

2015

Transformational Leadership Principles within Small Businesses

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Walden University

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Walden University

College of Management and Technology

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Tiffany McKinnon- Russell

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Walden University
2015

Abstract

Transformational Leadership Principles within Small Businesses

by

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MBA, Pennsylvania State University, 2005

BA, Duke University, 2001

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

June 2015

Abstract

Small businesses in the United States experience a high rate of failure. The purpose of this phenomenological study was to identify and explore consistent strategies small business owners in Harrisburg, Pennsylvania used to lead successful companies. Transformational leadership theory formed the conceptual framework for this study. A mixed purposive sample of 20 small business owners participated in semistructured face-to-face and telephone interviews. Each of the participants possessed a minimum of 3 years of successful business operation and employed fewer than 500 individuals. Using Moustakas' modified van Kaam analyses, 6 main themes emerged: characteristics and experiences, leadership behaviors, managing operations, managing employees, employee behaviors, and achieving success. The study findings highlighted the need for small business owners to nurture the leader-follower relationship to inspire and motivate employees. Further, the results indicated the importance of utilizing integrated business practices to influence employee and business performance. The findings in this study promote positive social change by identifying strategies to empower nascent and existing entrepreneurs. Small business owners can apply these results to improve the leader-follower relationship within their organizations, and boost overall business success.

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Dedication

I dedicate this doctoral study to my family, and share this success with each one of you. The words “I love you” fail to express the fullness of my affection for you. Thank you for loving me unconditionally, praying for me continually, and supporting me unfailingly. Daddy, you’ve always told me, “To whom much is given, much is required.” Everyday, I strive to live up to that challenge.

Acknowledgments

First and foremost, I want to thank the Lord for his love and faithfulness. This accomplishment is possible because of His continued grace and mercy.

I extend heartfelt thanks to my parents, Bishop Cervin L. and Sylvia D. McKinnon, for always believing in me and challenging me to go after every dream. Special thanks go to my sister, Kimberly Cauthen, for being a wonderful role model and source of support. I am truly grateful to my husband, Gregory Russell, for being my biggest cheerleader, and my daughter, Sydney, for inspiring me everyday. Your love and patience strengthened me during this doctoral journey.

I would also like to thank my committee chair, Dr. Karin Mae, for providing exceptional guidance and support during this process. Your mantra, “Keep it movin’!” was a constant source of motivation. Sincere thanks go to my committee members, Dr. Jennifer Scott and Dr. Denise Land, for assisting me in developing a doctoral study in keeping with the requirements, standards, and ideals of Walden University. I am also thankful to Dr. Freda Turner for her commitment to directing a strong and well-respected Doctor of Business Administration program.

Lastly, I want to thank the small business owners who participated in my doctoral study. I truly appreciate your willingness, open dialogue, and commitment to excellence. Your contributions to this study are priceless.

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Section 1: Foundation of the Study

The establishment of small businesses in the United States continues to increase, despite some owners and managers lacking the formidable training and skills required for successful business operation. Transformational leadership theory is a viable tool supporting positive business performance through employee engagement and the promotion of creativity (Moore, Moore, & Moore, 2011). The transformational leadership style creates and supports a business culture involving a sense of purpose and family (Nguyen & Mohamed, 2011). This style motivates individuals to pursue personal development and supports the improvement of the overall company environment (Caldwell et al., 2012). Promoting personal enhancement and empowerment encourages growth-oriented behaviors to fortify an organization from the inside out.

Background of the Problem

Small business firms, defined as independent companies employing less than 500 individuals, are the cornerstones of the United States economy (United States Small Business Administration, 2012). There are approximately 27 million small businesses in the United States that are significant sources of employment opportunities (United States Small Business Administration, 2012). In addition to employment, small businesses provide revenue to local, state, and federal levels of government, and spearhead the development of innovative practices and products (Prasad, Tata, & Guo, 2012). The influence of small businesses suggests their economic well-being has a direct impact on the health of surrounding communities.

The use of unproductive management practices by owners and managers can lead

to negative business performance. Research by Ropega (2011) suggested that inefficient management skills were a primary cause of small business failure, and that productive management practices were an effective tool to combat failure. A key component of determining failure is the level of management capability to oversee human and economic capital (Salman, von Friedrichs, & Shukar, 2011). Effective management of employees and business operations could support sustainable organizational performance.

Entrepreneurs approach leadership by recognizing challenges, addressing uncertainty, devising a plan to address issues, imparting hope and confidence to subordinates, and identifying boundaries (Yitshaki, 2012). The entrepreneurial leadership style aligns with principles outlined in participative leadership. Small companies tend to operate with an intimate structure, which resembles the inspirational and inclusive style of transformational leadership (Lam & O'Higgins, 2012). The use of transformational leadership principles can enhance the culture of an organization and address issues with inconsistent performance.

Problem Statement

Small companies in the United States experience a significant risk of failure, as 60% of all new small firms will fail within the first three years of operation (United States Small Business Administration, 2012). High failure rates directly affect this enterprise because small businesses represent 99.7% of firms in the United States and provide approximately 50% of private sector employment (United States Census Bureau, 2013). The general business problem is the rate of small business failures in the United States. The specific business problem is that some small business owners have not

identified consistent strategies to lead successful companies.

Purpose Statement

The purpose of this qualitative, phenomenological study was to explore the experiences of small business owners, regarding identifying consistent strategies to lead successful companies. The specific population consisted of small business owners located in Harrisburg, Pennsylvania and its surrounding areas who had a minimum of three years of business operation and fewer than 500 employees. As suggested by Lam and O'Higgins (2012), small businesses may benefit from the use of transformational leadership principles in business operations.

The results of this study have a positive social impact by supporting discussions of economic growth. Identifying general management characteristics of successful small businesses could provide guidance to prospective and existing small business owners, resulting in more effective business structure and operations. Effectively managed companies provide secure employment opportunities and may combat increases in unemployment rates.

Nature of the Study

Qualitative research includes exploration of a given phenomenon, which matches the purpose of this study (Bergh, Thorgren, & Wincent, 2011). An exploratory study of transformational leadership in the small business environment was a beneficial choice for the research process to add to the existing body of literature on the topic. Quantitative methods did not align with the study as these methods involve the identification of a relationship between variables through measurements of statistics and figures

(Bhattacharya, 2011). Use of mixed methods research integrates the quantitative and qualitative methods, where one method may have priority over the other for the analysis of data (Östlund, Kidd, Wengström, & Rowa-Dewar, 2011). This integration was not relevant for the study because qualitative interviewing and coding formed the basis for the overall research and analysis.

A phenomenological design was an appropriate choice for this study as the intent was to describe personal experiences. The five distinct elements of heuristic phenomenology are (a) immersion (the inclusion of the researcher in the world of the participant); (b) incubation (gained understanding through the review of experiences); (c) illumination (expansion of gained understanding); (d) explication (personal reflection); and (e) synthesis (identification of patterns and themes). These elements assist the collection of in-depth, personal descriptions related to a given phenomenon (Moustakas, 1994). The absence of a focus on distinct cultural elements in the research process rendered ethnography an inefficient design for the study (Fetterman, 2010). The case study design was not a good fit for the study as participants were individuals, rather than cases, and data collection occurred solely through semistructured interviews (Yin, 2014). I chose the phenomenological design to facilitate exploration of the research topic and accurately address the research question.

Research Question

What consistent strategies do small business owners identify to lead successful companies?

Interview Questions

I used semistructured interviews to explore the research topic from the perspective of the small business owner. Additionally, participants answered questions concerning their personal backgrounds and individual perceptions of success:

1. Provide a brief description of your entrepreneurial and business owner experience.
2. What influenced your decision to become small business owner?
3. How would you describe yourself as a leader?
4. How would your employees describe you as a leader; and what impact do you think you have on your employees?
5. How do you identify and address the individual training and developmental needs of your employees?
6. How do you communicate your expectations and goals to your employees; and how do you set individual goals for your employees?
7. What methods do you use to motivate employees; and how do you measure the results of the selected methods?
8. What methods do you employ to address non-performing employees?
9. How do you encourage innovative and creative behavior within your organization?
10. How do you define success in relation to your business?
11. What factors do you consider important for the success of your business?
12. What role do you feel management plays in promoting successful business

operations?

13. Is there anything else you would like to add that I did not address in the interview questions?

Conceptual Framework

The conceptual framework for the study was the transformational leadership theory. James McGregor Burns introduced the transformational leadership framework. Bass and Avolio (1997) extended the earlier work of Burns (1978). The basis of this theory was the leaders' use of inspiration and vision to motivate followers to work toward common goals. The key components characterizing transformational leadership and the leader-follower relationship in this framework are: (a) idealized attributes, (b) idealized behaviors, (c) individual consideration, (d) inspirational motivation, and (e) intellectual stimulation (Bass & Avolio, 1997). In consideration of this study, the transformational leadership framework holds that propositions outlined in the theory would allow participants to explore experiences related to transformational leadership behaviors.

Operational Definitions

Entrepreneurial perception: Entrepreneurial perception comprises personal beliefs and views about entrepreneurship that influence the decision to engage in entrepreneurial endeavors (Geneste & Weber, 2011).

Leader-follower relationship: The leader/follower relationship describes the interaction between the leader and follower. Interaction is meaningful for both parties and may take on multiple forms (i.e., transactional or transformational) (Burns, 1978; Ruiz, Ruiz, & Martinez, 2011).

Leadership: Leadership refers to the existence of influence over an individual or group toward the achievement of determined goals (Yitshaki, 2012).

Owner-manager: An owner-manager is an individual who possesses both ownership and managerial responsibilities for an organization, with direct influence on business operations (Pansiri & Temtime, 2010).

Performance: The concept of performance includes consideration of economic factors, focusing on profit-ratio and growth rate. Factors for measurement of performance are price, product creation, and adaptability (Pal & Torstensson, 2011).

Success: Success is a concept qualified by individual or group interpretation of satisfactory results using innovative business practices (Crumpton, 2012).

Transformational leadership: Transformational leadership is a style of leadership where the leader influences follower performance through inspiration, engagement, and empowerment (Burns, 1978; Cheung & Wong, 2011).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are ideas that are accepted as true without further investigation or questioning (Jansson, 2013). This study included four assumptions that influenced the overall results. The first assumption was that all participants were transformational leaders. A second assumption was that participants would provide honest answers to interview questions. All participants had the opportunity to respond to interview questions based on their personal lived experiences. A third assumption was that all participants would offer insightful information regardless of experience level. This

assumption was a key factor in the decision to recruit participants having as few as three years of business owner experience. The fourth assumption was that participants agreed that leader involvement was essential for effective business operation and performance.

Limitations

Limitations are attributes that influence the interpretation of study results (Brutus, Aguinis, & Wassmer, 2013). Some limitations existed for the study. The first limitation was the selection of Harrisburg, Pennsylvania as the geographic location. Restricting data collection to one city might reduce opportunities for transferability of the findings, as noted by Bhattacharya (2011) in a study examining the relationship between leadership style and information security in Hawaii. An additional limitation was the sole collection of data from the perspective of the small business owner. Research by Kempster and Cope (2010) reported a similar potential limitation when using a narrow population for analysis.

Delimitations

Delimitations are intentional boundaries used in the research and analysis process (Bartoska & Subrt, 2012). Several delimitations for the study restricted the research process. The first delimitation was the focus on transformational leadership theory. There was no formal comparison to other leadership styles regarding the influence on business performance. A second delimitation was the use of specific criteria to identify the sample, as suggested by Gill, Fitzgerald, Bhutani, Mand, and Sharma (2010). Suri (2011) described purposeful random sampling as the random selection of participants from a larger group of relevant individuals, and snowball sampling as identifying

additional participants from information provided by previously selected individuals. Combining multiple sampling methods could produce relevant data related to a given phenomenon (Suri, 2011). Therefore, I used a mixed purposive sample, combining the use of purposeful random sampling and snowball sampling.

Significance of the Study

Contribution to Business Practice

The results of this study may have a positive business impact by providing small business owners with insight into strategies to support positive employee and business performance. Establishing a culture that fosters employee involvement, flexibility, and creativity improves internal business operations and performance (Tuan, 2012). The use of transformational leadership principles supports an inclusive company culture and positive employee behavior (Lam & O'Higgins, 2012).

Findings might contribute to effective practice in business by uncovering transformational leadership practices and behaviors for small business owners to produce empowered and motivated employees. Development of the leader-follower relationship, through meaningful interaction, increases organizational commitment and performance by employees (Ruiz et al., 2011). The commitment of owners and managers to participate actively in managing an organization and employees could have a positive impact on performance (Albacete-Sáez et al., 2011).

Additionally, Geneste and Weber (2011) suggested the mindset of the small business owner is a significant indicator of successful business performance. The research findings may enhance understanding of how small business owners define

success for themselves and their companies. Understanding the role of the small business owner in fostering business success might uncover helpful practices for developing sustainable small businesses.

Implications for Social Change

The results of this study promote positive social change by identifying strategies to support small business success. Small businesses are a key component of the United States economy, and entrepreneurial activity has a positive relationship to economic growth (Hafer, 2013). Identifying transformational leadership practices employed by successful small businesses may provide existing and prospective small business owners with the necessary information to build strong organizations. Successful small businesses provide employment opportunities and encourage expansion in the private sector (United States Census Bureau, 2013).

A Review of the Professional and Academic Literature

This section of the study documents the literature review process used to explore transformational leadership in the business environment. My search efforts centered on the review of electronic resources available through the Walden University Library, including ABI/INFORM Complete, Business Source Complete, and SAGE Premier. The primary search keywords were transformational leadership, entrepreneurship, small business performance, and management practices. A total of 78 articles and books comprised the contents of the literature review (see Table 1). The entire study includes 167 peer-reviewed articles, books, and government sources (see Table 2).

Table 1

Breakdown of Literature Review Sources

Sources of content	Total sources	Peer-reviewed articles	Peer-reviewed articles	% of total sources published less than five years (since 2011)
Peer-Reviewed Articles	75	73	73	67
Seminal Books	3	0	0	0
Total	78	73	94%	86%

Table 2

Breakdown of Sources for Entire Document

Sources of content	Total sources	Totals sources published less than five years (since 2011)	Total peer-reviewed articles and government sources	% of total sources published less than five years (since 2011)
Peer-Reviewed Articles	149	140	140	140
Seminal Books	13	2	0	2
Government sources	5	4	5	4
Total	167	146	145	87%

There were three categories for review: (a) transformational leadership, (b) employee performance, and (c) small business performance. The review of transformational leadership explored the foundation of the theory through the introductory work of Burns (1978) and extended work of Bass and Avolio in 1996 and

1997. The second category included the review of literary evidence on the impact of transformational leadership theory on employee performance. Small business performance, as the final category, included a review of the practical application of transformational leadership in the business environment and performance implications.

Exploration of the role of leadership in the small business environment is a relatively seasoned topic in the business arena. The intent of this study was to explore the influence of transformational leadership on small business performance, from the perspective of the small business owner. Focusing on the five tenets of transformational leadership, the literature review included current research regarding the impact of this leadership style on small businesses. Leadership theory is a vast and somewhat overwhelming concept incorporating a variety of features, traits, and behaviors for performance. Study of the implementation of transformational leadership principles may provide a better understanding of transformational leadership in the small business environment.

