

Theses and Dissertations

---

2016

**A phenomenological investigation of small-business closure in California: an examination of the leadership process**

Theresa Robinson Harris

Follow this and additional works at: <https://digitalcommons.pepperdine.edu/etd>

---

**Recommended Citation**

Harris, Theresa Robinson, "A phenomenological investigation of small-business closure in California: an examination of the leadership process" (2016). *Theses and Dissertations*. 659.  
<https://digitalcommons.pepperdine.edu/etd/659>

This Dissertation is brought to you for free and open access by Pepperdine Digital Commons. It has been accepted for inclusion in Theses and Dissertations by an authorized administrator of Pepperdine Digital Commons. For more information, please contact [bailey.berry@pepperdine.edu](mailto:bailey.berry@pepperdine.edu).

Pepperdine University  
Graduate School of Education and Psychology

A PHENOMENOLOGICAL INVESTIGATION OF SMALL-BUSINESS CLOSURE IN  
CALIFORNIA: AN EXAMINATION OF THE LEADERSHIP PROCESS

A dissertation submitted in partial satisfaction  
of the requirements for the degree of  
Doctor of Education in Organizational Leadership

by

Theresa Robinson Harris

May, 2016

June Schmieder-Ramirez, Ph.D. – Chairperson

This dissertation, written by

Theresa Robinson Harris

under the guidance of a Faculty Committee and approved by its members, has been submitted to and accepted by the Graduate Faculty in partial fulfillment of the requirements for the degree of

DOCTOR OF EDUCATION

Doctoral Committee:

June Schmieder-Ramirez, Ph.D., Chairperson

Leo Mallette, Ed. D.

James Dellaneve, Ed. D.

© Copyright by Theresa Robinson Harris (2016)

All Rights Reserved

## TABLE OF CONTENTS

	Page
LIST OF TABLES .....	vii
LIST OF FIGURES .....	viii
DEDICATION .....	ix
ACKNOWLEDGMENTS .....	x
VITA .....	xi
ABSTRACT .....	xii
Chapter 1: The Problem .....	1
Overview .....	1
Background .....	4
Statement of the Problem .....	4
Rationale of the Study .....	5
Purpose of the Study .....	5
Role of the Researcher .....	6
Nature of the Study .....	6
Research Questions .....	7
Significance of the Study .....	8
Significance of the Study to California .....	9
Definitions of Terms .....	10
Assumptions and Limitations .....	11
Summary and Transition .....	12
Chapter 2: Literature Review .....	13
Objectives of the Literature Review .....	13
Defining Small-Business Success and Closure .....	14
History of Small Businesses in the United States .....	19
Leadership and Small-Business Success and Closure .....	39
Summary and Transition .....	66
Chapter 3: Method .....	68
Purpose Statement .....	69
Research Method .....	72
Participants .....	73
Interview Protocol .....	76

	Page
Data Collection .....	81
Preparation of Data for Analysis.....	81
Reliability and Validity.....	84
Summary and Transition.....	87
 Chapter 4: Results .....	 88
Pilot Interview.....	89
Selection of Participants .....	89
Collection Method .....	89
Coding the Data for Analysis.....	91
Data Analysis .....	92
Presentation of Findings .....	93
Discussion of Findings: Groups 1 and 2.....	95
Findings Related to Group Specific Interview Questions.....	103
Clustering Major Themes and Identification of Invariant Constituents .....	114
Emergent Themes .....	115
Answering the Research Questions .....	136
Summary and Transition.....	137
 Chapter 5: Conclusions and Discussions, Implications, Recommendations .....	 138
Implications of Study Findings.....	139
Discussion of Themes .....	141
Predominant Causes of Small Business Closure .....	148
Essence of the Experience .....	149
Comparing Research Findings.....	150
Significance of the Study to Leadership.....	151
Recommendations.....	152
Limitations and Future Research .....	158
Reflections on the Study .....	159
Summary .....	159
 REFERENCES .....	 162
 APPENDIX A: IRB Letter.....	 189
 APPENDIX B: Contact Letter .....	 191
 APPENDIX C: Consent Form .....	 192
 APPENDIX D: Interview Protocol.....	 194
 APPENDIX E: Interview Questions.....	 197

	Page
APPENDIX F: Pierce and Dunham Permission .....	200
APPENDIX G: Mindtools Permission.....	201

## LIST OF TABLES

	Page
Table 1. Leadership Theories and Approaches.....	64
Table 2. List of Interview Questions.....	94
Table 3. Small Business Closure Can Be Caused by the Inability to Execute .....	116
Table 4. Small Business Closure Can Be Caused by Lack of Direction, Focus, and the Inability to Change .....	117
Table 5. Small Business Closure Can Be Caused by Lack of Perseverance, Persistence, and Patience.....	119
Table 6. Small Business Closure Can Be Caused by Lack of Trust.....	120
Table 7. Small Business Closure Can Be Caused by Poor Listening and Communication Skills.....	121
Table 8. Small Business Closure Can Be Caused by Selfishness, Greed, and Ego.....	123
Table 9. Small Business Closure Can Be Caused by Lack of Relationship Building Skills and Poor Leader-Follower Interactions .....	124
Table 10. Small Business Closure Can Be Caused by Other Factors Besides Leadership.....	126
Table 11. Small Business Closure Can Be Caused by the Inability to Motivate Employees.....	127
Table 12. Small Business Closure Can Be Caused by Lack of Vision and Strategy.....	130
Table 13. Small Business Closure Can Be Caused by Failure to Ensure Customer Satisfaction .....	131
Table 14. Small Business Closure Can Be Caused by Poor Understanding of and Lack of Attention to Leadership.....	132



## LIST OF FIGURES

	Page
Figure 1. The leadership process .....	59
Figure 2. Summary of findings for interview question 1—Groups 1 and 2 .....	97
Figure 3. Summary of findings for interview question 3—Groups 1 and 2 .....	98
Figure 4. Summary of findings for interview question 4—Groups 1 and 2 .....	99
Figure 5. Summary of findings for interview question 9—Groups 1 and 2 .....	100
Figure 6. Summary of findings for interview question 10—Groups 1 and 2 .....	101
Figure 7. Summary of findings for interview question 12—Groups 1 and 2 .....	102
Figure 8. Summary of findings for interview question 2—Group 1.....	103
Figure 9. Summary of findings for interview question 2—Group 2.....	104
Figure 10. Summary of findings for interview question 5—Group 1.....	105
Figure 11. Summary of findings for interview question 5—Group 2.....	106
Figure 12. Summary of findings for interview question 6—Group 1.....	107
Figure 13. Summary of findings for interview question 6—Group 2.....	108
Figure 14. Summary of findings for interview question 7—Group 1.....	109
Figure 15. Summary of findings for interview question 7—Group 2.....	110
Figure 16. Summary of findings for interview question 8—Group 1.....	111
Figure 17. Summary of findings for interview question 8—Group 2.....	112
Figure 18. Summary of results for interview question 11—Group 1 .....	113
Figure 19. Summary of findings for interview question 11—Group 2.....	114
Figure 20. Leadership mindset model for small business.....	156

## DEDICATION

I dedicate this dissertation to all the small-business owners who work diligently each day to make a difference in our society. I am particularly thankful to the 20 small-business owners who took the time to be part of this study and dedicate this dissertation especially to them.

## ACKNOWLEDGMENTS

First and foremost, I would like to thank God for giving me the health and the strength to get through this project. I would also like to acknowledge my Chair and committee members for their ongoing guidance and support that allowed me to complete the project. I am thankful to my husband Keith Harris and extended family members for their understanding and support and for helping me to keep focused on this amazing journey. Thank you for your words of encouragement during the difficult times, I could not have gotten through this without your love, support, and understanding. Finally, to my Pepperdine family and GAP cohort members, thank you for your support and friendship throughout this program, it has been a great learning experience.

## VITA

**Education**

MBA, Global Management Emphasis, University of Redlands, 2009

BS, Marketing Management, Western Governor's University, 2007

BA, Business Administration, Newport University, 2000

**Professional Work Experience**

Contract Administration Manager, G2RJ 3/2013-Present

Contract Administration Manager, Accord Engineering 11/2011–3/2013

Senior Contracts Administrator, RECON Environmental, Inc. 2/2005–11/2011

Contract Coordinator, San Diego Center for Children 6/2003–2/2005

Contract Specialist, United Nations Development Program (UNDP) 1/1997–12/2000

**Leadership Roles**

President, NCMA San Diego Chapter 7/2014-Present

Vice President, NCMA San Diego Chapter 7/2012–6/2014

Education Director, NCMA San Diego Chapter, 7/2010–6/2012

**Publications/Presentations**

Swim, L., Robinson-Harris, T. (2014). "Improving Ethical Behavior in Contract Management: Taking a Principled Approach", *Journal of Contract Management*. Fall 2014

Robinson-Harris, T. (2014) "Improving Small Business Success through Targeted Leadership Development", Global Mindset Development in Leadership and Management Conference, University of Riverside

Robinson-Harris, T. (2014) "Towards a Single Conceptual Definition of Trust," *Journal of American Business Review*, Vol. 3, No.1

Zuleger S., Swim L., Shafran R., Robinson-Harris T. (2013). "Moving Beyond Competency-Based Models for HR Leadership Development & Improved Gender Representation in HR Executive Roles", Global HR Management Symposium.

## ABSTRACT

Small businesses are important to the United States economy, and yet the majority struggle to remain relevant and close prior to their fifth year. This qualitative phenomenological study explored small business closure in California by comparing the experiences of successful and unsuccessful small-business leaders, to understand their involvement with leadership during the early stages of the business, and the impact of this on the firms' ability to survive. Participants' experiences from two groups, successful and unsuccessful, were compared to glean an understanding of the leadership process, how leadership differs between the groups, and to see what themes or constructs emerged that could help to explain the high closure rate. This resulted in the development of 12 themes. The predominant themes were: small business closure can be caused by inability to motivate employees; by poor understanding and lack of attention to leadership, and by lack of relationship building skills. The data also showed that leadership shortfall directly impacted 65% of the companies studied, however leadership was not considered a priority in participating organizations but rather an afterthought to be considered only in times of crises. Yet leadership was perceived to be important when envisioning a path for the future and when providing a platform for employees to succeed. Those embracing leadership as a skillset were more likely to get through the challenges of the early developmental years while those ignoring the importance of leadership were more likely to close prematurely. These findings suggest a disconnect with regards to the understanding, role, and benefits of leadership in small organizations, particularly young organizations in the early stages of development.

## Chapter 1: The Problem

### Overview

Small-business organizations are the engine that propels the United States' economy, making up more than 99% of all employer firms and accounting for approximately 63% of net new private-sector jobs created between 1993 and 2013 (Small Business Administration [SBA], 2014a). In 2011, there were approximately 28.2 million such businesses in the United States compared to 17,700 large businesses (SBA, 2012). As important as small businesses are to the United States economy, approximately 50% will survive five years or more and only approximately 33% will survive for more than 10 years. The high closure rate has remained unchanged for more than 30 years (Headd, 2003) with survival rate changing very little, if any, over time (SBA, 2012).

Researchers have analyzed small-business closure from a variety of different perspectives using a variety of research methodologies, but primarily have looked at closure from the perspective of successful firms. These studies usually seek to understand the successful small-business leaders' leadership traits, styles, skills, behaviors, practices, or characteristics. A limited number of studies have explored the causes of small-business closure from the perspective of the unsuccessful firms and few studies have looked at leadership's impact on the small-business organization's outcome. To date, no theories are proposed to account for such closures, which have been consistent for more than 30 years (Headd, 2010).

This research explores small-business closure by comparing the experiences of 10 successful small-business leaders with those of 10 unsuccessful small-business leaders to understand their involvement with leadership during the early stages of the business. In particular, the research attempted to understand the leadership process during the first five years of development and the impact of this process on the ability of the firm to survive. Participants'

experiences from two groups were compared to glean an understanding of how leadership differs between the groups and to identify what themes and constructs emerged that could help to explain the high closure rate.

A gap exists in the literature with regard to the leadership process in small-business organizations and this process' role as it relates to the business's development and survival in the early entrepreneurial stages. Lussier and Halabi (2010) recommended additional research into factors leading to small-business closure, as those factors contributing to success might not impact closure. This research contributes to the literature by comparing findings from successful and unsuccessful firms and exploring leadership's impact on the organization's outcome. The vast majority of studies examining closure from the perspective of the successful firms may be flawed since the successful business owner may not have direct experience with the phenomenon of closure and may only be able to discuss how he or she perceives the phenomenon instead of how he or she experiences it.

As a result, Bouchikhi (1993) concluded that small-business research is biased toward successful small-business owners, as little data exist to explain the ever-increasing number of unsuccessful firms. Headd (2003) noted that leadership is instrumental in the early stages of development and nine out of 10 small businesses will close within the first three years without proper leadership. Kotter (2012) echoed the importance of leadership during early development, noting that leadership creates organizations in the first place and adapts them to significantly changing circumstances. Given the nature of the small-business environment, change is the only way forward during development's early stages (Churchill & Lewis, 1983) and leaders within small-business organizations are responsible for guiding the organization either to succeed or fail during the early stages (Bradley & Cowdery, 2004).

According to Monahan, Shah, and Mattare (2011), the United States has more small businesses per capita than anywhere else in the world; therefore, it behooves people to understand more about what causes them to close prematurely. Reducing the rate of small-business closure would be of great value to the nation. According to Beaver and Jennings (1996), there is a great need for further understanding of the leadership process within small-business organizations, as this process is “seldom a readily visible one” (p. 155). To provide visibility, interviews were conducted with 20 small-business leaders in two different groups. Group 1 comprised 10 successful small-business leaders and Group 2 comprised 10 unsuccessful small-business leaders. Unsuccessful businesses operated within the state of California and conducted business within the professional, scientific, and technical services industry and, in particular, within the information technology sector. The businesses closed before year 5 of operation. Successful businesses were currently in operation open with 10 or more years of sustained business operation.

The goal was to understand the small-business leaders’ experiences with leadership during the early formative years, specifically, during the first five years of the business. The state of California was chosen for this study because California ranks as the world’s eighth largest economy, ranking higher than countries such as Russia and Italy (Legislative Analyst’s Office, 2014). The state also has the largest concentration of small businesses within the United States (SBA, 2013). The 3.5 million small businesses in California have a big impact on the local economy, representing 99.2% of employer firms, more than 50% of the private-sector labor force, and employing 6.3 million workers in 2010.

California has a significantly higher concentration of small businesses than other states such as Texas and New York. Closure rate in California is also significantly higher than that in other states. For example, closures within the state was 69% higher than the U.S. national



average in 2010, according to a CNN Money (2011) report citing findings from a Dun and Bradstreet survey published during the same year, which examined approximately 23 million small businesses in its database. With California being the epicenter of the tech industry and arguably the entrepreneurial capital of the United States, getting a deeper understanding of small-business closure may help the California economy and the approximately 3.5 million small businesses that call the State of California home (SBA, 2014b).

## **Background**

Research has shown that small businesses often experience common problems at similar stages of development (Churchill & Lewis, 1983), while they vary widely in terms of size, industry, and capacity to grow. According to Churchill and Lewis (1983), if the small organization cannot adjust to changing circumstances, it will cease to exist. Leadership, which changes as the firm grows, may make a difference between success and closure as the organization makes the transition through the different stages of development (Kotter, 2012). Self-awareness, or knowing one's own limitations as a leader and seeking the skills needed to close any skills gaps that exist, may be an important consideration during this process, as it is impossible for the small-business leader to be all things to the business at the same time. According to Baumard and Starbuck (2005), the habits formed during the early entrepreneurial stages may not necessarily be compatible with the long-term success of the small-business organization and, as a result, the organization may fail.

## **Statement of the Problem**

According to the SBA (2014a) only approximately half of all small-business organizations survive 5 years or more, and nine out of 10 close during the first three years (Headd, 2003). This has been an ongoing problem for more than 30 years (Headd, 2010), and limited research is available to help explain the high closure rate. In addition, the chances of

business survival do not necessarily improve as the firm ages, with only approximately 33% of small firms surviving for more than 10 years (SBA, 2012). This is in spite of the increased focus on small-business development in recent years, including several government programs put in place to assist small-business organizations. Despite these measures, Miles (2013) and Valadez (2011) argued that more than 780,000 small businesses are created in the United States each year while more than 580,000 of them will close before reaching their 5th year.

### **Rationale of the Study**

This study explored small-business closure by comparing successful and unsuccessful small-business leaders' experiences and by examining the impact of leadership during the early stages of the business on the organization's outcome. Although some small businesses will inevitably fail, acquiring such knowledge may give other small-business owners the knowledge needed to avoid closure if "some of the causes are recognized and preventive action is taken" (Abdelsamad & Kindling, 1978, p. 24). The knowledge gained from this study may help the agencies responsible for the training and development of small-business organizations identify risks associated with business closure, thus allowing them to provide the resources needed to help small businesses survive through the formative years. In addition, the business community stands to benefit from a study of small-business founders and the important role they play in the business community with regard to leadership, processes, and subsequent business outcome.

### **Purpose of the Study**

The purpose of the study was to explore small-business closure by comparing the experiences of successful small-business leaders with those of unsuccessful small-business leaders to understand their involvement with leadership during the early stages of the business. In particular, the research attempted to understand the leadership process during the first five years of development and the impact of this process on the firm's ability to survive.

## **Role of the Researcher**

The researcher's role was to understand and interpret the experiences of the small-business leaders with regard to their familiarity with leadership, their understanding of leadership during early entrepreneurial development, and leadership's impact on the business outcome. Interviews were conducted with 20 small-business leaders using semi-structured interviews and open-ended questions as a means of extracting responses from participants (Lasch et al., 2010). The researcher had the sole responsibility of interviewing the participants, data collection, analysis, and interpretation. The researcher's responsibilities included the objective observation of the participants and avoiding personal biases as much as possible.

According to Creswell (2013), the researcher can "bracket himself or herself out of a study by discussing personal experiences with the phenomenon" (p. 78). In this regard, this researcher currently co-owns a small-business organization in the State of California and has worked for several small-business organizations within the state during the past 12 years. The researcher is familiar with leadership within small-business organizations. However, the researcher focused the study on the experiences of the 20 participants and did not include personal experiences. Giorgi (2009) argued that this bracketing does not mean the researcher forgets about what he or she experienced, but rather that he or she does not engage past knowledge while conducting the study.

## **Nature of the Study**

A qualitative phenomenological design was used to understand small-business owners' common experiences as they relate to the phenomenon of closure. A phenomenological design is an exploration of the phenomenon "with a group of individuals who have all experienced the phenomenon" (Creswell, 2013, p. 78). It was assumed that the small-business owners shared common experiences with regard to closure. The research focused on what the participants

experienced and how they experienced it (Moustakas, 1994), then the results were compared to understand the leadership process and to see what themes or constructs emerged that could help to explain the high closure rates and any impact of leadership on small-business outcome. The qualitative method was appropriate for this study, as the researcher was able to examine the 20 small-business owners' lived experiences as well as gather multiple forms of observations, document reviews, and online blogs instead of relying on a single data source.

The phenomenological approach was also appropriate since much of the literature on small-business closure looks at closure through quantitative lens, approaching it from the perspective of successful ventures and using methods that do not draw from the rich experiences of those who have experienced the phenomenon firsthand. Such approach usually draws from data that are widely available and could bias the study result (Bouchikhi, 1993). Moustakas's (1994) modified van Kaam approach was used to understand better the phenomenon of small-business closure. The approach includes seven steps for data analysis that will be further explained in Chapter 3.

### **Research Questions**

Business success results from effective leadership (Lu, 2004). Since small-business organizations are relatively small in nature and have fewer employees, the small-business owner has contact that is more direct with employees (Beaver & Jennings, 2005). This puts the small-business owner in a unique position of leadership and influence as a result of the proximity of the business leader to the activities being performed and the employee(s) performing them (Beaver & Jennings, 1996). How small-business leaders typically perform this leadership function is widely unknown. This researcher found little information in the literature regarding the leadership process in the small-business context and any impact of leadership on the firm's

outcome. As a result, it was important to examine leadership within the context of the small firm.

The following research questions guided the study:

Research question 1: What are the perceptions of small-business leaders regarding leadership and small-business closure?

Research question 2: What are the perceptions of small-business leaders regarding leadership and small-business success?

Research question 3: What do small-business leaders attribute in terms of leadership to the success or premature closure of their business?

### **Significance of the Study**

Opportunities for small firms are growing as the economy shifts from industrial and manufacturing to be more service based (Blackford, 2003). However, these opportunities are meaningless if small firms are unable to grow into viable enterprises. Although closure rate of new businesses continues to be very high, understanding the impact of leadership on the firm's outcome may be beneficial to saving more firms. With small businesses producing approximately 46% of private, nonfarm gross domestic product in 2008 (Kobe, 2012), every small business saved will contribute positively to the overall United States economy in terms of jobs created, investment back into the economy, and community revitalization and development.

The literature has a wide range of studies on leadership; however, there is a dearth of studies on leadership's impact on the outcome of the small firm. Many factors may contribute to the success or failure of an organization and the literature is still lacking a predominant cause of small-business closure (Rogoff, Lee, & Suh, 2004). However, given the importance of small businesses to the United States' economy, more studies are needed to explore further this problem and help prevent future closures (Ibrahim, Angelidis, & Parsa, 2004). It is risky to start a new firm (Baixauli & Modica-Milo, 2010), so this study focused on the founder or owner of

the organization as the driving force of the leadership process required to accomplish activities within the organization and to ensure business continuity. Employees and the public also see the owner as the face of the organization and its overall leader. The present study adds to the body of research in reviewing the role of leadership during early development and its impact on the ability of the firm to survive. It provides meaningful information regarding leadership in the small-business context and helps to fill this gap in the literature. Without further insights into what drives small-business closure it is unlikely that closures can be reduced. Therefore, it was necessary to explore this issue further to obtain a deeper understanding of this problem.

### **Significance of the Study to California**

This study is also of importance to the State of California. With more than 3.5 million small businesses within the state and with California leading the nation in entrepreneurial start-ups and small-business organizations within the professional, scientific, and technical services industry, this study's results may be helpful in providing California small-business leaders with the knowledge needed to ensure business continuity beyond 5 years. Further, this study may also continue to facilitate job creation in one of the leading states for job creation. California's Gross Domestic Product (GDP) growth in 2012 was fifth best in the United States and California had the sixth fastest growing economy in the nation (Governor's Office of Business and Economic Development, 2013). Small businesses in California represent 99.2% of all employer firms and employed more than 50% of the private sector labor force in the state in 2010 (SBA, 2012), leading the nation in the number of *Fortune* 500 companies and *Fortune's* list of 100 fastest growing companies (Governor's Office of Business and Economic Development, 2013). California's growth rate of 3.5% in 2012 represented the fifth best in the nation. The state would derive great benefit if more California businesses were to improve their chances of achieving business continuity past the initial five years.

## Definitions of Terms

*Closure:* For the purposes of this study, closure represents the inability to sustain continued business operations for 5 or more years. It is the premature termination of small-business operations because the company has fallen short of its goals and objectives, or to avoid bankruptcy or other financial loss (Headd, 2003).

*Leadership:* Northouse (2013) defined leadership as a “process” (p. 5) that enables individuals to work together to achieve common goals. It is the process of influencing an individual or group of individuals toward a common purpose or objective.

*Leadership process:* Pierce and Newstrom (2011) defined the leadership process as “the interplay and relationship [that exists] between the leaders, the situation and the needs that it creates for people and the individual” (p. 4). For the purposes of this study, the leadership process is the “dynamic relationship between the leader, follower, and context or situation” (p. 4), and this process’s impact on the business outcome.

*Professional, scientific, and technical services:* According to the Bureau of Labor Statistics (2014), these services fall under the North American Industry Classification System Code 54 and require a high degree of expertise and training. Establishments in these sectors specialize according to expertise, and provide the services to their clients in a variety of industries. Activities performed include architectural, engineering, computer services such as information technology, financial services, consulting services, and research services.

*Small business:* The SBA defines small-business organizations as “nonfarm firms having fewer than 500 employees” (SBA, 2014c, p.3). This study uses the SBA definition of small business, which is as an organization with fewer than 500 employees currently or at the time of closure.

*Successful organization:* Business operation of a small-business for 10 or more years.

## **Assumptions and Limitations**

**Assumptions.** This paper assumed that leadership has a favorable impact on business outcomes. It also assumed that the 20 small-business leaders would provide honest feedback to the research questions. It assumed that businesses are created to be successful and that business owners want to have successful and profitable operations beyond five years. It assumed that the closure rate of small businesses is impacted by lack of understanding and insights into what causes them to fail in the first place. It also assumed that all small-business owners subscribe to some form of leadership, whether formal or informal, through which work is accomplished. It assumed that the study would reveal common experiences with regard to this leadership process and with regard to the phenomenon of closure. The study also assumed that the researcher would be tolerant of ambiguity and would remain sensitive to personal prejudices throughout the duration of the study.

**Limitations.** The study was limited to a sample of 20 business owners; however, this sample may not adequately represent the entire small-business population. It was also limited to the time and resources available to complete the study. The purpose of the study was limited to understanding leadership and the phenomenon of closure. The purpose was not to evaluate profitability or success or to provide a predominant cause for small-business success or closure. The scope was narrowed to focus on small businesses within the professional, scientific, and technical services industry operating within the State of California, and further narrowed to examine only those in the information technology sector. The study assumed small-business owners might not be entirely open or honest in their response to the research questions, which may further limit the study.

The study was limited in that the research method did not provide for a definitive conclusion regarding the sources of small-business closure (Creswell, 2002) but might offer



greater understanding of the phenomenon of closure and leadership within small-business organizations. Because of the nature of the study, it was assumed that some small-business owners would refuse to participate and that the response rate would be limited. However, this did not occur and the objective of 20 study participants was met. Notwithstanding, findings from the study may not be characteristics of small businesses in other states or industries and cannot be made without specific information from those particular states or industries.

### **Summary and Transition**

Chapter 1 provided an introduction and background on this study to explore small-business closure. The study was interested in understanding the experiences of small-business leaders with regard to leadership and the impact of the leadership process on the firm's ability to survive. This research assumed that a lack of understanding with regard to the causes of small-business closure had impacted the closure rates of small-business organizations, and as a result, it was challenging to create measures to address adequately the problem. Small-business organizations make up more than 99% of employer firms in the United States (SBA, 2014a), with nine out of every 10 small businesses failing in the first three years (Headd, 2003), and the consequences to the national and local economies could be devastating without further insights into the problem.

Researchers have analyzed the high closure rates of small-business organizations using various research methodologies. The qualitative phenomenological approach was selected because the purpose was to understand the lived experiences of the small-business leaders and this approach aligns best with the purpose. Chapter 2 provides information on the existing literature regarding leadership and the causes of small-business closure. The chapter also discusses the impact of leadership on the success of the small-business organization.

## Chapter 2: Literature Review

### Objectives of the Literature Review

Chapter 2 covers the literature review and includes the following sections:

(a) introduction to the literature review. This section helps to position the research while underscoring the need for the study;

(b) defining small-business success and closure. This section provides a review of how the concepts of small-business success and closure as defined in the literature;

(c) history of small businesses in the United States. This section reviews the history of small businesses from the 1800s through the 21st century while covering different challenges and opportunities that allowed small businesses to either increase or decrease in importance based on the economic and sociopolitical influences of the time;

(d) leadership and small-business success and closure. This section highlights the importance of leadership on the ability of the small firm to survive; and

(e) summary and transition. This section provides a summary of the findings as it relates to the research questions.

The main objective of the literature review is to help position this research in the context of the current relevant literature (Creswell, 2014). Rozas and Klein (2010) contended that the literature review can help us understand the existing literature in an entirely different way. Researchers can avoid unintentional duplication of existing data by doing a comprehensive review of the literature and by positioning the research so that it contributes to the current relevant literature (Rhoades, 2011). The research questions and problem statement guided the literature review (Neely et al., 2010).

Despite the importance of the small-business industry to both national and local economies, small-business closures have remained high and have been a major problem in the

United States for many years (Headd, 2003; Schweikart & Doti, 2010). When corporations let workers go, these workers often go on to open their own small businesses. This was the case during the 1930's Great Depression, during the recessions of the mid-1970s, and more recently during the early 1980s, where many larger companies laid off workers to keep their costs low (Conte, 2006). This has always allowed the number of start-ups to remain high and above the number of business deaths, which was the case through much of the 20<sup>th</sup> century (Miles, 2013). However, from 2001 through 2008, the average number of small-business births trended equal to the average number of small-business deaths (Politis & Gabrielsson, 2009). In 2009 approximately 552,600 new employer firms opened but during that same year approximately 660,900 firms closed their doors (SBA, 2011).

The first two years in the life of a business are critical to its survival or viability, and approximately 34% of all new businesses will fail within the first two years (Yallapragada & Bhuiyan, 2011). For some industries such as restaurants, the closure rate for new businesses within the first two years is higher than 90% (Miles, 2013; Valdiserri & Wilson, 2010). The 5-year survival rate for small businesses within the service industry is 47.6% (Small Business Trends, 2012), resulting in more than 52% of service companies failing before their 5th year. The average number of closures across all industries within the first five years of operation is approximately 75% (Miles, 2013). Only approximately 25% of new businesses will survive past five years and this poses tremendous threats to the overall United States economy as well as the economy of states such as California that are so heavily dependent on small-business organizations.

### **Defining Small-Business Success and Closure**

Small businesses have failed at a higher rate than larger corporations, and newly established businesses in particular have failed at a significantly alarming rate (Philip, 2011).

While small businesses have been sparsely studied, the greater focus in the leadership literature has been given to successful small businesses, and the majority of literature on leadership still uses models utilized by larger corporations when examining small-business organizations (Valdiserri & Wilson, 2010). Closure has been defined from a variety of perspectives, but no theory exists that helps to explain the high closure rates. Likewise, success has been defined in numerous ways and, to date, no theory exists to help understand the concept of small-business success and closure (Lussier & Halabi, 2010). Despite the lack of theory, small-business closure affects not just families but also the community and the overall economy. According to Headd and Kirchoff (2009), some people continue to underestimate the effect small businesses have on the economy. This is perhaps because of the lack of clarity in the definition of success and closure (Cochran, 2001) and perhaps due to the absence of a theory. Nonetheless, a solution to small-business closure cannot be achieved until there is a better understanding of the closure phenomenon.

Small businesses in general have demonstrated that they have the capacity to grow much faster than large businesses and are, therefore, critical for new job creation (Malchow-Moller, Schjerning, & Sorensen, 2011). Approximately 30 million new jobs were created by small-business organizations in the United States between 1980 and 2009. During the same period, large businesses laid off approximately 5 million people (Oghazi, Jung, Peighambari, & Tretten, 2009). Despite the importance of the small-business sector, business research has been narrowly focused on the larger corporations (Valdiserri & Wilson, 2010) with a limited amount of small-business research examining small-business success (Hamrouni & Akkari, 2012; Singh, Corner, & Pavlovich, 2007) and even fewer studies dedicated to small-business closure (Tan, Fischer, Mitchell, & Phan, 2009).

Consequently, approximately 94% of small-business research focuses on business success, with only 6% examining business closure (Tan, 2010). However, the factors contributing to success may not impact closure and, therefore, are not able to contribute to a better understanding of the phenomenon of closure. Limited phenomenological research exists that compares the experiences of small-business owners. This research helps to fill this gap in the literature by examining successful and unsuccessful small-business leaders' experiences with leadership during early development, and examining the impact on the outcome of the small-business organization. Participants' experiences were compared to understand how leadership differs between the groups and to see what themes and constructs emerge that helped to explain small-business closure.

The objective was to identify the factors that decrease or mitigate small-business closures. Increased survival could benefit employees of small-business organizations, the community within which the small businesses operate, and the national and local economies. All participants experienced the phenomenon of closure since experienced small-business owners who have started more than one business are just as likely to fail as business owners who are creating new businesses for the very first time (Merz, Schroeter, & Witt, 2010). However, those with experience, such as in the case of having started more than one business, may have a slightly higher chance of succeeding or a lower chance of failing (Yallapragada & Bhuiyan, 2011) because of the experiences gained from the failed attempt. Findings from this study may be helpful in developing a training model for new or established small-business owners to help them navigate the challenges of leadership as the organization transitions during the early turbulent years.

**Defining success.** Small-business success and closure are subjective terms and some small-business owners may consider themselves successful while experts in the field may

consider the same businesses failures. The same applies to business closure, and the perceptions of closure are similar to those of success (Reijonen & Komppula, 2010). A standard definition of small-business success is missing from the literature (Headd & Kirchhoff, 2009). For example, Reijonen and Komppula (2010) affirmed that other terms such as performance or growth have been used as substitutes for success in the literature. Valdiserri and Wilson (2010) argued that the competencies required for success still elude small-business owners while Porter and Siggelkow (2008) affirmed that business success depends on the leadership abilities of the owner and the effective development and implementation of organizational strategies to ensure business continuity.

Langowitz and Allen (2010) concluded that the “success of a growing business is inextricably intertwined with the leadership capability of its chief executive” (p. 53). This chief executive in the case of the small-business organization is usually the small-business leader. Reijonen and Komppula (2010) agreed that there has been a wide variety of definitions for what constitutes success, with return on investment being one of the most common terms used to define success. However, financial results may not be a reliable indication of success, especially when the firm is young or in the early development stages (Lussier & Halabi, 2010).

