that are the same, thus a recurring pattern in the development of thematic trends in the data (Marshall & Rossman, 2016). As Fusch and Ness (2015) posited, data saturation is different for each study as the research question is the basis in determining the breadth of the participant pool. Morse (2015) posited the saturation of data is a development of the scope and replication aspects of a study. The scope, in this case, is the breadth and depth of the data obtained through the interview process. The replication factor is the commonality of data or themes that result from the collection of the data. Morse (2015) suggested the amount of data is independent for each researcher and study, although, the richness of the data is the primary catalyst to synthesize and make sense of the participant responses.

In a review of the qualitative research methods, Gentles, Charles, Ploeg, and McKibbon (2015) found that data saturation was reached when very little or nothing more could be added to the collected data and the thematic responses became repetitious. Taking the issue of data saturation, a step further, Hennink, Kaiser, and Marconi (2017), examined 25 in-depth interviews to determine the level of both code and meaning saturation. Code saturation is the identification of issues that lie within the gathering of rich data through participant reviews in the interview process. The additional level of saturation is from the meaning perspective. The meaning of the data lies in the various themes and avenues in synthesizing and analyzing the data. Hennink et al. (2017)

determined while code saturation may be reached in four to nine interviews, the meaning saturation may need 15 or more interviews to saturate the meaning and context of the thematic analysis. Further data collection, to obtain, saturation is dependent upon the researcher and a sense of whether the research question is sufficiently answered through the participant responses (Saunders et al., 2018). The determining factor for the researcher is the recurrence of themes and issues that become repetitive in the interview process. In a study of thematic saturation, Lowe, Norris, Farris, and Babbage (2018) found that the level of saturation can be determined using a saturation index. Lowe et al. (2018) noted a saturation index is a combination of quantitative measurement of thematic saturation and using statistics. If there are a certain number of observations or interviews, there is the probability of several themes generated in a study. The measurement tool is an attempt at statistically measuring thematic saturation in a qualitative study.

Population and Sampling

For this study, the population consisted of three small, home health agency owners. There were three criteria for participation: (a) the participant must be an owner of a small health care agency serving the senior population; (b) the owner must have a working knowledge of the business cash needs or working capital requirements and methods used to fund working capital; (c) the owner must be located in the Michigan counties of Wayne, Macomb, and St. Clair.

Purposive sampling in qualitative research is an opportunity to provide a deeper understanding of the theoretical framework in the application of a business problem (Etikan, Musa, & Alkassim, 2016). Using the purposive sampling method, the researcher is developing an in-depth study of a business problem, in this case, the use of working capital strategies in small firms. The use of the purposive sampling method is to develop a participant pool that contains the experts on the subject matter for the study (Denzin & Lincoln, 2018). In this study, the experts are the home health agency owners who have a working knowledge of the working capital strategies used in meeting working capital shortages. The sample size is a determinant in the depth and breadth of the study. As one of the limitations of the study, the sample size is small and therefore a specific point in time as opposed to a longitudinal premise (Patton, 2015). The sample size for this study was three home health agency owners and the interview responses did not lead to new information that would necessitate an increase in the sample size. The sample size is dependent upon the individual study, as is the current case with five individual small home health agency owners. Boddy (2016) posited the necessary sample size for a study is indicative of the phenomenon and the researcher's requirement for data saturation. Depending on the type of research, the amount of data and artifacts will vary as in a qualitative health study that may require a relatively larger sample than a study on one person or event within an organization (Marshall & Rossman, 2016).

Snowball sampling. In the case when the researcher is unknown to the potential participants or the participants are hard to obtain, a snowball sampling method may be an optimal data collection method. Snowball sampling is an expansion of the participant pool where the researcher identifies the initial level of participants and then each participant finds an additional participant (Etikan, Alkassim, & Abubaker, 2015). The use of the snowball sampling method is useful when participants are hard to reach, such as the homeless or HIV patients (Rao, Stahlman, Hargreaves, Weir, Edwards, Rice, Kochelani, Mavimbela, & Baral, 2017). There are, however, concerns with the use of the snowball method of data collection due to the inherent bias that may exist in the subsequent levels of participation. Marcus, Weigelt, Hergert, Gurt, and Gelleri (2017) expressed concerns over the type and validity of the data accumulated during the study. The authors posited the possibility of fabrication of data unless the researcher institutes additional steps in the verification of subsequent participants.

Ethical Research

To ensure that the standards and procedures in both the Walden University IRB and *Belmont Report* (1979), I used an ethical approach in the interaction and use of interviewee and subsequent data and field notes. The embodiment of ethical practices throughout the study is a condition of building a trusting relationship with the interviewees (Bromley, Mikesell, Jones, & Khodyakov, 2015). A part of ethical research is the availability and notification of informed consent (Patton, 2015). The process of informed consent includes the purpose and direction of the study, what type of questions the participant will encounter, the level of confidentiality in the process, and the subsequent use and storage of the responses (Yin, 2018). Equally, notice was given to the participants that participation is voluntary and that they were free to remove themselves from the study at any time. Participants could notify me, either in writing or verbally, of their desire to withdraw from the study. I informed each participant at the beginning of the interview that if they felt uncomfortable at any time during the process, they could cease participation without reasons. None of the participants withdrew from the study.

As a part of the informed consent procedure, I notified participants that participation was voluntary and that there was no compensation for taking part in the study. To protect identities, I used an alphanumeric coding system that disassociated participants from their identifying information. The use of the coding system will ensure confidentiality, specifically when participants may elect to receive a copy of the study. To promote confidentiality with each participant, they determined the site, day, and time for the interview. Participants' choices allowed for a more open-ended discussion of responses and additional follow-up questions. Before the scheduling of an interview, I received the signed consent form, and the participants' signature acted as consent to the process.

The information that I obtained before, and during the interviews, will be kept in a locked file for 5 years and then subsequently destroyed through the local business document shredding firm and the proper destruction of digital data. This step is imperative to ensure the security of the information that I obtained through the interview process.

