

2016

Financing for Small Southern Style Restaurants

Kenneth D. Brown
Walden University

Follow this and additional works at: <https://scholarworks.waldenu.edu/dissertations>

 Part of the [Business Commons](#)

This Dissertation is brought to you for free and open access by the Walden Dissertations and Doctoral Studies Collection at ScholarWorks. It has been accepted for inclusion in Walden Dissertations and Doctoral Studies by an authorized administrator of ScholarWorks. For more information, please contact ScholarWorks@waldenu.edu.

Walden University

College of Management and Technology

This is to certify that the doctoral study by

Kenneth Brown

has been found to be complete and satisfactory in all respects,
and that any and all revisions required by
the review committee have been made.

Review Committee

Dr. Julie Ducharme, Committee Chairperson, Doctor of Business Administration Faculty

Dr. Kevin Davies, Committee Member, Doctor of Business Administration Faculty

Dr. Michael Ewald, University Reviewer, Doctor of Business Administration Faculty

Chief Academic Officer
Eric Riedel, Ph.D.

Walden University
2016

Abstract

Financing for Small Business Southern Style Restaurants

by

Kenneth Delwin Brown

MBA, Keller Graduate School, 2006

BS, Syracuse University, 1989

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

June, 2016

Abstract

The focus of this case study was to explore the strategies small restaurant business owners used to acquire capital funding to sustain their business through the first 5 years of business. The participants for this study included 4 purposefully selected small restaurateurs in New York State who have been in business for a minimum of 5 years. The conceptual framework for this study was based on the organizational life cycle theory supported by working capital management theory and the liability of newness. Data were collected through semistructured interviews with each restaurant owner, and archived data. The data were analyzed using thematic analysis of the interviews and content analysis of the documents. Five themes emerged that small business owners might benefit in acquiring financing to assist in sustaining the business longer than 5 years. The themes included education, third party auditor, economic conditions, banking track record, and a solid professional team. The results of this research may contribute to social change by identifying strategies needed to be successful in the financing process. The findings of this research may improve upon the knowledge of entrepreneurs and, consequently, strengthen the U.S. economy by educating America's job creators.

Financing for Small Business Southern Style Restaurants

by

Kenneth Delwin Brown

MBA, Keller Graduate School, 2006

BS, Syracuse University, 1989

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

June, 2016

Dedication

I would like to dedicate this dissertation to my father, Samuel Brown Jr. who was not here in the physical world to witness my graduation but instilled in me the dedication to reach for and achieve the goals I set for myself. In addition, I dedicate this project to my mother, Sarah Brown, for her unwavering support throughout this entire journey. Thank you for always standing in the gap without hesitation. You have been an inspiration my entire life and you are my hero. Finally, I dedicate this project to my family, Ronda Brown, Kenneth Brown Jr., Brandon Brown, and Kaalon Brown. You allowed me to work late into the night and take time out of family fellowship. You did not disturb or harass me. I am truly thankful for your consideration. Your encouragement gave me the strength to persevere. I love you all.

Acknowledgments

I would like to acknowledge the tireless efforts of my chairperson, Dr. Julie Durcharme. Your dedication, encouragement, and support helped me immensely. To Dr. Kevin Davis and Dr. Michael Ewald thank you for your expertise and professionalism. You provided tough guidance and I appreciate it because you pulled out of me my best work. It is important to acknowledge my good friends David Gurfein, Lisa St.Rose, and Jill Hamburg. Your consistent encouragement eliminated failure as an option.

Table of Contents

List of Tables	iv
Section 1: Foundation of the Study.....	1
Background of the Problem	1
Problem Statement	2
Purpose Statement.....	2
Nature of the Study	3
Research Question	5
Conceptual Framework.....	6
Operational Definitions.....	8
Assumptions, Limitations, and Delimitations.....	10
Assumptions.....	10
Limitations	11
Delimitations.....	11
Significance of the Study	12
Contribution to Business Practice.....	12
Implications for Social Change.....	13
A Review of the Professional and Academic Literature.....	13
Transition	50
Section 2: The Project.....	51
Purpose Statement.....	51
Role of the Researcher	52

Participants.....	54
Research Method and Design	55
Research Method	55
Research Design.....	57
Population and Sampling	59
Ethical Research.....	61
Data Collection Instrument.....	62
Data Collection Technique	65
Data Organization Technique	67
Data Analysis	68
Issues of Trustworthiness.....	71
Transition and Summary.....	75
Section 3: Application to Professional Practice and Implications for Change	77
Introduction.....	77
Presentation of the Findings.....	78
Applications to Professional Practice	95
Implications for Social Change.....	96
Recommendations for Action	97
Recommendations for Further Research.....	98
Reflections	99
Conclusion	100
References.....	101

Appendix A: Interview Questions	139
Appendix B: Certificate of Ethical Compliance	140

List of Tables

Table 1. Participant's Education level.....	82
Table 2. Used Third Party Auditor.....	85
Table 3. Economic Condition.....	87
Table 4. Business Banking Track Record.....	89
Table 5. Reliable Professional Team.....	92
Table 6. Frequency of Themes Referenced during the Study.....	93

Section 1: Foundation of the Study

Employment provides a multiplier effect for economic expansion, therefore, the lack of new firms hinders economic growth (Clark & Saade, 2012). A barrier to the creation of new small businesses is entrepreneurs frequently have inadequate personal wealth to start a business (Argerich, Hormiga, & Valls-Pasola, 2013; Mitter, 2012). Consequently, nascent entrepreneurs require the knowledge of how to acquire supplemental funding from external sources (Garcia, 2013). If continued growth is the policy of the United States, small business creation must be a key concern of policy makers (Clark & Saade, 2012).

Background of the Problem

Small businesses are the lifeblood of economic development in the United States (Mitter, 2012; Okpala, 2012; Wise, 2013). Young firms in particular account for the majority of new job creation, which designates young firms as the most dynamic group of all small businesses (Fort, Haltiwanger, Jarmin, & Miranda, 2013; Litwin & Phan, 2013). The emergence of new dynamic enterprises facilitates innovation and job creation which bolsters sluggish economies (Fort et al., 2013; Litwin & Phan, 2013). However, small businesses experience difficulty in attracting formal sources of funding to start and expand operations (Argerich et al., 2013; Mitter, 2012; Yusoff, Nasir, & Zainol, 2012). Badulescu and Nicolae (2012) affirmed obtaining financing is a critical barrier to business formation. Elmuti, Khoury, and Omran (2012) concluded education in business finance by entrepreneurs could increase business start-up success.

Several researchers have addressed the topic of why small businesses fail and the rate of small business failure (Kanmogne & Eskridge, 2013; Wang, Gopal, Shankar, & Pancras, 2015; Wilson, Wright, & Scholes, 2013). Many regard capital shortages among the top three reasons of why a high percentage of small businesses fail in the first phase of the life cycle along with poor management and poor planning (Hale, 2012; Small Business Administration Office of Advocacy n.d., 2013; Yusoff et al., 2012). The focus will now shift from the background of the study to the problem statement.

Problem Statement

Restaurateurs employ 10% of the workforce as the second largest private industry in America (National Restaurant Association, 2013a, 2013b). Small entrepreneurs face inadequate funding options to start, maintain, or expand business operations (Badulescu & Nicolae, 2012). The financial crisis in 2008 led to increasingly stringent bank lending standards that have disproportionately affected small businesses (Demiroglu, James, & Kizilaslan, 2012). Small business restaurants continue to fail, with 7,781 independent restaurants closing between 2013 and 2014 (NPD Group, 2015). The general business problem is some small business restaurant owners start businesses without adequate access to capital, which perpetuates loss of profits and business failure. The specific business problem is entrepreneurs lack information regarding funding options for small business restaurateurs to start up and sustain a business beyond the first 5 years

Purpose Statement

The purpose of this qualitative single case study is to explore how small business restaurant owners in New York State address funding deficits to start and operate a

business beyond the first 5 years. The research objective is to identify the challenges entrepreneurs face when soliciting funding. In addition, the researcher aims to define the skills needed to be successful in securing small business financing. (Fort et al., 2013; Mitter, 2012). The goal was to perform a qualitative single case study using Clarke and Braun's (2013) thematic analysis method to explore how funding decisions affect the longevity of small businesses. I used a single case study approach to help chronicle the experiences of individuals to find common themes through triangulation of data from interviews and document reviews (Moustakas, 1994). The population of this study included four purposefully selected southern food restaurateurs in New York State. The restaurants in the study employed fewer than 50 employees per location. The participants operated a restaurant for 5 years or more and have attempted to acquire external funding.

Restaurateurs are the selected group because they employ 10% of the workforce as the second largest private industry in America (National Restaurant Association, 2013a). This information may improve the sustainability of small businesses and subsequently increase employment opportunities in the United States. This research contributes to social change by identifying skills needed to be successful in acquiring financing. This information could improve upon the knowledge of entrepreneurs and, consequently, strengthen the U.S. economy by educating America's job creators (Marta-Christina & Liana, 2013).

Nature of the Study

This study followed a qualitative case study research design and used Clarke and Braun's (2013) thematic analysis method to interpret the data. Qualitative is the optimal

method for this study for three main reasons: (a) qualitative research is a vehicle to investigate the implications of group actions and to understand the meaning ascribed to a problem, (b) the process of qualitative research involves asking participants open-ended questions that probe the personal accounts of their experience, and (c) the data analysis builds from particular experiences to general themes (Leedy & Ormrod, 2015). By contrast, quantitative research is not suitable for this study because quantitative research requires a statistical analysis that tests the effect variables have on each other (Payne & Wansink, 2011). Quantitative research is a systematic scientific approach to defining problems, formulating a hypothesis, and mathematically testing the hypothesis (Marshall & Rossman, 2015). This approach would eliminate from the study the personal triumphs each participant experienced.

The research design is the strategy of inquiry and follows a recommended course of action to conduct a study (Maxwell, 2013). As I am seeking to answer how and why questions, working with a bounded sample and gathering data from different sources a single case study would be the most appropriate design (Yin, 2014).

I considered other qualitative designs for the study but ultimately found them unsuitable for the proposed investigation. The goal of grounded theory research is to produce a theory, based directly in the collected data, which describes or explains some process or phenomenon. My goal in this study is not to produce a theory describing small business funding. Rather, my objective is to describe the specific lived experiences of the participants in this study in an effort to discover what information they lacked regarding the funding of a small business restaurant in New York. Therefore, grounded theory is

not an appropriate research design. In ethnographic studies, the researcher investigates the members of a group with a shared culture to examine shared beliefs and practices. An ethnographic design would be inappropriate for this study as the researcher does not intend to study restaurant owners as a culture-sharing group. A narrative approach is appropriate when cataloging detailed accounts of a single life or experience of a small group (Leedy & Ormrod, 2015; Stenhouse, 2014). However, restaurateurs are not a homogeneous group, and, therefore, each participant had a different experience in pursuing similar goals. In addition, time limitations would not allow me to chronicle each participant's life experience. Finally, phenomenology is the study of the essence of a lived experience outside of the routine business environment (Moustakas, 1994). In phenomenological studies, the researcher describes emerging themes that emanate from a synthesis of participant descriptions of the phenomenon (Moustakas, 1994). As I am seeking to gather information about how the participants managed to fund their businesses and why behind their choices, using phenomenology would not enable me to gather the data necessary for this study. The next section outlines the research questions I used to drive this research project.

Research Question

The central research question that will drive this study is: What strategies do restaurant business owners use to acquire capital funding to sustain their business through the first 5 years. The following interview questions will elicit the information necessary to answer the central research question:

1. Which, if any, governmental programs have helped you in obtaining funding to start and expand your business?
2. What was the most difficult part of obtaining funding for your small business start-up expenses and expansion?
3. What key skill-sets were needed to be successful in obtaining funding for your small business start-up expenses?
4. How much of your personal wealth did you contribute to the start-up budget?
5. How much of the start-up budget was owners' equity?
6. Have you ever used a third-party auditor? If so, please describe your experience.
7. Please describe the market characteristics at the time you were pursuing external funding.
8. What key elements contributed to you successfully obtaining funding?
9. What obstacles, if any, prevented you from obtaining funding for your business during start up and/or expansion?
10. Is there any additional information you would like to share about this subject?

Conceptual Framework

Conceptualization is crucial to the dynamism of academic research (MacInnis, 2011). The conceptual framework links the peer-reviewed literature with the methodology and the results (MacInnis, 2011). The organizational life cycle theory will guide the narrative of this research project and will be supported by working capital

management theory as well as the liability of newness. Knowing where a company is in the life cycle helps predict what financing is most appropriate (Kamiouchina, Carson, Short, & Ketchen, 2013).

The first aspect of the conceptual framework relevant to this research is the theory of organizational life cycle as described by Lester, Parnell, and Carrahee (2003).

Organizational life cycle borrows principals from the biological sciences, suggesting a company progresses from life to death with identifiable and predictable phases (Lester et al., 2003). A set of organizational structures and activities in each phase makes up the organizational life cycle. Understanding how to adjust these structures and activities to maximize the utility of the company at each phase is the objective of the decision makers. The company's strategies and techniques change in response to the objectives and mission within the current phase (Kwansa & Evans, 1988).

The organizational life cycle is a biological concept that relates the life of an organization to a living organism. The basis for the analogy to living organisms is organizations are born, through time; organizations grow and mature as they inexorably pass through each stage, and eventually they die (Kamiouchina et al., 2013). The objective is to understand how these unique configurations of variables affect small business (Lester et al., 2003). The life cycle theory is important to this study because an alignment between life cycle stage and perceived the risk of failure is paramount to attracting the proper form of financing (Dodge & Robbins, 1992).

Working capital management theory also contributes to the conceptual framework of this study. Working capital management focuses on the maintenance of working

capital, liabilities, and asset levels to ensure cash flow and the ability to cover operating expenses as well as short-term debt obligations (Sagan, 1955). Thus, it directly affects a firm's profitability and risk (Banos-Caballero, Garcia-Teruel, & Martinez-Solano, 2012). Working capital management affects profitability and risk because the net working capital of a business reflects its asset over liability ratio (Sagan, 1955). Banos-Caballero et al. (2012) found the level of working capital and firm profitability have a concave relationship, indicating ideal circumstances for lender consideration.

When lenders consider applications for financing, they also take into account the liability of newness (Danes, Craft, Jang, & Lee, 2013), a concept of the organizational life cycle. The liability of newness is the belief that as a business matures, its risk of failure decreases (Danes et al., 2013) and is an assessment for funding approval. Because of this concept, lenders are more willing to extend financing to small businesses further along in their organizational life cycle rather than just starting out (Danes et al., 2013; Dodge & Robbins, 1992). Therefore, small business restaurant entrepreneurs struggle to secure financing during startup. Funding options began to expand once a company reaches later and more stable stages in the organizational life cycle where failure risk is decreased.

Operational Definitions

Asset tangibility. Asset tangibility is a measure for the level of a firm's collateralizable value. One expects firms with a higher ratio of fixed-to-total assets are subject to lower costs of financial distress. Tangible assets are easier to value for outsiders, resulting in lower information asymmetry (Baltaci & Ayaydin, 2014).

Cash flow. In accounting, cash flow is the difference in the amount of cash available at the beginning of a period (opening balance) and the amount at the end of the same period (closing balance). It is called positive if the closing balance is higher than the opening balance, otherwise called negative. (Business dictionary, 2014).

Commercial bank. Commercial banks are full-service banks with assets totaling \$1 billion to \$100 billion or more (McNulty, Murdock, & Richie, 2013).

Debt coverage ratio. Debt coverage ratio measures liquidity. The cash current debt coverage ratio shows the company's ability to pay off its current debt with cash generated by operating activities after paying out cash dividends. To calculate this ratio, one has to total all current liabilities that mature within the next 12 months (Armen, 2013).

House bank. The house bank is the primary bank with which a firm conduct most of its financial business. Typically, house bank relationships exist between relatively small banks and their customers (Santis & Surico, 2013).

Information asymmetry. The premise of information asymmetry (i.e., deviation from perfect information) is the concept whereas at least one party to a contract relationship, such as lender-borrower or buyer-seller, is ignorant of relevant information pertaining to a transaction (Brent & Addo, 2012).

Liquidity. Liquidity measures the extent a person or organization has cash to meet immediate and short-term obligations or assets which can be converted quickly to liquid assets. The ability to quickly convert an investment portfolio to cash with little or no loss in value.

Profitability. Profitability is measured with an income statement. This is essentially a listing of income and expenses during a period of time (usually a year) for the entire business. In addition, profitability is the state or condition of yielding a financial profit or gain. It is often measured by a price to earnings ratio (Business dictionary, 2014).

Small business. The U.S. Small Business Administration Office of Advocacy (2014) defines small businesses as independent firms having fewer than 500 employees. However, according to the U.S. Census Bureau, the vast majority of small businesses are small-scale operations; as of 2009, 89.9% of small firms employed fewer than 20 employees (Dolar, 2014).

Young firms. Young firms are businesses 5 years old or younger (Fort, et al., 2013)

Assumptions, Limitations, and Delimitations

The assumptions, limitations, and delimitations associated with this study support the reader's comprehension of the study method as well as a tool for subsequent researchers using this study as a source. Researchers believe assumptions as fact but the assumptions are not verified (Leedy & Ormrod, 2015). The limitations serve to highlight identified areas of restrictions (O'Leary, 2013). The delimitations present barriers to help control the study (Bloomberg & Volpe, 2012).

Assumptions

Fundamental assumptions are necessary for academic research to prevent any misunderstanding in the conclusions of a study by readers (Leedy & Ormrod, 2015). The first assumption is a qualitative case study is an appropriate design to study the factors

surrounding small business finance. The second assumption is four small business restaurants are a sufficient sample of participants to achieve data saturation of the study (Krueger & Casey, 2014). The third assumption is participants understood the interview questions and had a vivid recollection of his or her experience during the financing process (Krueger & Casey, 2014).

Limitations

Study limitations are the restrictions present because of the researcher's methodological approach (O'Leary, 2013). The study was limited to four members who present a generalization of the population of restaurants in New York. Additionally, the participants represent only the restaurant industry, and no other industry was under consideration.

Delimitations

Delimitations are aspects a researcher has chosen not to cover in their study (Bloomberg & Volpe, 2012). The breadth of the study encompasses restaurants in the New York metropolitan statistical area (MSA). A potential weakness of this study is it includes only one geographical area. The study did not expand to contrasting regions where there may be a potential to have dissimilar socioeconomic structures than the region in the study. I explored financing strategies only and avoided issues of operational procedure or product development. The study included participants who operated a restaurant in New York for a minimum of 5 years, which excluded start-up companies. Interviews with participants were concise and succinct to respect the busy schedule of the

entrepreneur which bounded the study to time constraints. Research questions were limited to specific questions regarding financing during startup and expansion.

Significance of the Study

The purpose of this sections is to discuss how the study fill gaps in the understanding of business practice. The understanding of the phenomenon and how to apply the results to professional are both crucial to business growth.

Contribution to Business Practice

Small businesses are important to the growth of the global economy; without the jobs, they create, the average annual employment growth in the United States would have been negative from 1980 to 2009 (Link & Scott, 2012). Small businesses generated 63% of new jobs between 1993 and 2010, which qualifies small businesses as the backbone of the United States economy (Small Business Administration Office of Advocacy, 2014). The primary focus of this study was funding for small businesses start-up and expansion. This study is valuable to entrepreneurs because adequate funding is crucial to starting a business (Mulcahy, 2013). Mulcahy (2013) suggested research on the tools of general financial practices might improve lending decisions and help avoid repeating mistakes that occurred during the 2008 recession. The Small Business Administration Office of Advocacy (2014) asserted education is an essential component of innovative, entrepreneurial development. The knowledge gained from this case study may contribute to the potential for successful financing through financial literacy.

Implications for Social Change

This research could affect social change by educating entrepreneurs on how to acquire external financing helping the businesses make it past the five-year mark. The education will inevitably make funding accessible to a wider range of businesses. In addition, the study will fill gaps in the literature for nascent entrepreneurs and provide a solid understanding of the funding process.

A Review of the Professional and Academic Literature

Developing a literature review assists in exploring the funding options available to small businesses in America. The literature review includes the life cycle theory of business, varying types of financing options, governmental legislation that affects small business lending, and the criterion necessary to qualify for applicable programs. I conducted a literature search through Walden University Internet search engines, including ABI/INFORM, ProQuest, Business Source Complete, Education Research Complete, PsycInfo, and Google. The search generated references to scholarly peer-reviewed articles and books covering small business lending, equity financing, legislation affecting small business lending, and qualitative research. The keywords in this search included: small business lending, small business, start-up companies, entrepreneurs, government, business angels, small business financing, and qualitative research. The review included 115 publications on the broad topic of small business financing with dates between 2008 and 2015. Appendix A includes a literature review matrix outlining the referenced material. The examination of the referenced material supplied the study with current trends and regulations influencing the ability of nascent entrepreneurs and

small businesses to obtain funding to start and expand a business. For the purposes of conducting a comprehensive literature review, the goal of this study is to cover four subtopics including types of funding, addressing control and opaque information, information affecting small business lending, and government regulations affecting small business lending. The subtopics detail how entrepreneurs acquire financing in an environment where conventional financing is not readily available to small businesses.

Background of Small Business

The formation and development of small businesses are essential to a thriving economy (Badulescu & Nicolae, 2012; Das, 2012; Okpala, 2012). The United States is seventh in the world regarding the ease of doing business, behind Singapore, New Zealand, Denmark, Korea, Hong Kong, and United Kingdom (World Bank Group, 2015). However, the United States ranks thirteenth regarding the ease of starting a business. The basis for the ranking is on the following criterion: obtaining business funding, acquiring licenses, hiring qualified employees, protecting stakeholders, registering property, enforcing contracts, and trading across borders (World Bank Group, 2015).

The access to capital is one of the most significant elements in new business creation (Mason & Brown, 2013; Okpala, 2012; Wilson & Post, 2013). However, the financial crisis has decreased the willingness of banks to lend to small businesses (Hartt & Jones, 2013). Money is important, but money does not start businesses, people start businesses. The amount of capital, the origin of the funds, the significance of capital to the project, the conditions under which entrepreneurs acquire capital and repay are topics of significant importance in understanding the business creation process (Robb &

Robinson, 2012). Elmuti et al. (2012) found entrepreneurs fund start-up capital first by exhausting internal sources, second by short-term debt, third through long-term debt, and finally external equity. Researchers found fledgling entrepreneurs favor funding start-up costs through internal or informal sources compared to outside or formal sources of financing in an overwhelming number of cases (DeGennaro, 2012). Informal sources fund new firms 90% of the time and the company founder funds 60% of those companies (Yang, 2012). However, the nascent entrepreneur must consider the limitations of his or her personal income and personal net worth when choosing internal methods of financing (Reynolds, 2011).

During the business life cycle, firms continually face decisions regarding capital infusion (Tian & Wang, 2014). Two methods exist in which entrepreneurs may pursue external capital. The first method is debt financing, the borrower repays the loan according to a schedule, plus interest. Debt financing allows the owner to retain ownership and control of the company; however, the terms are at the discretion of the creditor (Chen & Cheng, 2013). The second method is equity financing, which transfers partial ownership and control to investors (Denis & McKeon, 2012). Internal sources include personal funds, funds from family or friends, and bootstrapping (Neely & Van Auken, 2012). A business plan detailing the operation and the projected financials is essential prior to funds allocation from any source (Mills, 2014). The following sections discuss the conceptual framework through which I organized the study.

Organization life cycle. Organizing the research through an organizational life cycle approach is beneficial in assessing the financial needs of a company. Formal

education on how a small business transforms through the business cycle and the obstacles faced in different stages of the cycle helps in the survival and growth of the enterprise (Liedholm & Mead, 2013). During the life of a company, adequate cash reserves to handle financial obligations when they come due is the catalyst to the survival of a company (Heidorn & Buschmann, 2014). The top five financial problems influencing business failure include: (a) undercapitalization, (b) lack of survival cash reserves needed to reach cash flow break even, (c) deficiency in anticipating growth, (d) deficiency in anticipation seasonal cycles, and (e) deficiency in planning for cash flow during slow growth in the mature stage (Heidorn & Buschmann, 2014). Entrepreneurs can apply this model to other small businesses to anticipate measures they must take as the start-up company moves toward maturity.