Success is often subjective and what one business owner considers success may be considered closure by another. For example, more than 30% of businesses that were considered closures by others were actually perceived to be successes for the business owners (Headd & Kirchhoff, 2009). Mumford, Zaccaro, Harding, Jacobs, and Fleishman (2000) contended that the knowledge and skills of the leader are what contribute to effective leadership and to business success. Salas-Fumas and Sanchez-Asin (2011) declared that research in this area would continue to be distorted and misguided until a standard definition of small-business success and closure is developed; however, to date, none exists.

**Defining closure.** Beaver (2003) noted, “Small businesses without organizational goals and objectives remain in existence only two or three years” (p. 17). Similar to business success, there are many definitions for what constitute small-business closure, leading to inconsistent findings and recommendations (Cochran, 2001; Salas-Fumas & Sanchez-Asin, 2011; Smith, Drumwright, & Gentile, 2010). Singh et al. (2007) defined business closure as the closure or disruption of a business that has departed from the expectation or desired results of the business owner, and Headd (2003) defined it as the premature termination of small-business operations for any reason, which could include avoiding bankruptcy and similar financial loss.

Other reasons cited for closure include bankruptcy, voluntary or involuntary termination by the owner or by business creditors, and death of the small-business owner (Reijonen & Komppula, 2010). In addition, data collection methods may limit the research and may present inconsistencies with regard to closure (Lussier & Sonfield, 2010). How closure is defined or measured may impact results. The federal government does not maintain and has not maintained a record of small-business closures despite the importance of small businesses to the United States economy. Without consensus on the definition of small-business closure and a lack of collected records, it is difficult to really determine how many small businesses fail. Data from the U.S. Census Bureau (2012) indicate that half of all new businesses survive two to five years. On the other hand, fewer than 50% of new businesses survive for five years; however, when averaged across all sectors only approximately 25% will survive for five years or more (SBA, 2011). Nevertheless, Valdiserri and Wilson (2010) argued that approximately 90% of new small businesses will fail within the first three years of operation.

According to Malchow-Moller et al. (2011), small businesses with fewer than 50 employees had a higher closure rate than those with more than 50 employees. The number of companies with fewer than 20 employees totaled approximately 89% in 2012, according to data

from the U.S. Census Bureau (2015). In 2009, the number of small businesses closing was more than that of small businesses entering the market (SBA, 2011). This was the first time that business closures exceeded business start-ups by approximately 20%. Schiff, Hammer, and Das (2010) argued that during the first five years, the small-business closure rate is about 80%. Other researchers such as Valdiserri and Wilson (2010) posited that the closure rate of small-business organizations may be higher than those reported by the SBA and other federal agencies responsible for small-business development, and could be as high as 90% during year 3 through year 5.

### **History of Small Businesses in the United States**

**Overview.** Almost all the businesses that existed in the United States during the first century of the country's history, and all the way through the 1880s, were small-business organizations (Conte, 2006). Given the slow and inefficient transportation systems, railroads, and banking systems, businesses had no choice but to be small. The infrastructure in place during that time was insufficient to sustain large-scale enterprises. In the late 1880s, steam engines and the telegraph system were developed, and population growth accelerated. This created the perfect storm for some businesses. Those in the food processing industry became bigger and, in the process, more efficient. While the increased efficiency was embraced, Americans also admired, respected, and appreciated the hard work and resilience of the small-business owner (Blackford, 2003).

To help protect small businesses, several pieces of legislation were introduced. Among them the Interstate Commerce Act of 1887 to regulate railroads, the Sherman Antitrust Act of 1890, and the Clayton Antitrust Act in 1914, to help prevent large businesses from taking unfair advantages of the smaller firms (Conte, 2006). In 1953, the SBA was established. The SBA is a



federal agency assigned with the role of providing training and helping small-business enterprises secure funding, raise capital, and secure government contracts.

During the 1970s and the 1980s, foreign competition from large-scale manufacturing companies in industries such as steel, textiles, and automobiles led to a decline in these industries. The advent of technology brought the competition closer and accelerated the decline. Given the new global economy, services became much more important than manufacturing and this provided new opportunities for small businesses that had traditionally dominated the service sectors (Conte, 2006). Small businesses also took on a larger role because of their unique sizes, and also because they could more easily adapt, innovate, and customize products and services in a quickly changing global economy. Technology paved the way for more small businesses to compete with other businesses not just locally but internationally.

From the 18th to the 20th century, small businesses produced the majority of goods and services in the United States (Stovall, 2011). The number of small businesses also increased into the 20th and 21st centuries, amounting to more than 28.2 million in 2011. Approximately 5.8 million of these businesses are employer firms, meaning that the company has one or more employees, while there are 21.1 million non-employer firms with no employees (SBA, 2012). This study focused on the 5.8 million small businesses that are employer firms, and particularly those in the information technology industry with California as their principal place of business.

Small businesses have been essential contributors to the overall economy (Rolfe, 2011), comprising 99.7% of employer firms, responsible for approximately 63% of all net new private-sector jobs created between 1993 and 2003, and providing 37% of employment within the high tech industry and 98% of export firms. Between 1993 and 2013, small businesses created approximately 14.3 million jobs of the 22.9 million net new jobs created (SBA, 2012). While serving a number of critical roles since the early 1880s, small businesses have employed the

majority of the minority and seasonal workers, employing more than 66% of minorities and more than 70% of older individuals. They also employ a large number of rural workers and disabled individuals (Miles, 2013; Yallapragada & Bhuiyan, 2011). Small businesses serve as the primary source of innovation and provide more than 16 times more patents than larger firms.

**Overview of small businesses in California.** In California, farmers specialized in growing certain fruits and vegetables starting in the 1880s. In Fresno, they specialized in raisins; in Davisville, they grew almonds; near Wheatland, they grew hops; and at Newcastle, pears. Family farmers perfected their growing techniques and approaches to growing. California farmers considered farming a morally beneficial task and they developed a positive self-image. They did not see themselves as profit hungry farmers but considered themselves an important part of the process of building a desirable society for future generations. In 1848, gold was discovered in California and people came in droves in search of wealth (Holub, 2013). Soon, tools were needed to mine the gold, food was needed to feed the miners, and homes were needed to provide the miners with shelter. The gold rush brought more farms and ranches to California and quickly expanded the growing small-business economy.

Some of the people who came to California did not mine for gold, instead they set up businesses to meet the needs of the miners; they simply figured out what miners needed and found a way to provide it for them (Holub, 2013). Levi's jeans, for example, were created to respond to these needs when it was noted that miners needed sturdy work clothes. The gold rush also brought in people from around the world. In 1848, only three people from China lived in California; four years later, there were approximately 20,000. They added to the culture and played an important part in the history of the state. Chinese workers helped to construct the transcontinental railroad in 1869, which ran from Nebraska to California, minimizing the time it took travelers to get to California in search of wealth.

During the 1870s and 1880s, California farmers growing wheat provided early examples of agribusiness on bonanza farms. There were approximately 29,000 of these farms in 1880 and many of them were in the West. When many of the bonanza farms failed during the 1890s, California farmers looked to cooperatives, leaving general farming to specialize in only one or two crops such as fruits or vegetables that they could easily ship by train to the East or to the Midwest for sale. California farmers were marketing fruits such as oranges, apples, pears, lemons, and nuts, including walnuts and almonds, through cooperatives by World War I (Blackford, 2003). Cooperatives were responsible for handling at least one-half of California's produce and helped small- and medium-sized farms grow.

California also showed how small-business people developed enterprises during the Progressive Era in response to the social and economic challenges brought on by rapid industrialization. Family farmers would set up cooperatives; bankers joined associations such as the California Bankers' Association and worked to update banking practices through state legislation; other professionals such as investment bankers formed similar professional organizations for much of the same reasons; and insurance agents tried to improve business practices and influence legislation. All of this, in turn, benefited the state and served as an example to other states. Some Chinese and Japanese immigrants in California formed insurance companies and banks to serve their fellow farmers and citizens, but many of those early organizations failed (Blackford, 2003).

From 1907 to 1913, small businesses expanded in other areas and construction was in full force in cities such as Los Angeles. Buildings under construction included the Los Angeles Aqueduct (Starr, 2005). Homebuilding created work opportunities for those in search of employment and provided more opportunities to small enterprises. The oil industry produced approximately 106 million barrels per year by 1920, and more tires and automobiles were being

produced in California than anywhere else in the United States except Michigan. There were improvements in the hotel and tourist industries and more small enterprises entered the aviation and motion picture industries, which started appearing in southern California in 1929. Small businesses moved into these new sectors in search of new opportunities (Miles, 2013). Between 1921 and 1945, California farmers succeeded through specialization in the kind of crops they grew and related agricultural activities such as packing, canning, shipping, and transportation, which provided work to Californians and opportunities for small businesses.

During the 1940s and 1950s, Stanford University started to encourage its graduates to start their own small businesses. The Dean of Engineering and then Provost, Frederick Terman, set out to make Stanford University and the Palo Alto area the epicenter of electronics research and development. His plan was to bring talented investors to interface with students and faculty members at Stanford University, establish a research institute, and open an industrial park. Terman was successful at all three initiatives (Starr, 2005). The area became known as Silicon Valley as a result of the large concentration of high-tech businesses. By the 20<sup>th</sup> century, the area became known as a center of innovation and continues to dominate in terms of business start-ups in the United States.

Silicon Valley and the information technology sector continue to be of significant importance to the California economy, and the state would greatly benefit if more small businesses succeed in the same manner as industry giants Google, Apple, eBay, and LinkedIn, companies that all started out as small entrepreneurial ventures in California. The 21st century economy is significantly impacted by small-business organizations, which represent more than 99% of all employer firms within the state and more than 50% of the private-sector labor force. There were 3.5 million small businesses in California in 2010 (SBA, 2014c), far exceeding the

number of small businesses in other states and well ahead of its closest rivals Texas, with 2.3 million small businesses, and New York, with approximately 2 million.

**Small businesses prior to 1880.** Small-business development is important to economic growth and cultural and political development of the United States (Blackford, 2003). Prior to 1880, various forms of small businesses existed in the United States, including farming, manufacturing, merchandising, and services, with small businesses dominating many fields. Limitations with regard to certain markets, technology, and financial infrastructure impeded the development of large firms prior to 1880; therefore, small businesses fueled the business system. Americans started to move West in search of opportunities and, as a result, thousands of small businesses were created (Baker, 2010). Colonists in the 1760s and 1770s received approximately 20% of their income from exports. Merchants and business people during the colonial period were generalist, as markets were too fragmented and small and financial systems too poor for them to specialize. According to Friedman and Mandelbaum (2011), the majority of businesses in the 1600s and 1700s were small businesses owned by individuals or families and many had only one location.

People participated eagerly in the booming economy and merchants were the key group within this burgeoning business system. Americans' living standard in general increased along with the involvement of Americans in the commercial economy. However, businesses remained small for the most part because of limitations in distribution and production of goods (Blackford, 2003). Speed and transportation expenses hampered the distribution process, as wind and animal power were used as the main source of energy for transportation. Canals brought some needed improvements and railroads were constructed during the 1830s.

With improved transportation systems, business people used the telegraph during the 1840s and 1850s to keep track of their sales as well as to schedule to keep up with their busy

commercial life. In the 1830s, coal was used to fuel steam engines and as a source for heating and for producing certain products such as sugar and chemicals. Trust formed the basis of many business transactions during the 1880s. Small-business owners engaged in only one trade at a time such as import or export or wholesale or retail, but never both. They took risks and relied heavily on friends and relatives during times of need (Blackford, 2003).

The country store was the most common form of business handling retail during the mid-1800s. These stores brought the goods directly to the customer throughout America. Most carried groceries, drugs, and hardware, but were limited in size and investment. The “main economic function of the stores was to facilitate the exchange of goods” (Blackford, 2003, p. 16).

Storekeepers sold to local farmers and accepted goods in return for payment since cash was in short supply. Some store owners established credit terms. These country stores played an important role in the South with its small farms and large plantations. Most store owners were sole proprietors, but some partnerships existed. Small businesses were relatively successful because they were run by families and satisfied a demand (Miles, 2013). Along with wholesalers and retail storekeepers, there were also peddlers who served sparse regions where the operation of a country store would not have been profitable. Peddlers offered similar goods as the country stores, but they did this from wagons or from horseback (Blackford, 2003).

America remained an agricultural nation during most of the 1880s, which remained more important than manufacturing. Just prior to the civil war, agriculture employed more than twice the number of people working in the manufacturing industry and approximately 85% of colonial Americans worked on farms (Blackford, 2003). Manufacturing was in its early days, and the typical manufacturing firm was a small business. Artisans helped to facilitate industrialization since many of the industrial businesses started in workshops operated by artisans. By 1870, small businesses dominated the industrial landscape in America. Small businesses were operating

service businesses with the growth of sectors such as farming and manufacturing. Farmers, manufacturers, and traders needed banking and other services to run effectively their businesses, and economic growth increased between 1607 and 1861, but a few large businesses also emerged during this period. Despite slowing of the economy between 1837 and 1857, many Americans' standard of living continued to increase toward the late 19<sup>th</sup> century, starting in 1873, with Gross National Product (GNP) rising approximately 50% throughout the last two decades (Benmelech & Moskowitz, 2010).

**Small businesses 1880 to 1920.** The United States population increased significantly from 1880 to 1920; during the same period, technology improved in several key industries. The number of United States businesses doubled during the 1920s and the majority, approximately 90%, were small businesses (DiBacco, 2003). Small business's importance to the American economy decreased and large businesses increased in importance, especially in manufacturing (Blackford, 2003). More people lived in towns than on farms in the 1920s, and more worked in manufacturing and clerical jobs than on the farms or in villages. As a result, many farms failed. Americans working in wholesale also rose, along with the number of retail outlets, and while many retail outlets were large, some of them remained small. Advances in farming, manufacturing, and mining ushered in the industrial revolution (Todd, 2010).

The insurance and banking industries expanded rapidly from 1880 to 1920, and small businesses dominated the service industry and in particular banking. In 1860, approximately 149 savings banks existed; by 1900, more than 2,500 existed, in part, because the expanding railroads created a big need for capital (Blackford, 2003). Baker (2010) posited that some small-business farmers chose to remain small to avoid more risks such as that of purchasing additional land or hiring additional people to farm the land. While large businesses increased in numbers, so did the small-business population (Blackford, 2003). Small businesses were spread across several

industries, but large businesses were clustered in only a few fields, mainly manufacturing. These large companies needed a lot of capital and produced large amounts of homogenous goods for the masses. Small businesses, on the other hand, were able to fill needs in niche markets and fill in where it was not cost efficient for large businesses.

The 1890s brought on a depression and Americans were not as accepting of large business (Wadhvani, 2011). The vast majority of real property, more than 51%, was owned by 1% of wealthy Americans. Labor unions rose in importance and started to damage plants, homes, and properties owned by the 1% of wealthy individuals (Walters, 2010). American's attitudes toward large businesses turned from accepting to anger, as farmers were hurt by falling prices and large business' control over wages and working conditions during this era (Blackford, 2003). Americans also tried to break up the large businesses through unsuccessful lawsuits, and government policies were established to regulate them. Farms continued to fail because of the growing presence of large firms (Schweikart, 2011). This continued through the end of 1896, when the depression came to an end and this saw the return of prosperity to many small businesses. Americans appreciation of large businesses also increased (Blackford, 2003).

**Small business 1921 to 1945.** The 1920s, 1930s, and 1940s were unstable for the American people. Those years were marked by depression and war and saw the rise of large businesses in areas once dominated by small businesses (Blackford, 2003). Americans were starting to understand the valuable contribution of small businesses to the development of the American business system. In 1929, following the stock market crash, approximately 110,000 businesses failed, most of them small enterprises. More than 390 bills designed to protect small businesses were considered by Congress between 1933 and 1942, resulting in 26 of these bills being enacted. Between 1929 and 1932, more small businesses failed than small businesses started, which reversed the positive trend of earlier years, namely the first seventeen years of the



20<sup>th</sup> century, which saw more small businesses starting than closing. From 1921 to 1946, small business's participation in the overall economic system fell below that of larger businesses, and businesses became more concentrated.

Companies sold a larger volume of consumer goods during the 1920s, 1930s, and 1940s, and America was quickly becoming a consumer society. From the mid-1920s through 1970, small businesses lost market share to large firms. Small markets became supermarkets. By 1930, there were approximately 40,000 chain stores in the United States, and by 1974, approximately 57% of supermarkets belonged to a cooperative or chain (Blackford, 2003). The Robinson-Patman Act of 1936 prohibited manufacturers, growers, and wholesalers from giving chain discounts for large quantity purchases even though consumers often pay a lower price as a result of the discounts; however, small businesses did not have the resources to purchase the large quantities the larger firms purchased.

The Miller-Tyding Act passed the following year and helped to standardize prices charged for retail goods by prohibiting chain stores from selling products below prices set by the manufacturers (Blackford, 2003). Despite these measures on the retail side, small farms suffered more than their large farm counterparts during the 1920s and 1930s. During the 1920s, half of the farms in the United States were providing more than 90% of the grains consumed in the country (Hynes, Jacks, & O'Rourke, 2012). Cotton prices decreased in value by more than 70% because the cotton market became saturated (Schnurr, 2011). Farms that once employed the majority of Americans, more than 85%, were starting to experience difficulties because of oversaturation and decreased demand.

American farmers who expanded their operations in response to the demands during World War I took loans using their farms as collateral. Farmers had seen the value of their land increase by more than 10% (Rajan & Ramcharan, 2015) and took out loans to expand. However,

because of reduced demand in the 1920s, many farmers were unable to repay their loans and eventually lost their farms to bankruptcy (Blackford, 2003). The Great Depression also caused a reduction in food prices and increased pressures on farms across the nation. According to Levinson (2011), because of growth in large manufacturing, approximately 65% of small manufacturing businesses failed. Romer (2009) stated that income from the farm fell by half, more than 60% of small businesses closed their doors, and more than 30% of American workers were laid off.

Small-business owners left manufacturing in large numbers in search of new opportunities elsewhere and often expanded into the service industry and into broadcasting (Schweikart & Doti, 2010). Although small businesses could, for the most part, prosper in certain fields because they provided specialized products and services for niche markets, by midcentury, small firms were declining much more rapidly. The rise in chain stores and large retail stores took or shifted customers away from the small mom-and-pop grocery stores and retail shops, cutting into their sales, profits, and market shares. Supporters of small businesses during this time argued that the future of small businesses would be bleak if the federal government did not act more forcefully to save them (Blackford, 2003).

**Small businesses 1946 to 1971.** With the end of World War II, consumer spending increased and the United States improved economically. However, small businesses only shared partially in this economic boom, as the external environment and government policies continued to dictate how firms behaved (Blackford, 2003). Small farms continued to decline as farmlands were transformed into cities and suburbs (Schweikart, 2011). In addition, Americans continued to appreciate the higher standard of living they perceived to be receiving from large businesses, but concerns over the Cold War during the 1950s and the 1960s sparked new interests in small businesses against the threat of totalitarianism and communism (Blackford, 2003). Americans

dreamed for independence from concentrated economic power and they saw small businesses as a way out. Henrekson and Johansson (2010) argued that Americans were entrepreneurial in nature and were drawn to the risk taking involved in being an entrepreneur.

Postwar America saw a 52% increase in GNP between 1945 and 1960, and per capita GNP increased 19%. In the 1960s, real GNP increased an additional 46%, and per capita GNP increased by 29% (Blackford, 2003). There were several reasons for these favorable economic conditions, including the rise in consumer goods triggered by improved mass production techniques in large manufacturing companies and the continued development of large businesses within the United States. According to Levinson (2011), large construction, manufacturing, and mining firms increased production more than 100% to meet the needs of wartime contracts. However, many small businesses could not compete for these wartime contracts (DiBacco, 2003) because of the magnitude of the contracts and small business's limited resources.

Two international agreements also contributed to the economic boom. These were the Bretton Woods Agreement of 1944, stabilizing worldwide currency exchange rates, and the General Agreement on Tariffs and Trade in 1947, which helped lower trade barriers worldwide. These paved the way for the opening of the international markets for goods produced in the United States (Blackford, 2003). In 1950, American firms exported 9% of their output. In 1970, that number rose to 13%, with foreign markets becoming even more important to American firms in the decade to follow. According to Blackford (2003), large businesses benefited more than smaller firms from federal government policies and opening the world market for American goods. Small firms only started exporting their products in volume during the 1980s. Small businesses also failed to benefit much from rising defense spending. In 1964, approximately \$3 billion of the \$5.1 billion research and development funds went to 10 large businesses.

Legislation approved by Congress and signed into law in July 1953 by then president Eisenhower created the SBA out of concerns that “small firms were suffering from conditions beyond their control and from a desire to ensure economic democracy in America” (Blackford, 2003, p. 135). The agency was made permanent in 1958, and charged by Congress to “aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise...to maintain and strengthen the overall economy of the nation” (Blackford, 2003, p. 135). In 1958, Congress enacted the Small Business Investment Act, authorizing the SBA to “certify, regulate, and contribute to the financing of private sector Small Business Investment Companies” (Blackford, 2003, p. 136).

By the mid-1960s, federal support of small business was in place. In 1964, the Service Corps of Retired Executives was established to counsel small-business owners. By 1965, 135 chapters of this organization existed nationwide and had approximately 3,000 members who had already given advice to more than 10,000 small-business people (Blackford, 2003). By 1966, the SBA had granted more than \$3.1 billion in assistance to more than 70,000 small businesses. The effectiveness of the SBA continued to be questioned despite these efforts. Blackford (2003) suggested the agency was underfunded, lacked leadership, and was bombarded by scandals. Few programs worked well, but the agency soon expanded its program offerings. Some were disappointed that the agency would not fund all projects and that the agency shifted its focus from preservation of competition and economic opportunity to what appears to be racial equality. The SBA was seen as an agency that could help minority businesses by setting aside certain percentages of federal government contracts for certain small firms rather than for competition and economic opportunity for all.

The formation of conglomerates and conglomerate mergers emerged in the 1950s and 1960s. These conglomerates were mergers of firms in unrelated fields. In 1968, the movement

peaked when 2,500 mergers of mining and manufacturing companies took place. This included 715 conglomerate-type mergers (Blackford, 2003). The top five industrial companies in the United States controlled 12% of manufacturing assets by 1962. By 1965, General Motors, Standard Oil, and Ford had a combined gross income that was greater than the income of all the farms in the United States. In 1963, General Motors had revenues that were more than eight times greater than those of the State of New York (Blackford, 2003). Income from these companies was almost one-fifth the income of the federal government, according to Blackford (2003).

The decline in small manufacturing firms continued in the 1950s and 1960s, with single-plant establishments declining in absolute value from \$255,000 in 1954 to \$251,000 by 1972, with their share in American employment falling from 39% to 25% (Blackford, 2003). In retail, most small retailers could not adjust to new ways of selling groceries, and with lower, more attractive prices being offered by the larger establishments, many retail firms went out of business. By 1971, only five large supermarket chains dominated the United States market. Discount stores were introduced; and between 1960 and 1966 the number of these stores increased from 1,329 to 3,503. Walmart began operations in the 1960s and quickly became the world's largest retailer in the 1990s (Blackford, 2003; Schweikart & Doti, 2010). However, small businesses remained successful at services. For example, nearly 60% of minority businesses were in the personal services and retail trade business in 1969. Many Asian American businesses were also in services and retail. Schweikart and Doti (2010) posited that small-business owners started businesses to provide support services to larger firms and some reduced their risks by becoming subcontractors to the large firms (Levinson, 2011). Others limited their risks through franchising (Miles, 2013).

**Small businesses 1972 to 2000.** Small businesses entered a new phase beginning in the early 1970s. The head of the SBA in 1987 acknowledged that the “growth in industries dominated by small firms continued to outpace the growth of those dominated by large firms” (as cited in Blackford, 2003, p. 165). In the 1980s, the SBA further noted, “Job creation in the economy has been largely an output of small-business activity, especially activity by firms with fewer than 20 employees” (Blackford, 2003, p. 165). The small mom-and-pop establishments also became the focus of news reports with *U.S. News and World Report* going as far as saying that Americans were oblivious to the fact that the vitality of the United States economy depended on the tiny mom-and-pop establishments and neighborhood restaurants and factories.

Small firms increased in importance during the 1970s and 1980s. Only 7,000 of the more than 20 million companies filing federal taxes in 1991 employed more than 500 workers. This means that more than 90% of the businesses filing taxes during that year were small, based on the SBA definition of small businesses as companies employing fewer than 500 employees. Of these firms, 14.3 million were sole proprietors, 1.7 million partnerships, and 4.5 million corporations (Blackford, 2003). Between 1976 and 1984, the share of total employment among firms with fewer than 500 employees jumped from 51% to 53%. There were several reasons for this: the end of the Bretton Woods Agreement in 1971, triggered insecurity around the world when it abolished fixed currency exchange rates thereby allowing currencies to float against each other; a worldwide recession in the 1930s created more economic problems in the early 1970s; and rising energy prices (Blackford, 2003; Elsby, Hobijn, Şahin, & Valletta, 2011).

Growing economies in other nations were also producing large multinational firms that competed with American firms. With increasing global competition, many American firms failed to grow (Law, Leung, & Cheung, 2012). Baker (2010) posited that the steel industry faced stiff competition from foreign companies and collapsed as a result. It was especially challenging for

those in manufacturing. During the 10-year period between 1974 and 1984, *Fortune* 500 companies laid off 1.5 million workers (Blackford, 2003). Americans quickly looked to small firms, which were considered nimble, agile, and had the ability to respond quickly, to revive the economy. The recessions of the 1970s and 1980s affected large businesses more than small businesses and small businesses continued to play an important role in the United States economy, many of them finding market niches in highly specialized areas where the demand was not great enough to require large-scale production offered by the larger firms.

A limited number of smaller firms successfully developed by specializing, offering smaller quantities, or by creating a niche in new markets (Terziovski, 2010). The American economy also shifted from manufacturing, the dominant field for large businesses, to services, which historically was dominated by small businesses. Porter and Siggelkow (2008) posited that these subtle changes had started to evolve but had remained undetected in the United States and elsewhere for many years. Small businesses exported more in the 1980s when it was easier to export (Janssen, 2009). Of the 245,000 businesses in America that exported goods abroad in 1990, more than 80% of these were small businesses (Schweikart & Doti, 2010). Small-business exports continued to increase in the 21<sup>st</sup> century (Miles, 2013).

The SBA also continued its support of small businesses by providing loans, setting aside federal contracts, and providing advisory services. Between 1976 and 1986, small business's share of manufacturing output increased from 33% to 37%, and they were growing in importance given that they were able to meet the rapid changes and flexibility challenges of the 1970s and 1980s (Blackford, 2003), yet some remained small by choice of the small-business leader. Technology use also helped small businesses compete in areas in which they were unable previously to compete. Some large businesses divided their work into segments and relied more on smaller firms as subcontractors and small businesses positioned themselves to support the

larger companies (Pruett & Winter, 2011). In addition, large firms were starting to behave more like small firms by restructuring around teams and passing decision making downward (Blackford, 2003).

Small retail outlets continued to face growing competition from discount stores such as Walmart and by the mid-1980s, a quarter of America's retail sales were attributed to the 50 largest retailers. Supermarkets and large retailers also offered customers an opportunity to shop around the clock by staying open 24 hours. This further eroded market share once held by mom-and-pop retail stores because they did not have the resources to offer 24-hour service. Between 1987 and 1993, the market share of America's 10 largest supermarkets grew from 23% to 30%; the largest clothing chain grew 7% during the same period; and the top 10 home improvement stores grew 11% from 42% to 53% during the 6-year period (Blackford, 2003). By all appearances, large businesses were expanding rapidly at the expense of small businesses (Vaaler & McNamara, 2010). Large agribusinesses were profiting more from processing and marketing than from growing (King, Boehlje, Cook, & Sonka, 2010). More than 600,000 farms closed (Swinnen, 2009) and reduced the number of Americans working on farms by more than 25% between 1920 and 1973 (Deininger & Byerlee, 2012). In this period, small businesses struggled more with the closing of farms (Schweikart, 2011) than larger firms.

However, services continued to be a stronghold of small businesses and the number of service establishments grew significantly since 1919. By 1957, there were 8.7 million service companies in the United States and the number continued to increase each year (Blackford, 2003). As large businesses continued to lag in the late-20<sup>th</sup> and early-21<sup>st</sup> centuries, small businesses were celebrated for their contributions to innovation and technological breakthroughs. They were also hailed for employing the majority of American workers. The SBA found that for the 6-year period ending in 1982, small firms with fewer than 100 employees accounted for more



than 50% of America's new private-sector jobs; firms with 20 employees contributed 37% in the same 6-year period. In addition, firms with fewer than 100 employees created 44% of new jobs between 1985 and 1986, and were better in gross job creation than larger firms. Nevertheless, small businesses go out of businesses faster than larger firms and usually take with them the jobs they created.

Schweikart and Doti (2010) argued that employers created approximately 20 million jobs in the 1980s and small businesses accounted for more than 60% of those jobs. In addition, Loscocco and Bird (2012) stated that 12 million new jobs were created between 1980 and 1987 by the small-business community, and during the same period, large businesses laid off 3 million employees. Small businesses expanded rapidly in areas such as computer technology, fast food, and telecommunications (Miles, 2013), with many factors affecting success of these small firms, which also differ by industry (Groves, Vance, & Choi, 2011).

**Small businesses in the 21<sup>st</sup> century.** The 21<sup>st</sup> century began with terrorist attacks on the United States World Trade Center, which affected the economy (Schweikart & Doti, 2010). The damages were estimated to be in the \$2 trillion range. Between the terrorist attacks of 2001 and the stock market crash of 2002, resulting from the bursting of the dot.com bubble, American corporations decreased in value by more than \$5 trillion (Barrett, 2010). Small businesses were the equivalent of small ships in this challenging new economy, and large businesses could be equated to the Titanic that was extremely difficult to turn in short order. Schweikart (2011) noted that small businesses were more agile, more effective, and more prepared for the 21<sup>st</sup> century economy. Merz et al. (2010) noted an increase in small-business research during the 20<sup>th</sup> and 21<sup>st</sup> centuries, but more focused research is needed to help determine the causes of closure (Hamrouni & Akkari, 2012) and the role of leadership, which has been noted to play a significant

role in small-business enterprises (Cope, 2010; Miles, 2013; Osman, Rashid, Ahmad, & Hussain, 2011; Valdiserri & Wilson, 2010).

Several scandals rocked large businesses at the turn of the 21<sup>st</sup> century, placing ethics at the forefront of corporate responsibilities. WorldCom and Enron, two American icons, were among the large businesses that had serious ethical problems, resulting in their closure (Whiting, Hansen, McDonald, Albrecht, & Albrecht, 2012). According to Pistone (2010), large businesses were at the point of self-destruction. With large businesses smeared by corporate scandals, small businesses were once again viewed as the answer to America's troubles. Outsourcing to cheaper labor markets such as Asia and India became popular in the 21<sup>st</sup> century (Rosebush, Leavell, & Maniam, 2012). However, this did not mean that American companies were realizing cost savings. In fact, companies had higher costs because of error and customer attrition (Boyd, 2011) and, as a result, some outsourced jobs returned to the United States in the form of small-business jobs. Still, some large corporations hesitated to use small businesses because of the high closure rates (Schweikart & Doti, 2010).

The 21<sup>st</sup> century presents challenges that are different from the challenges in previous centuries, and small businesses must continue to be the source of innovation with their focus on development and identifying niche markets (Tan et al., 2009). Although the SBA continues to offer assistance to small firms, its guidelines may be outdated and, therefore, may not be applicable to small businesses of the 21<sup>st</sup> century (Kidalov & Snider, 2011). Alstete (2008) argued that the agencies responsible for small-business development were ineffective because of the limited research covering small-business closure and because of a lack of understanding regarding closure's root causes. Corporate support and large to small partnerships may provide much needed assistance to small businesses (Tan et al., 2009) as they continue to be the engine

of the American economy (Jasra, Khan, Hunjra, Rehman, & Azam, 2011; Lussier & Halabi, 2010).

Merz et al. (2010) noted that although there has been an uptick in small-business research during the 20<sup>th</sup> and 21<sup>st</sup> centuries, small firms continue to fail in alarming numbers. More research is needed to help identify the cause of the problem (Hamrouni & Akkari, 2012). Schweikart (2011) argued that small-business closure has not received the full attention needed, although it has been an ongoing problem for more than 300 years. Lussier and Halabi (2010) concurred, stating that this problem had not been studied in detail before the 1990s. The studies available tend to focus on larger corporations (Valdiserri & Wilson, 2010) and when the focus is on small business, the attention is usually diverted to successful small businesses as opposed to the unsuccessful ones (Hamrouni & Akkari, 2012).