Data Collection Instruments

The identification of the data collection instrument is a determining factor in the use of a method and design of the study. For this qualitative study, I was the primary data collection instrument. In a qualitative study, there are six potential sources of data: interviews, observations (participant and direct), archival records, various artifacts, and varying types of documentation of individual or organizational records (Yin, 2018).

Denzin and Lincoln (2018) stated that there are multiple methods to collect relevant data for a study. For this study, I used face-to-face, semistructured interview questions to derive data in response to the overarching research question. By observing the participant's behavior approach in responses, opportunities may arise for the researcher to extend the conversation and obtain further data (Carter, Bryant-Lukosius, DiCenso, Blythe, & Neville, 2014). A third data collection instrument is the use of field notes by the researcher that may provide further data beyond the interview transcript. Phillippi and Lauderdale (2018) noted the use of field notes can collect non-verbal information and may highlight researcher bias. By extending the data collection methods to include field notes, the notes may support data analysis (Egerod et al., 2019).

To strengthen the data component within a study, Patton (2015) referred to the triangulation of the data through various collection methods. Triangulation is the process of using different perspectives of data collection to explain or support the same study phenomenon. Triangulation is a researcher's strategy to validate or express, through various data collection processes, that the data is credible (Marshall & Rossman, 2016). In a pediatric study to determine viable health protocols, Hopf, Francis, Helms, Haughney, and Bond (2016) determined that medicine delivery protocols based on the age of the patient improve health outcomes. The team used a triangulation data methodology that included observation, clinical notetaking, surveys from patient’s parents, and archival records. The triangulation of the varying data perspectives provided credibility for the study. In an additional study, a methodological triangulation was used to determine the health effects on retirees who moved to retirement communities (Bekhet

& Zauszniewski, 2011). Bekhet and Zauszniewski noted nurse researchers used both qualitative and quantitative data to support the phenomenon. In a larger health study, health care teams were evaluated using both quantitative and qualitative measures to triangulate the data (Brown et al., 2015). These measures included face-to-face interviews and online surveys to derive deeper meaning from the data to determine best practices. In my study, I triangulated the data by using responses from the participants, reviewing internal loan denial or acceptance documents, where feasible, the development of thematic alternatives in the coding process, and discussions with local loan officers. Also, I used member checking of the interview question responses for accuracy and the use of reflective notes from the interviews.

The use of a semistructured interview with open-ended questions in a qualitative study allows the researcher to develop a deeper form of evidence (Yin, 2018). An interview process is a form of observation as the researcher can identify strengths and anxieties in response to the formatted questions. The identification of the observational data will extend the responses through additional questions and allows the participant to expand on ideas that they may not readily offer as additional information (Marshall & Rossman, 2016). The development of the semistructured interview questions is a result of the initial research question and the use of previous knowledge. Kallio, Pietila, Johnson, and Kangasniemi (2016) posited the process of developing the format for face-to-face interviews is an important aspect of the study. To enhance the validity and reliability of the data collection process, I employed the use of member checking to enhance the credibility of the data collection process. In addition, the review of the interview transcripts by the participants and the researcher provided a level of accuracy and meaning into the original interview responses as well as the intent of the meanings from the responses (Birt, Scott, Cavers, Campbell, & Walter, 2016). The use of the member checking method may allow the participant to further develop their responses for a fuller meaning of the phenomenon under study.

In qualitative research, there are various interview methods that a researcher may use to derive data. Included in these methods are face-to-face, telephone interviews, and e-mail interview methods. The face-to-face interview method is a practical application to derive data for this study, as this method is more personable and allows for the secondary questions due to participant body language (McIntosh & Morse, 2015). The relationship between the researcher and the participant is an important aspect of the study. In a face-to-face interview, the trust level is important, thereby requiring an understanding of cultural and linguistic differences between the parties (Nguyen, 2015). The interview protocol (see Appendix B) is an important introduction of the researcher to the participant and the underlying need for the study.

Data Collection Technique

The premise for this study was to determine the various strategies home health agency to obtain working capital loans in support of operations. I used face-to-face interviews for this qualitative study as this technique should allow the owners to expand on their strategies. The use of the face-to-face interview technique is one of a few examples of data collection techniques. The semistructured interview questions allow owners the opportunity to expand on the how and why of a phenomenon (Yin, 2018).

Other forms of data collection techniques may include focus groups, surveys, online interviews, and telephone interviews (Heath, Williamson, Williams, & Harcourt, 2018). There are limitations to the interview technique from the point of bias by both the participant and the researcher. Participants may feel the need to respond in a manner that is perceived to be a positive acceptance of responses. From the researcher aspect, further questions may be biased by asking leading questions or the guiding of participant responses through subsequent comments. To avoid or minimize a level of bias, the researcher will need to be an active listener and limit the framing of follow-up questions (Marshall & Rossman, 2016).

The focus group technique is a viable technique for qualitative studies, although the importance is on a discussion of an issue or event and not on a set of interview questions (Chu & Ke, 2017). The survey activity, whether online or by mail, is a technique when the time is short, and the costs for the study are limiting (Loomis & Paterson, 2018). The online interview is beneficial from the perspective that the participant can answer the survey questions at their own time and place rather than at a specific point in time. Online interviews may be more comfortable for some participants, specifically when the basis for the study is sensitive (Heath et al., 2018). Telephone interviews are another viable collection technique, although, the interviewer would not view facial expressions and may miss further data (Ward, Gott, & Hoare, 2015).