Transformational Leadership

Background. Burns (1978) addressed the relationship between individual power, individual purpose, and leader/follower interaction and sought to enhance understanding of the interaction between the leader and follower. Three concepts shaped the description of the theory: power, purpose, and relationship (Burns, 1978). Transformational leaders used power to improve communication with followers and understand their goals and needs. The definition of purpose was the desire of the leader to help followers reach new personal and professional heights. Leaders also focused on developing a highly

motivated relationship with followers, fostered through inspirational and uplifting behavior by the leader (Burns, 1978).

Review of transformational leadership included a study of the leader/follower relationship to advance the levels of motivation of both parties. A leader could facilitate this process through inspiration and meaningful interaction (Burns, 1978). Meaningful dealings between the leader and follower should result in transforming the follower into a new leader (Burns, 1978). Leaders who subscribed to the transformational leadership style embraced the role of a teacher and influenced the value compass of the follower (Burns, 1978).

An extension of this earlier work by Bass and Avolio (1996) included four dimensions of transformational leadership: (a) idealized influence, (b) individual consideration, (c) inspirational motivation, and (d) intellectual stimulation. The following year, Bass and Avolio (1997) subdivided idealized influence into two additional components of idealized attributes and idealized behaviors. Explanations for each dimension include the following:

Idealized attributes: Exhibiting selflessness and respect for others (Bass & Avolio, 1997).

Idealized behaviors: Encouraging followers to achieve defined goals through the existence of a common vision, mission, and set of ideals (Bass & Avolio, 1997; Loon, Lim, Teck, & Cai, 2012).

Individual consideration: Attending to the individual needs of followers and serving as a mentor and coach (Bass & Avolio, 1997).

Inspirational motivation: The development of meaning and a strong team environment, and the provision of challenging work (Bass & Avolio, 1997).

Intellectual stimulation: The encouragement of innovation and creativity, and involvement of followers in the problem-solving process (Bass & Avolio, 1997).

Where Burns (1978) highlighted a general view of transformational leadership behavior, Bass and Avolio (1997) provided detailed actions and characteristics of a transformational leader. A review of transformational leadership (also referred to as charismatic leadership) revealed the use of qualities including humility, tenacity, integrity, strength, creativity, innovation, and inspiration as key attributes of the transformational leader (Berendt, Christofi, Kasibhatla, Malindretos, & Maruffi, 2012).

Use of this leadership style could result in the creation of empowered leaders and followers through the cultivation of meaningful interaction (Burns, 1978). Empowered employees perform and learn at a high level, which enhances business performance (Carmeli, Atwater, & Levi, 2011). Specifically, I focused the review on the elements of transformational leadership that impacted employee and business performance.

Employee Performance

Inspiration. The process of affecting individual performance begins with the behavior of the leader (Sosik & Cameron, 2010). Meaningful interaction must occur before the impact of inspirational behavior is apparent (Searle & Hanrahan, 2011). Character and ethical behavior by the leader influenced the presence of meaningful interaction between the leader and follower (Groves & LaRocca, 2011; Sosik & Cameron, 2010). Leaders who subscribed to six universal virtues of wisdom, courage,

humanity, justice, temperance, and transcendence also displayed authentic transformational leadership (Sosik & Cameron, 2010). The ability of leaders to display sincere care for the well-being of others, known as care reasoning, strengthened employee perspectives of the leader (Simola, Barling, & Turner, 2012). A commitment to ethical behavior on the part of the leader inspired loyal behavior and effective performance by employees (Ruiz et al., 2011). Although inspiration was a momentary occurrence, a true representation of inspiration was resulting action on the part of the inspired party (Searle & Hanrahan, 2011).

Researchers highlighted the importance of intentional behavior by the leader, to foster meaningful interaction and subsequent inspired behavior by the follower. Personal charisma, as a sole characteristic, was not sufficient for inspiring others as the process must include the establishment of interpersonal connections with employees (Searle & Hanrahan, 2011). Positive employee outcomes resulted from influential leadership behavior (Ruiz et al., 2011).

Company Culture. The culture of an organization represents a defining characteristic in promoting positive employee performance. Carlström and Ekman (2012) explored the connection between organizational culture and employee resistance to change and found that companies focused on social competence (i.e., flexibility, cohesion, and trust) decreased reluctance to change. The small business environment is in a constant state of flux and requires the ability to adapt and change as needed.

A significant relationship existed between the flexible culture exhibiting ethics of care and a free flow of information, which supported high employee performance,

innovation, and creativity (Tuan, 2012). Svensson and Wood (2011) suggested a strong company culture began with a formal framework for ethical behavior focused on ethical structures (supported ethical concerns and processes within an organization), ethical processes (detailed preparation and communication of company processes and procedures), and ethical performance (resolution of ethical dilemmas). Business owners must incorporate a formal framework for ethical behavior in order to establish a company culture focused on positive performance and change processes (Svensson & Wood, 2011).

In addition to a framework for ethical behavior, owners who sought high occupational well-being (i.e., low stress and low exhaustion) readily made ethically based decisions on behalf of their organizations (Huhtala, Feldt, Lämsä, Mauno, & Kinnunen, 2011). Consistent ethical behavior by leadership enhanced employee engagement and performance (Tseng & Fan, 2011). Discussion of company culture supports the exploration of leader and employee interaction in the working environment.

Training and development. Intentional leadership behavior also included the provision of a favorable environment for ongoing training and growth opportunities, to support employee performance (Loon et al., 2012). There was a positive relationship between transformational leadership and perceptions of a learning climate (Hetland, Skogstad, Hetland, & Mikkelsen, 2011). Additionally, employee perceptions regarding the presence of transformational leadership led to an increased propensity for learning, mediated by individual learning capability (Camps & Rodriguez, 2011). Characteristics of a learning climate were autonomy, team style, opportunities for development, and

setting clear guidelines (Camps & Rodriguez, 2011). Managers who implemented transformational leadership behaviors promoted a work environment that encouraged creativity and open learning (Hetland et al., 2011).

A work environment that promotes individual learning is a favorable atmosphere for job-related learning. Job-related learning (also called organizational learning) involves using tasks in the work environment, to teach necessary skills through experimenting, discussion, and sharing of ideas (Choudhary, Akhtar, & Zaheer, 2013; Loon et al., 2012). Dimensions of transformational leadership that influenced job-related learning included idealized influence and individualized consideration, which addressed the way the follower viewed the leader, and the ability of the leader to identify and nurture the needs of the follower (Bass & Avolio, 1997; Loon et al., 2012). The use of transformational leadership principles assisted leaders in identifying employee growth needs to enhance the learning process (Loon et al., 2012). Furthermore, the active involvement of the leader was an integral part of the process. Exploration of the benefits of employee training on small business competitiveness revealed the need for training efforts to focus on overall preparedness (Panagiotakopoulos, 2011). Relevant training could equip employees to face future challenges, support an increase in employee efficiency, and assist the introduction of new technology (Panagiotakopoulos, 2011).

Review of existing literature revealed a connection between transformational leadership and employee learning. The trend of leader involvement continued, as the leader must be able to recognize and encourage opportunities for employee development (Loon et al., 2012). Research by Loon et al. (2012) supports the study by highlighting the

importance of leader participation in facilitating employee training.

Commitment. Continued commitment by leadership to nurture employee growth could influence ideas employees have about their work environment and lead to strengthened commitment to the organization (Farndale, Hope-Hailey, & Kelliher, 2011). Employee perception could influence the overall benefit and results of leader behavior. Results from survey data of 105 shipping company workers indicated a significant influence of transformational leadership on organizational commitment (Thamrin, 2012).

Review of literature on employee commitment differed concerning the relationship between transformational leadership and employee satisfaction. Organizations employing transformational leadership principles yielded employees who identified themselves positively with the organization (Hetland, Hetland, Cecilie, Pallesen, & Notelaers, 2011); however, Thamrin (2012) noted the leadership style fell short of influencing employee job satisfaction. Research by Hetland et al. (2011) contradicted Thamrin (2012) findings, indicating a significant relationship between transformational leadership and fulfillment of basic needs at work. Lam and O'Higgins (2012) explained this disparity by identifying leader emotional intelligence as a primary factor supporting employee job satisfaction, which resulted in employee organizational commitment.

An exploration of the relationship between employee perceptions of management behavior and organizational commitment to the organization revealed a positive relationship between the presence of committed behavior by management and subsequent commitment from the employee (Farndale et al., 2011). The presence of transformational

leadership principles indicated a positive relationship between transformational leadership and employee organizational commitment (Raja & Palanichamy, 2011). Significant presence of transformational leadership behaviors enhanced levels of organizational citizenship behavior (i.e., behaviors for the benefit of the company, employees, and customers) and influenced employee performance and outcomes (Muchiri, Cooksey, & Walumbwa, 2012; Zacher & Jimmieson, 2013).

Literature on the topic of employee organizational commitment revealed the significance of leader behavior and employee perceptions regarding work environment. Use of transformational leadership influenced the ability of employees to relate positively to an organization (Thamrin, 2012). Research findings regarding leader commitment support the study by highlighting the importance of leader behavior and perception of those behaviors to influence employee performance (Farndale et al., 2011).

Empowerment. Researchers supported the idea that the use of transformational leadership principles led to employee empowerment (Carmeli et al., 2011). Employee empowerment was the extent to which employees utilized their own initiative and judgment to perform their jobs (Gill et al., 2010). Transformational leaders encouraged empowerment by clearly communicating company goals and offering specific expectations for individual performance (Men & Stacks, 2013). Employee desire for empowerment was a significant factor affecting acceptance of transformational leadership behavior (Gill et al., 2010).

The presence of knowledge-sharing among employees was a significant example of employee empowerment (Carmeli et al., 2011). Transformational leadership behaviors

entreated employees to relate to managers and enhanced their desire to share knowledge with others in the organization. Carmeli et al. (2011) asserted that effective knowledge sharing produced well-equipped employees and also supported positive company growth and success. In contrast to previous studies, Men and Stacks (2013) asserted that true empowerment was present when an employee was both equipped and given authority to make relevant work-based decisions. Sole existence of self-efficacy was not sufficient for producing empowered employees (Men & Stacks, 2013).

There was a significant relationship between employee empowerment and transformational leadership. The development of empowered employees could lead to business success because of individual confidence and sharing of knowledge among peers (Carmeli et al., 2011). Discussion of transformational leadership and employee empowerment supports the study by highlighting the importance of personal confidence in promoting success (Gill et al., 2010).

Teams. Rowold (2011) addressed the direct effect of transformational leadership on the operation of teams and introduced the discussion of the role of heterogeneity (i.e., age, gender, and culture) in team performance. Positive team performance was possible in the presence of transformational leadership. The researcher suggested diversity was the dominant factor supporting performance and heterogeneity was a favorable scenario of diversity for transformational leadership (Rowold, 2011). Heterogeneous teams thrived from individualized consideration (as noted by Bass & Avolio, 1997), and used this attention as motivation to achieve high performance (Rowold, 2011). A similar study involving a survey of 280 managers and 420 employees examined the effect of

transformational leadership on work group effectiveness (Hoffman, Bynum, Piccolo, & Sutton, 2011). Findings by Hoffman et al. (2011) differed from Rowold (2011) by highlighting person-organization value congruence as the mediating factor for the positive relationship between transformational leadership and effective work group performance. Additionally, Hoffman et al. (2011) contradicted the position of Burns (1978) concerning leader behavior as a primary motivating factor for performance.

Lam and O'Higgins (2012) also questioned the importance of leader involvement in supporting high employee performance, and examined the effect of manager emotional intelligence, leadership style, and employee outcomes. Results from a Multifactor Leadership Questionnaire (MLQ) completed by 323 managers and employees displayed a positive relationship between manager emotional intelligence and positive employee outcomes in the presence of transformational leadership (Lam & O'Higgins, 2012). Researchers offered additional insight into the relationship between transformational leadership and emotional intelligence, concerning the promotion of positive employee behavior. The discussion of transformational leadership and team performance is relevant as the small business environment tends to incorporate a team/group atmosphere (Rowold, 2011).

Small Business Performance

Perceptions. Perceptions can influence decisions related to pursuing entrepreneurial endeavors (Liñán et al., 2011). A quantitative study, surveying 33,731 individuals, noted individual perceptions about entrepreneurship represented the most important factor influencing interest in becoming a business owner (Liñán et al., 2011).

Specific motivators influencing individual perception included social comparison, attention, emotional support, and positive stimulation (Decker, Calo, & Weer, 2012). Gender-related perceptions focused on individual perceptions about oneself, including inner strength, learning ability, looking into the future, and personal growth (Knörr, 2011). Discussion of individual perception supports the exploration of motivators for pursuing entrepreneurial activities in the study.

Education. While individual perception and specified characteristics affected affinity for pursuing entrepreneurial endeavors, preparation of nascent and existing small business owners was also a central topic in entrepreneurship literature. In response to the popularity of entrepreneurship, several accredited and community level institutions now offer degrees and curriculum dedicated to small business enterprise (SME). However, these educational programs suffer from a lack of continuity in the information provided to students. Research from Kabongo and McCaskey (2011), Neck and Greene (2011), and Gabrielsson and Politis (2012) addressed both traditional and nontraditional forms of education regarding faculty, curriculum, and environment. Related literature by Gerba (2012) noted students who received formal entrepreneurship education (including business management) exhibited a higher tendency to pursue entrepreneurship. As individual development is a focus of transformational leadership theory, under the component of individual consideration, increased understanding of the educational spectrum in the small business sector is a relevant topic of review (Bass & Avolio, 1997).

Faculty quality is an important factor in assessing collegiate entrepreneurship programs and the level of training provided in the United States (Kabongo & McCaskey,

2011). Research results indicated only one fifth of the faculty possessed a degree in entrepreneurship or a directly related field, although 75.16% of the sample focused their teaching interest primarily on entrepreneurship (Kabongo & McCaskey, 2011).

Giacomin et al. (2011) approached the study of education by reviewing missing cultural elements in entrepreneurship curriculum. Cultural significance in education was an overarching theme, as a result of influence on entrepreneurial intentions. Despite issues with faculty quality and cultural disparity, Kabongo and McCaskey (2011) asserted a steady enhancement of collegiate entrepreneurial programs.

Disagreeing with the diverse landscape of curriculum and faculty experience in entrepreneurial education, Neck and Greene (2011) suggested focusing on three universal areas: (a) the entrepreneur approach where there is a primary focus on the entrepreneur and a restricted definition of success concerning economic performance, (b) the process approach where there is an emphasis on planning and anticipating future conditions, and (c) the cognition approach which combines the focuses of the two previous approaches. Method teaching introduced opportunities for creativity and unpredictability, which simulated the true small business environment (Neck & Greene, 2011).