This research helps to fill this gap by adding to the body of literature on small-business closure. Less than 6% of small-business studies look at closure of the small-business enterprise (Tan et al., 2009). Hamrouni and Akkari (2012) noted that the scarcity of research on the phenomenon of small-business closure seems to indicate a trend toward solving a problem that has not been thoroughly studied. Consequently, researchers should continue to investigate the factors contributing to small-business closure and those required for success (Philip, 2011). Once the factors are known, focus can be placed on creating more business opportunities for small-business organizations (Lussier & Halabi, 2010). In addition to the social impact, small-business closure also has a psychological impact, and understanding the causes of closure may be good for the American society (Singh et al., 2007). Learned experiences may help the small-business leader understand and identify the triggers leading to business closure. This study seeks to understand these experiences in the form of qualitative interviews with 20 small-business leaders who have directly experienced the phenomenon of closure.

The 21<sup>st</sup> century saw an uptick in federal government support toward small-business organizations. Among the various federal programs available, President Barack Obama signed into law the Small Business Jobs Act in 2010, in an attempt to spur the economy that had suffered from the recession of earlier years and resulted in small-business closures. The new law offered billions of dollars in lending support, tax cuts, and other significant opportunities for small-business owners (SBA, 2010). However, despite this progress, small businesses continue to struggle and many of them fail before they reach their 5th year (Sutton, 2012).

### **Leadership and Small-Business Success and Closure**

**Overview.** Identifying what contributes to success or closure may lead to better decision-making and increase the chances of business success (Philip, 2011). According to Miles (2013), researchers have consistently studied the following seven factors, which could affect business success or closure: (a) management experience, (b) leadership experience, (c) financial controls, (d) capital, (e) planning, (f) marketing, and (g) education. Lack of capital has been found by many researchers to be one of the major causes of small-business closure (Baixauli & Modica-Milo, 2010; Law et al., 2012; Schiff et al., 2010; Yallapragada & Bhuiyan, 2011). Other reasons cited for closure include poor planning, business maturity, poor leadership, and leaders' inability to resolve problems (Beaver, 2003; Graham, 2004; Ibrahim & Soufani, 2002; Stanford, 1982).

Emotional stress and depression are additional reasons for closure (Law et al., 2012). According to Van Auken, Kaufmann, and Herrmann (2009) small-business owners who are stable economically have lower risk of closure when starting a business. Business metrics may help small-business owners monitor the health of their organizations (Weinzimmer & Manmadhan, 2009). Financial monitoring and accurate financial records are also important to business health (Askar, Imam, & Prabhaker, 2009). Walsh and Bartunek (2011) noted that small-business leaders did not have adequate sales, sufficient business, or financial history to predict

adequately business closure. Berson (2011) noted that financial ratios could be effective but were not good predictors when the company was young or in the early developmental stage, despite an abundance of research indicating that accounting and financial ratios may help to reduce small-business closure rates.

Dencker, Gruber, and Shah (2009) noted management experience as being a significant contributor of business outcome. Lack of management processes may be a contributing factor to small-business closure (Ivanov, 2011; Palmer, 2009; Schiff et al., 2010; Weber & Zulehner, 2010). On the other hand, several researchers such as Cope (2010), Merz et al. (2010), and Osman et al. (2011) suggested that management relates more to large businesses and that entrepreneurial leadership in small businesses is more effective than management, concluding that small businesses with such entrepreneurial leadership will outperform other small businesses with a management approach. Therefore, leadership skills may be a factor leading to new-business closure (Cope, 2010) and as a result, leadership and organizational effectiveness have gained more interest from the research community in recent years (Boal & Hooijberg, 2001).

Despite the importance of leadership to small-business success, small-business leaders often rely on a few key individuals and undermine leadership (Bisel, Messersmith, & Kelley, 2012). Subsequently, these individuals, oftentimes managers, are afraid to jeopardize their relationship with the business owner, so they avoid difficult conversations and tough decisions, and as a result are often bad advisors. Some research identified technical skills as being more important than leadership (Miles, 2013). Business owners engaged in planning may also fair better than those not engaged in planning (Ivanov, 2011; Mannion, 2009; Momoh, Roy, & Shehab, 2010; Mullins & Komisar, 2010). In fact, approximately 95% of small-business closure may be a result of a lack of planning, according to some researchers (Lippmann, 2009; Van Gelderen, Thurik, & Patel, 2011). This was reaffirmed by others such as Dunn and Liang (2011),

who concluded that small businesses using some form of planning are often more successful than those not engaged in any form of planning (Dunn & Liang, 2011; Giapponi & McDevitt, 2010; Osman et al., 2011).

Educational development is cited as important to business outcome (Robb & Fairlie, 2009) and critical to business success for young firms (Damodharan, Majumdar, & Gallant, 2010). Small businesses that employ continuing educational training had 60% higher sales, 16% higher profit, and are 47% more likely to survive during the first five years (Robb & Fairlie, 2009) than those that do not favor continuing education. The literature also suggests that small-business leaders with more education, or who promoted education, are at a lower risk for closure (Atamian & VanZante, 2010; Damodharan et al., 2010; Kabongo & McCaskey, 2011; Lippmann, 2009; Miller, Wesley, & Williams, 2012; Montes-Rojas & Siga, 2009; Teck-Hong & Yong-Kean, 2012; Van Gelderen et al., 2011). The skills needed at the different stages of business growth are very different, and researches should continue to explore whether continuing education and technical training helps to reduce the rate of small-business closure (Atamian & VanZante, 2010).

Other important considerations to avoid small-business closure include how the firm attracts and retains customers. Small-business owners must understand their target markets (Box, 2011; Gofman & Moskowitz, 2010; Hotho & Champion, 2011; Jhang, Grant, & Campbell, 2012) to secure a competitive edge, considering that globalization has brought the competition closer. Small-business owners must act swiftly to keep up with the changing environment and increasing complexities offered by the current challenging economic times. In addition to competition, globalization and technology have produced customers who are more demanding, more informed, and more difficult to please. Small-business owners must be prepared to alter

their market practices to keep up with the changing environment and avoid closure (Miles, 2013).

While closure is common when economic conditions are good or bad (Politis & Gabriellson, 2009), the root causes for these closure are still very much unknown. Benson, Lies, Okunade, and Wunnava (2011) theorized that closure may result from a lack of education and business skills. Alstete (2008) suggested that the 21<sup>st</sup> century environment calls for a different approach to the study of small-business closure. Comparing the experiences of successful small-business leaders with the experiences of unsuccessful leaders helped to identify important variables and provided further insights into what triggers closure.

**Defining leadership.** In defining leadership, Northouse (2013) noted that it is a “process” (p. 5) that enables individuals to work together to achieve common goals. He suggests that it is “transactional” (p. 5) and “interactive” (p. 5) in nature and flows from the leader to the follower and back to the leader in an effort to achieve shared goals. Northouse noted that through this process of leadership, “an individual influences a group of individuals to achieve a common goal” (p. 5). The author suggested, “It is not a trait, or characteristic that lies in the leader” (p. 5). Instead, it is “a transactional event that occurs between leader and follower” (p. 5), with process implying that a leader “effects and is effected by followers” (p. 5). Northouse emphasized that leadership is not linear but interactive and relational. Robbins and Judge (2013) described leadership as the ability to influence others toward the attainment of organizational goals, noting that organizations need strong leadership for optimal effectiveness.

Kotter (2012) argued that leadership is “a set of processes that creates organizations in the first place or adapts them to significantly changing circumstances” (p. 28). Small businesses need strong leadership to ensure survival and business continuity, as “leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen

despite the obstacles” (p. 28). However, little is known about the leadership process in small-business organizations (Samujh, 2011), and small-business owners often lack the knowledge and understanding that is needed to achieve successful business outcomes (Ekanem, 2010).

Defining leadership as a process highlights that it is relational and social in nature. Pierce and Newstrom (2011) described the leadership process as an “interplay and relationship between the situation and the needs that it creates for people and the individual” (p. 4) within the organization. The leadership process includes how the organization strategizes and plans for the future. Small firms using strategy or strategic planning, may be much more likely to grow, innovate, expand, and create or produce new product or service offerings. Roper (1999) concluded that firms using a strategy are able to achieve greater profitability.

O’Regan and Lehmann (2008) argued, “Strategic planning on its own is unlikely to lead to enhanced performance and should be aligned with other variables such as culture and leadership” (p. 306). However, leadership determines the organization’s culture. Those responsible for small-business success must, according to Reymann (2008), be knowledgeable about how their leadership interacts with other organizational players, and understand how this interaction affects performance. Leaders must possess this knowledge not only to “effectively position their organizations for growth” (Block, 2003, p. 320), but also to increase the effectiveness of their operations.

The vast majority of leadership theories assume that the leader’s behavior will affect the subordinates’ behavior (Lunenberg, 2010) and that leadership has a direct impact on organizational performance (Bass, 2010; Bennis, 2011; Drucker, 2010; Yukl, 2010). In 21<sup>st</sup> century organizations, leadership and influence do not only flow downward from the leader to the follower, but they also flow from the follower to the leadership (Lunenberg, 2010). It is a dynamic process among leader, follower, and situation whereby all are combined to affect the



outcome and the outcome in turn will flow back to affect the leader, follower, and situation (Pierce & Newstrom, 2011). Consequently, leadership will affect the actions of followers and similarly, behaviors of the followers will affect the leader in a reciprocal manner. This reciprocal process of leadership will affect the organization's behavior (Luthans, 2011; Starke, 2001). The process implies that leaders and followers work together in a social, relational setting to achieve organizational objectives.

Beaver (2003) stated that there is much to be gained from studies that are sector-specific, as findings may be relevant and applicable to other small businesses within the same sector. This study is limited to 20 small-business leaders in the professional, scientific, and technical services industry, in particular, those within California's information technology sector, and who have experienced the phenomenon of closure. The professional, scientific, and technical services industry represents the largest industry for small-business participation in the United States, representing 3.9 million companies with fewer than 500 employees. Of the 3.5 million businesses in the state of California, more than 600,000 are within the professional, scientific, and technical services industry, representing the highest concentration of small businesses by industry within the state of California (SBA, 2014c).

**Leadership and small-business success.** Organizations rely heavily on the leadership within the firm to be successful (Enalls-Fenner, 2015; Frazier, 2014; Germano, 2010; Kalshoven, Den Hartog, & De Hoogh, 2013; Ruggieri & Abbate, 2013; Shin, Park, & Lim, 2013) with leadership playing an important role in the success or closure of the organization (Enalls-Fenner, 2015; Kalshoven et al., 2013; McCrimmon, 2010). Leaders need to engage and empower followers toward organizational objectives for the organization to be successful (Kalshoven et al., 2013; Kammeyer-Mueller, Wanberg, Rubenstein, & Song, 2013; McKinney, 2009; Shin et al., 2013). As new challenges and opportunities arise, the organization's leadership must be able

address the challenges while grasping the opportunities (Lester, 2011) or risk failing. Leadership in the 21<sup>st</sup> century economy must also change to meet the global economy's changing needs (Inandi, Tunc, & Gilic, 2013).

While leadership's impact on an organization's success has been widely documented, leadership within the small-business environment is more challenging to find in the literature. Even more challenging is obtaining information on small organizations performing professional, scientific, or technical services. Earle (2009) noted that successful organization leaders are self-aware and understand the challenges that the business faces. In doing so, they anticipate threats and opportunities and adapt to changing environments more quickly than unsuccessful small-business leaders. Peters (2005) noted that small-business leaders significantly influence how employees achieve organizational goals. Svensson and Wood (2006) stated that leadership is what causes an organization to be effective in the first place, as successful business leaders are aware of their environment (McManus, White, & Botten, 2009). Beaver and Jennings (1996) affirmed that the primary ingredient in small-business success must be the leadership competence of the small-business owner.

Ekanem (2010) argued that small-business leaders often lack the leadership skills needed to ensure the enterprise's success. Valdiserri and Wilson (2010) contended that leadership directly impacts profitability and small-business success. Miles (2013) argued that the actions of the business leader directly affect profitability and business outcome. Fuller-Love (2006) stated that leadership is essential to running successfully a small business and is of critical importance to its survival. Van Dick and Schuh (2010) concurred, stating that leadership is key to the organization's success and is important to avoid small-business closure. Leadership is a factor required for success of not just businesses, but also projects required for the business to succeed (Nixon, Harrington, & Parker, 2012). Leadership knowledge would, therefore, improve the small

business's chances of success (Seleim & Khalil, 2011; Servage, 2009). Leadership skills such as empowerment, ethics, inclusiveness, and process orientation may contribute to small-business success, according to Palmer (2009). This was echoed by Osman et al. (2011), who described entrepreneurial leaders as proactive, innovative, and averse to risk.

Small-business leaders usually have their own perception of what constitutes small-business success (Weinzimmer & Manmadhan, 2009). In this regard, Beaver and Jennings (1996) argued that to have a successful firm, the leader must plan and lead the organization against various internal and external challenges. The authors contend that the primary ingredient to ensure success and a key defense against closure is the leadership competence of the owner (Beaver & Jennings, 1996; Gray, 1998; Thompson & Gray, 1999). Beaver (2003) placed the focus on the small-business leader by citing Dun and Bradstreet research published in 1991, which listed the primary reason for small-business closure as the incompetence of the business owner in 66% of cases studied. Gibb and Webb (1980) examined more than 200 bankrupt firms and concluded that lack of knowledge was the primary cause of closure. Chung-Herrera, Goldschmidt and Hoffman (2004) agreed that lack of knowledge plays a key role in small-business closure, adding that closure results from the inability to identify and solve problems within the small firm.

Kotey (2005) stated that small businesses have limited internal capabilities and fail to implement leadership practices that may help them succeed such as formal policies and procedures. Operational decisions are usually based on how leaders react to change issues as they arise. In an effort to maintain control, small-business leaders tend to make all decisions affecting the business or centralize the decision making to one or two close allies. Organizational growth and stability may be achieved if small-business leaders develop specific skills needed for effective leadership (Graetz, 2000). Leadership requires continuous improvement, both personal

improvements as well as improved leadership skills, to deal with the changing business environment (Lester, Parnell, & Carraher, 2003). It also requires good understanding of the factors that are critical for effective leadership, which is essential for business success (Theng & Boon, 1996). Leadership can be instrumental in controlling internal factors cited in the literature as causes of small-business closure. These include financial control, strategic planning, organizational knowledge, and marketing (Bruno & Leidecker, 1998; Theng & Boon, 1996).

According to Gaskill, Van Auken, and Manning (1993), effective leadership is essential to survival and sustainable operations and is the main reason a business succeeds or fails. O'Regan, Ghobadian, and Sims (2005) concurred, noting that organizational leadership involves development and implementation of business strategies; therefore, leadership has control over whether strategies are effective or ineffective and whether the business succeeds or fails. The authors note that leadership is linked to strategy and to performance, which ultimately leads to business success or closure. Small-business leaders often fail to address adequately leadership problems and make the difficult decisions needed to ensure survival and success of the organization during early entrepreneurial development.

Collins (2005) agreed that leadership affects the survival of small-business organizations. Skills and competences are important in organizations of any size; however, Miles (2013) argued that focusing on a single skill or competency is unlikely to produce more successful organizations. Keasey and Watson (1993) contended that effective leadership impacts all aspects of the business operations and leads to more successful organizations. The authors noted the importance of good leadership, which is underscored by the way banks approach lending to small organizations. Banks take into consideration the small business's track record to obtain a better picture of the leadership abilities and competence of the small-business leader prior to offering assistance.

Effective leadership, therefore, impacts all aspects of the business operations and leads to more successful organizations (Ekanem, 2010; Fuller-Love, 2006; Gaskill et al., 1993; Keasey & Watson, 1993; O'Regan et al., 2005; Svensson & Wood, 2006; Valdiserri & Wilson, 2010).

Although resources may be limited in the small business, competent small-business leaders with good leadership practices are much more likely to exercise effective leadership processes, including sound financial controls and practices that are aligned with the firm's reality.

Leading a small business means navigating many challenges and overcoming many obstacles. Small-business leaders who are able to engage their teams and accomplish results through others will be more successful (Siemens, 2010) despite pressures from internal and external factors at the same time (Pless & Maak, 2009). Notwithstanding the many challenges these leaders face, successful leaders will use their experiences with both success and closure as future opportunities arise (Elenurm & Oper, 2008; Madsen & Desai, 2010), but many small-business leaders continue to be characterized as lacking leadership skills and are known for autocratic leadership, abuse of power, and limited objectives (Beaver, 2003; Beaver & Jennings, 2005; Keasey & Watson, 1993). These and other such tendencies may be putting small organizations at greater risk of closure.

This research attempted to understand leadership within the small-business context. This understanding is important since more than half of the small businesses starting today will not exist in five years, with an even smaller number of existing businesses in operation each year thereafter. Improving the leadership skills of the small-business leader may have a positive effect on business survival and growth (Birley & Niktari, 1995; Fuller-Love, 2006), but it is important to understand better leadership within the small-business context and this research provides an opportunity to do so by comparing the lived experiences of small-business leaders to understand their experiences with leadership and the impact of this on business outcome.

A wide range of additional considerations are cited in the literature as required for business success. Ashraf and Qureshi (2010) argued that confidence and determination of the small-business leaders are key to success; Ayala and Garcia (2010) argued that the resilience of the entrepreneur is what determines success; Ayyagari, Beck, and Demirguc-Kunt (2007) suggested that education and experience are among the key requirements for growth; Benzing, Chu, and Kara (2009) found that honesty and social skills are factors required for success; Brush, Ceru, and Blackburn (2009) suggested that management or leadership is among the factors affecting success of the small-business organization; Mtairek (2014) argued that the business will fail without the right leadership; Karpak and Topcu (2010) suggested that the small-business leaders had less of an impact and that external factors such as location and policies had more of an impact on outcome. Kessler (2007) posited that the opportunities presented to the small-business leader and the strategies put in place by the business leader to exploit those opportunities are what determine success.

Gao, Li, and Shi (2010) found quality and processes the small-business leader put in place are contributing success factors; Islam, Khan, Obaidullah, and Alam (2011) determined that the characteristics of the small-business leader have significant effect on the outcome of the business; Kumar (2007) found the capabilities of the small-business leader along with the ability to adapt to a changing environment are what determines success; Makhbul and Hasun (2011) argued that social skills and self-efficacy as well as high locus of control will determine success of the small-business organization; Philip (2011) stated management or leadership knowledge and business processes are key; and Sambasivan, Abdul, and Yusop (2009) found management or leadership skills impact performance.

Corner (2013) contended that success or closure resides with the small-business leader and concludes that organizational leadership combined with diversity and inclusion may improve

small firms' survival rate. Mtairek (2014) noted that success and closure of the small business depends on the effectiveness of leadership or lack thereof. To succeed in the changing global environment, small-business leaders need to demonstrate effective practices, including the “dyadic exchange between leaders and followers” (p. 95). Kotey (2005) agreed, noting that small-business leaders must be developed for the leadership role. Cabrera-Suarez (2005) noted that small business leaders need to learn specific leadership skills that are helpful to the organization in achieving growth and stability.

Graetz (2000) stated that small business leaders often fail to strategize for the future because they are most often too concerned with the present. Consequently, they do not think about the consequences of the decisions made today and the impact of those decisions on the future of the business. As the business grows, the role of the leader is significantly different from the start-up phase (Sonfield & Lussier, 2004) and the leadership needed is different than those needed initially at the start of the business. According to Sonfield and Lussier (2004), the viability of the organization depends on the leaders' effectiveness. The authors contend that engaging in professional leadership, which may involve the creation of a mission statement and goals and objectives as well as processes or procedures to achieve the mission are what constitute effective leadership. Effective leaders must also engage in personal leadership, which involves building trust and showing empathy. A 21<sup>st</sup> century leader requires leadership that adapts as the business needs change.

**Leadership and small-business closure.** The consistently high closure rate of small-business organizations may be attributed to leadership shortfall, lack of resources, lack of time, as well as training for the development and implementation of strategies needed to move the organization forward and prepare it for growth and development (Knaup, 2005). However, what constitutes closure in one area may be different in another area (Crutzen & Van-Caillie, 2010;

Ronge, Ndirangu, & Nyangito, 2002). Some researchers suggest that there are inconsistencies with regard to the definition of small-business closure, which may render the data obtained from some studies unreliable and may prevent a clear and thorough understanding of the phenomenon (Crutzen & Van-Caillie, 2008; Lussier & Halabi, 2010; Parsa, Self, Njite, & King, 2005).

Rolfe (2011) stated that closure rate for small-business organizations has been high for more than 100 years and ranges from 65% to approximately 90%, but this rate has been inconsistent for various reasons (Merz et al., 2010). As noted earlier, one such reason is the inconsistency in the definition of closure. Noting this inconsistency, Lussier (1995) developed a small-business prediction model which looked at the factors identified in research as being contributory to small-business closure (Teng, Bhatia, & Anwar, 2011). While the Lussier model was a comprehensive business success predictability model and was the first to study all the factors noted in earlier research as the causes of small-business closure, Teng et al. (2011) noted that the model failed to consider other key factors. The Lussier model studied the following 15 factors: (a) record keeping and financial control, (b) planning, (c) age of the owner, (d) management experience, (e) economic timing, (f) use of professional advisors, (g) family business experience, (h) marketing skills, (i) products and services, (j) minority owned, (k) capital, (l) industry experience, (m) partners, (n) education level, and (o) staffing.

Teng et al. (2011) added 11 factors and tested a total of 26 factors: (a) access to resources, (b) competition, (c) technology edge, (d) team environment, (e) niche product or services, (f) leadership skills, (g) cost of running a business, (h) customer service, (i) local market knowledge, (j) organizational skills, (k) government policies, (l) timing of products-services, (m) use of professional advisors, (n) minority owned, (o) marketing skills, (p) staffing, (q) family business experience, (r) economic timing, (s) record keeping and financial controls, (t) management experience, (u) planning, (v) age of owner, (w) education level, (x) partners, (y)



capital, and (z) industry experience. Both models were consistent at predicting small-business closure, but both models had weaknesses.

Teng et al. (2011) noted that the Lussier model was a more accurate predictor of business closure but left out key factors, including the economy, market changes, variance between industries, and evolving technology (Osman et al., 2011; Teng et al., 2011). Lussier (1995) noted that financial ratios, which have been widely used to determine small-business success or closure, are poor predictors of small-business closure. The use of qualitative data is a better predictor of small-business success and closure (Lussier & Halabi, 2010). The present research used qualitative data to examine the phenomenon of closure and to understand the impact of leadership on small-business outcome. The study argues that leadership may be able to control or mitigate many of the other factors affecting small-business closure.

Early researchers such as Cover (1933) pointed to management deficiencies and management shortfall as the main causes for business closure. Peacock (2000) argued that poor management is the main cause of business closure. Wichmann (1983) cited poor management ability as the most common reason for closure, with incompetence being the cause almost half of the time. Poor management was also given by Hall and Young (1991) as the main reason for closure. The authors also stated that owners overwhelmingly identified operational management involving the daily running of the firm as the area where they mostly struggled. Beaver (2003) noted that the main reasons given for small-business closure is “poor management” (p. 120) followed by financial deficiencies. Other researchers concurred (Gibb & Webb, 1980; Gregory, Rutherford, Oswald, & Gardiner, 2005; Maes, Sels, & Roodhooft, 2005; Mughan, Lloyd-Reason, & Zimmerman, 2004; Prater & Ghosh, 2005; Stanford, 1982), noting that financial deficiencies are the main cause of closure.

Poor leadership is noted by Harris and Gibson (2006); Harris, Grubb, and Herbert (2005); Marmaya, Hitam, Torsiman and Balakrishnan (2011); Valdiserri and Wilson (2010); and Wang, Chich-Jen, and Mei-Ling (2010) as the main cause of small-business closure. Prater and Ghosh (2005) suggested that poor management and lack of planning are the main reasons for closure. Scheers and Radipere (2007) and Timmons and Spinelli (2007) agreed that the business will fail without good management and business-planning skills. Cressy (2006) and Shastri (2009) suggested that lack of finances and other financial problems are the reasons for closure.

Hess and Rust (2010), Kinyanjui (2010), and Tambunan (2009) agreed that financial troubles are the main causes of small-business closure. Other researchers argued that access to finances contribute to small-business closure (Beaver, 2003; Gibb & Webb, 1980; Gregory et al., 2005; Maes et al., 2005; Mughan et al., 2004; Prater & Ghosh, 2005). Despite the abundance of research citing financial problems, Birley and Niktari (1995), upon reviewing 486 closed small businesses, found that financial problems were often compounded by a lack of management experience on the part of the business owner in 80% of the cases they studied.

Holloway (2013) concluded that leadership deficiencies contribute to small-business closures. Fuller-Love (2006) stated, "Management is an essential part of running a small business and is critical to its survival, effective running and growth" (p. 176). Gordon and Yukl (2004) encouraged additional research on leadership relevant to the growth process within the small-business environment. Other causes of closure include poor location or infrastructure (Charron, 2011; Cressy, 2006; Lorsch, 2010; Pinar & Girard, 2008). Phambuka-Nsimbi (2008) gave lack of competitive advantage as the cause for closure. Some small businesses may continue to operate even with poor performance (Bos-Brouwers, 2010; Niehm, Miller, Shelley, & Fitzgerald, 2009); however, this is often unsustainable and the companies will eventually cease to exist.

Baumard and Starbuck (2005) contended that companies may develop habits during the early years of success, but the behaviors can become routine and, as such, may get woven into the company culture and repeated during other stages of the business when conditions change for the worse. The organization needs leadership to set the course of action that results from organizational change (O'Regan et al., 2005), but many small-business leaders fail to make the changes needed for the organization to survive past the initial five years. The small-business leader is also responsible for the organization's culture and it is important to engage in leadership behaviors that will positively impact the organization. Leadership has an impact on an individual's views about organizational responsibilities and commitments and this eventually impacts the organization's performance.

Effective leadership is essential to the development of strategies and cultivation of an environment that will enhance organizational effectiveness. Van Dick and Schuh (2010) echoed this sentiment by affirming that strong evidence exists to support the finding that leadership is the key requirement for organizational efficiency and performance, while Chung-Wen (2008); Frazier (2013); Jackson, Meyer, and Wang (2013); and others (Khan, Ghouri, & Awang, 2013; Mitchelmore & Rowley, 2013; Sakiru, D'Silva, Othman, Silong, & Busayo, 2013; Tafvelin, Armelius, & Westerberg, 2011; Tsai, 2011; Yang, 2012) have been able to link leadership and successful small-business performance. Weatherly (2012) contended that shared vision of goal creation has replaced the traditional leadership role that existed in the past. Leaders can learn from closure and build strategies to navigate future obstacles that may impact business outcomes (Mason & Singh, 2009; Rusinko, 2010).

Beaver and Jennings (1996) noted that many studies address some aspects of closure; however, they fail to determine the root cause of such closures. Matters such as inadequate accounting systems or lack of capital may, in fact, be factors contributing to some small-business

closure; these are not the root causes of closure. The authors further posit that many closures may, in fact, be ineffective leadership. Analoui and Karami (2003) concurred, noting that leadership is probably the most important factor to small-business success. To understand the root causes behind the symptoms contributing to small-business closure, it is necessary to get the perspectives of the small-business leaders who have directly experienced the phenomenon.

It is important to examine further leadership within this context as a possible option for underperformance and ultimately enterprise closure (Beaver & Jennings, 1996; Collins, 2005; Fuller-Love, 2006; Rasheed, 2005). According to Hughes, Ginnett, and Curphy (1999), a leader's job is to create conditions necessary for the team to be successful. Leadership entails setting the organization's directions and finding the resources to get things accomplished (Kotter 2012).

Leadership is perhaps the most important role of the small-business owner to guarantee the future of the organization and avoid closure. The small-business leader is in a position to avoid any decline in organizational performance. However, the leader is more likely to abuse the "consequences of absolute power" (Beaver & Jennings, 1996, p. 157) emanating from majority or sole ownership. This abuse of power may lead to organizational decline. Although the closure rates have remained the main focus of small-business policy in the United States for many years (Beaver, 2003; Beaver & Jennings, 2005; Keasey & Watson, 1993; Storey, 1994), not much is known about the inner workings of these organizations and the leadership process is still largely unknown. However, a growing number of researchers have attributed small-business closure to leadership shortcomings, concluding that leadership is a core ingredient to business success (Beaver & Jennings, 1996; Chavan, 2005; Fuller-Love, 2006; Harris & Gibson, 2006; Harris et al., 2005; McCartan-Quinn & Carson, 2003; Valdiserri & Wilson, 2010; Whittington & Evans, 2005). Lu (2004) maintained that leadership does impact the success of the small-business

organization. Burstein, Sohal, Zyngier, and Sohal (2010) categorized leadership as a key ingredient necessary for successful business outcome. Gaskill et al. (1993) determined that leadership ability may be one possible cause for small-business closure; however, a predominant cause for small-business closure remains elusive; therefore, more research is needed to understand further the phenomenon of small-business closure (Storey, 1994; Storey, Keasey, Watson, & Wynarczyk, 1987).

Valdiserri and Wilson (2010) contended that effective leadership is needed to get the organization through the initial years, as nine out of 10 small businesses will fail before their third anniversary (Headd, 2003). Cressy (2006) and Headd (2003) noted that the chances to avoid closure are greater as the small business matures; specifically, after it has passed the 2-year milestone; therefore, the chances of closure are greatest within the first 2 years (Cressy, 2006). In noting the importance of leadership, Gaskill et al. (1993) noted that leadership is important when attempting to avoid closure, suggesting that a lack of leadership skills is a major contributor of small-business closure. Beaver (2003) affirmed that as the small organization changes, the leadership required to guide successfully the organization must also change.

Poor leadership and the inability of leaders to perform properly tasks were noted by several researchers as reasons for closure (Beaver, 2003; Graham, 2004; Ibrahim & Soufani, 2002; Stanford, 1982). Lack of knowledge in certain areas of the business such as customer relationship or pricing were noted by Carter and Van Auken (2006) as additional reasons for closure.

Ekanem (2010) posited that small-business owners often lack the leadership skills required for success, although leadership is an essential ingredient to running successfully a small firm (Fuller-Love, 2006; Van Dick & Schuh, 2010) and is essential to whether the small-business organization succeeds or fails (Gaskill et al., 1993). Small-business leaders often do not

adequately address leadership challenges needed to ensure business continuity (O'Regan et al., 2005), prompting Holloway (2013) to conclude that leadership deficiencies are a key factor in small-business closure. Arasti, Zandi, and Talebi (2012) stated that poor management and leadership deficiencies are causes of closure.

On the other hand, Campbell, Heriot, Juaregui, and Mitchell (2012) argued that small-business closure provides for a healthy economy and that government policies contribute to closure. Aquino (2010) suggested that closure is mostly concerned with financial factors. Carter and Van Auken (2006) stated that bankruptcy associated with lack of knowledge is the reason small businesses fail. Cassar (2010) noted that small-business leaders are usually overly optimistic, and Fatoki and Asah (2011) posited that competence and lack of training and access to capital are factors contributing to closure. Ferreira, Azevedo, and Ortiz (2011) offered that lack of capabilities may cause closure, and Leaprott and McDonald (2008) noted that lack of decisiveness may lead to lost opportunities and cause closure.

Pusnik and Tajnikar (2008) proposed that geographic location and financial concerns are factors contributing to closure; Morrell and Capparell (2007) argued that closure occurs because of poor tactics and lack of effective leadership; and Alan (2008) suggested that lack of employee satisfaction resulting from lack of employee participation is the reason for closure. Ropega (2008) contended that management or leadership and competence regarding the firm's execution of strategy policies are the main cause of closure, and Ucsbaran, Westhead, and Wright (2008) suggested that small-business leaders who are new to leadership did not identify as many opportunities as seasoned small-business leaders and were, therefore, more prone to closure. Region-Sebest (2013) concluded that change and lack of understanding with regard to change may produce unfavorable business outcomes.

**The leadership process.** The leadership process in small-business organizations is not well understood. Cope, Kempster, and Parry (2011) noted that there is “very little empirical understanding of how the transition from heroic lone entrepreneur to entrepreneurial team occurs” (p. 271). This researcher found little existing research that helps to explain this process. This study hopes to contribute to the literature by obtaining and documenting the leadership experiences of 20 small-business leaders, which may also help in the understanding of this leadership process.

It is important for small-business leaders to develop trust, as trust allows the followers to believe in their leaders, which helps to improve group performance (Chou, Lin, Chang, & Chuang, 2013) The relationship between leader and follower is what creates positivity and flow in the workplace (Panagopoulos & Avlonitis, 2010). Leaders need followers and vice versa (Schirm, 2010). Successful business outcome will require leaders who are accepting and respectful of their followers (Weatherly, 2012).

The leadership process describes the process small-business leaders use to get work accomplished within the small-business organization. It describes the relationships among the leader, the followers, the context or situation, and the resulting by-products (Pierce & Newstrom, 2011). According to the authors, the leader is the person in charge of guiding an activity, the followers perform under the guidance of the leader, and the context represents the situation, which can be formal or informal, routine or complex with regard to the leader-follower relationship. The process involving leading and following involves assuming and surrendering power as necessary, depending on the situation, and guiding the situation as necessary toward attainment of the goal or outcome. The outcome is anything stemming from the interactions among the leader, follower, and context, which may include trust and organizational

performance. Organizational effectiveness demands this type of process leadership (Repenning & Sterman, 1997).