The use of the face-to-face interview technique as a viable part of the qualitative study is an opportunity for the researcher to form a trust relationship with the participant. Patton (2015) suggests that the trust-building opportunity between the researcher and the participant may include eliciting additional data during the interview. In the face-to-face interview, the researcher may determine that additional questions, beyond the formal list, are necessary to derive a richer compilation of responses (Marshall & Rossman, 2016). In addition to the expansion of responses from participants, a weak aspect of the face-to-face technique is the reflexivity issue (Yin, 2018). Reflexivity is the subtle influences of the researcher that affect the type of response from the participant. To minimize reflexivity, the researcher should use the same set of questions for each respondent during the study (Patton, 2015). In a similar study on reflexivity, Hiller and Vears (2016) posited the need to increase the dialogue between the researcher and participant at the onset of the interview. By avoiding pitfalls with reflexivity, the researcher may have a higher level of confidence in the participant responses.

In addition to the face-to-face interview technique, I employed a member checking method to determine what was iterated by participants in the case as written in the summaries. Member checking is an audit tool to verify responses with the original interviewees of the study (Marshall & Rossman, 2016). The accuracy of summarizing and reporting of the data is key to the qualitative study, thus the need for accuracy (Birt et al., 2016). The member check tool is a strategy for trustworthiness between the researcher and participants (Kornbluh, 2015). By providing participants with the opportunity to review the content of the interview, the researcher may derive more data as participants further expand on their responses.

Data Organization Technique

Data organization is an important aspect of the research process. Yin (2018) articulated four principles of data collection that would enhance the validity and reliability of data. The data collection principles include using multiple data sources, the development of a case study database, the development, and maintenance of a chain of evidence, and the verification of data developed through social media sources (Yin, 2018). In the use of multiple data sources, the researcher may include methods and various perspectives or theories to develop additional approaches in response to the research question. By expanding the data collection sources, the researcher will add depth to the interpretation of the findings (Ranney et al., 2015). The development of a case study database allows the researcher to maintain an orderly format of the data for retrieval throughout the coding and data analysis process. This step in the data organization process includes an orderly assemblance of research and observational notes for future access during the data analysis section of a study. Maintaining a chain of evidence is important, not only for the researcher but subsequent researchers and readers who may further develop or replicate the research study (Yin, 2018). The use of data or information obtained from social media sites should be interpreted with due care as not all information may meet the rigor, reliability, and validity standards in scholarly work (Marshall & Rossman, 2016).

The researcher must create and maintain a process of data security and maintenance throughout the research timeframe and for a reasonable period beyond completion (Lee & Stvilia, 2017). For the interview data, I recorded the interviews using a hand-held digital recorder and transcribed the responses into a readable format. I uploaded the digital recordings and physical output to the cloud (OneDrive), and a secondary copy stored on an external hard drive in a locked file cabinet. In addition to the digital recordings, there is a compilation of observations notes that will detail further interview questions and the use of a reflective journal as well as cost report artifacts. Cost reports are annual financial documents filed with the Center for Medicare Services detailing the cost of delivering patient services. The reflective journal will serve as an additional source in interpreting the research phenomena. To further develop codes and themes within the interview responses, I used NVivo software. The specialized software is a tool that can assist researchers in the formal tracking of ideas and themes relevant to the research and data analysis (Ranney et al., 2015). As a part of the data organization technique, participant names were coded in an alphanumeric format to protect their anonymity.

To extend the data collection technique for this study, the use of a pilot study or field test may solidify the interview questions. A pilot study or field test is a tool to enhance the types of questions that support the overarching research question (Yin, 2018). The pilot study may also strengthen the underlying theoretical framework for the study. Marshall and Rossman (2016) noted that piloting may assist the researcher, specifically a novice researcher, in developing a formative interview question plan. A pilot study was conducted; however, a different set of participants were used in the field test before the current study.

Data Analysis

Data analysis is the process of collecting, analyzing, defining, and interpreting data assembled from the interviews in a qualitative study (Yin, 2018). The five steps in the analysis of qualitative data include compiling the data, disassembling the data, reassembling the data, interpreting the data, and developing a final reporting of the data results in a study (Yin, 2018). The process may include the use of computer-assisted software to segregate themes and common threads in the evaluation of participant responses. Marshall and Rossman (2016) posited the need for the researcher to develop a manual review strategy of the data, as the software program does not automatically identify interpretive ideas in the data. The richness and context of the interview responses are a development process inherent to the skill set of the researcher. A requirement of data analysis is the development and use of methodological triangulation that may include the examination of the company or personal working capital loan documents as a secondary source of data (Cassell & Bishop, 2018).

In this study, I compiled the data through the use of data analysis software. For each of the participant interview questions, I transcribed the responses into the data analysis software. The transcribing of the data allowed for the opportunity to become very familiar with the study data and a greater understanding of the meaning in participant responses (Castleberry & Nolen, 2018). I then disassembled the data by coding each of the interview question responses and grouped the coded data into themes. In this part of the process, the researcher begins to develop a greater understanding of the data and differences that may develop within the data (Castelberry & Nolen, 2018). I then reassembled the data into categories centering on the overarching research question. In this step, I was able to use the codes and themes to begin to build a structure related to the research question. I then interpreted the data based on the categories and themes generated during the data analysis process and how themes relate and respond to the overarching research question. Finally, I concluded the data presenting the major themes and underlying evidence supporting the major themes that ultimately respond to the research question for the study. Member checking was used to verify the concluded data to minimize researcher bias in the interpretation of the thematic responses of the participants.

In this study, I used the methodological triangulation for the data analysis process (Bekhet & Zauszniewski, 2012; Hopf et al., 2016). To triangulate the data, I used the responses during the interview process, the contextual data in the coding process, and researcher notes from the interviews and notes that I developed in viewing available loan documents. I used the NVivo software package to, initially, categorize, and record themes in participant responses. The manual coding of the various themes through immersion into the data that may lead to further development of additional themes and the use of additional methods to extract relevant data (Chowdhury, 2015). The interpretive process is key to determining themes and commonalities between participant responses (Neale, 2016). The RBV is the conceptual basis for this study thus providing a starting point for the interpretation of the data and the alignment with small business owner working capital strategies.