Nontraditional education was an equally popular theme in entrepreneurship literature. Many researchers asserted alternative education was more beneficial than traditional offerings, as a result of functional experience and opportunities for interaction among entrepreneurs. Research by Gabrielsson and Politis (2012) addressed the fact that entrepreneurial learning also occurred outside of the formal classroom and focused on the significance of work experience in the process of entrepreneurial development.

Gabrielsson and Politis (2012) examined the relationship between entrepreneurial work experience and the ability to develop new business ideas. A review of data from 291 entrepreneurs indicated that functional work experience and employing a learning mindset were significant factors in developing new ideas, as well as benefitting from human capital (i.e. employees) (Gabrielsson & Politis, 2012). In contrast, Gerba (2012) asserted nontraditional or informal instances of entrepreneurial exposure did not impact entrepreneurial activity.

Continuing the discussion of entrepreneurial experience in education, Ribeiro-Soriano and Castrogiovanni (2012) investigated the result of entrepreneurial human capital (i.e., a chief executive officer or owner with past entrepreneurial experience) on SME performance. Findings from a survey of 2,173 European SMEs indicated a positive relationship between profitability and productivity and the presence of entrepreneurial human capital (Ribeiro-Soriano & Castrogiovanni, 2012). Kempster and Cope (2010) explored the significance of a dynamic learning perspective of contemporary leadership and entrepreneurial leadership. Interviews with nine entrepreneurs revealed factors affecting the association between entrepreneurial experience and leadership learning, including the assumption of the leadership role as a matter of necessity, the lack of formal information to prepare for the leadership role, and acquiring leadership skills through functional experience (Kempster & Cope, 2010).

In a study of entrepreneurial cognition, Groves, Vance, and Choi (2011) argued that thinking style had more influence on business performance than entrepreneurial experience. Entrepreneurs exhibited a balanced use of both linear and nonlinear thinking

associated with educational background and thinking style balance, which favored formal education as a contributor to balanced thinking (Groves et al., 2011). Bergh et al. (2011) argued in favor of small business owners utilizing the entrepreneurial experience of others by participating in knowledge-building and networking groups, to take advantage of new knowledge, and identify viable business opportunities for their companies. Additionally, interaction with other entrepreneurs allowed participants to experience cognitive and emotional changes (Bergh et al., 2011).

Success and failure. There was a connection between the presence of successful small businesses and subsequent economic stability. Review of per capita gross state product, per capita personal income, and employment increase illustrated a significant association between entrepreneurial activity and economic growth (Hafer, 2013). However, Chow and Dunkelberg (2011) argued the presence of entrepreneurial activity in a strong economy did not translate to successful performance of small businesses. Even in times of a favorable economy, many small businesses still experienced failure. Some researchers support the establishment of effective policy to support small business performance. The absence of helpful policy counteracts small business activities including job, wealth, and product creation (Chow & Dunkelberg, 2011). Effective policy is important in the process of developing small businesses. Policy makers could utilize four typologies to support the development of guidelines for SMEs: institutions and culture, competition and beneficiaries of competition, impediments and support, and direct/indirect action (Dennis, 2011).

Owner perspective regarding the achievement of success was a significant topic in

Small business literature. Through an examination of the relationship between success and personal values, Gorgievski, Ascalon, and Stephan (2011) identified personal satisfaction, profitability, and stakeholder satisfaction as the primary criteria small business owners used to measure success. Geneste and Weber (2011) extended the discussion of perception by asserting small business owners who believed themselves to be successful pursued greater success in their businesses. Conversely, owners who did not view themselves as successful were less likely to pursue success. Certain characteristics including perseverance, good social skills, and high self-esteem influenced individual decisions to pursue entrepreneurial activities and subsequent success (Makhbul & Hasun, 2011). The discussion of success and failure in the small business environment supports the exploration of ideas about success in the study.

Success factors. Additional review of small business literature centered on success-related practices in business operations. There is debate over the ability to identify business success factors. Determination of a guide for success could allow for more accurate measurement of performance (Simpson, Padmore, & Newman, 2012). However, identification of individual firm characteristics from in-depth interviews with owner/managers indicated there was no universal set of factors related to business success (Simpson et al., 2012).

Conversely, some researchers asserted the identification of success factors was an achievable task. Through semistructured interviews with 12 manufacturing industry experts, Jalonen and Lönnqvist (2011) noted identifying change drivers, organizing the vision for change, and effectively executing change as three primary success factors

related to successful performance and predictive capability (i.e., anticipating future external and internal business activity and circumstances). Pansiri and Temtime (2010) introduced ten critical success factors (CSFs) as a general standard for performance: customer relationships, organizational design, managerial background, human resource management (HRM), working capital, marketing activities, managerial activities, investment analysis, socioeconomic, and changes. Kang (2012) used an integrated approach to combine the factors presented in previous literature into three factors: technology, management, and internal, yet did not offer specific strategies for this process. Small organizations must develop significant strategies for technological, managerial, and internal activities that consider this integration (Kang, 2012). Discussion of success factors supports the exploration of strategies related to success small business operation.

Roles in management. The role of owners and managers in shaping management practices addressed the involvement of leadership in facilitating effective practices to support employee and business performance. A quantitative study by Albacete-Sáez et al. (2011) identified a positive correlation between quality management staff and positive company results. Effective implementation also involved the determination of management activities, through a mediating role of manager commitment to strategy implementation and organizational learning (Kohtamäki, Kraus, Mäkelä, & Rönkkö, 2012). There was a positive relationship between personnel commitment to strategic planning and implementation, and company performance (Kohtamäki et al., 2012). Related research on effective management suggested the

existence of transformational leadership principles enhanced the speed of the business decision-making process, and positively impacted company performance (Gu, Weng, & Xie, 2012).

Research by Antonucci and Goeke (2011) suggested the incorporation of planning activities to outline the goals and direction of an organization. Specific planning activities including prioritizing, creating task lists, and delegating tasks to facilitate proper time management, suggest a positive relationship to business performance (Adebisi, 2013). Effective time management could create a competitive edge, and proper time management training for employees could reduce stress and encourage positive performance (Adebisi, 2013).

Proper time management could also lead to the discovery of efficient ways to handle company issues. Perks (2010) found that small businesses solved problems through experimental learning. A common problem is proper task assignment. Turner, Ledwith, and Kelly (2012) suggested the use of simplified project management processes including requirement definitions, guidelines for managing the work, duration of the project, and resources needed for a given project, as small businesses tended to entrust projects to ill-equipped employees. The discussion of effective business practices is relevant to the study to address the role of owners and managers in the implementation process.

Innovation. Creativity and ingenuity are favorable characteristics of the entrepreneurial environment. Under the component of intellectual stimulation, transformational leadership theory included a focus on developing opportunities for

individuals to exercise innovative skills (Bass & Avolio, 1997). Michaelis, Stegmaier, and Sonntag (2010) asserted a significant relationship between innovative behavior and the presence of transformational leadership principles. Employee commitment to change was a mediating factor in the relationship between these elements (Michaelis et al., 2010). A similar quantitative study by Chen, Lin, Lin, and McDonough (2012), indicated transformational leadership behaviors promoted technological innovation. Supporting literature by Hoch (2013) posited the existence of transformational leadership behaviors led to shared leadership among leaders and followers and resulted in innovative employee behavior. Transformational leadership is a significant factor in promoting innovation within an organization (Nusair, Ababneh, & Bae, 2012)

Wallman (2010) explored the significance of institutional innovation in managing future business activity and found customer-centric management was an important element of securing advantage through innovation. Customers attributed value to innovation through experienced benefits over time (Wallman, 2010). Owners and managers could utilize innovation to enhance their competitive position within their industry, as innovation and entrepreneurship were focal points for small business leadership (Crumpton, 2012). Xu (2011) supported the significance of innovation in entrepreneurship and asserted a positive relationship between cultivating diverse social capital at the start-up phase, and enhanced innovative practices for product development. The presence of entrepreneurial activity denoted an environment for innovation through the practical application of new ideas, resources, and capital (Crumpton, 2012). Related findings indicated social networks of individuals supported internal operations and

advanced business operations; however, issues with low participation in the study and use of a broad range of industries introduced possible distortion of results (Xu, 2011).

A study of *familiness*, introduced an alternative view of social networks, where familiness was “the unique bundle of resources within a company because of systems interaction between the family, individual members, and the business” (Kansikas, Laakonen, Sarpo, & Kontinen, 2012, p. 142). Findings supported the use of social networks to enhance leadership in family-owned businesses (Kansikas et al., 2012). Conversely, Stenholm (2011) found a negative relationship between the launch of new products/ideas and firm growth. This activity reduced firm capital and resources needed for financial growth (Stenholm, 2011).

An introduction of a systems component to innovative strategy, by Randall, Nowicki, and Hawkins (2011) tested the relationship between performance-based logistics (i.e., strategies that include cost controls, profit margin increases, and decreases in consumer pricing) and strategy performance. Findings from the mixed methods study indicated the use of performance-based logistics resulted in reducing operating costs and increasing profit potential (Randall et. al, 2011). Conversely, Kmiecziak, Michna, and Meczynska (2012) asserted there was no significant relationship between innovativeness and SME performance, when considering technological systems. Survey data collected from 109 SMEs in Poland indicated a positive relationship between innovative activity, technological changes, and creation of an innovative climate (Kmiecziak et al., 2012). Findings indicated no significant relationship between innovative behavior and firm performance.

Sustainable practices. The discussion of sustainability in the business environment extends the focus of management practices and innovation beyond internal benefit and gives attention to environmental and social concern. As in the selfless framework of transformational leadership theory, using sustainable practices combines care for others with a focus on improvement (Bass & Avolio, 1997). Survey data from 314 senior executives of medium and large-sized organizations indicated a positive relationship between sustainable practices and performance outcomes including employee value, customer value, and financial stability (Gadenne, Mia, Sands, Winata, & Hooi, 2012). A focus on sustainability could lead to higher business performance, achievement of a trusted brand and reputation, increased customer satisfaction, financial stability, shareholder value, and stakeholder value (Avery & Bergsteiner, 2011). Customer behavior and operational decisions were significant components of environmental stability, and the level of performance varied based upon market segments and location (Zhang, Joglekar, & Verma, 2012).

Company CEOs and leadership must share a desire to incorporate sustainable practices to support successful implementation. Interviews with 766 CEOs illustrated that participants viewed sustainability as an important facet of business practices (Lacy, Haines, & Hayward, 2012). Additionally, Lacy et al. (2012) viewed sustainability education as a critical component in the development of strong businesses. Small businesses must give primary concern to sustainable practices; however, resources for implementation in the small business environment are lacking. Laurinkeviciut and Stasiskien (2011) stated that while small businesses were a primary factor in the

competitive business environment, small firms lacked understanding of the effect of their corporate footprint. Implementation of sustainability programs, designed to consider the financial capability of the organization, could enhance small business response to environmental issues (Laurinkeviciut & Stasiskien, 2011). Small businesses must use a combined approach to the Lean and Agility strategies, as traditional business strategy models were inadequate for considering sustainability (Thomas, Francis Elwyn, & Davies, 2012). Long-term benefits of this approach included economic sustainability and positive internal business practices (Thomas et al., 2012).

Equally innovative is the discussion of organizational place building, a method utilized to promote sustainability and establish a common vision with the surrounding community, by remaining accountable for the quality of company contributions and actions (Thomas, Jurin, Gould, & Gaede, 2011). Data collected from chambers of commerce in three Colorado cities informed the research process for the mixed methods study (Thomas et al., 2011). Place building occurred in transformational organizations, contributive organizations, contingent organizations, and exploitive organizations (Thomas et al., 2011). Three key themes for place building are custodial duty, shared ideology, and social contract. Additionally, organizations established connections with communities in a variety of ways, dependent upon culture and business model (Thomas et al., 2011).

Transition

Section 1 of the doctoral study included information regarding the research problem. A foundation and background presented the basis for the phenomenon of small

business failure in the United States. The problem statement included a statement of the general and specific business problem, and the purpose statement included a rationale for the research method, design, and participant sample. Review of past literature assisted the presentation and justification of the research problem. The review included three categories from the literature: (a) transformational leadership, (b) employee performance, and (c) small business performance. Section 2 of the study includes an outline of the research components, more detail for the intent of the study, participant recruitment, data collection, and analysis. Content in Section 3 contains a formal presentation of the study findings and suggestions for practical application of collected information.

Section 2: The Project

The target group for this doctoral study consisted of small business owners located in Harrisburg, Pennsylvania and its surrounding areas. Twenty small business owners participated in telephone or face-to-face, semistructured interviews. Information in this section includes additional details concerning participant recruitment, research method and design, data collection, and ethical procedures.

Purpose Statement

The purpose of this qualitative, phenomenological study was to explore the experiences of small business owners, regarding identifying consistent strategies to lead successful companies. The specific population consisted of small business owners located in Harrisburg, Pennsylvania and its surrounding areas who had a minimum of three years of business operation and fewer than 500 employees. As suggested by Lam and O'Higgins (2012), small businesses may benefit from the use of transformational leadership principles in business operations.

The results of this study have a positive social impact by supporting discussions of economic growth. Identifying general management characteristics of successful small businesses could provide guidance to prospective and existing small business owners, resulting in more effective business structure and operations. Effectively managed companies provide secure employment opportunities and may combat increases in unemployment rates.

Role of the Researcher

I served as the interviewer of the 20 study participants obtained through a

purposive sample. I had direct interaction with the study participants during the interview process, via focused, semistructured interviews. I asked each question, and the participants answered according to their lived experiences.

The Belmont Report, created by the National Commission for the Protection of Human Subjects and Biomedical and Behavioral Research, provided a guideline for ethical practices in research involving human subjects (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979). The Belmont Report included instructions for researchers to practice respect for persons, beneficence, and justice. I treated all participants as independent agents and sought to protect them from any harm related to the research process, sought to enhance benefits and reduce risks related to the research process, and conducted all research with a fair distribution of burdens and benefits (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979).

My role of the researcher also involved identifying and eliminating bias in the research process, as described by Marshall and Rossman (2011). I utilized a journal to collect personal reflections and document the collection and analysis process of the data, to reduce the occurrence of bias in the research process. The use of journaling aligns with the suggestions of Tufford and Newman (2012) regarding tools to eliminate interviewer bias.

I had a relationship with the research topic and geographic area. I am part owner of a small business, a resident of the greater Harrisburg, Pennsylvania area, and transformational leadership principles are apparent in the operation of my small business.

Local Chambers of Commerce provided relevant contact information (i.e., location addresses and phone numbers) for the target population.

Participants

The use of small business listings from local Chambers of Commerce provided location addresses and contact phone numbers to access the target group. These solicitations for business listings focused on the West Shore Chamber of Commerce, the Pennsylvania Chamber of Commerce, and the Harrisburg Regional Chamber of Commerce. These entities provided listing information including business demographics, contact information, and mailing addresses.

I established a working relationship with potential participants and made initial contact by sending a participant recruitment letter (see Appendix A). The letter included an informal introduction, an overview of the study and participant criteria, and instructions for expressing interest in participation. I made telephone and e-mail contact with individuals who expressed interest in participation. Via the telephone or e-mail conversation, small business owners reviewed an overview of the study, information about the informed consent form and the value of participation, and notice of any risk involved with participation. Gill et al. (2010) also made initial telephone contact with potential participants, to provide detailed information about their study examining the relationship between transformational leadership and employee empowerment.