Process leadership is interactive and dynamic; leaders and followers influence each other and are, in turn, influenced by the context or situation involving the exchange. This means that future interactions may be influenced by or produce a change in, either the leader, follower, or context. The leadership process model (see Figure 1) developed by Pierce and Dunham (1989) and reinterpreted by Mindtools, helps to explain the dynamic exchange involving the leadership process. According to Northouse (2013), process suggests that leadership lies in the context of the interaction between leaders and followers, which also makes leadership available to everyone. As a process, leadership can be learned and is observable in the behavior of the leader (Jago, 1982; Northouse, 2013). Under this concept, leadership lies outside of a title, trait, style, or characteristics. It is described by Murphy (1941), Hollander and Julian (1969), and Smircich and Morgan (1982) as a relationship of social influence between people who depend on each other for mutual goal attainment within a given situation. It is a dynamic sociological phenomenon involving exchanges between individuals (Pierce & Newstrom, 2011).



*Figure 1.* The leadership process. Reprinted from *Leaders and the Leadership Process* (p. 5) by J. L. Pierce and J. Newstrom, and interpreted by Mindtools, 2010, New York, NY: McGraw Hill. Copyright 1989 by J. L. Pierce and R. B. Dunham. Adopted with permission.



Pierce and Dunham (1989) developed the leadership process theory to help explain these complex interactions and dynamic exchanges among leader, follower, situation, and business outcome. According to the Leadership Process Model (see Figure 1), leadership is fluid. The model outlines the relationships among four key factors that contribute to leadership success and demonstrates how the four key factors of the leader, the context, and the follower work together to affect the outcome and how the outcome, in turn, affects the leader, follower, and context within an organizational setting.

The model highlights that leadership is dynamic and ongoing and, therefore, the leader needs to adjust his or her leadership to adapt to the context, outcome, and followers (Pierce & Dunham, 1989). As a result, the model can help a leader understand how his or her actions influence followers and outcome. The premise of this approach is that every action will have an effect, positive or negative, and will either contribute to, or enhance, future performance. Leadership requires flexibility on the part of the leader, depending on the context and outcome of a given situation.

The process approach to leadership is different from other leadership approaches, such as the skills approach, which emphasizes the leader's capabilities and states that a leader's effectiveness is based on that leader's ability to "solve complex organizational problems" (Northouse, 2013, p. 43); the styles approach, which focuses attention on the behavior of those in leadership such as what the leader does and how he does it; and the trait approach, which centers on unique qualities and characteristics of the leader in accordance with the *great man* theories of leadership. Process leadership, "suggests that leadership is a phenomenon that resides in the context of the interactions between leaders and followers and makes leadership available to everyone" (Northouse, 2013, p. 8). The leader-follower interaction is important to leadership in this context. Other leadership approaches highlighting the important relationship between leader-

follower include the contingency theory, which categorizes situations with regard to three factors: leader-member relations, task structure, and position power. The leader-member relation has to do with the degree of confidence or loyalty followers feel toward their leaders. The leader-member relationship is considered good if there is a high level of trust and loyalty between subordinates and leader. Task structure relates to whether tasks assigned to subordinates are clear, and position power relates to the authority a leader has to reward or punish subordinates.

Another approach highlighting the relationship between leader and follower involves path-goal theory. The theory is concerned with how leaders motivate subordinates to accomplish specific goals (Northouse, 2013). The theory helps to enhance employee performance and satisfaction by focusing on employee motivation. In this sense, a leader must work to provide subordinates with whatever is needed to help them accomplish their work. Leadership motivates when it helps to remove obstacles and make the work more satisfying for the employee. The leader-member exchange theory states that leadership is a process involving the interactions between leaders and followers with this interaction being the focal point of the leadership process. According to Northouse (2013), high quality leader-member exchange enhances employee performance and creates greater commitment to the organization. The author contends that the leader-member exchange both describe and prescribe leadership, with the central concept being the dyadic relationship the leader has with subordinates.

The leader needs to select the best leadership approach and the best strategies to fit the situation at hand in order for the business to be successful (Harris & Gibson, 2006). Jokipii (2010) argued that leaders need to be able to adopt practices that are suitable to their operations. This is even more critical in small-business organizations that are complex as a result of the unique nature of how they operate. Beaver and Jennings (1996) posited that leadership within these small-business organizations is unique and has no likeness or connection to leadership

within the larger organizations that have been studied, overwhelmingly producing a variety of models widely used today in organizations (Beaver & Jennings, 2005). However, these models are not appropriate for small firms given their uniqueness and specific needs. Application of such models in the small-business environment is only likely to produce skewed and unreliable results.

Notwithstanding their unique nature, small businesses need to grow and in so doing will experience common problems as they grow. Beaver and Jennings (1996) argued that the leadership process in small organizations is mostly based on the preferences of the small-business leader and not necessarily based on any prescribed leadership approach, theory, or model. The authors argue that leadership in small firms is usually an adaptive process concerned with constantly rearranging a limited amount of resources to meet the different demands of the organization and usually based on the feelings of the business owner (Beaver & Jennings, 2005).

The leadership process is often obscure; however, the business owner must satisfy several leadership functions in order for the organization to function. This study explored and examined the leadership process. Business survival depends on the business owner's ability to cope with absolute power and leadership responsibility since the lack of leadership may inhibit small-business success (Beaver & Jennings, 1996; Hussain, Rahman, & Alam, 2006). As the organization grows and becomes more complex, it will need more and not less leadership to deal with the changing environment. Along with the increased need for leadership, the organization will also need leaders who are able to adapt quickly to the changing environment.

**Conceptual framework.** The framework for understanding this study is the strategic contingencies theory. Leadership involves completing certain tasks needed for organizational effectiveness (Svensson & Wood, 2006). It involves the ability of the leader to get the best results from followers. A review of the literature suggests that the strategic contingencies theory

may help to facilitate this process by securing the highest productivity from employees (Bass, 1990; Newstrom & Davis, 2002). The premise of the strategic contingencies theory is that the leader has to practice and demonstrate the appropriate leadership based on the situation presented. It is through this process that the leader impacts the follower, and is impacted by the follower, when achieving organizational objectives.

**Literature gaps.** Tan et al. (2009) noted that only a small number of studies, less than 7%, focus on small-business closure. Of the limited number of studies available, a great majority examines closure solely from the perspective of the successful firms. Additional studies must be completed, as factors contributing to success may not impact closure (Lussier & Halabi, 2010). This study helps to fill this gap because it examines the experience of small-business leaders with regard to leadership's impact on the organization's ability to survive. The 21<sup>st</sup> century environment provides many challenges for the small-business leader, among them that of keeping employees engaged and productive (Karakas, 2007) and working together to achieve organizational goals and objectives and ensuring business continuity.

Leaders need to pay close attention to their employees' needs to help build trust and employee commitment to the firm (Caldwell & Dixon, 2010). Effective leadership includes successfully aligning followers with the achievement of organizational objectives (Newstrom & Bittel, 2002; Mtairek, 2014). Temtime, Chinyoka, and Shunda (2004) urged continual investigations into the reason for closure to provide greater insights into understanding the phenomenon. Small-business organizations are unique and studies done in large corporations are not transferable to small firms, as these firms are not smaller versions of the large organization (Beaver, 2003). Small firms have unique characteristics that require special considerations (Gebauer, Paiola, & Edvardsson, 2010; Simpson, Tuck, & Bellamy, 2004). The literature review

highlights that many factors contribute to the outcome of the business. It is noteworthy then to view closure not as an event but rather as “the outcome of a process” (Ropega, 2008, p. 477).

Viewing closure from this perspective allows the small-business leader to take actions needed to correct or rectify a problem that could potentially lead to business closure. Kessler, Korunka, Frank, and Lueger (2012) concluded that a better understanding of the founding processes may lead to more successful small businesses. This study provided an opportunity to look at leadership from this perspective. It explored leadership during the early phases of the business to understand the small-business leader’s experiences. New information was gained from the study that may help future small-business owners and policy makers better understand the triggers that lead to closure. These are discussed in Chapter 4. Relevant leadership theories and approaches relating to the research questions and conceptual framework of this study are discussed in Table 1.

Table 1

*Leadership Theories and Approaches*

Leadership Theories/Approaches to Leadership	Impact on the Organization
Strategic Contingency Theory	The theory emphasizes that a leader has the ability to display the appropriate behavioral conduct within the circumstances of a given situation that best achieves organizational objectives (Bass, 1990; Hersey & Blanchard, 1969; Newstrom & Davis, 2002). Strategic contingencies theory is situational and leaders must decide the best approach to adopt in each circumstance (Marshall, 1998).

*(continued)*

Leadership Theories/Approaches to Leadership	Impact on the Organization
Leader-Member Exchange	<p>Has to do with the degree of confidence, loyalty, and attraction followers feel for their leader (Northouse, 2013). Without this level of trust and confidence within an organizational setting, the leader-member relationship is not considered to be good. Graen and Uhl-Bien (1995) found that high-quality leader-member exchange contributes to lower employee turnover, more employee satisfaction, and better organizational performance. The theory suggests that leaders should develop high quality exchanges with employees for maximum results.</p>
Path-Goal Theory	<p>Involves how leaders motivate followers to achieve tasks (Northouse, 2013). This theory has a big focus on employee satisfaction and motivation and the impact on performance. The biggest challenge for the leader is to find the appropriate leadership to meet employees' needs and changing demands of the organization. The theory suggests that each behavior the leader exhibits will have a different impact on subordinates and on the organization.</p>

---

*(continued)*

Leadership Theories/Approaches to Leadership	Impact on the Organization
Process Leadership	<p data-bbox="813 243 1406 478">Describes the relationships among leaders, followers, context or situation, the leadership process, and the resulting by-products or outcomes (Pierce &amp; Newstrom, 2011).</p> <p data-bbox="813 512 1406 611">Process leadership is interactive and also very dynamic.</p> <p data-bbox="813 644 1406 947">Leaders and followers influence each other and are, in turn, influenced by the context or situation involving the exchange. The result of this process has a positive or negative impact on the organization.</p>

---

### Summary and Transition

A review of the history of small business within the United States provided an opportunity to understand the transition and development of small businesses throughout the different eras, and understand their importance to the 21<sup>st</sup> century economy.

This study helps to provide a better understanding of the phenomenon that may allow current and future small-business owners and stakeholders make better, informed decisions to help improve their chances of survival. The study helps to provide insights into how small businesses operate, how they perform the leadership function, and offers insights into practices used to ensure survival and business continuity for more than five years. This research fills a gap in the literature by examining the experiences of small-business leaders who have directly experienced the phenomenon of closure, while attempting to understand the leadership process and the impact of this on small-business outcome.

Chapter 2 provided a review of the literature with regard to leadership and small-business closure. The review led to conflicting data, contradictory findings, and information that is relevant to the present study. Themes emerging from the literature review include: (a) the leadership skills required to start a small business may be different as the business grows, (b) the leadership required during the first few years is critical to business survival, (c) factors required for small-business success may not prevent small-business closure, (d) small-business leaders may not have the needed skills to avoid small-business closure, (e) the leadership process in small-business organizations is unknown or uncertain, and (f) small businesses with entrepreneurial leadership may have a better chance of business success than small businesses without it.

This study further explored these themes and aimed to provide greater insights into the experiences of small-business leaders with regard to leadership and the leadership process. The goal was to provide a greater understanding of the impact of leadership on the ability of the small organization to survive. Without a better understanding, it is difficult to understand why so many small businesses close in the first five years. In addition, without a better understanding, it is difficult to understand the impact of leadership in this process. Therefore, it is difficult to produce measures that address the challenges that may cause future closures. Chapter 3 provides greater details on the methods and methodology used in this study.



### Chapter 3: Method

This chapter outlines the methodology used in this investigation. It includes an analysis of the methods and the research design. The chapter emphasizes specific information regarding the population and sample and the methods used in conducting the interviews. Validity and reliability are also discussed, along with the approach for analyzing the transcripts of the interviews. A qualitative phenomenological design was used for this study.

The research design connects the research by exploring the research questions and then drawing appropriate conclusions (Leedy & Ormrod, 2013). The research design is important to data collection and analysis because it strengthens the study (Wright & Craig, 2011). Phenomenology helps to understand common experiences shared by several individuals (Moustakas, 1994) and provides an understanding of the phenomenon by describing how a better understanding may assist individuals, organizations, or the society with the challenges faced (Leedy & Ormrod, 2013). According to Moustakas (1994), using a phenomenological design encourages participants to conceptualize ideas, pulling from their lived experiences. The issue under consideration was the high closure rate of small-business organizations within the first five years of operation.

To date, a predominant cause of small-business closure has not been identified and there is no consensus regarding the factors required for small-business success. Lussier and Halabi (2010) contended that researchers have not yet identified what is required for small businesses to be successful in today's economy. A qualitative phenomenological investigation was the best approach to understanding the lived experiences of the small-business leaders, as more information is needed to determine what triggers closure, the factors contributing to success, and the role of leadership in this process. According to Creswell (2013), a phenomenological study "describes the common meaning for several individuals of their lived experiences of a concept or

a phenomenon” (p. 76). A phenomenological study “describes what participants have in common as they experience a phenomenon” (p. 76). A qualitative phenomenological study provides the breadth and depth needed to understand fully the essence of the experience of small-business leaders in order to develop a composite description of what the small-business leaders experienced and how they experienced it (Creswell, 2013; Moustakas, 1994).

A grounded theory design was also considered but not selected. The grounded theory approach is used to move beyond a description or an action and to generate or discover a new theory (Creswell, 2013) or a unified theoretical explanation for the actions (Corbin & Strauss, 2007; Creswell, 2013). The development of the theory might help to explain the actions or process (Creswell, 2013). This approach was not used because so much is still unknown about small-business closure and the experiences of small-business leaders with regard to leadership and business outcome that the problem warranted further investigation. In addition, little is known about the leadership process in small-business organizations during their early formative years, and it was first necessary to extract this information in the form of a phenomenological design before a theory can be developed to help explain the phenomenon.

### **Purpose Statement**

The purpose of this qualitative, phenomenological study was to explore small-business closure and examine the impact of leadership on business outcome. Specifically, the study attempted to understand the leadership process and the impact of this process on the ability of the small firm to survive. In person, Skype, and telephone interviews were completed with 20 small-business leaders within the state of California who have experienced the phenomenon of closure. Creswell (2002) noted that researchers could gain access to a large population if e-mail addresses are available to the researcher, but this was not necessary since participants were available in person or by Skype and telephone. All three methods were used for conducting the interviews.

Purposive sampling and snowball sampling techniques were used to help identify the 20 participants. Purposive sampling allowed the researcher to select participants with the rich data necessary to inform the study (Miles, 2013). Snowball sampling, in which participants in the study provide recommendations on additional participants to enrich further the study (Richards & Morse, 2013), was also attempted but proved ineffective and did not produce any participants. Snowball sampling can be effective when the study population is hidden or difficult to gain access to such as in the case of homelessness, alcoholism, sex workers, or in this case, unsuccessful or failed small-business leaders who may be unwilling to discuss their experiences with the phenomenon of closure. This approach did not yield any participants.

Small businesses in this study were divided into two groups. Small businesses within Group 1 had at least one employee and closed before year 5 of operation. Group 2 contained small businesses with ongoing business operations for more than 10 years. The businesses had at least one employee but no more than 500 employees, and the business owner had at least one prior failed attempt at a business.

More than 780,000 new businesses are created in the United States each year (Miles, 2013), with California being a national leader in job creation since 2013 (Governor's Office of Business and Economic Development, 2013). The state is currently home to more than 3.5 million small businesses, which is the largest concentration of small businesses within the United States (SBA, 2014c). However, California has not been able to sustain low closure rates for small businesses despite more than 30 years of small-business research investigating this phenomenon and despite the renewed emphasis on the small-business community in recent years. This inability to maintain lower closure rates for small businesses would suggest that the causes of small-business closure are not properly understood and, therefore, cannot be adequately

addressed. Small-business leaders, through their lived experiences, were able to offer information needed to understand further the phenomenon.

Closed small business and start-up founders often blog online about their experiences with business closure. This is one way for them to provide closure not just for themselves but also for their investors and customers. Therefore, online resources such as blogs and videos were used for mining participants. In addition, the California Chamber of Commerce, Small Business Development Centers within the state of California, and federal and state government Web sites all maintain public records of small-business owners, which were used to identify participants meeting the study criteria. Invitations to participate in the study were sent to a total of 300 small businesses meeting the study criteria. Purposeful sampling techniques were used to help identify study participants. Purposeful sampling allowed the researcher to select individuals who were able to provide the rich data needed to guide the study (Creswell, 2013).

Participants selected were current and former small-business owners. The successful businesses have been in operation for at least 10 years have at least one employee and at least one prior failed attempt at a business. The unsuccessful businesses had at least one employee and failed within the first five years of operation. Closure represented the premature termination of small-business operations for any reason, including avoiding bankruptcy or other financial loss (Headd, 2003). Closure occurred before the fifth year of operation. The focus was on the information technology sector in the state of California. Literature on small-business closure was reviewed from a variety of Web sites and databases covering psychology, sociology, and business. Online blogs, videos, doctoral dissertations, and leadership material such as textbooks and peer-reviewed papers were also examined. These additional resources helped to add depth to understanding the phenomenon.

A qualitative phenomenological study was used to address the guiding research question. The study explored small-business closure by comparing the experiences of 10 successful small-business leaders with those of 10 unsuccessful small-business leaders to understand their involvement with leadership during the early stages of the business. In particular, the research attempted to understand the leadership process during the first five years of development and the impact of this process on the firm's ability to survive. Participants' experiences were examined from the two groups to get an understanding of how leadership differ between the groups and to see what themes and constructs emerge that could help to explain the high closure rates of small-business organizations.

### **Research Method**

Qualitative research using a phenomenological design using Moustakas's (1994) modified van Kaam approach was used. The steps are as follows:

1. Listing and preliminary grouping
2. Reduction and elimination
3. Clustering and thematizing the invariant constituents
4. Final identification of the invariant constituents and themes by application
5. Using the relevant, validated constituents and themes, construct for each co-researcher, an individual textural description of the experience
6. Construct for each co-researcher an individual structural description of the experience based on the individual textural description and imaginative variation.
7. Construct for each research participant a textural-structural description of the meanings and essences of the experience, incorporating the invariant constituents and themes. (p. 120)

Qualitative research is used to address ambiguity in research that could not be resolved using the quantitative method (Gelo, Braakmann, & Benetka, 2009). By taking a holistic approach to events, procedures, and philosophies, qualitative researchers may be able to develop a better understanding of the phenomenon studied that would be difficult or impossible to attain using variables that are predefined. The qualitative method is appropriate if the problem cannot be resolved using hypothesis resulting in a yes or no response, if the study is exploratory in nature, if themes can be used to interpret the data, if a large sample is not available for study, and if the researcher controls interpretation of the data (Bryman & Bell, 2011). Qualitative research attempts to explore how individuals perceive things and why things are the way they are (Gelo et al., 2009). The research questions under study are exploratory in nature and aim to extract information from small-business owners on their experiences with leadership and the impact of leadership on the organization's outcome. According to Creswell (2013), the qualitative method provides for a broader understanding for collecting and understanding common experiences with regard to a phenomenon.

### **Participants**

**California setting.** California leads the nation in entrepreneurial or small-business start-ups in the United States. The state has almost twice as many small businesses as its closest competitor, Texas. It also leads in the number of small businesses providing services within the information technology sector. Yet, California's small-business closure rate was 69% higher than the national average in 2010 (CNN Money, 2011), and the closure rate within the state continues to be very high. The literature review brought to light contradictions and discrepancies with regard to why small businesses close or succeed; however, the review fails to provide insights into the leadership process during the early stages of development and how this process may affect business outcome (Gaskill et al., 1993; Kline, 1974). Beaver and Jennings (1996) argued,

“There is a need for an appreciation of small business management that reaches far beyond traditional management understanding” (p. 151). The authors conclude that while entrepreneurship is considered vital to the economy, the actions of the small-business owners may be a contributing factor to business collapse and must be investigated further.

**Target population.** The research study population consisted of a defined group of individuals all possessing similar characteristics relevant to the research (Sokolowski, 2008). This consisted of 20 small-business leaders within the State of California all experiencing the phenomenon of closure. A small-business leader is the founding member or current or past owner of a business enterprise with at least one but no more than 500 employees. Dworkin (2012) suggested that participant numbers should range between five and 30 to get to a point where data redundancy may be achieved. Using a total of 20 participants achieves this objective. Denzin and Lincoln (2011) noted that the lived experiences of five to 20 participants suffice to provide new knowledge on the subject studied. Each participant in the study provided a variety of concepts and large samples were not necessary in generating significant data (Sokolowski, 2008).

Mason (2010) argued that qualitative researches use a much smaller sample size than quantitative research, and other researchers such as Cronin-Gilmore (2012) agreed that 20 participants for qualitative research is an appropriate sample size along with semi-structured interview questions (Bahtsevani, Willman, Stoltz, & Ostman, 2010; Philip, 2011). The sample size of 20 participants is, therefore, appropriate for this study. The 20 small-business leaders had direct information on the leadership within small-business organizations during early entrepreneurial development, as they started and or led the business during the early formative years.

**Strategies for assessing participants.** An invitation to participate in the study was extended by e-mail to 300 small-business owners. Online blogs and videos, associations and group Web sites, the local Chambers of Commerce, Small Business Development Centers, and the State of California all maintain public records of small-business owners, which were used to identify and locate this study's initial participants. These public records were reviewed to identify small-business leaders within the State of California meeting the study criteria. Purposeful sampling techniques were used to select individuals who were able to provide rich data that were critical to answer the research questions. Creswell (2013) recommended that researchers select participants who can "purposefully inform an understanding of the research problem and central phenomenon in the study" (p. 156).

The purposeful selection of participants were guided by the following factors: (a) the small business had at least one but fewer than 500 employees at the time the interview was conducted or at the time of closure; (b) the small business was independently owned; (c) the small business was not a major player in the industry; (d) the small business operated within the information technology sector; and (e) the small-business owner experienced the phenomenon of closure, meaning that the business owner had at least one prior failed attempt at a business. The researcher followed-up by e-mail within one week with those on the initial mailing list in order to generate a list of willing participants. This process continued until the target of 20 willing volunteers was achieved.

**Procedures for enrolling participants.** Upon receipt of approval (see Appendix A) from the Institutional Review Board, the initial 100 small-business leaders were contacted by e-mail. Participants were emailed a cover letter (see Appendix B) providing details about the study and an informed consent covering a general introduction to the researcher, the rights of the participant, consent, purpose, and information on how the interview will be conducted. The



researcher also developed a Web site located at <http://www.leadershipstudyca.com>, where participants could electronically sign and return the informed consent. One week after the email contact, each person on the initial e-mailing list was contacted by e-mail to follow-up and gauge their interest. This allowed the researcher to generate a list of willing volunteers. The volunteers were asked to sign and return the informed consent (see Appendix C) and upon receipt, the interview was scheduled on an hourly basis. The interviews were scheduled by e-mail and were done in the order in which the informed consent letters were returned to minimize bias.

### **Interview Protocol**

**Interview format.** The researcher must determine the technique that is most effective in phenomenological research (Leedy & Ormrod, 2013). Interviews are an effective method of data collection using the qualitative method (Aken, 2010; Moustakas, 1994). The interviews were done in person, by Skype, and by telephone. Interviews were 45 to 60 minutes in duration and were recorded with the consent of the participant. Interviews can be structured or unstructured or they can be semi-structured. This study used semi-structured interviews to understand the lived experiences of small-business owners with regard to the impact of leadership on the business outcome. An interview protocol (see Appendix D) was used to extract information from the participants. The interview format provided a better understanding of the issue through the ideas and collective input of all participants and through semi-structured conversations aimed at extracting the information from each participant. The objective of qualitative research is to explore the lived experiences of a phenomenon (Creswell, 2013; Moustakas 1994).

The participants were required to sign the informed consent before the interview; this emphasized the participant's rights to end the interview at any point during the process, or to refuse to answer any question for any reason; the time commitment required to complete the interview; the written permission required before the interview could be scheduled; and

information related to privacy of the participants and information gathered. Precautions were put in place to ensure participants' information remained confidential. No private information was collected and no confidential information will be made public.

**Interview structure.** This study's goal was best achieved using semi-structured interviews to collect the data, as this allowed participants to discuss each question freely without inhibition and for the researcher to gather as much information as possible. Creswell (2013) argued that semi-structured interviews use open-ended and close-ended questions. Open-ended questions offer in-depth responses; however, when only open-ended questions are used, only partial understanding of the issue will be achieved (Cooper & Schindler, 2003). When only closed-ended questions are used, this limits the ability to obtain the broad understanding necessary to explore and understand the topic, as closed-ended questions will limit the options available to the study participants. This researcher opted to use open-ended questions to encourage participants to discuss the topic freely from any perspective they chose (Roulston, 2010) and without limiting their responses (Creswell, 2013).

Semi-structured interviews do not limit responses, but instead offer a frame of reference that helps to extract responses (Cooper & Schindler, 2003). The goal was to encourage each participant to share information that he or she considered relevant and useful. Moustakas (1994) contends that lived experiences are best obtained through less structured formats. Because of their unique backgrounds of having started and led a small business, participants were able to put forth ideas based on their unique experiences and specific circumstances (Lasch et al., 2010). The researcher conducted the interviews without the use of third-party interviewers. Probing techniques such as follow-up questions were used when necessary to help extract additional information relevant to the study (Roulston, 2010).

**Research and interview questions.** The research questions drove the study. The interview questions (see Appendix E) helped to extract information needed to answer the research questions. The research questions were as follows:

Research question 1: What are the perceptions of small-business leaders regarding leadership and small-business closure?

Research question 2: What are the perceptions of small-business leaders regarding leadership and small-business success?

Research question 3: What do small-business leaders attribute with regard to leadership to the success or closure of their business?

The interview questions were specific to the two groups under study. Group 1 consisted of businesses that ceased operations prior to year 5 of the business. The interview questions for Group 1 were:

1. What contexts or situations have influenced or affected your experiences with leadership?
2. Can you describe unique characteristics of small-business closure that might embody common features or components of the small-business organization?
3. Describe the process through which small-business leaders influence, inspire, and develop followers in small-business organizations.
4. Describe the process through which small-business leaders accomplish work through others.
5. In what ways does leadership impact or affect the small-business leader's ability, or inability, to avoid small-business closure?
6. In what ways can leadership be considered important or unimportant when trying to avoid small-business closure?

7. In what ways do other factors besides leadership impact the small-business leader's ability to avoid small-business closure? Other factors may include organizational size, marketing, planning, finances, etc.
8. What are common or familiar elements in the characteristics of small-business organizations that might inevitably lead to closure of the organization?
9. What additional information could you provide that may help small businesses prevent premature closure?
10. What additional information could you provide that may help to improve leadership in small-business organizations?

Group 2 consisted of businesses that achieved sustainable business operations for more than 10 years. The interview questions for Group 2 were:

1. What contexts or situations have influenced or affected your experiences with leadership?
2. Describe leadership characteristics that are required for success during early development of the small-business organization.
3. Describe the process through which small-business leaders influence, inspire, and develop followers in small-business organizations.
4. Describe the process through which small-business leaders accomplish work through others.
5. What skills and practices do small-business leaders need to ensure success of the small-business organization for more than 5 years?
6. What strategies do small-business leaders use to overcome early challenges and create a successful small-business organization?

7. Describe critical factors that you believe contributed to your business operating successfully for more than 10 years.
8. How would you describe or explain successful operations of your small-business organization for more than 10 years while so many others have failed?
9. What additional information could you provide that may help to improve small-business's chances to succeed?
10. What additional information could you provide that may help to improve leadership in small-business organizations?

The following interview questions were presented to small-business leaders in both Groups 1 and 2:

1. What leadership strengths would small-business leaders perceive as contributing to small-business success?
2. What weaknesses with regard to leadership would small-business leaders perceive as contributing to premature business closure?

**Interview logistics.** The interviews-were conducted in person, through Skype, and by telephone and recorded upon consent from the participants. Prior to each interview, the researcher summarized the informed consent, namely the purpose of the study, rights of the participants to stop the study at any point, and their rights to refuse to answer any questions without retribution. The researcher focused on establishing rapport and creating a pleasant experience for each participant (Cooper & Schindler, 2003) prior to engaging in the interview questions.

A recording device was used to capture the conversation once the participant gave consent. The interviews were then transcribed to improve the quality of the information provided. An additional copy of each transcript was made and stored in a locked filing cabinet. A

laptop computer, a digital voice recorder, and a journal were used to document the process and progress of the study as well as for verification purposes. In addition to recording the interviews, the researcher examined nonverbal attitudes, body language, pauses and gestures, hesitation, and or excitement of each participant. No remuneration was offered for participating in this study.

### **Data Collection**

Data collection is important in the research study. Researchers conducting qualitative research must collect data that are valid and reliable (Sokolowski, 2008). The interview questions guided the data collection process. Researchers in qualitative studies often serve as instruments (Leedy & Ormrod, 2013) and are an implicit part of the study. Tools used to collect data from participants are considered data collection instruments (Shea, Grinde, & Elmslie, 2011). The primary data collection method was the recorded interview. An interview template was used as a data collection tool. Interviews were recorded with permission from the participants. The data collection process consisted of administering the interview questions in interviews lasting between 45 and 60 minutes in duration. The researcher administered all interviews directly without the use of third parties.

### **Preparation of Data for Analysis**

**Data preparation.** A qualitative, phenomenological study requires the use of qualitative tools such as computer software to aid with identifying themes from the printed interview transcripts. NVivo software was proposed and used in this study. All interviews were recorded using a digital recorder and transcribed using Microsoft Word. Copies of the transcript were made to ensure there was backup copy, and then it was entered into or imported into the NVivo software for analysis. Triangulation of the data occurred by comparing the interview notes with the transcription of the interview to ensure accurate transcription of the data (Oleinik, 2011). The transcripts were reviewed to verify responses were consistent with the interview questions. A

logical sequence was used to gather information by asking the same interview questions to participants in each group of small-business leaders (Lasch et al., 2010), using the same order based on the interview template. This will also help with duplication of the study's outcome, which will add to the quality and consistency of the process (Mayer & Boness, 2011).

**Data organization.** The data organization process began after the interview notes were compared to the interview transcripts and after the data had been edited to remove unnecessary items. Organizing the data involved maintenance and review of the research journal, checking the data and deleting unnecessary items, entering data into the NVivo software for analysis, and reviewing the notes taken during the interview (Leedy & Ormrod, 2013). Trends, patterns, or themes that were noticed during this data organization process were identified and conflicts or critiques noted. Errors can be minimized by carefully checking the data (Sokolowski, 2008), which was accomplished by verifying the integrity and making note of any relationships among the data. A journal was maintained to create a record that could be referenced later. This added to the validity and reliability of the study given that another researcher may be able to use the written notes in the journal to duplicate easily the study (Corrigan, Desnick, Marshall, Bentov, & Rosenblatt, 2011).

**Purging the data.** Overlapping and repetitive data were eliminated. The remaining data were then clustered by experience into thematic labels, which formed the core themes of the experience of each participant. The themes were then checked against the complete participant record for compatibility and relevance. Verbatim examples from the transcripts were used to document the experience without identifying any participant's confidential information. Finally, a description of the meanings and essence of the experience was developed for the participants as a whole and noted and logged (Moustakas, 1994). The research data were maintained on a laptop

computer and on a flash drive. A hard copy was kept in a secure file and maintained following applicable state and federal guidelines and university protocol.

**Data analysis.** After the data were collected, organized, and cleansed, they were reduced for analysis by grouping into common groups and themes (Moustakas, 1994). The researcher reviewed notes taken during the interview prior to the data analysis (Leedy & Ormrod, 2013), reviewed how notes taken during the interview process may relate to the research questions, and noted any new concepts that emerged (Sokolowski, 2008). Moustakas's (1994) modified van Kaam method was used to assign meaning to thematic expressions from the interviews.

Data analysis and interpretation provide an opportunity to clarify understanding of the data to help answer the research questions. The interview questions, the transcription of the interviews, and notes taken during the interview were reviewed prior to the data analysis. The researcher then identified categories, themes, and ideas emerging from the study (Wainwright & Russell, 2010). The qualitative data analysis process is repetitive and inductive (Saldana, 2011; Tan, 2010); therefore, the researcher repeated the data analysis process as necessary until patterns and themes could be clearly identified. The process is recursive and cycles were repeated as the researcher revisited previous steps in analyzing the data. The interview questions guided the study and the data obtained during the interview were compiled logically and in sequential order to help identify findings and draw conclusions.

**Data coding.** Names and sensitive data collected were coded to ensure confidentiality. Each participant was assigned a number code, and this number was used to identify the individual throughout the study. Coding is also important to identifying patterns and themes and for drawing conclusions. The interview data were coded by comparing the data and identifying patterns (Sokolowski, 2008).