Reliability and Validity

Reliability and validity are key components within a qualitative study. As the researcher is the main research instrument, the protocols for the study must be explicit (Yin, 2018). The further development of reliability and validity protocols in qualitative studies allows the researcher the ability to make the case on the strength of the research tools and design. In analyzing data in a research study, Patton (2015) noted four areas of triangulation to ensure validation of the data. The four areas include methodological or source triangulation, multiple data collection methods, using multiple reviewers to analyze the data and using multiple perspectives to interpret the data (Patton, 2015).

Reliability

Reliability is the level of trustworthiness or authenticity and quality of the research design, the tools used in a study, and the derived data (Cypress, 2017). In this study, the researcher is an instrument in developing sources for the data. A part of the reliability in the design of a study and the underlying data is the dependability of the data. Soroush, Abdi, Andayeshgar, Vahdat, and Khatony (2018) posited the dependability of the data lies in the ability of the researcher to generate interpretations of the data while minimizing researcher bias. The dependability of the data in a study is accomplished using triangulation of the data to minimize the possibility of researcher bias (Marshall & Rossman, 2016). The defining nature of the qualitative study may increase the probability of researcher bias in the predetermined views about the phenomenon leading to issues with authenticity (Marshall & Rossman, 2016). The bias may cause issues for replication in a future study and were at a minimum in the present study. Saunders et al. (2016)

posited the need to be consistent in the application of qualitative research tools. To provide for consistency and reliability in the data gathering process, I used the same set of interview questions for each participant. Also, I recorded notes on each interview session along with the recording of the participant responses using a digital recorder. The use of the NVivo software was consistent with each interview session, and the thematic coding of each participant used the same process. To ensure the authenticity of responses, the use of member checking with subsequent edit and re-check to ensure the transcription of responses is accurate.

Validity

The development of qualitative studies relies more on interviews or observations rather than statistical outcomes through surveys and other forms of accumulating data. In qualitative research, Yin (2018) stated four principles of data collection, the use of multiple sources, the creation of a case study database, maintaining a chain of evidence, and exercise due care when using social media data. With this knowledge base, qualitative researchers use four criteria, validity, credibility, confirmability, and transferability to develop trustworthiness in the data (Cope, 2014). In qualitative case studies validity is the use of appropriate measurement tools and the accuracy of the data, in this case, the collection of participant responses (Saunders et al., 2016). The measurement tools for this study were the face-to-face interviews, researcher notes, and the method to code thematic responses from participants.

Credibility. Defining credibility for qualitative studies, Connelly (2016) posited the confidence in the results of the study data. In these terms, a qualitative researcher would use various methods to ensure a high level of confidence in the data. Methods may include member checking, multiple observations, and an audit trail (Morse, 2015). Member checking is the process of participant summary reviews as a secondary measure to ensure completeness and accuracy of participant responses. The participant review of the response summaries lent a level of credibility to the study to signal accuracy in the reporting of the answers to the interview questions. Member checking was used in this study as an audit mechanism to determine if the researcher was accurate in disseminating participant information. The multiple observations method is a form of researcher engagement. Thus I, in the context of credibility, used a purposeful sample of the three small agency owner interviews (Cope, 2014). The researcher, in this study, worked in the financial area of the home health industry in the past. The experience eliminates the need for the researcher to develop knowledge on the financial aspect of the industry. The third credibility method is the use of an audit trail for the study. In the development and use of the audit trail, other researchers or observers could determine the mapping of the data collection and analysis of the study. Using a coding system for the qualitative responses and the data analysis provides enhancement of the study findings (Morse, 2015). The coding method for the study will develop various thematic pathways in determining the various working capital strategies for small business owners. Marshall and Rossman (2016) suggested that the qualitative coding method is an integral part of the data analysis for a study.

Confirmability. In defining confirmability, Connelly (2016) posited the use of detailed notes and the use of a peer-review process to ensure the finding are repeatable by other researchers. Note-taking is an integral part of the interview process as the researcher may extend the base of interview questions and expansion of ideas beyond the recording of responses. The collection of notes serves as evidentiary material in support of the data, although, it is necessary to minimize researcher bias in the interpretation of the notes. Triangulation is a form of confirmability by using multiple data sources to arrive at the same point, or findings, in a study (Yin, 2018). Methodological triangulation or arriving at the interpretation of the thematic analysis using varying methods is key to confirmability of the data (Health et al., 2018).

Transferability. In qualitative research, transferability is the ability for another researcher to use this study's findings in other situations that have a similar context (Marshall & Rossman, 2016). In this case, the duplication of methods and interview questions will transfer, or replicate, to another study with a similar context for small business working capital strategies. In a study of intensive care nurses, Cypress (2017) used thick descriptions and a purposive sample from earlier research. Cope (2014) posited there is transferability in a study when another researcher can apply one study criterion to another study based on the experiences of the secondary researchers. Similar results should result if there is transferability between studies and phenomena (Noble & Smith, 2015). To maintain transferability, I selected purposive participants who have firsthand knowledge of working capital and use the same set of interview questions for each participant. Additionally, I prepared reflexive notes and used peer-review and member checking to ensure the validity of the findings. Amankwaa (2016) suggested that notetaking is not a one or two-word descriptor for a participant response is not plausible.

Therefore, I used the concurrent interview notes as well as reflexive notes detailing the participant responses and reactions to the interview questions to develop transferability for the study.