I sent a formal letter detailing the research focus and purpose and the approved consent form, to interested small business owners (see Appendix B). This process aligned with the procedures used by Wells and Peachey (2011), who required each

participant to complete a consent form prior to participating in their study examining the relationship between transformational leadership, transactional leadership, and turnover intentions. Frooman, Mendelson, and Murphy (2012) also required consent forms from the 120 individuals who participated in their study of the effect of transformational leadership and passive avoidant leadership on absenteeism.

Several measures ensured ethical protection of participants and collected data, including adherence to recruitment criteria, protection of participant identity, and maintenance of information. Based on the decision of Gill et al. (2010) to focus on specified participant criteria, only participants meeting the outlined criteria received consideration for inclusion in the study. All participant information remained confidential throughout the research process, with each small business owner identified by a designated code for information filing. Searle and Hanrahan (2011) used a similar procedure of pseudonym coding to protect the identities of participants. Additionally, I omitted any demographic information not related to the recruitment criteria. There were no restrictions based on race or business industry. I stored all raw data in a locked, fireproof file cabinet and encrypted computer folders located in my home office. All information will remain in my possession for five years. There was no information sharing with outside parties.

The study population consisted of small business owners in the capital city of Harrisburg, Pennsylvania and its surrounding areas. Participant criteria included a minimum of three years of operation and fewer than 500 employees. There are approximately 4,917 small businesses in the designated geographic location with fewer

than 500 employees (United States Census Bureau, 2011). A mixed purposive sample of 20 small business owners participated in semistructured interviews for the research process. Purposive samples include the selection of individuals who provide the best and most informed descriptions of lived experiences, regarding the research phenomenon (Searle & Hanrahan, 2011). Mixed purposive samples include a combination of the purposeful random and snowball sampling techniques (Suri, 2011). The selected sample size was in accordance with past research on transformational leadership in the business environment, such as a study on sustainability in small businesses that included a sample size of 17 small business owners (Thomas et al., 2011).

Research Method and Design

The selected research method and design displayed proper alignment with the purpose of the research study. Discussion of the lived experiences of small business owners in Harrisburg, Pennsylvania provides insight into the impact of leadership on business success. A qualitative research method and phenomenological design facilitated the exploration of the research topic.

Research Method

Common methods for research include quantitative, qualitative, and mixed methods. Quantitative research includes the analysis of identified variables to determine a relationship, significance, or correlation (Bhattacharya, 2011). This methodology had historical dominance in leadership research; however, qualitative research gained popularity in addressing more in-depth leadership topics (Bryman, 2011). A quantitative study did not align with the intent of this study as there were no known variables, and

data collection instruments did not include a survey.

Mixed methods research is increasingly popular in leadership studies. A key factor supporting this trend is the tendency for researchers to utilize a holistic view to examine leadership (Bryman, 2011). This method did not align with the purpose of this research study as there was no substantial quantitative component in the research process, and personal interviews formed the foundation of the exploration.

Qualitative research explores a phenomenon and does not include known variables (Bergh et al., 2011). The intent of this doctoral study was to explore the topic of transformational leadership in the small business environment. Review of the data obtained during face-to-face interviews produced common themes (Moustakas, 1994). Existing attempts to improve understanding of leadership in the small business environment and entrepreneurial context remain hard to develop. Research by Kempster and Cope (2010) addressed the relationship between entrepreneurship and leadership, through analyzing the lived experiences of nine entrepreneurs. The benefit of qualitative research with respect to leadership was the ability to obtain individual perspectives, underlying themes, and detailed descriptions of experiences (Kempster & Cope, 2010). A qualitative focus on the research topic extended the plight of understanding leadership in the small business environment. Semistructured interviews with small business owners provided the necessary data to explore this complex topic and identify solid interpretations of the overarching role of leadership.

Research Design

Based on the selection of the qualitative method, viable design options included a

case study, ethnography, and phenomenology. Phenomenological research includes the study and analysis of the lived experiences of individuals (Moustakas, 1994).

Experiences obtained in the research process relate to a phenomenon or event (Moustakas, 1994). The intent of this doctoral study was to identify common themes within the lived experiences of small business owners, and explore the influence of transformational leadership principles on business performance. Thematic analysis followed the modified van Kaam method, which involved seven steps: (a) preliminary grouping, (b) reduction and elimination, (c) clustering of related ideas, (d) formal identification of themes, (e) developing textural descriptions for each participant, (f) developing structural descriptions for each participant, (g) and incorporating identified themes into the participant descriptions (Moustakas, 1994). Selection of the phenomenological design aligned with the focus of the study.

A case study design was a possible option for the research process; however, there were aspects of the design that did not fit the layout of this study. Case study research includes a review of one or multiple cases (i.e., organization or group) (Yin, 2014). The intent of this study was to focus on individual perspectives while the case study design included consideration of various factors within the case environment. Additionally, the case study method includes data collection from multiple sources (i.e. interviews, observation, and historical documentation) (Yin, 2014). Data collection for this study only included personal interviews with recruited participants.

Ethnographic research identifies patterns of behaviors among a group sharing the

same culture (i.e., ethnic, social, organizational) (Fetterman, 2010). This design includes interpretation of a group culture through observation of social behaviors (Fetterman, 2010). The participants for my study had different cultural backgrounds, which did not allow the determination of common social patterns or observations of participants in a specified environment. Based on the characteristics of the ethnographic design, my study did not align with the design layout.

The occurrence of data saturation supports the presence of an appropriate sample for qualitative research. Data saturation is the point at which no new information surfaces during the data collection process (O'Reilly & Parker, 2013). I used the constant comparative method, as outlined by Bowen (2008) to complete simultaneous collection and analysis of interview data. During the interview process, I experienced data saturation while conducting the interview with Participant SB14, and confirmed saturation by continuing the interview process through Participant SB20. Identification of data saturation occurred when emergent themes from Participant SB14 and the remaining participants replicated themes discovered in earlier participant interviews, specifically regarding interview questions one through nine, which centered on the five tenets of transformational leadership. I used a semistructured interview format, incorporating focused questions to explore specific experiences and practices used by study participants. Suri (2011) noted the use of focused interview questions produced a higher probability for data saturation.

Population and Sampling

The doctoral study population comprised small business owners located in

Harrisburg, Pennsylvania, with a minimum of three years of business operation and less than 500 employees. Harrisburg is the capital city of Pennsylvania, situated in the central area of the state, with a total population of 49,279 in 2013 (United States Census Bureau, 2013). As of 2011, there were 4,917 small businesses reporting employee rosters ranging from one to 499 individuals (United States Census Bureau, 2011). Local business listings and special award listings from local Chambers of Commerce included contact information for potential study participants. I extended recruitment to the following cities in Pennsylvania to ensure the provision of a sufficient sample: (a) Camp Hill, (b) York, and (c) Philadelphia.

Kornhaber, Wilson, Abu-Oamar, McLean, and Vandervord (2015) posited the purposeful sampling method is most appropriate for phenomenological research. A mixed purposive sample involves combining multiple sampling methods to obtain a relevant study sample (Suri, 2011). Use of the mixed purposive sampling method guided the recruitment of the sample for this study, based on the ability to provide insightful and descriptive experiences concerning the phenomenon. Patton (2002) stated combining multiple sampling strategies might be necessary to produce a viable sample for a study. Research by Thomas et al. (2011) incorporated a mixed purposeful sample for recruitment of small business owners, to participate in their research study on social responsibility. For this study, I combined purposeful random sampling (i.e., random participant selection from a predetermined group) and snowball sampling (i.e., obtaining additional participants from previously selected individuals).

The use of a purposeful sample supports recruitment of relevant participants and

increases the ability to achieve data saturation (Suri, 2011). Recruitment of 20 participants for this study facilitated the collection of a variety of perspectives to encourage comparison during analysis and the achievement of saturation. Monden et al. (2014) determined 14 participants provided adequate opportunity to obtain relevant, unique data. Through research conducted by Ando, Cousins, and Young (2014) on thematic analysis, a sample size of 12 participants was a viable sample size for reaching saturation. Incorporating a small sample allows participants to provide detailed responses to interview questions (Moustakas, 1994). To explore the impact of transformational leadership on clinical teams, Tomlinson (2012) selected a sample of 20 individuals. Thomas et al. (2011) chose 17 participants according to their knowledge and experience on the topic of environmental issues and sustainability in the small business arena. Studying the experiences of senior leaders regarding leadership training, McDermott, Kidney, and Flood (2011) selected 11 senior leaders to participate in semistructured interviews. The sample size for this study was comparable to related research on leadership in the small business environment, and was sufficient for achieving data saturation.

The incorporation of eligibility criteria could enhance the quality of the research sample. Patton (2002) asserted purposive sampling should include selection of participants possessing rich, detailed experiences. Participants in this doctoral study were small business owners located in Harrisburg, Pennsylvania, with a minimum of three years of experience operating a business and less than 500 employees, in accordance with specified criteria. Audet and Couteret (2012) utilized specific criteria to select coaching

initiatives for comparison in their qualitative study. Using specific selection criteria ensures participants can provide substantial insight into the research topic (Liang & Chi, 2013). In addition to the selection criteria, interview settings for the study occurred at the office of the participant or via telephone. Related research suggested interviewing and interaction should occur in the ordinary setting of the participant without altering the environment (Given, 2008). Comparatively, McDermott et al. (2011) allowed participants to select their preferred interview location. Scheibe, Reichelt, Bellmann, and Kirch (2015) chose a relaxed interview setting to allow participants to respond freely and ask questions.

Ethical Research

Upon receiving Institutional Review Board (IRB) approval, I selected participants for the research study based on the specified criteria, and made initial contact for recruitment. Each participant received a participant recruitment letter providing a short explanation of the study, participant criteria, an invitation to participate, and my contact information (see Appendix A). Potential participants had the opportunity to ask questions (via telephone or e-mail) to assist their decision to participate. In related literature on transformational leadership and the small business environment, researchers utilized initial telephone contact to recruit participants (Xu, 2011). Gill et al. (2010) chose initial telephone contact to screen participants for their qualitative study on transformational leadership, and to provide detailed information about their study.

Small business owners who met the participant criteria and expressed a desire to participate in the study received an informed consent form detailing the intent of the

study, eligibility criteria, examples of interview questions, details for the withdrawal process, and identifying myself as the researcher for this study (see Appendix B). I asked participants to state their preferred delivery method for the consent form (i.e., hand delivery, electronic mail, or traditional mail) and to return the signed form to me via hand delivery or traditional mail, in order to participate. Participants received the informed consent form within 48 hours of providing their preferred delivery method. I required the receipt of a signed consent form before contacting participants to schedule interviews. The provision of a consent form and requirement of a signed form prior to participation is common for related transformational leadership studies (Carlström & Ekman, 2012; Frooman et al., 2012; Wells & Peachey, 2011).

There were no incentives for participation in the study. Participation was strictly voluntary. In similar research using voluntary participation, study participants did not receive incentives (Decker et al., 2012; Groves & LaRocca, 2011; Leroy, Palanski, & Simons, 2012). I informed participants of their right to discontinue participation at any time by contacting me via telephone or electronic mail. Upon withdrawal, I will shred and destroy all data provided by the participant.

Specific measures to ensure ethical protection of participants included: (a) use of participant identification codes in lieu of participant names, (b) confidential labeling of hard copy and electronic data, and (c) use of participant identification codes in written study results. Searle and Hanrahan (2011) used pseudonym coding to protect the confidentiality of study participants. Carmeli et al. (2011) attributed unique codes to participants to catalog data collected in two research phases. Related leadership literature

utilized codes to label participant responses (Carlström & Ekman, 2012). I did not use individual names or company names in the written presentation of data, in order to maintain the privacy of study participants. Additionally, I had sole access and interaction with participants during the research process. The use of participant identification codes protected individual identities catalog. I did not obtain letters of agreement or cooperation, as I collected participant contact information from public listings.

Storage and use of collected data followed ethical research practices. Data storage should be in a secure location to support confidentiality (Given, 2008; Luo, 2011). Data collected during the research process will remain in my possession for a minimum of five years, to protect the identities and individual rights of all participants. All information will remain confidential and secure in a fireproof, locked cabinet. There was no use of the content outside the scope of the study. The Walden IRB approval number for this study is 10-13-14-0359352, and approval is valid until October 12, 2015.

Data Collection Instruments

I was the primary data collection instrument for this study. The data collection process included conducting semistructured interviews. A phenomenological long interview process, as outlined by Moustakas (1994), was the format for each interview. The long interview process encourages rich descriptions from participants regarding the research phenomenon, while managing the time length of the interview (Moustakas, 1994; Searle & Hanrahan, 2011; Terrell & Rosenbusch, 2013).

Use of an interview protocol promotes consistency during the interview process (Bitici et al., 2011). I used an open-ended list of 13 interview questions, in a

semistructured long interview format, to explore the personal experiences of the participants (see Appendix C). A semistructured interview format allows participants to reflect on personal experiences and freely express individual points of view, personal insights and ideas (Bergh et al., 2011; Bititci et al., 2011; Searle & Hanrahan, 2011). This interview format is favorable in qualitative research (Antonucci & Goeke, 2011; Bergh et al., 2011; Pal & Torstensson, 2011). I included the list of interview questions in Appendix C of this study, as noted in the Table of Contents.

Ensuring the reliability and validity of data is a key in qualitative research. Reliability and validity refer to the dependability and transferability of the data (Lincoln & Guba, 1985). Recording and transcription of interviews supported reliability of responses, and review of the transcription determined the validity through consideration of the relevance of responses to each question. Use of a recording device during the interview process ensures accuracy, and transcription aids the identification of shared meanings and ideas (Bergh et al., 2011; Moustakas, 1994; Simola et al., 2012). Using the interview recording, I manually transcribed each interview. All participants received a copy of the transcription of their interview, to review for accuracy. Participants also received a copy of the data interpretations to facilitate member checking, by providing feedback on the accuracy of the study results. Consistent with research conducted by Carlström and Ekman (2012), Carmeli et al. (2011), and Searle & Hanrahan (2011) the data interpretations for this study included participant codes to protect the identities of all participants. Member checking allows study participants to provide feedback on the study results (Lincoln & Guba, 1985).

The concepts measured by the interview questions were the five components of transformational leadership. According to Bass & Avolio (1997), the transformational leader-follower relationship includes: (a) idealized attributes, (b) idealized behaviors, (c) individual consideration, (d) inspirational motivation, and (e) intellectual stimulation. Scoring of data referred to the identification of common themes in participant responses, with regard to the five transformational leadership components. The scoring process involved the use of NVivo software to facilitate data coding and theme identification (Castleberry, 2014; Terjesen & Sullivan, 2011). I utilized the modified van Kaam method to conduct analysis of the interview responses, and identify shared meaning and themes (Moustakas, 1994).

