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Walden University

College of Management and Technology

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Margaret Godwin-Opara

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Walden University
2016

Abstract

A Resource-Based Perspective on Financial Resource Strategies for Small Business Sustainability

by

Margaret Godwin-Opara

MS, Walden University, 2012

BS, Wichita State University, 1992

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

September 2016

Abstract

Each year entrepreneurs start many new businesses, and some of these businesses will fail within the first 2 years. In addition, many owners will cite lack of adequate financial resources as a contributory factor to the failure. The purpose of this multiple case study was to identify the strategies that some small business owners used to obtain financial resources needed to operate a financially sustainable business. The population consisted of machine shops in South Central Kansas. A resource-based view theory served as the conceptual framework that grounded the study. The data collection process consisted of 9 interview questions. The data analysis process entailed using coding techniques to identify keywords, phrases, and concepts. Member checking ensured the credibility and trustworthiness of the data interpretation and analysis. The process led to the following 4 themes: (a) the role of access to financial resources in business success, (b) strategies used when external funding is not available or desirable, (c) strategies used to obtain external financing, and (d) challenges faced in obtaining external financing. The implications for positive social change include the potential to provide new insights to support existing and prospective entrepreneurs in their efforts to obtain financial resources needed to operate a financially sustainable business. The findings from the study may contribute to the prosperity and benefit of the owners, their employees, the local community, and the U.S. economy.

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Dedication

I would like to dedicate this research to my family. To my husband, Dr. Godwin Opara, who nudged and supported me all through the program. Without whom this would not have happened. To my children, Steven, Mark, Linda, Kingsley, and Richard, my hope is that you will be encouraged to continue to reach for your highest dreams. To my daughter, Dr. Linda Opara, for your encouragement and the middle of night text messages which I appreciated very much. To my sisters for their love. Finally, I would like to dedicate this study to my parents for instilling in me, at a very young age, the importance of education. Father, I miss you, and I know you are watching with pride at this accomplishment. It took me a while, but I accomplished it.

Acknowledgments

Thank you, Lord, for journey mercies for this has been a long journey. I would like to acknowledge, with gratitude, my committee chair, Dr. Michael Lavelle for his guidance and encouragement. I would also like to thank my committee members, Dr. Janet Booker, for her valuable feedbacks, and to Dr. Mary Dereshwisky for her reviews. I would like to thank Dr. Freda Turner for her support and leadership. To all the study participants for their time, thank you.

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Section 1: Foundation of the Study

Small businesses represent a segment of the U.S. economy, are the engine of innovation, poverty reduction, and stimulate job growth (Beck, 2013). Small businesses make up 99.7% of U.S. employers; yet, only 32% survive beyond the first 2 years (Small Business Administration (SBA, 2015). Hamrouni and Akkari (2012) researched the common causes of business failures and determined the failure rate at 75%. The factors that affect the success of small businesses include (a) human resources, (b) operation and production, (c) marketing and sales, (d) customer service, (e) information management/technological resources, (f) administration, and (g) financial resources (Yallapragada & Bhuiyan, 2011). Of the seven factors examined, the most significant factor to business failure is a lack of access to adequate financial resources (Byrd, Ross, & Glackin, 2013). The goal of the study was to provide a systematic view of the strategies that some small business owners used to achieve financial sustainability.

Background of the Problem

Small businesses contribute to the economy of the United States. Small businesses create jobs (Gama & Geraldes, 2012), innovation (Raeesi, Dastranji, Mohammadi, & Rasouli, 2013), and economic growth (Anggadwita & Mustafid, 2014). Each year entrepreneurs start approximately 700,000 new businesses (SBA, 2015), and 70% will fail within the first 2 years (Robb & Farhat, 2013). In 2014, there were approximately 28.5 million small businesses in the United States (SBA, 2015), and according to the 2012 National Small Business Association (NSBA) statistics, 57% had trouble accessing credit. Access to credit is vital to the success of small businesses, and 43% of small

businesses that needed financing were unable to obtain loans. The lack of access to capital prompted the U.S. Government to introduce initiatives such as loan guarantees to address the funding gap (Freel, Carter, Tagg, & Mason, 2012). The purpose of these guarantee schemes is to improve the chances of access to external financing at different stages of the business growth cycle.

At start-up, small businesses rely on internal funding sources, and as the businesses advance through the business life cycle, the owners adjust by substituting internal sources with external financial sources such as equity, debt, and bank loans (La Rocca, La Rocca, & Cariola, 2011). In the capital structure of small businesses, owners use mostly debt in the form of bank loans (Robb & Robinson, 2012). Some small business owners obtain their funding primarily from SBA-backed bank loans (SBA, 2015). Because the SBA does not make direct loans to businesses, the SBA guarantees the loan made by banks eliminating some of the risks for the banks (SBA, 2015).

Problem Statement

Many small businesses struggle to survive beyond 2 years (McFarland & McConnell, 2013). Seventy percent of new businesses do not survive beyond 2 years (SBA, 2015), and 66% of the small business owners cite a lack of adequate financial resources as a contributory factor to the business failure (Yallapragada & Bhuiyan, 2011). The general business problem was that some small business owners lack strategies on how to obtain financial resources, which contributes to a lack of growth and eventual failure. The specific business problem was that some small machine shop owners lack strategies to obtain financial resources to operate a financially sustainable business.

Purpose Statement

The purpose of this qualitative, multiple case study was to explore the strategies that some small machine shop owners used to obtain financial resources to operate a financially sustainable business. The targeted population group for the study consisted of small machine shops located in South Central Kansas, from which the selection of five participants occurred. The companies consisted of those who applied for, or obtained financing, and have been in business for at least 2 years. The implication for positive social change included offering information that may help prospective and existing small business owners in obtaining financing, resulting in survival, which may improve the economy of South Central Kansas and the United States.

Nature of the Study

The research method for the study was qualitative. A qualitative method includes the exploration of a particular event that existed and was appropriate for this study. Qualitative research is a means of inquiry for exploring, understanding, and attempting to describe and interpret the opinions that influence human behavior (Bernard, 2013). The process of selecting the appropriate research method for this study requires the consideration of quantitative and mixed-methods research methods (Leedy & Ormrod, 2013). Quantitative research is a means of inquiry for testing ab objective theory by examining the relationship between variables and measuring with a number and using statistical procedures to determine whether the generalized predictive theory holds true (Hoare & Hoe, 2013; Yilmaz, 2013). A quantitative method was not appropriate for the study because the intent was not to test a theory or collect statistical data for inferential

testing. The mixed-methods approach incorporates both qualitative and quantitative methods and employs multiple approaches to data analysis (Stentz, Plano-Clark, & Matkin, 2012). The mixed and quantitative methods do not align with the study as I sought to understand the strategies used by small business owners to obtain financial resources for their business.

A multiple case study design was the choice for this study. The multiple case study approach was appropriate when studying events or phenomena existing within multiple organizations or when focusing on an in-depth understanding of real life phenomenon from the context of business owners (Yin, 2014). A multiple case study approach was appropriate for this study. Other qualitative research designs include phenomenological and ethnographical (Denzin & Lincoln, 2011). I considered but ultimately did not choose phenomenology and ethnography designs because of the on-site data collection and extended period of observation, which are not the intentions of this study.

Research Question

What strategies do some small business owners use to obtain financial resources to operate a financially sustainable business?

Interview Questions

The use of semistructured interviews fostered the exploration of the research topic from the perspective of the small business owner. Additionally, participants answered questions concerning the personal choices and individual perceptions of a business sustainability. The interview questions for the study included (see Appendix B):

1. Describe what financial resources meant to the sustainability of the organization?
2. Describe how financial resources provided competitive advantage to your organization
3. How vital is access to financial resources to your business and why?
4. What strategies did you use to access financial resources (internal or external source for financing)?
5. Explain your choice of equity, debt, bank financing (loan or line of credit), or government guaranteed loan?
6. What strategy worked best, and why?
7. What obstacles did you encounter in obtaining financing?
8. Describe how you overcame the obstacles.
9. Would you like to add anything else to the strategies you used for sustainability?

Conceptual Framework

The conceptual framework for the study was the resource-based view (RBV) theory. Wernerfelt (1984) developed the resource-based view theory. The theory provides a framework for understanding the importance of organizational resources and offers an explanation that performance and sustainability of an organization depend on the resources owned and controlled by the organization (Wernerfelt, 1984). Resources are the inputs that help the daily operation of the organization (Amit & Schoemaker, 2012). The categories of firm resources include (a) physical resources, (b) financial resources, (c) technological resources, (d) human resources, and (e) organizational resources (Greene,

Brush, & Brown, 2015). Stacey (2011) advanced for the use of the framework by stating that financial resources enable organizations to acquire other resources. According to RBV, businesses achieve sustainable competitive advantage when they effectively manage the resources owned or obtained (Barney & Hesterly, 2012). As applied to the study, the RBV provides the conceptual lens to understand how obtaining financial resources may contribute to the business success. The application of the RBV may be helpful in letting participants identify what strategies needed to obtain financing that could help achieve financial sustainability.

Operational Definitions

The following definitions represent terms that require a further description to clarify and assist in the understanding of the study. The definitions below apply to the following terms as applicable to the purpose of the study.

Angel financing: Angel financing is where individuals provide capital, in the form of debt or equity, to private businesses owned and operated by someone else (Kerr, Lerner, & Shoar, 2014).

Asymmetric information: Asymmetric information occurs when one party in a transaction holds more information than the other party that allows the situation to favor the more knowledgeable party (Berger, Goulding, & Rice, 2014).

Collateral: Collateral is a lending tool used where borrowers pledge assets to lenders to serve as protection and reduce problems associated with asymmetric information and moral hazard (Blazy & Weill, 2014).

Competitive advantage: Competitive advantage is a firm acquiring attributes that allow the firm to outperform its competitors and sustains profits that exceeded the average in the industry in which the company operates (Barney & Hesterly, 2012).

Financial sustainability: The ability of a business to support its activity and deliver products or services to customers at a price that ensures firms' competitiveness and sustainability (Fonseka, Tian, & Li, 2014).

Lending technology: Lending technologies are the factors lenders use when considering whether to extend credit to borrowers. The two types of lending technologies include relationship lending also known as soft information technology and transaction-based lending known as hard information lending (Uchida, Udell, & Yamori, 2012).

Line of credit: A line of credit is a commitment in which a borrower receives a bank promise to provide a loan at a predetermined interest rate over a set period (Demiroglu, James, & Kizilaslan, 2012).

Service Corps of Retired Executives (SCORE): The SCORE is a nonprofit association and partner of the SBA dedicated to helping small businesses start and grow. The SCORE provides assistance to small businesses through the volunteer of part-time and retired entrepreneurs and business executives (SCORE, 2014).

Small business: Small business, as defined by the SBA, is an independently owned small business organized as a for-profit entity. The SBA-based eligibility on the size standard or 3-year average sales that can vary in annual revenue or number of employees and depend on the industry. Small businesses can range in size from zero to 1,500 employees or annual revenue up to $23 million (SBA, 2015).

Venture capitalists: Venture capitalists are financial intermediaries who invest in high risk informationally opaque firms (Abdulsaleh & Worthington, 2013).

Assumptions, Limitations, and Delimitations

Researchers realize that there are restrictions when conducting research. Researchers recognize these restrictions and make provisions where possible. Restrictions are factors and weaknesses that researchers cannot control, and they include the constraint relating to time and resources. Simon and Goes (2013) identified the factors and weaknesses that are out of the researcher's control to include (a) assumptions, (b) limitations, and (c) delimitations

Assumptions

Assumptions are details that researchers assume to be true (Foss & Hallerg, 2013). Five assumptions influenced the overall results. The assumptions included (a) that the results of the study would be valuable to small businesses in obtaining financing, (b) that all participants would respond to the interview questions truthfully, (c) that the sample of small business would be adequate to reflect an appropriate sample of the population, (d) that the small business owners may have as few as 2 years of business experience and employ less than 200 employees, and (e) that the result of the study would transfer to the population of small businesses in Kansas.

Limitations

Limitations are biases that researchers have unknowingly or have the ability to control, which could adversely affect the result of the study (Leedy & Ormrod, 2013). The first limitation was the use of purposive judgment in the selection of machine shop

owners and the choice of South Central Kansas, as the geographic location. Restricting data collection to one area might reduce opportunities for transferability of the findings (Yin, 2014). An additional limitation was the sole collection of data from the perspective of some small business owners. Other limitation included (a) limiting participants to small businesses that require business financing, (b) limiting participants to small businesses in South Central Kansas, (c) that the study is not an exhaustive review of literature on elements listed on the conceptual framework, and (d) the results may not generalize to other states.

Delimitations

Delimitations are characteristics arising from the limitations in the scope of the study and the decisions, and the choices researchers make to include or exclude objectives, questions, and variables (Simon & Goes, 2013). The first delimitation was the use of criteria to identify the sample. Use of criteria guided the recruitment of a purposive sample of individuals related to the chosen phenomenon (Gill & Biger 2012). The second delimitation was to focus the study on small businesses as defined by SBA based on annual sales and the number of employees. The third delimitation was to limit research participation to small machine shops in South Central Kansas.

Significance of the Study

The study added to the existing body of knowledge on the key to small business sustainability by discussing a RBV of small business financing. The study assisted in identifying the strategies used to access financial resources to help entrepreneurs who are interested in starting a small business achieve business sustainability. The results of this

study might contribute to positive social change by helping small businesses succeed, which in turn affects the livelihoods of the owners, their employees, and the economy of the United States.

The Value to Business

The study may be of value to some small business owners by providing insight into the strategies that would enable the access to financial resources. Some small business owners cite a lack of access to financial resources as a contributory factor to business failure (Hamrouni & Akkari, 2012). If small business owners can better identify the strategies for accessing financial resources, the success rate may improve to the benefit of the employees and business owners. Using the RBV framework could enable the understanding of the strategies and sources of financial resources needed to sustain business survival (Abdulsaleh & Worthington, 2013).

Contribution to Business Practice

The results of the study might contribute to effective business practices by adding to the body of knowledge on how small business owners obtain financial resources to improve their success rate. Identifying the strategies and sources of small business financing could increase organizational performance and success (Abdulsaleh & Worthington, 2013). In addition, results could help the executives at SCORE, Small Business Development Council (SBSC), and the SBA in their counseling of small businesses regarding obtaining loans for their businesses. Identifying the strategies for obtaining financing that leads towards the success of small businesses is an ongoing topic for researchers. Progress is slow because of the complex relationship between success

factors and the differing definitions of success by business owners and managers (Simpson, Padmore, & Newman, 2011). This study assisted in identifying the strategies needed to obtain financing by small business owners.

Implications for Social Change

The results of this study might contribute to positive social change by supporting the survival of small businesses and the growth of the economy. Access to financial resources is a determinant of small business success (Yallapragada & Bhuiyan, 2011). Small businesses account for approximately 90% of all business failures in the United States (U.S. Census Bureau, 2013). A significant number of these businesses cite a lack of adequate financing as a factor that caused the barrier to success (Yallapragada & Bhuiyan, 2011). Identifying the strategies for business owners to access financial resources would enable them to obtain the loans needed to succeed and contribute to the economy of the United States. Successful small businesses contribute to the economy through job creation, increased benefits for employees and owners, and contribute to local communities.

A Review of the Professional and Academic Literature

The development of literature review involves selecting, reading, analyzing, synthesizing of published articles relating to the research topic, and guiding the study (Wolfswinkel, Furtmueller, & Wilderom, 2013). A literature review helps researchers extend the knowledge, provide a new interpretation of existing literature, and avoid duplication of existing research study (Rhoades, 2011). The focus of the literature review was to synthesize and summarize literature from various sources to help researchers

analyze applicable literature that describes the research question (Rhoades, 2011). The literature review provides a lens through which to examine the study.

Financial resources as a key factor in the success of small businesses are a well-researched topic in literature. The intent of the study was to explore the strategies that small business owners used to obtain financial resources needed to succeed. In the literature review, I focused on three themes of the RBV framework on the strategies used to access financial resources by small business owners. The organization of the literature review consists of (a) the RBV of small businesses, (b) financing small businesses, and (c) strategies for financing small businesses. The section that relates to the strategies for financial resources has three subsections that cover the sources of financing to include equity, debt, and government loan assistance. Each section includes the problem in the doctoral study and presents articles by type of solution the article proposed. A diagram of the RBV theory of small business and the organization for the literature review are in Figure 1.