Summary and Transition

In Section 2 I discussed the purpose of the study that was the working capital strategies used by small businesses to meet current obligations. I discussed the role of myself as the researcher and the need to locate small business owners who had the requisite working capital knowledge for their firms. Within this context, I developed a multiple case study approach based on the purpose of the study. Using the case study approach, I was able to obtain richer data about working capital strategies within a small business context. The sample for my study was three small home health agency owners who had an intimate working capital knowledge for their companies. As I was the primary data collection instrument, I collected the case study date using face-to-face interviews with semistructured questions. The analysis of the data was accomplished through the development of themes and interpretation of the data in line with the RBV conceptual framework for the study. To ensure the reliability and validity of the data, the same set of interview questions was used, and member checking was employed to identify the authenticity of interview responses. Section 3 of the study includes the presentation of the research findings, the application of the findings to professional practice, the implications for social change, recommendations for action, and further research. The section will end with research reflections and the conclusion of the findings and a reflection of the entire research experience.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative multiple case study was to examine the strategies used by small business owners to access working capital in funding operations. Many small business owners are unable to obtain working capital loans through the traditional lending process due to the lack of transparency with their financial information and a lack of sufficient collateral. These variables form the basis for this study. RBV was the conceptual framework for this study (Wernerfelt, 1984). The examination of the various working capital strategies, or lack thereof, suggested a greater need for owners to understand their financial options in traditional and nontraditional lending environments. The target population for the study was small, home health agency owners who know the financial operations of the business. The businesses were limited to the counties of Wayne, Macomb, and St. Clair, Michigan. Upon completion of the face-to-face and online interviews, I imported the responses into NVivo 12 qualitative analysis software for review. I identified three main themes: the use of alternative sources of working capital, banking relationships, and sustainability of operations. They align with the conceptual framework and the literature.

Presentation of the Findings

Small business owners depend heavily on the ability to maintain a positive cash flow to sustain and develop operations (Browne & Earle, 2017). The research question for the project was as follows: What strategies do owners of home health care agencies use to access working capital lending sources to finance operations? The answer lies in the responses to the open-ended, semistructured, interview questions. A five-step process for data analysis was used: (a) the compiling of data, (b) the disassembling of the data, (c) the reassembling of the data, (d) the interpretation of the data, and (e) reaching conclusions from the data (Yin, 2018). The process was used to analyze the responses from the participants, to review the participants' financial reports and applications, and to assess my reflexive notes from the interviews.

The RBV model helped me to develop a further understanding of the working capital needs of small business owners. To meet the sustainability requirements of the business and to provide a sustained level of healthcare services to the aged, the owners needed to create financial strategies for sustainability. The financial strategies included the use of alternative sources of working capital, integrated use of a banking relationship, and the development of financial and operational business sustainability plans. In the context of the research question and the conceptual framework, it was necessary to draw on small, proprietary home health agency owners. I eliminated large proprietary and hospital-based home health agencies as access to working capital funding in these entities is through traditional lending at large banks.

Therefore, the purposeful sampling of the three owners of firms providing varying levels of at-home health care in the counties of Wayne, Macomb, and St. Clair, Michigan meets the intended purpose of the study. Purposeful sampling allows the researcher to obtain a deeper and fuller understanding of the interview responses that align with the research (Etikan, Musa, & Alkassim, 2016). Methodological triangulation was used to analyze and confirm the data. I received consent from each of the owners to voluntarily participate in the study. Three main themes emerged from the analysis of the interview responses (see Table 2).

Table 2

*Interview Questions and Primary Themes (*N*=3)*

Interview questions	Primary themes	Participants
1. What strategies do you use to obtain small business lending opportunities in funding operations?	Theme 1	A, B, C
2. What types of alternative financing do you currently use to fund operations?	Theme 1	A, B, C
3. What, if any, types of personal assets did you use in the funding of business operations?	Theme 1	A, B, C
4. What, if any, types of banking relationships did you have in the early years of the business?	Theme 2	A, B
5. What were your key challenges in implementing successful financing strategies to fund operations?	Theme 1 Theme 2	B, C
6. How did you address the key financing challenges?	Theme 1 Theme 2	A, C
7. What other strategies could you add about lending sources to finance operations?	Theme 2 Theme 3	C

Theme 1: Alternative Sources of Working Capital Funding

According to this theme, owners developed an acute financial need to smooth the cash flow trends, a need that is inherent in many small businesses. The development of financial strategies aligns with the RBV of business operations. Wernerfelt (1984) posited the development of resource-based operational elements that could provide an advantage in the marketplace. In this study, participants used an array of alternative sources of working capital funding, from credit cards to personal assets, to factoring of the accounts receivable, that is the selling of a company's accounts receivables to outside financing companies. Participant A used credit cards to meet current expenditures and continue to fund payroll when there were cash shortages due to delays in insurance reimbursements. In discussing the use of credit cards, Participant A used alternative sources of working capital that included personal funds and business and personal credit cards. Participants A and B used personal credit cards at the beginning of operations to meet working capital shortages. They shared copies of personal credit card statements that were used for business transactions, including office supplies and gas.

Cash flow issues create stressors for many small business owners who then seek alternatives such as peer-to-peer lending or trade credit that maybe, at times, costlier methods of financing shortfalls in working capital. Participant B stated that I used cash from my personal savings account to make up for shortages in the cash flow. Participant C posited the need to use personal savings and "the outside financing of my accounts receivable to meet short-term cash needs." Participant B shared a copy of the various personal money transfers to the business account to meet current obligations. Also, Participant C shared the advertising she used to attract other small business owners to rent space at the location to cost share on rent for the office. The use of credit cards, both personal and business, also entails a greater interest cost than the interest rate on a normal bank line of credit. According to Participants A and C, credit cards are a "normal aspect of being a small business owner," and allowed them to meet present obligations when payments from insurance sources were delayed.

In addition to the credit card alternative, Participants A and B “loaned” their businesses money from personal accounts, including inheritance, and contributed computer equipment and office furniture from home to defray the start-up costs of a new business. The inheritance contribution was an interesting alternative and was supported by a note payable from the business to the owner. The note payable is a substantiation of the liability in an arm’s length transaction rather than a capital contribution for tax purposes.