Data Collection Technique

Data collection is the process of gathering information from recruited participants, for the purpose of analysis. Upon receiving the signed informed consent forms from participants, I contacted them via telephone or electronic mail to schedule the interview. I scheduled six interviews via telephone, and scheduling for the remaining 14 interviews occurred via electronic mail.

The phenomenological design includes the collection of data in the form of an interview. Through the interview process, I explored practical use of transformational leadership in the small business environment (see Appendix C). The phenomenological interview process includes three primary components: (a) determining the extent of participant experience with the research phenomenon, (b) collecting descriptive accounts of participant experiences, (c) and allowing participants to attribute meaning to their

experiences (Moustakas, 1994). This interview process begins with informal conversation geared towards creating a relaxed environment, and an opportunity for the participant to reflect on experiences related to the research phenomenon (Moustakas, 1994). Prior to beginning each interview, I provided each participant with a copy of the interview questions to review prior to the scheduled interview (see Appendix C). I ensured participants that they would remain anonymous during and following the research process. Interviews were 30-50 minutes in length, and all participants provided responses to the same list of 13 open-ended questions (see Appendix C). Responses to interview questions one and two established the level of participant experience with owning a small business.

The purpose of the interview process was to collect detailed information about the experiences of the participants, regarding leading successful small businesses. I incorporated follow-up questions or clarification, as needed, to assist the participants in providing detail, rich descriptions of their experiences. Providing clarity enhances the quality of participant responses (Kim, 2011). Open-ended questions encourage participants to provide detailed responses needed in qualitative research (Bergh et al., 2011; Marshall & Rossman, 2011). Participant responses to interview questions three through nine included rich descriptions of their experiences. The content of interview questions 10 through 13 allowed participants to attribute meaning to their experiences.

Choosing a familiar interview location for the participant promotes a comfortable environment (Given, 2008; McDermott et al., 2011; Scheibe et al., 2015). Face-to-face interviews occurred at the office of the participant, with recording via a voice recorder.

Telephone interviews occurred via FreeConferenceCalling.com, to ensure proper recording of interview sessions. Telephone interviews are a viable alternative to face-to-face interviews (Anyan, 2013). I required each participant to give verbal consent for recording during the interview. Simola et al. (2012) noted recording interviews supports accuracy of the content. Requiring participant consent for interview recording ensures individuals are aware of and comfortable with all elements of the interview process (Jensen, Ammentorp, Erlandsen, & Ording, 2012).

Individuals conducting phenomenological research must avoid allowing personal biases to contaminate data and study findings. Moustakas (1994) discussed the use of bracketing to identify and isolate personal ideas, beliefs, and experiences having the potential to negatively influence data interpretation. I achieved a state of epoche by bracketing my personal experiences as a small business owner, and approaching the interview process and participant responses from an unbiased perspective.

There were advantages to utilizing the semistructured face-to-face and telephone interviews for data collection. I completed four face-to-face interviews and 16 telephone interviews. During face-to-face interviews there were more opportunities for personal engagement with the participant. Face-to-face interviews include the ability to develop a rapport and maintain the full attention of the participant (Diaz, 2011; Irvine, Drew, & Sainsbury, 2013). Face-to-face interviews include the opportunity to observe participant mannerisms and non-verbal communication (Irvine et al., 2013). Use of telephone interviews offered reduced cost and more freedom for scheduling. Diaz (2011) noted the cost effectiveness and flexibility of telephone interviews.

Offsetting disadvantages were also present for the semistructured interview format. I traveled to the office location of the participant for face-to-face interviews. Although travel times were not extensive, there was additional cost associated with meeting at a formal location. Additionally, during face-to-face interviews there was a tendency to interject my own thoughts as the participant provided their experiences. Disadvantages of face-to-face interviews are the potential for increased cost and the introduction of bias by the interviewer (Diaz, 2011). Telephone interviews were less engaging and there were more instances of requests for clarification. Results of research conducted by Irvine et al. (2013) highlighted the increased need for participant clarification during telephone interviews.

Upon receiving IRB approval, I conducted a trial interview with a participant from my existing professional network. I did not conduct a full pilot study. Trial interviews support the validity of the interview instrument and ensure the relevance of the content. During the trial interview, the participant provided feedback on instrument quality and the ability to comprehend each question. Kim (2011) noted the use of pilot studies and trial exercises could identify issues related to participant recruitment, areas of potential interviewer bias, and relevance of interview content. Trial activities are also beneficial for determining consistency (Bhattacharya, 2011; Bititci et al., 2011). Using the same format as the formal research process, the trial interview process included the following steps: (a) the recruitment letter, (b) telephone contact, (c) provision of a consent form with detailed information about the study, (d) the requirement of a signed form to allow participation, (e) a face-to-face interview using the open-ended interview

questions, (f) transcription of the interview data, and (g) review of the transcript by the participant. The trial interview participant did not have specified recruitment criteria.

Following the formal interview process, I transcribed each interview. Participants received a copy of their interview transcripts to confirm the accuracy of their responses. I also provided participants with a copy of the data interpretations and asked them to review the study findings for accuracy and relevancy. Member checking gives participants an opportunity to provide feedback and supports the credibility of the results (Lincoln & Guba, 1985; Marshall & Rossman, 2011).

Data Organization Technique

Organization of collected data is important for accurate review, analysis, and reporting. Organization techniques used for the data maintained the integrity and validity of the information. Given (2008) supported the use of Microsoft Excel[®] to store research data because of the reliability of the format and ease of use for organization. Meyer and Avery (2009) agreed that Microsoft Excel[®] was a helpful tool for organizing qualitative data and information. Proper organization of research information promotes an effective research process (Hays & Wood, 2011). I created a spreadsheet using Microsoft Excel[®] to record receipt of the signed consent form, scheduling of the semistructured interview (i.e., date and time), and the interview location for all participants. Recording of participant materials occurred within 48 hours of receipt to maintain accuracy of information.

The cataloging process included labeling all collected information with the designated participant code, storing recorded interview content in encrypted computer

folders and external flash drives, filing hard copy interview transcriptions, and removing discriminant or unnecessary content from each transcript. Each participant received a code using “SB” for small business owner, and a number (example: SB1). The full list of participant codes included SB1 through SB20. Coding protects the confidentiality of participants (Searle & Hanrahan, 2011). Carmeli et al. (2011) and Carlström and Ekman (2012) used individual codes to catalog participant responses. Electronic and hard copy files and folders for recorded interview data, interview transcripts, and interview notes, had the designated participant code in the file and folder name, or the corresponding adhesive label for folders and documents. Storage for hard copy data including signed consent forms, interview notes, and interview transcripts was in individual file folders labeled with the designated participant code. Lam and O’Higgins (2012) used a coding system to organize the data from their study on transformational leadership and employee outcomes, to facilitate proper cataloging and to maintain participant confidentiality. Proper organization of data can enhance the process of thematic analysis (Moustakas, 1994). All raw data will remain in my possession, in a locked and fireproof cabinet, for a minimum of five years.

Data Analysis

Analysis for phenomenological research includes an in-depth review of interview data. According to Moustakas (1994), researchers should identify significant words and phrases that enhance the understanding of the individual experience in relation to the phenomenon. The interview questions were in alignment with the five dimensions of transformational leadership, which are idealized attributes, idealized behaviors,

individual consideration, inspirational motivation, and intellectual stimulation (Bass & Avolio, 1997):

1. Provide a brief description of your entrepreneurial and business owner experience.
2. What influenced your decision to become small business owner?
3. How would you describe yourself as a leader?
4. How would your employees describe you as a leader; and what impact do you think you have on your employees?
5. How do you identify and address the individual training and developmental needs of your employees?
6. How do you communicate your expectations and goals to your employees; and how do you set individual goals for your employees?
7. What methods do you use to motivate employees; and how do you measure the results of the selected methods?
8. What methods do you employ to address non-performing employees?
9. How do you encourage innovative and creative behavior within your organization?
10. How do you define success in relation to your business?
11. What factors do you consider important for the success of your business?
12. What role do you feel management plays in promoting successful business operations?
13. Is there anything else you would like to add that I did not address in the interview

questions?

NVivo, software designed to organize and analyze qualitative data, streamlined the analysis process. This software assisted in managing and organizing various types of unstructured data including interview transcripts, journal notes, and field notes (Castleberry, 2014). Bitici et al. (2011) used NVivo software to organize semistructured interview data, from a case study of the impact of managerial processes on organizational performance. Terjesen and Sullivan (2011) chose NVivo software to analyze the impact of mentoring relationships on the development of new entrepreneurs. This qualitative software supported optimal storage, organization, and coding of the data by storing data in groups that supported effective identification of themes (Bititci et al., 2011; Castleberry, 2014).

I used NVivo software to facilitate the review and coding the data, and identifying common terms or ideas that one could miss within a manual review process. I transcribed all interview content by listening to each interview recording and manually typing the content into individual Microsoft Word[®] files. Using the full transcripts of each participant interview, I inputted collected data into NVivo and utilized the modified van Kaam method to analyze collected data. This process involved determining universal themes and shared meanings (Moustakas, 1994). The van Kaam method includes seven steps for thematic analysis: (a) grouping and listing of data with significance to the participant experience, (b) reducing and eliminating data that does not enhance understanding of the experience, (c) clustering of related ideas to identify central themes, (d) identifying themes by comparing commonalities to transcribed interview data, (e)

developing textural descriptions for each participant by extracting examples from interview data, (f) developing structural descriptions for each participant, and (g) incorporating identified themes into the participant descriptions to identify meaning (Moustakas, 1994). Data coding identified common terms, ideas, and phrases within participant interviews, and these commonalities yielded themes for presentation in the results section of the study (Moustakas, 1994).

Determining data saturation in qualitative research is a difficult task. Bowen (2008) presented the constant comparative method, as introduced by Glaser and Strauss (1967), for identifying themes and achieving data saturation. This method involves simultaneous completion of data collection and analysis, where comparison of new data to collected data continues until redundancy occurs (Bowen, 2008; Glaser & Strauss, 1967). There are four steps in this process: (a) comparing all themes that emerge, (b) grouping similar themes into larger categories, (c) identifying the relevant theory, and (d) reporting findings (Bowen, 2008). I used the constant comparative method to identify themes and reach the point of saturation, by adding and comparing new data to existed coded data. Through this process I experienced redundancy after comparing data from the interview with Participant SB14 to the coded data from interviews one through 13. This replication continued through the remaining six interviews, and no new themes emerged. The constant comparative method is beneficial for determining the point of data saturation in qualitative research (Ng & Chan, 2014; Wadham & Warren, 2014). Stoddart, Bugge, and Farquharson (2014) utilized the constant comparative method to analyze semistructured interview data from their study on implementing clinical

leadership policies.

Transformational leadership theory was the conceptual framework for this doctoral study, exploring the perspectives of small business owners regarding the use of this leadership style in the small business environment. Introductory work of Burns (1978) and extended work of Bass and Avolio (1997) assisted with analyzing the data regarding the influence of transformational leadership principles on performance. The expectation was the collected data would provide insight into the experiences of small business owners with regard to transformational leadership behaviors.

Reliability and Validity

Reliability

Repeated use of a given instrument, with consistent results, helps to determine reliability (Mash & Wolfe, 2010). Reliability in qualitative research refers to dependability and identifying the ability to successfully repeat research findings (Lincoln & Guba, 1985). I utilized member checking to enhance credibility of this doctoral study, by providing participants with the analysis and interpretations of the interview data for review. I asked participants to review the data analysis and offer additional insight concerning the accuracy of the findings. The use of member checking allows participants to review the study results and provide feedback on the relevance and accuracy of the identified themes (Lincoln & Guba, 1985; Marshall & Rossman, 2011; Harper & Cole, 2012). Auditing of the research process, data, and findings also determined the accuracy of formal research conclusions (Lincoln & Guba, 1985). Additionally, the use of one set of interview questions provided a consistent instrument for use in the research process

(see Appendix C; Bernard, 1988). The analysis of research data only incorporated responses that appropriately responded to the interview script.

Validity

Determination of validity confirms the measurement of the intended study focus (Mash & Wolfe, 2010). Internal validity of qualitative research includes analysis of shared meaning and interpretations related to a phenomenon. External validity is present when there are opportunities for transferability of findings (Lincoln & Guba, 1985). There are four components related to qualitative validity: (a) credibility, (b) transferability, (c) dependability, and (d) confirmability (Marshall & Rossman, 2011).

Lincoln and Guba (1985) outlined six strategies to assist qualitative researchers in establishing validity of findings:

Prolonged engagement: Spending extended time in the participant's environment to obtain a formal understanding of the culture, identifying characteristics of the setting, and developing relationships with participants.

Persistent observation: Identifying specific characteristics that affect the selected research problem.

Triangulation: Using multiple sources of data to increase understanding of findings.

Peer debriefing: Presenting information to a third-party with no connection to the research process, in order to uncover unintended bias and review the research process.

Negative case analysis: Incorporating data that is not relevant to the study or contradicts study findings.

Referential adequacy: Selecting a portion of data for secondary analysis to ensure soundness of the initial analysis of data.

Member checking: Providing opportunities for participants to review both the data they contributed to the research process and the interpretations of the data, to confirm accuracy and credibility of information.

Strategies to ensure validity of the study findings focused on the four components affecting validity. I utilized member checking to address credibility, by providing participants with the data interpretations via electronic mail. I asked participants to offer feedback regarding the accuracy of the findings. Harper and Cole (2012) noted member checking can provide comfort to participants regarding the validation of their documented experiences and ideas. I requested that participants not share the data analysis with others, and requested the member checking response within five business days of receipt via telephone or face-to-face meeting. The use of the semistructured interview format and open-ended questions assisted further exploration in alternative populations (i.e., transferability) (Marshall & Rossman, 2011). Completion of a trial interview supported dependability by highlighting potential interviewer bias and interview content issues prior to beginning the formal research process (Kim, 2011). Peer debriefing was an additional measure for dependability. A colleague from my existing professional network participated in the review of information throughout the research process. I scheduled multiple debriefing meetings with the same colleague that coincided with significant research tasks. Feedback included assessment of occurrences of bias, errors within data or interpretations, and clarity of presentation. I maintained

personal and introspective notes during the interview research process, to combat occurrences of bias and ensure confirmability (Ben-Ari & Enosh, 2011; Searle & Hanrahan, 2011).

Data saturation is key to ensuring credibility. I achieved data saturation by incorporating the mixed purposeful sampling and constant comparative methods into the research process. Use of the mixed purposeful sampling method supports data saturation through the identification of participants possessing rich, detailed experiences related to the chosen phenomenon (Ando et al., 2014; Monden et al., 2014; Suri, 2011). I combined the random purposeful sampling method and the snowball sampling method to obtain a study sample of 20 participants, possessing extensive experience with the research topic. The constant comparative method assists the identification of replication by comparing new data to previously coded participant data (Bowen, 2008; Glaser & Strauss, 1967; Ng & Chan, 2014). During the interview with Participant SB14, I identified replication, and completed six additional interviews to confirm data saturation.