Danes et al. (2013) suggested start-up companies find difficulty attracting financing because of the “liability of newness.” A concept within the theory of organizational life cycle proposes younger firms present more risk of failure than mature firms. The liability of newness describes a context with little inherent structures. The startup company demands the founder acquire resources from the environment and sustain business operations or fail (Danes et al., 2013).

The organizational life cycle is a biological theory. This theory relates the life of an organization to a living organism. The basis for the analogy to living organisms is organizations are born, and through time, grow and mature as they inexorably pass through each stage and eventually die (Hyytinen & Maliranta, 2013). The life cycle model encompasses organizational activities and patterns. The objective is to understand

how these unique configurations of variables affect small business (Hyytinen & Maliranta, 2013). Failure to delineate the stages of the organizational life cycle in financial forecasting often results in inefficient allocations of resources and eventual premature business failure (Amankwah-Amoah, 2014). Organizations tend to mature along a sequence in which adjoining components are not obviously divergent, although the extremes are quite distinct (Kamiouchina et al., 2013).

Financial objectives and the ability to acquire capital change throughout the life of companies as the business moves through each cycle. Therefore, entrepreneurs must adjust strategies and business missions to survive the changes (Amankwah-Amoah, 2014; Hyytinen & Maliranta, 2013; Kamiouchina et al., 2013). Scholars supported and refuted the validity of the life cycle of industries concept for decades (Hyytinen & Maliranta, 2013). However, consensus believe the life cycle approach assists owners and managers in deciding whether to make innovative decisions, future decisions or defensive decisions (Hyytinen & Maliranta, 2013). Different life cycle models exist advocating varying number of stages. Phana, Bairdb, and Blair (2014) championed a four-stage model: start-up, emerging growth, maturity, and revival. Gemmell, Boland, and Kolb (2012) also promoted a four-stage model, including start-up, growth, domain protection, and stability stage. However, the predominant research in the field advocated by Lester et al. (2003) offers a five-stage life cycle model including; start-up, expansion, consolidation, diversification, and decline. Although I considered the lifecycle in its entirety, startup and expansion for small businesses are most important in this research.

Early in the life of an organization, entrepreneurs focus on external matters that affect the eventual success of the company (Amankwah-Amoah, 2014; Hyytinen & Maliranta, 2013; Phan et al., 2014). The firm strives for autonomy in establishing and constructing a profitable venture (Amankwah-Amoah, 2014). Stage one is the organizational inception and mobilization stage. During stage one, entrepreneurs concern themselves with building resources, including capital, support from suppliers, and concessions from employees (Hyytinen & Maliranta, 2013). Elsayed (2014) viewed the attainment of capital requirements as the most crucial activity in stage one. In stage two, entrepreneurs focus on growth and managing demand. This stage may require capital investment to acquire competitors, to gain market share, or purchase new equipment to increase efficiency (Smith, Mitchell, & Summer, 1985). In stage three, businesses usually reach maturity; capital resources may be necessary for restructuring or stock buyback (Smith et al., 1985). Stage four may require capital to venture into additional strategic business units or develop new product offerings. Other theories of small business financing attempt to predict the optimal capital structure of companies as well. A review of additional theories expands the insight of small business funding.

Additional Theories

Pecking order theory. The pecking order theory, introduced by Donaldson in 1961, envision a hierarchical capital structure that pursues external equity once all other funding opportunities are exhausted. The pattern by which companies acquire capital using this theory is first internal funds then debt financing and finally equity financing. The debt to asset ratio is the result of the collective financing strategy throughout the life

cycle of the company (Mukherjee & Mahakud, 2012). Asymmetric information was the catalyst of the pecking order theory. Management has intimate knowledge of the firm's profitability and solvency whereas the potential investor is privy to limited second-hand information (Allen, 1993). As a result, the potential investor may under value the company, rendering the cost of capital cost prohibitive and deter the firm from issuing stock (Chang & Weiss, 2012). Moreover, the retained earnings from an initiative compared to a new investment may discourage the company from debt financing as well. Consequently, the company may pass on beneficial external capital infusion (Myers & Majluf, 1984).

Tradeoff theory. Trade-off theory suggests companies entertain an ideal financing structure comprising of an optimal balance between cost of bankruptcy and tax advantage of debt (Mukherjee & Mahakud, 2012). Singh & Kumar (2012) suggest a business can maximize value with the ideal debt-to-asset ratio. The goal of tradeoff theory is to minimize the weighted average cost of capital and maximize the company capitalization (Brusov & Filatova, 2013). Equity is generally more expensive than debt because in the event of bankruptcy creditor claims are met before shareholder's claims which makes equity riskier than debt. Therefore, the weighted average cost of capital decreases when engaging verse debt equity. The company valuation increases as the weighted average cost of capital diminish. (Brusov, & Filatova, 2013). The tradeoff theory, similar to the liability of newness, anticipates older firms have more opportunities for leverage than new firms (Forte, Barros, & Nakamura, 2013). Therefore, mature firms

have a higher probability of maximizing company valuation which leads to more opportunities for leverage.

Resource dependence theory. Resource dependence theory evaluates how a company adapts behavior to respond to the flow of external resources. The process of sourcing external resources has both tactical and strategic implications for management (Pfeffer & Salanik, 2003). The skill of gathering and exploiting the basic business essentials faster and cheaper than competitors can improve the chances of success (Pfeffer & Salanik, 2003). Hillman, Withers, & Collins (2009) describe five strategies to attenuate environment interdependence and uncertainty: (a) mergers/vertical integration, (b) joint ventures, (c) boards of directors, (d) political action, and (e) executive succession

During the developmental stage of the business cycle, companies overwhelmingly rely on internal sources and equity financing. During the maturity stage of the business, companies prefer a mix of equity and debt instead of internal financing (Kwansa & Evans, 1988). Internal funding and cost-cutting measures are the predominant means of increasing liquid capital during the decline stage. The loss of confidence in the company by investors and lenders tends to discourage new investment (Kwansa & Evans, 1988). Therefore, the chosen conceptual frameworks are appropriate for this study.

Entrepreneurs frequently have inadequate liquid resources to start a small business. Small companies do not have access to sources like corporate bonds, initial public offering (IPO), or other investor pool (Dong & Men, 2014). Small businesses customarily lack the financial history or the financial solvency sound enough to qualify

for a commercial loan with a large commercial bank (Lopez-Salazar, Contreras-Soto, & Espinosa-Mosqueda, 2012). In addition, commercial banks require owners' equity in the business of up to 40% when extending credit (Louzis, Vouldis, & Metaxas, 2012). In general, banks loathe small business lending for three main reasons: (a) economy of scale, the cost of administrating and monitoring per dollar borrowed is drastically higher than lending to a large company; (b) lending institutions regard lending to small businesses as risky transactions because of the potential of small businesses to default; and (c) lower echelon, risk-averse bank management endorses loans to small businesses, and higher level risk-taking management sanction large business loans (Finger, 2013). Therefore, small businesses must rely on small community banks (banks with \$1 billion or less in assets) as the primary source of external funding (Duygan-Bump, Levkov, & Montoriol-Garriga, 2015).

Small banks control 13% of the banking industry assets and are responsible for funding 33% of small business loans (Koch & MacDonald, 2014). The small business credit granting process in the United States involves a review of the borrower's ability to support the debt service on a loan. In standard transactions, banks require two sources of repayment: cash flow, which is the income stream from the venture and personal assets as collateral (Neely & Van Auken, 2012). Often, these hurdles require entrepreneurs to seek funds from friends, family, or other internal sources to finance start-up cost (Elmuti et al., 2012).

Young, small banks are more amenable to small business lending than large, established banks (Chen & Cheng, 2013). Established relationships between the

entrepreneur and the bank are essential components of small bank's decision-making process (Ely & Robinson, 2009). However, a wave of bank consolidations has reduced the number of small banks available to lend to America's small businesses (Hale, 2012). Reduced levels of small business lending dampen small business investment, which exacerbates monetary contraction in the economy (Hale, 2012). Challenges exist regarding investigating bank-lending channels because of the difficulty in distinguishing loan demand shock and loan supply shock (Hale, 2012). Nevertheless, entrepreneurs increase their ability to choose a growth promoting funding sources with knowledge about the various small business financing options (Elmuti et al., 2012).

Small businesses and small banks are sensitive to the changes in the local economy (Hale, 2012). Thus, a reduction in small business loan activity results from a decrease in loan demand by small business as well as a decrease in loan supply by banks (Hale, 2012). Loan demand shock is a consequence of decreased appetite for outside financing by the business community. A decline in enthusiasm for loans may be an effect of low consumer confidence or a contracting economy (Hale, 2012). Loan supply shock is a result of banks experiencing difficulties in raising funds to lend to small businesses (Hale, 2012). Loan supply shock may be in the form of increased reserve requirements on banks or increased borrower qualifications from new legislation (Hale, 2012).

Studies show mergers by small banks did not adversely affect small business lending in the past. However, bank mergers after the passage of the Riegle-Neal Interstate Banking and Branching Act of 1994 changed the way bank mergers affected small business lending (Lu & Whidbee, 2013). The Riegle-Neal Act permitted out-of-

state banks to merge with community banks. The new legislation drastically reduced the number of community banks. Banks gain the ability to open branches in states where they do not have headquarters (Lu & Whidbee, 2013). The banking industry experienced significant structural changes once this legislation went into effect. The number of FDIC-insured banks declined by 50% between 1985 and 2005 (Bennett & Unal, 2014). During 2009, 140 banks closed, because of failure or merger activity (Berger & Bouwman, 2013). Out-of-state banking gave small businesses more options from which to secure loans; therefore, shrinkage of small banks did not adversely affect small business lending. Entrepreneurs relied less on local banks and more on banks outside their immediate community (Hale, 2012). Small banks are usually better at lending to the local market. However, the use of technology in credit scoring allowed large banks to participate effectively in small business lending (Koch & MacDonald, 2014). The increased access to commercial banks supplements the decrease in lending options as a result of bank mergers (Murfin, 2012).

The difference between large and small banks is a number of assets banks have on the books (McNulty et al., 2013). Commercial banks target customers with different characteristics than community banks, and they use different underwriting procedures (Uchida, Udell, & Yamori, 2012). Nevertheless, evident in their organizational changes and marketing campaigns, the interest in small business lending continues to grow with community banks and commercial banks (Canales & Nanda, 2012). Large banks tend to charge lower interest rates and do not require collateral as much or as often as small banks (Uchida, et al., 2012). Larger banks prefer to lend to small businesses they can

analyze using standard credit factors and financial ratios. Small banks place importance on the longevity of the relationship and the status of the applicant when authorizing small business loans (Uchida, et al., 2012). To start a business usually requires a substantial financial investment. Therefore, the approach to financial resources must result in adequate funds and with sustainable terms (Canales & Nanda, 2012). A key activity of the financial system is to match productive ideas with entities providing capital resources. This partnership creates the framework to turn good ideas into profitable ventures (Andrews & Criscuolo, 2013).

The difficulties in obtaining external formal financing are acute for small companies and micro business (Dong & Men, 2014). Routinely, interest rates are higher, and lending sources require more collateral more often compared to loans from large companies (Naidu & Chand, 2012). This problem intensifies if a borrower is known to use several lending sources for the same business (Naidu & Chand, 2012). However, Sangar and Rangnekar (2014) stated by working with more than one bank, entrepreneurs could avoid the monopoly information indicative of a solitary banking relationship. The term of the loan is also a factor that distinguishes small borrowers from large borrowers.

Canales and Nanda (2012) found banks prefer to lend to small borrowers on a short-term basis. Short-term loans give banks the opportunity to renegotiate with the borrower and decide whether to continue extending credit to the business (McNulty et al., 2013). Banks also consider the ownership structure in the decision-making process. Ampenberger, Schmid, Achleitner, and Kaserer (2013) found banks reward companies with a dispersed ownership structure. Companies with multiple owners face fewer

challenges in getting sustainable funding. For example, banks require multiple partner companies to pledge collateral less often than single-owner companies or companies owned by the management (Ampenberger et al., 2013). To be successful in acquiring capital, entrepreneurs must know the funding options available and what the criterion are to access them.

Type of Funding Options

Relationship lending. Community banks are a key source of small business external funding in the United States (Mitchener & Wheelock, 2013). Most banks prefer to lend to small businesses based on hard, verifiable financial information (Chen & Cheng, 2013). However, the majority of small businesses lack documented financial history, which is most appealing to lenders (Cornee, Masclet, & Thenet, 2012). Lending institutions base decisions on two types of financial information: (a) soft, unverifiable information known as relationship lending; and (b) hard, documented information known as transactional lending (Bolton, Freixas, Gambacorta, & Mistrulli, 2013). Historically, small businesses have experienced the most success in acquiring funds from relationship lenders (McNulty et al., 2013).

An essential assignment of bank lenders is evaluating borrowers to eliminate information asymmetry (Fiordelisi, Monferra, & Sampagnaro, 2013). Smaller banks with fewer bureaucratic systems provide a platform for loan officers to obtain relevant soft information about the borrower. The soft unverifiable information compensates for the opaque financial history of a small business (Demiroglu et al., 2012). Soft information adds value to the borrower and reduces bank risk aversion to a project (Demiroglu et al.,

2012). Soft qualitative information includes the reputation and trustworthiness of the borrower, the payment history on previous loans with the lending institution, as well as referrals from suppliers, neighbors, and customers (Bolton et al., 2013). The borrower's house bank is better equipped to assess soft information than the general market (Kirschenmann & Norden, 2012).

One way for small businesses to mitigate the effects of information asymmetry is to establish a long-term relationship with a banking institution (Cornee et al., 2012). The primary banking institution is more knowledgeable than the general market about the financial position of the borrower. Primary banks have an informational advantage with relationship-based customers. The close relationship facilitates the possibility of the bank extending credit-to-credit deficient customers (Kirschenmann & Norden, 2012). Small community banks and credit unions qualify candidates to underwrite loans based on soft information because of the bank-borrower relationship (Jimenez, Lopez, & Saurina, 2013). Small banks collect important information about the small business creditworthiness and solvency from repeated interactions over a period of time (Mitchener & Wheelock, 2013). Kirschenmann and Norden (2012) found small businesses experience more success when applying for a loan from an informed relationship lender than an at-arms-length transactional lender.

Relationship lenders usually offer better terms to small businesses than transactional lenders (Badulescu & Nicolae, 2012). However, relationship lenders often require collateral and personal guarantees (Jimenez et al., 2013). Cornee et al. (2012) found a positive relationship during a period of time reduces the level of collateral

required and credit rationing in a bear market. Changes in lending standard adversely affect firms less when the firm has a preexisting banking relationship with the lending institution (Demiroglu et al., 2012). Banks also benefit from relationship lending because they have tighter control over monitoring and cancellation rights independent of loan maturity (Kirschenmann & Norden, 2012). However, an undesirable side effect exists to possessing a relationship with only one bank. The one-bank relationship enables the house bank to take advantage of the information monopoly of the small business. The house bank may elect to increase rates or impose other fees to neutralize the cost of doing business with small denomination borrowers (Cornee et al., 2012).

Firms with multiple banking relationships have a higher success rate of funding than firms with a solitary long-term bank relationship (Mitchener & Wheelock, 2013). Giannetti and Ongena (2012) started with the advent of technology; large foreign banks expressed an appetite for small business lending. Foreign banks use technological advances in scoring and centralized organizational structures to conduct transactional lending. Such banks usually grant collateralized loans for shorter terms (Giannetti & Ongena, 2012). Entrepreneurs can use the understanding of banks aspirations to increase the chances of acquiring funding.

Credit unions. Credit unions are an important source of local funding for small businesses (Ely & Robinson, 2009). The central theorem of credit unions is relationship-lending (Ely & Robinson, 2009). Credit unions thrive in markets with a void of community banks. Large commercial banks are not effective at building relationships with local small businesses, which leave a void of relationship banking. Opaque financial

information of nascent entrepreneurs also makes it cost-prohibitive for large banks to qualify small borrowers (Ely & Robinson, 2009). As banks grow through bank mergers and acquisitions, credit unions realize increased opportunities to engage local small businesses and establish solid relationships (Ely & Robinson, 2009). This phenomenon is the static and dynamic effects of bank mergers, coined by Berger, Saunders, Scalise, and Udell (1998). The static effect of bank mergers reduces funding opportunities available to small business. However, the dynamic is the effect of other non-bank lending institutions filling the funding gap. Essentially, this offsets any decrease in small business lending activity (Ely & Robinson, 2009). Entrepreneurs benefit from the dynamic way in which non-banks enter the market to fill gaps in lending.

As of 2006, credit unions take ownership of 10% of all small business loans reported by small banks and other non-bank lending institutions (Ely & Robinson, 2009). Beginning in 2006, the National Credit Union Administration (NCUA) has been more aggressive in pursuing small business borrowers (Ely & Robinson, 2009). The NCUA currently employs a liberal interpretation of the credit union requirements, which expanded the employer groups and community's credit unions serve (NCUA, 2013). As a result, credit unions offer secured and unsecured business loans to their members (Ely & Robinson, 2009). In 2003, the SBA broadened the loan guarantee programs to include credit unions (NCUA, 2013). Immediately more than 1,500 credit unions could extend credit to small businesses with the backing of the SBA (Ely & Robinson, 2009). In 2007, Congress increased the limits of the credit union business loans from 12.5% to 20%, thereby increasing the available capital to flow toward small business lending (NCUA,

2013). Entrepreneurs will find credit unions are increasingly offering a broad range of financial services in addition to checking accounts and small business lending.

Venture capital. Venture capital (VC) is rarely a possible source of funding for a new small business. A preferred investment of venture capitalists has established businesses during the growth phase as opposed to new start-up businesses (Obasi & Donwa, 2013). Less than .5% of the cases financed by VC had formal funding as the initial capital source for a new business (Ozmel, Reuer, & Gulati, 2013). However, the ratio of success increases when the business establishes an alliance with a VC firm (Ozmel et al., 2013). During the alliance with the new firm, venture capitalist provides managerial advice, referrals to potential partners, and access to future investors (Park & Steensma, 2012). An alliance with prominent industry networks can signal quality and facilitate future prospects of potential funding sources (Ozmel et al., 2013). Venture capital can enhance the process of innovation and productivity of a new venture which offers an advantage over competing firms (Park & Steensma, 2012). New companies find an array of benefits from venture capitalists most financial institutions do not provide.

Venture capital is a form of equity financing. Venture capitalist require entrepreneurs to relinquish partial control and ownership of the company to investors (Park & Steensma, 2012). Key characteristics of venture capital are the investment in fast growing companies and repeated investment in the same venture after the initial round of financing (Bulevska, 2014; Pearce, 2013). Venture capitalists pursue investments possessing the potential to produce returns higher than loan interest rates and other traditional investments. Venture capitalist activities consist of vetting new ventures and

identifying the company with the best chance to experience exponential growth (Dokko & Gaba, 2012). New firms must define clearly the mission, potential returns, and proprietary dominance in the industry to pique the interest of venture capitalist.

Independent venture capitalists seek to realize a high return on the sale of equity during an initial public offering (IPO) or any other exit event (Park & Steensma, 2012). The intermittent success small businesses experience in raising capital from venture capital creates intense competition for a limited amount of available funds. An effective alliance must prevail over numerous obstacles because, many issues have the potential to impede the success of a collaboration between new firms and venture capitalists. Two main impediments are: (a) information asymmetry regarding the potential value of the new business's technologies, resources, and intellectual capital; and (b) adverse selection because new businesses have incentives to exaggerate the potential commercialization of the new products when seeking to attract potential partners (Ozmel et al., 2013). To mitigate these obstructions, building inter-organizational relationships to corroborate the potential success of the new venture become important. Patents represent a tangible form of intellectual property and are a key indicator of a new venture's resources (Ma, Rhee, & Yang, 2013). Asymmetric information is an obstacle small businesses must overcome when soliciting venture capitalist and bank financing.

Although independent venture capital firms are a traditional source of equity funding, a growing number of small businesses have collaborated with co-operating venture capitalist (CVC; Park & Steensma, 2012). Cooperate venture capital is the practice of established companies investing in privately held ventures (Pearce, 2013).

Often entrepreneurs will pay a premium for the prestige of associating themselves with a reputable firm in the industry. Affiliations with such industry leaders distinguish a new firm and facilitate the formation of future alliances (Park & Steensma, 2012). Established firms can offer new firms infrastructure for product development, marketing, and distribution centers (Park & Steensma, 2012). Additionally, established firms invest in startups to achieve capital gains, as well as strategic positioning (Pearce, 2013).

Cooperate venture capital programs sometimes replace in-house research and development departments by investing in new firms to source potentially disruptive technologies (Dokko & Gaba, 2012). The parent company may elect to seize the intellectual property of the new firm if the new technology challenges the technology of the established firm (Park & Steensma, 2012). Cooperate venture capital funding is most beneficial to new firms when the new firm needs specialized assets inherent in the established firm's resources (Park & Steensma, 2012).

Business angels. Business angels (BA) are affluent people who invest money and experience in entrepreneurial endeavors with which they have no family affiliation to the founders (Gregson, Mann, & Harrison, 2013). Scholars classify BAs into two categories, active and passive. Passive BAs provide the investee firm with capital and maintain a handoff approach (Shane, 2012). Active BAs provide the investee firm with management expertise, technological simulations, and board members (Shane, 2012). Business angel funding helps small businesses bridge the gap in the early stage of the business (Gregson, Mann, & Harrison, 2013). Business angels are especially useful after the founders have exhausted his or her internal funds and knowledge pool (Vanacker, Collewaert, &

Paeleman, 2013). Business angels only invest in existing companies possessing the potential for rapid growth (Bonnet & Wirtz, 2012). The funding BAs provide, informal venture capital, is usually in return for an equity position in the company (Gregson, Mann, & Harrison, 2013). Business angels prefer to remain incognito from the public. Therefore, the exact size of the business angel market is difficult to determine (Mitter, 2012). However, scholars estimated BAs invest two to five times more capital in small businesses than venture capitalists (Gregson, Mann, & Harrison, 2013). Business angel funding complements venture capital by entering early and providing the necessary seed money to operate (Bonnet & Wirtz, 2012). Garnering financial resources, in-focus guidance to grow, and competing is essential in any industry for a young firm to prosper (Bollingtoft, 2012). Young firms can identify BAs through networking, online, and investor pools.

Many factors motivate BAs to invest in a company. One critical factor is the potential for realizing high financial returns (Argerich et al., 2013). Business angels see sentimental value in enriching the entrepreneurial process for the next generation of visionaries (Vanacker, Collewaert, & Paeleman, 2013). Usually BAs invest in industries dictated by his or her network, knowledge of the industry, experience, success, and failures in previous ventures (Bonnet & Wirtz, 2012). Business angels also provide access to networks otherwise out of reach, a potential customer base, and the leveraging effect to help acquire formal funding in the future (Vanacker, Collewaert, & Paeleman, 2013). Young firms can use BAs as a stepping stone to additional financing.

The ambiguous information regarding BAs spurred the creation of national business angel networks (Mitter, 2012). These networks assist in matching good investment opportunities with enterprises in need of funding (Bollingtoft, 2012). A systematic approach for prioritizing and selecting enterprises worthy of funding is the best way of investing in successful ventures by BAs (Bonnet & Wirtz, 2012). Most BAs use a five-phase approach to investing (Shane, 2012).

In Phase 1, BAs field and evaluate investment opportunities, where they must distinguish which options have the highest potential for success and which fit well with investor objectives (Shane, 2012). During Phase 2, BAs devise an investment agreement based on the potential of the relevant intellectual property. The agreement outlines a number of funds the BA will transfer to expand operations and the amount of equity the founder will relinquish (Shane, 2012). Phase 3 is where the firm devices the most favorable development and commercialization action plan to enhance the growth and profits of the company. The new management team will enact the new program (Vanacker, Collewaert, & Paeleman, 2013). Next, in Phase 4, the company uses the BA's seed capital and new management team to solidify operations and continue building the company. The visionary continues to focus on research and development to set the company apart from the competition. The second round of financing from external formal sources or company profits will support additional levels of growth (Gregson, Mann, & Harrison, 2013). Lastly, during Phase 5, after achieving critical financial goals and building sufficient brand equity, the BA actuates a clear exit strategy. At this juncture, a stock buyback by the initial entrepreneur transpires. The BA also possesses the option to

sell his or her equity position to market (Bonnet & Wirtz, 2012). A benefit to young firms is BAs usually prefer an early exit when stock buyback prices are least costly.