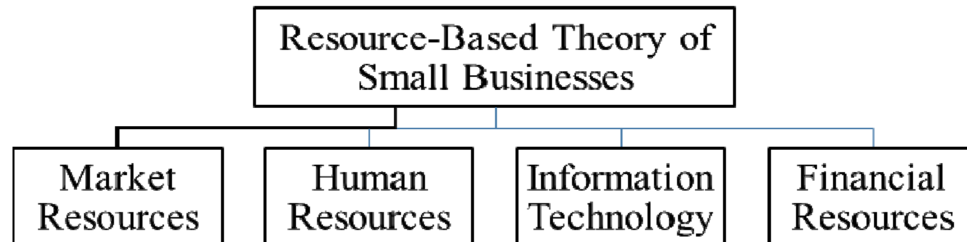

Figure 1. Literature review sources for the resource-based capabilities and financing strategies of small business owners.

The strategy for searching the literature included the Walden Library to access databases. The databases included ProQuest, ABI/INFORM, and Google Scholar with the following phrases and keywords: *resource-based view for small business financing*, *entrepreneurship*, *financing mechanisms*, *financial resources*, *small business credit market*, and *Small Business Administration*. The keywords search led to the selection of 215 articles, books, and government sources. From the list, 188 or 89% had publication dates within 5 years (see Table 1), and 185 or 86% are peer-reviewed journal articles (see Table 2). The use of current articles in developing the literature review ensured the familiarity with information relating to the topic and concepts of the research study and the capture of up-to-date trends.

Table 1

Breakdown of Sources for Entire Document

Sources of Content	Total sources	Total sources within 5 years of graduation date	Peer reviewed articles, books, and government sources	% of peer reviewed articles and government sources
Articles	189	170	185	86%
Books	13	9	0	
Government sources	13	12	0	
Total	215	191	185	86%

Table 2

Breakdown of Literature Review Sources

Sources of content	Total literature reviewed sources	Total literature review sources within 5 years of graduation date	Peer reviewed articles, books, and government sources
Articles	154	136	148
Books	5	3	0
Government sources	10	10	0
Total	169	149	148

Resource-Based Theory of Small Businesses

Small businesses compete based on the company's resources and capabilities. The RBV provided the framework to explain how small businesses achieve competitive advantage (Shafeey & Trott, 2014). Small businesses achieve a competitive advantage when they create more value than their competitors, and the competitors cannot duplicate the strategy (Barney & Hesterly, 2012). The RBV implied that small businesses possess different sets of resources to accomplish certain activities. If competitors find it difficult

to imitate the resources, the small business generates competitive advantage (Barney & Hesterly, 2012). The framework has four conditions used to determine whether a resource can generate competitive advantage. The conditions are that the resource must be valuable, rare, inimitable, and exploitable by the organization (Coleman, Cotei, & Farhat, 2013). Small businesses can achieve competitive advantage by implementing valuable resources.

Resources are valuable if they help the small business implement strategies that lower costs or increase revenue (Kozlenkova, Samaha, & Palmatier, 2013). Barney and Hesterly (2012) viewed resources as valuable when they enable the small business to exploit external opportunities or minimize the external threats. Exploiting external opportunities are not sufficient to achieve competitive advantage because competitors may possess or duplicate the resource (Barney & Hesterly, 2012). Resources that are controlled by a few competing companies and are imperfectly imitable when the resources are costly to obtain or developed (Kozlenkova et al., 2013). When resources are valuable, rare, and inimitable, exploiting the resources result in competitive advantage, but the organization must have the infrastructure to realize the full competitive potential of the resources (Barney & Hesterly, 2012). Organizations strive to implement and exploit resources that result in competitive advantage.

Small business owners realized that most of the traditional ways small businesses compete are imitable, transferable, and could not provide a competitive advantage. Small businesses are looking for sources of competitive advantage that are difficult for rivals to achieve (Shammot, 2014). Barney and Hesterly (2012) looked at resources as the central

construct in RBV that referred to things organizations draw on to accomplish goals. Resources could be tangible or intangible and consist of elements that include marketing resources, human resources, technological resources, and financial resources (Kozlenkova et al., 2013). Marketing is a source of competitive advantage (Kozlenkova et al., 2013), and the application of resource-based logic in marketing grew significantly and necessitated the literature review on the topic.

Marketing resources and the resource-based view. The financial success of small businesses depends on the ability of the companies to market their products or services to make profits that sustain the growth of the organization (Kotler & Keller, 2012). Marketing plays a role in small business survival in the face of the competitive economic environment. Marketing helps small businesses in building, maintaining, and enhancing the relationship with customers (Chang, Chang, & Li, 2012). Good marketing is a result of planning and execution requiring creative tools and techniques (Kotler & Keller, 2012). The RBV of marketing strategy helped determine the resources relating to brand, relationship, and sales to help understand what drives competitive advantage (Kozlenkova et al., 2013). Small business owners realized that corporate branding depended on employees effectively delivering the company's core value to the customers (Punjaisri & Wilson, 2010). Using the data from interviews with frontline employees, Punjaisri and Wilson (2010) determined that small businesses need to coordinate branding activities with employees to enhance employees' identification with the brand and commitment and loyalty to the brand.

Small businesses realized the need to establish a collaborative marketing strategy that recognized customers as an identifiable asset (Chang et al., 2012). Parry, Jones, Rowley, and Kupiec-Teahan (2012) explored the success and failure of small businesses from a marketing perspective and the contributing factors. Parry et al. interviewed owner-managers and employees and found that small businesses need customer orientation to survive and that customer orientations relate to contact, relationships, and delivering on the promises made to customers. Parry, Kupiec-Teahan, and Rowley (2012) found that marketing in small businesses depends on the effective relationship between the small business and its customers. The basis for this relationship, according to the authors, is in providing quality solutions, understanding customer requirements, and professionalism. Kozlenkova et al. (2013) argued that small businesses that create maximum value for their customers would survive and not only thrive in a competitive marketplace but also achieve sustainable competitive advantage.

Small businesses face challenges and lack marketing understanding needed to create value (Karanja, Muturi, Mukabi, Kabata, Wahome, & Kayogo, 2013). The challenges stem from a lack of specialized structures, competencies, resource scarcity, and implementation. In trying to understand why small businesses struggle with implementing marketing plan necessary for success, Cronin-Gilmore (2012) investigated the decisions and actions taken by small business owners when pursuing marketing strategy. Cronin-Gilmore found that when pursuing marketing strategies, small business owners consider marketing education more than strategy formulation and

implementation. Along with marketing resources, information technology is a source of competitive advantage for small businesses.

Information technology and the resource-based view. According to RBV. companies' competitive advantage is attributed to their resources (Barney & Hesterly, 2012). The technological resource is an element in the success of small businesses, and small businesses must adapt to the latest technology to capture the required information about their customers (Yallapragada & Bhuiyan, 2011). According to Yallapragada and Bhuiyan (2011), information is the lifeline of organizations so gathering information on a continuous basis and providing them to internal and external stakeholders help in making accurate decisions. Small businesses that use the latest technology can capture and retain information about their customers better than the competitors retain. Uwizeyemungu and Raymond (2012) stated that technological information resources contribute to organizational performance and add business value. In addition, Uwizeyemungu and Raymond argued a firm's strategic success depends on a combination of the firm technological resources that the company possesses internally. Achieving competitive advantage lies not only in the information infrastructure but also with the information organization and capabilities.

Achieving competitive advantage through information technology depends on the specific capabilities the business chooses to develop (Uwizeyemungu & Raymond, 2012). Chia-An and Chandra (2012) noted that small businesses knowledgeable in information technology are at an advantage because the resource helps the business operate efficiently. Hazen and Byrd (2012) disagreed and stated that information

technology does not generate sustainable competitive advantage if the business only adopts the off-the-shelf technology. Hazen and Byrd argued that to achieve competitive advantage, the business must combine the information technology resources with other complementary information technological resources.

In asking whether information technology can be a source of competitive advantage, Breznik (2012) identified the difficulty involved in judging whether information technology affects business performance and competitive advantage. Breznik argued that information technology can help business performance directly or indirectly while other researchers suggested the opposite stating that information technology did not fulfill the concept of competitive advantage. Bayo-Moriones, Billon, and Lera-Lopez (2013) examined whether information and communication technologies (ICT) and its investment have a positive impact on firms' performance. Using a sample of 267 manufacturing small, medium-sized enterprises (SME), Bayo-Moriones et al. analyzed the direct and indirect ICT impact on company performance. Bayo-Moriones et al. found that there is a relationship between ICT adoption and the measures of performance analyzed.

Information technology affects organizational performance directly or indirectly by enhancing productivity (Tarute & Gatautis, 2014). Ollo-Lopez and Aramendia-Muneta (2012) stated that information technology has a positive effect on productivity and can support sustainable growth. Perez-Arostegui, Benitez-Amado, and Tamayo-Torres, (2012) studied the importance of information technology for increased quality performance. Using data from 230 Spanish firms, Perez-Arostegui et al. found that the

existence of information technology expertise has an impact on quality performance. Mithas, Tafti, Bardhan, and Goh (2012) examined whether information technology improves profitability and sales and reduces overall operating expenses. Mithas et al. used 400 archival data from 1998 to 2003 to determine whether the investment in information technology has an impact on sales, advertising, research, and development. Information technology affects profitability by enabling revenue growth. Like marketing and information technology, human resources are also a source of competitive advantage.

Human resources and the resource-based view. There is an increased interest in research relating to human resources (HR) practices of small businesses (McEvoy & Buller, 2013). There are approximately 20 million small businesses in the United States, and they account for a significant number of all businesses (Yallapragada & Bhuiyan, 2011). There is evidence that HR strategies help organizations achieve competitive advantage (Barney & Hesterly, 2012) and enhance organizational performance (Katou, 2012). The accumulation of high quality human capital can lead to sustained competitive advantage when the resource is scarce, specialized, and holds tacit knowledge that makes it difficult to replicate by competitors (Shaw, Park, & Kim, 2013). Maley (2014) agreed that traditionally in the field of strategic management, there is a recognition that HR contributed to business effectiveness and identified as a valuable source of competitive advantage. Katou noted that there was a positive relationship between HR management policies and firm performance. In identifying the factors for measuring performance in small businesses, Anggadwita and Mustafid (2014) noted that besides innovativeness, sustainability, and entrepreneurial aspects, small businesses need competence of the HR

to face market competitions. Sikyr (2013) studied the best practices in HR management as a source of enhanced performance and competitive advantage. The result highlighted the role of HR as a factor in explaining excellent organizational performance and the achievement of competitive advantage.

The role of human resources in small businesses' competitive advantage follows the concept of RBV that posited that resources provide a competitive advantage when they are valuable, rare, and not easily duplicated or substituted (Khan, Cheema, Syed, & Asim, 2013). Human resources are unique, difficult to duplicate and a source of competitive advantage (Barney & Hesterly, 2012). Shammot (2014) argued that organizations fail to achieve goals despite possessing the requisite resources. The reason is the lack of human element to manage the resources in an effective manner. Small businesses with a workforce that possess superior knowledge, skills, and capabilities achieve competitive advantage because competitors cannot copy the model. Shammot noted that the services rendered by employees were the differentiator that determines competitive advantage and suggested that competent employees are great assets to the businesses. While Razak, Rashid, Ma'amor, Asnawi, Ahmad, and Achim (2013) viewed the employees as an asset rather than just labor cost.

Human resources are a vital asset that plays a vital role in organization performance and value creation (Cherian & Farouq, 2013). Beattie and Smith (2013) presented how a firm's human resources contribute to value creation through employee skills, commitment, attitudes, and motivation making HR a source of competitive advantage. Other viewpoints existed that argued that the human resources practices help

distinguish successful businesses from unsuccessful organizations (Sikyr, 2013). Arik and Dunne (2014) disagreed and stated that the actual human resource employees form the basis for competitive advantage and not the practices because competitors can easily copy the human resource practices.

Small businesses exhibit qualities that differentiate them from large businesses (Degravel, 2012). McEvoy and Buller (2013) examined the similarities and differences in the HR practices of large and small businesses using the company lifecycle as a theoretical basis for data collection. McEvoy and Buller found that for small businesses, HR practices focused on operations, and the use of in-house HR staff to fulfill the functions. Doherty and Norton (2014) agreed that the HR practices for small businesses focused on survivability rather than achieving competitive advantage. The reason is that small businesses rely on their HR and mistakes directly affect the company productivities (Daou, Karuranga, & Su, 2014). In studying the HR management practices in small business, Khan et al. noted that because the businesses are small, an individual employee represents a vital part of company workforce making each human resources related decision has a strategic significance.

The challenges faced by small businesses in recruitment and selection of employees are how to attract, compensate, motivate, and retain qualified employees (Abraham, Kaliannan, Mohan, & Thomas, 2015). In the study, Abraham et al. noted that small businesses treat human resource functions as an insignificant function instead of as integral components in sustaining competitiveness. Zaharie and Osoian (2013) agreed and stated that when recruiting, small businesses use recommendations and emphasize

job selection criteria that focus on candidates' attitude, motivation, and dedication to work. While these practices imply lower short-term costs initially, the practices, in the end, prove higher costs to the business than the former. Another problem faced by small businesses as noted by Khan et al. stems from the lack of financial resources needed to attract and retain the right employees for better performance. As with marketing, information technology, and human resources, the financial resource is a source of competitive advantage and according to Stacey (2011) used to acquire the other resources.

Financial resources and the resource-based view. The financial resource is an asset used to settle liabilities and an obvious resource that companies must have available to achieve strategies (Stacey, 2011). The resource-based theory complements strategic management by focusing company efforts on asset accumulation (Degravel, 2012). In a dynamic business environment, companies create competitive advantage by offering value to customers that competitors cannot duplicate (Barney & Hesterly, 2012). The resource-based theory states that companies create value by manipulating resources for customers to appreciate the company's offerings (Henard & McFadyen, 2012). Henard and McFadyen noted that under the resource-based theory, the possession, utilization, and dedication of resources are strategically essential to value creation. The dedication helps companies exploit opportunities that exist in the marketplace (Henard & McFadyen, 2012) and affects companies' competitive advantage (Cassia & Minola, 2012). Stacey noted that financial resources enabled organizations to acquire other forms of resources that organizations use for operations that justify the company's existence.

Adequate financing has a significant effect on the survival and success of small business and without which the small business would not succeed (Gill & Biger, 2012). Yallapragada and Bhuiyan (2011) examined the key factors in the success of small businesses and noted that the factors that determine small business success include adequate financial resources. Chong (2012) investigated the factors that influence the success of small and medium-sized enterprises (SME) as perceived by the business owners and managers. Using a survey questionnaire of SME owners, Chong found that financial resources are critical to the survival of the SMEs. Lafuente, Lafuente, Guzman-Parra, and Lafuente (2013) explored the key success factors in the business creation process. The research took into account various factors companies considered objective and the key to success in the business creation process. The factors include financial resources, marketing resources, innovation, globalization, and sustainability. Data collection was from questionnaires sent to marketing research of 500-startup business in 2006 through 2010. The result indicated that financial resources are vital to the degree of success achieved in creating new business.

Small business owners cite the lack of financial resources as a significant impediment to business expansion and success (Byrd et al., 2013). Brinckmann, Salomo, and Gemuenden (2011) agreed and noted that small businesses faced difficulty in the acquisition of financial resources. The difficulty stems from information asymmetry between owners and the external stakeholders, the liability of newness and smallness. The study built on the notion that the availability of credit is vital to a small business to

succeed and the NSBA (2012) data shows that 57% of owners cite difficulty in accessing credit.