Trade credit is another aspect of the alternative source of financing that small business owners may use to smooth working capital shortages when there is a denial of bank credit. Chen, Ma, and Wu (2019) posited that trade credit is a substitute for bank loans, in the early stages of business development, although, only Participant B1 utilizes trade credit in addition to credit cards. Participant B1 shared various invoices from office and medical supply facilities as well as the telephone and internet companies. Under the RBV conceptual framework, the use of alternative sources of working capital strengthens the financial position of the business and reduces the adverse effects from the financial and operational perspectives.

Theme 1 and the current literature. The issue in Theme 1 is the use of alternative sources of funding for current operations, both in the early stages of the business and the developing stages. Brown, Linares-Zegarra, and Wilson (2018) investigated the use of credit cards as a financing tool for many small business owners. The authors posited the opportunity that credit cards provide as a form of flexible financing to sustain the financial aspect of operations. The use of credit cards by small business owners runs parallel to the RBV posited by Wernerfelt (1984) in the development and use of financial capabilities to fund operations and provide the good or service in a competitive market environment. The use of the credit card financial strategy may be a short-term remedy as the owners develop the business in the hopes of securing long term financing in the future (Brown et al., 2018).

Furthering the trade credit perspective, Del Gaudio, Porzio, and Verdoliva (2018) posited that trade credit is one of the most important aspects of smoothing out internal working capital shortages using vendor loans. The vendor loans, in this case, is the extension of trade credit to new and developing small business owners and a means of solving short term financing issues. For many small business owners, the vendor supply of credit may be used in terms of bank loan denials. The management of the demand for trade credit by small business owners follows the RBV from the aspect of the management of the financial strategies to minimize cash shortages. In this case study, the use of credit cards and trade credit is an optimal financial strategy for the owners who are not currently successful in obtaining traditional bank financing.

In Theme 1, participants identified alternative sources of working capital to sustain business operations. Participant C provided the bank with a detailed business plan for the loan committee to review. Beyond the RBV conceptual framework, the dynamic capabilities theory applies to the ability of owners to develop alternative sources of working capital in sustaining operations. Participant C shared with me the business plan and acceptances in support of alternative working capital funding sources. There is an inherent level of risk for loan managers and banks in lending to new and developing small business owners before becoming an established entity. As this participant sought to obtain a bank loan following the Great Recession, credit markets were tight and lending to small businesses was problematic. Cainelli, Giannini, and Iacobucci (2019) identified the lending constraints and the effect on the growth in the SME market. The authors determined that the loan acceptances were granted to firms connected to business groups rather than independent small business owners. In this study, all owners are independent firms and not a part of a larger business group. Participant B1 was successful in obtaining a small working capital line of credit due to acceptable credit scores and available collateral.

Cornee (2019) posited that information asymmetry continues to be the main impediment for many small business owners in obtaining bank loans to fund operations. While other variables are a part of the credit acceptance decision, the risk that new and developing small business owners pose for loan committees is a barrier in eliminating funding shortages in the early stages of business operations. A review of internal financial reports for each participant indicated that Participant B had the most formal financial statements. Participants A and C's financials were limiting, as each one was early in the business life cycle. While the external lending barriers may be higher in the early years, small business owners will encounter working capital shortages and will rely on personal funds and credit cards as funding alternatives, while they establish banking relationships.

Theme 2: Banking Relationships

The second theme centers on the degree of banking relationship that is present for each participant and the effect of the relationship on working capital strategies to maintain operations based on an RBV conceptual framework. Loan officers and members of loan committees generally use hard information (credit scores and financial statements) to determine the viability of a potential borrower, the level of risk on the loan, and its pricing. With new and developing small business owners, the lack of transparency of financial information asymmetry is high, as in this study, thus the need for soft information variables to determine the acceptability of the loan customer. Soft information means the banking relationship between the business owner and the local branch manager or loan officer. Participant C had a limited banking relationship that included regular business services and not expanded business lending facilities. While the bank did not, initially, extend a line of credit the local bank manager developed an interest in the type of business that led to a working capital loan.

Participant A used a different banking approach with the use of a credit union as the banking institution for the business. In this case, Participant A suggested that the credit union was extremely helpful in not placing holds on the patient or insurance checks. In a regular bank relationship, they would hold local checks for 2 or 3 days until there was a track record for the company. The practice of holding local checks at banks can cause an immediate cash flow issue, especially if there is a payroll during the hold periods. Participant A shared the credit union's website as evidence of the immediate availability of deposited funds practice and the participant's written request for verification of the check hold policy. I inquired further of Participant A if the credit union loan committee was approached to authorize a line of credit for the owner, personally, or the business. A loan granted to the owner would result in a personal guarantee of repayment for the loan or line of credit. Lines of credit that are granted to the business may minimize the personal guarantee requirement by the owner. Participant A indicated that a small line of credit was available through personal guarantees, although the participant did not access the option. Participant A shared a copy of the letter extending the line of credit with personal guarantees.

Participant B was the most successful with a long-standing banking relationship with the same branch management, who in turn assisted with the transition to the business banking for the owner. Participant B suggested that branch management transitioned the owner from personal banking to business relationship banking. Moving to a business banking relationship allowed for expansion in access to credit. Further discussion derived additional banking-relationship information as the manager of the branch collected soft information on the type of business and the various payer sources for the business. Developing a banking relationship with a local branch manager is a wise financial strategy that allows the owner to gain access to a line of credit as a means of minimizing working capital shortages (Brancati, 2015).