Micro-finance. Microfinance companies develop technical centers offering training, consulting, and access to capital to generate self-employment opportunities for new business owners (Das, 2012). Such institutions provide financial services to low-income individuals and resource-poor groups. Financial services include insurance, savings accounts, and loans. Organizations providing microfinance services also provide business education, money transfers, and poverty-fighting tools (Khavul, Chavez, & Bruton, 2013). Young companies can find ancillary benefits in a microfinance company similar to angel investors or venture capitalists.

The funds microfinance companies distribute are a source of funding to narrow the gap for small businesses with no access to conventional financial markets (Lam, 2010). Microfinance companies are successful in providing small loans to uncollateralized small businesses (Barinaga, 2013). These loans require personal guarantees, use third-party auditors, and accept non-traditional collateral (Banerjee, Duflo, Glennerster, & Kinnan, 2013). However, a major barrier for microfinance companies is the lack of infrastructure in areas where the need for funding is greatest (Khavul et al., 2013).

Microfinancing faces obstacles similar to conventional small business financing. Asymmetric information, adverse selection, moral hazard, and difficulties in monitoring the borrower are all common hurdles (Banerjee et al., 2013). The aforementioned problems decline for microfinance companies who lend to responsible groups of

borrowers. In group lending, a default by any member is a liability for all members (Brana, 2013). New firms affiliated with an established group can increase the funding opportunities available to pursue.

Differences between microfinance companies and other formal small business financing occur in the transactions size, the required cash on hand, and the simplicity to engage the funds (Idolor & Eriki, 2012). As in most loans, the size of the loan has an inverse effect on transaction cost because, as the size of the loan increases, the cost to the creditor decreases (Brana, 2013). Microloans range between \$50 and \$1,500 to entrepreneurs denied by a conventional bank (Banerjee et al., 2013). Microfinancing is a bonafide starting point; however, larger sums of capital are needed to develop and promote an enterprise adequately (Khavul et al., 2013). Microcredit, on the other hand, is a credit line in which the borrower pays principle and interest on the portion use (Bauer, Chytilova, & Morduch, 2012). Micro equity is a form of equity investment. The investor owns a portion comparable to his or her investment and has decision-making powers. In most cases, the investor receives payment only if the venture is profitable (Ayayi, 2012). Microfinance companies struggle to survive because of the pool of high-risk borrowers in the credit market. The pressure on microfinance companies to attract low-risk borrowers is immense, which undermines the mission of narrowing the funding gap new small businesses faced (Banerjee et al., 2013).

Financial bootstrapping. Financial bootstrapping is a creative method of accessing resources essential to business development while diminishing the need for capital (Schink & Sarkar, 2012). For example, fixing broken equipment instead of calling

a technician whenever possible, selling inventory to reduced levels, and accessing the skills of friends and colleagues to accomplish tasks diminish the need for capital (Schink & Sarkar, 2012). Bootstrapping increases a number of cash receipts and limits the amount of cash expenditures (Schink & Sarkar, 2012). Additional bootstrapping techniques include choosing a business requiring low start-up capital or identifying low-cost labor (Schink & Sarkar, 2012).

Other bootstrapping techniques include fastening remuneration of family employees to business performance. Entrepreneurs can work from home, mortgage personal property, and take part-time employment to save for the start-up capital as active measures. Start-up businesses can offer incentives for customers to pay earlier and require larger deposits on signed contracts. Small businesses can use back-to-back letters of credit from banking institutions to manage working capital deficits. New businesses can negotiate small amounts of deposits with suppliers and ask for extended credit terms from suppliers. Leasing equipment instead of buying, and sharing office space with another company can limit expenditures as well (Schink & Sarkar, 2012). In addition, cash-strapped entrepreneurs can use social networks to acquire resources otherwise unattainable as a conscientiousness bootstrapping method (Schink & Sarkar, 2012).

The main purpose of bootstrapping is to manage the need for external funds (Schink & Sarkar, 2012). Entrepreneurs who learn to manage the demand for capital through bootstrapping methods can increase the probability of business success. The most effective bootstrapping methods help small business owners create alternative sources of capital in times of prosperity and hardship (Geho & Frakes, 2013).

Peer-to-peer lending. Peer-to-peer (P2P) lending is a small business funding opportunity resulting from the age of Internet technology (Yum, Lee, & Chae, 2012). The P2P lending objective is linking borrowers to lenders without using the traditional banking system. Entrepreneurs access peer-to-peer loans through websites such as Prosper.com, Zopa.com, Kiva.org, and Loanio.com (Yum et al., 2012). Companies like Funding Circle and Thin Cats offer the platform for peer-to-peer funding to take place. The aforementioned platform providers offer full-service banking as a financial institution alternative to conventional banking institutions (Bonaque, 2013). The fees and costs associated with doing business with online banking institutions are often far below the cost of doing business with a commercial bank (Bonaque, 2013).

Peer-to-peer lending is one of the fastest growing small business funding sources in the United States (Bonaque, 2013; Luo & Lin, 2013). During the period April 1, 2013, to March 31, 2014, volume grew 171% (Renton, 2014). The total amount lent through Prosper.com and Lending Club totaled more than \$3 billion (Lendingclub.com, 2014; Prosper.com, 2014). Some investors lend directly to the firm and some use a third-party mediator. Investors find this framework interesting because the risk premium and the applicant's combined credit rating add value to the investment (He & Xiong, 2012). Borrowers describe their business venture on the platform and explain the use of funds in detail. The narrative of the venture is crucial to the potential exchange of funds (He & Xiong, 2012). The structured discourse of the narrative gives meaning to the venture and describes the experience and skills of the management team (Michels, 2012). Investors

base their decisions on hard, verifiable information as well as soft qualitative information in the narration (Yum et al., 2012).

Peer-to-peer online platforms have different methods to set interest rates. Like traditional loans, the lender primarily bases the interest rate on the creditworthiness of the borrower (Michels, 2012). However, some use an auction process in which the borrower set a maximum interest rate they are willing to pay and the desired term of the loan. Lenders bid the amount of money they wish to invest and stipulate the minimum interest lenders will accept (He & Xiong, 2012). Borrowers base their bid on project need, and lenders base their bid on the risk assessment. Several lenders can partake in a loan, and all investors will receive a rate equal to the highest bidder (He & Xiong, 2012). Unlike traditional loans, the lender cannot sell the loan to a third party.

Borrowers must have a bank account to participate in P2P lending for fund exchange. Borrowers may increase the chance of acquiring funds by 50% if they become a member of a trusted group on the P2P platform (Yum et al., 2012). These funding circles use credit agencies to qualify borrowers with hard financial information (Luo & Lin, 2013). After the group assesses the strength of the borrower, the members place the borrower in one of the three risk categories A+, A, or B (Yum et al., 2012). The maximum loan amount of P2P loans usually does not exceed \$25,000, which is attractive to micro start-up companies (Yum et al., 2012).

Small Business Administration. The small business administration provides loan programs for small businesses, which the U.S. federal government partially guarantees repayment (Demiralp, Turner, & Monnard, 2012). The SBA provides counseling services

and represents the interest of small businesses in policy discussions (Demiralp et al., 2012). Government guaranteed loans reduce the monthly burden on the borrower by extending the repayment schedule (Schuster & Uhrig-Homburg, 2013). The term and amount of the loan depend on the ability of the borrower to repay, and the useful life of the asset acquired or improved (Schuster & Uhrig-Homburg, 2013).

In the 1980s, Congress created the 504-loan program for entrepreneurs to purchase or expand fixed assets through long-term loans (Mihajlov, 2012). The SBA website states applicants are eligible for the 504 program if they meet the following criteria:

1. The business must be a for-profit concern;
2. The business must operate in the United States;
3. The applicant must have a net worth of less than \$7.5 million, and a net income of less than \$2.5 million in the two preceding tax years;
4. Borrowers cannot use loans for real estate or other speculative investments;
5. Business concern must show current resources cannot fund pending projects;
6. Business must exhibit the ability to repay the loan from the projected cash flow after improvements;
7. The management of the business must possess relevant expertise in the intended industry, and have minimum 10% equity of the project; and
8. Must submit a reasonable business plan with achievable goals (SBA, 2012). An approved SBA lender provided 50% and approved community development corporations will provide 40% (SBA, 2012).

The 7(a) Loan program is most popular with start-ups and small companies (SBA, 2013). Borrowers can use the loan proceeds for a variety of purposes, including long or short-term working capital to purchase machinery, fixtures, and furniture (SBA, 2013). There are various uses for a 7(a) loan such as for construction or renovating space, to start or expand existing business, and accounts payable (SBA, 2013). Non-eligible uses include (a) repayment to owners for personal loans or investments to the business, (b) to pay delinquent state or federal tax obligation, or (c) to refinance debt and put the lender in a position to undergo losses (SBA, 2013). The SBA does not provide loans to individuals. Therefore, lender's base underwriting decisions on the characteristics of the business (SBA, 2013). The business must be a for-profit business located in the United States and current with all financial obligations to the federal government (SBA, 2013). The business must have fewer than 500 employees and must peruse alternative methods of financing prior to applying with the SBA (SBA, 2013).

Credit cards. The 2008 recession created a shortage of funding to small businesses in the United States (Geho & Frakes, 2013). The lack of traditional forms of lending forced many small business owners to rely on credit cards to close funding gaps (Lahm, Stowe, Carton, & Buck, 2011). In fact, the National Small Business Association reported business credit card use hit 44% in 2007, up from 16% in 1995. Furthermore, 59% of entrepreneurs use personal credit cards as a source to close funding gaps (Lahm et al., 2011).

Credit cards are attractive to small businesses for several reasons. This form of financing helps the entrepreneur build a relationship with a bank, which may lead to

access to traditional forms of funding. Credit cards are appealing to entrepreneurs because the applications do not require lengthy business plans or a plethora of documents as other sources of bank funding. In addition, credit cards are an effective management tool for companies making many small purchases in a short time (Lahm et al., 2011). Upon approval, the funds are readily accessible, and the use of funds is at the discretion of the cardholder (Elmuti et al., 2012). Banks charge interest on the used portion of the credit line. A minimum monthly payment is required until the borrower satisfies the entire balance. Credit card companies view small businesses as an attractive market for underserved borrowers (Elmuti et al., 2012).

Small businesses use credit cards as a form of short-term financing. Accessing funds through credit cards is quick, but the costs are increasingly burdensome to card holders (Lowe, 2013). Banks can increase rates, fees, and minimum required payments without notice to the cardholder. Banks charge interest rates as high as 29%, not including penalties and fees (Lahm et al., 2011). The proliferation of intolerable credit card terms administered by banks impelled Congress to enact the passage of the Credit Card Accountability Responsibility and Disclosure (CARD) Act of 2010 (Lahm et al., 2011). This legislation requires banks to administer fair and transparent practices relating to credit card policies (Lowe, 2013).

Trade credits. In addition to capital infusion through debt or equity, small businesses rely on trade credits to counteract working capital deficits (Giannetti, Burkart, & Ellingsen, 2012; Sheng, Bortoluzzo, & dos Santos, 2013). A commercial transaction in which the purchasing firm acquires products or services from a supplier on credit is a

trade credit (Eck, Engemann, & Schnitzer, 2012). Essentially, a trade partner extends credit as opposed to a financial institution (Giannetti et al., 2012). Trade credits can be instrumental in sustaining the growth of small firms in strong and weak economic times (Du, Lu, & Tao, 2012). The advantages of trade credits to the purchasing firm are a reduction in transaction cost and the elimination of debt service fees (Giannetti et al., 2012). Through trade partners, purchasers can secure favorable pricing and ensure product quality (Eck et al., 2012). The purchaser can settle accounts with the supplier after the purchaser sells the merchandise (Du et al., 2012). This settlement schedule places less stress on cash flow of the purchasing firm (Sheng et al., 2013).

The closeness of purchasing and supplying firms allow the supplying firm to assess the strength of the purchasing firm (Sheng et al., 2013). Therefore, the supplying firm can manage the risk of extending credit (Du et al., 2012). The supplying firm can prompt payment from slow paying firms by interrupting the flow of goods (Eck et al., 2012). By extending credit-to-credit rationed firms, the supplying firm can boost sales volume (Eck et al., 2012). Credit-starved firms see the benefits of trade credits and flock to firms with this ability (Sheng et al., 2013). Trade credit is possible because large suppliers have cheaper access to credit than small credit-starved purchasers (Eck et al., 2012).

Crowd funding. Crowd funding is an action plan that uses social media to pool a group of investors to fund a business venture collectively (Salzsieder & Cornell, 2013). As a result, crowd funding became a viable option of the Jumpstart Our Business Startups Act (JOBS Act) of 2012 to aid small businesses in closing funding gaps (Levin,

Nowakowski, & O'brien, 2013). The idea of crowd funding became increasingly popular with the increasing reliance on online transactions (Kitchens & Torrence, 2012).

Crowd funding allows entrepreneurs to raise funds without the legal and accounting cost of filing with the Security and Exchange Commission (SEC; Sigar, 2012). Transactions must flow through a funding portal registered with the SEC and a self-regulatory organization to comply with this new ordinance (Levin et al., 2013). The securities sold must not exceed one million dollars (Kitchens & Torrence, 2012). The total amount of each investment must not exceed one hundred thousand dollars (Kitchens & Torrence, 2012). The total of each investment must not exceed 5% of the investor's total net worth or annual income, whichever is greater. The issuer must adhere to statutory requirements of the federal law (Sigar, 2012).

Investors do not purchase shares in the company, so it is a form of debt financing (Sigar, 2012). An investor's primary objective is to receive a financial return higher than other investments (Salzsieder & Cornell, 2013). In addition, investor incentives include early purchasing opportunities, free advertising, founder recognition, and services at a reduced cost (Salzsieder & Cornell, 2013).

Addressing Control and Opaque Information

Credit scoring. Credit scoring is a friend to small businesses. Small businesses often face serious difficulties in acquiring funding for tenable ideas because of a lack of credible documented financial information (Berger, Cowan, & Frame, 2011). The financial press and other rating agencies usually do not monitor small companies. In addition, the majority of small companies do not own financials audited by independent

auditing firms. Therefore, a third-party rating system helps to fund sources separate creditworthy companies from non-credit worthy companies (Samreen & Zaidi, 2012).

Financial intermediaries cannot tie debt covenants to financial ratios when evaluating a loan to a company with asymmetric information (Fu, Kraft, & Zhang, 2012). New technology in small business credit scoring allows banks to increase the quality of lenders (Einav, Jenkins, & Levin, 2013). Credit scoring helps banks accurately assess the risk of a borrower with limited financial documentation, which allows banks to lend more to more firms (Van Gool, Verbeke, Sercu, & Baesens, 2012). Banks can increase lending to lower and higher income areas with the information from an unbiased third party financial rating (Van Gool et al., 2012).

Credit scoring accesses data from multiple banks database, credit bureaus, collateral registrations, suppliers, customers, and the borrower (Van Gool et al., 2012). New technology enables banks to gain faster and cheaper access to quality information about potential borrowers. In addition, the new information technology empowers banks to lend successfully to small businesses and monitor borrowers from greater distances. With continually updated information, lenders can intercede if necessary, before loan default (Hasumi & Hideaki, 2014). The main characteristics of electronic credit scoring are the relative ease of observing, verifying, and transmitting information throughout the financial institution (Van Gool et al., 2012).

Independent auditor. A third-party audit of small business financials provides an independent opinion of the future success of the business cash flow. Therefore, the independent auditor mechanism enhances the creditability of the business's financial

report (Hayes, Wallage, & Gortemaker, 2014). Auditors, verify company financials using quality performance accounting standards (Jimenez et al., 2013). An external audit is a reliable, nonpartisan instrument to evaluate the strength and creditworthiness of a company (Hayes et al., 2014). Auditors who are members of professional accounting organizations must adhere to a code of ethics lenders trust (Hayes et al., 2014). Consequently, lending institutions find companies with audited financials more attractive than companies without audited financials.

Audited firms, on average, experience a 69 basis points reduction in interest rates because the financials are the third party reviewed (Dedman & Kausar, 2012). Thus, an audit hardens the information and is useful in debt pricing activities. Audits force companies to adhere to a higher standard of financial management by demonstrating accountability, stewardship, and enhanced internal controls (Hayes et al., 2014). By using generally accepted accounting principles in the firm's financial reports, third-party audits corroborate financial statement variables (Murphy, 2013). Variables such as debt coverage ratio, current ratio, and asset tangibility are germane to the credit decision process of lenders (Dedman & Kausar, 2012). Lenders place confidence in audits because a high chance exists of revealing irregularities, errors, or inconsistency in the reports (Hayes et al., 2014).

Information Affecting Small Business Lending

The lack of financial training of nascent entrepreneurs create barriers to new business creation (Wise, 2013). Introducing new skills or developing existing skills will help increase the success rate of acquiring formal funding to start a small business

(Bichanga & Aseyo, 2013). A better understanding of the relationship between training and competence regarding successful small business financing will help the United States government customize programs to help entrepreneurs (Altman, 2012). Altman (2012) found the development of financial management and capabilities facilitate a reduction in business failure and improvement in performance.

Poor record keeping is a barrier to businesses acquiring credit and impetus to business failure (Higgins, Kendall, & Lyon, 2012). As financial institutions develop stronger and more reliable infrastructures, information-opaque firms will become less of a credit risk. Variables such as business credit rating systems, better contract enforcement, a well-functioning legal system, and an efficient collateral regimen enhance banking infrastructure (Barth, Lin, Ma, Seade, & Song, 2013). Mullineux (2011) stated retail banking would serve customers better with a more equitable distribution of credit if the government treated banking like a utility, in which a specialist banking commission regulated the industry. In addition, a limited amount of nationalized banks in the industry would be advantageous to the credit system (Mullineux, 2011). Nationalized banks would ease the flow of credit to sub-prime borrowers (Basu, 2011). Nationalized banks could encourage the banking system as whole to extend credit more liberally, hence increasing the supply and driving down the cost (Basu, 2011).

Changes in the banking industry adopted credit scoring to determine the risk level of loans to small businesses (Lugovskaya, 2010). Private-firm models use financial ratios to ascertain the strength of the company, these firms are also known as bankruptcy-predictors (Lugovskaya, 2010). Bankruptcy predictors derive the ratios from the profit

and loss statement and the balance sheet. Liquidity and profitability are among the most important factors in predicting the success of the firm (Lugovskaya, 2010). In Lugovskaya's (2010) Table 3, liquidity can be found by using the following eight formulas: cash on hand / current liabilities, cash on hand / total assets, current assets / current liabilities, current assets / total liabilities, current liabilities / total capital, (cash + short-term debtors) / current liabilities, (cash + short-term debtors) / total assets, current assets / sales. Table 3 indicates seven formulas to determine profitability: net income / total capital, net income / total assets, gross profit / sales, net profit / sales, profit from sales / sales, profit from sales / total assets, and sales / total assets (Lugovskaya, 2010). Industry standards, as well as size and age, determine which level each of the preceding ratios should be at (Lugovskaya, 2010).

Several trends exist that affect small business lending, including financial consolidation, financial liberalization, financial regulatory reform, and institutional development (Barth et al., 2013). Financial consolidation diminishes the available choices of banking institutions available to small businesses and gives individual banks substantial market control. The market control allows lenders to distort the supply and increase the cost of borrowing (Barth et al., 2013). Financial liberalization opens the market to foreign lending institutions. However, as the distance between borrower and lender increase, the more asymmetric information plays an inimical role in acquiring credit. As a result, distance lenders prefer to lend to borrowers with transparent financial information based on hard evidence (Barth et al., 2013).

Government Regulations Affecting Small Business Lending

The Riegle-Neal Act. The Riegle–Neal Interstate Banking and Branching Act of 1994 (RNA) required U.S. states to remove barriers to interstate banking (Medley, 2013). The Riegle–Neal Act authorized the out-of-state acquisition of banks and allowed banks to operate out-of-state branches (FDIC, 2014). The legislation allowed multi-bank holding companies with separately incorporated banks in different states to merge with other single institutions (FDIC, 2014). The statute created more lending opportunities for small businesses because the multi-market institutions have greater access to capital markets than single-market banks (Medley, 2013). In addition, banks became geographically diverse, which helps decrease the sensitivity of bank lending to local economies (Medley, 2013). Moreover, multi-market banks possess the ability to cope with shifts in the risk of the local economy. Multi-market banks are able to continue lending during slumping and thriving local markets because business remains stable (Medley, 2013).

Community Reinvestment Act. The Community Reinvestment Act (CRA) is a statute requiring banks to provide banking services in the inner city and deteriorating communities (Reid, 2012). Congress enacted the CRA in 1977 as a response to redlining because of the demographic makeup of the community by the banking industry (Reid, 2012). The CRA stipulates federally insured institutions serve the convenience and needs of the region in which the institution does business (Spader & Quercia, 2012). A key component of this legislation is financial institutions provide capital to small businesses and low-income borrowers in designated areas in the form of loans (McDaniel, 2014). The goal was to stimulate the local economy by providing liquidity to fund startups and

home ownership in this area (McDaniel, 2014). This provision encouraged financial institutions to appeal to low-income areas and low-income borrowers in the communities they serve (Spader & Quercia, 2012). Banks refusing to meet the required ratio of low-income borrowers may find difficulties gaining future regulatory approvals (Spader & Quercia, 2012).

The Small Business Jobs Act of 2010. In 2012, Congress signed The Small Business Jumpstart Our Business Startups Act (JOBS Act; Salzsieder & Cornell, 2013). This legislation is a mechanism to create a small business investing opportunities. In addition, the goal is to mitigate the effects the financial crisis had on the available credit to small businesses (Cantley, 2012). The JOBS Act increased capital access by amending antiquated regulations regarding initial public offering and permitting crowdfunding for small business (Salzsieder & Cornell, 2013). The administration constructed the law based on three main assumptions: (a) the onerous regulations prevented small businesses from obtaining capital, (b) small businesses lack of access to capital markets impeded job growth, and (c) changing the method of offering and selling securities would stimulate the economy (Salzsieder & Cornell, 2013). The statute allowed the U.S. Treasury Department to invest in financial institutions to increase the amount of capital available for small business lending (Lamoreaux & Nevius, 2010).

The statute increased the maximum loan amount for micro-loans to \$50,000 from \$35,000 (SBA, 2012). In addition, this legislation increased the outstanding government guaranteed amount to \$5 million from \$2 million in 2010 (Lamoreaux & Nevius, 2010). The regulation increased the SBA participation in a 7(a) loan from 75% LTV to 90%

LTV in 2012. The increase in maximum support on the part of the SBA in 504 loans is a response to government priorities (SBA, 2012). The new provision increases the maximum bank participation for plant acquisition, construction, conversion, and expansion to \$5 million from \$1.5 million for each firm (Lamoreaux & Nevius, 2010).

Transition

This study is important to the economic vitality of the global economy. Small businesses are the leading employer compared to all other sectors (Bureau of Labor Statistics, 2014). Small businesses are responsible for 65% of new jobs (Badulescu, 2010). However, small entrepreneurs find difficulties attracting external financing with which to start and run a business (Badulescu & Nicolae, 2012). The knowledge and skills required to obtain external funding are essential business tools for an entrepreneur (SBA, 2013). The underlying research question of this study is: how will small businesses acquire start-up funding in an environment where conventional credit is not readily available (Mitter, 2012)? The goal of Section 1 was to present obstacles small businesses face when soliciting external funding. The purpose of the literature review was to outline funding options along with the necessary criterion to which borrowers must adhere. The conceptual framework of the business life cycle theory guided this research.

In Section 2, I describe, in detail, the method and the participants of the study. The goal of Section 3 will be to discuss the results of the research and implications for social change. The study will conclude in Section 3 with the results, recommendations for future research, and future action to elevate small businesses.

Section 2: The Project

The purpose of this qualitative single case study is to explore how small businesses in New York State address funding deficits to start and operate a business. The research objective is to identify the challenges entrepreneurs face when soliciting funding. In addition, the researcher aims to define the skills needed to be successful in securing small business financing. Section 2 will begin with an explanation of how I conducted the study and explained the candidates for participation. Section 2 includes the following sections, purpose statement, the role of the researcher, participants, research method, research design, population sampling, ethical research, data collections instruments, data collection technique, data organization techniques, data analysis technique, reliability, and validity.