Chakraborty and Mallick (2012) provided an estimate of the credit gap faced by small businesses. Chakraborty and Mallick defined credit gap as the difference between the amount of credit desired and the actual level of debt obtained for credit constrained small businesses. Data collection was from the National Survey of Small Business Finances of 1988 to 1989, and 1995 and provided evidence about credit-constrained firms. Chakraborty and Mallick found that the estimated credit gap is approximately 20% and that the gap varies across the industry with a larger gap in the manufacturing businesses. Servon, Visser, and Fairlie (2011) examined the same phenomenon, using data from the 1992 business owners' survey, the 2002 and 2003 survey of small business finance to estimate the unmet capital demand for small businesses. The result indicated that there is a credit gap in the small business credit market to meet the demand for financing. Comeig, Del Brio, and Blanco (2014) examined credit rationing in small businesses. Using a dataset of bank loan information, Comeig et al. established the degree of credit rationing by relating loan granted and loan requested. Comeig et al. found that credit rationing is significant and that lenders use collateral demand to ration credit among borrowers depending on their risk level.

The lack of financial resources is a barrier that could lead to the failure of a small business. Raeesi, Dastranj, Mohammadi, and Rasouli (2013) identified the general barriers within literature and sought to understand their interactions to help entrepreneurs determine appropriate measures to overcome the barriers. Raeesi et al. found that one of

the barriers included a shortage of financial resources. Interviewing small business owners to document the experiences relating to business failures and taking into account company life cycle, Hamrouni and Akkari (2012) found that one of the main cause of failure is the lack of financial resources. Hunter (2011) explored the phenomenon of business failure by documenting the comments made by bankruptcy professionals as these professionals assess the operations of small businesses. Hunter employed a narrative approach and interviewed participants to generate controllable and uncontrollable items. Hunter found that small business owners must proactively adopt processes to deal with the controllable and uncontrollable issues to survive. Researching on the effect of business failure on business owners, Ucbasaran, Shepherd, Lockett, and Lyon (2013) argued that business failure is good for the economy and society. The reason is that failure releases knowledge and resources from defunct businesses. Furthermore, Ucbasaran, Shepherd, Lockett, and Lyon argued that business failure could lead to reduced cost for surviving businesses via vicarious learning. The lack of financial resources as a contributing factor in the high failure rate of small business emphasized the need to explore the strategies owners uses to finance small businesses.

Financing of Small Businesses

In a well-functioning market, supply and demand regulate pricing to the extent that businesses with a good model can obtain financing at an appropriate cost (Riding, Orser, Spence, & Belanger, 2012). Due to information asymmetry and transaction costs, some small businesses face difficulties accessing financing (Brinckmann, Salomo, & Gemuenden, 2011). In the decision to extend financing, lenders determine (a) Whether it

is worthwhile to perform the necessary due diligence needed to extend credit, (b) whether to evaluate the application and determine the terms of the credit, and (c) how to design the contract and covenants to minimize the moral hazard that Berger and Black (2011) noted that lenders could avoid through contract design.

The analysis of the type of financing use by small business owners starts with looking at the capital structure of the small businesses (Daskalakis, Jarvis, & Schizas, 2013). The capital structure of a business relates to the method used to access business financing (Ross, Westerfield, & Jaffe, 2013). Also, capital structure is the defining element in small business finance (Robb & Robinson, 2012). In seeking to understand the dynamics of small business financing, Atherton (2012) noted that lack of funding discourages people from becoming entrepreneurs and asserts that small businesses encounter difficulties obtaining financing needed for business development, growth, and survival.

Most entrepreneurs use the personal capital to start the business. Elston and Audretsch (2011) examined the role personal capital play in the entry decision of entrepreneurs utilizing survey data from field experiments. Elston and Audretsch found that entrepreneurs used personal capital and alternative forms of financing to start their businesses. The alternatives included family lending, credit cards, and that startup depended on access to capital in both the initial and early stages of development. Gartner, Frid, and Alexander (2012) explored the financing choices made by entrepreneurs in the process of starting new business ventures. In the study, Gartner et al. presented research works on entrepreneurship detailing the process owners' use in acquiring financial capital

and its effect on existing firms and start-up ventures. The results indicated that owners choose funding that minimizes costs and maximizes the benefits associated with different sources of debt and equity financing.

Small businesses use either internal or external source of financing (Daskalakis et al., 2013). Lappalainen and Niskanen (2013) investigated how the family-owned businesses use different funding sources and the attitude toward these sources. Family firms have the long-term strategic commitment and financial prudence. Family firms are conservative; follow a peculiar logic when it comes to financing growth, risk, and ownership control. These owners rely on internally generated funding and prefer debt to equity for external funding. Using data collected from 2000 through 2005 survey, Lappalainen and Niskanen found that family-owned firms have a negative attitude towards the use of trade credits but use the method because the other sources are not available.

Firm's characteristics affect the acquisition of an external source of financing (Gartner et al., 2012). Degryse, Goeij, and Kappert (2012) identified the characteristics that affect the acquisition of a certain type of financing. The characteristics include (a) size and age (b) collateral (c) profitability (d) industry sector and (e) growth opportunity. Abdulsaleh and Worthington (2013) listed the characteristics to include (a) size and age, (b) ownership type and legal form, (c) location, (d) industry sector, and (e) assets structure. A literature review of how the size of a firm affects the financial structure indicates that size does affect the capital structure determination of small businesses (Daskalakis et al., 2013). The conclusion is consistent with Abdulsaleh and Worthington,

who found that for small businesses, firm size and age have an influence on the financing decisions of the owners. Cole (2013) investigated the characteristics of firm age and the ability to access financing. Using the Pecking Order Theory Cole confirmed that a positive relationship existed between firm size and age with the probability of borrowing from banks and other sources of credits. Furthermore, Cole noted that those small businesses in existence for longer periods were successful in obtaining financing than those established for less number of years.

The ownership structure of an organization has a relationship with the choice of debt source and the ability to access financing (Lin, Ma, Malatesta, & Xuan, 2013). The different types of the organizational structure include proprietorship, partnership or corporations (Musamali & Tarus, 2013). Abdulsaleh and Worthington (2013) noted that ownership structure has a significant impact on small business financing. Small businesses have concentrated ownership, operate mainly as a sole proprietorship, and banks are reluctant to extend credit because of information asymmetry and lack of collateral of the sole proprietor. Musamali and Tarus argued that lenders view corporations as formal and credible making incorporation helpful in accessing financing.

The other characteristic that affects small business financing is the location of the business. Small businesses located close to banks have the ability to gain access to external financing (Arena & Dewally, 2012). According to Freeman, Styles, and Lawley (2012), firms located in the metropolitan areas have advantages over firms in rural areas and a higher probability of obtaining external financing than businesses outside the metro areas. Rauterkus and Munchus (2014) agreed and viewed the advantage as the small

business having a better relationship with the bank when the distance is close and the bank being able to monitor the business. Uchida et al. (2012) added that interacting with clients enables banks to obtain information that helps maintain the relationship. Arena and Dewally examined the influence of firm location on corporate debt. Arena and Dewally used data from 49 United States metropolitan locations and found that geographical location has an influence on corporate debt and that the information asymmetry between firms outside the urban areas has an implication.

The industry sector is the next characteristic that affects small business financing (Degryse et al., 2012). The industry sector in which a small business operates help determines the capital structure and the financial decisions through the nature of the business assets (Mackay & Phillips, 2005). Industry classification determines the financial needs and determines how the lenders determine the business risk (Musamali & Tarus, 2013). Degryse et al. examined the effect of industry classification and the capital structure and found that industry characteristics affect the funding preferences and capital structure of small businesses. The result further indicated that small business exhibit different average debt level based on the industry the business operates. Also, Musamali and Tarus argued that some industries have a propensity for higher risk. Banks associate these industries with high risks and base the extension of credit on the risk exposures. Also, Musamali and Tarus noted that because some industries are more profitable, lenders are more willing to extend credit to businesses in those industries rather than the businesses in those industries that are not profitable and of higher risks.

Asset structure plays a role in the small business access to financing (Robb & Robinson, 2012). Musamali and Tarus (2013) noted that there are differences between fixed asset requirements by industries and the businesses in those industries can have access to financing because the assets serve as collateral. In researching the role of assets in financing, Cole (2013) noted that firms pledge assets as collateral to obtain preferential financing and to secure loans. Blazy and Weill (2014) examined why banks ask for collateral when lending to small businesses and found that banks use collateral to reduce loan loss in the event of default. Hainz, Weill, and Godlewski (2013) reached a similar conclusion that collateral mitigates adverse selection and credit rationing. Odit and Gobardhun (2011) examined the factors that determine the financing and found that there is a positive relationship between debt ratio and asset structure. Also, Odit and Gobardhun found that small businesses with low tangible assets had difficulty obtaining external financing because of lack of collateral needed to secure the loans.

Finally, the personal characteristics of the owner affect the ability to access financing for start-up businesses (Gartner et al., 2012). Owner characteristics include gender, age, education experience, and race (Robb & Farhat, 2013). The personal characteristics play a role in how lenders perceive the borrower and significantly affect the likelihood of accessing financing (Robb & Robindon, 2012). Furthermore, the role of gender differs between male and female, and the difference is significant at the start-up stage. The study conducted by Robb & Farhat for the SBA indicated that females hold less outside debt than the male counterparts do. SBA (2015) data noted that females have less amount of capital at the start-up phase than the males. Also, women face more

restrictions in accessing financing, more loan denial rates, and fewer loan applications (Robb & Farhat, 2013). The explanation given by Robb and Robinson for the differences varied and range from less demand for outside capital to discrimination and owners preferences.

A review of the literature indicated that age plays a role in financing behavior of entrepreneurs (Minola, Cassia, & Criaco, 2013). Ogubazghi and Muturi (2014) provided an analysis of the influence of owners' age and access to financing by analyzing 87 small manufacturing firms. Ogubazghi and Muturi argued that age of the owner had a significant effect on debt financing. While Minola et al. found that businesses managed by young entrepreneurs tend to be higher risk taking and have a higher debt to equity ratio. The result is consistent with Abdulsaleh and Worthington finding that young owner-managers tend to use bank drafts, loans, credit cards, than older entrepreneurs who tend to depend on retained earnings.

The educational background of small business owners affects the use of financing (Abdulsaleh & Worthington, 2013). Ogubazghi and Muturi (2014) agreed and stated that owner-managers' educational level provides lenders the perception of less risk and a signal of better human capital. Lenders are more willing to extend financial resources to owners that are more educated. Ganotakis (2012) examined the influence of owners' personal characteristics and small business longevity. Ganotakis found that owners with a higher level of education background survive longer and are more likely to obtain higher loan amount from financial institutions.

Experience plays a role in determining the initial capital structure of small businesses (Robb & Robinson, 2010). Minola et al. (2013) noted that experience is a signal to external investors about the survivability of the small business. Nofsinger and Wang (2011) agreed and stated that the owner-manager experience is a factor that enhances the likelihood of obtaining external financing. The result of the study further indicated that prior experience has a positive relationship with external financing and crucial in overcoming difficulties faced by small businesses in accessing external financing. Lenders view experienced owners as better performers and factor experience in the process of credit evaluation.

Race influences the availability of credit, and black business owners are more likely to have a loan application denied (Chatterji & Seamans, 2012). The data from the 2007 survey of business owners showed that there are disparities in business ownership by race and ethnicity (Robb & Farhat, 2013). Coleman et al. (2013) noted that minorities were less likely to apply for loans and banks are more likely to deny the loan applications for minority borrowers. Asiedu, Freeman, and Nti-Addae (2012) used the data from 2003 Survey of Small Business Finances to examine the effect of race and ethnicity on loan decisions. Also, to know whether race affects the denial rates for minority loan applications. Using an estimation technique, Asiedu et al. analyzed the credit market of existing loans to determine the reason minorities experience a higher rate of loan denials. The analysis ensures the exclusion of information asymmetry as the reason for loan denials. Asiedu et al. found that minority groups have difficulties accessing financing due to discrimination. The analysis of small business financing is crucial, and the strategies

for financing small businesses follow. A diagram of the strategies for financing small businesses and the organization is in Figure 2.

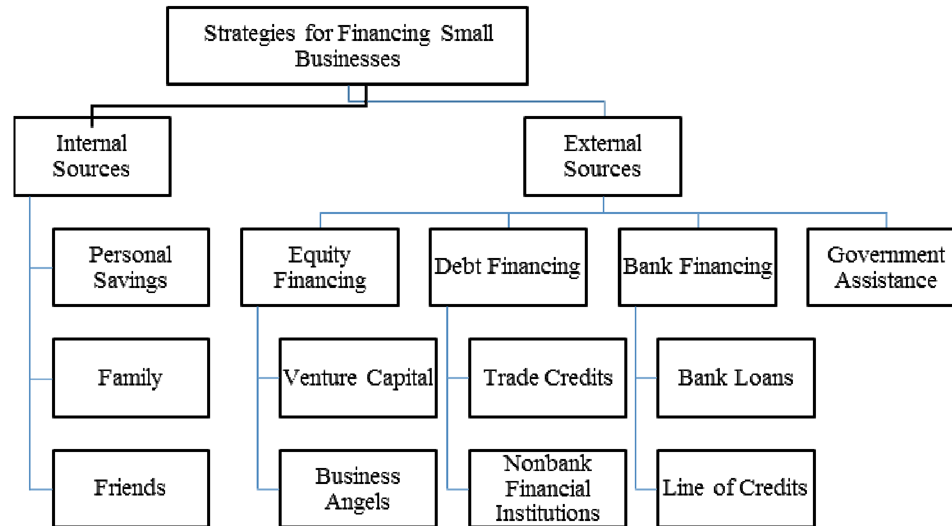

Figure 2: Diagram of the strategies for financing small businesses and the organization.

Strategies for Financing Small Businesses

Access to financing is vital and a factor in the development, growth, and survival of small businesses (Atherton, 2012). Yallapragada and Bhuiyan (2011) discussed the importance of adequate financing and the need for small business owners to understand the process of accessing the financing needed for business development and growth. La Rocca, La Rocca, and Cariola (2012) examined the financing needs of small businesses and found that at various stages of the small business growth cycle, owners use different capital structure. The result of Van Caneghem and Van Campenhout (2012) study indicated that though small businesses needed financing at the early stages of business

growth, small businesses lack access to financing. The phenomenon is due to information asymmetry and a moral hazard at the early stages of development.

Small businesses have difficulties obtaining finance and the explanation for the difficulty includes lack of trading history, collateral, and the risk of funding new ventures (Atherton, 2012). Berger, Goulding, and Rice (2014) noted that banks are reluctant to extend credit to small business because of information opacity that result in these small businesses relying on informal financing. Musamali and Tarus (2013) supported the conclusion and argued that small businesses have fewer opportunities to raise funds because the capital market is out of reach for the businesses especially in the start-up stages.

At the start-up stages, small businesses depend on internal sources that include personal savings, friends, and family (La Rocca et al., 2012). In studying the cases of start-up financing, Atherton (2012) noted that new firms rely on short-term debt. However, as the business advances through the business lifecycle, where the business can provide records of accomplishment and collateral, owners adjust the capital structure (La Rocca et al., 2012). The adjustments start with the substitution of internal sources of financing with external sources to include equity, debt, and bank financing (La Rocca et al., 2012). The substitution between internal and external financing is costly for small businesses because of their failure rate, opacity, information asymmetry, the problem of newness, and the difficulty in monitoring by the investors and lending institutions (Revest & Sapio, 2012). In studying small and medium-sized enterprises (SME) financing, Daskalakis et al. (2013) noted that equity and debt are the external sources of

capital for small businesses. To Abdulsaleh and Worthington (2013), external sources of financing include equity sources, debt sources, and bank financing. Equity sources consist of venture capital and business angels while debt sources consist of trade credit and non-bank institutions.

Equity Financing. Equity represents an ownership interest in business. Equity financing is a source of financing where investors offer capital to businesses without a defined repayment date but require the entrepreneur to offer ownership interest in return (Daskalakis et al., 2013). Ampenberger, Schmid, Achleitner, and Kaserer (2013) noted that when entrepreneurs issue equity shares to finance their businesses, they dilute their ownership interest and the control of the company. Atherton agreed and stated that to avoid the dilution and loss of control; entrepreneurs prefer debt to equity financing, but Abdulsaleh and Worthington (2013) noted that the preference for equity is when the business is new and unable to access debt financing due to lack of collateral. Equity financing offers entrepreneurs long-term financing without interest payment and the addition of financial professionals that provide value-added services (Luukkonen, Deschryvere, & Bertoni, 2013).