Transition and Summary

Section 2 of the study included details about study participants and recruitment criteria. The presentation of the research method and design provided justification for the structure of the study. Details regarding the sampling method included support from past literature, and discussion of ethical research standards established a basis for processing collected data. This section concluded with an in-depth look at the data collection instruments, organization of information, and analysis, including procedures for ensuring reliability and validity. Section 3 of the study contains the presentation of the findings

and recommendations for practical usage of this information by business owners to support small business success.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative, phenomenological study was to explore the personal experiences of small business owners, regarding identifying consistent strategies to lead successful companies. Overall findings from the study indicated six primary themes associated with small business performance: (a) characteristics and experiences, (b) leadership behaviors, (c) managing operations, (d) managing employees, (e) employee behaviors, and (f) achieving success. The leadership behaviors and experiences described by participants closely aligned with transformational leadership. There was a diverse group of industries including information technology, insurance, traditional marketing, Internet marketing, historical restoration, legal, plumbing, and retail. The average length of small business owner experience was 17 years.

Small business owner background varied, including both traditional and nontraditional educational endeavors (see Table 3). Twenty percent of participants possessed high school-level education, 70% of participants possessed undergraduate or graduate-level education, and 10% of participants possessed postgraduate (doctoral) education. Seventy percent of the participants reported obtaining degrees in entrepreneurship and business-related fields. The educational demographics of the study participants support Gerba's (2012) assertion that individuals who received formal entrepreneurship education exhibited a higher tendency to pursue future entrepreneurial endeavors. Ulvenblad, Berggren, and Winborg (2013) also supported formal entrepreneurship education, noting that small business owners possessing formal

education illustrated effective communication skills and transparency.

Table 3

Participant Demographics

Nodes	No. of participant sources	% of participant sources
High school	4	20%
Undergraduate and graduate	14	70%
Postgraduate	2	10%

Presentation of the Findings

The overarching research question addressed in the study was: What consistent strategies do small business owners identify to lead successful companies? Study participants answered 13 interview questions related to the five components of transformational leadership: (a) idealized attributes, (b) idealized behaviors, (c) individual consideration, (d) inspirational motivation, and (e) intellectual stimulation (Bass & Avolio, 1997). The interview questions were:

1. Provide a brief description of your entrepreneurial and business owner experience.
2. What influenced your decision to become small business owner?
3. How would you describe yourself as a leader?
4. How would your employees describe you as a leader; and what impact do you think you have on your employees?

5. How do you identify and address the individual training and developmental needs of your employees?
6. How do you communicate your expectations and goals to your employees; and how do you set individual goals for your employees?
7. What methods do you use to motivate employees; and how do you measure the results of the selected methods?
8. What methods do you employ to address non-performing employees?
9. How do you encourage innovative and creative behavior within your organization?
10. How do you define success in relation to your business?
11. What factors do you consider important for the success of your business?
12. What role do you feel management plays in promoting successful business operations?
13. Is there anything else you would like to add that I did not address in the interview questions?

This specific focus aided the exploration of the leader-follower relationship, defined by Burns (1978), in the context of the small business environment. Following data collection and analysis, I identified several themes in the exploration of this research topic. I utilized the modified van Kaam method to perform thematic analysis of the participant data, and incorporated the constant comparative method to achieve data saturation. I chose NVivo 10 software to facilitate the process of identifying, coding, and categorizing the following six themes related to the research question:

Theme 1: Characteristics and Experiences

Participant responses to interview questions 1 and 2 comprised Theme 1. The nodes for this theme were perception and personal conviction (see Table 4). According to the analyses of the responses, the study participants placed significant emphasis on personal experiences and ideas about entrepreneurship as influences on their decision to become a business owner. The combination of formal education and functional experience are equally beneficial in preparing individuals to operate their own businesses (Ulvenblad et al., 2013). Contrary to the findings of this study, Rae and Woodier-Harris (2013) favored formal education as the primary factor influencing personal confidence and career intentions.

Ten (50%) participants credited their personal perceptions about entrepreneurship as the primary reason for pursuing an entrepreneurial endeavor, associating entrepreneurship with freedom, flexibility, and taking control of their personal destiny. Participant SB9 stated, “I wanted my independence and freedom.” Likewise, Participant SB13 noted, “[I wanted] freedom and the ability to do what I want with my time. I wanted to see direct results of my efforts.” Consistent with the results of research conducted by Decker, Calo, and Weer (2012) on factors motivating individuals to pursue entrepreneurship, participants in this study valued freedom and self-sufficiency. For example, Participant SB15 offered, “I was tired of working so hard for someone else’s vision.”

Five (25%) participants described themselves as having an innate conviction or desire to pursue entrepreneurship. Comparative to the results of research conducted by

Kempster and Cope (2010) on entrepreneurial learning and leadership, the participants in this study discussed the presence of innate character and leadership traits. Participant SB1 stated, “[Entrepreneurship] was not really a decision that I made one way or the other.” Likewise Participant SB16 revealed, “From a young age I always knew I would be a business owner.” Participant SB7 expressed, “I always had an itch to start my own business.” “I knew I wanted to open a [business] when I was in high school because it was my passion and I loved it” (Participant SB8). Participant SB11 also described an early interest in entrepreneurship:

I started as a teenager and my first couple of businesses didn’t make any money, but they gave me the experiences and confidence that I could make it - make a business work, and work from home. (Participant SB11)

Table 4

Characteristics and Experiences

Nodes	No. of participant sources	% of participant sources
Perceptions	10	50%
Personal Conviction	5	25%

Theme 2: Leadership Behaviors

Theme 2 comprised the responses to interview questions three, four, and seven. The study participants discussed an array of leadership behaviors that highlighted characteristics of transformational leadership and transactional leadership. Leadership

style is an important factor supporting employee and company success (Lam & O'Higgins, 2012). Schuh, Zhang, and Tian (2013) examined the ethical implications of transformational leadership and determined that moral leadership behaviors inspired employees to perform at higher levels. When asked to describe their own leadership style, small business owner responses varied, ranging from hands off to micromanaging. Four (20%) participants described their leadership style as hands-off. "I consider myself more of a hands off manager" (Participant SB1). Participant SB9 stated, "I lead by coaching and am pretty hands-off." "I am very hands-off when it comes to leading. I sort of give a direction and a final desired outcome and let them figure things out on their own" (Participant SB16). Participant SB20 noted, "I like to give people room to work, and make sure they know I'm there for guidance."

Ten (50%) participants described themselves as having a participatory style of leadership. Consistent with the results of research conducted by Arnold and Loughlin (2013) on the influence of participative leadership on employee intellectual stimulation, participants in this study discussed regular involvement of employees in business processes. Participant SB15 expressed, "I like to get input from others." Participant SB5 stated, "I have a cooperative style. It's a participatory style where I want employees to know in advance when we're making changes, and to provide input". The discussion of the participatory leadership style highlighted the importance of being accessible and involved. Leaders who exhibit sincere care for others can increase employee perceptions and performance (Simola et al., 2012). Participant SB2 noted, "I try to be involved in the things that are going on, but try not to micromanage." Participant SB3 described a

relational aspect to leadership stating, “[I want] to understand the strengths of others, and identify what direction to point them in and help them succeed.”

Ten percent (two) of participants described themselves as micromanagers.

Participant SB14 surmised, “I don’t really let [my employees] go too far, just in case they’re not going in the right direction.” Participant SB18 agreed, “I am a bit of micro-manager, but that comes from wanting to make sure everyone has what they need.”

Describing how employees viewed their leadership style, participants discussed inspiration, influence, and motivation (see Table 5). Basford, Offerman, and Behrend (2014) examined the relationship between employee perception and leader behaviors, and found that employee perception determined the level of influence leaders have on employee behavior and performance. Consistent with the results of research conducted by Basford et al. (2013) on influencing employee behavior, three (15%) small business owners expressed the desire to exhibit caring behavior and positively impact employees. Participant SB10 stated, “I believe that my employees would say that I am kind and understanding. I’m also very appreciative of their hard work.” Participant SB1 noted the importance of helping employees feel they are “contributing to something for the [greater] good; something larger than themselves.” Similarly, Participant SB17 offered, “I hope I help them to see their importance in the organization and the role they play in our success.” Searle and Hanrahan (2011) asserted true inspiration was evident when employees exhibited inspired behavior. Participant SB2 expressed, “I hope I always impact them to have a positive attitude.” In contrast, Participant SB6 discussed issues with influencing and inspiring field employees with whom there was no regular

interaction by surmising, “[The field staff] already don’t think I know what I’m talking about in the construction world, so I can’t necessarily [share] that side of myself with them.” Contrary to responses by participants in this study, Schuh et al. (2013) posited transformational leadership was not necessary to encourage moral behavior by leaders or subsequent positive employee behavior.

Motivation was a significant focus for all participants. Eleven small business owners (55%) described behaviors that did not align with transformational leadership. Reward-based programs (i.e., cash, gifts, and incentives) were popular tactics for boosting employee performance. Transactional leadership includes the provision of rewards as a result of achieving pre-determined goals (Sahaya, 2012; Schiena, Letens, VanAken, & Farris, 2013). Participant SB10 described rewarding goal achievements with incentives and commission payments. Participant SB12 expressed the use of bonuses and additional paid vacation days as incentives. Participant SB6 noted the ineffectiveness of an existing monetary incentive program; “We’ve tried to do a bonus program if [employees] get their jobs completed on time. I’m surprised – we can’t figure out why that doesn’t work.” Comparative to the results of research conducted by Huhtala et al. (2011) on employee well-being, participants in this study highlighted the importance of employee motivation. Participant SB19 discussed reviewing employee performance levels to measure the success of motivation methods, while Participant SB2 admitted not utilizing a clear way to measure motivation; “I don’t know that I have a clear way to measure the results of motivation; of a method.”

Four (20%) participants discussed the fact that sources of motivation are not the

same for everyone. Participant SB1 stated, “Understanding what motivates each individual, I think is important.” Participant SB15 offered, “I have found that motivation is subjective, so I try to use a variety of motivation methods to address the needs of all my employees”. Participant SB16 provided the following description of motivation:

I try to be observant and give each of my employees the type of motivation they need. Some employees respond well to our bonus incentive program and perform well with the promise of a monetary benefit. Others just like to be given a pat on the back or encouraging word. I try not to use a cookie cutter approach to motivation because everyone is different. (Participant SB16)

Participant SB4 concluded motivation was not a concept that one could induce in others; “I don't believe you can truly motivate someone, motivation comes from within.”

Table 5

Leadership Behaviors

Nodes	No. of participant sources	% of participant sources
Leadership style	16	80%
Influence	3	15%
Inspiration	2	10%
Motivation (incentives)	11	55%
Motivation (different sources)	4	20%

Theme 3: Managing Operations

Contents of Theme 3 derived from interview question 12. The purpose of this question was to explore the procedures and practices small business owners used to develop a strong company environment and manage workload and processes. Nodes for this theme included: (a) culture, (b) management, and (c) outsourcing (see Table 6).

Leader perception of the work environment influences the ability to promote a positive company culture (Overstreet, Hanna, Byrd, Cegielski, Hazen, 2013). Three (15%) participants described the desire to create a pleasant work environment for employees and some associated *pleasant* with casual. Participant SB5 noted, “I like to have a pleasant work environment; relatively casual.” Participant SB14 stated, “It looks like a casual work environment.” “I try my best to make it an enjoyable place for them to work” (Participant SB2). Transformational leadership diffuses stress, promotes a positive environment, and promotes a team environment (Paulsen, Callen, Ayoko, Saunders, 2013; Russell, 2014).

Consistent with the results of research conducted by Tuan (2012) on developing a strong company culture, study participants also noted the importance of remaining flexible and able to adjust. A flexible culture facilitated by caring leaders supports high employee performance (Tuan 2012). Fifteen percent (three) of participants clarified that a flexible or casual culture required a certain type of employee. Participant SB14 stated, “As casual as it looks, we have very serious work habits.” Participant SB11 offered, “[The environment is] innovative, because, yes, it’s always changing. We have to do a lot of research, and trial and error on certain things to see if certain ideas will work...we

actually look for a certain type of person.” Likewise, Participant SB8 expressed, “I look for whenever I’m hiring someone – that they can work independently and can be motivated, and not easily swayed by what’s going on around them”.

The topic of management addressed ways study participants approached overall business operations. Four (20%) participants described effective management as paramount to both business and employee performance. Participant SB13 stated, “A poorly lead company is an *out of business* company.” Participant SB10 noted, “Management sets the tone for staff to operate at the highest level of their skill, as well as maintaining a solid administration, to ensure the stability of the business.” Participant SB17 described the role of management as “...keeping the plan in front of you and paying attention to the specific steps needed to reach the goals you set.” Likewise, Participant SB19 noted the role of management was “having the aerial view of the organization to understand what has happened, what is happening, and what’s coming up in the future.” Comparative to the findings of this study, research conducted by Overstreet et al. (2013) on the relationship between transformational leadership and performance highlighted effective management as a key component of organizational performance.

Effective management of operations also included the use of outsourcing. Three (15%) participants utilized outsourcing to handle certain business tasks or to support successful performance. Participant SB11 revealed, “Right now my team is outsourced. I have a full time virtual assistant...also we have some graphic designers.” Participant SB15 stated, “My *employees* are a bit non-traditional as they are mainly subcontractors,

so the whole purpose for hiring them was because they already possessed the skills I needed for a particular task, project, or function.” Participant SB5 also utilized outsourced talent and surmised, “Because of technology and outsourcing, we’re able to take on much more than we otherwise would.” Terjesen and Sullivan (2011) posited outsourcing has become a necessity for businesses to maintain a competitive edge and remain current with technological advances.

Table 6

Managing Operations

Nodes	No. of participant sources	% of participant sources
Culture	6	30%
Management	4	20%
Outsourcing	3	15%

Theme 4: Managing Employees

Responses to Theme 4 originated from interview questions five, six, and 12. Nodes for this theme were communication, goal setting, and training and development, which described the primary areas participants highlighted regarding management of employees (see Table 7). Small business owners utilized both one-on-one and group meetings to communicate important company information. Sharing the company vision and goals supports high employee morale and positive perceptions of leadership (Loon et al., 2012). Participant SB3 stated, “I share the vision about where we’re trying to go and create manageable stages to get there.” Consistent with the results of research conducted

by Mesu, Maarten, and Sanders (2013) on transformational leadership and labor flexibility, participants in this study focused on communicating a clear vision and future company goals. Twelve participants (60%) supported the presence of open communication. “I encourage very open communication with [employees]” (Participant SB8). Participant SB10 expressed, “During staff meetings I communicate what areas are in need of improvement.” Participant SB14 noted, “So, every day we start the morning with a meeting - what did you do yesterday, what are you doing today, what are you working on?” Participant SB2 explained, “On the individual basis I try and create what I call scorecards, which basically shows the mission for [the employee’s] position; why their position exists and what we hope they will accomplish for the company”.