Purpose Statement

The purpose of this qualitative case study is to explore the strategies on how small restaurant business owners acquire capital funding to sustain their business through the first 5 years (Fort et al., 2013; Mitter, 2012). My goal was to perform a qualitative exploration of how funding decisions affect the longevity of small businesses. A case study approach helped explore the experiences of four individuals through the use of detailed data with multiple sources of information (Yin, 2014). Using a case study enabled me to explore this bounded system over time (Yin, 2014). The sample of this study included four purposefully selected restaurateurs in New York State. The restaurants are in a casual dining category with fewer than 50 employees at one location.

The participants operated restaurants 5 years or older and have attempted to acquire external funding.

Restaurateurs are the selected group because they employ 10% of the workforce as the second largest private industry in America (National Restaurant Association, 2013b). This information may improve the sustainability of small businesses and subsequently increase employment opportunities in the United States. The results of this research may contribute to social change by identifying skills needed to be successful in the financing process. The findings of this research may improve upon the knowledge of entrepreneurs and, consequently, strengthen the U.S. economy by educating America's job creators (Marta-Christina, & Liana, 2013).

Role of the Researcher

The goal of the following section is to describe my role as the researcher in this study. This section will also describe the relationship I have to the topic. The role will coincide with the role of a researcher as outlined by scholars including Leedy and Ormrod (2015), and Xu and Storr (2012).

The researcher's role begins with planning the approach, designing the study, and obtaining IRB approval to conduct a study (Leedy & Ormrod, 2015). In this study, I was the sole investigator charged with collecting valid and reliable data from document examination and participant interviews (Hurt & McLaughlin, 2012). As suggested by Marshall and Rossman (2015), interviews occurred face-to-face with four small business restaurant owners. The semistructured interviews consisted of open-ended questions aimed at delineating the experience of financing business in New York State. I conducted

the interviews in the owner's natural working environment, therefore; the study presented no potential risk to the participants. The interviews were the primary source of data (Oun & Bach, 2014; Rowley, 2012). Granot and Greene (2015) supported the use of open-ended questions for the purpose of eliciting in-depth data from participants without restricting their responses.

As described by Freund & Fielding (2013), the researcher employs pseudonyms to protect the rights and confidentiality of the participants. Personal bias was minimized by asking questions exclusively relevant to the study and asking each participant the same questions (Dworkin, 2012). The interview protocol ensured each participant responds to the questions in the same context (Newell, Newell, & Looser, 2013). I loaded the responses into the NVivo 10 program to facilitate the organization of data as the researcher identifies recurring trends and common threads within the participants' accounts (Castleberry, 2014).

The sanctity of scholarly research requires the researcher to maintain respect for persons (Aluwihare-Samaranayake, 2012; Dresser, 2012), maintain the participant's anonymity (Aluwihare-Samaranayake, 2012), and protect the participants from harm or stress (O'Reilly, Karim, Taylor, & Dogra, 2012; Rubin & Rubin, 2012). Performing data collection, data analysis, and data storage in an ethical and professional manner are important to the scholarly study process (Bloomberg & Volpe, 2012). As championed in the Belmont Report, the moral reasoning should be held to a higher degree than legal or technical parameters (U.S. Department of Health and Human Services, 1979).

Relationship to Topic

Along with scholarly qualitative research methods, I add validity to the study because of my intimate connection to the topic (Leedy & Ormrod, 2015). My intimate knowledge of this topic emanates from personal experiences gained from working in the food service industry for 35 years. My background working in the family restaurant and catering business offered experiences in the success and difficulties of financing a small business restaurant. My educational background supports the endeavor of entrepreneurship with an associate degree in business administration, a bachelor's in economics, and a master's in business administration. As such, I am intimately familiar with the topic.

Participants

I identified a purposeful sample of four restaurants to participate. I identified possible participants through word of mouth, referrals from colleagues, and Google searches. The search terms I used in Google include southern food restaurant, soul food restaurant, New York City, and New York State. I selected individuals from a targeted population. A target population is a group of people who have the requisite knowledge and experience to provide comprehensive answers to the research questions (Tasic & Feruh, 2012). For example, the participants will have proven strategies to access funding during the first 5 years of business. The sample for this study included four small business restaurateurs meeting the following criteria:

1. Started a small business restaurant in New York State.
2. Operated for a minimum of 5 years.
3. Registered with the New York State as a legal business entity.
4. Employ a maximum of 50 employees at any location.

5. Attempted to acquire funding at some point during their business life cycle.

6. Restaurant is a southern food restaurant.

I built a working relationship by frequenting restaurants and establishing a rapport with the owners. Developing a rapport with prospective participants may make them more likely to agree to participate in the study and to provide candid responses during the interviews (Helvig & Minick, 2013; Rubin & Rubin, 2012). These participants are appropriate for this study because of their experience with funding a small business. The interviewer compared and contrasted the responses of each participant to identify common themes (Gale, Heath, Cameron, Rashid, & Redwood, 2013; Neuman, 2011). Synthesizing interviews help reduce influences of the researcher's personal bias as well as the influence of each participant (Moustakas, 1994; Wilkenfeld, 2014).

Research Method and Design

My goal as the researcher is to explore how small business owners address capital needs in an environment wherein the conventional credit is not readily available (Badulescu & Nicolae, 2012). The lens of research was on four restaurateurs in New York State. The discussion on funding options and results of the study may benefit many types of small businesses. The primary goals were to identify the skills and practices that enhance the ability of entrepreneurs to acquire funding.

Research Method

A qualitative methodology is an appropriate approach when the study is exploratory (Bissett, Stone, Rapley, & Preshaw, 2013; Leedy & Ormrod, 2015; Yin, 2014). Qualitative research is interpretive research. The researcher attempts to interpret

the phenomenon or a problem from the viewpoint of participants (Onwuegbuzie, Frels, Collins, & Leech, 2013). Therefore, I used qualitative research to explore funding strategies of small business restaurants. Interviews were the primary source of data collection (Bansal & Corley, 2012). Conducting face-to-face interviews is the best way to achieve the magnitude of understanding required to comprehend the phenomenon under study (Englander, 2012). The richness of the information obtained through face-to-face interviews provides a well-rounded perspective on the topic of study (Branthwaite & Patterson, 2012).

By creating an open dialog with research participants, I gathered quality data through words and body language rather than statistical analysis (Branthwaite & Patterson, 2012). Hence, in qualitative studies the researcher endeavor to understand the phenomenon from participants' personal experience (Moustakas, 1994). The goal of qualitative research is to fill in gaps in the literature while quantitative researchers retest familiar theories on new population samples (Bansal & Corley, 2012). Quantitative did not fit because quantitative researchers focus on the frequency of incidents, whereas, qualitative researchers focus on a more in-depth, holistic understanding of the phenomenon of interest (Leedy & Ormrod, 2015; Nakkeeran & Zodpey, 2012; Venkatesh, Brown, & Bala, 2013).

Mixed method was not appropriate for this doctoral study either. Some researchers criticize mixed methods approaches, stating qualitative and quantitative methodologies exist within fundamentally distinct theoretical frameworks (Onwuegbuzie et al., 2012). As such, combining these approaches creates analytic difficulties for

researchers (Sandelowski & Boshamer, 2014). In this study, the addition of quantitative methods would not add substantively to the dataset or contribute significantly to answering the research questions. I do not intend to predict outcomes or condense the data to numerical figures (Razafsha et al., 2012). For these reasons, a mixed method approach would not be appropriate for use in this study.

Research Design

Several qualitative designs were under consideration for this study. I decided a single case study approach would produce a complete understanding of this topic. A single case study approach provides a framework to analyze the gathered data and answer how and why questions (Yin, 2014). Qualitative researchers must determine how many interviews are necessary to exhaust relevant data collection, known as data saturation (Dworkin, 2012; Palinkas et al., 2013). Data saturation is defined as the point in which enough data is collected to create a thick rich picture of each theme and also when no new themes emerge from the data (Walker, 2012). Designs under consideration include case study, multi-case study, narrative, ethnography, and phenomenological.

Case study. Case study researchers evaluate a phenomenon within the natural context in which it occurs (Houghton, Casey, Shaw, & Murphy, 2013). Case study researchers focus on particular issues within a bounded system, constraining the applicability of the results to other small businesses (Yin, 2014). The case study approach is appropriate when your goal is to describe or understand a process during a period of time (Kim, Price, & Lau, 2013). A case study design is also appropriate when the inquirer has identified a set of cases, bounded by a unifying factor, with the goal of understanding

the multifaceted unit as a whole (Yin, 2014). The goal of this study understand the strategies small restaurant business owners use to acquire capital funding to sustain their business through the first 5 years. For this reason, a case study method was chosen

Phenomenological. The goal of phenomenological studies is to explicate the meaning of the phenomenon of a business problem outside of normal circumstances as opposed to defining the cause of the phenomenon (Moustakas, 1994). Phenomenological studies offer the researcher the ability to understand the participant's experience of the phenomenon (Leedy & Ormrod, 2015; Veletsianos & Kimmons, 2013). For the purpose of this study, the goal is to determine how and why business owners made decisions and not to explore their lived experiences. Thus phenomenology was not chosen.

Ethnography. Ethnography is appropriate when the researcher focuses on an entire cultural group who interact with each other on a regular basis (Leedy & Ormrod, 2015). The researcher describes learned patterns of behavior common amongst members of the group (Robinson, 2013). Ethnography requires extensive interviews and observation of the cultural group during their day-to-day activities to understand their language, beliefs, and behaviors (Shover, 2012). Ethnography would not fit this research topic because the phenomenon happens during a period of time, and the daily actions of the members do not dictate the outcomes.

Narrative. Narrative is appropriate when cataloging detailed accounts of a single life or experience of a small group (Leedy & Ormrod, 2015; Stenhouse, 2014). Restaurateurs are not a homogeneous group, and, therefore, each participant has different

experiences in pursuing similar goals. In addition, time limitations would not allow me to chronicle each participant's life's experience.

Population and Sampling

Purposeful sampling was the method I used to select research participants as did Essary (2014) in assessing the key factors influencing successful distance education programs. Using this method enables me to select participants with a deep knowledge of and experience with the subject under study, which enabled each participant to offer thick, rich descriptions (Tracy, 2013). I selected participants who can contribute to the study based on his or her knowledge and experience (Leedy & Ormrod, 2015).

Participants must have knowledge of the subject being studied to allow the researcher to obtain satisfactory data (Essary, 2014). The purposeful sampling method ensures the individuals can provide comprehensive information based on a variety of personal and unique experiences pertaining to the phenomenon of interest (Leedy & Ormrod, 2015). I collected data through face-to-face interviews (Marshall & Rossman, 2015). The goal was to understand how the participants prevailed over the problem of funding a small business. Data was analyzed by first coding the interviews into individual units of meaning, gathering like units into categories, and finally uniting categories into themes (Clarke & Braun, 2013). Inclusion and exclusion criteria have been defined to select participants. Inclusion criteria for the participants includes:

1. Started a small business restaurant in New York State.
2. Operated for a minimum of 1 year.
3. Registered with the New York State as a legal business entity.

4. Employ a maximum of 50 employees at any location.
5. Attempted to acquire funding at some point during their business life cycle.
6. Restaurant is a southern food restaurant.

Exclusion criteria includes:

1. Not owning a small business.
2. Never had to seek any type of outside funding.
3. Any type of restaurant that does not serve southern food.
4. Has been in business less than a year.
5. Is not legally licensed by the state of New York
6. Does not own a brick and mortar establishment (i.e., food trucks, pop up restaurants, catering businesses).

The sample was four small business southern style restaurant owners registered with the state of New York. New knowledge and understanding can materialize from the insights and experiences of four interviews (Walker, 2012). Therefore, the sample size of four restaurateurs is adequate to explore the experience of financing a small business and achieve data saturation. If, however, four interviews did not allow me to achieve data saturation, I would have continued to interview additional participants until interviews did not glean any new knowledge (Elsawah, Guillaume, Filatova, Rook, & Jakeman, 2015).

Saturation is an essential part of the sample selection process. Participants must be recruited until saturation is reached (Gibbins, Bhatia, Forbes, & Reid, 2014). Patton (2002) recommends saturation can be contingent upon concurrent analysis of data, thus

beginning with a sample of four and analyzing the data to see if saturation has been achieved before recruiting further participants is possible. Saturation is possible to achieve with a small sample as long as the participant have expertise in the area being researched (Poulis, Poulis, & Plakoyiannaki, 2013).

Participants must be willing to partake in taped interviews and give the right to publish the results in a dissertation (Moustakas, 1994). I conducted interviews at the work site of each participant, or at another place of the participant's choosing for his or her convenience (Safari, 2013). Interview participants were assigned researcher-created code names to protect their confidentiality (Freund & Fielding, 2013).

Ethical Research

The guiding principles with human participants in qualitative research require three vital elements: (a) a clear agreement between the researcher and research participant, (b) the recognition of confidentiality, and (c) the participant's informed consent (Moustakas, 1994). In addition, the researcher must ensure to maintain full disclosure in the conduct of the project. The purpose, requirements and nature of the study must be defined clearly to the participants (Moustakas, 1994; Pollock, 2012). After a research participant has been qualified and agreed to participate, he or she received a letter of consent. The letter detailed the purpose, goals, and procedures of the study. As indicated in the table of contents, the letter is available in Appendix B (Wright, 2012). The participant's responses were recorded during the interview, however; none of the participant's personal information will be disclosed.

Confidentiality will be maintained by coding names and responses. No names of participants or any information that may embarrass or degrade participants will appear in the final report (Neuman, 2011). As an added precaution, the raw data will be stored on a password-protected computer where the files are accessible only to me. Each participant shall maintain the right to eliminate any data from the final report that may reveal their identity or the identity of the company (Rubin & Rubin, 2012). I will store the data for a period of 5 years and discard it in a manner consistent with professional practices (Leedy & Ormrod, 2015).

Participants have the right to withdraw from the study for any reason by written or verbal statement without suffering any repercussions (Kymre & Bondas, 2013). Ethical principles go beyond the letter of the law. The moral compass of a researcher must remain unimpaired even in the absence of authoritative oversight (Leedy & Ormrod, 2015). Nevertheless, the final manuscript will include Walden University's internal review board approval complete with applicable docket number. Participation in this study occurred strictly on a voluntary basis. As an incentive, participants will receive a copy of the study findings via email (Veletsianos & Kimmons, 2013). Participants will also get the fulfillment of helping future entrepreneurs realize the dream of opening his or her own business.

Data Collection Instrument

The purpose of this qualitative case study is to explore the lived experiences of small business owners when acquiring funding for business creation. I compiled and analyzed the personal accounts of each participant in the study (Clarke & Braun, 2013;

Englander, 2012). The results will offer guidance to fledgling entrepreneurs on how to address business funding. This section will contain a description of the instruments for data collection in the proposed study.

The researcher is an integral part of the qualitative research process (Moustakas, 1994). Researchers are commonly the principal data collection instrument when interviews are the primary source of information (Leedy & Ormrod, 2015). Interviews were the primary source of information for this study (Granot & Greene, 2015). As a research instrument in a case study, the researcher must collect accurate and credible data from each participant (Moustakas, 1994). Interviews are an effective method of collecting information from participants regarding his or her experience of a phenomenon (Englander, 2012).

There are three types of interviews: (a) structured, (b) unstructured, and (c) semistructured. Unstructured interviews allow the participant to direct the flow of the conversation (Kennedy, 2012). Structured interviews consist of predetermined questions with a limited number of answers (Jamshed, 2014). Semistructured interviews are predetermined; however, semistructured interviews offer the flexibility to probe the participant for details of his or her experience (Smith & Caddick, 2012). The data collection method for this study was face-to-face, semistructured interviews with four small business restaurateurs. The interviews elicited information concerning the knowledge and skills most effective in obtaining funding for small business start-up. The interview questions will be located in Appendix B.

The interviews were stable, consistent, and focus on the subject matter to ensure the reliability and validity of the data. I conducted one interview before as a field test before the study began. The field test was used to ensure the validity of the questions and enhance the knowledge of the recording equipment (Yin, 2014). I maintained internal consistency by reviewing with each participant the procedure of the study, prior to data collection (Pollock, 2012). During preparation, I discussed the background of the study, as well as the participant's role, risk, benefits, and the privacy safeguards. Interviewing participants who have experience in the subject matter will further foil threats to validity (Leedy & Ormrod, 2015). Participants facilitated the process by being available for an interview at the agreed place and time.

To establish the content validity of the interview instrument, I conducted a field test, or expert panel review, after obtaining approval from the IRB (Gideon, 2012). To complete the field test, I solicited the participation of three content area experts to review and evaluate the proposed interview questions. The field test allows researchers to evaluate the efficacy and clarity of the proposed interview questions (Moss et al., 2014; Neuman, 2011). The interview questions were appropriate based on the feedback received from the expert panel. I conducted interviews using the interview questions to gather thick, rich data that aided in data saturation (Tracy, 2013). Saturation is defined as the point in which the addition of further interviews adds no new data to the study (Tracy, 2013). To further contribute to the validity of the interviews, I conducted member checking through participant transcript review (Harper & Cole, 2012; Oun & Bach, 2014). After the completion of interview transcription, I emailed participants a copy of

their transcripts to verify the transcripts accurately reflect what transpired during the interviews (Houghton et al., 2013). Through the completion of the field test, member checking, and data saturation, I contributed to the validity of the interview instrument as well as the information obtained from the interviews (Harper & Cole, 2012; Olshansky et al., 2012).

Data Collection Technique

The interviews consisted of open-ended questions to allow each participant to elaborate on his or her experience (Englander, 2012; Schatz, 2012). I engaged the best practices in interviewing as delineated by Yin (2014): (a) do not steer the interviewee in any direction, (b) do not dominate the conversation, (c) maintain impartiality, and (d) remain in tune with responses, so appropriate follow-up questions develop on the spot. Before the interviews begin, the epoché process ensured the maximum effort has been made to extinguish personal bias during the interview and from the interpretation of the responses (Moustakas, 1994; Plexico & Burrus, 2012).

The purpose of the interviews is to obtain a detailed account of the human experience. Neuman (2011) offered a specific outline of the interview process. The researcher provides participants with a summary of the interview plan, asks pertinent questions, and closes the interview by thanking participants (Neuman, 2011). The process included one-on-one interviews with each participant lasting up to one hour (Murphy et al., 2014). I conducted four interviews; if after the fourth interview saturation was not reached, I will have gathered additional participants. The interviews were recorded using the Audacity software to ensure the accuracy of my handwritten notes (Simola, Barling,

& Turner, 2012). A personal Apple laptop computer hosted the latest version of the Audacity software to complete the process.

The tools necessary for data collection were: (a) one laptop computer, (b) the recording software, (c) an interview template, (d) a marble notebook, (e) two pens, and (f) a room with two chairs. I offered qualified participants the opportunity to volunteer his or her services to the study. Research participants signed a consent form prior to participating in the project (Brédart, Marrel, Abetz-Webb, Lasch, & Acquadro, 2014). As indicated in the table of contents, the consent form is located in Appendix A. Each participant received a codename at the outset of the interview (Freund & Fielding, 2013). The codename correlates each participant with the corresponding interview throughout data collection and analysis. Interviewees were asked the same open-ended questions in the same manner (Newell et al., 2013). I recorded and transcribed the responses for final analysis (Cooper, Fleischer, & Cotton, 2012).

Semistructured interviews were the primary source of data collection in this case study research project (Englander, 2012). To avoid any erosion in the quality of the data, I recorded interviews using Audacity. Audacity is a recording program designed to offer error-free interview recordings, according to Audacity.com.

Some researchers maintain a reflective journal regarding relevant occurrences during the interviews to keep data organized (Leedy & Ormrod, 2015; Miles, Huberman, & Saldaña, 2013). A reflective journal helps track ideas and insight throughout the process. Moreover, reflective journals offer the opportunity for self-analysis and critique which contributes to the reliability and validity of the study (Anderson, 2012; Charach,

Yeung, Volpe, Goodale, & dosReis, 2014). The journal notes feature overtones and important moments of the interviews as well. In addition, a detailed account of schedules and activities during data collection were documented in the reflective journal. The audio recordings, transcripts, and the handwritten notes were reviewed continually to scrutinize the richness of the information (Marshall & Rossman, 2015). This data offered important contextual information during the process of data analysis.

After the approval process with the IRB, I conducted a field test. The field test was one interview with a small business owner as a rehearsal for the pending study (Yin, 2014). The field test allows researchers to practice asking the questions that will be asked during the interviews in the study (Moss et al., 2014; Neuman, 2011). The field test reveals if the interview questions extract the relevant information needed for the actual study (Neuman, 2011). Other key objectives of the field test are generating comments concerning the research approach, logistics, and timing. In addition, during the field test, the researcher can increase his or her proficiency with the recording software and equipment. Completion of a field test contributes to the validity of the interview instrument (Olshansky et al., 2012).

Data Organization Technique

Maintaining the highest level of confidentiality requires coded descriptions of the participants and outcomes (Miles et al., 2013). I used color folders and computerized labels to catalog, identify, and transport each data set. I entered the information into a qualitative data analysis software named NVivo 10 to facilitate the organization of data as the researcher extracts patterns, themes, trends, and dominant topics from the collected

data (St. Pierre, & Jackson, 2014). The software helps researchers discover subtle connections within the data and show a meaningful picture of the data (Houghton et al., 2013).

I will store the electronic data on a password-protected computer. Handwritten notes and disks will remain in a home office safe of which I have sole access. After the completion of the study, the raw data will remain in my home-office fireproof safe for 5 years (Leedy & Ormrod, 2015). At the expiration of the 5-year retention period, I will discard raw data in a manner consistent with environmentally sound practices (Yin, 2014). Upon completion of data organization, the data analysis phase begins (Fries, Bowers, Gross, & Frost, 2013).

Data Analysis

Data analysis begins after the researcher collects and organizes the data (Fielding, Fielding, & Hughes, 2013; Moustakas, 1994). The primary assignment of the researcher in data analysis is identifying recurrent themes in the experiences of the participants (Leedy & Ormrod, 2015; Seluzicki et al., 2012). Prior to beginning the data analysis process, a review of the research question and interview questions is helpful. In order to ensure the results are robust, methodological triangulation will occur. Methodological triangulation is defined as using multiple methods to explore a phenomenon (Hale & Forbes, 2013). For this study, the interviews were analyzed using Clarke and Braun's (2013) thematic analysis process, and the documents were analyzed using content analysis, which is an examination of the word and phrases in textual documents (Drisko & Maschi, 2015). After being entered into Nvivo 10, the interview transcripts undergo

content analysis to locate keywords and phrases to compare and contrast to the themes and the documents.

The central research question that will drive this study is: how will small businesses obtain funding in an environment when conventional credit is not readily available? The subsequent interview questions support the central question.

1. Describe what, if any, governmental programs helped in obtaining funding to start and expand your business; please explain.
2. Describe the most difficult part of obtaining funding for your small business start-up expenses and expansion.
3. Describe the key skill-sets needed to be successful in obtaining funding for your small business start-up expenses.
4. Calculate what percentage of your personal wealth you contributed to the start-up budget.
5. Calculate what percentage of the start-up budget was owners' equity.
6. Have you ever used a third-party auditor?
7. Describe the market characteristics at the time you were pursuing external funding.
8. Describe the key elements that contributed to you successfully obtaining funding.
9. Describe the key obstacles that prevented you from obtaining funding during your business life.

10. Are there any areas of relevance that the interview questions did not cover during this interview?

The interview process generates qualitative data and facilitates the emergence of themes and patterns existing in the pursuit of small business funding (Jenkins et al., 2013; Malterud, 2012). The thematic analysis enabled me to organize and examine the data. The examination facilitated an in-depth level of inquiry (Neuman, 2011). Leedy and Ormrod (2015) described four initiatives to coalesce the information from the interviewees: (a) distinguish pertinent information from trivial information and separate the pertinent information into small segments, (b) categorize the segments to represent the essence of the different experiences of the phenomenon, (c) consider the variety of ways in which participants view the experience of the phenomenon, and (d) use the outcomes to construct a composite of the experiences and describe a common experience (Leedy & Ormrod, 2015).