Saldana's (2011) coding methods were followed to help identify patterns and themes. Saldana's method includes: (a) initial coding, (b) axial coding, and (c) theoretical coding. According to Saldana, initial coding entails making large quantities of data smaller. Consequently, the researcher broke down large quantities of data into smaller more manageable sections. This initial coding was the starting point and provided guidance for the rest of the study. Axial coding extended the analysis completed under the initial coding. Data that were fragmented during the initial coding were reassembled (Kikooma, 2010). The researcher then reviewed and linked categories and subcategories of data together (Saldana, 2011). Theoretical coding involved placing the existing categories into one central category. The researcher identified relationships among the categories so that the categories could be integrated into one central category. The researcher analyzed and interpreted data to draw conclusions that helped to answer the research questions, and interpreted and summarized the experience of each participant to understand the phenomenon.

The NVivo software was helpful for coding, development of themes, and for interpretation of the data (Tan, 2010). The transcribed data from the interviews were placed into two groups and then coded. Data were arranged into these groups based on themes and relationships. Themes and patterns that emerged during coding were noted (Lasch et al., 2010; Sokolowski, 2008) and the data coding was adjusted as needed. Central themes were identified, which helped to place fragmented data (Tan, 2010). Coding aligned with the thoughts and ideas of each participant and the NVivo software helped to provide a better understanding of the information.

### **Reliability and Validity**

**Internal validity.** Reliability and validity are important in research studies (Sokolowski, 2008) and are further enhanced by consistency and stability in the process (Leedy & Ormrod,

2013). Threats must be minimized so that accurate conclusions can be made about the data, and researchers need to ensure that the measures they use are reliable. Reliability of the study affects the validity (Creswell, 2013). One threat to internal validity is the selection of study participants. Selection of participants can pose a threat affecting the study's outcome. Random selection of study participants can help to minimize this risk. Purposeful sampling was used to identify information-rich participants, reduce the threat to internal validity, and ensure that the study findings remained accurate. Triangulation further supported reliability and validity of the study findings.

**Reliability of the study.** In qualitative research, researchers conduct a pilot interview with a sample population to determine if the research questions are appropriate and to ensure that the time allotted for the study is adequate for conducting the study (Thabane et al., 2010). For this study, reliability of the interview was determined with a pilot interview to determine if there were weaknesses or flaws with the study design so they could be corrected prior to implementation of the research (Kvale, 2007). Data that did not conform to the research criteria were identified and removed. An inductive process aimed at exploring the phenomenon was used. The interview questions guided the data collection from the sample of 20 small-business leaders. The data collected represented the experiences of the small-business leaders with regard to leadership during early entrepreneurial development. Reliability of the coding process and interpretation can be achieved when other researchers are able to replicate the study using similar data and obtaining similar results. Lasch et al. (2010) argued that reliability is achieved when other researchers are able to come to the same results by conducting the same research utilizing the same procedures (Ali & Yusof, 2011; Sokolowski, 2008).

The researcher minimized bias by comparing the data obtained from the interviews with the interview questions, by reviewing the data, and by using the NVivo software to assist with

analysis and interpretation of the data. The researcher reviewed notes taken during the interview as needed. Reliability and validity are reinforced with consistency in the interview questions (Dibley, 2011); therefore, an interview protocol was used. The researcher cross-checked the definition of each code and repeated the data analysis until themes and patterns could be clearly identified (Wilder, 2010). The research questions were asked in the same order with each participant to increase reliability and validity. Creswell (2013) argued for the need to minimize threats that impact the ability to evaluate accurately the data and affirmed that the researcher's goal is to ensure that the measures used in the study are reliable. Reliability, in turn, will affect the study's validity.

**External validity.** Threats to external validity may interfere with the results on this research study. The external validity of this study concerns the applicability of the results to the larger small-business population (Finfgeld-Connett, 2010). Theoretical propositions obtained during the literature review were used to link information obtained from this study to ensure external validity (Pearson & Coomber, 2010; Wright & Craig, 2011). Establishing validity is an important process in the research study (Finfgeld-Connett, 2010) and can be achieved through data cleansing and by disclosing any researcher bias that may pose a threat to validity.

**Validity of the study.** Validity of the data refers to the credibility and trustworthiness of the data (Lasch et al., 2010). It ensures that conclusions and interpretations are accurate and representative of the phenomenon (Frost et al., 2011). Validity is when a researcher can make trustworthy interpretations about the sample data (Cooper and Schindler, 2003; Lasch et al., 2010). To ensure validity, the researcher disclosed and monitored researcher bias by making journal entries and continually reviewed those entries throughout the entire process. The researcher also used multiple sources of data, including observations and notes taken during the interviews; and compared transcripts of the interviews to the notes taken during the interviews,

in the form of triangulation. The researcher used a journal to record and to monitor the process and continually reviewed the journal entries throughout the study. According to Moustakas (1994) and Ali and Yusof (2011), triangulation may help to strengthen and ensure reliability of qualitative data. In addition, Creswell (2013) notes that a researcher can bracket himself or herself out of a study by disclosing any experience the researcher has with the phenomenon. In this regard, this researcher operates a small-business organization within the State of California and has worked for various small-business organizations within the state throughout the last 12 years.

### **Summary and Transition**

The qualitative phenomenological method used in this study helped to further the understanding into small-business closure by gathering the lived experiences of the 20 small-business participants in this study. Qualitative methodologies help to provide a unique understanding of the phenomenon under study (Creswell, 2013). Interviews were used to collect data because interviews are considered essential for capturing and understanding participants' lived experiences. By interviewing small-business owners located within the State of California, this researcher hoped to gain a better understanding of possible causes of small-business closures, and the role of leadership in this process. Chapter 4 provides the presentation of this study's findings.

## Chapter 4: Results

Chapter 1 outlines the background of this study with regards to the high closure rate of small business organizations before their fifth year of development. The purpose of this qualitative phenomenological study was to explore the phenomenon of closure by comparing the experiences of successful small-business leaders with those of unsuccessful small-business leaders to understand their involvement with leadership during the early stages of the business. In particular, the research attempted to understand the leadership process during the first five years of development and the impact of this process on the firm's ability to survive. Participants' experiences were compared to understand how leadership differs between the groups and to identify themes and constructs that may help to explain the high failure rate of small-business organizations. The focus of the study was leadership's impact on the phenomenon of closure. Analoui and Karami (2003) noted that leadership is probably the most important of all the factors in determining the success of a small firm, which was confirmed by Harris and Gibson (2006) when they noted that leadership is the main cause of small-business closure. Likewise, Van Dick and Schuh (2010) argued that leadership is the key requirement for organizational efficiency and performance, a sentiment shared by Holloway (2013), in concluding that leadership deficiencies contribute to small-business closures. This chapter outlines the results of this investigation into the phenomenon of closure and the impact of leadership on this phenomenon. The chapter also contains a discussion of the collection method and data analysis process.

Purposeful sampling was used to identify initial participants for the study. Snowball sampling, which occurs when participants recommend other participants for the study (Richards & Morse, 2013), was also attempted, but proved ineffective and did not result in any new participants. Purposeful sampling allowed the researcher to target individuals who were able to provide the rich data needed to answer the research questions (Creswell, 2013). Participants

selected had direct experience with leadership and small-business closure. Closure represented the inability to sustain continued business operations for 5 or more years. It is premature termination of small-business operations because the company has fallen short of its goals and objectives or to avoid bankruptcy or other financial loss (Headd, 2003).

### **Pilot Interview**

A pilot study was conducted with a small business founder, known to the researcher, whose business failed during the first year. This was done to ensure reliability of the interview and to determine if there were weaknesses or flaws with the study design so they could be corrected prior to implementation of the research (Kvale, 2007). During this process, I determined that interview question one needed some clarification. The question was then altered to add that the purpose or intent of the question was to understand what in each participant's background prepared him or her for the role of leadership.

### **Selection of Participants**

No demographic information was collected. The selection of participants was contingent upon meeting specific study criteria, including the number of employees, industry, the number of years the business operated, and the geographic location of the business at present or at the time of closure.

### **Collection Method**

The problem was the high closure rate of new small-business organizations within the first five years of development. The California Chamber of Commerce, Small Business Development Centers within the state of California, and federal and state government Web sites all maintain public records of small-business owners that were used to identify participants meeting the study criteria. Online resources such as blogs and videos were also used to solicit initial participants. Invitations were separated into the two groups; successful and unsuccessful.

The group of unsuccessful small-business leaders was contacted first and invitations were sent by e-mail to 50 small-business owners with businesses closing prior to year 5 of operation. Immediately following this, more e-mails were sent to 50 small-business leaders meeting the study criteria for successful businesses. This initial e-mail list of 100 businesses constituted the initial mailing and resulted in only seven responses: four unsuccessful and three successful businesses. A week later, another 100 businesses were contacted using the same method resulting in an additional eight responses: three unsuccessful and five successful businesses. A third e-mail distribution 1 week following the second distribution to 100 small-business owners resulted in nine additional responses, five unsuccessful and four successful, for a total of 24 responses, 12 in each group. The contact e-mail contained a link to the study Web site, which contained the contact letter, the consent form, and the study criteria.

Those who responded expressing interest were sent a second e-mail message with the link to the study Web site and were asked to sign and return the consent form, which was available for download from the Web site. Upon receipt of the signed consent form, the interviews were scheduled. After the interview was scheduled, one participant from the unsuccessful group withdrew from the study voluntarily. Another participant was eliminated because the closed company operated outside of the State of California. Of the 12 participants in the successful group, one did not return the signed consent and another was eliminated because the successful company had moved from California to another state where it is currently in operation. This left a total of 20 participants, 10 within each group.

The data collection phase consisted of conducting in-person, telephone, or Skype interviews with the 20 small-business owners over an 8-week period. Interviews were 45-60 minutes in duration. All three methods were used to conduct the interviews. Recording devices were used to capture the conversations and to ensure accurate transcription of the interviews

during the collection phase. These interviews were then imported into NVivo10 software for analysis. Moustakas's (1994) modified van Kaam model was used to understand the data.

### **Coding the Data for Analysis**

Data analysis involved first collecting the data from the interviews then coding, analyzing, and reporting of the data obtained from the study participants. Coding included Saldana's (2011) coding methods, which were helpful in identifying patterns and themes. Saldana's method involves: (a) initial coding, (b) axial coding, and (c) theoretical coding. The initial coding entailed making large quantities of data smaller by breaking down large quantities of data into smaller more manageable sections and coding all expressions from the participants relevant to the research questions. This initial coding was the starting point and provided guidance for the rest of the study. The data were placed into two groups and then each group was coded. Data were arranged into these groups based on themes and relationships. Themes and patterns that emerge were coded (Lasch et al., 2010; Sokolowski, 2008) and the data coding adjusted as needed. Central themes were identified, and these themes were used to place fragmented data (Tan, 2010).

Axial coding extended the analysis completed under the initial coding through which patterns and themes were identified and were used to link data and to identify additional patterns and reassemble any fragmented data (Kikooma, 2010). Categories and subcategories of data were also linked together to form themes (Saldana, 2011). The final step was theoretical coding, which involved placing the existing categories into one central category. Theoretical coding was done by identifying relationships among the categories so that the categories could be integrated into one central category. Emerging themes were compared to themes in peer-reviewed literature on leadership and small-business success and closure and then incorporated into the research



findings (Cope, 2010). The researcher then analyzed and interpreted the data to draw conclusions and answer the research questions by following the modified van Kaam approach.

### **Data Analysis**

Data analysis was conducted utilizing a modified van Kaam approach, which consists of the following seven steps: listing and preliminary grouping, reduction and elimination, clustering and thematizing the invariant constituents, final identification of the invariant constituents, individual textural description of the experience, individual structural description of the experience, textural-structural description of the meanings and essences of the experiences.

**Listing and preliminary grouping.** This step involved identifying and listing all expressions made that were relevant to understanding the small-business leader's experience with leadership and small-business success and closure and its causes. The process is also called horizontalization. Listing all relevant expressions and giving them equal value completes this process of horizontalization and eliminates any prior assumptions regarding the phenomenon (Moustakas, 1994).

**Reduction and elimination.** The reduction and elimination stage calls for the analysis of relevant expressions to identify themes. Relevant expressions were tested to determine whether they represented a description of the experience necessary and sufficient for understanding leadership and small-business closure and whether they could be abstracted into groups and labeled as appropriate for understanding the experiences. Expressions not meeting these criteria were eliminated. Repetitious expressions were grouped together into a single group, and any expression not relevant to understanding the experience was deleted.

**Clustering and thematizing the invariant constituents.** This step involved associating data into themes and eliminating overlapping or redundant data or experiences. The remaining data represented the core themes.

**Final identification of the invariant constituents and themes by application.** This step involves checking the invariant constituents and themes to ensure they are explicitly expressed or compatible if not explicitly expressed. Expressions and themes that were not compatible were deleted.

**Individual textural description of the experience.** This step involved identifying and listing verbatim examples of expressions from the transcribed transcripts.

**Individual structural description of the experience based on the individual textural description.** This step involved a structural description of the experience based on the individual textural description of the experience.

**Textural structural description of the meanings and essences of the experience.** This step involved using or incorporating the invariant constituents and themes into a description of the meanings and essences of the experience. The NVivo10 software facilitated the coding process and helped with the development and grouping of themes (Tan, 2010).

### **Presentation of Findings**

The study consisted of 12 open-ended interview questions, which were asked of participants in two groups: businesses that closed prior to year 5 of operation—Group 1, and businesses with ongoing operations for 10 years or more—Group 2. Participants in both groups had direct experience with the phenomenon of closure. The interview questions provided the basis for insights into the research questions. The interview questions were divided into two groups. The groups shared six questions in common, which helped to understand their experiences with business closure as well as where they differed. The remaining six questions were unique to the specific group to provide a more detailed analysis of leadership within the group. Table 2 summarizes the interview questions. Questions 1, 3, 4, 9, 10, and 12 are questions

asked of both groups, these questions will be discussed first. Questions 2, 5, 6, 7, 8, and 11 are specific to each group and will be discussed later.

Table 2

*List of Interview Questions*

Question	Group 1—Closed Before Year 5	Group 2—Continuous Operation for 10 or More Years
1	What contexts or situations have influenced or affected your experience with leadership?	Same as Group 1
2	Describe unique characteristics of small-business failure that might embody common features or components of the small-business organization.	Describe leadership characteristics that are required for success during early development of the small-business organization.
3	Describe the process through which small-business leaders influence, inspire, and develop followers in small-business organizations.	Same as Group 1.
4	Describe the process through which small-business leaders accomplish work through others.	Same as Group 1
5	In what ways does leadership impact or affect the small-business leader's ability, or inability, to avoid small-business closure?	What skills and practices do small-business leaders need to ensure success of the small-business organization for more than 5 years?
6	In what ways can leadership be considered important or unimportant when trying to avoid small-business closure?	What strategies do small-business leaders use to overcome early challenges and create a successful small-business organization?

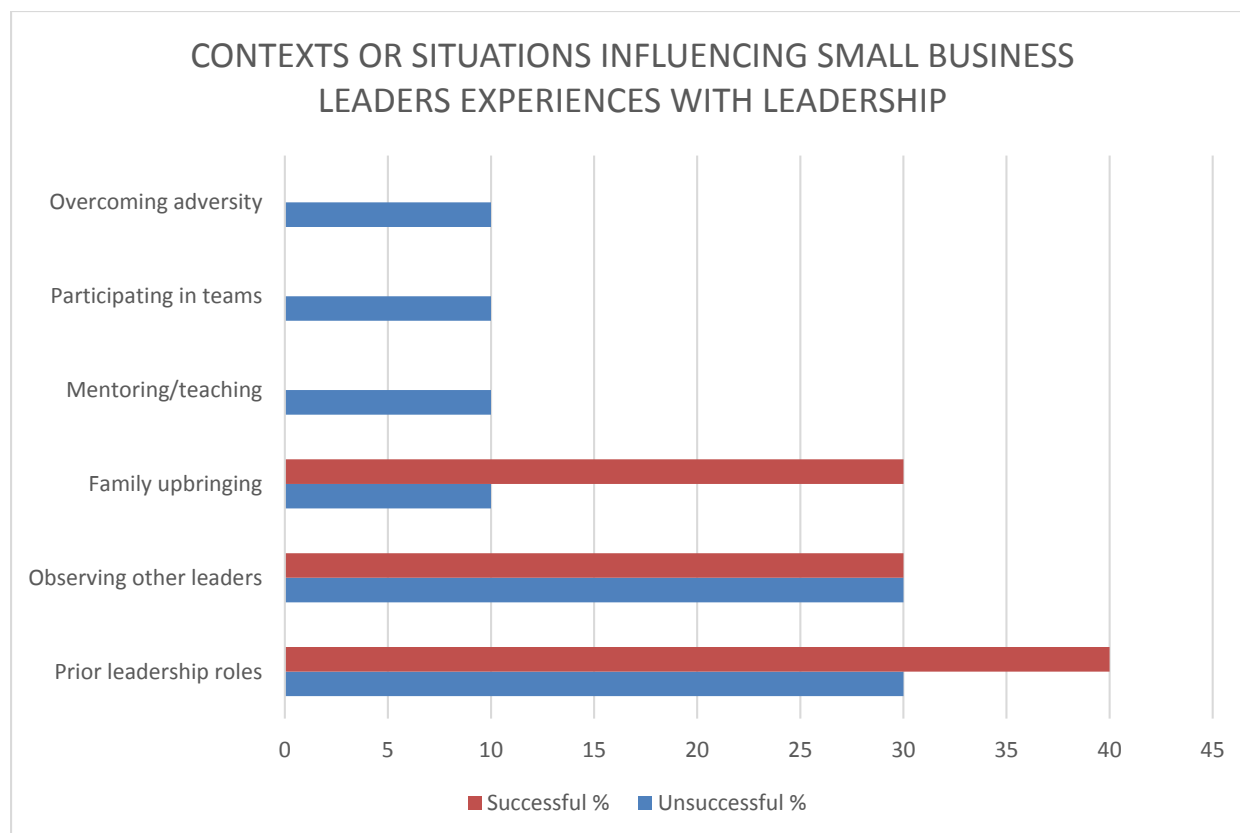
*(continued)*

Question	Group 1—Closed Before Year 5	Group 2—Continuous Operation for 10 or More Years
7	In what ways do other factors besides leadership impact the small-business leader's ability to avoid closure? Other factors may include organizational size, marketing, planning, finances, etc.	Describe critical factors that you believe contributed to your business operating successfully for more than 10 years.
8	What are common or familiar elements in the characteristics of small-business organizations that might inevitably lead to closure of the business?	How would you describe or explain successful operations of your small-business organization for more than 10 years while so many others have failed?
9	What leadership strengths would small-business leaders perceive as contributing to small-business success?	Same as Group 1
10	What weaknesses with regard to leadership would small-business leaders perceive as contributing to premature business closure?	Same as Group 1
11	What additional information could you provide that may help small businesses prevent premature closure?	What additional information could you provide that may help to improve small-business' chance to succeed?
12	What additional information could you provide that may help to improve leadership in small-business organizations?	Same as Group 1

### Discussion of Findings: Groups 1 and 2

Interview Question 1: What contexts or situations have influenced or affected your experiences with leadership?

This question was clarified to add that the intent was to understand the leaders' backgrounds with regard to leadership. Leaders from both groups shared similar backgrounds with regard to their experiences with leadership. For both groups, prior leadership experiences in other organizations, being around other leaders and observing them, and family upbringing constituted the vast majority of their experiences with leadership. Of successful small-business leaders, 40%, as opposed to 30% of unsuccessful small-business leaders, had prior leadership experience before starting their most current business. Of successful small-business leaders, 30% cited their upbringing such as having participated in professional or youth organizations such as Boy Scouts or sports team as having impacted their leadership, as opposed to 10% of unsuccessful leaders. Both groups had the same impact from being around other leaders and observing them and 30% of each group did. Additional factors were participating in teams, teaching and mentoring, and overcoming adversity. Figure 2 summarizes the results from interview question 1 from both the successful and unsuccessful groups.



*Figure 2.* Summary of findings for interview question 1—Groups 1 and 2.

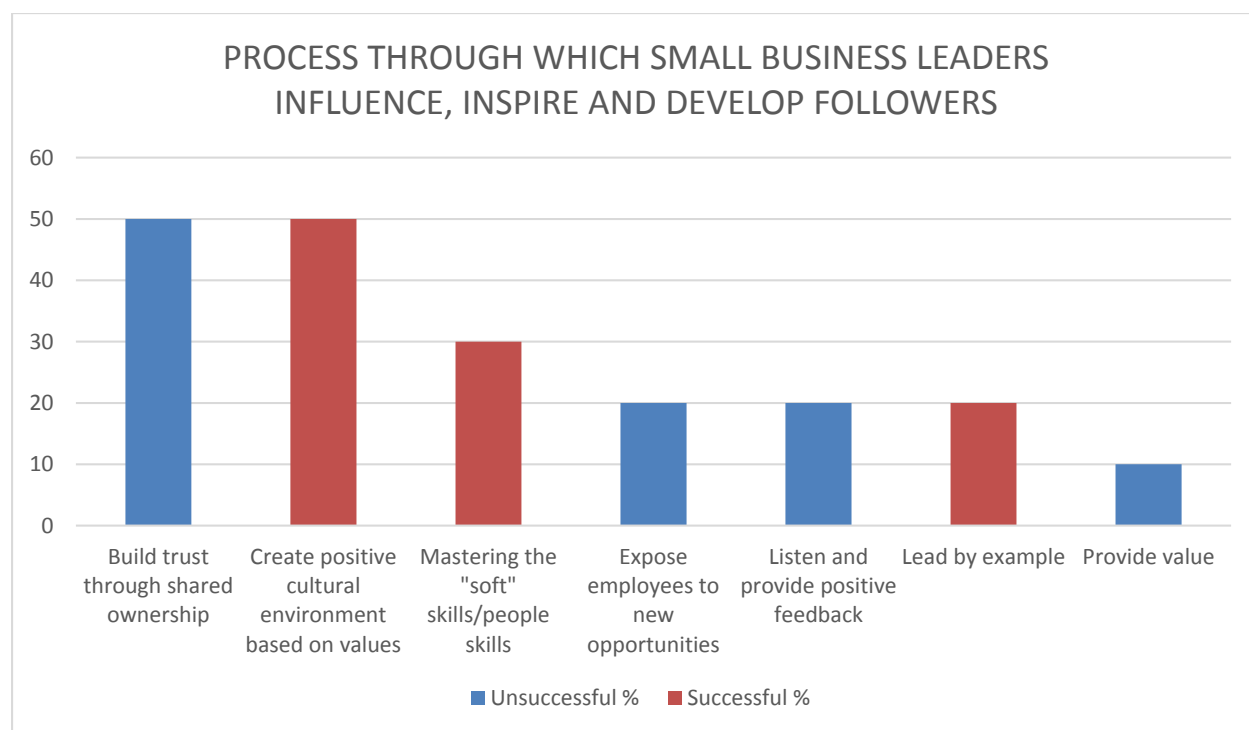
Interview Question 3: Describe the process through which small-business leaders' influence, inspire, and develop followers in small-business organizations.

The data did not reveal any defined process with regard to this research question. However, certain differences in approach to leadership were noted. Leadership for the unsuccessful group occurred through trust and trust was built through shared ownership of tasks or shared vision according to 50% of respondents. Approximately 20% of respondents exposed employees to new opportunities, 20% listened and provided feedback, and 10% provided value.

Leadership for the successful group was more focused on the culture and building an organization based on values. Approximately 50% inspired and motivated by promoting a positive cultural environment based on values. Leaders in this group also stated that they

motivated by mastering the soft people skills, 30% of respondents and 20% Lead by example.

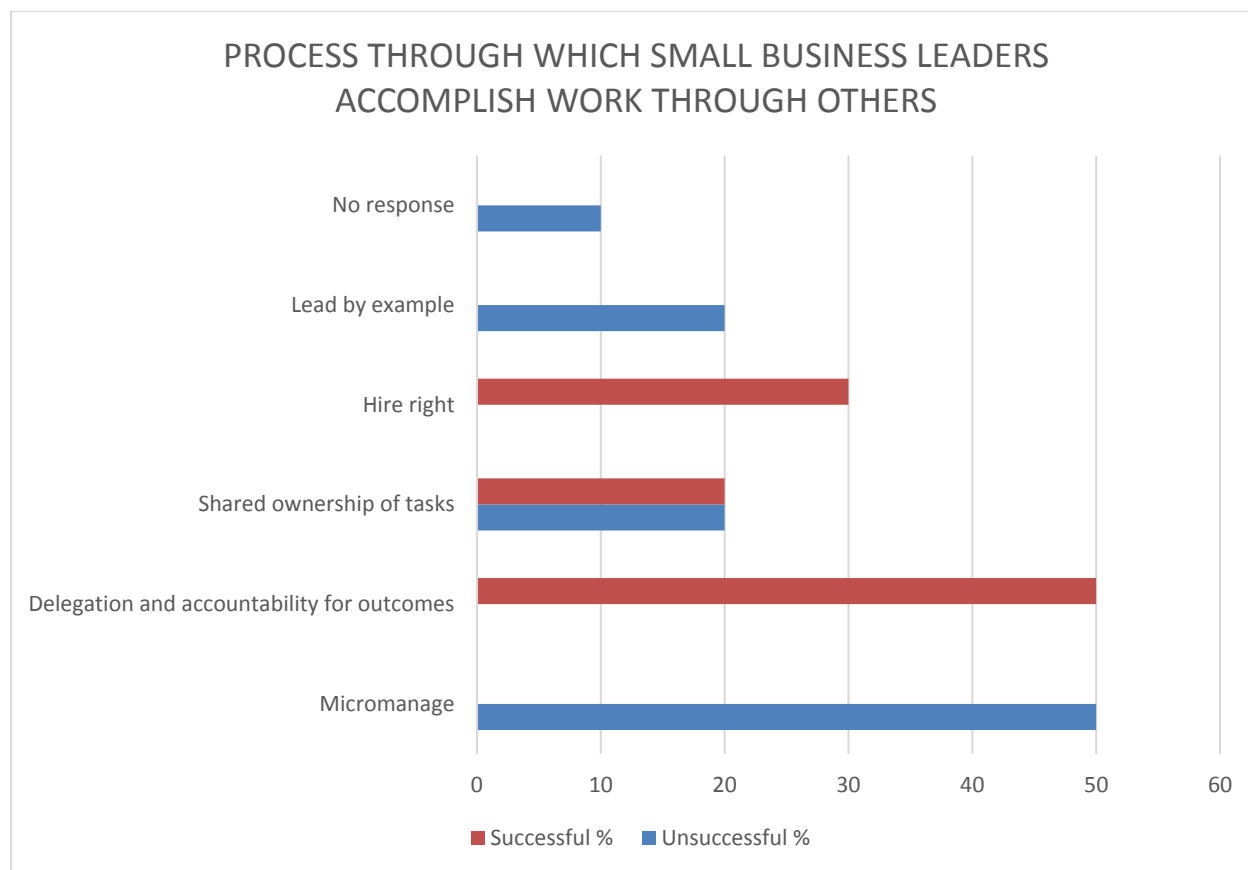
Figure 3 presents a summary of the results for question 3.



*Figure 3.* Summary of findings for interview question 3—Groups 1 and 2.

Interview Question 4: Describe the process through which small-business leaders accomplish work through others.

No defined process was noted. However, as with the previous question, some similarities and differences were noted. Approximately 50% of unsuccessful small-business leaders micromanaged employees. Another 20% got work accomplished through shared ownership of tasks, and 20% led by example. On the other hand, 50% of successful small-business leaders got work accomplished through delegation and by holding employees accountable for outcomes. 20% through shared ownership of tasks, and 30% said they paid particular attention to hiring decisions by ensuring the right employees are recruited. Figure 4 summarizes these results.

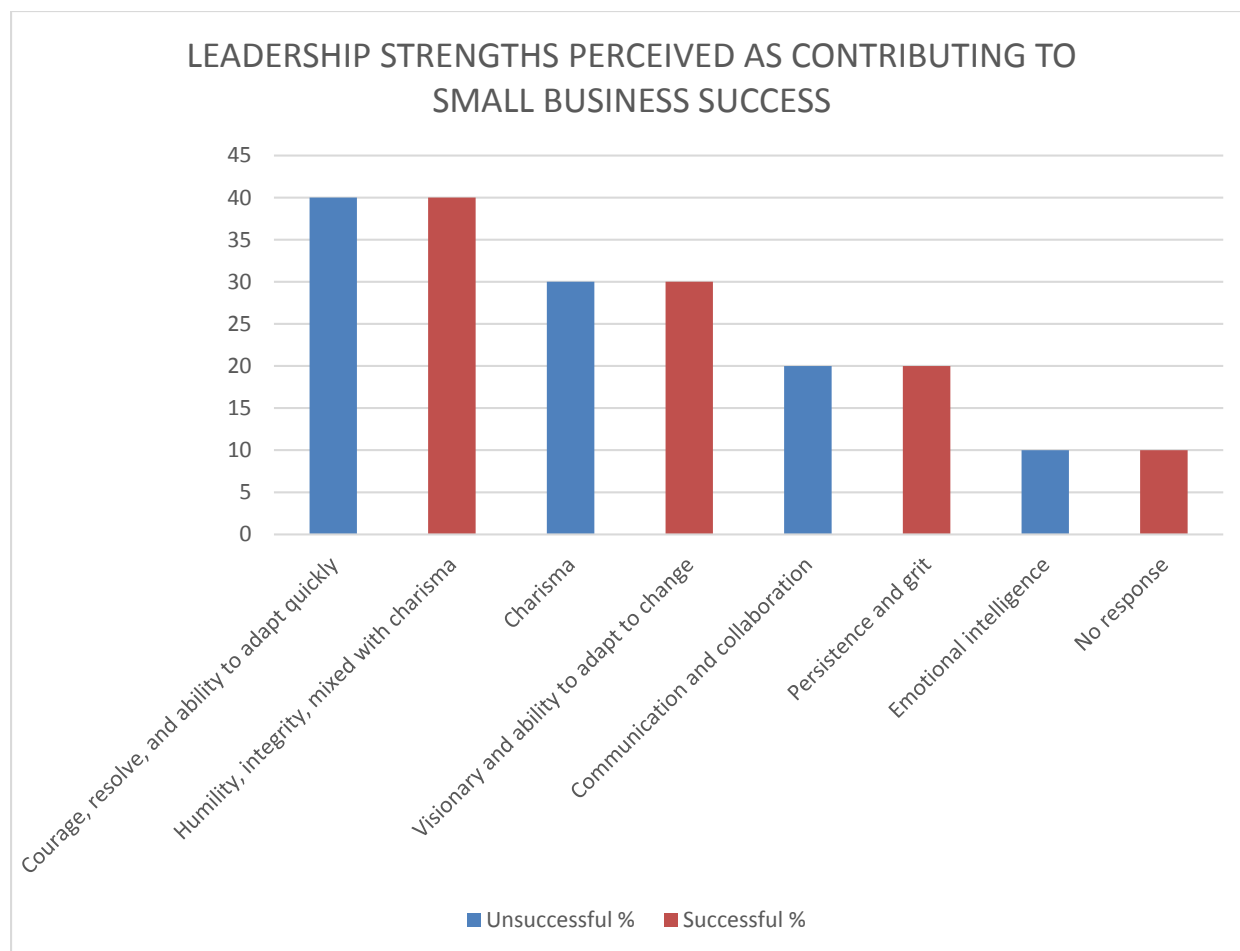


*Figure 4.* Summary of findings for interview question 4—Groups 1 and 2.

Interview Question 9: What leadership strengths would small-business leaders perceive as contributing to small-business success?

Approximately 40% of unsuccessful leaders responded that courage, resolve, and ability to adapt quickly are most important to success. Another 30% thought charisma was important, 20% noted communication and collaboration are needed for success, and 10% said competence and emotional intelligence. Successful leaders, on the other hand, believed humility, integrity, and charisma are strengths that determine success according to 40% of respondents. Successful small-business leaders must be visionary and adaptable to circumstances, noted 30% of participants, and the remaining 20% said persistence and grit were most important to their success. Figure 5 summarizes these results.