Four (20%) small business owners viewed communication as a way to exhibit transparency about expectations and goals. Participant SB7 stated, “We definitely talk things out – I tend to be talking about ideas and things we can implement, but it can be a challenge to see things the same way.” Participant SB1 asserted, “Some people are more likely to achieve if they have the responsibility of actually creating [a] goal for themselves.” Participant SB4 revealed, “I am also a fan of open book management. Too many times people think the "boss" is pocketing all the money, which in most cases is far from the truth.” Comparatively, Participant SB20 noted, “I document everything, so I share company reports in our regular meetings and make sure everyone understands what the reports are illustrating, regarding sales, general goals, and departmental goals.” Burns (1978) noted improved communication supports employee understanding of goals and expectations. Basford et al. (2014) posited employees who perceived their leader to be

trustworthy responded positively to open communication, even in the event of wrongdoing.

Goal setting was an important concept included in this theme. Three (15%) small business owners viewed goal setting as a collaborative effort. Designating a time to outline goals for the company and employees is a practice that promotes higher performance (Antonucci & Goeke, 2011; Lee & Marshall, 2013). Participant SB18 stated, “Before the holidays we had our annual end of year meeting where we discussed goals for 2015.” “We have daily staff huddles, weekly staff production meetings, and weekly one on ones with my leadership team staff [and] strategic meetings twice per month” (Participant SB9). “During the [staff] meeting I incorporate the ideas of the staff and in the end we have a corporate vision and goals that everyone is invested in” (Participant SB17). Setting specific goals supports the achievement of defined results (Lee & Marshall, 2013).

Employee training and development was a popular topic based on descriptions from study participants. Training opportunities ranged from the traditional classroom setting to on-the-job activities. Research conducted by Schiena et al. (2013) on the relationship between transformational leadership and organizational learning, addressed the importance of providing ongoing opportunities for learning and development. Comparative to results of research conducted by Loon et al. (2012) on transformational leadership and job-related learning, all participants in this study shared the view that training was a key component in promoting positive employee performance. Study participants discussed allowing the training need to dictate the type of training provided

to an employee. Participant SB1 stated, “Sometimes you have specialization; sometimes you’ve got generalization...each of those would dictate whether somebody got individualized training or something else.” Similarly, Participant SB6 described, “If one of the [employees] is struggling with something I say, “Do you want to go to a seminar?”” Ten percent, two study participants, incorporated formal training schedules and plans. Participant SB12 described a standardized training including, “in-house training by employees and principals and training provided by third parties [at the home office or] remote locations.” Participant SB9 stated, “We have a strategic planning day once per month and address any training and development needs to be accomplished in the next 30 days.”

Nine (45%) participants described a less formalized process. Participant SB2 noted, “To keep up with the volume we have, I just don’t have the ability to do that [provide formalized training].” As a retired small business owner, Participant SB19 recalled, “I offered regular training opportunities and regularly assessed the needs of my employees. I also encouraged them to let me know if they were in need of training or assistance.” Referencing the time length for training, Participant SB11 explained, “We try to train for a week or two, where [employees are] not having to be able to perform on their own.” Due to having a small employee roster, Participant SB5 stated, “It hasn’t been necessary to be involved in formal training.”

Table 7

Managing Employees

Nodes	No. of participant sources	% of participant sources
Communication	16	80%
Goal Setting	3	15%
Training and Development	11	55%

Theme 5: Employee Behaviors

Participants discussed certain employee behaviors resulting from effective leadership behaviors. Theme 5 derived from interview questions six, eight, and nine. Nodes for this theme included: (a) commitment, (b) empowerment, and (c) employee performance (see Table 8). Commitment was a significant behavior noted in the responses, and small business owners did not report high rates of turnover. Mesu et al. (2013) asserted effective use of transformational leadership principles promoted flexible workplace behavior, as evidence of employee commitment to the organization. Three (15%) small business owners associated commitment with employee satisfaction and low turnover. Participant SB5 noted, “I like for people to know why they’re doing what they’re doing, the way they’re doing it. It adds to job satisfaction.” Comparative to the results of research conducted by Mohammed, Fernando, and Caputi (2013) on the relationship between transformational leadership and work engagement, participants in this study discussed helping employees identify meaning in their work to support higher

levels of involvement and performance. Participant SB8, expressed, “[Employees] only ever leave because they’re moving away. No one ever leaves because they’re unhappy.” Green, Miller, and Aarons (2013) suggested the presence of transformational leadership behaviors combats employee emotional exhaustion and turnover. Participant SB1 discussed the challenge of “trying to help staff want to come to work and want to do a good job”. Consistent with the results of Thamrin’s (2012) study of transformational leadership on employee organizational commitment, participants in this study noted employees who worked in transformational work environments exhibited increased commitment to the organization. Helmiatin (2014) asserted committed behavior involved the desire to exceed job-related expectations.

Study participants encouraged employee empowerment. Twenty percent (4) of study participants expressed occurrences of empowered behavior in their organization, illustrated through problem solving, decision-making, and knowledge sharing. Paulsen et al. (2013) posited transformational leaders encourage employees to engage in creative activities. “I like to have creative people around me” (Participant SB20). Comparative to the results of research conducted by Lin and Hsiao (2014) on the relationship between transformational leadership behaviors and organizational citizenship behavior, participants in this study described occurrences of knowledge sharing among employees and enhanced meaning attributed to work tasks. Twenty percent, or four small business owners, agreed that allowing employees to participate in making decisions about the company increased their personal worth. Participant SB3 stated, “It’s important to raise the self-worth of the employee. You have to give them some level of ownership.” “I do

give them opportunities to have input that we use as a group, and they see me use [their ideas] on things that we try to implement (Participant SB2). Participant SB18 offered the following description of employee involvement:

My employees know that I am always open to hearing their ideas. At our weekly meeting, I often open the floor for ideas on how to handle particular campaigns or projects. I encourage them to give input because I value their ideas and involvement. Also, they may see something in a way that I do not. (Participant SB18)

Existing literature asserted empowered employees who perform at a high level, have a direct impact on business performance (Carmeli, Atwater, & Levi, 2011).

Performance is the ultimate evidence of effective leadership behavior. Arthur and Hardy (2014) examined the relationship between transformational leadership and addressing poor performance, and found that transformational leadership was effective in reversing negative employee behaviors and enhancing performance levels. Ten (50%) participants believed in consistently working with employees to maintain or correct performance. Lin and Hsiao (2014) asserted transformational leaders, who place trust in their employees regarding work tasks and performance, promote organizational citizenship behavior. Participant SB1 expressed, “I would give my staff lots of opportunities to do a better job.” “I conduct private meetings to discuss where [an employee] may be lacking” (Participant SB10). Participant SB12 incorporated individual meetings and follow up to monitor ongoing performance. Participant 17 was very passionate about supporting positive employee behavior.

During the hiring process I am very particular, so I take instances of non-performance very seriously. Initially, I meet with the employee to identify the source of non-performance. If the employee is unhappy with a facet of the job, we discuss and set a plan to make adjustments that are mutually beneficial for the employee and the company. For skill related issues we discuss training opportunities to enhance performance. In most cases, one of these two options adequately addresses the issue of non-performance. (Participant SB17)

Fifteen percent, or three small business owners, chose to focus on good performers and quickly remove individuals who did not align with company goals. Participant SB4 noted, “[I] fire with enthusiasm.” Participant SB11 remarked, “We get rid of [non-performing employees]. It’s just that simple.” Referencing contracted employees, Participant SB15 noted, “I usually give my subcontractors a 30-day trial period to see if they are a good fit.” Overall, participants used traditional tools to monitor performance including performance reviews, formal plans for improvement, and individual coaching.

Table 8

Employee Behaviors

Nodes	No. of participant sources	% of participant sources
Commitment	3	15%
Empowerment	4	20%
Employee performance	14	70%

Theme 6: Achieving Success

The participant responses to interview questions 10 and 11 contributed to Theme 6. The discussion of success produced an array of ideas regarding the following nodes: (a) defining success, (b) success factors, and (c) personal growth (see Table 9). Five (25%) small business owners felt that making money was a primary indicator of success. Participant SB4 shared, “Success in business comes down to simple math. This year did we make more than we spent?” Participant SB13 offered, “Are we the market leader in our customers’ eyes?” “A large part of success is making money. You have to make money in order to offer viable products and services and employ others” (Participant SB15). Participant SB20 agreed that consistent profitability was important for success. Participant SB9 favored profitability and company growth as signs of success, but also highlighted the existence of high employee morale. Contrary to the 25% of participants in this study highlighting profitability as a primary success factor, Stevens (2011) asserted focusing on employee well-being could have a stronger influence on company performance.

Twenty percent, or four participants, also mentioned profitability, but expressed that success was more complex. Participant SB11 stated, “[My company] is supposed to give me the things I want and also the time I want.” Participant SB14 expressed, “Success for me is about [work/life] balance.” Participant SB12 thought success included “[providing] value to customers/clients and quality of life of employees, as well as meeting and/or exceeding financial goals.” “For me success is having a good work environment where work is getting done at a high level. I definitely want to be

profitable, but I don't want to lose myself in the pursuit of money", noted Participant SB16. Consistent with responses from participants in this study, Bonet, Armengot, and Martin (2011) noted entrepreneurs tend to denote impulses or instincts as motivators for success, rather than the goal of obtaining profits.

Factors impacting success included having clear goals and action plans, self-motivation, strong customer relationships, managing costs, and personal growth. Comparative to responses from study participants, Gorgievski, Ascalon, and Stephan (2011) identified personal satisfaction, profitability, and stakeholder satisfaction as the primary criteria to measure success. Fifteen percent, three small business owners, discussed specific factors related to success. Participant SB3 supported establishing clear long-term goals with manageable short-term goals setting the direction. "Key factors for me are keeping costs below 10%, labor at 20% or less, and profit margins at 20% as well" (Participant SB4). Participant SB14 stated, "[Entrepreneurs] don't need somebody to tell them when to go to work" when describing the impact of self-motivation.

Authenticity and personal growth related to the discussion of personal satisfaction in past literature (Sosik & Cameron, 2010). Participant SB7 stressed the importance of remaining true to oneself and operating out of personal desires and goals. Participant SB8 offered, "I didn't open a [business] to make money...I wanted to give people the opportunity to shine." To maintain a process of personal growth some participants highlighted mentoring and mastermind groups, noting that this environment allowed individuals to share ideas and experiences. Consistent with the results of research conducted by Saunders, Gray, and Goregaokar (2014) exploring how small businesses

approach learning and innovation, participants in this study discussed the use of informal learning opportunities consisting of networking events, coaching, and masterminds.

Participant SB7 also noted, “[It is important] to be surrounded by like-minded people who are successful...but also looking to help you improve yourself.” One participant

encouraged entrepreneurs to “make your surroundings as vibrant and growing as

possible” (Participant SB5). Regular interaction with other entrepreneurs allows small business owners experience cognitive and emotional changes (Bergh et al., 2011).

Contrary to results from research conducted by Rae and Woodier-Harris (2013) exploring the influence of entrepreneurship education on career and growth intentions, responses from participants in this study did not highlight formal entrepreneurship education as a factor influencing the pursuit of personal growth and development.

Table 9

Success

Nodes	No. of participant sources	% of participant sources
Defining Success	9	45%
Success factors	2	10%
Personal growth	3	15%

Tie to the Conceptual Framework

Transformational leadership was the conceptual framework for the study. This theory involves a leadership style grounded in utilizing visionary and charismatic behaviors to inspire followers to achieve common goals (Bass & Avolio, 1997; Burns, 1978). The leader-follower relationship, outlined by Burns (1978), was the primary aspect explored in this study. Components of the leader-follower relationship included the existence of ethical leader behavior that resulted in trust building and loyalty between the leader and follower, and subsequent positive behavior and performance by the follower (Ruiz et al., 2011). Zacher et al. (2013) noted that leaders' personal wisdom, used when managing employees, had a positive effect on the interaction between the leader and follower through the component of individual consideration. Four of the themes outlined in this study revealed a tie to the conceptual framework: (a) leadership behaviors, (b) managing operations, (c) managing employees, and (d) employee behaviors.

Idealized attributes are morally sound behaviors by leaders that induce admiration and respect from followers (Bass & Avolio, 1997). These behaviors involve building trusting relationships with employees. Theme 2, leadership behaviors, addressed this component of transformational leadership. Groves and LaRocca (2011) asserted ethical behavior by leaders resulted in the development of strong relationships. A sound relationship between the leader and follower is the first step to influencing positive employee performance. Ruiz et al. (2011) stated leaders committed to ethical behavior could inspire both loyalty and high performance from employees. Employee perception

of transformational leadership behaviors could effect the positive emotions of employees and promote positive performance (Liang & Chi, 2013).

Theme 4, managing employees, explored the components of idealized behaviors and individual consideration. Review of idealized behaviors and individual consideration focused on effective communication of vision and ideals to assist followers in achieving defined goals, and providing for the individual needs of the follower through mentoring and coaching (Bass & Avolio, 1997). Men and Stacks (2013) suggested a characteristic of a transformational leader was the ability to clearly communicate company goals and offer specific expectations for individual performance. Results of this study indicate 60% of small business owners (12 participants) sought to maintain open and understandable communication with employees. Participants also discussed the importance of providing training opportunities at the individual and group levels. Eleven (55%) small business owners allowed the situation to determine the type of training offered. Zacher et al. (2013) noted that intuitive leader behavior had a positive effect on the interaction between the leader and follower.

The final two components, inspirational motivation and intellectual stimulation, described the development of a strong company culture and the presence of creativity and ingenuity in followers. Themes 3 and 5, managing operations and employee behaviors, illustrated these components. Ethical behavior was the foundation for the development of a solid company culture (Svensson & Wood, 2011). Six (30%) small business owners revealed their desire to establish and maintain a positive environment where employees could thrive. Inspirational motivation also includes providing individuals with relevant,

work-related challenges (Bass & Avolio, 1997). The majority of study participants, eleven small business owners (55% of the sample), described behaviors associated with transactional leadership when discussing strategies for motivation, which centered on monetary bonuses and incentives.

Leaders subscribing to transformational leadership sought to develop a culture where creativity and open learning held substantial importance (Hetland et al., 2011). Arnold and Loughlin (2013) explored behaviors used by leaders to promote innovative thinking among employees, and found that leaders chose participative behaviors to facilitate intellectual stimulation. Twenty percent, or four participants, described encouraging employees to provide input on existing projects and employ creativity and problem-solving skills to new situations.

Tie to Existing Literature on Effective Business Practice

To promote company success, small business owners should focus on uplifting and equipping employees (Simola et al., 2012). Moral behaviors exhibited by leadership inspire employees to perform at higher levels (Basford et al., 2014). Fifteen percent of participants expressed a commitment to having a positive influence on employee behavior. Involving employees in the goal setting process increases understanding and commitment to work-related expectations (Antonucci & Goeke, 2011). Three small business owners (15%) reported involving employees in strategic planning. All participants supported providing training opportunities to employees. Transformational leaders attributed high importance to training and development to encourage positive employee performance (Loon et al., 2012; Schiena et al., 2013). Eleven participants

(55%) discussed offering formal and informal training options to meet employee needs.