Theme 2 and the current literature. The use of banking relationships is a benefit to small business owners in the development of current and long-term access to lines of credit for working capital shortages. Relationship lending continues to be a part of the small business funding literature. Duqi, Tomaselli, and Torluccio (2018) identified as an important means to minimize or eliminate the information asymmetry that exists in new businesses. The authors posited the availability of credit and relationship lending is more active when there are fewer economic and financial constraints. This is indicative of the period during and after the Great Recession where credit was constrained due to higher levels of perceived risk by loan officers (Brown & Lee, 2019). Relationship lending is an important financial strategy, specifically with local banks and small business owners. In the United States, relationship lending differs from the Japanese banking market and relationships with small businesses. Kitamura (2018) determined that the concept of relationship lending, to small businesses, was more prevalent in the U.S.-based Japanese banks than U.S. domestics banks. Lending technologies are part of the difference in lending practices as larger domestic loan officers use hard information, in this case, credit scoring, to determine the probability of loan repayment form SMEs. Small business lending may be, in part, built on trust between the owner and bank management. The trust factor is a part of the relationship lending piece that may become a financial strategy as the owner builds the business. Tang, Moro, Sozzo, and Li (2018) posited the trust-building between the owner and the bank manager is more pronounced in local banks than in the national banking entities. The dynamics capability theory parallels the RBV conceptual framework

Of the three participants in this study, Participant B was the most successful from the relationship banking perspective, although each participant has, and continues to develop a banking relationship. Sutherland (2018) determined that there are two types of relationship lending with small business owners, a transactional, and a relationship lending strategy. The transactional approach is a one-time loan to the small business owner. A relationship strategy defines an ongoing loan activity based on a long business relationship. Participant B represents the latter strategy with the development of a line of credit and additional banking services. Participants A and C are in a mix between the transactional and relationship lending strategies thereby limiting business growth patterns.

Theme 3: Business Sustainability

The third theme is the application of various financial and operational processes to sustain operations of small health care firms. The processes align with the RBV from the perspective of generating elements of internal business practices to sustain future operations. From an operational view, the participants used varying methods to maintain and increase a positive patient relationship through the use of staff and owner–patient care procedures, which included the delivery of a higher standard of care and patient-centered care plans. From the financial perspective of the RVB model and business sustainability, the owners determined the types of home care services that can be offered given staffing levels and the net proceeds from patient care services. The allocation of labor resources based on patient needs to afford an increased net positive cash flow and working capital component. Participant B used a mix of car company workers, retirees, and catastrophic patient cases to maximize net proceeds that lead to a positive working capital environment. Participant B shared a list of referring physicians and clinics that assess the accident and catastrophic cases. Participant A provided private-duty senior services, which enabled the owner to charge patients based on needs rather than a set diagnostic code. Participant A stated, “I am keeping the size of the business smaller as I can better manage revenue and cost streams and provide a specialized form of care.” Some small business owners prefer to remain on the smaller end of the business size spectrum to maintain service to customers. Participant A shared the advertising in local papers and church papers in support of the specific market sector for the business. While the need for direct health care services is on a case basis and diagnosis basis, the senior, or private-duty, care, is not episodic but ongoing, and, thus extends the revenue stream.

The business sustainability model, in this case, is driven by the need for a positive level of working capital while meeting the varying needs of the patients. The source of funding for Participant A is derived from private pay, which is the payment of services by the patient or their families. The burden of charging comparable rates when an owner participates in the Medicare program leads to greater fixed costs and less flexibility in determining a level of working capital opportunities. To sustain the financial and patient care operations beyond the working capital generated from normal patient care services, Participant C sub-let to other businesses in the home health field. The creation of an additional line of revenue and the formation of a small business group of at-home providers opened financial opportunities for the owner that increased the available working capital through monthly rental receipts and additional patient sources. Participant C gave me a brochure outlining, not only current therapy services but additional services including autism, down syndrome, and traumatic brain injuries (TBI) in the office beside a patient’s home. By offering a multitude of therapy services, the owner is seeking to sustain and expand the business beyond the traditional in-home patient care.

Theme 3 and the current literature. Business sustainability is an important aspect of many SMEs through operational and financial decision-making processes. The efficient use of resources, both labor, and capital assets, to create a niche or competitive response in the market is an element of the RBV conceptual framework of this study. As business owners develop the skills set to manage the operational and financial aspects of the business, sustainability is the underlying premise for success. The effective management of the financial decision-making process is key to the sustainability of the business (Schwab, Gold, & Reiner, 2019). Sustainability of the firm and the development of financial and operational advantages is an ongoing demand for many small business owners (Burlea-Schiopoiu & Mihai, 2019). The development of a resource-based framework in financial and operational decision-making may enhance the ability of SME owners to obtain working capital loans from local financial intermediaries. Shihadeh, Gamage, and Hannoon (2019) posited small business owners could enhance the sustainability of their business by decreasing the potential for loan risk and information asymmetry. As owners increase their internal financial procedures using accounting systems, loan managers may view this as an opportunity to extend credit and expand on the relationship. Participant B utilizes an integrated billing and accounting system, while Participants A and C use a less formal billing and accounting software packages.

Small business sustainability is an opportunity for small business owners to create a competitive advantage in the marketplace, therefore, the efficient use of company resources is key to sustaining product or service life. In the at-home health services market, patients are the key revenue sources for small health care firms. To manage and sustain the revenue stream and create working capital opportunities, small business owners need to develop sustainable strategies. The challenge is in the development of key processes that entail the use of labor, financial, and capital asset components (Burlea-Schiopoui & Mihai, 2019). Hitt et al. (2016) posited the need for SME owners to develop intangible resources or the decision-making processes in furthering the use of RBV as a tool to sustain operations. In the small business setting the RBV and an intangibles skills set may lead to a competitive advantage in an industry sector. In the at-home health care services market, small business owners can develop a niche market through the use of internal resources and external market tendencies. Increasing demand for senior health services broadens the opportunities for small agencies to create competitive advantages and increased cash flow that strengthens the working capital position. The intangible resources or the use of financial and operational strategies are the internal variables that build on the RBV in the SME market (Lonial & Carter, 2015).

Applications to Professional Practice

The applications to professional practice for this study may include the further development of financial strategies to small business owners in various market sectors. The findings could be used by small business owners who are unable initially, to obtain traditional bank financing due to variables that are inherent in the beginning and developing new business. The outcomes of this study may provide opportunities to enhance small business lending beyond the traditional bank lending pathways. The spillover effects are greatly enhanced when a small business owner can develop and sustain the business that may have a positive economic impact on the local community.