NVivo 10 was the software used to process the transcribed interview data (Houghton et al., 2013; McCullough et al., 2014). NVivo software is a time-saving computer program to generate themes and codes for qualitative research projects (St. Pierre, & Jackson, 2014). This software helps organize, store, and manage the relevant information gleaned from conversations with research participants (Sotiriadou, Brouwers, & Le, 2014). The software program allows researchers to construct a linkage between themes and patterns within the conceptual framework (Rowley, 2012). In addition, NVivo facilitates the researcher's analysis of the data (Houghton et al., 2013). The software helps researchers discover subtle connections within the data and show a

meaningful picture of the themes emerging from the information (Castleberry, 2014). To produce a scholarly research project, the researcher must have a coherent system to manage data, address the research question, and draw conclusions (Homburg, Klarmann, Reimann, & Schilke, 2012).

NVivo 10 assisted me in constructing data coding (Chang & Graham, 2012; McCullough et al., 2014). The qualitative coding approach to analyzing the data begin with an initial list of codes developed from the units of analysis (Malterud, 2012). An abbreviation and definition were given to each coded theme (Chang & Graham, 2012). The codes provide specific information regarding the salient ideas among the participants' accounts (Marshall & Rossman, 2015).

The themes are an interpretation of the qualitative data collected during the interviews (Moustakas, 1994). The research findings are a product of the interview results combined with the researcher's interpretations (Abbasi & Nilsson, 2012). This procedure ensures the analysis is consistent with the research presentation, interpretation, and explanation. To ensure the interpretation is accurate and includes no bias, I recorded, transcribed, and verified the interviews.

Issues of Trustworthiness

In evaluating the quality of research within a qualitative paradigm, researchers believe validity and reliability are not relevant considerations (Anderson, 2010; Lietz & Zayas, 2010). Marshall and Rossman (2015) established a set of criteria to address the concerns of rigor in qualitative research. These criteria are (a) dependability, (b) creditability, (c) transferability, and (d) confirmability. To pursue these standards of

trustworthiness, researchers must utilize a number of strategies (Marshall & Rossman, 2015). The researcher must also describe the study explicitly (Keys, 2014), link conclusions directly to the data (Kolb, 2012), and keep detailed records of the study's methods and procedures (Miles et al., 2013). In the following subsections, I discuss the measures taken in the proposed study to improve trustworthiness.

Dependability. Dependability denotes the extent to which the findings are consistent (Cope, 2014). Several methods have been proposed to enhance dependability within qualitative studies. In this study, I contributed to dependability through the use of triangulation (Petty, Thomson, & Stew, 2012). Triangulation of four interviews with company documentation converges to corroborate the results of the study (Leedy & Ormrod, 2015; Miles et al., 2013). Triangulation shows independent data sources do not contradict each other (Miles et al., 2013). Triangulation permits the researcher to express a higher degree of confidence in the research findings (Seidman, 2012). Comparing and contrasting data is a classic method to test the veracity of identified themes within the data (Gale et al., 2013). I used the unique accounts offered by different participants as a source of triangulation in this study.

Through the use of multiple sources of information, a more stable, objective, and truthful depiction of the phenomenon may be obtained (Moustakas, 1994). In this study, the examination of the accounts of multiple participants produced a collective narrative accurately representing the experiences of restaurant owners in obtaining funding for start-up and expansion of businesses operations (Houghton et al., 2013). In addition, when analyzing the data, I used methodological triangulation to ensure the results are

consistent and detailed throughout the analysis. The interviews were analyzed using thematic analysis and documents were analyzed by content analysis. I also conducted a content analysis of the interviews to search for keywords and phrases.

Creditability. Anderson (2010) maintained when done properly, qualitative research is “valid, reliable, credible and rigorous” (p. 22). As Rolfe, (2006) stated, validity in qualitative research is known by a variety of terms, including creditability. Creditability refers to the degree to which the results reflect the true and accurate experiences of the participants (Cope, 2014). A study is credible when the research findings are suitably accurate to the extent, a reader with comparable experiences would identify instantly with the phenomenon described in the study (Cope, 2014). To improve the creditability, I encouraged participants to provide honest responses throughout the interviews (Bishop, 2012). I also asked participants to elaborate on answers that require more in-depth explanation.

I performed member checking through transcript review to verify the accuracy of the interview audio recordings (Harper & Cole, 2012; Oun & Bach, 2014). After completion of the interviews, transcription, and synthesis of participant’s responses, I sent participants a copy of interview summary via email. I asked participants to read through the summary to confirm it communicates an accurate portrayal of what they intended to express during the interviews which validate the study. Participants also received a summary of the researcher’s tentative findings during the process of data analysis to evaluate the accuracy of the conclusions prior to the final draft. The member

checking system allows participants to offer reactions, corrections, and further insight into the direction of the study (Marshall & Rossman, 2015).

Data saturation also increases the study's creditability by guaranteeing the themes identified by the researcher are well-supported within the data (Cope, 2014; Walker, 2012). To achieve saturation, I exhausted the data of novel ideas or themes. Additionally, I examined the data for discrepant or contradictory findings (Hackett et al., 2014). These findings were compared to and contrasted with the other findings to ensure I present the full range of participant viewpoints. I used triangulation of sources by comparing each interview to each other and comparing the interviews to the documents to ensure robust findings (Homburg et al., 2012). Epoche is defined as when a researcher reflects and understands any personal opinions, biases, and thoughts, in order to acknowledge and set aside these ideas and see the data unhindered (Moustakas, 1994). I tracked my personal thoughts and reflections in my field notes to use when examining data to ensure those thoughts are not impacting any analysis. I used epoché to acknowledge and set aside personal biases and experiences as much as possible to examine the data from a more objective and neutral perspective (Plexico & Burrus, 2012; Tufford & Newman, 2010).

Transferability. Transferability signifies the reader's ability to judge the degree to which the findings of a study are applicable to other settings or contexts (Petty et al., 2012). Qualitative researchers have maintained the notion of generalizability does not apply to qualitative research, because the objective of qualitative studies is to describe a unique phenomenon or experience, not to produce broad generalizations (Sinkovics, & Alfoldi, 2012; Seidman, 2012). Instead, the reader must decide the degree of

transferability of a study (Houghton et al., 2013). The researcher enhances the reader's ability to accomplish this task by providing a rich, detailed description (Freeman, 2014). Through this thick description, the reader is able personally to judge the ability of the research findings to be transferred and applied to other contexts (Sinkovics, & Alfoldi, 2012).

Confirmability. Confirmability refers to the extent to which the research findings represent the participants' experiences, beliefs, and ideas, rather than those of the researcher (Rockenbach, Walker, & Luzader, 2012). I enhanced confirmability in this study by practicing reflexivity (Petty et al., 2012). Through reflexivity, I continually examined my influence upon the construction of knowledge and the development of research conclusions within the study (Malterud, 2012). I continuously examined the ways in which my experiences with the topic of study and personal biases may influence the research process (Rockenbach et al., 2012). Through the use of epoché, I attempted to identify and set aside personal biases to interact with the data in a more objective manner (Moustakas, 1994; Plexico & Burrus, 2012).

Transition and Summary

The goal of Section 2 was to provide a plan for conducting the doctoral study. The plan included specifics about the research methodology, design, and purpose of the research. In Section 2, I also discussed, in detail, the role of the researcher, participants, and sampling process as well as how I collected, organize, and analyze data. The objective of Section 2 was to outline the process of addressing the business problem that inspired this study.

The study is intended to explore how small businesses with fewer than 50 employees address funding needs to start a small business restaurant in New York State. The study is a qualitative case study. I solicited a purposeful sample of four participants who are knowledgeable in funding a small business. As the researcher, I conducted 45-minute interviews with each participant. I utilized NVivo to facilitate the organization of data during the process of data analysis. During analysis, I attempt to extract patterns and themes from the participants' interview responses. The study could have positive social change by educating America's job creators.

This paper concludes with Section 3. Section 3 will begin with a review of the purpose statement and the research questions. The goal in Section 3 is to analyze and present the findings of the study. Section 3 includes tables and figures to illustrate the results of the study. I also discuss the implications of social change, convey recommendations for action, and suggest areas for future study.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative case study is to explore how small businesses in New York State address funding deficits to start and operate a business beyond the first 5 years. The research objective was to identify the challenges entrepreneurs face when soliciting funding from external sources. This study chronicled the experiences of four individuals to find common themes and patterns throughout the funding process. The population of this study included four purposefully selected southern food restaurateurs in New York State. Each restaurant employs 1–50 employees per location. The results of the research helped ascertain what skills are necessary to acquire external financing in an environment which credit to small businesses is not readily available (Mitter, 2012).

I conducted four semistructured one on one interviews with four restaurant owners. I asked each participant 10 identical open-ended questions to gain insight into the fundraising process. The one on one interviews allowed participants to display their expertise and their personal experience in raising funds for business. To maintain the confidentiality of the participants in this study, I coded each participant with a designation of P1, P2, P3, or P4. Methodological triangulation of the data occurred by comparing transcribed interviews and company documentation (Yin, 2014). Once I achieved data saturation, I used NVivo 10 software to identify distinct themes in the data. The data analyzation process allowed me to draw conclusions in a sequential and logical manner. Based on methodological triangulation of the transcribed interviews and company documentation, the following areas are influential to the success of acquiring

business funding: education, third party audit review, economic condition, business track record, and a solid professional team. Section 3 is the results section of this study. The remainder of this section will include the following components: presentation of the findings, application to professional practice, implications for social change, recommendations for action, recommendations for further research, reflections, and conclusion. The Walden University's approval number for this study is 11-19-15-0222509.

Presentation of the Findings

The data source for this study composed of one on one interviews with four restaurant owners and company documentation. I reviewed bank commitment letters, bank denial letters, and certificate of authority to verify the legal registration of each business within New York State. I collected the data to answer the following overarching question of this study: What strategies do restaurant business owners use to acquire capital funding to sustain their business through the first 5 years? Using the interview protocol outlined by Newell et al. (2013), I interviewed participants until the responses became repetitive. Hence, after four interviews, data saturation was achieved. Data saturation is reached when no new information is garnered from additional interviews (Palinkas et al., 2013). To contribute to the validity of the interviews, I conducted member checking through participant transcript review (Harper & Cole, 2012). The synthesized interviews revealed several critical strategies small businesses can use to acquire funding. Considering the collected data, the following five disciplines are vital to the success of securing funding from formal external sources: education, third party audit

review, economic condition, business track record, and a solid professional team.

All businesses in the study are located in New York State. Two companies were located in the inner city of Manhattan, and two were located in the suburbs of Long Island. The businesses fit the definition of a small business as defined by the SBA, independent firms having fewer than 500 employees (SBA, 2014). However, the focus of this study was firms with fewer than 20 employees. According to the U.S. Census Bureau, the vast majority of small businesses are small-scale operations; as of 2009, 89.9% of small firms employed fewer than 20 employees (Dolar, 2014). Two of the four companies were successful in acquiring traditional bank financing; two were denied bank financing and resorted to equity financing at a higher cost. There are significant differences in the approach to financing between those who were successful in obtaining bank financing and those who resorted to expensive equity financing.

Theme 1 Education

Each participant stressed the importance of having education in cooking and business to aid successfully in expanding their dream business. The Small Business Administration Office of Advocacy (2014) asserted education is an essential component of innovative, entrepreneurial development. P1 has a total of two years of college-level courses. P1 explained the college level courses trained her to organize her documents in a periodic manner, which presented a professional appearance to her banker. The main impediment to acquiring bank funding is information asymmetry regarding the potential value of the business technologies, resources and intellectual capital (Ozmel et al., 2013). P1 attended classes in the field of business administration and business law as well as

numerous cooking classes. Although she had her recipes, the formality of the classroom allowed her to become proficient in the terminology and benchmark standards of the industry.

P2 earned a bachelor's degree from a regionally accredited four-year institution. P2 emphasized her educational background helped her formulate the plan to realize her dream of opening a restaurant. Her course work educated her on how to research the demographics and economic conditions of her target market. P2 indicated understanding your market is vital to the success of you gaining and retaining market share. Banks prefer to lend to small businesses who present hard, verifiable financial information (Chen & Cheng, 2013). Therefore, maintaining market share is essential to show lenders the strength in your company. P2 uses recipes passed down for generations. However, she continually enrolls in cooking classes to stay abreast on new trends to maintain a competitive advantage within the local area.

P3 has 1 year of post high school course work. P3 admits she was not educationally equipped when she started her business. Her lack of business education forced her to operate in an inefficient manner which decreased her profitability. Banos-Caballero et al. (2012) found the firm's profitability has a convex relationship to the ideal circumstances for lender consideration. The higher the profitability, the greater the lender's consideration for financing. With limited education and tireless effort, she was eventually able to build a profitable business. However, P3 was forced to engage equity investors and share ownership of her business.

P4 educated himself in the school of hard knocks. He learned his business and

cooking skills from life lessons of trial and error. P4 ended his educational career after high school graduation. P4 admits he is void of necessary information and organizational skills required to operate efficiently. His disorganization and lack of working capital caused his bank to return up to 50 business checks per year for insufficient funds. His recorded performance ultimately resulted in a loan request denial with his banking institution. P4 was forced to recruit equity investors at a high price to start his business. P4 has managed to build a successful small business in the community. His products are extremely popular, and his innate sense of the community has helped him serve with distinction. At this juncture, P4 needs financing to take his business to the next level. He must make the necessary adjustment to reach his goal.

Table 1

Participants' Education Level

<u>Participant</u>	<u>level of education</u>	<u>Bank Funding</u>	<u>High-Cost Equity Funding</u>
P1	2 years college	X	
P2	4 years college	X	
P3	1 year college		X
P4	High School		X

Theme 2 Third Party Auditors

The independent auditor mechanism enhances the creditability of the business's financial report (Hayes et al., 2014). Auditors, verify company financials using quality performance accounting standards (Jimenez et al., 2013). Audits force companies to adhere to a higher standard of financial management by demonstrating accountability,

stewardship, and enhanced internal controls (Hayes et al., 2014).

P1 retained an independent certified public accountant (CPA) firm to audit her financials and act as the liaison between the lender and herself. This CPA firm was different from the CPA firm filing her quarterly and annual taxes. P1 secured a 10-year SBA-guaranteed 7(a) loan for \$250,000.00. The lender was a partnership between the New York Business Development Corp and Fleet Bank. P1 declared the audit firm was invaluable in helping sort out the myriad of documents involved when applying for formal financing. She learned throughout the process, the audit firm increased her creditability to a level comfortable to most lenders. Banks place confidence in audits because a high chance exists of revealing irregularities, errors, or inconsistency in the reports (Hayes et al., 2014). P1 is confident the audit firm had a positive effect on the decision of the lender.

P2 retained an auditor on her second attempt to secure funding. P2 was initially denied financing to expand her business although the company had been profitable for several years. On her first attempt, she was denied because of opaque information. Her lender did not feel the documents she submitted warranted consideration. She reapplied 12 months later with the aid of an independent audit firm. She decided to delegate authority to an expert to handle the bureaucracy of securing financing for her expansion while she concentrates on what she does best, her business operations. The audit firm observed her commercial transaction for three months. This endeavor included site visits to investigate income, expense, and payroll journals. The audit firm compelled her to automate her in-house accounting system for easy retrieval. Using a third party helped

demonstrate to the lender she operated a viable business, one possessing the wherewithal to repay the loan. Consequently, P2 was approved for \$300,000.00 10-year loan from the Upper Manhattan Empowerment Zone with full SBA guarantees.

P3 did not contract an independent auditor to assist in her request for funds. P3 applied for a loan with her primary banking institution. She felt since she was in good standing and had a long relationship with her bank she would be a prime candidate for business financing. She felt the bank requested of her an overabundance of documentation, most of which she did not have. She had an impeccable record with her bank as a personal depositor. However, she had no track record as a business depositor. After much effort and many hours spent, P3 was ultimately denied a loan and decided to pursue equity financing.

P4 did not engage an independent auditor. P4 didn't see the value in hiring an additional accountant since he already had an accountant filing his quarterly and annual taxes. The procedure between him and his accountant was P4 gives his accountant expense receipts and income receipts P4 felt necessary. The accountant would prepare the filling based on the information delivered to him by P4. Auditors verify company financials using quality performance accounting standards (Jimenez et al., 2013). Auditors do more than just take the word of the firm under audit. Auditors who are members of professional accounting organizations must adhere to a code of ethics lenders trust (Hayes et al., 2014). Audited firms are required to submit financial information in its entirety and not only what the owner arbitrarily feels is important.

Table 2

Used Third Party Auditor

Participant	Third Party Auditor	Bank Funding	High Cost Equity Funding
P1	yes	X	
P2	yes	X	
P3	no		X
P4	no		X

Theme 3: Economic Conditions

The economic cycle is the natural fluctuation of the economy between periods of expansion (growth) and contraction (recession). Factors such as gross domestic product (GDP), interest rates, levels of employment and consumer spending can help to determine the current stage of the economic cycle (Camacho, Dal Bianco, & Martinez-Martin, 2015). There are patterns in the data to suggesting the timing of the fund request application has an impact on the success of acquiring a loan. The two participants who were successful in obtaining traditional bank financing were successful during a period of economic growth.

P1 was the recipient of an SBA guaranteed loan in 1997. This was at a time when the “dot come bubble” was gaining steam. The dot-com bubble was a historic speculative bubble covering roughly 1997–2000 during which stock markets in industrialized nations saw their equity value rise rapidly from growth in the Internet sector and related fields (Singh, 2013). The prospects of future business were extremely high for this restaurant.

P1 remembers, her business was gaining market share of an expanding market during the time of her loan application. This helped her lender recognize she was an attractive candidate for business funding.

P2 secured her loan in 2015. Sheridan (2015) shows the US economy is in a growth stage during 2015. P2 says she noticed a renaissance in her local market as well. Vacant and dilapidated residential buildings were being renovated and rented. Additionally, new diverse businesses were opening up on her block. Consequently, the influx of people expanded her customer base. The strengthening of these economic conditions creates an environment ideal for lending activity. P2 plans to expand to the adjacent storefront to create more seating capacity and enlarge her kitchen. The increased business capacity will ensure she has the additional funds to support the new loan payments.

In 2007, P3 pursued her loan with her local bank, which happens to be an SBA-approved lender. The National Bureau of Economic Research (NBER) dates the beginning of the recession as December 2007. Lugovskaya (2010) reported during the 2008 financial crisis, bankers rescinded loans and cut lines of credit to many small business owners in America because of the possibility of default. P3 remembers sensing anxiety from her lender representative during her consultations at the time of her fund request. P3 knew from her experience at her previous position at a rating firm the economic cycle was at the peak. Her suspicion was a recession would follow.

P4 attempted traditional financing in October 2012. His attempt was at a point of severe contraction. His local economy was severely stricken by Hurricane Sandy two

weeks after he submitted his request. New York was severely affected by Hurricane Sandy in 2012, particularly New York City, its suburbs, and Long Island. October 29, 2012, started ominously in New York, President Obama issued an emergency declaration for the state (Huffington Post, New York, 2013). In fact, P4 could not resume daily operations for three months due to loss of electrical and gas power. The local economy was under distress and void of additional investment in the short term. The local market is now rejuvenated and thriving.

Table 3

Economic Condition

<u>Participant</u>	<u>Economic Condition / Year</u>	<u>Bank funding</u>	<u>Equity Funding</u>
P1	Growth / 1997	X	
P2	Growth / 2015	X	
P3	Peak / 2007		X
P4	Recession / 2012		X

Theme 4 Banking Track Record

P1 was able to secure a loan with her primary banking institution. She conducted her business banking with Fleet Bank for 15 years before applying for a loan. During such time, she maintains balances above minimum bank requirements. Her account exhibited very few overdraft balances on a yearly basis. P1 established a rapport with the employees of the bank, including the branch manager, assistant branch manager, and tellers. She banked with Fleet until they dissolved due to a wave of bank mergers. She considered her primary bank, also known as the house bank, to be a silent partner in her

business. She felt comfortable with her house bank because they evaluated her abilities by more than just the hard, verifiable information like income statements. Lending institutions base decisions on two types of financial information: (a) soft, unverifiable information known as relationship lending; and (b) hard, documented information known as transactional lending (Bolton et al., 2013). The borrower's house bank is better equipped to assess soft information than the general market (Kirschenmann & Norden, 2012). Historically, small businesses have experienced the most success in acquiring funds from relationship lenders (McNulty et al., 2013). P1 stated relationship banking was more valuable before the age of electronic banking. Transactions moved at the pace of the employees. She remembers writing a check to pay a bill and avoid disconnection before she collected on receivables. The bank held the check until she reached the bank the next day to make the necessary deposit. With today's electronic banking, transactions are completed overnight without the control of the branch manager.

P2 submitted her application in the age of electronic banking. Her lender is a transactional lender. P2 secured her loan with a state agency that reviewed her banking relationships. P2 had an outstanding recorded history with her banking institutions for 8 years. She primarily conducts her business banking with two different banks. She is not comfortable relying on one banking institution. There are undesirable side effects to possessing a relationship with only one bank. The one-bank relationship enables the house bank to take advantage of the information monopoly of the small business. The house bank may elect to increase rates or impose other fees to neutralize the cost of doing business with small denomination borrowers (Cornee et al., 2012). Nevertheless, P2

displayed an impeccable track record with both banks. Her lender relied heavily on both banking relationships to ascertain her creditability. P2 was denied the first time.

Therefore, one has to believe she did not have the perfect combination of disciplines to be successful.

P3 applied for financing at start-up. She had no business track record on which the bank could justify funding. She banked with her institution for many years as a personal banker. However, she was starting a new company, and banks are reluctant to fund new enterprises. Lenders are more willing to extend financing to small businesses further along in their organizational life cycle rather than just starting out (Danes et al., 2013).

P4 was denied funding in part because he had a poorly recorded bank history. He had numerous overdrafts in a 2-year period and maintained low balances. His fees for overdraft and penalties for low balance cost him 8% of his deposited income. In a business where the profit margin is approximately 20%, 8% is significant. P4 lacked the working capital to overcome the periods of low sales and slow receivables.

Table 4

Business Track Record

<u>Participant</u>	<u>Track Record / years</u>	<u>Bank Funding</u>	<u>Equity Funding</u>
P1	Outstanding / 15 years	X	
P2	Outstanding / 8 years	X	
P3	No Business Record		X
P4	Poor Business Record 2 years		X

Theme 5: Solid Professional Team

P1 shared with me in her interview, she holds her professional team in the highest regard. P1 asserts, getting the right mix of people to complement and reinforce your business activities is essential. P1's professional team consisted of a transactional attorney, Berkman, Henoch, Peterson, Peddy & Fenchel, P.C. The primary scope of their service is to counsel the business and financial community. They specialized in banking, commercial lending, businesses services, commercial real estate, municipal, tax certiorari, bankruptcy, and creditors' rights. They are experts in the closing commercial transaction with equity partners and commercial bank financing. They were crucial in formulating a payback schedule including no prepayment penalties for early satisfaction. No prepayment penalty was particularly important to P1 because she paid her loan off 4 years early and saved several thousand dollars in penalties fees, and interest. Her attorney was instrumental in guiding her through the long-term obligations stipulated by the loan documents so she could prepare for balloon payments or any obligations above and beyond the regularly scheduled payments. The attorney also became a representative of her company to communicate with the lender throughout the underwriting review process until closing.

Gardner Business Services C.A.P. (GBS) conducted the audit review for P1. Initially, the contract with GBS was limited to the audit review and CPA opinion. However, GBS became a liaison between the two parties during document submission. P1 quickly recognized the value of having on her team the type of professionalism GBS provided. As the lender requested additional documentation, GBS was able to supply the

information to the lender expeditiously. P1 stated part of being able to satisfy the lender starts with understanding what the lender is requesting and what configuration fit their needs.

P2 also relied on her professional team heavily. Her attorney advised her on how to restructure her organization into a corporation so any legal or financial actions against her would not pierce the corporate veil. This autonomy eased fears for the lender about any personal obligations being transferred to the business. Increased obligations from personal activities could decrease the ability of the business to repay the loan. Her attorney also negotiated an extension of her lease with option years. Her current space and the adjacent space was secured past the term of the loan. The additional time was critical because the lender would not fund her without the stability of longevity. P2 knew on the second attempt she needed professional representation if she was going to be successful in obtaining financing.