Small business owners must commit to managing both the organization and employees, to influence overall performance (Albacete-Sáez et al., 2011). Study participant responses support this idea, as 80% (16 participants) described consistent involvement in managing company operations and employee needs. Maintaining a company culture centered on employee involvement, flexibility, and creativity could support positive employee performance (Overstreet et al., 2013; Tuan, 2012). Thirty percent, or six study participants, noted experiencing positive performance from employees when placed in an environment designed to promote inclusion and openness. Working within in a transformational environment increased employee commitment to the organization and induced empowered behavior (Helmiatin, 2014). Empowered employees perform at higher levels and subsequently support positive company performance (Carmeli et. al, 2011).

Applications to Professional Practice

Nascent and existing small business owners may utilize the study findings to gain insight into how increased and meaningful interaction with employees could impact overall business performance. According to responses to Theme 2, leadership behaviors, 13 participants (65%) recognized the importance of exhibiting participative and caring behaviors to encourage trust building. The perception of leader behavior plays a key role in supporting employee confidence and performance (Mohammed et al., 2013). Mason, Griffin, and Parker (2014) posited transformational leadership training could enhance both leader behavior and employee perceptions of those behaviors. As noted in Theme 5

(i.e., employee behaviors), 35% of study participants believed employees responded favorably to an inclusive, interactive environment by exhibiting increased commitment to the organization and engaging in problem-solving and decision-making processes. Mesu et al. (2013) mentioned from their study results on transformational leadership and labor flexibility that employees illustrate commitment through work engagement and voluntary involvement. Bacha (2014) asserted focusing on intellectual stimulation increased overall employee commitment.

Contents of this study enhanced existing literature on the topic of transformational leadership in the small business environment, by addressing the importance of preparing employees to perform well. I explored how small business owners harnessed interaction between the leader and follower to support business performance. Theme 4, managing employees, included the discussion of employee-focused, management activities. Eighty percent (16) of participants favored open communication to share important company information and encourage dialogue. Twenty percent (4) of participants discussed goal setting as an effective tool to develop clear expectations for employee performance. Nine participants (45%) opted for informal training programs to provide customized solutions for employee needs. The study results coincide with findings from Saunders et al. (2014) on learning processes in the small business environment, that suggest small business owners actively utilize informal learning tools and programs to promote increased performance and innovation.

Exploration of the leader-follower relationship in the small business environment revealed the integration of managing both daily operations and employees. Eighty

percent of study participants supported integration and highlighted the following practices to facilitate this task: (a) open communication, (b) promoting a flexible and pleasant work environment, (c) cooperative goal setting, and (d) and consistently seeking to enhance, inspire, and motivate employees. Small business owners must properly invest in and develop substantial relationships with employees to realize business success (Ruiz et al., 2011). Results of research conducted by Mishra, Grunewald, and Kulkarni (2014) indicated a positive relationship between transformational leadership and business performance.

Implications for Social Change

Implications of this study for social change involve providing small business owners in Harrisburg, Pennsylvania with insight into the benefit of the leader-follower relationship regarding business success. As outlined in the discussion of managing operations and managing employees (i.e., Themes 3 and 4) study participants sought to enrich interaction with employees and involve them in daily operations. Employees who understand the vision and framework of an organization attribute more meaning to their work (Bacha, 2014). Comparative to research conducted by Arthur and Hardy (2014) on employee performance, the findings in this study seem to support the effectiveness of transformational leadership principles for promoting positive employee outcomes. Study participants reported an average of 17 years of successful small business operation and described tangible examples of positive employee behavior and performance.

Leaders of small businesses can identify ways to incorporate cooperative practices within their organizations to increase opportunities for innovation and the achievement of

competitive advantage (Arnold & Loughlin, 2013; Overstreet et al., 2013). Twenty percent of study participants included problem solving, brainstorming, and decision-making activities to promote creative thinking by employees. Results of research conducted by Muchtar and Qamariah (2014) noted transformational leaders directly influence organizational culture and support innovation. Paulsen et al. (2013) posited employee perception of support for creativity in the workplace increase opportunities for company innovation.

Innovation also includes the consideration of outsourcing to streamline business operations. Fifteen percent of study participants discussed using outsourced talent to manage their current workload. Consistent with research conducted by Terjesen and Sullivan (2011) on outsourcing as a growing trend, participants in this study highlighted the use of outsourcing as a strategy for reducing overhead and increasing the capacity of the organization to serve the consumer.

Recommendations for Action

The intent of this phenomenological research study was to explore the influence of transformational leadership on small business performance. Nascent and existing small business owners could utilize findings to gain insight on the role of the relationship between the leader and follower, in supporting overall business success. Study participants offered four main activities to facilitate this relationship: (a) open communication, (b) promoting a flexible and pleasant work environment, (c) cooperative goal setting, and (d) and consistently seeking to enhance, inspire, and motivate employees. Comparative to research conducted by Tseng and Fan (2011) on employee

engagement, study participants favored activities centered on interacting with and inspiring employees. Identification of functional ways to complete these practices may position leaders to experience enhanced employee and business performance.

Study findings include relevant ideas for small business owners to consider regarding management of their organizations and employees. Per findings from 80% of study participants, small business owners should incorporate regularly scheduled staff and one-on-one meetings to communicate the company vision, important ideas, and expectations. Employees develop trust in leadership that engages in open and fair behavior (Bacha & Walker, 2013). Yaghoubi, Mahallati, Moghadam, and Rahimi (2014) addressed the positive relationship between transformational leadership and effective knowledge management practices within an organization.

Fifteen percent of study participants favored an informal atmosphere, to establish a positive work environment for employees. Small business owners could facilitate this environment through incorporating relaxed dress, a team environment, and regular opportunities to exercise creativity. Overstreet et al. (2013) conducted research on organizational performance and found that leader involvement in creating the proper working environment influenced individual and company outcomes. Transformational leadership directly influences employee decisions to willingly participate in work activities and processes (Effelsberg, Solga, & Gurt, 2014).

Small business owners could utilize goal setting to enhance annual and quarterly performance reviews, to combat instances of low performance by individual employees, and to identify new company ambitions. Fifteen percent of study participants favored

goal setting as a collaborative activity. Leader commitment to identifying specific goals influences employee and business performance (Lee & Marshall, 2013).

Consistent with research conducted by Schiena et al. (2013) on the importance of ongoing training opportunities, all participants in this study incorporated formal or informal training programs for employees. Small business owners utilized training opportunities to enhance employee skills and abilities, and incorporated a customized format for learning. Formal training examples in the findings included formal classroom settings and scheduled training sessions provided by third-party vendors. Options for informal training included on-the-job tasks, knowledge sharing among employees, impromptu training meetings, and one-on-one sessions. Bacha (2014) noted addressing the individual needs of employees enhanced performance and personal perceptions of work tasks.

Publication of this study may provide information scholars could incorporate in future studies concerning leadership and small business performance. I will pursue publication in the following journals: (a) *Journal of Small Business Management*, (b) *International Entrepreneurship and Management Journal*, and (c) *Leadership & Organization Development Journal*. Additionally, I will identify opportunities to present the study findings at relevant forums, conferences, and business-related events.

Recommendations for Further Research

Opportunities for future research exist regarding transformational leadership in the small business environment. I chose a qualitative, phenomenological approach for this study, focused on obtaining rich descriptions from study participants. However, a

case study approach involving opportunities for observation and review of historical company documents could provide more detailed examples and illustrations of the leader-follower relationship.

Use of an alternative research method could extend the study findings regarding transformational leadership and performance. Examination of this topic using the quantitative method may identify significant relationships or correlations between transformational leadership principles and success. Mason et al. (2014) conducted a quantitative study to examine whether transformational leadership training initiatives improved leader behavior. A mixed methods approach may also prove beneficial to consider both descriptive experiences and statistical results for examination of the relevance of this leadership style in the small business environment.

Several limitations existed for this doctoral study. Primarily, the study focused on small business owners in Harrisburg, Pennsylvania and the surrounding area. A recommendation would be to either extend the geographic area or select a new location to explore transformational leadership principles in an alternative environment. Research conducted by Bacha (2014) on the relationship between transformational leadership and performance also included a geographic limitation, as the study focused on business firms in France. Additionally, further research could consider more than one leadership style in the research process, as this study only focused on transformational leadership. Review of more than one leadership style could facilitate opportunities for a detailed comparison of different styles of leadership in this business environment. Mittal (2015) considered both transformational leadership and charismatic leadership in a study addressing the

relationship between leadership and culture. Future research could also obtain data from both small business owners and employees, as data for this study derived solely from the small business owner.

Reflections

The doctoral study experience and the Doctor of Business Administration (DBA) process were extremely rewarding at Walden University. Strong professional and personal relationships developed during this process will continue to shape my experiences and ideas. I have a strong work ethic; however, I was struck by the magnitude of the research process. This study challenged me to be more open and learn from fellow students and faculty.

Throughout the research process, I remained intentional about monitoring any possible influence on study participants. During interviews, I attempted to keep any interjecting comments to a minimum; however, review of recordings revealed several occurrences. I do not believe I influenced participant responses, as most interviews occurred via telephone, removing opportunities to review facial expressions or body language. The research process afforded a first hand view of the diversity in the small business environment. Study participants represented seven industries, over 15 years of successful small business owner experience, and a broad range of practices and strategies geared towards positive employee and business performance. I hope the study participants gained an appreciation for business research through this experience.

Summary and Study Conclusions

The purpose of this doctoral study was to explore the use of transformational

leadership principles in the small business environment, from the perspective of the small business owner. Twenty small business owners located in Harrisburg, Pennsylvania and the surrounding area participated in semistructured interviews to explore this topic. I conducted face-to-face and telephone interviews to facilitate data collection.

I utilized the modified van Kaam method to analyze and code the collected data. Study findings revealed six themes: (a) characteristics and experiences, (b) leadership behaviors, (c) managing operations, (d) managing employees, (e) employee behaviors, and (f) achieving success. The identified themes included descriptions of small business owner perceptions about entrepreneurship and success, and illustrated the leader-follower relationship in the small business environment. Participant responses confirmed the relevance of transformational leadership for small business performance. However, evidence of transactional leadership related to the topic of employee motivation.

Small business owners agreed with fostering strong relationships with employees. Findings highlighted the development of a pleasant, flexible culture, open communication, consistent training and coaching, and opportunities for growth and empowerment, as key elements of this relationship. Small business owners can guide employees to higher levels of performance through committed use of transformational leadership principles, and ultimately experience sustained success in their organizations.

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Appendix A: Participant Recruitment Letter

Date: [Insert Date]

Re: Request to Participate in a Research Study

Dear [Recipient]:

My name is Tiffany McKinnon-Russell and I am a student at Walden University, pursuing a Doctor of Business Administration degree (DBA). I am conducting a research study exploring the ways small business owners utilize leadership principles to support business performance, and I am focusing on Harrisburg, PA. The title of my study is “The Effect of Transformational Leadership Principles on Small Business Performance”. I would like to explore ways to support sustained small business growth and operation in the United States. I would like to interview small business owners who meet the following criteria:

- Must be located in Harrisburg, PA or surrounding area
- Must be owner of a small business for a minimum of three years.
- Must employ less than 500 individuals.

Face-to-face and telephone interviews with small business owners may provide helpful insight and understanding for the research study. Upon completion of the study I will share my research findings with study participants, small business owners, and scholars. Individuals who would like to participate in the study and meet the participant criteria may contact me at (717) 856-6040 or tiffany.mckinnon-russell@waldenu.edu. Thank you for your consideration.

Sincerely,

Tiffany McKinnon-Russell
DBA Student, Walden University

Appendix B: Consent Form

You are invited to take part in a research study of the role of leadership in impacting small business success. The researcher is inviting small business owners located in Harrisburg, PA to be in the study. This form is part of a process called “informed consent” to allow you to understand this study before deciding whether to take part.

This study is being conducted by a researcher named Tiffany McKinnon-Russell, who is a doctoral student at Walden University.

Background Information:

The purpose of this study is to obtain personal experiences from small business owners regarding leadership impact on their organization.

Procedures:

If you agree to be in this study, you will be asked to:

- Sign the consent form
- Participate in an interview (face-to-face or via telephone; maximum length of one hour). Interviews will be audio recorded.
- Review a transcript of the interview to ensure accurate representation of responses. You will have five days to review the transcript.
- Review of formal study findings at the end of the study (also called Member Checking). You will have three days to review the study findings.

Here are some sample questions:

1. Provide a brief description of your entrepreneurial and business owner experience.
2. How would you describe yourself as a leader?
3. How would your employees describe you as a leader?

Voluntary Nature of the Study:

This study is voluntary. Everyone will respect your decision of whether or not you choose to be in the study. No one at Walden University will treat you differently if you decide not to be in the study. If you decide to join the study now, you can still change your mind later. You may stop at any time.

Conflicts of Interest:

A potential conflict of interest may exist for participants who have an existing professional relationship with the researcher. Participation in the study is voluntary, and the participation decision will not impact the current or future professional relationship a participant may have with the researcher.

Risks and Benefits of Being in the Study:

Being in this type of study does not involve significant risk. Being in this study would not pose risk to your safety or well-being. The benefit of participating is the possible identification of solutions to support small business success.

Payment:

There will be no form of compensation for participation in the study.

Privacy:

Any information you provide will be kept confidential. The researcher will not use your personal information for any purposes outside of this research project. Also, the researcher will not include your name or anything else that could identify you in the study reports. Data will be kept secure in a locked, fireproof file cabinet and encrypted computer files. Data will be kept for a period of at least 5 years, as required by the university.

Contacts and Questions:

You may ask any questions you have now. Or if you have questions later, you may contact the researcher via phone at (717) 856-6040 or e-mail at tiffany.mckinnon-russell@waldenu.edu. If you want to talk privately about your rights as a participant, you can call Dr. Leilani Endicott. She is the Walden University representative who can discuss this with you. Her phone number is 612-312-1210. Walden University's approval number for this study is 10-13-14-0359352 and it expires on October 12, 2015.

You may return this signed form to Tiffany McKinnon-Russell via traditional mail (434 Montego Court, Mechanicsburg, PA 17050), electronic mail, or hand delivery. You will receive a copy of this form to keep for your records.

Statement of Consent:

I have read the above information and I feel I understand the study well enough to make a decision about my involvement. By signing below, I understand that I am agreeing to the terms described above.

Printed Name of Participant

Date of Consent

Participant's Signature

Researcher's Signature

Appendix C: Interview Questions

1. Provide a brief description of your entrepreneurial and business owner experience.
2. What influenced your decision to become small business owner?
3. How would you describe yourself as a leader?
4. How would your employees describe you as a leader; and what impact do you feel you have on your employees?
5. How do you identify and address the individual training and developmental needs of your employees?
6. How do you communicate your expectations and goals to your employees; and how do you set individual goals for your employees?
7. What methods do you use to motivate employees; and how do you measure the results of the selected methods?
8. What methods do you employ to address non-performing employees?
9. How do you encourage innovative and creative behavior within your organization?
10. How do you define success in relation to your business?
11. What factors do you consider important for the success of your business?
12. What role do you feel management plays in promoting successful business operations?
13. Is there anything else you would like to add that I did not address in the interview questions?