Venture capital. Venture capital is a form of financing by professional investors. Venture capitalists act as financial intermediaries that invest funds from individual and institutional investors in start-up companies with a high growth potential (Ross et al., 2013). Venture capital is a means of capital infusion that improve upon the traditional way of financing when information asymmetry is severe (Revest & Sapio, 2012). Besides capital infusions, venture capitalists perform value-added services in the companies they

financed (Luukkonen, Deschryvere, & Bertoni, 2013). The roles venture capitalists play for small businesses are in the areas of marketing and technical expertise that help reduce information asymmetry that hinders the access to external financing (Revest & Sapio, 2012). In the survey of sample small businesses throughout Europe, Luukkonen et al. found that venture capitalists provide value-adding activities that are different from those of other financial institutions. The activities include (a) strategy, (b) technological position, (c) marketing, (d) professionalization, (e) financial functions, (f) quality, (g) internationalization, and (h) exit orientation. Venture capitalists decide on the timing, type, and functions provided to enhance the probability of success of the small businesses (Dahiya & Ray, 2012). By providing these functions, venture capitalists participate in the strategic planning and decision making of the small businesses in their portfolio.

Venture capital financing improves the small business efficiency and value creation (Luukkonen et al., 2013). Besides financing, venture capitalists also provide access for small business owners and the employees through contact with suppliers, customers, and product markets (Alexy, Block, Sandner, & Ter Wal, 2012). Also, venture capitalists have social capital that benefits the small businesses by providing access to a network of professionals and experts in the industry (Alexy et al., 2012). The conclusion is consistent with the finding by Clarysse, Bobelyn, and Del Palacio Aguirre (2013). Using a database of 30,000 venture capitalist backed companies Clarysse et al. tracked the financing history of 206 companies to examine the extent of their contribution to the success of the businesses. The result indicated that venture capitalists contribute to the likelihood of increased sales for the companies in the portfolios.

There are stages in venture capital financing (Ross et al., 2013). Stage financing refers to when venture capitalists incrementally fund an investment to maintain control, avoid moral hazard, and agency problems (Dahiya & Ray, 2012). The funding stages include (a) the seed stage, (b) the start-up stage, (c) the expansion stage, and (d) the late stage (Blum, 2015). The staged investment allows venture capitalists to gather information to help determine whether to adjust the investment amount and to analyze the risk of failure (Luukkonen et al., 2013). It also helps in limiting the financial exposure (Blum, 2015). Also, staging allows venture capitalists to sort the projects so that the venture capitalists can abandon the investments with low early returns (Dahiya & Ray, 2012). Consistent with the result, Hopp and Lucas (2014) noted that staging allows venture capitalists to monitor the activities of the companies. Monitoring occurs between the first round of funding through the decision of continuing or abandoning the investment (Blum, 2015). To Shane (2013), venture capital is an alternative method of financing some small businesses along with Business Angels.

Business angels. Angel financing is an informal source of external financing (Shane, 2013). Unlike venture capitalists, business angels are wealthy individuals who invest their funds in high growth start-up companies with equity contracts (Kerr, Lerner, & Shoar, 2014). Business angels play significant roles in the development of small business not only by providing access to financing but also by offering business expertise and personal networks (Mitter, 2012). Mitter noted that business angels participate in the activities of the businesses in their portfolio by contributing business skills and expertise needed to develop the organization. Shane (2013) view business angels as the drivers

behind the start-up of many small businesses and fill the credit gap between internal and external sources of financing when financial institutions are reluctant to extend credit. The result of the research by Shane (2013) for the SBA found that business angels invest an estimated $36 billion each year with each investment being approximate $31,500. The result indicated that angel investors have longer exit period and are more accommodating to the business owners need.

Business angels affect the funded companies by providing value-added activities that help develop the company. Mitter (2012) noted that business angels affect companies directly through mentoring and monitoring of the organizational development. Furthermore, business angels provide value-added activities through financial and non-financial activities such as participating in the company management and introducing the company to the Angels' personal and professional network (Mitter, 2012). Consistent with the RBV theory that competitive advantage depends on the access to resources, the provision of management, business skills, and industry knowledge broadens the resource pool and help ensure the business success (Mitter, 2012). Since survival and business success depend on external resources, the introduction to personal and professional networks help some small businesses form stable business relationships for faster business development (Petras & Snircova, 2013). Not only do angel investors provide start-up financing and business skills, but business angels also play a significant role in the development of the local economies of the geographical location of the entrepreneurial firm (Mitter, 2012). Angel investors add value to the companies in their portfolios and help the small businesses achieve competitive advantage.

Angel investors undertake due diligence relating to which company to fund (Kerr et al., 2014). Rodriguez (2011) agreed and outlined the attributes business angels seek when evaluating investment proposals. The criteria include (a) investment amount, (b) geography, (c) the industry/market, (d) the product/service, and (e) the exit strategy. Consistent with Rodriguez (2011), Petras and Snircova (2013) identified the motive of angel investors and divided the motives into three categories that include economic, hedonistic, and altruistic motives. Besides the attributes and motives, business angels also look at the characteristics of the entrepreneur behind the company (Rodriguez, 2011). Discussing the characteristics of angel investors, Shane (2013) looked at the investment size, the balance between debt and equity, the investment terms, and whether the Angels can provide follow-on investment. Using data from the Entrepreneurship in the United States Assessment, Shane found that (a) the average investment size was $10,000, (b) that debt accounts for 40% of the funds extended, and (c) that the numbers of angels that make follow-on investment are in the minority.

Most business angels have a selection process that starts with entrepreneurs submitting an application and business plan followed by initial screening, an invitation for presentation, and a question and answer session (Kerr et al., 2014). Consistently Rodriguez (2011) highlighted the main steps some angels follow when extending funds to entrepreneurs. The steps include five stages that consist of (a) familiarization stage, (b) screening stage, (c) bargaining stage, (d) managing stage, and (e) harvesting stage. The initial meeting between the angel investors and the entrepreneurs occur in the familiarization stage where Angels learn about the business opportunities (Rodriguez,

2011). In addition, Rodriguez noted that the due diligence and deal structuring occurred at the bargaining stage after the angels screen the opportunities to include in their portfolio.

Based on the quantitative analysis, entrepreneurs prefer angel financing to venture capital financing despite venture capitalists providing a value-adding contribution to the success of the organization (Kerr et al., 2014). The reason behind the preference could be that angels invest in start-up companies that need smaller investments (Fairchild, 2011). Other contrast between the two includes the source of capital for the investment (Petras & Snircova, 2013). While angel investors use their funds, venture capitalists invest funds from other sources (Chemmanur, & Chen, 2014). In addition, once the company can access external financing, few Angels have an interest in extending additional funds (Abdulsaleh & Worthington, 2013). Petras and Snircova (2013) noted that it is vital to business angels to actively participant and monitor the activities of the company and to venture capitalists, participation is strategic and less essential. According to Shane (2013), both venture capital and business angel financing involve the use of debt in financing the investments.

Debt financing. The seminal work of Modigliani and Miller (1963) provided the analysis for the demand for debt financing by arguing that firms prefer debt over equity financing because of the low cost associated with debt financing. Debt financing is a source of financing for small business (Shaheen & Malik, 2012). Business owners look to internal sources of financing before seeking debt or equity financing (Shaheen & Malik, 2012). However, small business owners prefer debt to equity financing (Atherton, 2012). The

preference for debt financing is that issuing equity shares affect the company standing and dilutes the ownership and the control of the company (Ampenberger, Schmid, Achleitner, & Kaserer, 2013). Moreover, equity and other forms of financing are typically not available to small businesses pushing them to debt financing (Atherton, 2012). The constraint makes some small business owners prefer debt financing to equity in mitigating the problem of information asymmetry and deal with agency problems.

The debt financing categories include short- and long-term debts and short-term debt represent a financing source where the amount of debt is payable within one year (Ross et al., 2013). When deciding on how to finance projects, small business owners have a choice of either short or long term financing (Abdulsaleh & Worthington, 2013). The basis for the decision to use short-term debt is for the benefits associated with the use (Garcia-Teruel & Martinez-Solano, 2010). Kwenda and Holden (2014a) noted that companies prefer short-term debt financing to long-term debt financing because of the lower interest rate and can adapt short-term debt according to the company’s financial needs. Though using short-term debt financing reduces the company’s interest expenses, there are risks associated with its use (Kwenda & Holden, 2014a). The risks include default and interest rate risks (Ross et al., 2013). Default risk exists when the company does not have sufficient capital to retire the debt if the lender decides not to refinance the debt and interest rate risk where the interest rate charged for refinancing increases the interest expenses. The two methods of debt financing include trade credits and nonbank financial institutions.

Trade credit. Trade credit is credit granted to companies by other firms and represents a delay in the payment of accounts payable. Trade credit is a vital source of short-term external financing (Seifert, Seifert, & Protopappa-Sieke, 2013). As a component of working capital, trade credit finances a significant amount of company inventories (Aktas, Croci, & Petmezas, 2015). Small businesses that have limited access to financing use trade credit when funding from financial institutions is not available (Barrot, 2014) and the financing challenge highlights the role trade credit plays in small business financing. In the study on how small businesses finance assets, Cole (2013) determined, using the Kauffman Firm Survey, that 75% of start-ups use credit and 24% of those who use credit use trade credit.

In their study of who uses trade credit, Klapper, Laeven, and Rajan (2012) found that even large creditworthy businesses use trade credit and receive favorable terms from suppliers. Barrot (2014) noted that trade credit account for three times in volume compared to bank credits because suppliers also use trade credit. Suppliers extend trade credit to small businesses because the suppliers have an information advantage over financial institutions (Cunat & Garcia-Appendini, 2012). Also, suppliers with access to financing extend trade credit to customers with the hope of participating in the customer future profits (Barrot, 2014). Both the small business owners and the suppliers use trade credit to their advantage.

Trade credit has advantages for suppliers that include financial, operational, and commercial perspectives (Martinez-Sola, Garcia-Teruel, & Martinez-Solano, 2013). The motives for using trade credit include mitigating financial frictions for the customers,

reducing transaction costs and information asymmetry, stimulating sales, and acting as price discriminator between cash and credit customers (Martinez-Sola et al., 2013). The transaction motive allows both the supplier and the buyer to predict and manage the short-term cash flows effectively (Cunat & Garcia-Appendini, 2012). The possible explanation for suppliers granting trade credit when financial institutions are available is that suppliers, due to information asymmetry, have an advantage in evaluating the creditworthiness of buyers (Cunat & Garcia-Appendini, 2012). Trade credit affords the grantor cost advantage and enables the grantor to become familiar with, and have control over the buyer.

Trade credit plays a vital role in the financing policy of small businesses (Martinez-Sola et al., 2013). In studying the role of trade credit, Cunat and Garcia-Appendini noted that trade credit play a central role in small business financing and at 60% use, small businesses are reliant on trade credit as a source of external. At startup, owners use trade credit because financial institutions may not extend credit to the businesses due to their opacity (Cole, 2013). Furthermore, as the business go through business growth cycle and become information transparent, the reliant on trade credit decreases as the owners develop a relationship with financial institutions. Offering trade credits to small businesses help suppliers fund the buyers (Cunat & Garcia-Appendini, 2012), and may have an impact on the profitability, liquidity, and the firm value.

Trade credit has an effect on the profitability of small businesses (Martinez-Sola, Garcia-Teruel, & Martinez-Solano, 2014). As a vital element in the corporate balance sheet, trade credit enhances a firm’s sales and profitability (Martinez-Sola et al., 2014).

By granting credit to customers and being willing to wait for receiving payment, suppliers increase their sales (Napompech, 2012). Using data from 2000 to 2007 survey of 11,337 Spanish small manufacturing businesses, Martinez-Sola et al. (2014) explained the impact of trade credit on the profitability of the companies. The result indicated that firms that grant trade credit increase their profitability by showing increased sales, an increase in the rate of return, and help smooth out demand for businesses with variable demands. How small business owners manage their trade credit and payables significantly affect the profitability and success of the business.

Studies show that trade creditors have an advantage over financial institutions in extending financing to small businesses. The advantages include (a) acting as relationship lenders due to information advantage (Uchida, Udell, & Yamori, 2012), and (b) the ability to enforce debt contracts (Cunat & Garcia-Appendini, 2012). However, there is a consensus in the literature about the use of trade credit by small businesses and involves the cost relating to discounts firms offer for early payment (Aktas, De Bodt, Lobez, & Statnik, 2012). Ross et al. (2013) calculated the cost of credit for a classic 2/10, net 30 agreement and found the interest rate amount to over 40% for not taking the discount. In explaining the reliance on trade credit and answering the question of why firms use trade credit, Aktas et al. (2012) offer both financial and non-financial theories supported by prior research. Financial theorists argue that trade credit acts as a signal for suppliers to screen borrowers. While non-financial theorists relate trade credit to its use for price discrimination between cash and credit customers and improve the customer-supplier relationship (Martinez-Sola et al., 2013). Granting trade credit improves some suppliers

sales and profitability (Aktas et al., 2012), and for small businesses trade credit is financing source when access to other sources are not available or limited.

Nonbank financial institutions. Nonbank financial institutions are financial institutions that do not have a license to operate as banks (World Bank, 2013). Nonbank financial institutions include credit unions, insurance and finance companies, investment, brokerage and trust companies (Liang & Reichert, 2012). In their study on nonbank debt financing, Nassr and Wehinger (2014) noted that this debt financing mechanism is available to small businesses and that the owners can tailor the instrument to fit their needs. Nonbanks complement bank lending, improve the flow of credit to small businesses (Nassr & Wehinger, 2014), and play a role in small business financing.

Nonbank financial institutions play vital roles in small business financing that includes the broadening of access to small business financing. Osei-Assibey, Bokpin, and Twerefou (2012) noted that nonbanks are more willing to make small loans to the poor, women, and bear the cost of screening and monitoring borrowers to overcome information asymmetry. Besides complementing bank services, nonbanks provide services that banks are not willing to undertake such as risk pooling, financial consulting, and brokering (World Bank, 2013). Also, the World Bank (2013) noted that unlike banks, nonbanks unbundle their services, tailor them to a particular group, and specialize in sectors of an industry. The specialization promotes competition within the financial industry and minimizes financial shocks during economic crisis (World Bank, 2013). Using data from the Financial Accounts in the United States, Fischer (2015) indicated that nonbanks held 40% of the total credit market assets of the financial sector. Kucera

(2015) agreed and stated that lending by nonbanks makes up a multi-trillion dollar market and over $70 trillion globally.

The preference for nonbank financial institutions stems from their presence in lending to small businesses (Kucera, 2015). In discussing small business financing preferences, Osei-Assibey et al. (2012) noted that while formal banks lent to large businesses, nonbanks lent to small businesses. The finding is consistent with Nassr and Wehinger (2014) study on nonbank debt financing for small and medium size enterprises. Also, small businesses prefer nonbanks because when banks emphasize the need for collateral, nonbank loans were collateral free (Osei-Assibey et al., 2012). Furthermore, while banks prefer relatively short-term intermediation, nonbanks provide a lengthened intermediation period (Fischer, 2015) making nonbank a preferred alternative financing mechanism.

Nonbank financial institutions supplement and provide competition to banks in providing access to funding for small businesses (World Bank, 2013). In addition to enhancing competition, broaden access to small businesses financing, nonbanks improve the flow of credit, enhance diversity, and widen participation in small business financing (Nassr & Wehinger, 2014). Unlike banks, nonbanks do not rely on deposits in their lending activities instead; they rely on investors that have varied preferences for risk, duration, and structure (Kucera, 2015). However, Kucera (2015) found that some nonbanks experienced capital flow constrained during the last recession. The reasons include accounting rule modification, deleveraging due to rising capital and liquidity ratio requirements, reputation risk, and regulation burden (Kucera, 2015). Fischer agreed and

noted that though nonbanks evolved alongside banks and conducted similar activities, nonbanks are not Federal Deposit Insurance Corporation insured as banks that provide bank financing.