Along with her attorney, P2 appointed a new CPA firm. The new firm helps to perpetuate the good bookkeeping habits established by the audit firm. The new CPA firm was well known in the community and had coordinated loans with the Upper Manhattan Empowerment Zone in the past. Needless to say, they had first-hand knowledge of the procedures of this state agency. Moreover, the new CPA firm is well respected by the Upper Manhattan Empowerment Zone. Therefore, the new CPA firm circumvented the meticulous scrutiny unfamiliar firms usually experience. P2 also commissioned an expeditor to cope with the permitting of the new space. The lender required approved plans of the new space. Approved plans meant when the loan closed, P2 could file for

work permits immediately, begin renovations, and apply for the certificate of occupancy for the intended use.

P3 did not place a high importance on her professional team. She engaged a closing attorney to close the lease but did not have an attorney on retainer to help during the fund application process. P3 met with bank alone. She felt she had enough education to handle the documenting process without expert assistance. P3 hired an account to prepare her annual and quarterly filings but did not use anyone to prepare her financials specifically for the purpose of the loan.

P4 did not assemble a professional team to help with his pursuit of funding. He met with a representative alone at his house bank about his business funding. He delegated authority to his business manager to complete the application.

Table 5

Reliable Professional Team

<u>Participant</u>	<u>Reliable Professional Team</u>	<u>Bank Funding</u>	<u>Equity Funding</u>
P1	Yes	X	
P2	Yes	X	
P3	No		X
P4	No		X

Table 6 reflects the frequency of basic themes referenced by the four participants confirming the disciplines are beneficial in assisting restaurant business owners in acquiring capital funding to sustain their business through the first 5 years.

Table 6.

Frequency of themes reference during the study

Theme	Referenced	% of occurrence
Education	4	100%
Third Party Auditor	2	50%
Economic Growth	2	50%
Business Track Record	4	100%
Solid Professional Team	3	75%

The themes presented in this section outline the expertise and talent necessary to acquire formal external funding for small businesses. Most small businesses acquiring external funding depend on community banks. Small banks control 13% of the banking industry assets and are responsible for funding 33% of small business loans (Koch & MacDonald, 2014). State agency and credit unions are beginning to play a prominent role in small business funding as well. Congress increased the limits of the credit union business loans from 12.5% to 20%, thereby increasing the available capital to flow toward small business lending (NCUA, 2013). Small business borrowers can increase their success rate in acquiring funding from these entities by compiling the optimal mix of talent and expertise in each of the themes.

Findings Related to the Literature Review

The findings confirm the literature regarding small business funding. The literature discusses education, third party auditor, and business track record as important

factors in acquiring business funding. The participants found these to be instrumental in their success or lack thereof.

Theme 1 Education. Elmuti et al. (2012) concluded education in business finance by entrepreneurs could increase business success. As with the participants, education was crucial to the success of obtaining funding and the success of successfully operating a business past the first 5 years. Although the participants had different levels of education, each member placed a high importance on education or the lack thereof.

Theme 2. Third-party auditor proved to be a valuable tactic to acquire formal external financing. Many loans require personal guarantees, collateral, and third party audits (Banerjee et al., 2013). According to the participants, their audits not only increased their creditability it also enhanced their organizational skills and bookkeeping standards. Poor record keeping is a barrier to businesses acquiring credit and an impetus to business failure (Higgins et al., 2012).

Theme 4. Business track record. The business banking record is crucial to the creditability of a company. Small banks collect important information about the small business' creditworthiness and solvency from repeated interactions during a period of time (Mitchener & Wheelock, 2013). Opaque financial information of nascent entrepreneurs also makes it cost-prohibitive for large banks to qualify small borrowers for a loan (Ely & Robinson, 2009). One participant in this study was denied financing primarily because of a lack of a recorded bank history.

Extend the Current Knowledge

The findings extend the knowledge of the research in two areas. Theme 3 Economic growth and theme 5 solid professional team. These two themes were not apparent in the literature.

Theme 3. Economic conditions of the state and local economy appear to be influential in the decisions making the process of the lender. A growing economy strengthens the case for business development and expansion. The two occasions the business participant successfully secured financing in this study, the economy was in the cycle of growth. The two occasions where the participant was not successful, the economic cycle was in a period of peak or recession.

Theme 5. A solid professional team proved to be invaluable to the two participants who were successful in acquiring formal external financing. The professional team provided professionalism and bona fide standards demonstrating to the lenders the companies have solid foundations. The professional team was able to use their particular expertise to mitigate obstacles resulting from the bureaucracy of pursuing financing.

The Findings Related to the Theories

Theory 1. Organizational life-cycle as described by Lester et al. (2003). A set of organizational structures and activities in each phase makes up the organizational life cycle. Knowing where a company is in the life cycle helps predict what financing is most appropriate (Kamiouchina et al., 2013). P1 and P2 were able to use this information to attract the best lender for their position in the business cycle.

Theory 2. Liability of Newness. The liability of newness is the belief, as a company matures it's risk of failure decreases and it's maturity is an assessment for

funding approval (Danes et al., 2013). P3 was denied funding because she was a new business. She had no previous business or financial experience evident to the potential lender. Hence, she was a high risk. P3 did not consider her position in the organizational life cycle which avows entrepreneurs fund start-up capital first by exhausting internal sources, second by short-term debt, third through long-term debt, and finally external equity (Elmuti et al., 2012).

Theory 3. Working capital management theory. Working capital management focuses on the maintenance of working capital, liabilities, and asset levels to ensure cash flow and the ability to cover operating expenses as well as short-term debt obligations (Sagan, 1955). P4 is a prime example of the theory of working capital management. His lack of working capital forced him to overdraw his account 34 times in one year. According to lenders, this type of account management directly affects a firm's profitability and risk (Banos-Caballero et al., 2012). Working capital management affects profitability and risk because the net working capital of a business reflects its asset over liability ratio (Sagan, 1955). With poor working capital management, P4 was deemed high risk and consequently denied funding.

Applications to Professional Practice

Access to capital is one of the most significant elements in new business creation (Wilson & Post, 2013). Money is important. However, money does not start businesses; people start businesses. The origin of the funds, the timing of capital injection, the conditions under which entrepreneurs acquire and repay capital are topics of significant importance in understanding the business creation and expansion process (Robb &

Robinson, 2012). The specific business problem is new entrepreneurs lack information regarding funding options for a prospective small business restaurateur to sustain a business in New York beyond the first 5 years.

This study revealed several key elements to successful fundraising for a small business including (a) education in cooking, business operations, and finance, (b) third-party auditor, (c) economic condition, (d) track record of business bank account, and (e) solid professional team. The ideal mix of these disciplines create an environment for successful fundraising. By conducting this study, I contribute rich data to the existing body of knowledge regarding small business financing. The results may fill gaps in the literature for nascent entrepreneurs seeking to create or expand a small business. The next sections discuss how the research can impact social change.

Implications for Social Change

The results of this research may impart an understanding of the optimal mix of skills and talent entrepreneurs can coordinate to render their small business credit worthy. Many regard capital shortages among the top three reasons why such a high percentage of small businesses fail in the first phase of the business lifecycle (Yusoff et al., 2012). The social change implications are a result of educating entrepreneurs on how to acquire funds to sustain their small business past the first 5 years.

Communities with vibrant small businesses more often experience a sense of camaraderie and civic engagement than communities void of small businesses (Blanchard, Tolbert, & Mencken, 2012). Additionally, individuals in communities with formidable small businesses are inclined to have greater health levels and environmental

safety awareness (Blanchard et al., 2012). Moreover, small businesses contribute to the wealth building of individual constituents, escalate individual earnings, and cultivate personal productiveness (Sarasvathy, Menon, & Kuechle, 2013).

Small businesses generated 63% of new jobs between 1993 and 2010, which qualifies small businesses as the backbone of the United States economy (Small Business Administration Office of Advocacy, 2014). Small business failure perpetuates job loss for less fortunate community members and creates a social drag on the economy. High unemployment has been linked to elevated crime rates due to increased pilferage, larceny, and auto theft by ex-celled employees (Phillips & Land, 2012). Also, health issues such as anxiety disorders, eating disorders, alcohol, and drug abuse are linked to increasingly unemployed individuals as well (Gili, Roca, Basu, Mckee, & Stuckler, 2013).

Recommendations for Action

Based on the results of this study five themes emerged entrepreneurs can engage to increase the success of acquiring financing to sustain their small business past the first five years. (a) Education (b) audit review (c) economic life cycle (d) business banking history (e) professional team. I recommend entrepreneurs continue to educate themselves in their particular field of expertise as well as business finance. Elmuti et al. (2012) concluded education in business finance by entrepreneurs could increase business success. Nascent entrepreneurs should establish a positive business banking track record with two or more banking institutions. Firms with have multiple banking relationships have a higher success rate of securing funding than firms with a solitary long-term bank relationship (Mitchener & Wheelock, 2013). New entrepreneurs may elect to start a home

based business for 12 months to establish a rapport with their banking institutions. Small banks are usually better at lending to the local market. However, the use of technology in credit scoring allow large banks to participate effectively in small business lending (Koch & MacDonald, 2014). While building a relationship with banking institutions, the entrepreneur should assemble a professional team to represent the company professionally. The bureaucratic process of pursuing business financing is arduous and is best done by experts. Before applying for financing for expansion, the business should undergo a third-party audit. Third-party audits give the credence to the business financials. The study also discovered the timing of the economic cycle is crucial to success when pursuing a loan. The success rate was higher in this study when entrepreneurs pursued funding during growth in the economic cycle.

Entrepreneurs who plan to start or expand a small business will find this research valuable and applicable. The general business problem is some small business owners start businesses without adequate access to capital, which perpetuates loss of profits and business failure. One way to avoid repeating this error is accessing these strategies. I will disseminate the results of this study through social media, including Youtube videos and Facebook. In addition, entrepreneurs can learn this helpful action plan from workshops and personal consultation. I will also forward a copy of this study to the SBA so they may include the same in their seminars and webinars.

Recommendations for Further Research

The peer reviewed literature supports the results of this study. However, the sample size is limited to four restaurant owners. Additional research including more

participants may confirm the accuracy of this study. Future researchers may consider using a quantitative approach where a comparison between each theme and profitability or sustainability is the focus. Additionally, future researchers may consider repeating this study in other states in the country to confirm the geographic location does not influence the results. Finally, future researchers may duplicate this study on an industry other than restaurants.

Reflections

The DBA process was a terrific learning experience for me as a person who has worked for the family owned small business my entire working life. I currently own the business and feel a greater sense of formality in my approach to my business. The classes elevated my awareness of details in the intangibles. Additionally, the doc study process raised the level of my writing skills to include terse and succinct composition. Moreover, the interview process has allowed me to see firsthand the experiences of other small business owners during the process of funding and building a business. I had my ideas about the business building process before the study. However, I put forth maximum effort to mitigate personal bias from the interviews and the interpretation through the epoche process (Moustakas, 1994). I followed a precise interview protocol with each participant that was uniform for the four interviewees (Neuman, 2011).

My interviews with my research participants gave them an opportunity to reflect on their past attempts to secure financing. A final copy of the study will help each participant contemplate areas in which they can make improvements to their procedure when they decide to expand further. I shared with them, Bakers Tilly restaurant

benchmark industry standards, which details expense percentage compared to gross sales to help with profitability. After the study, my way of thinking changed to realize electronic banking has revolutionized banking transactions. I am more inclined to bank with more than one bank. I will also pay more attention to building a professional team for the future.

Conclusion

The purpose of this qualitative single case study was to explore how small businesses in New York State address funding deficits to start and operate a business beyond the first 5 years. I conducted the study using methodological triangulation of two main data sources. I administered four one on one semi structured interviews with four restaurant owners as the primary source of data. The secondary data source was a review of company documents, including commitment letters, denial letters, and certificate of authority. I continued interviewing until I reached data saturation. The responses became repetitive and additional interviews garnered no new information (Tracy, 2013).

Data analyzation revealed five themes vital to the art of business fundraising to sustain past the first five years (a) education, (b) third party review, (c) economic life cycle, (d) business banking record, and (e) solid professional team. The examination of each theme linked back to theories of the organizational lifecycle, the liability of newness, and working capital management theory. Furthermore, the themes are supported by the body of knowledge regarding business funding. The findings of this study were clear in suggesting the themes presented are a formula for success in raising funds for a small business to sustain past the first five years.

References

- Abbasi, M., & Nilsson, F. (2012). Themes and challenges in making supply chains environmentally sustainable. *Supply Chain Management—An International Journal*, *17*, 517–530. doi:10.1108/13598541211258582
- Allen, D. (1993). The pecking order hypothesis: Australian evidence. *Applied Financial Economics* *3*(2), 101-112. doi:10.1080/758532828
- Altman, M. (2012). Implications of behavioral economics for financial literacy and public policy. *The Journal of Socio-Economics*, *41*, 677–690.
doi:10.1016/j.socec.2012.06.002
- Aluwihare-Samaranayake, D. (2012). Ethics in qualitative research: A view of the participants' and researchers' world from a critical standpoint. *International Journal of Qualitative Methods*, *11*(2), 64–81. Retrieved from <http://ejournals.library.ualberta.ca/index.php/IJQM/>
- Amankwah-Amoah, J. (2014). Old habits die hard: A tale of two failed companies and unwanted inheritance. *Journal of Business Research*, *67*, 1894–1903. doi:10.1016/j.jbusres.2013.11.053
- Ampenberger, M., Schmid, T., Achleitner, A., & Kaserer, C. (2013). Capital structure decisions in family firms: Empirical evidence from a bank-based economy. *Review of Managerial Science*, *7*(3), 247-275. Retrieved from <http://dx.doi.org/10.2139/ssrn.1364153>
- Anderson, C. (2010). Presenting and evaluating qualitative research. *American Journal of Pharmaceutical Education*, *74*(8), 141. doi:10.5688/aj7408141

- Anderson, J. (2012). Reflective journals as a tool for auto-ethnographic learning: A case study of student experiences with individualized sustainability. *Journal of Geography in Higher Education*, 36, 613-623. Retrieved from <http://dx.doi.org/10.1080/03098265.2012.692157>
- Andrews, D., & Criscuolo, C. (2013). Knowledge-based capital, innovation and resource allocation. *OECD Economics Department Working Papers*, 1046, 1-81.
doi:10.1787/5k46bj546kzs-en
- Argerich, J., Hormiga, E., & Valls-Pasola, J. (2013). Financial services support for entrepreneurial projects: Key issues in the business angel's investment decision process. *The Service Industries Journal*, 33, 806-819. Retrieved from <http://dx.doi.org/10.1080/02642069.2013.719891>
- Armen, S. (2013). Performance assessment of major U.S. airlines via cash flow ratios. *Western University of Timisoara*. Retrieved from <http://steconomiceuoradea.ro/anale/volume/2013/n2/038.pdf>
- Ayayi, A. (2012). Micro-credit and micro-equity: The David and the Goliath of micro-enterprise financing. *The Economic Society of Australia*, 31(2), 244–254.
doi:10.1111/j.1759-3441.2011.00144.x
- Badulescu, D. (2010). SMEs financing: The extent of need and responses of different credit structures. *Theoretical and Applied Economics*, 7(548), 25–36. Retrieved from <http://www.ectap.ro/articole/481.pdf>
- Badulescu, D., & Nicolae, P. (2012). Are SMEs more comfortable with small domestic lenders? *Annals of the University of Oradea, Economic Science Series*, 21(1),

- 493–499. Retrieved from <http://anale.steconomiecuoradea.ro/en/>
- Baltaci, N., & Ayaydin, H. (2014). Firm, country, and macroeconomic determinants of capital structure: evidence from Turkish banking sector. *Emerging Markets Journal*, 3(3), 47-58. doi:10.5195/emaj.2014.46
- Banerjee, A., Duflo, E., Glennerster, R., & Kinnan, C. (2013). The miracle of microfinance? Evidence from a randomized study. *MIT Department of Economics*, 13(9). Retrieved from <http://dx.doi.org/10.3386/w18950>
- Banos-Caballero, S., Garcia-Teruel, P., & Martinez-Solano, P. (2012). How does working capital management affect the profitability of Spanish SMEs? *Small Business Economics*, 39, 517-529. doi:10.1007/s11187-011-9317-8
- Bansal, P., & Corley, K. (2012). Publishing in AMJ - Part 7: What's different about qualitative research? *Academy of Management Journal*, 55, 509–513. doi:10.5465/amj.2012.4003
- Barinaga, E. (2013). Introducing micro-finance in Sweden. *Journal of the International Academy for Case Studies*, 19(3). Retrieved from <http://www.alliedacademies.org/public/journals/JournalDetails.aspx?jid=16>
- Barth, J., Lin, C., Ma, Y., Seade, J., & Song, F. (2013). Do bank regulation, supervision and monitoring enhance or impede bank efficiency? *Journal of Banking & Finance*, 37, 2879-2892. Retrieved from <http://dx.doi.org/10.2139/ssrn.1579352>
- Basu, K. (2011). A simple model of the financial crisis of 2007–2009, with implications for the design of a stimulus package. *Indian Growth and Development Review*, 4(1), 5–21. doi:10.1108/17538251111124972

- Bauer, M., Chytilova, J., & Morduch, J. (2012). Behavioral foundations of microcredit: Experimental and survey evidence from rural India. *The American Economic Review*, *102*, 1118-1139. Retrieved from <http://dx.doi.org/10.1257/aer.102.2.118>
- Bennett, R., & Unal, H. (2014). The effects of resolution methods and industry stress on the loss on assets from bank failures. *Journal of Financial Stability*, *15*(1), 18-31. doi:10.1016/j.jfs.2014.06.007
- Berger, A., Cowan, A., & Frame, W. (2011). The surprising use of credit scoring in small business lending by community banks and the attendant effects on credit availability, risk, and profitability. *Journal of Financial Service Research*, *39*, 1–17. doi:10.1007/s10693.010.0088.1
- Berger, A., Saunders, A., Scalise, J., & Udell, G. (1998). The effects of bank mergers and acquisitions on small business lending. *Journal of Financial Economics* *50*(2), p187–p229. doi:10.1016/S0304-405X(98)00036-1
- Berger, A., & Bouwman, C. (2013). How does capital affect bank performance during financial crises? *Journal of Financial Economics*, *109*(1), 146–176. doi:10.1016/j.jfineco.2013.02.008
- Bichanga, W., & Aseyo, L. (2013). Causes of loan default within micro finance institutions in Kenya. *Interdisciplinary Journal of Contemporary Research in Business*, *4*(12). Retrieved from <http://ijcrb.webs.com>
- Bishop, L. (2012). Using archived qualitative data for teaching: Practical and ethical consideration. *International Journal of Social Research Methodology*, *15*, 342-350. doi:10.1080/13645579.2012.688335

- Bissett, S., Stone, K., Rapley, T., & Preshaw, P. (2013). An exploratory qualitative interview study about collaboration between medicine and dentistry in relation to diabetes management. *BMJ Open*, 3(2), 1–7. doi:10.1136/bmjopen-2012-002192
- Blanchard, T. C., Tolbert, C., & Mencken, C. (2012). The health and wealth of US counties: How the small business environment impacts alternative measures of development. *Cambridge Journal of Regions, Economy and Society*, 5, 149-162. doi:10.1093/cjres/rsr034
- Bloomberg, L., & Volpe, M. (2012). *Completing your qualitative dissertation: A road map from beginning to end* (2nd ed.). Thousand Oaks, CA: Sage.
- Bollingtoft, A. (2012). The bottom-up business incubator: Leverage to networking and cooperation practices in a self-generated, entrepreneurial-enabled environment. *Technovation*, 32(5), 304-315. doi: 10.1016/j.technovation.2011.11.005
- Bolton, P., Freixas, X., Gambacorta, L., & Mistrulli, E. (2013). Relationship and transaction lending in a crisis. *Bank of International Settlements*. Retrieved from <http://www.bis.org>
- Bonaque, B. (2013). 8 ways to find alternatives to bank finance. *Financial Management*, 36-37. Retrieved from http://www.fm-magazine.com/pdfs/APR_2013.pdf
- Bonnet, C., & Wirtz, P. (2012). Raising capital for rapid growth in young technology ventures: when business angels and venture capitalists coinvest. *Venture Capital: An International Journal of Entrepreneurial Finance*, 14(2-3), 91-110. doi:10.1080/13691066.2012.654603
- Brana, S. (2013). Microcredit: An answer to the gender problem in funding? *Small*

Business Economics, 40, 87-100. doi:10.1007/s11187-011-9346-3

Branthwaite, A., & Patterson, S. (2012). In search of excellence. *International Journal of Market Research*, 54, 635–658. doi:10.2501/IJMR-54-5-635-658

Brédart, A., Marrel, A., Abetz-Webb, L., Lasch, K., & Acquadro, C. (2014). Interviewing to develop patient-reported outcome (PRO) measures for clinical research: Eliciting patients' experience. *Health and Quality of Life Outcomes*, 12(2), 15. doi:10.1186/1477-7525-12-15

Brent, W., & Addo, C. (2012). Minimizing information asymmetry: Does firms' characteristics matter? *Academy of Banking Studies Journal*, 11(1). Retrieved from <http://link.springer.com/journals/11135>

Brusov, P., & Filatova, T. (2013). Absence of an optimal capital structure in the famous tradeoff theory. *Journal of Reviews on Global Economics*, 2, 94-116. Retrieved from <http://dx.doi.org/10.6000/1929-7092.2013.02.8>

Bulevska, A. (2014). Can economic growth be enhanced by venture capital employment? *Journal of Sustainable Development*, 5(10), 50–69. Retrieved from <http://www.ccsenet.org/journal/index.php/jsd>

Business Dictionary (2014). Home. Retrieved from <http://www.businessdictionary.com/>

Camacho, M., Dal Bianco, M., & Martinez-Martin, J. (2015) Short-run forecasting of Argentine gross domestic product growth. *Emerging Markets Finance & Trade*, 51, 473-485. doi:10.1080/1540496X.2015.1025668.

Canales, R., & Nanda, R. (2012). A darker side to decentralized banks: Market power and credit rationing in SME lending. *Journal of Financial Economics*, 105(2), 353-

366. doi:10.1016/j.fineco.2012.03.006

Cantley, B. (2012). The new section 1202 tax-free business sale: Congress rewards small businesses that survived the great recession. *Fordham Journal of Corporate & Financial Law*, 17, 1127–1162. Retrieved from <http://ir.lawnet.fordham.edu/jcfl/>

Castleberry, A. (2014). NVivo 10 [software program.] Version 10. QSR International; 2012. *American Journal of Pharmaceutical Education*, 78(1), 25.
doi:10.5688/ajpe78125

Chang, J., & Weiss, M. (2012). Capital structure in the property-liability insurance industry: Tests of the tradeoff and pecking order theories. *Journal of Insurance Issues* 35(1), 1-43. Retrieved from <http://www.jstor.org/stable/41946324>

Chang, K., & Graham, G. (2012). E-Business strategy in supply chain collaboration: An empirical study of B2B e-commerce project in Taiwan. *Internal Journal of Electronic Business Management*, 10(2), 101–112. Retrieved from http://ijebm-ojs.ie.nthu.edu.tw/IJEBM_OJS/index.php/IJEBM

Charach, A., Yeung, E., Volpe, T., Goodale, T., & dosReis, S. (2014). Exploring stimulant treatment in ADHD: Narratives of young adolescents and their parents. *BioMed Central Psychiatry*, 14, 110. doi:10.1186/1471-244X-14-110

Chen, X., & Cheng, Q. (2013). Accounting restatements and external financing choices. *Contemporary Accounting Research* 30, 750–779. doi:10.1111/j.1911-3846.2012.01117.x.