While bank lending is, traditionally, created and maintained using hard information, loan officers and branch managers may find the relationship lending/banking avenue a mutually beneficial approach to localized small business lending programs. The development of the relationship lending programs by loan committees and branch management could foster a transparent flow of information between the lender and borrower (Brancati, 2015). The results of this study may provide an opportunity for the enhancement of an organized peer-to-peer lending network among small and large investors and industry suppliers for owners who are unable to obtain traditional working capital loans during the early years of operations. Lastly, this study may provide information for many new small business owners and those who seek to open a small business. A more important aspect of any small business in the development and sustainability of financial strategies that are beneficial to the owner and the local community.

Implications for Social Change

The foregoing study could provide information for many small business owners in the development of financial strategies to meet operational demands that have a spillover effect for the local community. Small business owners are an important part of the national and state economies as these owners are the drivers of economic sustainability and growth (SBA, 2019). Small business job creation spanning the current decade equates to 10.6 million net new jobs and 64% of private-sector job creation (SBA, 2019).

The addition of jobs at the local level provides financial and economic stability to residents and businesses with the community. In the health care sector, job creation leads to employment and training opportunities for residents who can begin as nurse aides that may lead to nursing and therapy positions with further training. The training aspect of job creation can be completed at local community colleges, which provides hands-on experience with varying types of patients. Small home health agency owners play an important part in the training and employment of local community members. The social change effect is in the expansion of employment opportunities as a result of the financial health of small business owners.

The availability of funding, from traditional or non-traditional sources, could allow small business owners to meet current financial obligations and allow for the growth of services. In the home health field, the demand for in-home services increases on an annual basis as baby boomers age through their retirement years and thus require greater health services. There is also the opportunity for local bank branch loan officers and managers to commit to the local economy and provide expanded loan programs and business services to small business owners in the community. Furthering a local commitment by large banking systems creates investment, by large and small investors, to improve job training and economic expansion within the local economy.

Recommendations for Action

Small business owners from various sectors of the market could use the results of the study to plan and creative alternative financial strategies in the funding of working capital shortages. The alternative strategies may include crowd or peer-to-peer lending, the use of business or personal credit cards, and the use of personal loans through family and friends to meet short-term working capital needs. Local bank managers and loan officers could create opportunities for lending through the reduction in information asymmetry. The additional information sources generated through an increased level of relationship banking could provide lending opportunities for small business owners. I will share these results with various small business owners in St. Clair County, Michigan through local chamber meetings and various small business associations and economic development groups.

Recommendations for Further Research

This qualitative multiple case study comprised three small home health agency owners in Wayne, Macomb, and St. Clair counties in Michigan. Each county is representative of varying economic and financial communities with a varying senior population. The qualitative nature of the study and the specific interview questions may have limited the exploration of other financial and accounting topics that could provide further research opportunities. Further research could be conducted from a quantitative perspective to increase the potential participants in a study. A survey approach may also increase the number of participants for a study, as some small business owners may be apt to respond. Another area of further research may include the perspective of bank lending to small business owners, either in the macro environment or in a microcosm of certain sectors within the small business market. Finally, further research may be conducted from the perspective of machinery and equipment manufacturers who offer to finance to small business owners. Research in this area of small business could provide further insights into the opportunities for meeting the financial challenges of many small business owners.

Reflections

The DBA doctoral study process has become an interesting adventure that not only helped me realize that I could expand beyond my current skills set but transformed me into my approach in reviewing articles and the small business financial constraints. The academic and mental challenges form this process allowed me to expand on my limitations and create new and expanding opportunities for financial and literature analysis. As I am developing my research skills set, I followed the interview protocol to minimize bias so as not to affect my study and the interview participants. I am grateful to the three participants who volunteered their time and information in assisting in this study and the completion of the Doctoral program. Without their assistance, I would not have experienced the joy and heartache, albeit over a noticeably short period of time, the trials of sustaining the financial operations of their respective businesses

Conclusion

The main objective of this multiple qualitative case study was to explore the varying financial strategies used by small business owners to fund working capital shortages. Positive cash flow is an integral part of sustaining the operations of many small businesses. Without traditional and alternative sources of working capital, many small business owners are unable to meet current obligations such as payroll and vendor payments that lead to the dissolution of the firm. I was able to collect data from three participants in the field of home health care through their responses to interview questions using an open-ended semistructured format. Additionally, secondary data consisted of a review of loan letters that were either denials or acceptance. I used methodological triangulation to triangulate the data and I reached data saturation when no new data appeared through the interview responses. Three major themes resulted from the interview responses: an inability to obtain conventional loans from banks, the use of credit cards and personal funds as a source of working capital, and minimal banking relationships. I would recommend further research on this topic either using a quantitative approach to increase the sample size or through the perspective of the lending institutions. Further research into small business working capital strategies could close the gap in the literature.

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Appendix A: Interview Protocol

Name of Company: ___________________________________

Individual Interviewee: ________________________________

Interviewer: ____

Date of Interview: ____________________________________

Location of interview: _________________________________

Interview Start Time: __________ Interview End Time: ________________

You have been invited to participate in this study of the working capital strategies for small business owners. As a small business owner, or someone who has direct knowledge of the financial aspects of the company, you have the relevant perspective on the subject matter. I will ask a series of questions regarding the financial aspects of the business and the strategies you may utilize in financing working capital shortages for the company. The interview should last no more than one hour, and your responses will be held confidentially. You may stop the interview at any time if you feel the question or the response is problematic. I would like to digitally record the conversation, so I may refer to your responses later in assembling the data.

Interviewee demographic questions:

1. How long have you owned the company or been employed with the company?
2. If you are employee of the company, please briefly describe your position and a few of the major duties of the position.
3. How familiar are you with the working capital needs of the company?