Bank Financing

The survival and success of some small businesses depend on having access to financing (Roman & Rusu, 2012). Riding et al. (2012) determined that 35% of firms access external funding through institutional financing and approximately 25% through commercial loans. Using data from the Kaufman Foundation, Robb and Robinson (2012) determined that banks are the main source of debt for small businesses. The study indicated that bank financing is seven times greater than other financing mechanisms, and yet banks are reluctant in extending credit to small businesses. The reluctance stems from the problem of information asymmetry and the lack of collaterals by the owners (Blazy & Weill, 2014). Information asymmetry is the deviation from perfect information where a party to a contract is ignorant of relevant information needed to make an informed decision relating to the transaction (Brent &Addo, 2012). Furthermore, Brent and Addo found that small businesses are less efficient at minimizing information asymmetry. Small businesses can reduce information asymmetry that in turn reduces the cost incurred for capital (Brent & Addo, 2012). Blazy and Weill (2014) agreed and stated that banks request collaterals to minimize risks associated with information asymmetry.

A Collateral is an asset pledged on debt (Ross et al., 2013). Banks ask borrowers for collaterals when banks are unable to discern or evaluate the quality of the borrowers application (Blazy & Weill, 2014). Pledging collateral provides (a) a hedge against

default (b) a safeguard against agency risk, and (c) impose a limit on the opportunistic behavior of business owners. Studying why banks ask for collaterals, Blazy and Weill (2014) determined that collaterals reduce loan loss in the event of a default. Banks impose collateral on the personal wealth of the owners to (a) help solve the problem of adverse selection, (b) constitute a signaling instrument that provides valuable information, and (c) mitigate the transfer of company wealth to the owner (Blazy & Weill, 2014). Pledging of assets help lenders determine the quality of loans and in the event of a default, banks sell the assets pledged.

Banks and other lending institutions use lending technologies to evaluate loan applicants. Bartoli, Ferri, Murro, and Rotondi (2013) categorized the technologies as transactional and relationship and noted that banks use both classes independent of the characteristic of the small business. Transaction-based technologies use the hard quantitative information that outsiders can verify. Moro and Fink (2013) listed the technologies to include (a) financial statement lending, (b) asset-based lending, (c) credit scoring, and (d) relationship lending. Berger & Black (2011) agreed and separated transaction lending into five distinct features to include (a) financial statement lending, (b) credit scoring, (c) asset-based lending, (d) factoring, and (e) leasing. Berger and Black defined financial lending as the use of financial ratios calculated from audited financial reports to evaluate the approval of loans. Credit scoring is the process that uses the information collected to calculate and numerically rate customers before approving or denying credit based on the credit result (Ross et al., 2013). The supply and availability of credit increase with credit scoring (Gool, Verbeke, Sercu, & Baesens, 2012). The

result of Gool et al. study indicated that besides the increase in the quantity of credit extended, credit scoring allows banks to extend credit to low-income borrowers and provide a longer loan maturity. Asset-based lending uses collateral values of pledged current assets to evaluate the credit limit of the borrowers (Sanders, 2012). Factoring is the assignments of accounts receivable as the collateral while leasing is the use of an asset with periodic payment to the owner of the asset (Ross et al., 2013). While some banks use transaction-based lending technology, others use relationship-based lending technology for loan evaluation.

The relationship-based technology uses soft qualitative information obtained through personal relationship (Bartoli et al., 2013). The financial institutions gather the soft information through contact with the small business owners through personalized and community-based contacts (Berger, Goulding, & Rice, 2014). Durkin, McGowan, and Babb (2013) examined the relationship between banks and the entrepreneurs seeking to start a small business and how the relationship affected the financial supports the entrepreneurs received at start-up. Using data from ten early stage small businesses, Durkin et al. found that trust, communication, and information exchanges were vital in the relationship between bankers and the business owners. Uchida et al. (2012) noted that the role of loan officers is critical in gathering the information from the firm’s suppliers, customers, and other local sources. Using data collected by the SBA, Petersen and Rajan (2012) studied the benefits of relationship lending. The result indicated that by building close ties with the financial institutions, small business owners increase the availability of financing though the relationship has a small effect on the price of credit. Relationship

lending technology is appropriate for businesses that suffer from information asymmetry (Bartoli et al., 2013). Durkin et al. agreed and noted that relationship lending is a mechanism used by financial institutions to reduce the problems relating to opaqueness. Moro and Fink (2013) noted that relationship lending helps minimize the provision of guarantee or collaterals. Berger and Black (2011) noted that while banks prefer a particular lending technology, banks ultimately use a combination of the technologies for loan evaluation.

Although bank financing is more expensive, small businesses show higher performance level when they use bank financing (Abdulsaleh & Worthington, 2013). The explanation is that the bank monitoring ensures that the owners employ the funds efficiently. The mechanisms banks use to measure performance include borrower's credit ratings and financial ratios (Christensen & Nikolaev, 2012). According to Christensen and Nikolaev, lenders use financial ratios to write the covenants of the loan contract. Debt financing covenants are formal agreements stipulating the loan terms and consists of capital and performance covenants (Christensen & Nikolaev, 2012). Capital covenants help control agency problems relating to the maintaining of sufficient capital while performance covenants serve as tripwires to signal performance deterioration. The two types of covenants limit agency problem by limiting the use of debt and improve the monitoring of the loan (Christensen & Nikolaev, 2012). Demiroglu, James, and Kizilaslan (2012) noted that the two essential features of bank financing are bank loans and lines of credit.

Bank loans. Selecting investments and deciding how to raise funds for capital expenditures involve the firm's capital structure of the company (Elsas, Flannery, & Garfinkel, 2014). The capital structure decisions of small businesses involve the choices between equity and debt financing (Degryse et al., 2012). Ross et al. (2013) define debt as representing obligations that firms pay back within a certain period. Small businesses have approximately 25% of their capital structure in the form of outside debt that consists of bank loans and lines of credit (Robb & Robinson, 2012). Uchida et al. (2012) investigated what banks evaluated when approving business loans and concluded that banks put greater emphasis on three factors that include relationship, financial statement, and guarantee factors. Chakraborty and Mallick (2012) determined that banks use collaterals, guarantees, covenants, and loan maturity to screen and monitor loans. Chakraborty and Mallick noted that banks used collaterals and guarantees as tools to offer small businesses favorable terms, use covenants to force borrowers to renegotiate loan terms when conditions change and prevent risk-shifting behaviors. Einav, Jenkins, and Levin (2013) identified credit scoring model as the tool used by banks in the lending decisions to predict good bank loan applicants. Einav et al. found that credit scoring helps finance companies classify risk and screen borrowers on the ability for repayment. The result is consistent with Gool et al., (2012) indicating that banks that use credit scoring rely less on the use of collateral. Using loan data from the United States and Germany Grunert and Norden (2012) determined that credit ratings give certain borrowers bargaining powers and allow the borrowers to obtain better loan terms.

In studying the demand for bank financing, Freel at al. (2012) examined how creditworthy small businesses are unable to access bank loan at any price. The credit rationing discourages some borrowers from applying for loans. Freel et al. identified discouraged borrowers as those who for fear of rejection decide not to apply for business loans. Cole (2013) classified small business borrowers into four groups consisting of non-borrowers, discouraged borrowers, denied borrowers, and approved borrowers. Using a sequential model on who needs credit and who gets credit, Cole found that who receives credit is conditional on applying for credit. Petersen and Rajan (2012) noted that a relationship with the lender leads to small businesses obtaining financing at lower interest rates. Berger and Black (2011) agreed and noted that a long bank relationship ensures lower interest rates charged on the loan and lines of credit and increases the willingness of small business owners to apply for bank loans. Small businesses that have bank relationship apply for both short- and long-term loans and those that do not have a relationship are not likely to apply and obtain loans from banks (Daskalakis et al., 2013). The result is consistent with Bonfim, Dias, and Richmond (2012) noting that small businesses with bank relationships are likely to obtain loans even after a default. However, Empirical findings confirmed that small businesses are likely to seek and not obtain external financing (Riding et al., 2012). The other feature of bank financing is the Lines of credit.

Lines of credit. The line of credit is a binding contract where banks provide borrowers with funding line (Ooi, Wong, & Ong, 2012). The funding line has a maximum amount the bank is willing to extend to the borrowers for use in its operation

(Ross et al., 2013). The availability and access to lines of credit are contingent on bank lending standards with the stipulation of use as a source of liquidity to fulfill contractual obligations (Demiroglu, James, & Kizilaslan, 2012). Acharya, Almeida, and Campello (2013) indicated that lines of credit are a source of financing and liquidity management tools used for firm's financial policy. In analyzing why firms use lines of credit to manage liquidity needs, Acharya et al. noted that lines of credit do not require the business to hold liquid assets because the bank provides the funding when the business faces a liquidity shortfall. Demiroglu et al. viewed lines of credit as an efficient liquidity buffer than cash holdings. To test the hypothesis, Demiroglu et al. modeled the source of liquidity demand and examined the factors that governed the choice of cash and bank line of credit and the substitution of the two sources of liquidity. The factors include (a) financial covenant (b) material adverse change clause (c) borrowing base (d) performance pricing and (e) bank financial condition. The result indicated that access to borrowing under the line of credit is contingent on the financial condition of both the lender and borrower. For the companies, a line of credit is a poor substitute for cash and the lenders; lines of credit are a source of significant commitment fees (Berg, Saunders, & Steffen, 2015). Acharya, Almeida, Ippolito, and Perez (2014) viewed lines of credit as an insurance contract that yields funds for the lender even when the borrowers do not use the funds from the line.

Lines of credit allows small business owners to access pre-committed debt capacity and help insulate the business from shocks relating to access to capital markets (Acharya et al., 2014). Using 1997 to 2009 regulatory data that contains information on

credit lines and risk ratings of 13,000 private and public companies, Berg et al. determined that lines of credit constitute over 70% of corporate bank lending. The result also indicated that (a) banks seldom cut limits on lines of credit unless the exposure risk is high, or the usage is excessive (b) that borrowers pre-empt banks by drawing more in advance of restrictions that results from anticipated business deterioration, and (c) that banks allow businesses with unused capacity to draw more from the existing lines of credit. Using data from 2003 Survey of Small Business Finances, Cole studied the availability of credit to small businesses and noted that existing lines of credit accounted for approximately 40% of loan applications and provided liquidity to the vast majority of small businesses.

To obtain lines of credit, lenders may require borrowers to provide a personal guarantee by pledging to repay the loan (Meisenzahl, 2014). Personal guarantees, as part of collateralization tools, provide vital information about the borrower's creditworthiness and the riskiness of the requested line of credit or loan (Peltoniemi & Vieru, 2013). Banks use collateral as a device to screen borrowers by evaluating the private information and ensure that the use of collateral separates borrowers into risk levels where high-risk borrowers pledge collateral and accept higher interest rates than low-risk borrowers (Comeig, Del Brio, & Fernandez-Blanco, 2014). Furthermore, Comeig et al. found that the use of collateral eliminates the entrepreneur's overconfidence and mitigates the difference in opinion between the lenders and borrowers about the quality of the project. Posey and Reichert (2011) examined the role Loan guarantees play on the line of credit for small businesses and the factors associated with the use of loan guarantees. Posey and

Reichert created a model to test hypotheses and used data source from the 2003 survey of small business finances from the US Federal Reserve Board. The result determined that loan guarantees have a negative effect on the size of the loan and that credit rationing is taking place for high-risk small businesses. In addition to equity, debt, and bank sources of financing, Mihajlov (2012) noted that government loan assistance provides a source of financing for small businesses.

Government loan assistance. Governments worldwide use loan program to assist small businesses in bridging the financing gap (Freel et al., 2012). Chandra and Silva (2012) examined business incubation in Chile and the government use of the loan program to assist new businesses at the start-up stage. Gurmessa and Ndinda (2014) studied the impact of government guarantees in the developing countries. Cowling, Liu, and Ledger (2012) examined small business financing in the United Kingdom while Revest and Sapio (2012) examined the access to bank loan market in Europe. In the United States, McFarland and McConnell (2013) examined the policy implications of government relationship with small business growth. The examination indicates a consensus among academics and policymakers worldwide that small businesses lack adequate financing.

Given the importance of small businesses to the economic development of countries, the concern of constrained access to external financing prompted the introduction of loan schemes to address the funding gap (Freel et al., 2012). Kuo et al. (2011) examined how governments all over the world used loan guarantee schemes as a mechanism to support small and medium-sized enterprises financially by facilitating their access to debt capital. Kuo et al. noted that while small businesses have made a critical

contribution to the economy, they have relatively less access to the capital they need for growth and survival. The imperfections in the credit market prompted the government intervention to address the finance gap by implementing programs (Freel et al., 2012). These programs include the loan guarantee program, which lenders use as a partial substitute for collateral because the guarantee is a commitment by the guarantor to pay if the borrower defaults (Gurmessa & Ndinda, 2014). The purpose of the schemes at the macro level is for job creation, economic growth, and to support access to financing for small businesses (Cowling & Seipel, 2013). At the micro level, loan guarantee schemes (a) provide incentives to encourage lenders to provide external financing to small businesses (Valentin & Wolf, 2013), (b) increase loan availability, and improve access to financing for small businesses (Cowling & Seipel, 2013). The U.S Government created the loan guarantee schemes to help small businesses obtain access to credit that they could not otherwise

The financing program in the United States consists of small business loan programs coordinated by the Small Business Administration (SBA, 2015). The programs include the Small Business Innovative Research (SBIR) funding and the SBA programs that guarantee loans to small businesses (Link & Scott, 2012). The SBA loan programs include (a) Sections 7(a), (b) Section 504(a), (c) the Microloans, and (d) the Small Business Investment Company (SBA, 2015). The SBIR is a government program that provides the funding needed to conduct research and development (Link & Scott, 2012). The Section 7(a), and the Section 504(a) are government programs that provide loan guarantees for working capital and fixed asset acquisitions needed for business

expansions (Mihajlov, 2012). The microloan provides short-term start-up loan to entrepreneurs in certain small businesses like childcare centers (SBA, 2015).

To obtain an SBA loan the borrower applies for an SBA-guaranteed loan through a participating financial institution. Second, the lender proves that the borrower could not obtain a loan at a favorable term without the SBA guarantee, and finally that the prospect of the repayment is realistic (Jia, 2012). Banks participating in the program agree to make loans according to the SBA regulations (SBA, 2015). The regulation allows for guarantee up to a specified percentage of the loan amount (Jia, 2012). Each program has a maximum guaranteed amount, and the SBA charges a loan guarantee fee paid by the borrowers that ranges from 2% to 3.75% of the loan amount (Mihajlov, 2012). The guarantee programs are popular and generate profit for the government (Jia, 2012) as evidenced by the SBA fiscal year 2013 loan guarantee amount of $29.6 billion.

Kuo et al. reviewed existing literature to determine the economic justification for government-sponsored loan guarantee schemes. The justification for SBA loan guarantee schemes is that small businesses play a vital role in job creation (Brown, Earle, & Morgulis, 2015). Using data from the database of all 7(a) and 504 loans guaranteed by SBA from 1976 through 2012, Brown et al. result shows that SBA recipients show an increase in employment and that credit constraints impede growth before loan receipt. The result of the SBA study also indicated that 97% of small businesses met the eligibility criteria for assistance making opponents of the scheme argued that the SBA should target assistance to those businesses that create and retain the most jobs and not to the other small businesses.

Proponents of the programs outline the economic impact of the government assistance and intervention in the credit market by citing the performance and survival rates of firms in the programs exceeding those of comparable group of nonparticipating businesses (Mihajlov, 2012). In the study, Mihajlov examined whether the small businesses that received the loan assistance succeeded better than those that did not receive the assistance. Mihajlov analyzed the SBA loan programs and the programs' effectiveness in providing long-term financing for small businesses. The result indicated that the SBA loan programs provide positive results as evidenced by the small business balance sheet improvements. The result is consistent with the result of the study by D'Ignazio and Menon (2013) that indicated that credit guarantee programs help improve the financial condition of small businesses. The result is also consistent with the study by Armstrong, Craig, Jackson, and Thomson (2014) that indicated that loan guarantees have an effect on the level of employment for the less financially developed local market.