Clark, M., & Saade, R. (2012). The role of small business in economic development of the United States: From the end of the Korean war (1953). *Social Science*

Research Network. doi:10.2139/ssrn.1803161

- Clarke, V., & Braun, V. (2013). Teaching thematic analysis: Overcoming challenges and developing strategies for effective learning. *The Psychologist*, 26(2), 120–123. Retrieved from <https://thepsychologist.bps.org.uk>
- Cope, D. (2014). Methods and meaning: Credibility and trustworthiness of qualitative research. *Oncology Nursing Forum*, 41(1), 89–91. doi:10.1188/14ONF.89-91
- Cooper, R., Fleischer, A., & Cotton, F. (2012). Building connections: An interpretative phenomenological of qualitative research students' learning experiences. *The Qualitative Report*, 17(1), 1–16. Retrieved from <http://www.nova.edu/ssss/QR>
- Cornee, S., Masclet, D., & Thenet, G. (2012). Credit relationships: Evidence from experiments with real bankers. *Journal of Money, Credit and Banking* 44(5), 957–980. doi:10.1111/j.1538-4616.201200517x
- Danes, S., Craft, S., Jang, J., & Lee, J. (2013). Liability of newness: Assessing couple social support when starting a new business venture. *Journal of Marital and Family Therapy*, 39, 515-529. doi:10.1111/j.1752-0606201200308.x
- Das, S. (2012). Entrepreneurship through micro finance in north East India: A comprehensive review of existing literature. *Information Management and Business Review*, 4(3), 168–184. Retrieved from <http://www.ifrnd.org/journaldetail.aspx?journalid=1>
- Dedman, E., & Kausar, A. (2012). The impact of voluntary audit on credit ratings: evidence from UK private firms. *Accounting and Business Research*, 42, 397-418. Retrieved from <http://dxdoi.org/10.1080/00014788.2012.65376>

- DeGennaro, R. (2012). Angel investors and their investments. In D. Cumming's (Ed.), *The Oxford Handbook of Entrepreneurial Finance* (pp. 392–423). Oxford, UK.: Oxford University Press. Retrieved from <http://dx.doi.org/10.1093/oxfordhb/97801953912440130014>
- Demiralp, B., Turner, M., & Monnard, A. (2012). The Evaluation of the US Small Business Administration's Regional Cluster Initiative. *Small Business Administration*. Retrieved from <https://www.sba.gov/sites/default/files/files/SBA%20RCI%20Public%20Year%2002%20Report%20508%20Compliant%20FINAL.pdf>
- Demiroglu, C., James, C., & Kizilaslan, A. (2012). Bank lending standards and access to lines of credit. *Journal of Money, Credit, and Banking*, 44, 1063–1089. doi:10.1111/j.1538-4616.201200523.x
- Denis, D., & McKeon, S. (2012). Debt financing and financial flexibility evidence from proactive leverage increases. *The Review of Financial Studies*, 25, 1897–1929. doi:10.1093/rfs/hhs005
- Dodge, R., & Robbins, J. (1992). An empirical investigation of the organizational life cycle. *Journal of Small Business Management*, 30(1), 27–37. Retrieved from <http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%1540-627X>
- Dokko, G., & Gaba, V. (2012). Venturing into new territory: Career experiences of corporate venture capital managers and practice variation. *Academy of Management Journal*, 55, 563–583. doi:10.5465/amj.2009.0909
- Dolar, B. (2014). Bank consolidation and small business lending in the aftermath of the

- US financial crisis: Evidence from California's banking markets. *Journal of International Business Disciplines*, 9(1), 1-26. Retrieved from <http://web.a.ebscohost.com/abstract?direct=true&profile>
- Dong, Y., & Men, C. (2014). SME financing in emerging markets: Firm characteristics, banking structure and institutions. *Emerging Markets Finance & Trade*, 50(1), 120–149. doi:10.2753/REE1540-496X500107
- Drisko, J., & Maschi, T. (2015). Content analysis. *Oxford University Press*. doi:10.1093/acprof:oso/9780190215491.001.0001
- Dresser, R. (2012). Aligning regulations and ethics in human research. *Science*, 337, 527–528. doi:10.1126/science.1218323
- Du, J., Lu, Y., & Tao, Z. (2012). Bank loans vs. trade credit. *Economics of Transition*, 20, 457–480. doi:10.1111/j.1468-0351.201200439.x
- Duygan-Bump, B., Levkov, A., & Montoriol-Garriga, J. (2015). Financing constraints and unemployment: Evidence from the Great Recession. *Journal of Monetary Economics*, 75, 89-105. Retrieved from <http://dx.doi.org/10.2139/ssrn.2529180>
- Dworkin, S. (2012). Sample size policy for qualitative studies using in-depth interviews. *Archives of Sexual Behavior*, 41, 1319–1320. doi:10.1007/s10508-012-0016-6.
- Eck, K., Engemann, M., & Schnitzer, M. (2012). How trade credits foster international trade. *CEPR Discussion Paper*. Retrieved from <http://ssrn.com/abstract=2066327>
- Einav, L., Jenkins, M., & Levin, J. (2013). The impact of credit scoring on consumer lending. *RAND Journal of Economics*, 44(2), 249–274. doi:10.1111/1756-2171.12019

- Elmuti, D., Khoury, G., & Omran, O. (2012). Does entrepreneurship education have a role in developing entrepreneurial skills and ventures' effectiveness? *Journal of Entrepreneurship Education, 15*, 83-98. Retrieved from <https://www.researchgate.net/publication/260109600>
- Elsayed, K. (2014). Inventory management over firm life cycle: some empirical evidence. *International Journal of Services and Operations Management, 19*(4), 431–450. doi:10.1504/IJSOM.2014.065668
- Elsawah, S., Guillaume, J., Filatova, T., Rook, J., & Jakeman, A. (2015). A methodology for eliciting, representing, and analyzing stakeholder knowledge for decision making on complex socio-ecological systems: From cognitive maps to agent-based models. *Journal of Environmental Management, 151*, 500-516. Retrieved from <http://www.elsevier.com/locate/jenvman>
- Ely, R., & Robinson, K. (2009). Credit unions and small business lending. *Journal of Financial Services Research, 35*-53. doi:10.1007/s10693-008-0038-3
- Englander, M. (2012). The interview: Data collection in descriptive phenomenological human scientific research. *Journal of Phenomenological Psychology, 43*(2012), 13–35. doi:10.1163/156916212X632943
- Essary, M. (2014). Key external factors influencing successful distance education programs. *Academy of Educational Leadership Journal, 18*(3), 121-136. Retrieved from <http://web.b.ebscohost.com.ezp.waldenulibrary.org>
- Fielding, J., Fielding, N., & Hughes, G. (2013). Opening up open-ended survey data using qualitative software. *Quality & Quantity, 47*, 3261–3276. Retrieved from

<http://link.springer.com/journal/11135>

- Finger, R. (2013). Banks are not lending like they should, and with good reason. *Forbes Business*. Retrieved from <http://www.forbes.com/sites/richardfinger/2013/05/30/banks-are-not-lending-like-they-should-and-with-good-reason/#65810d4444b1>
- Fiordelisi, F., Monferra, S., & Sampagnaro, G. (2013). Relationship lending and credit quality. *Journal of Financial Service Research*, 46, 295-315. doi:10.1007/s10693-013-0176-0
- Fort, T., Haltiwanger, J., Jarmin, R., & Miranda, J. (2013). How firms respond to business cycles: The role of firm age and firm size. *International Monetary Fund Economic Review* 61, 520–557. doi:10.1057/imfer.2013.15.
- Forte, D., Barros, L., & Nakamura, W. (2013). Determinants of the capital structure of small and medium sized Brazilian enterprises. *Brazilian Administration Review*, 10, 347-369. doi:10.1590/S1807-76922013000300007
- Freeman, M. (2014). The hermeneutical aesthetics of thick description. *Qualitative Inquiry*, 20, 827–833. doi:10.1177/1077800414530267
- Freund, K., & Fielding, D. (2013). Research ethics in fan studies - Participations: *Journal of Audience & Reception Studies*, 10, 329–334. Retrieved from <http://www.participations.org/index.htm>
- Fries, K. S., Bowers, D. M., Gross, M., & Frost, L. (2013). Service learning in Guatemala: Using qualitative content analysis to explore an interdisciplinary learning experience among students in health care professional programs. *Journal*

of Multidisciplinary Healthcare, 6, 45–52. doi:10.2147/JMDH.S35867

- Fu, R., Kraft, A., & Zhang, H. (2012). Financial reporting frequency, information asymmetry, and the cost of equity. *Journal of Accounting and Economics*, 54(2), 132-149. Retrieved from <http://dx.doi.org/10.2139/ssrn.1927696>
- Gale, N. K., Heath, G., Cameron, E., Rashid, S., & Redwood, S. (2013). Using the framework method for the analysis of qualitative data in multi-disciplinary health research. *Bio Med Central Medical Research Methodology*, 13(9), 117. doi:10.1186/1471-2288-13-117
- Garcia, M. (2013). Financial education and behavioral finance: New insights into the role of information in financial decisions. *Annals of the University of Oradea, Economic Science Series*, 27, 551-560. Retrieved from <http://dx.doi.org/10.1057/9781137366290.0012>
- Geho, P., & Frakes, J. (2013). Financing for small business in a sluggish economy versus conflicting impulses of the entrepreneur. *Entrepreneurial Executive*, 18, 89–101. Retrieved from <http://www.alliedacademies.org/public/journals/JournalDetails.aspx?jid=9>
- Gemmell, R., Boland, R., & Kolb, D. (2012). The socio-cognitive dynamics of entrepreneurial ideation. *Entrepreneurship Theory and Practice*, 36, 1053–1073. doi:10.1111/j.1540-6520.201100486.x
- Giannetti, M., Burkart, M., & Ellingsen, T. (2012). What you sell is what you lend? Explaining trade credit contracts. *The Review of Financial Studies*, 24(4). doi: 10.1093/rfs/hhn096

- Giannetti, M., & Ongena, S. (2012). Lending by example: Direct and indirect effects of foreign banks in emerging markets. *Journal of International Economics*, 86(1), 167-180. doi:10.1016/j.jinteco.2011.08.005
- Gibbins, J., Bhatia, R., Forbes, K., & Reid, C. (2014). What do patients with advanced incurable cancer want from the management of their pain? A qualitative study. *Palliative Medicine*, 28, 71-78. doi:10.1177/0269216313486310
- Gideon, L. (Ed.). (2012). *Handbook of survey methodology for the social sciences*. New York, NY: Springer. Retrieved from <http://dx.doi.org/10.1007/978-1-4614-3876-2>
- Gili, M., Roca, M., Basu, S., McKee, M., & Stuckler, D. (2013). The mental health risks of economic crisis in Spain: Evidence from primary care centres, 2006 and 2010. *The European Journal of Public Health*, 23, 103-108. doi:10.1093/eurpub/cks035
- Granot, E., & Greene, H. (2015). A structural guide to interviewing as qualitative marketing research: The three interview series model. *Proceedings of the 2005 Academy of Marketing Science Annual Conference* (pp. 77–81). Springfield, IL: Springer. doi:10.1007/978-3-319-11779-9_33
- Gregson, G., Mann, S., & Harrison, R. (2013). Business angel syndication and the evolution of risk capital in a small market economy: Evidence from Scotland. *Managerial & Decision Economics*, 34, 95-107. doi:10.1002/mde.2595
- Hackett, J., Glidewell, L., West, R., Carder, P., Doran, T., & Foy, R. (2014). ‘Just another incentive scheme’: A qualitative interview study of a local pay-for-performance scheme for primary care. *Bio Med Central Family Practice*, 15(10), 168. doi:10.1186/s12875-014-0168-7

- Hale, G. (2012). Bank relationships, business, cycles, and financial crises. *Journal of International Economics*, 88, 312–325. doi:10.1016/j.jinteco.2012.01.011
- Hale, R., & Forbes, D. (2013). Understanding triangulation in research. *Evidence Based Nursing*, 16, 98. doi:10.1136/eb-2013-101494
- Harper, M., & Cole, P. (2012). Member checking: Can benefits be gained similar to group therapy? *The Qualitative Report*, 17, 510–517. Retrieved from <http://www.nova.edu/ssss/QR/QR17-2/harper.pdf>
- Hartt, C., & Jones, K. (2013). Sense making the small business credit crunch: The network of recession and barriers to recovery. *International Journal of Business Anthropology*, 4(2), 66-75. Retrieved from <http://web.b.ebscohost.com.ezp.waldenulibrary.org>
- Hasumi, R., & Hideaki, H. (2014). Small business credit scoring and its pitfall: Evidence from Japan. *Journal of Small Business Management*, 52(3), 555-568. doi:10.1111/jsbm.12049
- Hayes, R., Wallage, P., & Gortemaker, H. (2014). *Principles of auditing: an introduction to international standards on auditing* (3rd ed.). New York, NY: Pearson Higher Ed.
- He, Z., & Xiong, W. (2012). Rollover risk and credit risk. *The Journal of Finance*, 67(2), 391-430. Retrieved from <http://dx.doi.org/10.3386/w15653>
- Heidorn, T., & Buschmann, C. (2014). *The liquidity reserve funding and management strategies*. Working Paper Series, Frankfurt School of Finance & Management, No. 210. Retrieved from

<http://www.econstor.eu/bitstream/10419/95974/1/782835139.pdf>

Helvig, A. W., & Minick, P. (2013). Adolescents and headaches: Maintaining control.

Continuing Nursing Education, 39(1), 19–25. Retrieved from

<http://www.pediatricnursing.net/>

Higgins, D., Kendall, J., & Lyon, B. (2012). Mobile money usage patterns of Kenyan

small and medium enterprises. *Massachusetts Institute of Technology Press*

Journals Innovations, 7(2), 67-81. Retrieved from

<http://dx.doi.org/10.21139/ssrn.2116481>

Hillman, J., Withers, M., & Collins, B. (2009). Resource dependence theory: A review.

Journal of Management, 35, 1404-1427. doi:10.1177/01499206309343469.

Homburg, C., Klarmann, M., Reimann, M., & Schilke, O. (2012). What drives key

informant accuracy? *Journal of Marketing Research*, 49, 594–608.

doi:10.1509/jmr.09.0174

Houghton, C., Casey, D., Shaw, D., & Murphy, K. (2013). Rigour in qualitative case-

study research. *Nurse Researcher*, 20(4), 12-17.

doi:10.7748/nr2013.03.20.4.12e326

Huffington Post New York (2013). The night hurricane Sandy hit New York. Retrieved

from <http://www.huffingtonpost.com/2013/10/28/Sandy>

Hurt, R. L., & McLaughlin, E. J. (2012). An applied introduction to qualitative research

methods in academic advising. *National Academic Advising Association Journal*,

32(1), 63-71. doi:10.12930/0271-9517-32.1.63

Hyytinen, A., & Maliranta, M. (2013). Firm lifecycles and evolution of industry

productivity. *Research Policy*, 42(5), 1080–1098.

doi:10.1016/j.respol.2013.01.008.

Idolor, J., & Eriki, P. (2012). Financial analysis of assessment of impact of micro-financing institutions towards poverty reduction in Nigeria. *Journal of Financial Management and Analysis*, 25(1), 51–74. Retrieved from <http://ssrn.com/abstract=2158809>

Jamshed, S. (2014). Qualitative research method-interviewing and observation. *Journal of Basic and Clinical Pharmacy*, 5(4), 87–88. doi:10.4103/0976-0105.141942

Jenkins, N., Lawton, J., Douglas, M., Walker, S., Finnie, R., Porteous, M., & Hallowell, N. (2013). How do index patients participate in genetic screening programs for familial hypercholesterolemia (FH) interpret their DNA results? A UK-based qualitative interview study. *Patient Education and Counseling*, 90, 372–377. doi:10.1016/j.jpec.2011.09.002

Jimenez, G., Lopez, J., & Saurina, J. (2013). How does competition affect bank risk-taking? *Journal of Financial Stability*, 9(2), 185-195. doi:10.1016/j.jjfs.2013.02.004

Kamiouchina, E., Carson, S., Short, J., & Ketchen, D. (2013). Extending the firm vs. industry debate: Does industry life cycle stage matter? *Strategic Management Journal*, 34, 1010-1018. doi:10.1002/smj.2042

Kanmogne, M., & Eskridge, K.M. (2013). Identifying some major determinants of entrepreneurial partnership, using a confounded factorial conjoint choice experiment. *Quality & Quantity*, 47, 943-960. doi:10.1007/s11135-011-9575-1

- Kennedy, A. (2012). Systematic ethnography of school-age children with bleeding disorders and other chronic illnesses: Exploring children's perceptions of partnership roles in family-centred care of their chronic illness. *Child Care, Health & Development*, 38, 863-869. doi:10.1111/j.1365-2214.2011.01310x
- Keys, Y. (2014). Looking ahead to our next generation of nurse leaders: Generation X nurse managers. *Journal of Nursing Management*, 22(1), 97-105. doi:10.1111/jonm.12198
- Khavul, S., Chavez, H., & Bruton, G. (2013). When institutional change outruns the change agent: The contested terrain of entrepreneurial microfinance for those in poverty. *Journal of Business Venturing*, 28(1), 30-50. doi: 10.1016/j.jbusvent.2012.02.005
- Kim, J., Price, M., & Lau, F. (2013). The case study research method: Overview and proposed guidelines for reporting and evaluation illustrated with health informatics case studies. *International Journal of Health Information Management Research*, 2(1), 13-30. Retrieved from <http://www.ijhimr.co.uk/>
- Kirschenmann, K., & Norden, L. (2012). The relationship between borrower risk and loan maturity in small business lending. *Journal of Business Finance & Accounting*, 39, 730-757. doi:10.1111/j.468-5957.2012.02285x
- Kitchens, R., & Torrence, P. (2012). The jobs act: Crowdfunding and beyond. *Economic Development* 11(4), 42-47. Retrieved from <http://web.ebscohost.com.ezp.waldenulibrary.org>
- Koch, T., & MacDonald, S. (2014). *Bank management*. Boston, MA: Cengage Learning.

- Kolb, S. (2012). Grounded theory and the constant comparative method: Valid research strategies for educators. *Journal of Emerging Trends in Educational research and Policy Studies*, 3(1), 83-86. Retrieved from <http://www.jeteraps.scholarlinkresearch.org>
- Krueger, R., & Casey, M. (2014). *Focus groups: A practical guide for applied research* (5th ed.). Los Angeles, CA: Sage.
- Kwansa, F., & Evans, M. (1988). Financial management in the context of the organizational life cycle. *Journal of Hospitality and Tourism Research*, 12(2), 197. doi:10.1177/109634808801200220
- Kymre, I. G., & Bondas, T. (2013). Skin-to-skin care for dying preterm newborns and their parents – A phenomenological study from the perspective of NICU nurses. *Scandinavian Journal of Caring Sciences*, 27, 669–676. doi:10.1111/j.1471-6712.2012.01076.x
- Lahm, R., Stowe, C., Carton, R., & Buck, L. (2011). Small businesses and credit cards: New rules for plastic in an economic recession. *Journal of Marketing Development and Competitiveness*, 5(5), 101–110. Retrieved from <http://www.na-businesspress.com/jmdcopen.html>
- Lam, W. (2010). Funding gap, what funding gap? Financial bootstrapping. *International Journal of Entrepreneurial Behavior & Research*, 16(4), 268-295. doi:10.1108/13552551011054480.
- Lamoreaux, M., & Nevius, A. (2010). Highlights of the small business stimulus act. *Journal of Accountancy*. Retrieved from <http://www.journalofaccountancy.com>

- Leedy, D., & Ormrod, J. (2015). *Practical research: Planning and design* (11th ed.). New York, NY: Pearson Education.
- Liedholm, C., & Mead, D. (2013). *Small Enterprises and Economic Development: the dynamics of micro and small enterprises*. New York, NY: Routledge.
- Lending Club (2014). *Better rates: Together*. Retrieved from <https://www.lendingclub.com/>
- Lester, D., Pernell, J., & Carrahee, S. (2003). Organizational life cycle: A five-stage empirical scale. *International Journal of Organizational Analysis, 11*(4), 339–354. doi:10.1108/eb028979
- Levin, R., Nowakowski, J., & O'Brien, A. (2013). The JOBS Act—Implications for raising capital and for financial intermediaries. *Journal of Taxation & Regulations of Financial Institutions, 26*(5), 21–29. Retrieved from <http://www.civiresearchinstitute.com/tfi.html>
- Lietz, C. A., & Zayas, L. E. (2010). Evaluating qualitative research for social work practitioners. *Advances in Social Work, 11*(2), 188–202. Retrieved from <https://journals.iupui.edu/index.php/advancesinsocialwork>
- Link, A., & Scott, J. (2012). Employment growth from the small business innovation research program. *Small Business Economics, 39*, 265–287. doi:10.1007/s11187-010-9303-6
- Litwin, A., & Phan, P. (2013). Quality over quantity: Reexamining the link between entrepreneurship and job creation. *Industrial & Labor Relations Review, 66*, 833–

873. Retrieved from <http://ebSCOhost.com>

- Lopez-Salazar, A., Contreras-Soto, R., & Espinosa-Mosqueda, R. (2012). The impact of financial decisions and strategy on small business competitiveness. *Global Journal of Business Research*, 6(2), 93-103. Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1945906
- Lowe, S. (2013). The credit card accountability responsibility and disclosure act of 2009: Providing consumer protection or financial bureaucracy? *International Journal of Business and Economics Perspectives*, 8(2), 90-102. Retrieved from <http://www.iabpad.com/IJBEP/>
- Louzis, D., Vouldis, A., & Metaxas, V. L. (2012). Macroeconomic and bank-specific determinants of non-performing loans in Greece: A comparative study of mortgage, business and consumer loan portfolios. *Journal of Banking & Financing*, 36(4), 1012–1027. doi:10.1016/j.jbankfin.2011.10.012
- Lu, W., & Whidbee, D. (2013). Bank structure and failure during the financial crisis. *Journal of Financial Economic Policy*, 5(3), 281-299. Retrieved from <http://dx.doi.org/10.1108/jfep-02-2013-0006>
- Lugovskaya, L. (2010). Predicting default of Russian SMEs on the basis of financial and non-financial variables. *Journal of Financial Services Marketing*, 14, 301–313. doi:10.1057/fam.2009.28
- Luo, B., & Lin, Z. (2013). A decision tree model for herd behavior and empirical

- evidence form the online P2P lending market. *Information Systems and eBusiness Management*, 11(1), 141–160. doi:10.1007/s10257-011-0182-4.
- Ma, D., Rhee, M., & Yang, D. (2013). Power source mismatch and the effectiveness of inter organizational relations: The case of venture capital syndication. *Academy of Management Journal*, 56, 711–734. doi:10.5465/amj.2010.0832
- MacInnis, J. D. (2011). A framework for conceptual contributions in marketing. *Journal of Marketing*, 75(4), 136–154. doi:10.1509/jmkg.75.4.136
- Malterud, K. (2012). Systematic text condensation: A strategy for qualitative analysis. *Scandinavian Journal of Public Health*, 40, 795–805.
doi:10.1177/1403494812465030
- Marshall, C., & Rossman, G. B. (2015). *Designing qualitative research* (6th ed). Los Angeles, CA: Sage.
- Marta-Christina, S., & Liana, L. (2013). A new challenge in EU: Effective financial education. *Journal of Economic Surveys*, 27(2), 297–315. doi:10.1111/j.1467-6419.2011.00705x.
- Mason, C., & Brown, R. (2013). Creating good public policy to support high-growth firms. *Small Business Economics*, 40(2), 221–225. doi:10.1007/s11187-011-9369-9
- Maxwell, J. (2013). *Qualitative research design: An interactive approach* (3rd ed.). Thousand Oaks, CA: Sage.
- McCullough, M. B., Solomon, J. L., Petrakis, B. A., Park, A. M., Ourth, H., Morreale, A. P., & Rose, A. J. (2014). Balancing collaborative and independent practice roles

- in clinical pharmacy: A qualitative research study. *Annals of Pharmacology*, 49(2), 189–195. doi:10.1177/1060028014561473
- McDaniel, B. (2014). A Schumpeterian view of the U.S. housing crisis. *Journal of Management Policy and Practice*, 15(2), 25–29. Retrieved from <http://aripd.org/jmpp>
- McNulty, J., Murdock, M., & Richie, N. (2013). Are commercial bank lending propensities useful in understanding small firm finance? *Journal of Economic Finance*, 37, 511–527. doi:10.1007/s12197-011-9191-x
- Medley, B. (2013). Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994. *Federal Reserve History*. Retrieved from <http://www.federalreservehistory.org/Events/DetailView/50>
- Michels, J. (2012). Do unverifiable disclosures matter? Evidence from peer-to-peer lending. *The Accounting Review*, 87, 1385–1413. doi:10.2308/accr-50159
- Mihajlov, T. (2012). SBA 504 loan help improve balance sheets: A micro analysis. *Journal of Marketing Development and Competitiveness*, 6(1). Retrieved from <http://www.na-businesspress.com/jmdcopen.html>
- Miles, M., Huberman, A., & Saldaña, J. (2013). *Qualitative data analysis: An expanded sourcebook*. Thousand Oaks, CA: Sage.
- Mills, J. (2014). A hedge fund business plan: investment theory, operations, and capital raising for Broadgates Capital Management. *DSpace@MIT*. Retrieved from <http://hdl.handle.net/1721.1/90742>
- Mitchener, K., & Wheelock, D. (2013). Does the structure of banking markets affect

- economic growth? Evidence from U.S. state banking markets. *Explorations in Economic History*, 50(2), 161-178. Retrieved from <http://dx.doi.org/10.3386/w15710>
- Mitter, C. (2012). Business angel: Issues, evidence, and implications for emerging markets. *Journal of International Business and Economics*, 12(3), 1–11. Retrieved from <http://www.iabe.org/domains/iabex/journal.aspx?journalid=9>
- Moss, A., Reibel, D., Greesob, J., Thapar, A., Bubb, R., Salmon, J., & Newberg, A. (2014). An adapted mindfulness-based stress reduction program for elders in a continuing care retirement community: Quantitative and qualitative results from a pilot randomized controlled trial. *Journal of Applied Gerontology*, 34(4), 518-538 doi:10.1177/0733464814559411
- Moustakas, C. (1994). *Phenomenological research methods*. Thousand Oaks, CA: Sage.
- Mukherjee, S., & Mahakud, J. (2012). Are tradeoff and pecking order theories of capital structure mutually exclusive? *Journal of Management Research*, 12(1), 41-55 Retrieved from <http://search.proquest.com/openview>
- Mulcahy, D. (2013). Myths about venture capitalists. *Harvard Business Review*, 91(5), 80-83. Retrieved from <http://www.ebscohost.com>
- Mullineux, A. (2011). The public duties and social responsibilities of big British banks. *International Advances in Economic Research*, 17(4), 436–450. doi:10.1007/s11294-011-9319-y
- Murfin, J. (2012). The supply-side determinants of loan contract strictness. *The Journal of Finance*, 67(5), 1565-1601. Retrieved from

<http://dx.doi.org/10.2139/ssrn.2035533>

Murphy, M. (2013). A fresh look at the auditor's report and proposed standards. *CPA Journal*, 80. Retrieved from <http://www.cpajournal.com/>

Murphy, K., O'Connor, D., Browning, C., French, S., Michie, S., Francis, J. (2014). Understanding diagnosis and management of dementia and guideline implementation in general practice: A qualitative study using the theoretical domains framework. *Implementation Science*, 9(3), 31. doi:10.1186/1748-5908-9-31

Myers, S., & Majluf, N. (1984). Corporate financing and investment decisions when firms have information that investors do not have. *Journal of Financial Economics*, 13, 187-122. doi:10.1016/0304-405X(84)90023-0.