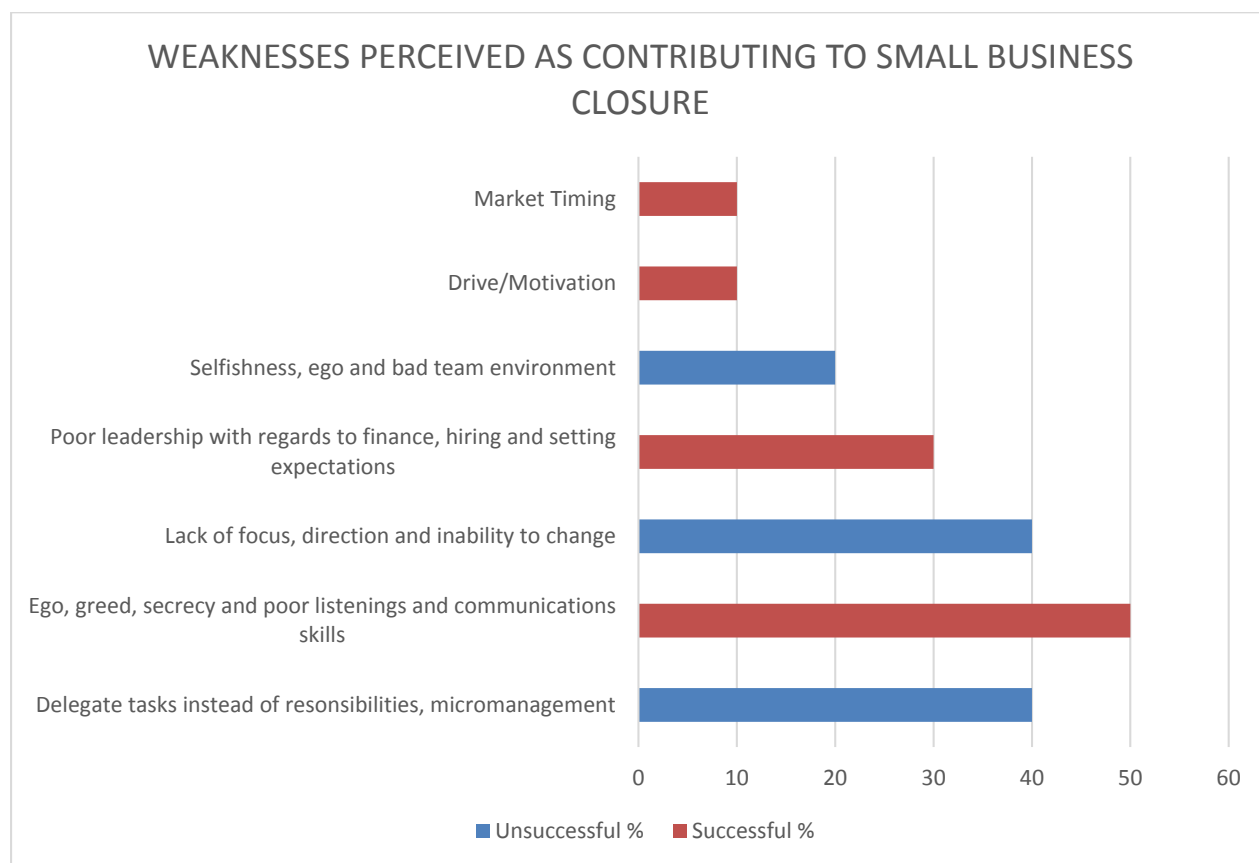


*Figure 5.* Summary of findings for interview question 9—Groups 1 and 2.

Interview Question 10: What weaknesses with regard to leadership would small-business leaders perceive as contributing to premature small-business closure?

Delegating tasks instead of responsibilities, micromanaging, and poor communication skills were noted by unsuccessful small-business leaders as weaknesses that contributed to their closure, with 40% of participants citing these reasons. Another 40% attributed their closure to lack of focus and direction and the inability to change direction when needed. The remaining 20% suggested that selfishness, ego, and bad team environment are weaknesses that caused them to fail. Successful small-business leaders responded that ego, selfishness and greed, secrecy involving the business, poor listening and communication skills, dishonesty, and not knowing their weaknesses or blind spots as leaders, as weaknesses contributing to their failure, with 50%

of participants giving this response. Another 30% noted poor leadership with regard to financials, hiring, setting expectation, and understanding the other parts of the business, 10% listed drive or motivation, and the remaining 10% noted market timing as weaknesses. These results are summarized in Figure 6

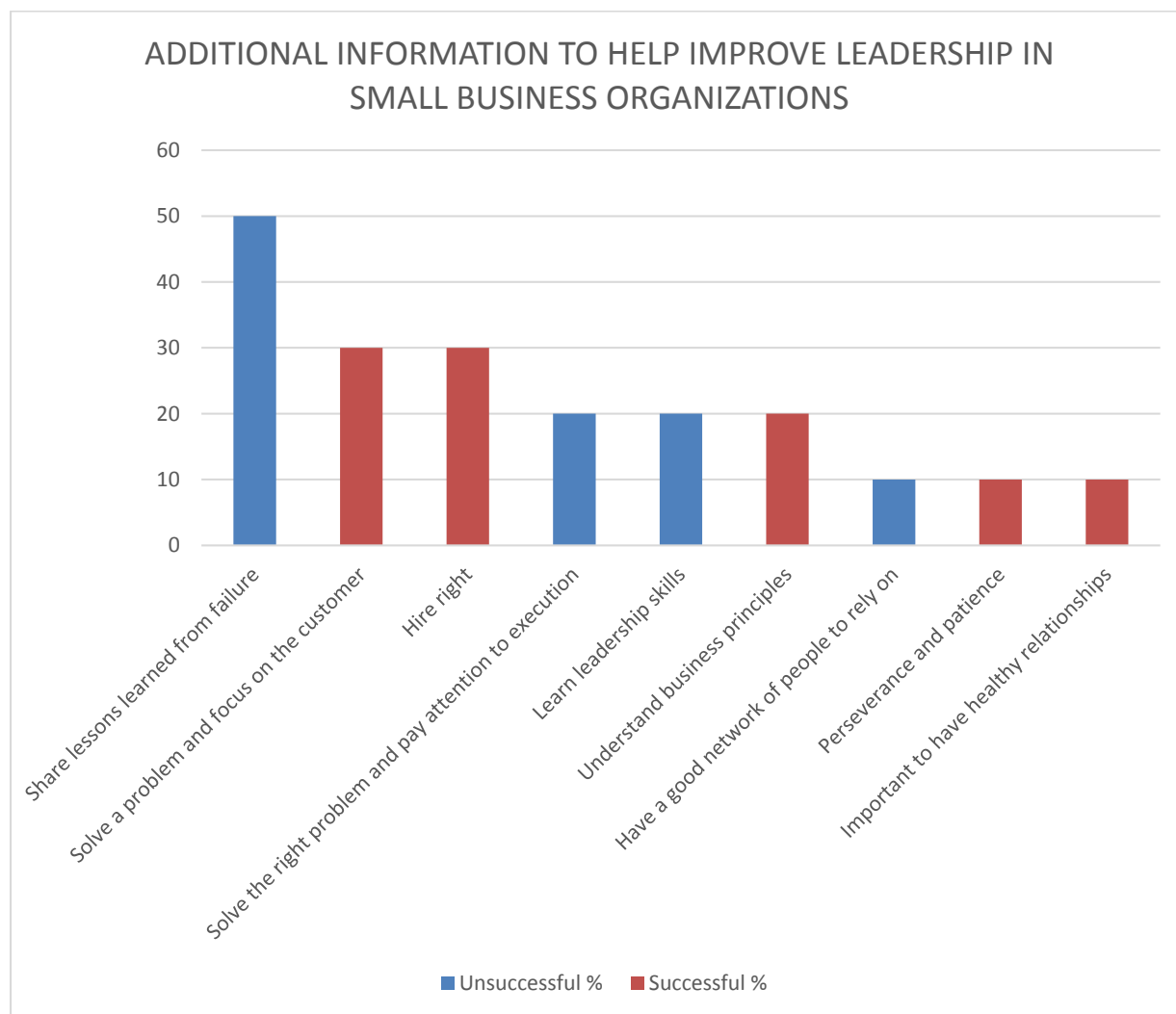


*Figure 6.* Summary of findings for interview question 10—Groups 1 and 2.

Interview Question 12: What additional information could you provide to help improve leadership in small-business organizations?

The recommendation from one half of participants from the unsuccessful group, 50%, suggested sharing lessons from failed attempts and 20% said having a great idea is not good enough; solving the right problem and paying attention to execution are important considerations. Another 20% of participants noted unfamiliarity and inexperience with leadership and the remaining 10% said having a good network was important.

Successful small-business leaders' recommendations included, according to 30% of respondents, solve a problem and in so doing keep the focus on the customer, another 30% suggested hiring the right people, 20% stated that small-business leaders must understand business principles and get the education needed where lacking, 10% each said perseverance and patience and the remaining 10% recommended having healthy relationships. These results are summarized in Figure 7.



*Figure 7.* Summary of findings for interview question 12—Groups 1 and 2.

### Findings Related to Group Specific Interview Questions

Interview Question 2—Group 1 (< 5 Years): Can you describe unique characteristics of small-business closure that might embody common features or components of the small-business organization?

Leadership, leadership failure, and lack of capabilities were noted by 40% of participants as common in small firms. There was also a level of uncertainty, changeability, and unpredictability that the small-business leader would need to be aware of, according to 20% of participants. Another 20% noted the size of the firm and the unique makeup of the team, and the additional 20% said communication challenges. The results are summarized in Figure 8.

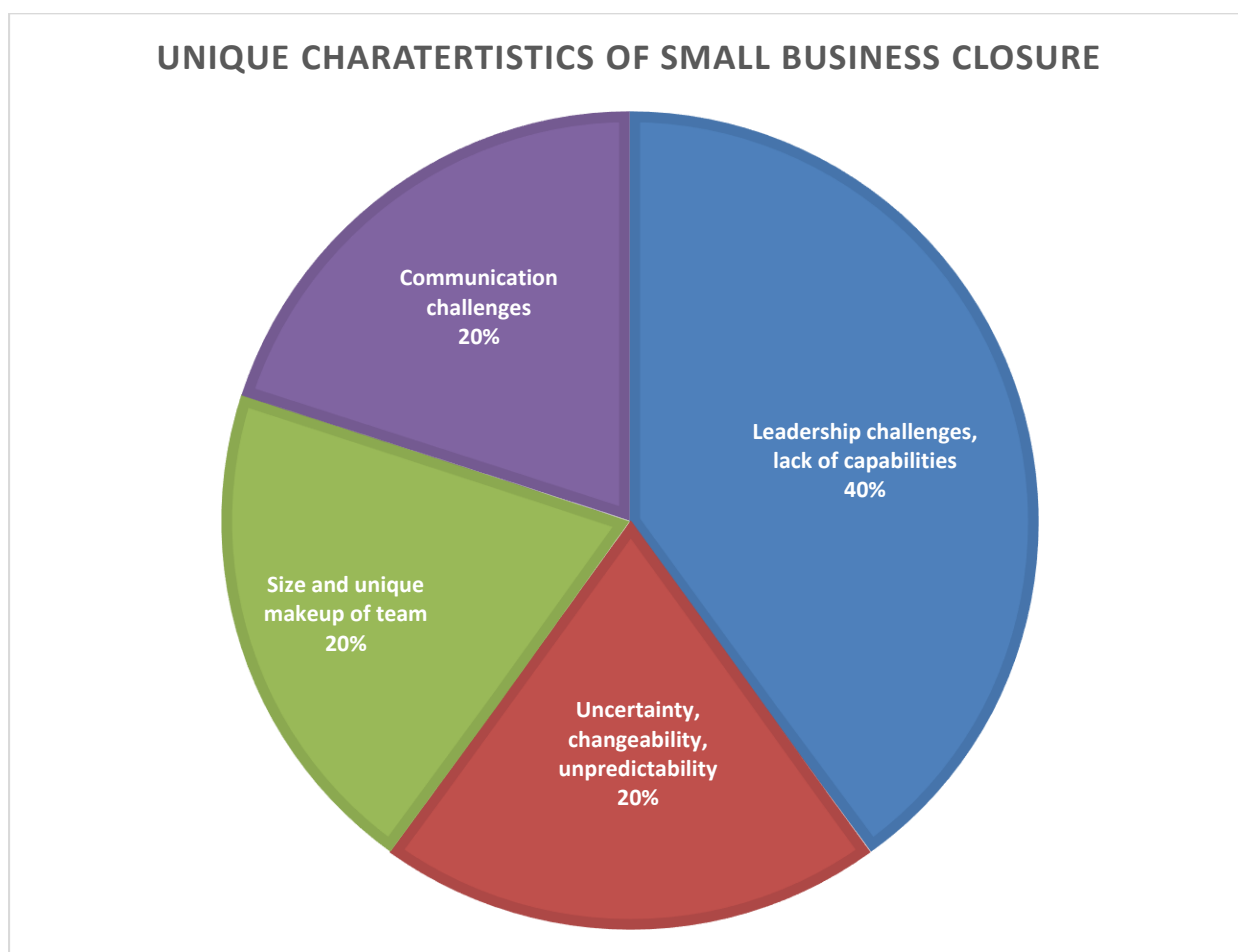
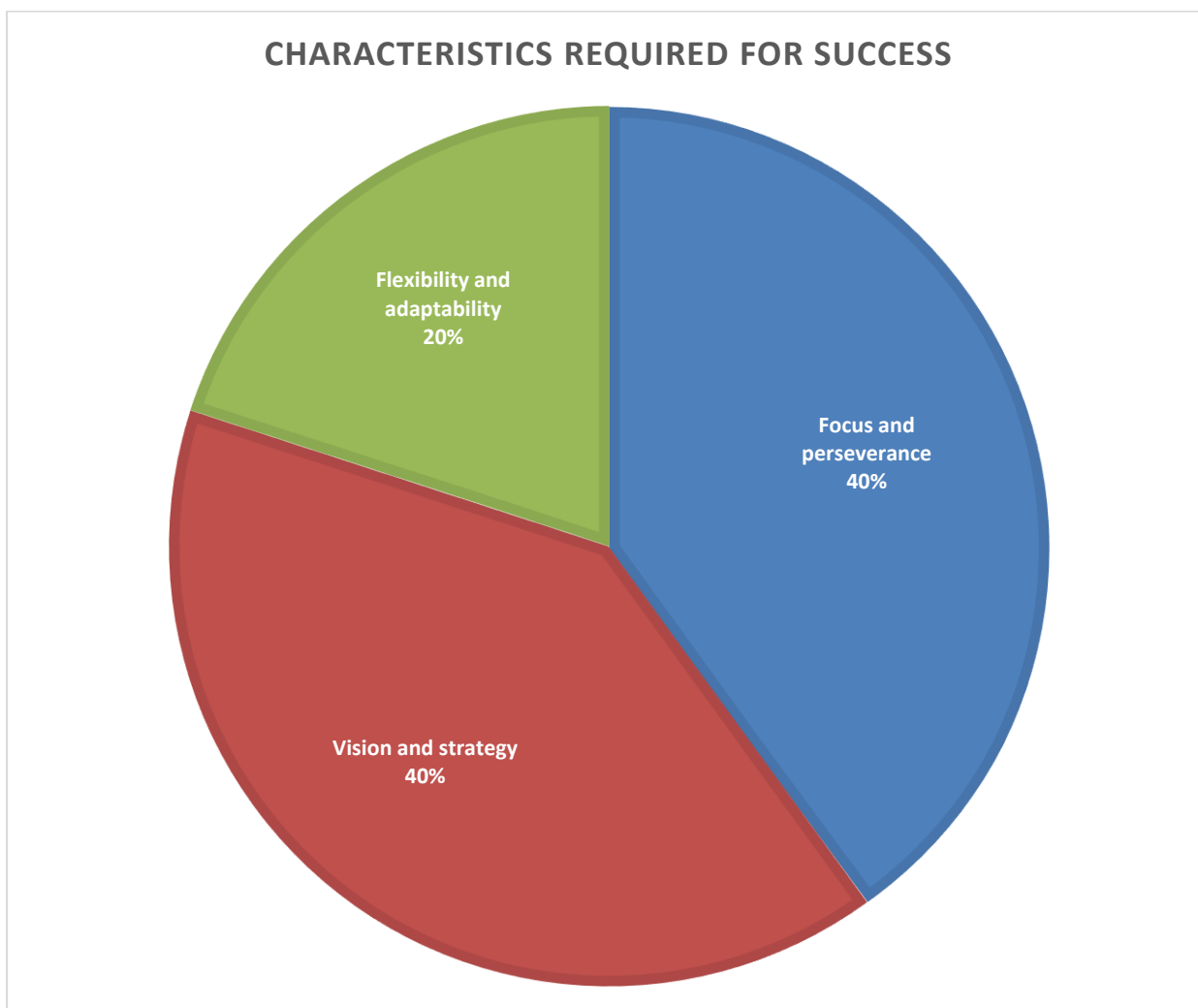


Figure 8. Summary of findings for interview question 2—Group 1.

Interview Question 2—Group 2 (> 10 Years): Describe leadership characteristics that are required for success during early development of the small -business organization?

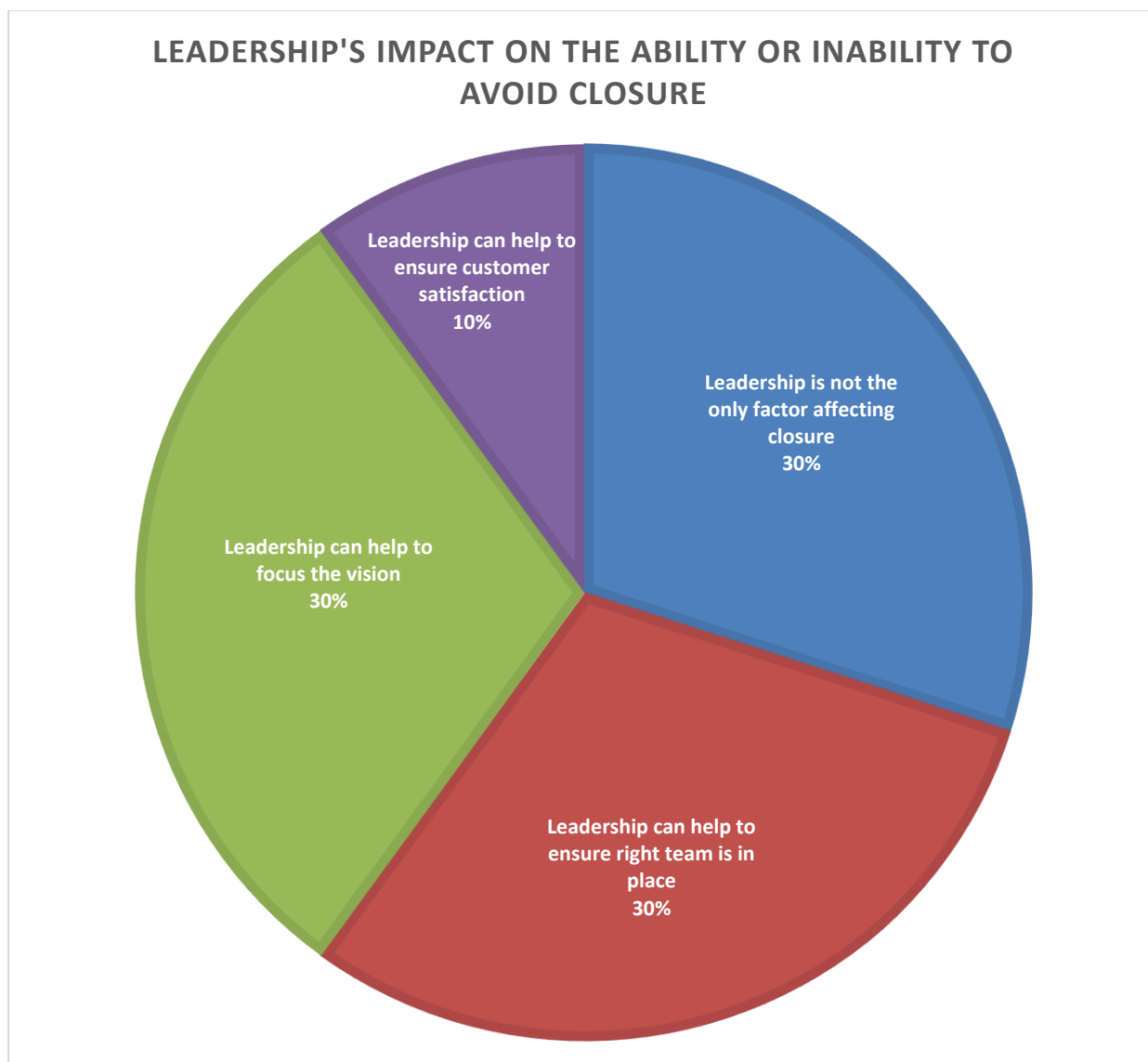
Focus and perseverance are necessary during the early developmental years, according to 40% of participants. Another 40% noted having a vision and strategy in place in the early years is important. The remaining 20% believes flexibility and adaptability are important. The results are summarized in Figure 9.



*Figure 9.* Summary of findings for interview question 2—Group 2.

Interview Question 5—Group 1 (< 5 Years): In what ways does leadership impact or affect the small-business leader's ability, or inability, to avoid small-business closure?

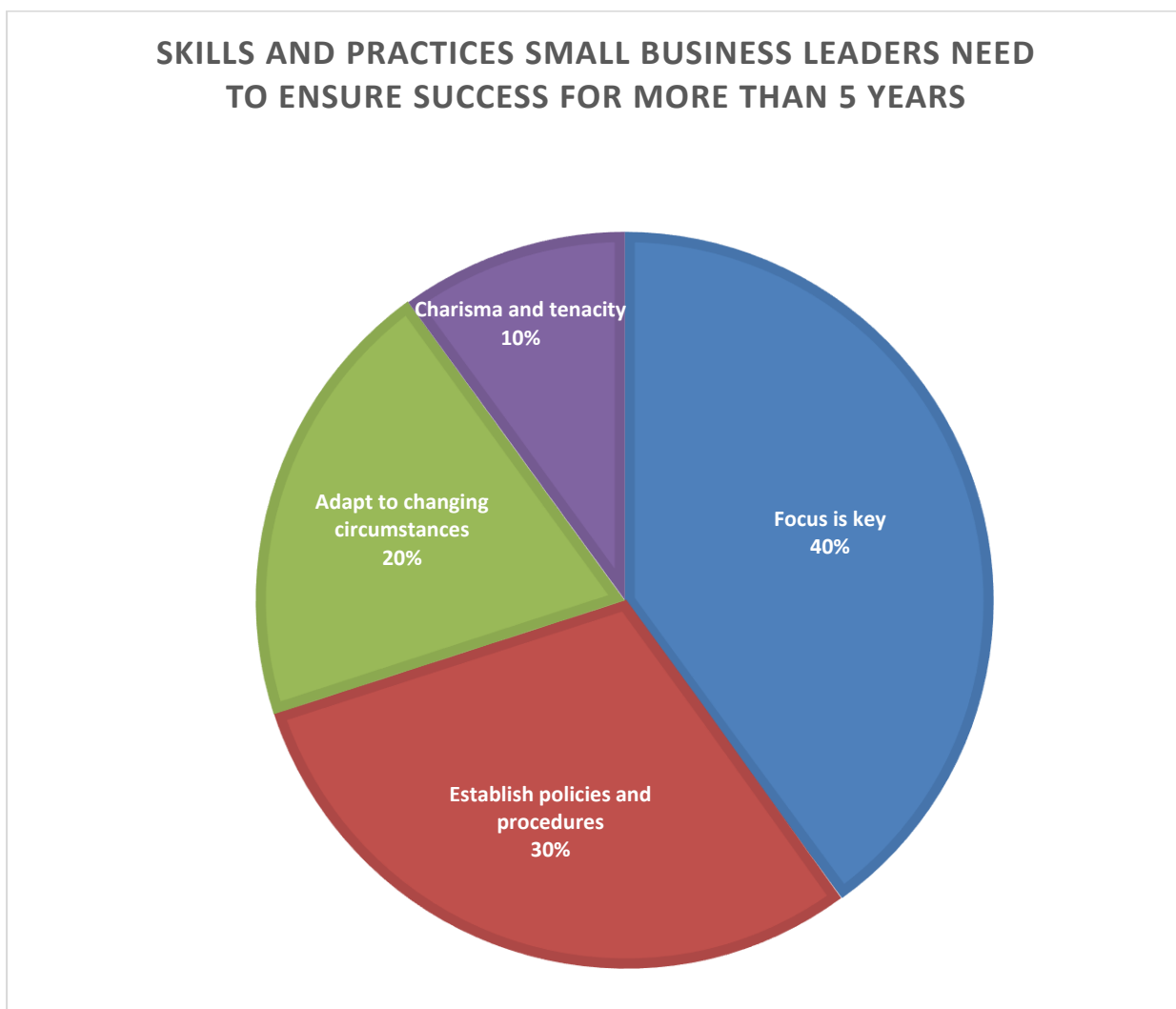
Leadership is part of the success factor, but not the only factor affecting the ability to avoid closure, according to 30% of participants. It is also important to hire the right employees to be part of the team said 30%. Leadership helps to focus the vision and strategy required for success according to another 30% of participants and the remaining 10% said leadership can help to ensure customer satisfaction. The results are summarized in Figure 10.



*Figure 10.* Summary of findings for interview question 5—Group 1.

Interview Question 5—Group 2 (> 10 Years): What skills and practices do small-business leaders need to ensure success of the small-business organization for more than 5 years?

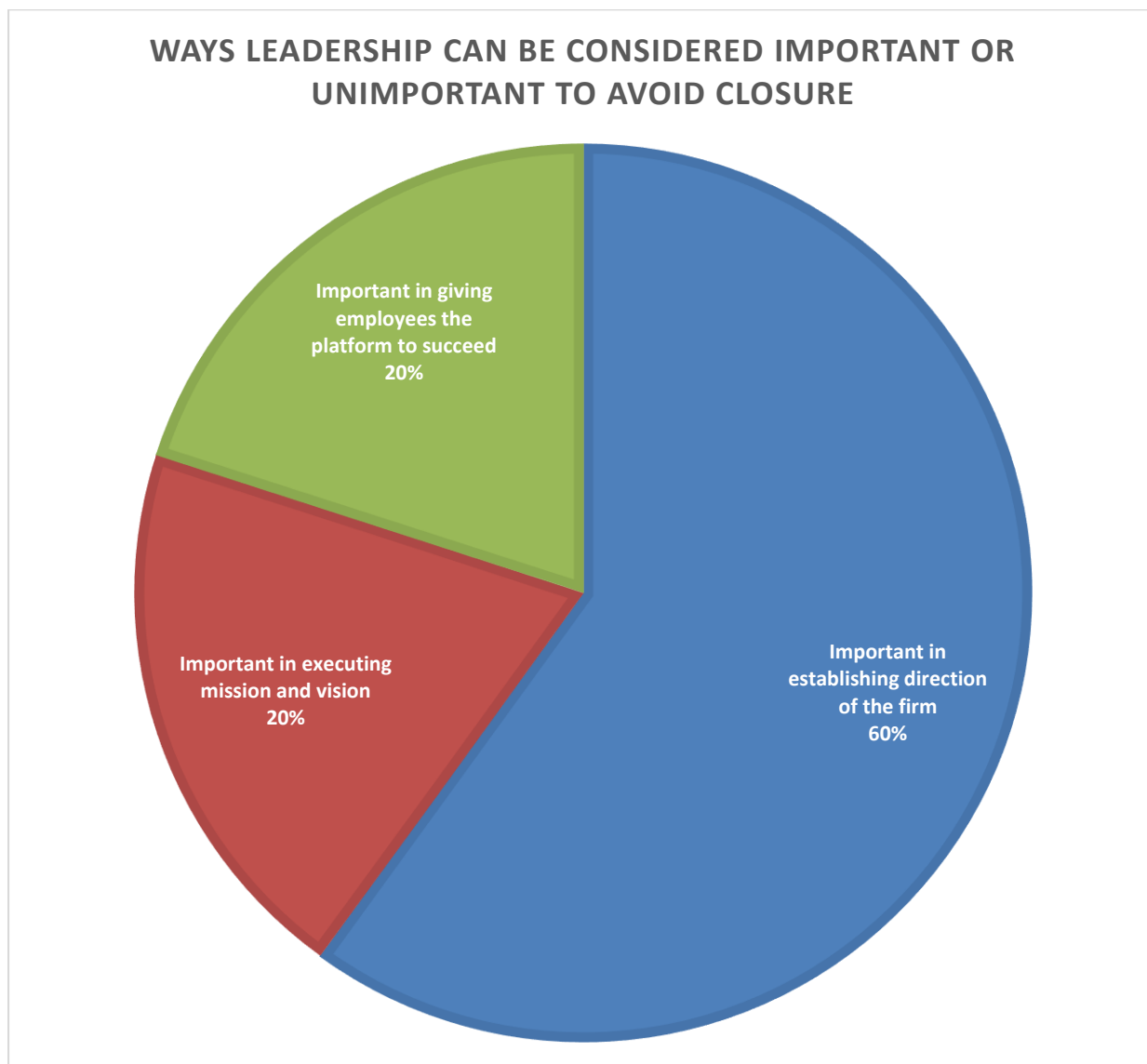
The most important skills or practice noted by participants are the ability to focus and manage expectations, 40% of participants. Establishing policies and procedures to help guide operations is also important according to 30% of participant who noted this as necessary for success. Another 20 % said it was necessary to adapt to changing circumstances during the first five years to maintain and attract new customers, and 10% thought charisma and tenacity were needed during the early years. The results are summarized in Figure 11.



*Figure 11.* Summary of findings for interview question 5—Group 2.

Interview Question 6—Group 1 (< 5 Years): In what ways can leadership be considered important or unimportant when trying to avoid small-business closure?

Leadership establishes the direction and determines the welfare of the firm according to 60% of participants. Leadership is important to execute upon the mission and vision of the small organization said 20%. The remaining 20% stated that leadership is important in giving employees the platform to collaborate and succeed. The results are summarized in Figure 12.

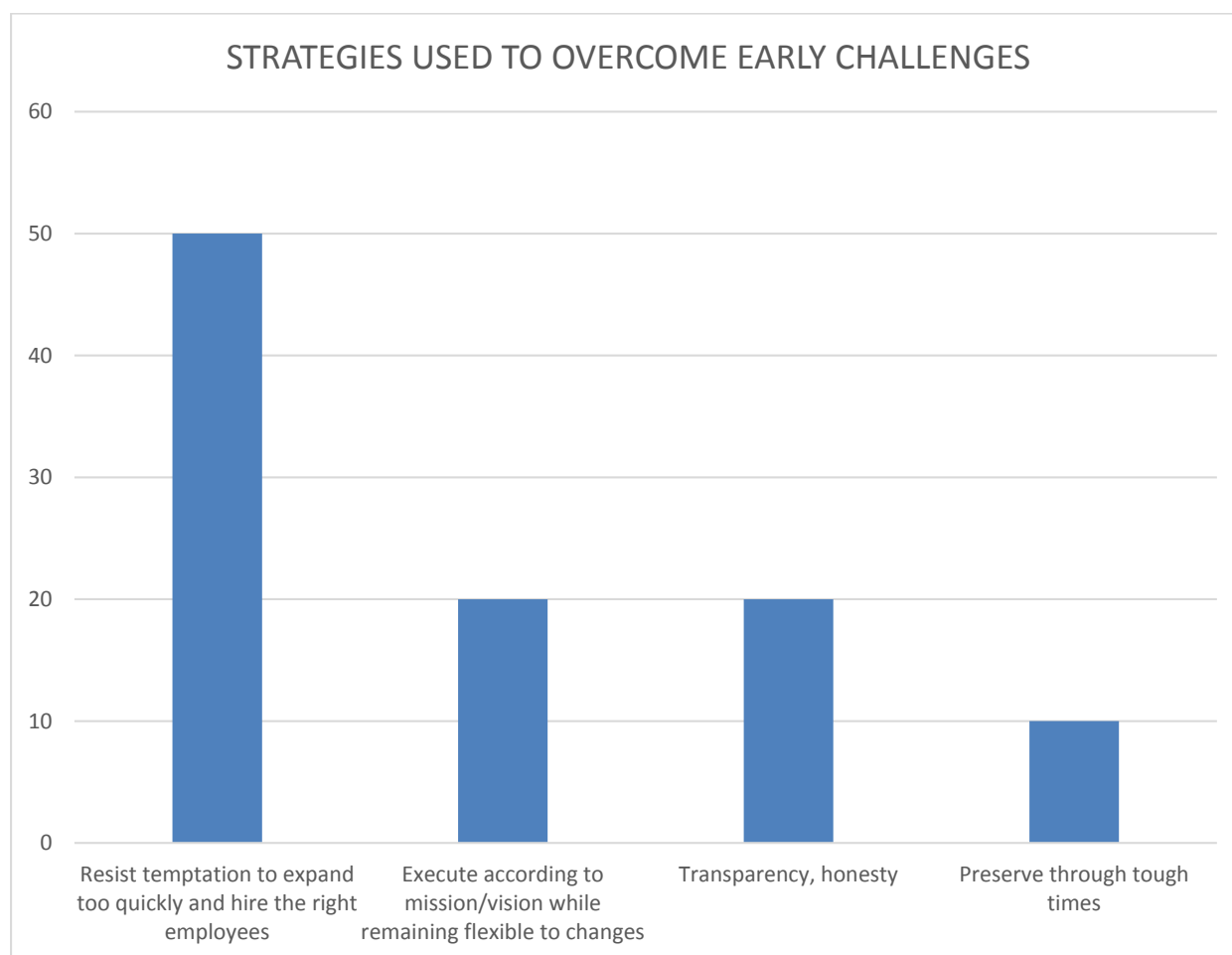


*Figure 12.* Summary of findings for interview question 6—Group 1.

Interview Question 6—Group 2 (> 10 Years): What strategies do small-business leaders use to overcome early challenges and create a successful small-business organization?



The strategies 50% of participants said they used consisted of resisting the temptation to expand too quickly and seeking help where needed. Executing in accordance with vision but remaining flexible and working hard as the organization transitioned was important to 20% in overcoming early challenges. Transparency and honesty were of importance to the remaining 20% of participants, and 10% simply persevered through the tough times. The results are summarized in Figure 13.