Despite the prevalence of the program, the evidence is not conclusive on the net effect of the loan guarantee schemes on small business financing (D'Ignazio & Menon, 2013). Opponents of the loan guarantee schemes cite the high administrative costs associated with the schemes (Gurmessa & Ndinda, 2014). Jia (2012) agreed and noted that there are studies that view the SBA loan guarantee program as a reallocation of resources from a sector of the economy to address inefficiencies caused by information asymmetry and moral hazard. Jia noted that without the program, the government could not improve the small business sector. D'Ignazio and Menon measured the effectiveness of the program using (a) the total bank debt, (b) cost of credit, (c) debt structure, (d) firm

survival, and (e) default rate. D'Ignazio and Menon found no impact on the total bank debt but a significant increase in the volume of long-term debt and the probability of default. Finally, while loan guarantees help alleviate credit constraint (Gurmessa & Ndinda, 2014) and make for good public policy, some researchers have questioned its roles. According to Armstrong et al., the question is whether the schemes met the principal criteria of providing the financing needs of small businesses that bank otherwise cannot meet and whether the programs are sustainable.

Transition

Section 1 of the study included information relating to the research problem. The foundation and background of the study presented the basis for the phenomenon of small business failure in the United States. The problem statement included a statement of the general and specific business problem, and the purpose statement included a rationale for the research method, design, and participant sample. The choice of qualitative design was from three possible methods available. The conceptual framework that grounded the study was the RBV theory. Review of past literature assisted the presentation and justification of the research problem. An in-depth exploration of past literature revealed the three categories that determined the strategies used by small business owners for financing to include: (a) equity financing, (b) debt financing, (c) bank financing, and (d) government assistance.

Section 2 of the study included the purpose of the doctoral study; described my role as the researcher in the data collection process and relationship with the topic. The chapter included aspects of the research components consisting of participant

recruitment, data collection, analysis, and the process used to support the validity and reliability of the study. Section 3 included the presentation of the findings, empirical evidence that ties to the conceptual framework relating to the research question and findings of the study. Section 3 also included the study's application to business practice, the implication to social change, recommendation for further studies, and reflections on the process.

Section 2: The Project

The purpose of this section was to describe the techniques and methods used in this qualitative multiple case study. The qualitative case study was the most appropriate to answer the research question. The section includes the purpose statement, the role of the researcher, the participant recruitment, research method and design, population and sampling technique, ethical research, and data collection technique and analysis. The section concludes with the discussion of the reliability and validity of the research instrument.

Purpose Statement

The purpose of this qualitative multiple case study was to explore the strategies that some small machine shop owners used to obtain financial resources for their operations. The population consisted of small machine shop owners located in South Central Kansas who applied for, or obtained financial resources, and have been in business for at least 2 years. The implication for positive social change includes offering information that may help prospective and existing small business owners in obtaining financial resources, resulting in survival, which may improve the economy of the United States.

Role of the Researcher

My role as the researcher was to engage in the screening of participants, conducting interviews, collecting data, and writing the results of the study (Leedy & Ormrod, 2013). In qualitative studies, the researcher becomes the research instrument, and the roles include data collection and the interaction with study participants (Phillip,

Kenny, Esterman, & Smith, 2013). I served as the research instrument for data collection and the interview of the study participants and directly interacted with participants during the interview process. The interview was through focused, semistructured interview questions. I asked each question, and the participants provided answers according to their lived perception of the phenomenon.

As a part owner of a small business, I had experienced the phenomenon of applying for and receiving business loans. I had also experienced the challenges of business loan denial, but for this study, I was an interviewer and did not influence participants by asking leading questions. Being an observer ensured that I disclosed all data and observations as they occur during the interview. I did not select a firm that I have a business relationship with when conducting a face-to-face interviews with the participants. The advantage of conducting a face-to-face interview is that it allows the researcher to collect verbal responses and observe nonverbal cues from the participants (Singleton & Straits, 2010).

The Belmont Report protocol outlined the basic ethical principles that researchers must follow when conducting research involving human subjects. The principles ensure that the researcher meets the participant's right to privacy and the treatment of the participants with dignity (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979). I followed the ethical guidelines of the protocol. I obtained approval from the institutional review board (IRB) before proceeding with data collection.

Qualitative research has its biases and mitigating the introduction of bias in the research process requires the use of bracketing (Chenail, 2011). Bracketing requires the researcher to record preconceived biases throughout the process. I used bracketing and the same predetermined questions to reduce bias (Bansal & Corley, 2012). Also, I did not select a firm that I have a business relationship with to mitigate research bias (Yin, 2014).

The rationale for using an interview protocol is to mitigate biases (Chenail, 2011) and mitigating the introduction of bias requires the use of the same predetermined questions to gain knowledge of the perceptions of the participants. Open-ended interviews are preferable because they allow the researcher to provide the openings for the participants to contribute their perspectives without limitations (Chenail, 2011). Requiring the participants to respond in an expansive manner ensured that I ask follow-up questions to enable the discovery of more details about the participants' experiences (Chenail, 2011). From an interview, the themes and meanings emerge that provide voice to the lived experiences of the participants

Participants

The population for the study was small machine shop owners in South Central Kansas. Those small businesses with annual sales between $100,000 and $10 million with fewer than 200 employees that have been in businesses for at least 2 years were qualified to participate in this study. The local yellow pages, the SBA office in Wichita Kansas, and the Chamber of Commerce had databases that provided the list and contact information of potential study participants. I used a purposive sampling technique to recruit participants. Purposive sampling allows researchers to use their judgments to

select participants who meet the criteria of the study (Leedy & Ormrod, 2013). The use of purposive sampling ensured that the sample yielded information that addressed the objective of the research (Olsen, Orr, Bell, & Stuart, 2013). Pereira (2012) noted that in qualitative studies, the number of participant ranges between five and 25. While Rowley (2012) suggested sample size large enough to ensure data saturation, I continued interviewing until data saturation.

The strategy for gaining access to participants was by making contact with potential participants via telephone. During the call, I told the participants about the study, its importance, implications, and the promise of receiving a 1-2 page summation of the study results. Following the initial call and to establish a working relationship, I sent an e-mail to confirm the participation. The e-mail included a note that detailed the research purpose and the informed consent form for each participant. Participants had 48 hours to review, sign, and return the form via e-mail. The sample informed consent form is in Appendix C. I then called to set an appointment for the interviews. Interviews were face-to-face and audio recorded. For confidentiality purposes, a copy of the signed consent form, the audio recording, and the research notes would remain secured in a filing cabinet for 5 years before their destruction. There was no payment for participation in the study.

Research Method and Design

Each research method provides different approaches to understanding the problem, and determining the appropriate method and design are essential for scholars (Leedy & Ormrod, 2013). The commonly used research methods include a qualitative,

quantitative, and mixed method with different research design options applying to each method (Leedy & Ormrod, 2013). In the sections below, I present the justification for the choice of a qualitative multiple case study.

Research Method

The three methods available to researchers include quantitative, mixed methods, and qualitative research. The quantitative method is number based and is used to analyze variables to determine the relationship between the observed data (Hoare & Hoe, 2013). A quantitative methodology was not appropriate for this study because the purpose of the study was to understand the strategies used and experiences of small business owners and not the numerical results of the data. Mixed-methods study represents the integration of the theoretical aspects of qualitative research with the technical aspects of quantitative research (Leedy & Ormrod, 2013). Researchers use the mixed methods to understand the results derived from quantitative data as well as clarify the findings (Wisdom, Cavaleri, Onwuegbuzie, & Green, 2012). Mixed-methods research was not appropriate for this study because the intent was not to integrate or verify the findings as prescribed by Leedy & Ormrod (2013).

Researchers use the qualitative methodology to obtain information from the lived experience of the participants within the context of their experience (Wisdom et al., 2012). Qualitative methodology is appropriate in exploratory studies when the goal is to provide insight into participants' lived experience (Kramer-Kile, 2012). In addition, when the problem is too complex for a yes/no answer and lacks a large or appropriate sample for interpreting the phenomenon (Leedy & Ormrod 2013), qualitative methods should be

used. Qualitative methods were the choice for this study. A literature review of several studies identified qualitative methods as appropriate. Hamrouni and Akkari (2012) explored the main causes of business failure and used qualitative case study methods. According to Hamrouni and Akkari, the benefit of the qualitative case study is to gain a better understanding of the life experiences of participants and to extending knowledge to the study of small business financing.

Research Design

The research design options when using qualitative methodology include phenomenology, ethnography, and case study. The phenomenological design is appropriate for studies on the lived experiences of individuals that relate to the event (Leedy & Ormrod, 2013). The phenomenological design was not appropriate for this study because the design includes an effort to understand human lived experiences that participants may realize in hindsight (Finlay, 2012). The phenomenological design was not appropriate for the study. Ethnographic design research is interpretive and is used to identify a group-shared pattern of beliefs and behaviors (Leedy & Ormrod, 2013). Researchers use ethnographical design to observe data on societal and organizational cultures (Down, 2012). The ethnographic design was not appropriate for this study because the design is appropriate for observing humans, society, or organizational culture (Warren, 2012). The focus of this study was on exploring the strategy used by some small business owners, and the selection of a case study design aligned with the focus of the study.

Case study inquiry is appropriate when seeking an in-depth understanding of a real-life phenomenon in the natural contextual condition of the case or when demarcating between the phenomenon, and the context is indistinguishable (Yin, 2014). According to Yin (2014), case study designs include single or multiple case study design. The single case study was not appropriate for the study because the design requires investigation of the potential case to minimize misrepresentation of the result. Also, a single case may not be a representative of the other firms in the area (Yin, 2014). Researchers use multiple case study design when the study includes two or more cases that need comparing, and researchers attempt to duplicate the condition under which subsequent research may replicate the result (Yin, 2014). The multiple case study allows researchers to choose the cases for thorough investigation to understand the phenomenon and so appropriately selecting the cases is vital (Onwuegbuzie & Leech, 2007).

In a case study inquiry, data saturation is critical to maintaining credibility, dependability, transferability, and confirmability (Rennie, 2012). Data saturation occurs when researchers can no longer obtain new information (Dworkin, 2012). During data saturation, researchers gain a better understanding of the direction of the data analysis process (Malterud et al., 2015). I continued to interview participants until data saturation occurs.

Population and Sampling

The population and sampling criteria are useful and ensure that participants represent the event under study (Marshall, Cardon, Poddar, & Fontenot, 2013). Research population includes a well-defined group of participants with similar characteristics who

are the focus of the study (Englander, 2012). Sampling is used to describe the process for selecting the study participants and the method used must guarantee that the sample obtained represents the population of the study and have the requisite experiences (Englander, 2012).

Population

The population for the study consisted of small machine shop owners in South Central Kansas who had been in business for 2 years with fewer than 200 employees and had been successful in obtaining loans from financial institutions. Small businesses are vital to the economy of the United States (Robb & Robinson, 2012) and the local economy of South Central Kansas. The Yellow Pages, the local Chamber of Commerce, and the SBA database have the listing for machine shop businesses that participated in the study. The selected location has adequate small businesses that are accessible for the study. The targeted population for the study was the small machine shop owners, from which the selection for participation consisted of two to five companies who applied and obtained a loan from financial institutions in South Central Kansas.

Sampling

Sampling in qualitative research is essential in ensuring the adequacy of the sampling strategy (Onwuegbuzie & Leech, 2007). Researchers select samples based on the research design and method that for this study is a multiple case study of owners of small machine shops in South Central Kansas. The preferred sampling method in a multiple case study is purposeful sampling (Yin, 2014). Purposeful sampling ensures that participants receive relevant and valuable information (Walker, 2012). The method also

allows researchers to select participants who are fit and with experience to provide relevant information to the research phenomenon (Saunders, 2012). Participants for the study were small machine shop owners with 2 years' experience located in South Central Kansas who provided relevant information to the phenomenon. Because researchers cannot apply a typical sampling logic in a case study, a maximum variation strategy is appropriate (Yin, 2014). A maximum variation sampling strategy is justifiable when seeking to gain multiple perspectives and was appropriate for the case study. Selecting machine shop owners from different small business categories as participants achieved the strategy. The categories were either (a) male-owned small businesses, (b) woman-owned small businesses, (c) minority-owned small businesses, and (d) veteran-owned small businesses. The basis for selection of the businesses included years in business and application for financing from financial institutions. The sample size was large enough, and the collective voices generated by the cases ensured credibility and led to data saturation (Rowley, 2012). In qualitative studies, the concept of Sample size deals with data saturation (Malterud, Siersma, & Guassora, 2015). Data saturation is critical to ensure credibility, and I continued participant interviews with follow-up member checking to achieve data saturation.

Ethical Research

Small business owners who meet the criteria for participation in the study received an informed consent via e-mail (See Appendix C). The form detailed the necessary information required by the university IRB for participation in a research study. Participants did not continue in the study without signing the consent form.

Silverman (2013) noted that providing a consent form is common in studies involving human subjects.

Participation was voluntary, and participants could withdraw from the study at any time via a telephone call or e-mail. There were no monetary incentives for participating in the study, but participants received a one to two page summary of the study results. Measures require participants' ethical protection included the use of pseudonyms for identity protection and the use of unique code to label and identify result data (Bernard, 2013). To maintain the privacy of participants, I used pseudonyms and unique codes to ensure that the names of individuals and companies do not appear in the study results. In addition, I did not use participants' identifying information on the analysis and write-ups to ensure readers would not deduce the identity of participants. I followed ethical practices in storing and using the data collected for the study. I stored copies of the interview transcripts on a password-protected Microsoft Word files saved on a flash drive. Information collected for the study will remain confidential, locked in a secure filing cabinet for 5 years. I will have sole access to the information. I stopped reviewing here due to time constraints. Please go through the rest of your section and look for the patterns I pointed out to you.

Data Collection Instruments

The researcher is the primary data collection instrument in a qualitative study (Bernard, 2013). I was the primary data collection instrument using semistructured interviews. Interviews focus directly on cases under study, and semistructured interviews use open-ended questions to focus the process and allow participants to share insights and

perspectives (Yin, 2014). Similar studies by Hamrouni and Akkari (2012) on small business financing used interviews to gain insights and provide an explanation of the participants' personal views. For data collection, I used semistructured face-to-face interviews conducted at participants' offices.

Achieving reliability and validity of data collection occurred by recording the interviews using a tape recorder. The use of tape recorder ensured the accuracy, and proper data recall during the analysis process. I transcribed and reviewed the interviews to ensure that the responses are reliable and valid. I used member checking as an opportunity for the participants to verify the accuracy and interpretation of the information collected. The interview questions in Appendix B were to measure the concepts relating to the strategies needed to obtain financial resources. The basis for and the process of data scoring was to obtain themes in the participants' responses relating to the components of the financial resources strategies and to help in data analysis.

Data Collection Technique

Data collection technique for the case study was a face-to-face semistructured recorded interview. The interviews used open-ended questions. Case studies use interviews to help understand the phenomenon, provide an in-depth explanation of the interpretation of participants' experience (Yin, 2014). The advantages of interviews include helping researchers understand complex topics relating to the participants experiences, learn the perspectives of the participants and discover the nuances of the participants stories (Jacob & Furgerson, 2012). Also, the technique allows researchers to ask follow-up questions (Yin, 2014). The major weakness of conducting interviews is

that the researcher can affect the data of the phenomenon (Radley & Chamberlain, 2012). Also, the technique can introduce bias into the phenomenon under study (Yin, 2014).