Naidu, S., & Chand, A. (2012). A comparative study of the financial problems faced by micro, small and medium enterprises in the manufacturing sector of Fiji and Tonga. *International Journal of Emerging Markets*, 7(3), 245-262. doi:10.1108/17468812111236974

Nakkeeran, N., & Zodpey, S. P. (2012). Qualitative research in applied situations: Strategies to ensure rigor and validity. *Indian Journal of Public Health*, 56(1), 4-11. doi:10.104103/0019-557X.96949

National Restaurant Association. (2013a). *America works here*. Retrieved from <http://www.restaurant.org/industry-impact/employing-america/america-work-here>

National Restaurant Association. (2013b). *Jobs & careers powerhouse*. Retrieved from <http://www.restauratn.org/industry-impact/employing-america/jobs-careers->

powerhowse

National Credit Union Association (2013). Credit union and corporate call report data.

National Credit Union Administration. Retrieved from

<https://www.ncua.gov/analysis/Pages/call-report-data.aspx>

Neely, L., & Van Auken, H. (2012). An examination of small firm bootstrap financing and use of debt. *Journal of Developmental Entrepreneurship*, 17(1), 1-12. doi:

10.1142/S1084946712500021

Neuman, W. (2011). *Social research methods: Qualitative and quantitative approaches* (7th ed.). Boston, MA: Pearson.

Newell, M. L., Newell, T. S., & Looser, J. A. (2013). Examining how novice consultants address cultural factors during consultation: Illustration of a computer-simulated case-study method. *Consulting Psychology Journal: Practice and Research*, 65(1), 74–86. doi:10.1037/a0032598

NPD Group. (2015). *Total U.S. restaurant count drops by one percent due to independent restaurant unit declines*. Retrieved from

<https://www.npd.com/wps/portal/npd/us/news/press-releases/2015/total-us-restaurant-count-drops-by-one-percent>

Obasi, R., & Donwa, P. (2013). The impact of educational qualifications, experience and venture capital awareness on co-ownership of small enterprises in Nigeria.

Journal of Applied Finance & Banking, 3(1), 137–146. Retrieved from

http://www.scienpress.com/Upload/JAFB/Vol%203_1_9.pdf

Okpala, K. (2012). Venture capital and the emergence and development of

entrepreneurship: A focus on employment generation and poverty alleviation in Lagos State. *International Business and Management*, 5(2), 103–137.

doi:10.3968/j.ibm.1923842820120502.1060

O’Leary, Z. (2013). *The essential guide to doing your research project*. Thousand Oaks, CA: Sage.

Olshansky, E., Lakes, K., Vaughan, J., Gravem, D., Rich, J., David, M. (2012).

Enhancing the construct and content validity of rating scales for clinical research: Using qualitative methods to develop a rating scale to assess parental perceptions of their role in promoting infant exercise. *The International Journal of Educational and Psychological Assessment*, 10(1), 36–50. Retrieved from <https://sites.google.com/site/tijepa2012/home>

Onwuegbuzie, A., Frels, R., Collins, K., Leech, N. (2013). Conclusion: A four-phase model for teaching and learning mixed research. *International Journal of Multiple Research Approaches*, 7, 133–156 doi:10.5172/mra.2013.7.1.133.

Onwuegbuzie, A. J., Leech, N. L., Slate, J. R., Stark, M., Sharma, B., Frels, R., Combs, J. P. (2012). An exemplar for teaching and learning qualitative research. *The Qualitative Report*, 17(1), 16–77. Retrieved from <http://www.nova.edu/ssss/QR>

O’Reilly, M., Karim, K., Taylor, H., & Dogra, N. (2012). Parent and child views on anonymity: ‘I’ve got nothing to hide.’ *International Journal of Social Research Methodology*, 15(3), 211–223. doi:10.1080/13645579.2011.576554

Oun, M. A., & Bach, C. (2014). Qualitative research method summary. *Journal of Multidisciplinary Engineering Science and Technology*, 1(5), 252–258. Retrieved

from <http://www.jmest.org>

- Ozmel, U., Reuer, J., & Gulati, R. (2013). Signals across multiple networks: How venture capital and alliance networks affect inter organizational collaboration. *Academy of Management Journal* 56(3), 852–866. doi:10.5465/amj.2009.0549
- Palinkas, L. A., Horwitz, S. M., Green, C. A., Wisdom, J. P., Duan, N., & Hoagwood, K. (2013). Purposeful sampling for qualitative data collection and analysis in mixed method implementation research. *Administration and Policy in Mental Health and Mental Health Services Research*, 40(6), 1–12. doi:10.1007/s10488-013-0528-y
- Park, H., & Steensma, H. (2012). When does corporate venture capital add value for new ventures? *Strategic Management Journal*, 33(1), 1–22. doi:10.1002/smj.937
- Patton, M. (2002). *Qualitative evaluation and research methods*. (3rd ed). London, UK: Sage
- Payne, C., & Wansink, B. (2011). Quantitative approaches to consumer field research. *Journal of Theory Marketing & Practice*, 19, 377–390. doi:10.2753/MTP1069-6679190402
- Pearce, B. (2013). Better days ahead for venture capital. *Financial Executive*, 29(5), 42–45. Retrieved from http://www.financialexecutives.org/kenticocms/financial-executive-magazine/2014_04
- Petty, N., Thomson, O., & Stew, G. (2012). Ready for a paradigm shift? Part 2: introducing qualitative research methodologies and methods. *U.S. National Library of Medicine National Institutes of Health*, 17, 378-384. doi: 10.1016/j.math.2012.03.004.

- Pfeffer, J., & Salanik, G. (2003). *The external control of organizations: A resource dependence perspective*. Redwood City, CA: Stanford Business Book.
- Phan, T., Baird, K., & Blair, B. (2014). The use and success of activity-based management practices at different organizational life cycle stages. *International Journal of Production Research*, *52*, 787-803. Retrieved from <http://dx.doi.org/10.1016/j.mar.2007.08.002>
- Phillips, J., & Land, K. C. (2012). The link between unemployment and crime rate fluctuations: An analysis at the county, state, and national levels. *Social Science Research*, *41*, 681-694. doi: 10.1016/j.ssresearch.2012.01.001
- Plexico, L. W., & Burrus, E. (2012). Coping with a child who stutters: A phenomenological analysis. *Journal of Fluency Disorders*, *37*(4), 275–288. doi: 10.1016/j.jfludis.2012.06.002
- Pollock, K. (2012). Procedure versus process: Ethical paradigms and the conduct of qualitative research. *Bio Med Central Medical Ethics*, *13*(9), 25. doi:10.1186/1472-6939-13-25
- Poulis, K., Poulis, E., & Plakoyiannaki, E. (2013). The role of context in case study selection: An international business perspective. *International Business Review* *22*, 304-314. doi:10.1016/j.ibusrev.2012.04.003
- Razafsha, M., Behforuzi, H., Azari, H., Zhang, Z., Wang, K. K., Kobeissy, F. H., & Gold, M. S. (2012). Qualitative versus quantitative methods in psychiatric research. *Methods in Molecular Biology*, *829*(1), 49–62. doi:10.1007/978-1-61779-458-2_3
- Reid, C. (2012). The Community Reinvestment Act and the authority to do good. *Public*

- Administration Review*, 72, 439–441. doi:10.1111/j.1540-6210.2012.02561x.
- Renton, P. (2014). *Understanding peer to peer lending*. Retrieved from <http://www.lendacademy.com/understanding-peer-to-peer-lending.pdf>
- Reynolds, P. (2011). Informal and early formal financial support in the business creation process: Exploration with PSED2 data set. *Journal of Small Business Management*, 49(1), 27–54. doi:10.1111/j.1540-627x.2010.00313x
- Robb, A., & Robinson, D. (2012). The capital structure decisions of new firms. *The Review of Financial Studies*, 27(1), 153–179. Doi:10.3386/w16272
- Robinson, S. (2013). The relevancy of ethnography to nursing research. *Nursing Science Quarterly*, 26(1), 14–19. doi:10.1177/0894318412466742
- Rockenbach, A., Walker, C., & Luzader, J. (2012). A phenomenological analysis of college students' spiritual struggles. *Journal of College Student Development*, 53(1), 55–75. doi:10.1353/csd.2012.0000
- Rolfe, G. (2006). Validity, trustworthiness, and rigour: Quality and the idea of qualitative research. *Journal of Advanced Nursing*, 53, 304–310. doi:10.1111/j.1365-2648.200603727.x
- Rowley, J. (2012). Conducting research interviews. *Management Research Review*, 35(3/4), 260–271. doi:10.1108/01409171211210154
- Prosper.com (2014). *Company overview*. Retrieved from <https://www.prosper.com/plp/about/>
- Rubin, H. J., & Rubin, I. S. (2012). *Qualitative interviewing: The art of hearing data* (3rd ed.). Thousand Oaks, CA: Sage.

- Safari, F. (2013). A qualitative study of women's lived experience after deinfibulation in the UK. *Midwifery*, 29(2), 154–158. doi: 10.1016/j.midw.2011.12.005
- Sagan, J. (1955). Toward a theory of working capital management. *The Journal of Management*, 10(2), 121-129. Retrieved from <http://www.jstor.org/stable/2976040>
- Salzsieder, L., & Cornell, D. (2013). A critical look at the jumpstart our business startup act. *The CPA Journal*, 83(6), 18-27. Retrieved from <http://www.cpajournal.com>
- Samreen, A., & Zaidi, F. (2012). Design and development of credit scoring model for the commercial banks of Pakistan: Forecasting creditworthiness of individual borrowers. *International Journal of Business and Social Science*, 3(17), 155–166. Retrieved from http://ijbssnet.com/journals/ol_3_No_17_September_2012/17.pdf
- Sandelowski, M., & Boshamer, C. (2014). Unmixing mixed-methods research. *Research in Nursing & Health*, 37(1), 3–8. doi:10.1002/nur.21570
- Sangar, R., & Rangnekar, S. (2014). Role satisfaction and entrepreneurship: An approach to analyze the dynamics of relationships. *Journal of Entrepreneurship in Emerging Economies*, 6(2), 122-139. Retrieved from <http://dx.doi.org/10.1108/jeeee-02-2014-0001>
- Santis, R., & Surico, P. (2013). Bank lending and monetary transmission in the euro area. *Economic Policy European Central Bank*. 423-457. Retrieved from <http://ijbssnet.com/journals>
- Sarasvathy, S., Menon, A., & Kuechle, G. (2013). Failing firms and successful entrepreneurs: Serial entrepreneurship as a temporal portfolio. *Small Business*

Economics, 40, 417-434. doi:10.1007/s11187-011-9412-x

- Schatz, E. (2012). Rationale and procedures for nesting semi-structured interviews in surveys or censuses. *Population Studies*, 66(2), 183-195.
doi:10.1080/00324728.2012.658851
- Schink, A., & Sarkar, S. (2012). Financial bootstrapping: A critical entrepreneurship skill. *Centro de Estudos e Formação Avançada em Gestão e Economia da Universidade de Aveiro*, 20, 1-24. Retrieved from
<https://scholar.google.com/scholar?q=Financial+Bootstrapping:+a+critical+entrepreneurship>
- Schuster, P., & Uhrig-Homburg, M. (2013). The term structure of bond market liquidity conditional on the economic environment: An analysis of government guaranteed bonds. *Social Science Research Network*, 1-40. Retrieved from the
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2033170
- Seidman, I. (2012). *Interviewing as qualitative research: A guide for researchers in education and the social sciences* (4th ed.). New York, NY: Teachers College.
- Seluzicki, C., Mackenzie, E., Barg, F., Leed, R., Bowman, M., & Mao, J. (2012). P05.63 Perspectives of breast cancer survivors about participating in an acupuncture clinical trial for hot flashes: A qualitative study. *Bio Med Central Complementary & Alternative Medicine*, 12, 423. doi:10.1186/1472-6882-12-S1-P423
- Shane, S. (2012). The importance of angel investing in financing the growth of entrepreneurial values. *The Quarterly Journal of Finance*, 2(2). doi: 10.1142/S2010139212500097

- Sheng, H., Bortoluzzo, A., & dos Santos, G. (2013). Impact of trade credit on firm inventory investment during financial crises: Evidence from Latin America. *Emerging Markets Finance & Trade*, 40, 32–52. doi:10.2753/REE1540-496X4905S403.
- Sheridan, C. (2015). Where are we in the economic cycle? *Financial Sense*. Retrieved from <http://www.financialsense.com/contributors/cris-sheridan/where-are-we-economic-cycle>
- Shover, N. (2012). Ethnographic methods in criminological research: Rationale, reprise, and warning. *American Journal of Criminal Justice*, 37(2), 139–145. doi:10.1007/s12103-012-9160-8
- Sigar, K. (2012). Fret no more: Inapplicability of crowdfunding concerns in the Internet age and the JOBS Act's safeguards. *Administrative Law Review*, 64, 473. Retrieved from <http://www.administrativelawreview.org>
- Simola, S., Barling, J., & Turner, N. (2012). Transformational leadership and leaders' mode of care reasoning. *Journal of Business Ethics*, 108, 229-237. doi:10.1007/s10551-011-1080-x
- Singh, P., & Kumar, B. (2012). Trade-off theory vs pecking order theory revisited: Evidence from India. *Journal of Emerging Market Finance*, 11, 145-159. doi:10.1177/0972652712454514
- Singh, V. (2013). Did institutions herd during the internet bubble? *Review of Quantitative finance & Accounting*. 41, 513-534. doi:10.1007/s11156-012-0320-1.
- Sinkovics, R. R., & Alfoldi, E. A. (2012). Progressive focusing and trustworthiness in

qualitative research: The enabling role of computer-assisted qualitative data analysis software (CAQDAS). *Management International Review*, 52, 817-845.
doi:10.1007/s11575-012-0140-5

Small Business Administration Office of Advocacy. (2014). *Frequently asked questions about small businesses*. Retrieved from

https://www.sba.gov/sites/default/files/FAQ_Marah_2014_0.pdf

Small Business Administration Office of Advocacy. (2013). *What are the major reasons for small business failure?* Retrieved from <https://www.sba.gov/content/what-are-major-reasons-small-business-failure>

Small Business Administration Office of Advocacy. (2012). *Study highlights importance of specialized education for future innovative entrepreneurs*. Retrieved from

<https://www.sba.gov/advocacy/study-highlights-importance-specialized-education-future-innovative-entrepreneurs>

Smith, B., & Caddick, N. (2012). Qualitative methods in sport: A concise overview for guiding social scientific sport research. *Asia Pacific Journal of Sport and Social Science*, 1(1), 60–73. doi:10.1080/21640599.2012.701373

Smith, K., Mitchell, T., & Summer, C. (1985). Top level management priorities in different states of the organizational life cycle. *Academy of Management Journal*, 28, 799–820. doi:10.2307/256238

Sotiriadou, P., Brouwers, J., & Le, T. (2014). Choosing a qualitative data analysis tool: A comparison of NVivo and Leimancer. *Annals of Leisure Research*, 17, 218-234.
doi:10.1080/11745398.2014.902292

- Spader, J., & Quercia, R. (2012). CRA lending in a changing context: Evidence of interaction with FHA and subprime originations. *Journal of Real Estate Finance & Economics, 44*, 505–525. doi:10.1007/s11146-010-9247-2
- Stenhouse, R. (2014). Hearing voices: Re/presenting the findings of narrative research into patient experience as poems. *Journal of Psychiatric and Mental Health Nursing, 21*, 423–437. doi:10.1111/jpm.12094
- St. Pierre, E., & Jackson, A. (2014). Qualitative data analysis after coding. *Qualitative Inquiry, 20*, 715–719. doi:10.1177/1077800414532435
- Tasic, S., & Feruh, M. (2012). Errors and issues in secondary data used in marketing research. *The Scientific Journal for Theory and Practice of Socioeconomic Development, 1*, 326–335. Retrieved from <http://www.socioeconomica.net>
- Tian, X., & Wang, T. (2014). Tolerance for failure and corporate innovation. *The Review of Financial Studies, 27*(1), 211–255. doi: 10.1093/rfs/hhr130
- Tracy, S. (2013). *Qualitative research methods: Collecting evidence, crafting analysis, communicating impact*. Hoboken, NJ: Wiley-Blackwell.
- Tufford, L., & Newman, P. (2010). Bracketing in qualitative research. *Qualitative Social Work, 11*(1), 80–96. doi:10.1177/1473325010368316
- Uchida, H., Udell, G., & Yamori, N. (2012). Loan officers and relationship lending to SMEs. *Journal of Financial Intermediation, 21*(1), 97–122. doi: 10.1016/j.jfi.2011.06.002
- U.S. Department of Health & Human Services (1979). *The Belmont Report: Ethical principles and guidelines for the protection of human subjects of research*.

Retrieved from <http://www.hhs.gov/ohrp/humansubjects/guidance/belmont.html>

- Van Gool, J., Verbeke, W., Sercu, P., & Baesens, B. (2012). Credit scoring for microfinance: is it worth it? *International Journal of Finance & Economics*, 17(2), 102-123. doi:10.1002/ijfe.444
- Vanacker, T., Collewaert, V., & Paeleman, I. (2013). The relationship between slack resources and the performance of entrepreneurial firms: the role of venture capital and angel investors. *Journal of Management Studies*, 50, 1070-1096. doi:10.1111/joms.12026.
- Veletsianos, G., & Kimmons, R. (2013). Scholars and faculty members' lived experiences in online social networks. *The Internet and Higher Education*, 16, 43–50. doi:10.1016/j.jiheduc.2012.01.004
- Venkatesh, V., Brown, S., & Bala, H. (2013). Bridging the qualitative-quantitative divide: Guidelines for conducting mixed methods research in information systems. *Management Information Systems Quarterly*, 37(1), 21–54. Retrieved from [http:// www.misq.org](http://www.misq.org)
- Walker, J. L. (2012). The use of saturation in qualitative research. *Canadian Journal of Cardiovascular Nursing*, 22, 37-41. Retrieved from <http://pappin.com/journal>
- Wang, L., Gopal, R., Shankar, R., & Pancras, J. (2015). On the brink: Predicting business failure with mobile location-based checkins. *Decision Support Systems*. doi: 10.1016/j.dss.2015.04.010
- Wilkenfeld, B. (2014). “Being heard” qualitative research conundrums with individuals with developmental disabilities. *Research on Social Work Practice*, 25(6), 702-

710. doi:10.1177/1049731514547768

Wilson, N., Wright, M., & Scholes, L. (2013). Family business survival and the role of boards. *Entrepreneurship Theory and Practice*, 37, 1369-1389.

doi:10.1111/etap.12071

Wilson, F., & Post, J. (2013). Business models for people planet (&profits): Exploring the phenomena of social business, a market-based approach to social value creation. *Small Business Economics*, 40, 715-737. doi:10.1007/s11187-011-9401-0

Wise, S. (2013). The impact of financial literacy on new venture survival. *International Journal of Business and Management*, 8(23), 30–39. doi:10.5539/ijbm.v8n23p30

World Bank Group, (2015). *Doing business, measuring business regulations*. Retrieved from <http://www.doingbusiness.org/rankings>

Wright, D. (2012). Redesigning informed consent tools for specific research. *Technical Communication Quarterly*, 21(2), 145–167. doi:10.1080/10572252.2012.641432

Xu, M. A., & Storr, G. B. (2012). Learning the concept of researcher as instrument in qualitative research. *The Qualitative Report*, 17(42), 1–18. Retrieved from <http://www.nova.edu/ssss/QR>

Yang, N. (2012). Small businesses and international entrepreneurship in the economic hard time: a global strategic perspective. *International Journal of Entrepreneurship*, 16, 113–131. Retrieved from

<http://search.proquest.com/openview/334877ba5f9bf1a4302ef14e0fc7011a/1?pq->

origsite=gscholar

Yin, R. (2014). *Case study research design and methods* (5th ed.). Thousand Oaks, CA:

Sage.

Yum, H., Lee, B., & Chae, M. (2012). From the wisdom of crowds to my own judgement

in microfinance through online peer-to-peer lending platforms. *Electronic*

Commerce Research and Applications, 11, 469-483. doi:

10.1016/j.elerap.2012.05.003

Yusoff, M., Nasir, W., & Zainol, F. (2012). Assessing the impact of knowledge of

government business support services on propensity of new graduates to venture

into business. *International Journal of Business and Management*, 7(16) 106–117.

doi:10.5539/ijbmv7n16p106

Appendix A: Interview Questions

1. Which, if any, governmental programs have helped you in obtaining funding to start and expand your business?
2. What was the most difficult part of obtaining funding for your small business start-up expenses and expansion?
3. What key skill-sets were needed to be successful in obtaining funding for your small business start-up expenses?
4. How much of your personal wealth did you contribute to the start-up budget and how that was utilized in the business?
5. How much of the start-up budget was owners' equity?
6. Have you ever used a third-party auditor? If so, please describe your experience.
7. Please describe the market characteristics at the time you were pursuing external funding.
8. What key elements contributed to you successfully obtaining funding?
9. What obstacles, if any, prevented you from obtaining funding for your business during start up and/or expansion?
10. Is there any additional information you would like to share about this subject?

Appendix B: Certificate of Ethical Compliance