*Figure 13.* Summary of findings for interview question 6—Group 2.

Interview Question 7—Group 1 (< 5 Years): In what ways do other factors besides leadership impact the small-business leader's ability to avoid closure? Other factors may include organizational size, marketing, planning, finances, etc.

Market and product pricing are factors in the leader's ability to avoid closure, according to 40% of participants. The team-in-place also impacts the small business leader's ability to avoid closure, 30%, culture within the organization was noted to affect communication and performance, according to 20% of participants, and the economy was another important factor given by 10% of participants. Figure 14 summarizes these results.

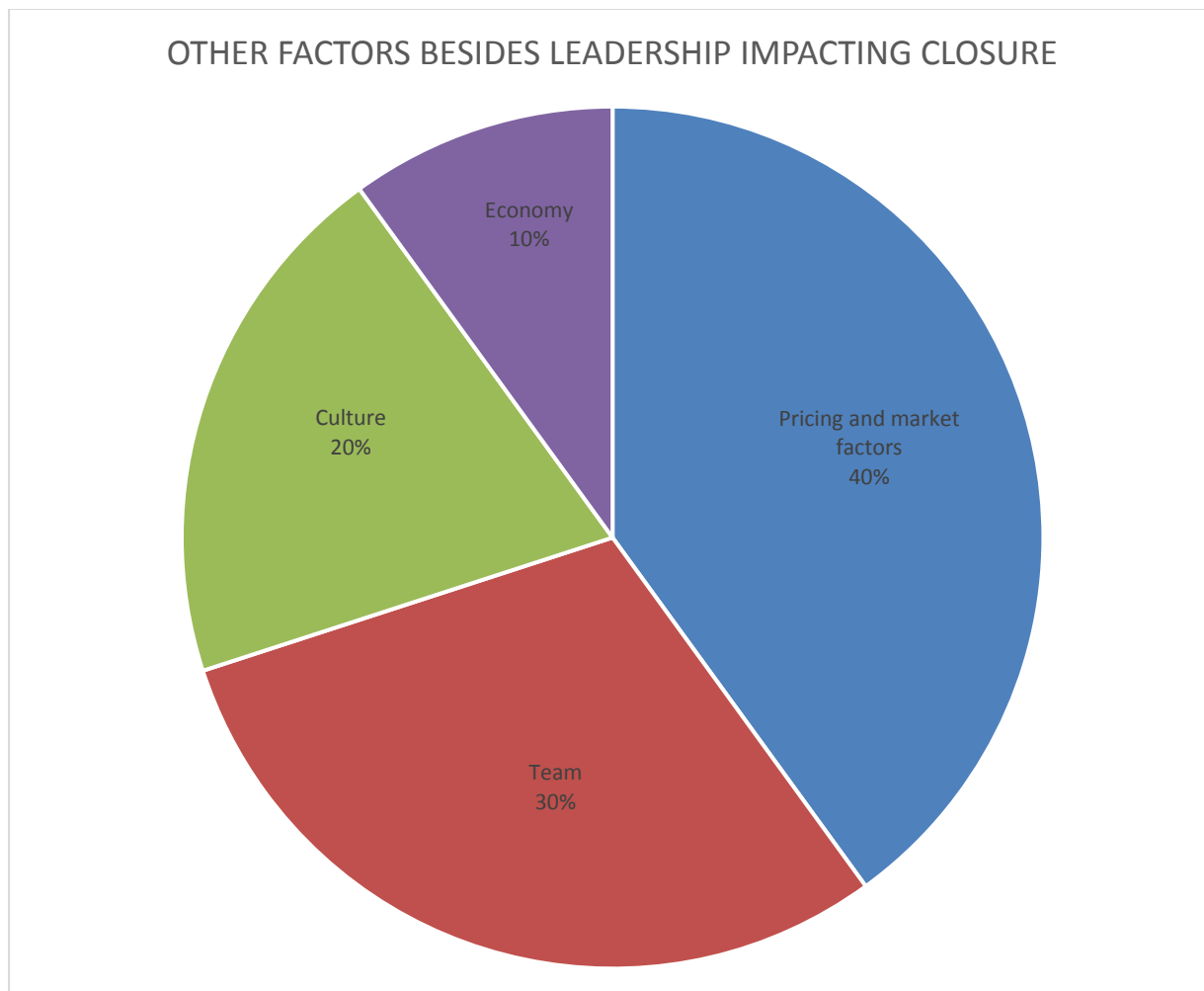
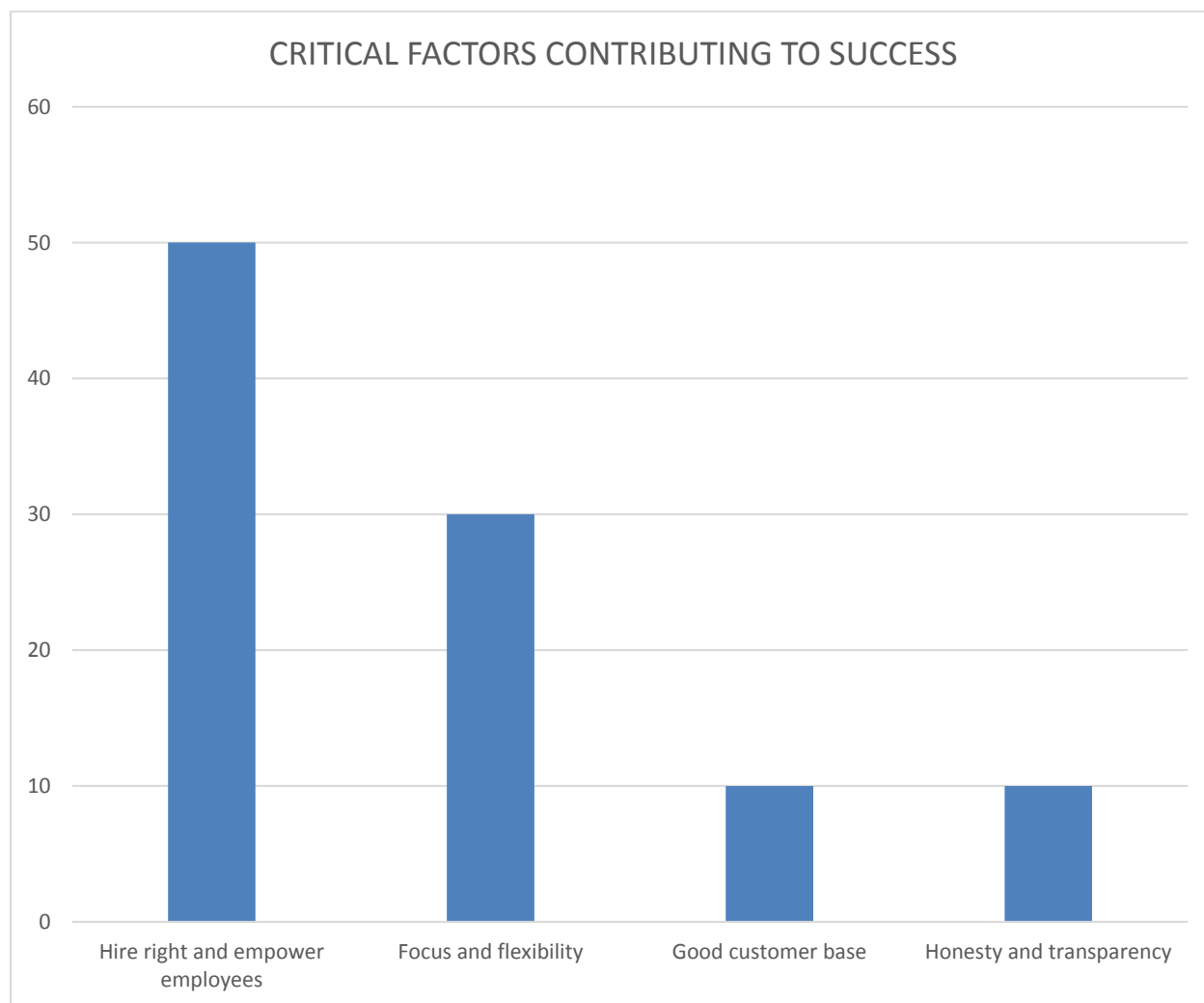


Figure 14. Summary of findings for interview question 7—Group 1.

Interview Question 7—Group 2 (> 10 Years): Describe critical factors that you believe contributed to your business operating successfully for more than 10 years?

It is critical to find the right employees and empower them to achieve the organization's mission, according to 50% of participants. Focus and flexibility while adapting to changing

circumstances helped 30% survive for more than 10 years. Another 10% had a good customer base, and 10% believed honesty and transparency helped them to become successful. The results are summarized in Figure 15.

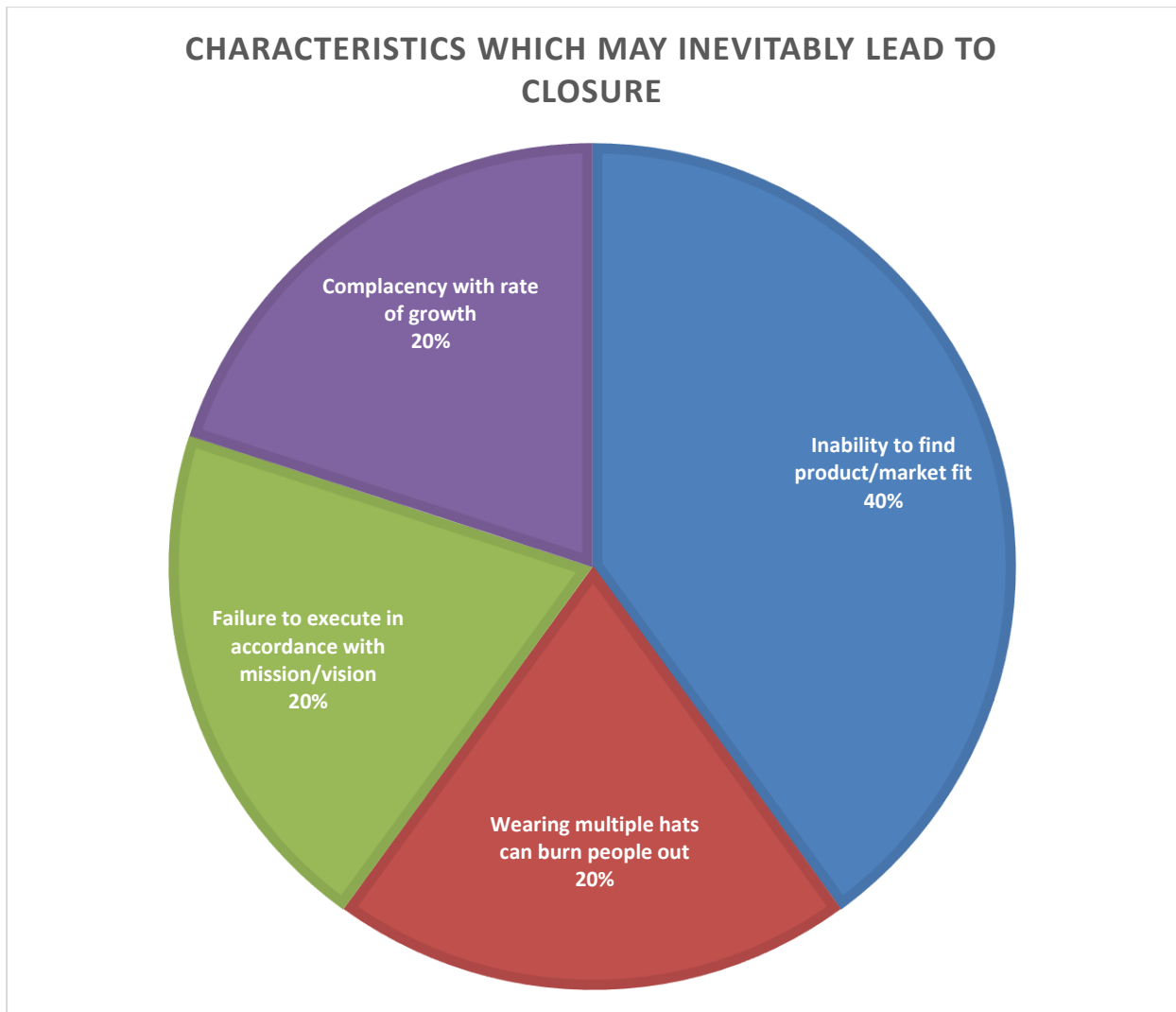


*Figure 15.* Summary of findings for interview question 7—Group 2.

Interview Question 8—Group 1 (< 5 Years): What are common or familiar elements in the characteristics of small-business organizations that might inevitably lead to closure?

Inability to find product-market fit and internal misalignment involved with timing and solving the wrong problem led to closure, according to 40% of participants. In small firms, people wear many hats are prone to burnout said 20% of respondents. Having unrealistic expectations can also lead to burnout. Failure to execute with regard to the vision said 20% and

being complacent with the rate of growth said the remaining 20%. The results are summarized below in Figure 16.

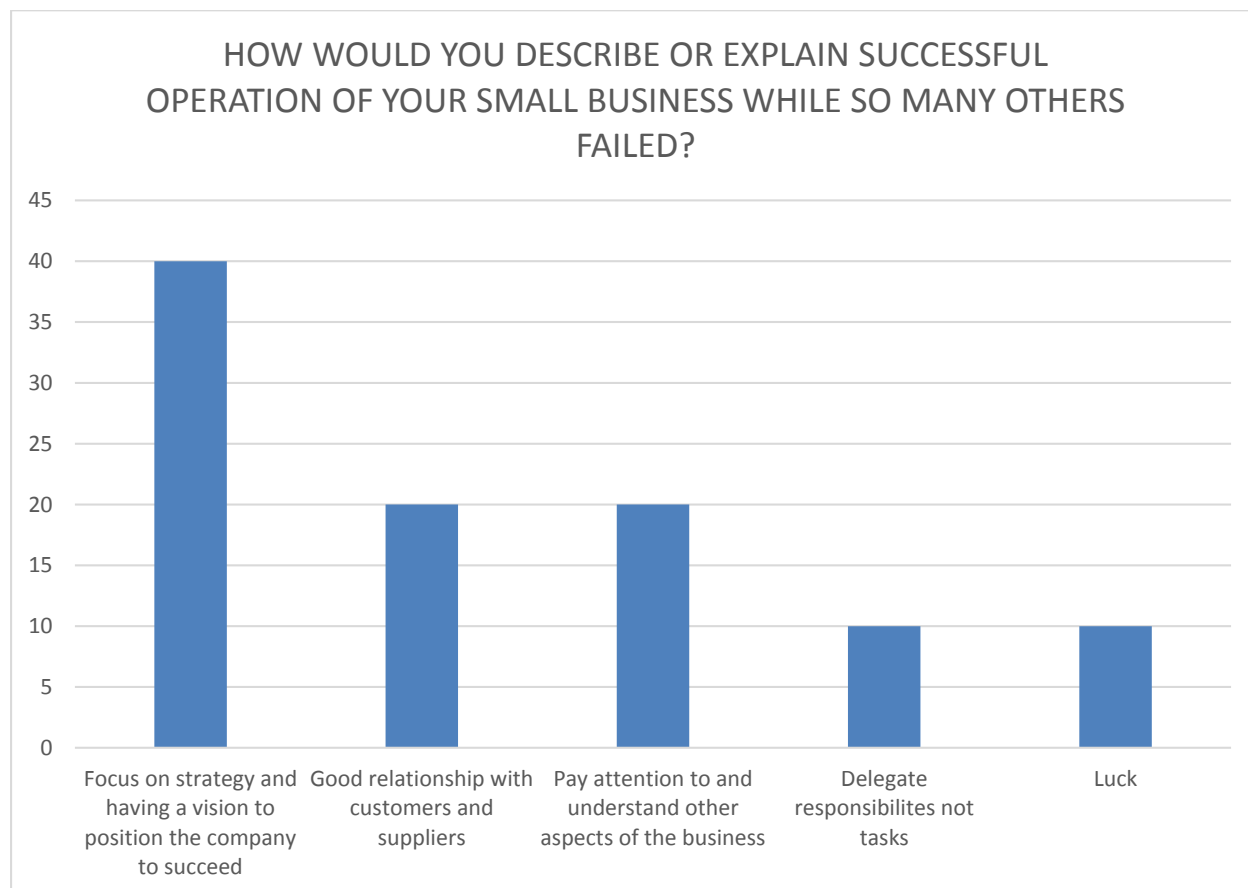


*Figure 16.* Summary of findings for interview question 8—Group 1.

Interview Question 8—Group 2 (> 10 Years): How would you describe or explain successful operations of your small-business organization for more than 10 years while so many others have failed?

Focus and strategy involving a well-prepared vision to position properly the company to succeed while adapting to changes were important to survival, according to 40% of participants. Good relationships with customers and suppliers were needed, especially during difficult times,

said 20% of respondents. Small-business leaders also must pay attention to, and understand, all the other aspects of the business, said 20%. Communication and delegation also helped 10% of companies that survived for more than 10 years and there was also some luck involved according to the remaining 10%. The results are summarized in Figure 17.

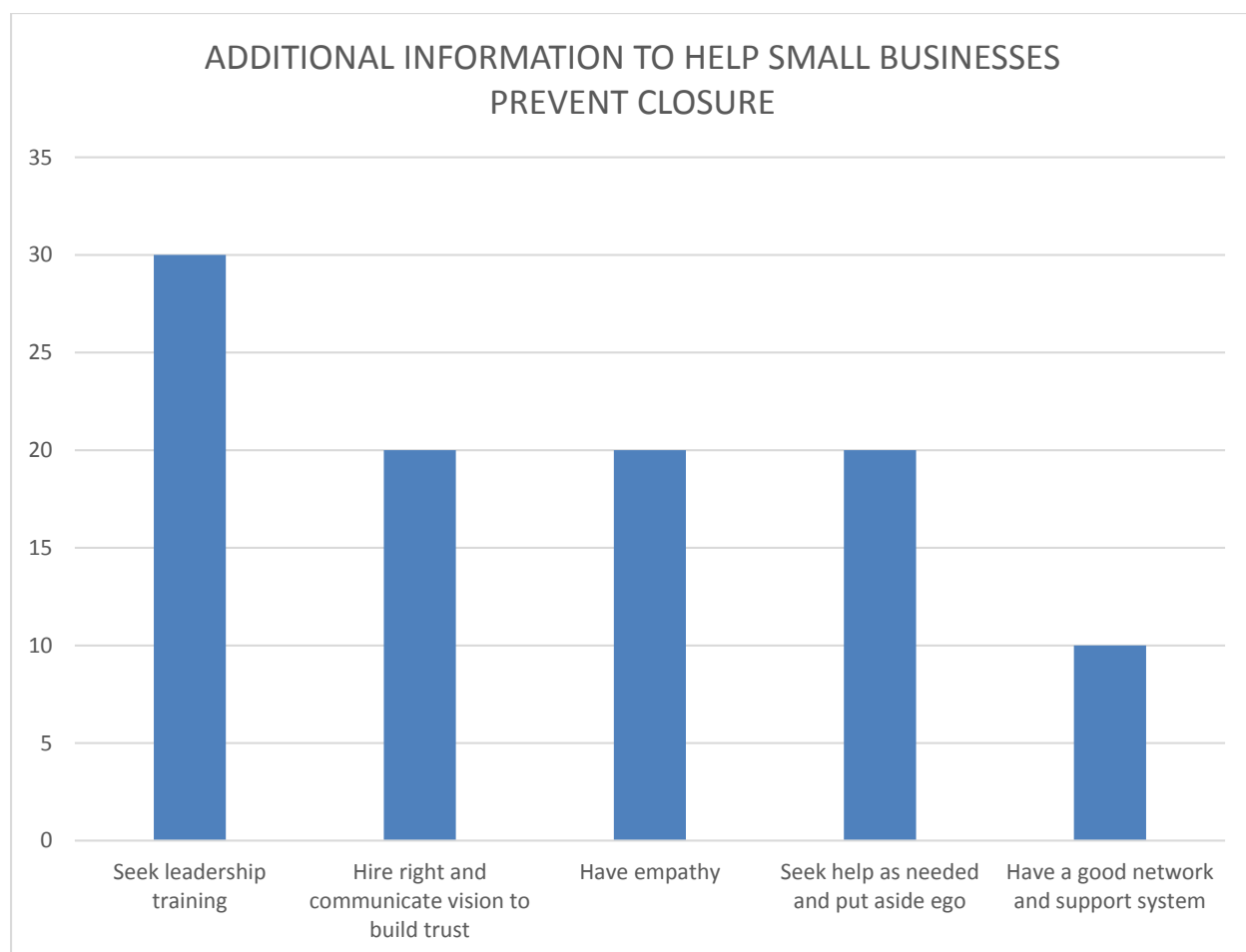


*Figure 17.* Summary of findings for interview question 8—Group 2.

Interview Question 11—Group 1 (< 5 Years): What additional information could you provide that may help small businesses prevent premature closure?

Small-business leaders or those trying to start a small business must learn all they can about leadership by reading books, seeking training, and utilizing available resources, 30% of participants stated. They should also hire the right employees, communicate their vision, and build trust to prevent closure, according to 20% of participants. Being empathetic is noted by 20% as necessary to avoid closure. Also put ego aside and ask for help when needed was the

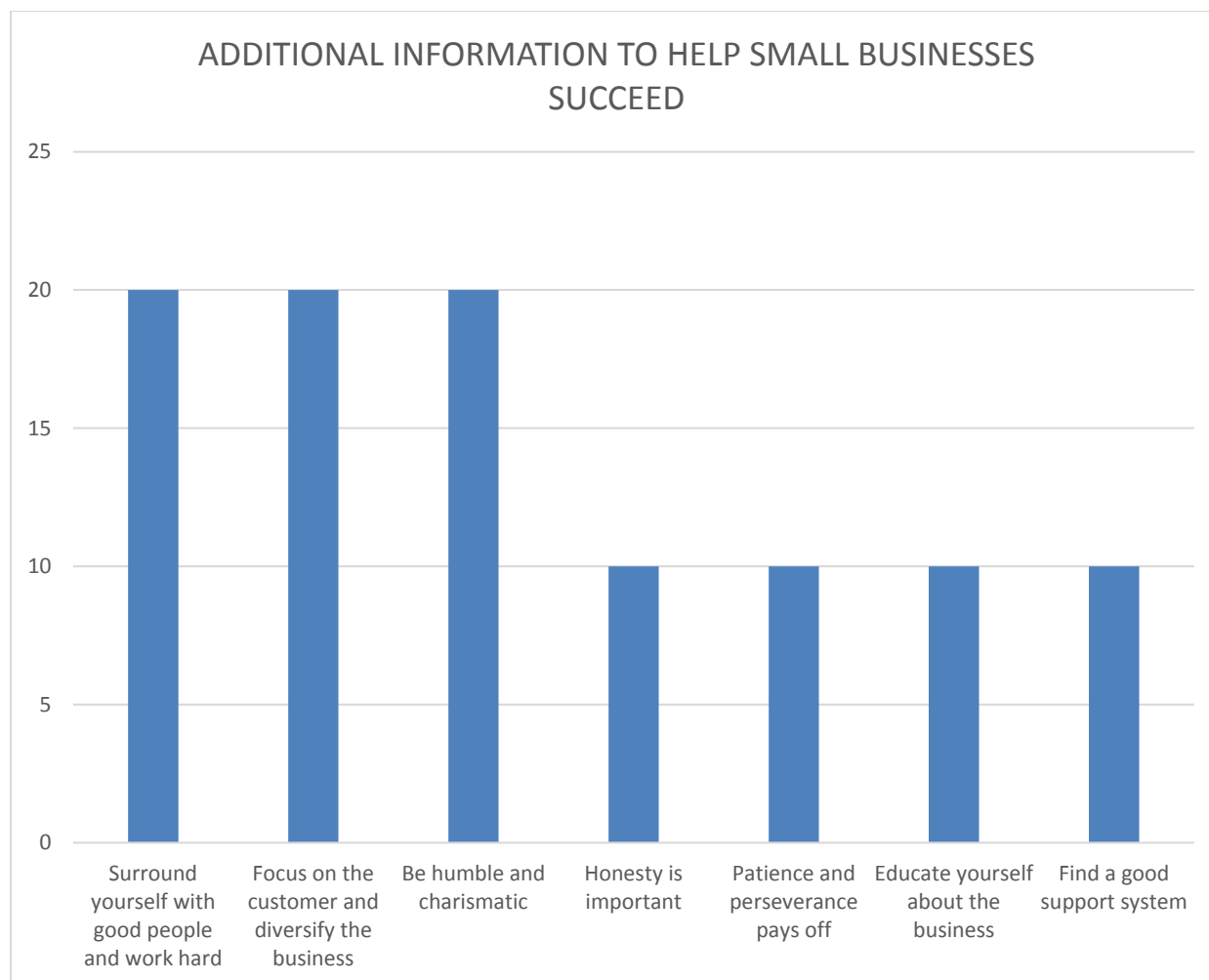
response of 20%, and another 10% said it was necessary to have a good network of people on whom to rely. The results are summarized in Figure 18.



*Figure 18.* Summary of results for interview question 11—Group 1.

Interview Question 11—Group 2 (> 10 Years): What additional information can you provide that may help to improve small businesses' chances to succeed?

Surround yourself with good people and work hard is the advice given by 20% of participants. Focus on the customer and diversify your business, noted an additional 20%. It is also important to be humble and charismatic, according to 20%. Honesty is needed to succeed said 10%, as well as getting the education needed to understand the business, 10% and having a good support system, 10%. The results are summarized under Figure 19.



*Figure 19.* Summary of findings for interview question 11—Group 2.

### **Clustering Major Themes and Identification of Invariant Constituents**

From the review of invariant constituents, common patterns about leadership in small-business organizations began to emerge with regard to the success or failure of the organization. Those with common themes were grouped or clustered, which allowed for the development and identification of core themes that describe the participants' experiences (Moustakas, 1994). The completed analysis generated the following 12 core themes, in random order:

- Small-business closure can be caused from the inability to execute.
- Small-business closure can be caused by lack of direction, focus, and the inability to change.

- Small-business closure can be caused by lack of perseverance, persistence, and patience.
- Small-business closure can be caused by lack of trust.
- Small-business closure can be caused by poor listening and communication skills.
- Small-business closure can be caused by selfishness, ego, and greed.
- Small-business closure can be caused by lack of relationship building skills and poor leader-follower interactions.
- Small-business closure can be caused by other factors besides leadership.
- Small-business closure can be caused by the inability to motivate employees to achieve.
- Small-business closure can be caused by lack of vision and strategy.
- Small-business closure can be caused by failure to ensure customer satisfaction.
- Small-business closure can be caused by poor understanding of and lack of attention to leadership.

Final identification of invariant constituents and corresponding themes were selected if a minimum of 20% of participants' responses aligned and based on the following factors: (a) were they expressly stated in the interview transcript, (b) if not expressly stated, are they compatible? Invariant constituents that were not expressly stated or compatible were deleted (Moustakas, 1994). The following section presents the emergent themes associated with the research questions and responses from participants that align with the theme. Textural descriptions of the experience were added along with the interviewee number.

### **Emergent Themes**

The problem this study addressed was the high closure rate of small -business organizations during the first five years of development. Three research questions guided the



study from which 12 core themes were developed. The themes are presented below in random order along with textural description from the interview transcripts. Table 3 presents the phrase and/or expression used by participants to describe their experiences with closure and the inability to execute.

Table 3

*Small Business Closure Can Be Caused by the Inability to Execute*

Themes-Textural Description	Participants
Small-business closure can be caused from the inability to execute	001, 003, 004, 006; 0010

The following section summarizes direct quotes from participants in describing their experiences with small business closure and the inability to execute.

**Textural description of experience.** Failure to execute is going to kill you—taking an idea and actually bringing it forward in the right way with the right customer audience; It is also about how well the team works together and does things; So much of what works and doesn't work has to do with ability to execute, which is somewhat of a leadership issue; I've taught entrepreneurship and that's one of the things I stress. Everyone can have an idea, but it's what you do with the idea is the key to success; There is a line of equations that has to fall in place to make companies succeed; We've heard of Facebook, Apple, and others, but there are many more carcasses by the wayside of companies that didn't make it like that; People get into entrepreneurship because they thought it was easy, but it is very hard because so many things have to go right in terms of product offering and leadership, financial, ability to find customer, audience, product, ability to execute; Many people can have ideas but only so many can take the idea a run with it and that's what I mean by execute; It is not enough to have a good idea have to be able to execute on it and adjust on it, have to be able to put your good idea forward; Everything you do has a real effect on how things are going, in a small company you are a bigger

player so individual contribution matters; Small-business leaders have to execute efficiently; They have to involve people and put infrastructure and resources in place and make sure they execute the business in a way that people are engaged so as to grow the business; You need to follow through on execution and understand why your vision is alive and adapt as necessary and stay course; Small-business leaders have to execute fast; People who are entrepreneurs have to execute fast or they may fail, others may out execute you; I struggled with execution, which was a challenge and also did not understand about business. Table 4 below contains the phrase and/or expression used to describe small business leader's experiences with small business closure and lack of direction, focus and the inability to change.

Table 4

*Small Business Closure Can Be Caused by Lack of Direction, Focus, and the Inability to Change*

Themes-Textural Description	Participants
Small-business closure can be caused by lack of direction, focus, and the inability to change	001, 002, 004, 0010, 0023

The following section summarizes direct quotes from participants in describing their experiences with small business closure and lack of direction, focus and the inability to change.

**Textural description of experience.** Leaders need to have a strong stomach, lot of resolve, clear vision of what they want to do, but also the flexibility to change that vision to match what is happening in the marketplace; cannot be single-minded, or single-minded but not bullheaded; Have to be committed to make things work even if they work differently than you would have expected; Change when marketplace is telling you something you didn't expect; It's that kind of drive and ambition, a little bit of fearlessness and understanding that things might not go as planned and you have to adjust; Entrepreneurial leadership requires more flexibility a willingness to adapt and change; requires willingness to roll with the punches because it is a

roller coaster every day and you have to be able to deal with that level of uncertainty which doesn't exist in the large company; That inability to change, inability to accept that something is going on that runs contrary to what you thought was going to happen; That kills a lot of company they cannot turn or pivot when they see something in the marketplace they didn't expect; No idea survive the first contact with the customers, you have to be able to adjust constantly; daily adjustment to what's going on in the marketplace is sometimes needed to make a company succeed; Unlike a big company where you've been at it for a long time even if you mess it up success may still be guaranteed, whereas in a small company, you don't have that kind of cushion and anything wrong happens can shut you down so you got to be willing to change and adapt; Focus is key, and whatever you undertake you have to have the focus to do it; Focus is essential given that there are aren't a lot of customers while trying to start something new; Focus is the important and the most difficult to achieve; Focus on what needs to be achieved and do whatever you're good at; Have to be focused at top leadership; People wear multiple hats and have to be able to be flexible and extremely focused; Should be able to turn fast and adapt very fast. Leaders can be too unfocused; They need to focus on ideas which would build the next phase of the business rather than focus on everything, or all possible ideas, and hope one will fit; basically you have to be really adaptable and flexible and willing to target any potential opportunity no matter how weird it seems, make sure you're doing everything to get your business off the ground; In a small business, if you're not adaptable and creative, you could be out of business very quickly if something changes, it could be market or customer base so you have to really be on the ball, be adaptable, be creative, and thinking on your feet and responding quickly are huge. Table 5 captures the phrase and/or expression used to describe participant's experiences with perseverance, patience, and small business closure.

Table 5

*Small Business Closure Can Be Caused by Lack of Perseverance, Persistence, and Patience*

Themes-Textural Description	Participants
Small-business closure can be caused by lack of perseverance, persistence, patience	009, 0013, 0012, 0021

The following section summarizes direct quotes from participants in describing their experiences with small business closure and lack of perseverance, persistence and patience.

**Textural description of experience.** Failure in small companies is always the biggest challenge, many companies fail because they don't have the ability or capability or endurance to bring a product to the right target group; Perseverance is something that I practice and it pushes down to everyone else, and that is the ability to kind of push through problems on whatever you're working on and kind of fight through it; Perseverance and patience are important in building a business; If you believe in your product and how it can be successful, you have a chance; Perseverance is very important; You have to have a thick skin and be able to bounce back from negative situations; There are going to be ups and downs and you might not always have a lot of money and you have to be able to deal with that or fold under that pressure; The early years are difficult, you have to persevere through the tough times; Small-business leaders need to have a thick skin and be able to overcome negative situations. Table 6 provides the phrase and/or expression used by participants to describe their experiences with lack of trust and small business closure.

Table 6

*Small Business Closure Can Be Caused by Lack of Trust*

Themes-Textural Description	Participants
Small-business closure can be caused by lack of trust	002, 003, 0010, 0013, 0018

The following section summarizes direct quotes from participants in describing their experiences with small business closure and lack of trust.