After receiving IRB approval, the data collection process starts with contacting the potential candidates that met the inclusion criteria to schedule interviews after receiving the Informed Consent form. Interviews occurred in the closed participants' office to ensure the privacy of discussions and eliminate intrusion on non-participants. Each interview lasted approximately one hour or less. I taped each session, transcribe the responses, and send the transcription back to the participants for member checking. Member checking was vital to allow the participant to confirm the accuracy of data recording and interpretations. I sought permission at the end of the interview to contact the participants again for follow-on question or clarifications before making necessary adjustments or corrections. Corrections were necessary to ensure reliability and validity of the data collected. Interview questions relate to the strategies small business owners used to obtain financial resources. I used the same interview questions for all the participants. Using the same questions minimizes variations in the answers and help in extracting similar themes or codes from the transcript (Jacob & Furgerson, 2012). Each business owner was a case and preserving their individuality was vital to ensure the interviews focused on the participants view rather than the influences from the others. Data triangulation involved comparing the transcribed data and the interview notes.

Data Organization Technique

Researchers maintain data integrity and validity by using data organization technique that helps in the review, analysis, and reporting of the information (Anyan, 2013). I used

Microsoft Excel to track, store and categorize the research articles and Journals. I transcribed the audio recordings into word documents and then upload the data into NVivo software for theme coding and categorization. The cataloging process included labeling both the electronic and hardcopy files using the designated codes for each participant (Yin, 2014). Hamrouni and Akkari (2012) used codes to organize their data into themes for their study on small business failure. All data collected will remain in a locked cabinet for 5 years before its destruction.

Data Analysis

Data analysis process allows researchers to gain an in-depth understanding of a phenomenon by identifying patterns and themes relating to the participants experiences (Leedy & Ormrod, 2013). Yin (2014) outlined the data analysis process for case studies to include data triangulation, investigator triangulation, theory triangulation, and methodological triangulation. Triangulation involves obtaining data from multiple sources to enhance the depth and provide collaboration (Yin, 2014). Data triangulation was the appropriate data analysis for the study because it would allow the collection of data from a variety of sources (Yin, 2014). The use of multiple sources provided the study with rich data that enable transferability of the findings (Denzin & Lincoln, 2011). Data analysis process starts with the interview questions that determined the patterns and themes that emerged (Yin, 2014).

The use of the NVivo software assisted in managing, organizing, and analyzing the research data including the coding of the interview transcript (Castleberry, 2014). I used a transcriber and an NVivo software consultant to assist with data analysis.

Hamrouni and Akkari (2012) used the NVivo software to analyze the data in their study of the causes of entrepreneurial failure. The coding process starts during data transcription and includes categorizing the data into themes. The codes identified common terms used by the participants and yielded the key themes for analysis. The themes correlated with the research problem, the conceptual framework, and the literature.

Reliability and Validity

Quality in a qualitative study is not the same as that of quantitative research concerning reliability and validity (Yin, 2014). Reliability and validity are tests used to monitor the quality of data collected and analyzed during a research inquiry. Attention to quality is essential because it leads to better research practices and provides a richer understanding of the phenomenon under study (Grossoehme, 2014). In qualitative studies, researchers maintain quality by applying these tests during data collections, analysis, and reporting of the research findings (Yin, 2014). The strategies within reliability and validity frameworks ensure trustworthiness in the research and their discussion follows.

Reliability

Reliability relates to researchers obtaining the same conclusions following the same procedures used by a predecessor researcher (Grossoehme, 2014). The objective of maintaining reliability is to minimize errors and bias (Yin, 2014). For the case study, the use of member checking helped maintain dependability and support reliability. Member checking allows participants to review the interview transcript to ensure the accuracy and

credibility of data presentation (Grossoehme, 2014). Furthermore, the use of the same interview question provided consistency and allow for an audit of the process to produce the same result following the same procedure (Yin, 2014).

Validity

The criteria use to assess rigor in qualitative studies include dependability, credibility, transferability, and confirmability (Houghton, Casey, Shaw, & Murphy, 2013). Dependability refers to the stability of data and the trustworthiness of the study by examining the process used to derive the outcome. To ensure dependability in the study, I maintained an audit trail of the decisions made throughout the research process. The audit trail included the notes relating to data collection and analysis process (White, Oelke, & Frieson, 2012). Credibility refers to the believability of the findings and involves conducting the research in a believable manner that demonstrates credibility (Houghton et al., 2013). I used triangulation to enhance the credibility of the study. Triangulation refers to the process of using multiple sources to collect data needed to study a phenomenon (Yin, 2014). The sources included participant interviews and the data transcriptions. Also, I used member checking to ensure that I accurately interpret the data. Member checking involves allowing participants to review the interview transcript to ensure the accuracy of data interpretation (Houghton et al., 2013). Transferability refers to whether the findings are replicable to studies in a similar context to obtain the same outcomes as from the completed study (Houghton et al., 2013). I used the thick description to provide detailed descriptions of the research methods, data collection, and analysis process for readers to decide whether the findings are transferable (Grossoehme,

2014). Confirmability refers to the accuracy of the data and lack of bias (Houghton et al., 2013). To ensure confirmability, I used member checking to verify data collection and ensure the accuracy of data interpretation.

Data saturation occurs when researchers can no longer obtain new information from the data collection process (Malterud et al., 2015). Data saturation is critical in qualitative studies because it helps maintain the dependability, credibility, transferability, and confirmability (Rennie, 2012). I conducted interviews until data saturation, record the information, and follow the processes outlined to maintain reliability and validity to enable replication of the study.

Transition and Summary

Section 2 of the study included the purpose of the study, the role of the researcher, the participants, and the presentation of the research method, design. The section also discussed the justification for using a qualitative case study and the details regarding the population selection and the sampling method. The section concluded with discussions on ethical research, the data collection instrument, technique, organization, and analysis. The final element covered is the reliability and validity of the research findings.

Section 3 presented the research findings and included an in-depth explanation, interpretation, and recommendations for the practical implication of the study. The practical implication for small business owners' is to determine the strategies needed to obtain financial resources to support their business sustainability.

Section 3: Application to Professional Practice and Implications for Change

Section 3 begins with an introduction that detailed the purpose of the study, the presentation of the findings, and provides the discussion of the findings. In this section, I discuss (a) application to professional practice, (b) the implications for social change, (c) recommendations for professional practice, (d) the recommendations for further studies, (e) reflections, and (f) the conclusion.

Introduction

The purpose of this qualitative, multiple case study was to explore the strategies that some machine shop owners use to obtain financial resources needed to sustain business beyond 2 years. The specific problem addressed in this study was that some machine shop owners lack the strategies to obtain needed financial resources. The overarching research question guiding this study was the following: What strategies do some small business owners in South Central Kansas use to obtain financial resources to operate a financially sustainable business? The data collection tool consisted of semistructured, face-to-face interviews with member checking. Data triangulation consisted of comparing the interview notes and the transcribed data. Once I reached data saturation, NVivo software provided the data analysis tool. A brief summary of the findings represents the themes that emerged from the data collection using nine open-ended interview questions. The themes were (a) the role of access to financial resources in business sustainability, (b) strategies used when external funding is not available or desirable, (c) strategies used to obtain external financing, and (d) challenges faced in obtaining external financing.

Presentation of the Findings

The overarching research question that guided this research was the following: What strategies do some small business owners in South Central Kansas use to obtain financial resources to operate a financially sustainable business? The goal of the study was to explore the strategies that would help small business owners' access financial resources to operate a financially sustainable business, increase job growth, and strengthen the U.S. economy. The participants for this qualitative, multiple case study were successful small machine shop owners in South Central Kansas that were in business beyond 2 years. I interviewed five participants representing five companies to reach data saturation. I used a semistructured interview format to ask the nine open-ended questions with follow-up member checking to achieve data saturation. The NVivo software for data analysis was used to help me to identify themes from the participants' responses. The participants responded to the questions, and four themes emerged from the research. The themes were (a) the role of access to financial resources in business success, (b) strategies used when external funding is not available or desirable, (c) the strategies used to obtain external financing, and (d) challenges faced in obtaining external financing.

Emergent Themes

The problem addressed in this multiple case study was the lack of strategies to obtain financial resources needed to operate a financially sustainable business. Data collection was through face-to-face interviews using open-ended questions. Study participants provided data, and from data analysis, the following themes emerged: (a) the

role of access to financial resources in business success, (b) strategies used when external funding is not available or desirable, (c) strategies used to obtain external funding, and (d) challenges faced in obtaining external funding.

Theme 1. The Role of Access to Financial Resources in Business Success and Competitive Advantage

The first theme to emerge was the role that financial resources play in the success of small businesses. Access to financial resources is vital to small business survival, and small business owners indicated that a lack of access to credit creates an obstacle to growth (Byrd, Ross, & Glackin, 2013). All five participants described access to financial resources as critical to the success of their businesses, using terms such as “vital,” the “lifeblood” and the “heartbeat” of the organization. The participants described access to financial resources as vital, which supports Atherton’s (2012) assertion that small business access to financial resources is vital and a factor in the development, growth, and for small business survival. Access to financing has a significant effect on the survival and success of small businesses (Gill & Biger, 2012). When the participants described access as vital, it aligned with Atherton’s (2012) finding that lack of financial resources is a developmental constraint for small business.

Small businesses need access to financial resources to support their working capital requirements (Byrd, Ross, & Glackin, 2013). All five participants stated that access to financial resources was necessary to cover the general operating expenses of their businesses. MS03 stated that financial resources meant that the organization has funds for its fiscal responsibilities. Four participants mentioned that financial resources

are necessary to cover payroll expenses; two participants specified rent or mortgage, and one mentioned the ability to purchase materials and manage inventory. That was consistent with Atkas, Croci, and Petmezas' (2015) findings that working capital allows companies to grow.

Participants discussed how access to financial resources would help to obtain financing for operating and capital expenditures. All five participants stated that access to financial resources was necessary to obtain financing to purchase equipment and other resources needed for business operation. This finding aligns with the study of Elsas, Flannery, and Garfinkel (2012) who found that when major investment exceeds available funds, companies seek external sources of financing. Participant MS03 stated that financial resources meant equity for the purchase of equipment for operation while MS04 and MS05 mentioned the purchase of equipment, materials, and inventory and was consistent with the conclusion from Comeig, Del Brio, and Fernandez-Blanco (2014).

The five participants mentioned the need for access to financial resources to stay competitive. Access to financial resources enables the business to obtain financing needed to acquire other resources to achieve competitive advantage (Stacey, 2011). MS02 stated that financial resources helped organizations acquire other resources to offer quality job than the competitors. Three participants stated that their businesses would not be competitive with other small machine shops without such access. Participant MS04, who experienced a business threatening setback due to lack of access to financial resources, explained that the business is not competing with other machine shops because the business does not have the financing needed for competition. The conclusion aligns

with Atherton's (2012) finding that a lack of financial resources is a developmental constraint for small business and is consistent with Fonseka, Yang, and Tian's (2014) finding that access to financing has a positive relationship on a firm competitiveness within an industry. Table 3 depicts the number and percentage of participants in agreement with the role access to financial resources play in the success of small business.

Table 3

The Role of Access in Small Business Success and Competitive Advantage

Emergent Theme	Participants in Agreement	N	%
Access to financial resources is vital	MS01, MS02, MS03, MS04, MS05	5	100
Access to financial resources to cover operating Expenses	MS01, MS02, MS03, MS04, MS05	5	100
Access to financial resources invest in capital Expenditure	MS01, MS02, MS03, MS04, MS05	5	100
Access to financial resources to stay competitive	MS01, MS02, MS03, MS04, MS05	5	100

Theme 2. Strategies Used When External Financing is not Available or Desired

The second theme that emerged was the strategies that small business owners used when external financing is not available or desired. At start-up, small businesses use internal funding sources to start the business (Calopa, Horvat, & Lalic, 2014), then

substitute it for external funding as the businesses grow (La Rocca, La Rocca, & Cariola, 2012) and as a last resort (Abe, Troilo, & Batsaikhan, 2015). All five participants described using internal funding, including personal savings, family loans, and credit cards at the start-up stages. When asked why they started with internal funding sources, all five stated that they did not have external funding available to them supporting the findings of Van Caneghem and Van Campenhout (2012) that though small businesses need financing at the early stages, they lack access to financing. Participant MS02 used an array of funding sources during both phases of business growth and stated that they used internal sources of financing like credit cards, savings, and some funds from family not as a strategy but as the only options available to us at the time. Participant MS04, who suffered the financial setback, did not feel the business would be eligible for bank financing at startup, so stated that credit cards had been the only option available as the business struggled. The Dendrogram in Figure 3 depicts the strategies used by the participants.

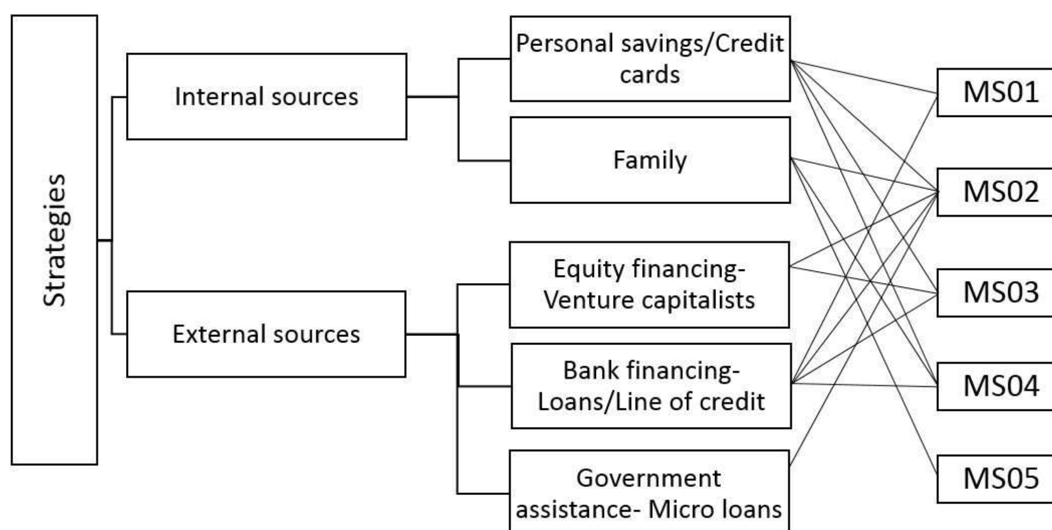

Figure 3: Dendrogram of the strategies participants used to finance their small businesses.

Small businesses have difficulties obtaining financial resources because banks are reluctant to extend credit to small businesses (Berger, Goulding, & Rice, 2014). Participant MS01 stated that at the start-up stage, banks were reluctant to extend credit to the business and the reason for the denial is a lack of collateral. Banks are reluctant because small businesses generally lack collateral to pledge for the loan (Liu, 2015). Three other participants agreed to the conclusion and supported Atherton's (2012) and Musamali and Tarus' (2013) findings that small businesses experience financial constraints because they lack the collateral and trade history that would enable banks to extend credit at start-up stages.

Participant MS05 was the exception to the pattern followed by other participants. Participant MS05 used internal financing source out of preference expressing reluctance to take on a bank loan. The reluctance supports Ampenberger, Schmid, Achleitner, and Kaserer's (2013) findings that U.S family firms have a strong, negative, and causal relationship between family business characteristics and the level of debt. MS05 started the business using family funds, then reinvested the retained earnings into the business instead of seeking bank financing, explaining that the use of savings from family and retaining profits worked best because it allowed the avoidance of bank loans. The conclusion is consistent with Boyer and Blazy (2014) that entrepreneurs find access to financing uneasy because of the high interest rates and the demand for collaterals. That was contrary to the view that small businesses pursue financing from internal sources because banks are reluctant to extend credit to small businesses. Table 4 depicts the strategies small business owners used when external financing is not available.

Table 4

The strategies used when external financing is not available

Emergent Theme	Participants in Agreement	N	%
Use internal funding to start, then use external funding as business grows	MS01, MS02, MS03, MS04	4	80
Use internal funding at of preference	MS05	1	20

Theme 3. Strategies Employed to Obtain External Financing

The third theme that emerged was the strategies small business owners employed to obtain external financing. Experts agree that small businesses have difficulty accessing external financing sources and actual obstacles getting loan approval (Liu, 2015). There is also agreement that access to financial resources has a high degree of variability depending on the capital structure choices of small business owners (Koropp, Kellermanns, Grichnik, & Stanley, 2014). Robb and Robinson (2012) found that contrary to conventional wisdom, small businesses rely on external sources of financing such as bank loans and line of credits. Except MS05, all participants eventually sought bank financing as their businesses grew and could use retained earnings as collateral. MS01 described the typical pattern stating that as the business grew the company substituted internal sources for an external bank loan. Three of the participants said that bank financing was the strategy that worked best for their business, though for varying reasons. Two cited the favorable terms of repayment when compared to other options. Participant MS02, who used several external funding sources, preferred bank financing because of the simplicity of reporting only to the bank. I stopped reviewing here. Please go through the rest of your section and look for the patterns I pointed out to you. I will now look at your references.

Small businesses prefer equity financing when they are new and lack access to debt financing and collateral (Abdulsaleh & Worthington, 2013) or those that banks considered too small and risky (Abe et al., 2015). Two participants, MS02, and MS03 used equity financing in the form of venture capital to fund their businesses The

conclusion supports Chaibi (2014) finding that small businesses have lower debt to equity ratio in the growth stage of their life cycle. Participant MS02 used venture capitalists because of their expertise. That supported the conclusion arrived by Luukkonen, Deschryvere, and Bertoni (2013) that venture capitalists perform value-added services to companies in their portfolio. Small businesses invite venture capitalists into their businesses for capital infusion (Revest & Sapio, 2012). Participant MS03 tried to raise capital by bringing a venture capitalist into the business, which supported the findings of Revest and Sapio.

Small businesses are vital to the U.S. economy because of their contribution to job creation and innovation (Yallapradaga & Bhuiyan, 2011). Given their importance, both the federal and local governments introduced loan schemes to address the credit constraints faced by small businesses (Freel, Carter, Tagg, & Mason, 2012). MS02 was the only participant who used government assistance, in the form of a microloan from South Central Kansas Economic Development District before obtaining a bank loan. The use supports Cowling and Seipel (2013) conclusion that microloans improve access to financing for small businesses and consistent with Valentin and Wolf (2013) findings that loan guarantee at the micro level provides incentives for lenders to extend credit. Table 5 depicts the strategies used to obtain external financing.

Table 5

The strategies employed to obtain external financing

Emergent Theme	Participants in Agreement	N	%
Bank financing	MS01, MS02, MS03, MS04	4	80
Venture capital	MS02, MS03	2	40
Government loan Assistance	MS02	1	20

Theme 4. Challenges Faced in Obtaining External Funding

The last theme that emerged is the challenges the business owners faced in obtaining external financing. Small business owners start businesses because they are motivated to act and pursue opportunities, but the success depends on having access to financing which is fundamental to their survival and growth (Erdogan, 2015). Abe et al. (2015) determined that banks are the main source of external financing for small businesses providing more financing than any other mechanism, and yet banks are reluctant because small businesses lack of collateral (Blazy & Weill, 2014). All the participants, except MS05, cited lack of collateral as the most significant challenge in obtaining bank financing. Banks lend to small businesses that can provide valuable collateral that are easy to evaluate (Liu, 2015). Three participants said that banks would lend only to small businesses with collateral. Similarly, when asked what challenges they faced in obtaining external funding, except MS05, who never applied for bank financing, all the other businesses cited the lack of collateral. MS01 and MS03 mentioning that bank

financing is particularly difficult to obtain at startup, during a downturn or with the lack of sales when they need financing the most. That supported Blazy and Weill findings that banks ask for collateral to hedge against default and safeguard against risk.

Participants indicated that establishing a working relationship with the banker was a challenge in obtaining loans from the financial institutions. Bank relationships affect the financing that business owners obtain at start-up (Durkin, McGowan, & Babb, 2013). Establishing a good bank relationship is a problem for small business owners (Abe et al., 2015). Two participants mentioned that formulating a relationship with the bank was a challenge but that doing so also helped them to secure a loan. The conclusion is consistent with Brancati (2014) findings that the establishment of close ties with banks can help small businesses overcome financing barriers. MS02 specified that the banks lack an understanding of the machine shop industry, but they worked with the bank to establish a better understanding of the industry and received the loan. MS03 described how challenging it was to build a lasting relationship with their banks. The company did their due diligence, understood the lender's loan approval process and requirements, gain the bank's confidence, which led to the loan approval. The finding supports Petersen and Rajan (2012) study, which indicated building a close relationship with financial institutions increases the availability of financing for business owners. The conclusion is also consistent with Abe et al. (2015) findings that bank relationship is crucial to enable small businesses access bank loans. Table 6 depicts the challenges the business owners encountered in obtaining external financing.

Table 6

The challenges encountered in obtaining financial resources

Emergent Theme	Participants in Agreement	N	%
Lack of collateral	MS01, MS02, MS03, MS04	4	80
Establish working relationship with the bank	MS02, MS03	2	40

The themes are factors in small business strategies for machine shop owners to use to obtain financial resources needed to operate a financially sustainable business. The RBV theory provided the conceptual framework for the study. The emergent themes align with the resource-based literature that indicates that financial resource is vital for business sustainability and competitive advantage (Fonseka, Yang, & Tian, 2014). By exploring the research topic using the RBV theory as the conceptual framework, I identified the strategies for accessing financial resources for small machine shops in South Central Kansas. The finding that financial resource is vital to business sustainability and competitive advantage aligns with the key element of the theory that obtaining financial resources may contribute to some small business success. The emergent themes and the key element of the RBV identified in the study provided insight into the professional application for small business owners to access financial resources for their organizations.

Applications to Professional Practice

Lack of access to adequate financial resources is a significant factor that leads to business failure (Byrd, Ross, & Glackin, 2013). Access to financial resources for business sustainability is a challenge confronting some small businesses and identifying strategies to minimize the difficulty is an ongoing topic for business studies. It is critical to identify the strategies for small businesses to access financial resources to increase small business success rate in South Central Kansas. This qualitative multiple-case study involved interviewing five machine shops owners in South Central Kansas who had been in business for at least 2 years. The goal was to identify the strategies used to obtain financial resources that led to business sustainability beyond 2 years. Participants indicated that a financial resource is vital, help achieve competitive advantage and that access to financing is critical to business success and growth, which is consistent with Erdogan (2015) findings. In addition, Fonseka, Yang, and Tian (2013) found that firms gain a competitive advantage when they can access internal and external financing. The findings from this study may apply to business practice by helping some small business owners identify strategies needed to obtain financial resources. Identifying the strategies is the key to being able to acquire other resources needed for businesses sustainability. Acquiring other resources will lead to the small business being able to achieve a competitive advantage through enhanced performance, increased profitability, and growth.

The data obtained from this study provided new researchable information that has the potential to help current and prospective entrepreneurs (a) start and operate

sustainable businesses, (b) access financial resources, and (c) minimize the challenges business owners encounter when starting a small business. Successful machine shops in business beyond 2 years provided recommendations that included (a) the role of access to financial resources in business success, (b) strategies used when external funding is not available or desirable, (c) strategies used to obtain external financing, and (d) challenges faced in obtaining external financing. Successful businesses that have access to financial resources achieve competitive advantage through improved performance, increase profitability, and growth. To achieve business sustainability, small business owners will need strategies to obtain financial resources as identified in this study.

Implications for Social Change

Each year entrepreneurs will start 700,000 new businesses, 70% will fail within 2 years, and a significant number will cite lack of access to financial resources (SBA, 2015). Small business failure results in loss of income for the employees and the owners. The goal of the study is to identify the strategies to access financial resources needed for business sustainability. Identifying the strategies for access to financial resources would enable business owners to obtain loans needed to increase the small business success rate and create positive social change through job creation, innovation, and economic growth that benefits the small business owners, employees, local communities, states, and the United States government. The information and knowledge gained from this study may be useful to the SBA, the Chamber of Commerce, and educational offices that teach information relating to business financing. The results may guide small business owners

seeking access to financial resources to review this information to improve the chances of obtaining financing.

Recommendations for Action

Reviewing the information in this study may help prospective owners to integrate into their business plans the strategies identified to enhance the opportunity for accessing financial resources. Access to financial resources may help entrepreneurs interested in starting new businesses to achieve business sustainability. Based on the research findings, the recommendation for other small business owners are to (a) recognize that financial resources help small businesses achieve competitive advantage, (b) understand that access to financial resources plays a vital role in business sustainability, (c) determine what strategies to use when external financing is not available, and (d) develop ways to minimize the challenges inherent in small business access to external financing. Small business owners and consultants should pay close attention to the results of this study, review the strategies identified and integrate the competencies into their methods of financing business growth. Business sustainability may be achievable by selecting the appropriate strategy that enables the organization to obtain financial resources needed to acquire other resources for operating a sustainable business.

Dissemination of the study results will include contacting various professional journals to seek publication in their periodicals. I will offer the findings for presentation to the SBA office, the Chamber of Commerce, the Center for Entrepreneurship at Wichita States University, and the SCORE office in South Central Kansas. The objective is to

provide new knowledge to the business and academic communities to help improve the opportunity for small business owners' access to financial resources.

Recommendations for Further Research

I employed a qualitative multiple-case study approach to explore the different strategies for business owners to access financial resources. My recommendations for further research include conducting further research using a quantitative research to measure the strength of relationship between variables in the strategies for small business financing. A quantitative study involves the examination of the relationship between variables and the results generalized. Future researchers should also consider focusing on different industries and different locations. The geographical area used for this study was South Central Kansas, and the results are likely not typical for other areas within the United States geographical areas. Future research should expand the target areas. By expanding the target areas, the study may produce additional rich data in identifying the strategies for accessing financial resources. Small business financing is an ongoing topic and continues to be a problem as small business owners cite challenges accessing financial resources needed to acquire other resources for business sustainability. Focusing on the themes identified in this study would provide areas that need additional research. Further research in these areas could help the SBA and consultants provided support to current and prospective business owners.

Reflections

The doctoral study process exceeded my expectation and offered an opportunity to explore and contribute to an on-going topic on small business financing. Business

financing impacts entrepreneurs and the lack of financial resources affects the operations of the most effectively organized business. This study allowed me the opportunity to conduct research on a topic that impacts small business owners by having the owners share their experiences on the phenomenon. I realized earlier in the process that gaining an in-depth knowledge of how business owners finance their business was crucial and a factor in deciding on the topic for the doctoral study. As a researcher, I tried to minimize error and by following the interview protocol during the data collection process, I mitigated any bias and preconceived ideas I had prior to beginning the interviews. The participants responded to the interview questions and willingly shared their experiences on the topic. My experience as a small business owner was that access to financing was challenging but I did not realize the extent of the difficulty and its effect on the lives of the small business owners.

Finally, the doctoral program provided insights that broadened my thinking and enhanced my research skills. I had the opportunity to develop interview protocol, learned to conduct interviews, analyze, and present the findings that helped advanced how small businesses finance their businesses. Though I had my challenges on various occasions, to me, the doctoral study process is valuable in teaching how to manage time, balance work, school, and family life.

Conclusion

The impact of small business on the economy of United States made the research on small business financing imperative. Any research that provides strategies that reduce failure rate becomes valuable and adds to the body of knowledge on the topic. The

purpose of this qualitative multiple-case study was to explore and identify the strategies that helped small business owners obtain needed financial resources to sustain their businesses and achieve competitive advantage. The identification on how the owners access the resources may help prospective entrepreneurs realize the strategies and the challenges the owners overcame to obtain financial resources for their small business.

The participants for the study were five small business owners in South Central Kansas who have sustained their business for a minimum of 2 years. Each participant responded to nine interview questions relating to their experience applying for, obtaining financial resources, the obstacles, and the impact on the organization. I coded the information gathered during data collection and organized the results to develop the themes. The themes that emerged included (a) the role of access to financial resources in business success, (b) strategies used when external funding is not available or desirable, (c) strategies used to obtain external financing, and (d) challenges faced in obtaining external financing. The findings indicated that small business owners recognized that financial resource is vital and that access to the resources improves business sustainability. Greene et al. (2015) posited that for businesses to achieve competitive advantage, they must have the necessary financial resources to operate a sustainable business. This conclusion is consistent with that reached by Barney in 1991. The strategies for obtaining financial resources are crucial to small businesses sustainability and needed identification.

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Appendix A: Breakdown of Sources for Entire Document

Table 1

Breakdown of Sources for Entire Document

Sources of Content	Total sources	Total sources within 5 years of graduation date	Peer reviewed articles, books, and government sources	% of peer reviewed articles and government sources
Articles	189	170	185	86%
Books	13	9	0	
Government sources	13	12	0	
Total	215	191	185	86%

Table 2

Breakdown of Literature Review Sources

Sources of content	Total literature reviewed sources	Total literature review sources within 5 years of graduation date	Peer reviewed articles, books, and government sources
Articles	154	136	148
Books	5	3	0
Government sources	10	10	0
Total	169	149	148

Appendix B: Interview Questions

1. Describe what financial resources meant to the sustainability of the organization?
2. Describe how financial resources provided competitive advantage to your organization
3. How vital is access to financial resources to your business and why?
4. What strategies did you use to access financial resources (internal or external source for financing)?
5. Explain your choice of equity, debt, bank financing (loan or line of credit), or government guaranteed loan?
6. What strategy worked best, and why?
7. What obstacles did you encounter in obtaining financing?
8. Describe how you overcame the obstacles.
9. Would you like to add anything else to the strategies you used?

Appendix C: Consent Form

You are invited to take part in a research study about the strategies some small business owners used to obtain financing for their business to survive beyond a specified period. The invitation for participation is to small business owners who have (a) annual sales between $100,000 and $10 million, (b) have a maximum of 200 employees (c) be in business for at least 2 years, (d) have received financing from a source, and located in South Central Kansas. I obtained your name/contact information from the Small Business Administration database, or the local Chamber of Commerce. This form is part of a process called “informed consent” to allow you to understand this study before deciding whether to take part.

This study is being conducted by Margaret Godwin-Opara, who is a doctoral student at Walden University. You might already know her as a small business owner in the community, but this research is completely separate from that role. Declining or discontinuing participation will not negatively impact your relationship with the researcher.

Background Information:
The purpose of this study is to understand the strategies that enabled these owners to obtain financing. The study will provide new insights that may help prospective and existing small business owners in South Central Kansas enhance the likelihood of obtaining financing for business sustainability.

Procedures:

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

- Participate in a face-to-face audio recorded interview.
- The interview will take place at your office and lasts for about one hour.
- Have a follow-on meeting after the interview to review the transcript, and
- Have a feedback session after the research completion.

Here are some sample questions:

1. Describe what financial resources meant to the sustainability of the organization?

2. Describe how financial resources provided competitive advantage to your organization
3. How vital is access to financial resources to your business and why?
4. What strategies did you use to access financial resources (internal or external source for financing)?
5. Explain your choice of equity, debt, bank financing (loan or line of credit), or government guaranteed loan?

Voluntary Nature of the Study:

This study is voluntary. Everyone will respect your decision whether or not you choose to be in the study. If you decide to join the study now, you can still change your mind later, or you may stop at any time.

Risks and Benefits of Being in the Study:

Being in this type of study involves some risk of minor discomforts that can be encountered in daily life, such as sitting for an hour for the interview at your office, the unwillingness to share financing information and the acknowledgment of financing challenges that may benefit other entrepreneurs. Being in this study would not pose a risk to your safety or well-being.
The potential benefit of this study is to entrepreneurs in South Central Kansas. The study will help identify valuable information that will provide insight in resolving the challenges of obtaining financing for the day-to-day activities of the organizations.

Payment:

There will be no payment for participation, but participants will receive a 1-2 page summary of the study results.

Privacy:

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

Contacts and Questions:

You may ask any questions you have now. Or if you have questions later, you may contact the researcher via email at margaret.godwin-opara@waldenu.edu. If you want to talk privately about your rights as a participant, you can call Dr. Leilani Endicott. She is the Walden University representative who can discuss this with you. Her phone number is (612) 312-1210. You can also reach her at irb@waldenu.edu. Walden University's approval number for this study is **04-13-16-0288280,** and it expires on **April 12, 2017.**

Please print or save this consent form for your record

Statement of Consent:

I have read the above information and felt I understand the study well enough to make a decision about my involvement.

Name: ____

Date: _________________

Participant's Signature: ____

Researcher's Signature: ____