**Textural description of experience.** As the leader you are the ambassador of your business. You are the one who knows where you're going with it and you're responsible to ensure everyone, including new hires, trust you as their leader; Trust is gained over time and lost in no time and it is one thing you cannot afford to mess up. This makes going the extra mile the norm; Don't feed people fluff, smart people discern that; Have to be honest both ways; I personally trust my employees and expose them to new things and help build upon their skills and abilities and hone the ones they're good at; You inspire through delegating work and it took years to learn to let go of things and trust; The first five years I was very involved in every little thing, and I am very detailed and a lot of people aren't, and everyone doesn't work, over time I had to focus on other things to grow the company and I had to learn to let go of things and get others involved, trust them to do the job; It took a while and took a lot of trust to let people do the job that I could do; You just have to trust and see the good in everyone; There are certain people who have been with me from the beginning and those I never had issues delegating to but as others got into the organization, it was hard for me to trust them to do their job. I see a lot of patterns or weaknesses in small-business leaders, they don't trust their employees to make decisions on the company's behalf; They micromanage, don't trust their employees end up working too much and themselves working too hard because they are overruling the people who are more suited to make those decisions, or taking on too much of the burden themselves and

overreaching. Table 7 contains the phrase and/or expression small business leaders used to describe their experiences with listening and communication and small business closure.

Table 7

*Small Business Closure Can Be Caused by Poor Listening and Communication Skills*

Themes-Textural Description	Participants
Small-business closure can be caused by poor listening and communications skills	001, 002, 004, 0012; 0017, 0018, 0019, 0023

The following section summarizes direct quotes from participants in describing their experiences with small business closure and poor listening and communications skills.

**Textural description of experience.** You need to reach out to other people who've done it and listen to them; I've talked to a lot of first-time entrepreneurs who won't take advice, think they know it all and that's a bad thing; You need to hear everybody out and listen to people who have been through it before; You don't have to take every advice you get, but you need to listen; It's sort of the great lessons learned so you don't go out and make the same mistakes; It is very valuable to get training in entrepreneurship including listening and communications skills; Study good entrepreneurs, read what good entrepreneurs have done and listen to their advice; Your business will fail if you're not being yourself, if you have too much ego, if you're close-minded, not willing to communicate and share information, being secretive; Not being honest that will destroy your business; Lack of communication with business partners and employees; You don't know what they're doing or what they're working on so you don't know how to help them; No cookie cutter way, make sure direction is communicated; Success is so heavily dependent on communication skills, be able to communicate effectively with people who are following you; When you are very small, verbal communication is very important so if you're not good speaking in front of people take speaking classes, organizations such as toastmasters can be

helpful; I wouldn't have survived if I wasn't able to communicate well; As a founder, you always should have the ability of communication because it is tied to the way you express things and the passion with which you transmit the message. Ability to communicate in a persuasive way is important, make it very simple and appealing at the same time; Communication with your employees and customers is important, but more so with your employees; Communication became very important and relying on your team to brainstorm ideas on how things might turn out; We had some ideas on how to turn things back around, we met daily just talking about what it meant, what we could do and what some different paths would be; One thing I would do more of in the future would be making sure people know what is expected of them and what to expect from me as their leader; Also make sure you're constantly checking in to make sure everyone is communicating effectively as things change so you can address those issues; Pay well and listen to your people; If you're hiring really good people, then listen to them. If you're hiring really good people, you don't know what they know and if you don't listen to them they will leave and if they're not involved, they turn off; I think this is common sense but in order to be a leader, you have to involve the other people and the only way is to listen; Communication is the biggest factor of success of any project in my opinion; Being able to effectively communicate with our customers, understand their business needs, requirements of the project, all of that requires a high degree of effective communication; Dealing with interpersonal or interpersonnel issue, HR, all of that requires really effective communication; Lack of communication with business partners and employees can lead to failure; Effective communication comes from people being open and honest and willing to discuss issues that come up. Table 8 contains the phrase and/or expression small business leaders used to describe their experiences with selfishness, greed and ego.

Table 8

*Small Business Closure Can Be Caused by Selfishness, Greed, and Ego*

Themes-Textural Description	Participants
Small-business closure can be caused by selfishness, greed, ego	002, 004, 0011, 0013, 0015, 0023

The following section summarizes direct quotes from participants in describing their experiences with small business closure and selfishness, greed and ego.

**Textural description of experience.** Put ego on the side and get the best people and empower them, that's why you hire them and that's why you want to keep them; Don't try to be something you're not; Your number one goal as a small-business leaders is to make yourself irrelevant; There is no way if you try to do everything yourself; Too much ego, close-mindedness, not willing to share information; Being too secretive; Not being honest that would destroy your business; Selfishness, greed, doing things for money; Money is important, but when you're so focused on money you lose sight of what you're actually doing; Too much ego, taking away that spotlight from your team; Taking all the credit from your team; Greed is a weakness that may contribute to failure; Prior to this business, I had a partnership and one of the reasons it failed is because my partner wanted to put the money in his pocket rather than back into the business and grow the business and I had another vision to grow the business; We gave credit to people we had on board and lacked greed, we were modest, people were willing to sacrifice short-term gains for growing the business; There are all kinds of personality differences, but one of the things I really look out for is when somebody is really tied to their own ego or their own idea of how something should be so it kind of means that they're not thinking objectively about other opportunities, or thinking creatively and outside the box and they're not going to be flexible to the point where they can withstand a change in their plan or to a point where it could potentially shatter their business; When somebody is really wrapped around the axle of their own



ego, they may cover or skew other people's opinion to fit what they want to do, they may internalize other people's advice or opinions, but they will color it to fit their own idea of what they want. Humility is very important, people need to be helping others create a culture with a sense of humbleness and that they are there to learn from others. Table 9 contains the phrase and/or expression small business leaders used to describe their experiences with leadership and relationship building skills.

Table 9

*Small Business Closure Can Be Caused by Lack of Relationship Building Skills and Poor Leader-Follower Interactions*

Themes-Textural Description	Participants
Small-business closure can be caused by lack of relationship-building skills and poor leader-follower interactions	000, 001, 002, 004, 006, 008, 0011, 0013, 0015, 0018, 0021, 0023

The following section summarizes direct quotes from participants in describing their experiences with small business closure, lack of relationship building skills, and poor leader-follower interactions.

**Textural description of experience.** You are acting as the captain of the ship and have to make sure people are following you and if you're not able to do that, then people not likely to follow that path. Show the way and you'll find quickly which ones will follow what you're doing and which ones won't; You are around people all the time, so you're touching them all the time and it is not a remote situation; You are around employees on a daily basis and giving them feedback on a daily basis; For us it was really about inspiring others to follow what you're doing and follow your lead; Take time for one on one with employees; We were willing to work with everyone; It was about helping employees see how the opportunity could help them in their

career and be honest about why everyone was there and also willing to help them professionally; Building trust, getting individual teammates involved as much as possible is important in building relationships; Do not prescribe solutions, build relations and give employees ownership and give them a sense of what it takes to build the product or company together; Have people take ownership of what they build and what they believe in; Taking care of people making sure they have what they need to be effective and have what they need to succeed is important to inspiring people and building relationships. Attack problems and bring in team members from different dimensions and having them become one team and act like one team was extremely important for success, have the team being on the same page and inspire them; It is important to keep the team fully engaged where they feel good that they are dealing with something positive; If a leader provides value, he will gain followers and inspire others; Give them an opportunity where they are feeling supported and give them opportunities to learn; People don't want to follow people who are incompetent they want to trust you; Choosing people and having people who care about the customers and caring in a way that you help people grow personally, professionally, financially; If you inspire people, you can have them go along with your vision and goals for the company; You have to create a path for team members so they feel like they will prosper financially, professional, and personally, build a path around these dimensions; I've always had a team, so for me leadership comes naturally, but I had to learn how to be an effective leader because I was very self-centered and had to sit back and look at my team and learn how to lead them and bring gratitude and let them shine. Now it's the first time I've taken a step back and I am learning to be a better leader; Building trust, getting individual teammates involved as much as possible; You created a business, but you cannot do it yourself; You need others to do the work for you, need a core team, build relationships with that team; You got to get the team together to decide the right direction, make sure everyone is marching in right

direction, hold people accountable; For us it's all about the culture, so we think about how to inspire other people through actions, through examples, allow people to feel ownership, so when you get them a project it is not micromanaged its complete ownership so people tend to take more personal to these tasks and challenges than if told exactly what to do, it helps to build relationships; I've noticed that its less a function of the leaders personality and a small business is more about how effectively you can get everybody organized, make sure they are able to focus on what they're really good at and kind of keep the boat afloat with your sweat equity; We rely on each other to make sure everybody is doing what they need to do so good relationships are important. Table 10 contains the phrase and/or expression small business leaders used to describe their experiences with other factors besides leadership.

Table 10

*Small Business Closure Can Be Caused by Other Factors Besides Leadership*

Themes-Textural Description	Participants
Small-business failure can be caused by other factors besides leadership	001, 008, 0012, 0018, 0023

The following section summarizes direct quotes from participants in describing their experiences with small business closure and other factors besides leadership.

**Textural description of experience.** I've done start-ups where culture was fantastic and leadership and everything, but we couldn't raise money so the company couldn't go forward. Leadership is part of the success, but not the only factor; From my perspective, leadership is about pointing people in the right direction, but there are lots of other factors besides leadership, the economy is one of them, the economy is important especially if it starts to tank and people don't want to spend money. That will affect you; You also have to watch the competitors; Leadership is important, but collaborating is also key; There are many things that lead to success or failure; Leadership is a key skill to be successful because the market is changing and

communication has to be fast; We are adapting and finding innovative, new ways of doing business, so leadership is only one component of it, but I see it moving more in the direction of collaboration; I don't think leadership by itself leads to success or failure, there are so many characteristics of why a business succeeds or fails; Leadership is one element and leadership alone would not result in a successful business. However, leaders who don't know how to lead are far more likely to fail a business and leaders good at leading and good with people who feel good about being led by those leaders are far more likely to succeed; I think leadership success changes over time for an entrepreneur, when you're just starting out, I think the biggest factor for success is your willingness to hustle. Table 11 contains the phrase and/or expression small business leaders used to describe their experiences with employee motivation and small business closure.

Table 11

*Small Business Closure Can Be Caused by the Inability to Motivate Employees*

Themes-Textural Description	Participants
Small-business failure can be caused by the inability to motivate employees to achieve	002, 003, 004, 006, 0010, 0013, 0014, 0015, 0016, 0017, 0019, 0021, 0022, 0023

The following section summarizes direct quotes from participants in describing their experiences with small business closure and the inability to motivate employees.

**Textural description of experience.** As the leaders, you are the ambassador of your business, you are the one who knows where you're going with it and you're responsible to ensure new hire are the right fit but you also need to motivate them; Hiring is the most important role; Hire for people that can do the job, want to do the job, and would enjoy being part of the business then motivate them; We have to find the right employees with the right type of expertise and right culture bearing to fit within the company; Once they are in the company, there is a

culture within the company of professionalism, shared work environment of who we are; One of the things that was very important was making sure I attract the right people with necessary skills; We have to create an environment to ensure the employee is successful in performing their jobs; Employees need to hone their skills and keep motivated; It's not always clear to the employee where they fit and what they're doing impact the company; For us hiring the right team members was important; Make sure direction is communicated and resources are available for employees to be successful; Everything starts with shared vision, so you have to hire key members with similar ambitions and keep motivating them; Employees have to be on the same page, this is extremely important; Once you have that, then it is a matter of communication of ideas, not just of words but also being a role model. Therefore, hire the right key members; You need great people ; Often in my experience, the team is not designed; It is common that the team is people you have on hand, they are your friends but often they are not the right team and it is difficult to motivate them; The resources in front of you are often what you work with, on one level it is pragmatic, but it could be dangerous if you have an unhealthy team without the emotional dynamic and with a lot of one skills but not a lot of the other needed skill set; If a leader is trying to hire people like himself or avoid hiring people who are better than them at other things these can get in the way; Hire the right people, at the beginning we would make rushed decisions with hiring and it takes a few months to realize hiring the right people is extremely important for growth; The people we hired definitely contributed to our success; If there is one thing do the right possible job at is surrounding yourself with the right people; If you hire right and treat them right, they will stick around during the tough time; Hiring people who were skilled and had good interpersonal skills was critical; Getting the right people for us was important; When you hire people, you need to hire people who are really top notch and it is not difficult to keep them motivated. If you hire less than top notch, those can be a huge drain at

your company; Ability to judge people most critical because the smaller you are, the more critical every employee in the company is; The bigger you get, the more unlikely your employees will be better than your competitors, but when you're small, everyone you hire must be better than your competitor; With everyone you hire be able to judge peoples' effectiveness and character, I don't think I knew at the time but in hindsight that was what allowed us to grow and survive; Attract quality people early on. It's still necessary later, but early on it is more the people; Surround yourself with really good people in terms of their ethics and abilities; Do not be intimidated by surrounding yourself with people smarter than you; If you are the smartest person in your company, you haven't built a great company and be really confident about handing things off to other people, let them run the other parts of the business you've given them, let them know if they need advice you will be there but if I have to talk someone through every aspect of their job then I have hired the wrong person they should know how to do their job better than me; Hiring really good people was important to our success during the early years; To succeed I would have to say find really smart people and solve a real problem; To succeed, you need to get the best people on the bus; The right team members is probably the most important factor in successful companies; I personally feel that hiring the right kinds of people is the most important thing we could do to be successful; Finding people who have the right attitude and the right altitude, to use an old cliché, is of paramount importance; We really focus on finding really great people it makes the environment a lot more pleasant, we are not constantly putting out fires of coworkers; We are very serious about who we hire and who we bring in are of the highest quality, they care about their job, coworkers, the company, they are talented at what they do; Frankly it does not require a lot of leadership to keep the people I hired engaged, motivated, and doing a great job and perpetuating the business model so it makes my job pretty easy because of that; I think at a small business, it's more important to find the right people than it is to be an

effective leader. Table 12 contains the phrase and/or expression used to describe the experiences of small business leaders with vision, strategy, and small business closure.

Table 12

*Small Business Closure Can Be Caused by Lack of Vision and Strategy*

Themes-Textural Description	Participants
Small-business closure can be caused by lack of vision and strategy	001, 003, 004, 0010, 0015, 0018

The following section summarizes direct quotes from participants in describing their experiences with small business closure and lack of vision and strategy.

**Textural description of experience.** Have a clear vision of what you want but the flexibility to change that vision to match what is happening in the marketplace; Vision and strategy are very important; A believable vision and strategy in terms of starting a company is necessary; One of the things that was very important was making sure I attract the right people with necessary skills but also bought into the vision of the company because so often vision can become so esoteric especially for the employees so it is very important to articulate a vision and strategy employees can trust. There may be great vision, but you may also bring in the wrong people who may turn that into a threat. Have the right vision, communicate the vision so people see the purpose and understand that what you're doing is worthwhile; Create a culture one can identify with and want to be part of is important; Humans want to be inspired, if they are asked to do something they don't understand, the most important thing to do is to discuss it so they fully understand the mission and so they know what they are being asked to do best align with the mission of the organization; One thing that helped us is that our vision has not changed and it is the vision that we had before we started the company; You create a culture of community and shared vision; The strategy to make it work is just involvement, you got to get everyone involved; You need a core team of committed people that buy into your vision and that's tough

because you cannot do it in 1 year, you got to hold everything together; In a small business it is easy to be too focused on the mission and the mission is what it is all about but is it profitable and how do you make it profitable; that gets lost in small enterprise; Having a clear vision and able to sell the vision and bring people with you are all important characteristics of a strong leader. Table 13 contains the phrase and/or expression small business leaders used to describe their experiences with customer satisfaction and small business closure.

Table 13

*Small Business Closure Can Be Caused by Failure to Ensure Customer Satisfaction*

Themes-Textural Description	Participants
Small-business closure can be caused by failure to ensure customer satisfaction	0012, 0014, 0016; 0018

The following section summarizes direct quotes from participants in describing their experiences with small business closure and failure to ensure customer satisfaction.

**Textural description of experience.** The success of a business lies in how fast you get feedback from your customers and bring it basically back into a product; If you don't have a process in place flexible enough to get what the customer want, if the leader is not customer centric, listening to customer, hearing customer, have the ability to collaborate with customer, it can have an impact on the business; Managing expectation of the customer is key; Having a good customer base, cultivating that base, and constantly evolving our skill set as technology advances and thinking strategically was critical to our success; Being able to see your business from the customer's perspective and to think strategically of the business from this perspective is important; You need a good relationship with your customers; One of the things I really learn early on is that you need to keep your customers; Once you start gaining a lot of customers, it's easy to forget how difficult it was to get your first customer; I do a lot of teaching for our



employees and I make sure my employees are upholding the highest ethical and technical standards and take care of the customers in the right way; Need to figure out exactly what kind of business you are, how do you attract customer and get customers to buy in and keep coming back; Take care of your customer is number one; It is extremely easy to forget about your customers and try and move on to the next customers, but ultimately take care of your customers and they will not think about going elsewhere when things change. If you're not pricing product correctly, you're not going to draw customers to you and not going to make enough to survive the long term. Two aspects to failure: one was timing and one was the lack of customer and customer satisfaction we had as a company. Table 14 contains the phrase and/or expression small-business leaders used to describe their experiences with leadership.

Table 14

*Small Business Closure Can Be Caused by Poor Understanding of and Lack of Attention to Leadership*

Themes-Textural Description	Participants
Small-business closure can be caused by poor understanding of and lack of attention to leadership	002, 003, 006, 008, 0011, 0015, 0016, 0017, 0018, 0019, 0021, 0022, 0023

The following section summarizes direct quotes from participants in describing their experiences with small business closure and poor understanding of and lack of attention to leadership.

**Textural description of experience.** Leadership is extremely important in thinking about anything that you as a teammate is not thinking about; We trust the leader to be responsible for the welfare of the company; You trust the leader to raise money and make connections; When it comes to any organization, the leadership has to be there; Leaders who don't know how to lead are far more likely to fail, whereas leaders who are better at leading people are far more likely to

succeed; There are a lot of people that are starting companies with not much experience with leadership, they need to recognize that leadership itself is a skill set and that communicating with people is a skill set so either read a book, hire a coach, and get the help needed because everyone working for you will benefit from you being a better leader; Leadership has an impact on the failure of a business; Leadership is important because you're driving the machine that is the business and if you as an employee feel like those things are not being taken care of, you are more likely to leave and less likely to work hard and keep a positive image of the company; Leading is not more difficult in small organization if you know what you're doing and what you're trying to accomplish. However, leadership is an afterthought, I've never put a thought into it at all; I only think about leadership because we're talking about it now; No thought about leadership at all; Effective leadership may be an afterthought—founders usually have some leadership qualities, but the depth of the leadership may be lacking; Leadership is somewhat of an afterthought during start-up, you are more concerned with your product; Leadership is an afterthought, people are not really setting their goal as to be a good leader but usually to bring a product to market and make an impact or make a lot of money but not to be a leader or hold the VP title or CEO title; Leadership is not a priority. Priority is figuring out what to get done and what is important, managing what's not going to get done is as important as managing what you are actually going to get done; When I look back at my life, I've always been a leader; When you start you're not thinking about leadership at all, you're thinking about hiring people and grow, people are just hired to do the job that you have in your head for them to do. Once you become more mature you need more leadership because you have to start thinking about your imagine and start managing something different; When you're starting unless you happen to have a lot of capital, you don't think so much about being a leader; You have an idea of something you want to create and you are focused on creating that and leadership is not on your radar, you don't think

about being a leader in my field or a leader in my company; You find some folks to work with and put together a company —hopefully you have enough leadership, charisma, and self-awareness and can inspire your employees to be there for you and for your business; Leadership definitely was not on my mind when I started the company and not until we went through some really bad times and then had some good times so when I look back I thought the leadership part of it was more important than the business side; I happened to be the leader only because I started the company and had some people behind me; It's only after some tough times that you happen to turn into a leader and hopefully you can make that transition; I had no other choice but to make the transition to leadership—I could have cut and run or lead people, having the confidence it was going to take for things to go well and step up to the challenge; I have to make the right decisions for my business every day, but it was by trial and error not by being a leader and I don't know how to tell people to prepare for that; I thought about leadership a lot every time I hired a new person, but only then; I always thought about my role as leader and whether I was capable and comfortable leading other people and making sure they were comfortable with me as a leader, then when it came time to close the company I thought about leadership. Other than that, I haven't thought about it at all; I never even think about leadership—I am the president of the company for 22 years so I have to be the leader, but I don't think about it; The company has gone up and down but the leader is the leader, so I don't even think about leadership; Leadership is an afterthought, it is sort of like dreaming. I don't really think about it, not really much substance there, action is what matters. For example, who steps up and send an e-mail to the entire team? Who steps up and set an example to other people? Who steps up and did the project? Those are the things that matter. Leadership vaguely encompasses all of this together, but I don't really think about it; Leadership is an afterthought initially because the focus is on survival and on getting that next order and that next price of business and fulfilling it, so the

focus is on the nuts and bolts of the business but not of necessarily on leadership. It's about ensuring the organization exist when you're gone not just when you're there; Leadership seems to be more of an afterthought across the board; I think leadership in the traditional sense, how people think about leadership when they think about it may be an afterthought but even if you're not thinking consciously about leadership or what it takes to be a good leader, as a small-business owner it's going to happen anyway, you're either going to be a good leader or not, based on the level of effort you put in the business so you may not be consciously thinking about leadership and how to be a better leader but it will come from you internally, in your personality, how you work with people etc., and you will be a leader regardless of whether you have any conscious thought about how to do it; I spent 14 years doing my company and when I started out, I had no thought about leadership or how to be an effective leader or how to get people moving in the same direction. It was an afterthought, but at the same time those personality traits that are key to being a good leader were there, so I was kind of doing it without being conscious of it; It's not really my opinion that leadership is that important that somebody be focused on leadership and improving their leadership skill as a small-business leader because it's probably going to be intrinsic to their personality anyway; The epiphany moment came over time when I recognized what leadership was; Doing something for 14 years you have time to reflect and look back and see when you made good or bad decisions, but before I never thought about leadership; When you're starting out, there is very little time to reflect and very little context too to judge how your leadership is going and how the direction of the business is being handled. It's over time that I've had enough experience and enough different things happening, that I have come a long way over the course of doing business and that has allowed me to reflect on how I've done as a leader.

## **Answering the Research Questions**

The problem outlined in Chapter 1 relates to the high closure rate of small business organizations before their fifth year. Three research questions guided the study:

Research Question 1: What are the perceptions of small business leaders regarding leadership and small business closure?

Small business leaders' perception is that leadership is not a priority instead it is an afterthought, something small business leaders think about only in times of crisis, if at all. However, when asked how important or unimportant leadership was in avoiding small business closure, 60% of participants stated that leadership is important in establishing the direction of the firm and 40% stated that leadership challenges are unique characteristics affecting closure in small business organizations.

Research Question 2: What are the perceptions of small business leaders regarding leadership and small business success?

Small business leaders' perception regarding leadership and small business success hinges on the importance of leadership when envisioning a path for the future and when providing a platform for employees to succeed. Leadership is perceived to be important in this regard. For example, 40% of participants stated that leadership is important in executing the mission and vision and in giving employees the platform to succeed. 40% stated that focusing on the strategy and vision necessary to position their company helped them to achieve business continuity for more than 5 years. 30% of participants also stated that leadership helped to ensure the right team was in place and hiring the right employees helped to ensure success of their organization for more than five years.

Research Question 3: What do small business leaders attribute in terms of leadership to the success or premature closure of the small business?

Small business leaders perceive that those embracing leadership as a skillset are more likely to get through the challenges of the early developmental years while those ignoring the importance of leadership are more likely to close prematurely, with 40% of participants noting that leadership helped them to execute upon their vision and strategy which was important in helping them to remain focused as the business changed. An equal amount, 40% noted lack of leadership capabilities which made it difficult to handle the leadership challenges faced as the area where they struggled, and which ultimately led to their closure.

### **Summary and Transition**

Chapter 4 presented the research findings into the phenomenological investigation of small business closure in California. Several themes emerged to describe small business leaders' experiences with leadership. The predominant themes are all leadership challenges and help to emphasize the importance of leadership in small organizations during their early developmental years. Chapter 4 also provided answers to the research questions with regards to the leaders' perception of leadership and small business success and failure, and what small business leaders attribute in terms of leadership to the success or premature closure of their organizations. Small business leaders' perception of leadership is that is not a priority, their perception of leadership on small business success is that leadership is important to determine the vision of the organization and in aligning employees with that vision, and in terms of what leaders' attribute to the success or failure of their organization, the study finds that those embracing leadership are more likely to find success beyond five years, while those ignoring the importance of leadership are more likely to close prematurely. Chapter 5 presents conclusions and recommendations, a discussion of the essence and experience of participants, and presents the researcher's reflections on the study.

## **Chapter 5: Conclusions and Discussions, Implications, Recommendations**

This chapter outlines the conclusions of this investigation into the phenomenon of small business closure and provides interpretation of the findings discussed in Chapter 4. The purpose of this qualitative, phenomenological study was to explore small-business closure by examining leadership in small business organizations and the impact of this on the ability of the small firm to survive. Personal, Skype, and telephone interviews were completed with 20 small-business leaders within the state of California who experienced the phenomenon of closure. Purposive sampling allowed for the identification of the 20 small-business leaders within the information technology sector. The number of participants allowed for adequate data to complete a detailed analysis of the phenomenon under investigation. All participants experienced the phenomenon firsthand and provided the rich data necessary to inform the study (Miles, 2013). The study involved open-ended questions in semi-structured interviews of 45 to 60 minutes in duration.

Findings from Chapter 4 identified 12 themes that help to provide insights into the problem presented in Chapter 1 regarding the high closure rates of small businesses during the first five years of development. The themes are interpreted and discussed in this chapter. The population of the study consisted of 10 small-business owners who are currently leading a small-business organization that has ongoing operations of 10 or more years and 10 small business owners whose operations closed prior to year five of development. Findings from the study may lead to increases in the effectiveness of leadership in small-business organizations and consequently may contribute to successful turnaround of ailing firms. While no defined or established leadership process was noted during this investigation, the study results in a better understanding of leadership in small business organizations and provides clarity with regard to how small business leaders perform the critical role of leadership which helps to fill a gap in the literature.

The three guiding research questions were: What are the perception of small business leaders regarding leadership and small business success? What are the perceptions of small business leader regarding leadership and small business closure? And what do small business leaders attribute in terms of leadership to the success or premature closure of their organization?

This chapter presents a summary of the essence of the lived experience of participants with regards to closure and ends with a discussion on the implication of the study findings and recommendations for further research.

### **Implications of Study Findings**

The data from the 12 interview questions were analyzed and then grouped into similar themes based on common experiences. The themes highlight the need for small-business owners to lead, execute, inspire, and motivate their employees to achieve results that help to propel their organization to the next stage of development. Although a common cause of failure was not identified and although the research failed to identify a common leadership process among small-business leaders, several probable causes of small-business closure emerged. These are discussed in order of importance based on participants' alignment with the themes.

The result of the present study is in line with prior research on the topic of leadership and small-business closure. Common areas of alignment include: leadership knowledge is critical for improving small-business outcome (Seleim & Khalil, 2011; Servage, 2009); leadership is essential to running effectively a small-business organization (Collins, 2005; Rasheed, 2005; Valdiserri & Wilson, 2010); relationship-building skills are necessary for successful small-business operation (Luthans, 2011; Starke, 2001); the leader's abilities to strategize effectively towards business continuity is important (Porter & Siggelkow, 2008). Other areas of alignment include: closure can be caused by leadership shortfall (Knaup, 2005), leadership deficiencies (Holloway, 2013), inability to change (O'Regan et al., 2005), inability to create conditions



necessary for, or the platform required for success (Hughes et al., 1999). Kotter (2012) summarized this by noting that leadership not only sets the direction by defining what the future should look like, but it also aligns people with the vision and inspires them to achieve their goals despite the obstacles in front of them. This is an example of the leadership required in small - business organizations to ensure business continuity beyond the initial five years.

By using only small-business owners within the State of California as participants, the study was limited, and interpretation is limited to the experiences and perceptions of small-business leaders who participated in the study. The study was also limited to the open and honest recollection of the small-business leader with regards to their leadership during the early days of the business. In addition, the study was limited to the time available to complete the project and limited to the research methodology. Findings from the study might be of benefit to current and future small-business leaders interested in the effects of leadership on the survival and longevity of their small-business organizations.

Findings relate to the stated purpose and significance set forth in Chapter 1. While small businesses are of critical importance to the United States economy, the failure rate within the first five years is alarming and reflects the need for studies investigating the role of leadership in and the impact of this on the organization's ability to survive. The present study contributes to the literature in this regard. The results of the study indicate the need for small-business leaders to understand the critical role of leadership in early development of the organization and in creating successful firms. There is also a need to embrace leadership development which allows for the acquiring of skills necessary to inspire and motivate employees to take the organization forward. Small-business owners seeking to improve their leadership and performance are encouraged to reassess their leadership and learn from the experiences of the 20 small-business leaders who contributed to this study.

## Discussion of Themes

There is a paucity of studies investigating the impact of leadership on the success or closure of small-business organizations. The conclusions drawn in this study were based on the lived experiences of the 20 small-business owners who participated in the interviews and provided their feedback. All participants were asked 12 research questions; however, the participants were divided into two groups: successful and unsuccessful. The two groups shared six questions, which helped the researcher to understand their experiences with closure and identify what they had in common. The remaining six questions were unique to each specific group and provided a more detailed analysis of leadership within the group. These findings were discussed in detail in Chapter 4. Reviewing the responses revealed common patterns about leadership and the phenomenon of small-business closure in the 12 themes listed in order of importance based on participants' responses and alignment with the themes.

**Small-business closure can be caused by the inability to motivate employees to achieve.** One of the most important roles of leadership is the role of employee selection and performance, which in itself is a leadership shortfall. Of the respondents, 70% indicate that this is a critical role for the small-business leader especially at the time of start-up since teams during the early days are rarely defined and employees look to leadership for guidance and motivation. This aligns with Lorsch (2010) who noted that employees who are motivated and inspired are usually more productive than those who are not. This is a challenge for leadership in small firms. It also aligns with Bass (1990), O'Regan et al. (2005), Temtime and Pansiri (2005), Visser, Coning, and Smit (2005), and the discussions regarding transformational leadership, and aligns with the strategic contingencies theory that forms the conceptual framework for this study. The data suggest that small-business leaders lack the ability to motivate and get work accomplished through others. However, this is critical for small business survival. Participants noted the need

for small business leaders to have the ability to energize and lead people, to get them pointed in the right direction and enable them to achieve common goals.

**Small-business closure can be caused by poor understanding of and lack of attention to leadership.** Leadership shortfalls were noted as factors leading to and contributing to small-business closure (Chavan, 2005; Harris & Gibson, 2006; Marmaya et al. 2011; McCartan-Quinn & Carson, 2003; Valdiserri & Wilson, 2010; Wang et al., 2010). Leadership shortfall included a lack of understanding of leadership, the role of leadership, and why it is necessary in small organizations in 65% of the cases studied.

A unique finding is that leadership is often considered an afterthought for this group with participants responding that they've never thought of leadership because it lacked substance and they were more interested in actions. They noted that initially the focus is on survival of the company and on getting the next order to ensure survival. Small business leaders are not really setting their goal to be a good leader because leadership is just not a priority at startup. This finding is very telling given various research that have positively aligned leadership with successful outcomes of organizations of all sizes. An opportunity exists to help small-business leaders change their attitudes towards leadership and develop the mindset necessary to understand the positive impact of leadership on small organizations. One participant noted that there were a lot of entrepreneurs who were starting companies but did not have much experience with leadership. Those individual would benefit from recognizing that leadership is a skill set that should be learned to improve the chances of survival.

**Small-business closure can be caused by lack of relationship-building skills and lack of leader-follower interactions.** It is difficult for the small-business owner to do everything to support the small organization at the same time. Resources are often limited and it is, therefore, necessary to rely on others in order to grow the business. A majority, 55%, of small-business

leaders believe that relationship-building skills and positive leader-follower interactions are necessary for success of the small organization. The theme aligns with Matzler, Schwarz, Deutinger, and Harms (2008) and Visser et al. (2005), who argued that the leadership helps to create organizational culture, which allows employees to reach their full potential and contribute to organizational performance. Hughes et al. (1999) noted that a leader's job is to create the overall conditions necessary for the team to be successful. Leadership entails setting the organization's directions and finding the resources to get things accomplished (Kotter, 2012).

Participants noted that they are around people all the time and are therefore in a unique position of influence. There are interactions among individuals and the leader is providing guidance and feedback on a daily basis therefore relationships are important. One participant compared it to being a captain of a ship and therefore it is important that individuals are adhering to the commands given by the captain to ensure safe voyage for all on board. Small business leaders need to make sure they are leading and motivating their employees because if they are not doing that it is unlikely that they will be creating followers.

**Small-business closure can be caused by lack of listening and communication skills.**

Listening and communication skills are skills required for effective leadership. Poor listening can often lead to misinterpretation and poor communication often leads to chaos and confusion in an organization and can therefore lead to business closure according to 40% of study participants. Sarros and Santora (2001) argued that leaders develop followers through listening and inspiring, while Sopow (2006) noted that leadership begins with communication built through trust. Acquiring these critical skills of listening and communication may help small-business leaders build the relationships needed to create and motivate followers. One participant reflected that communication in small companies can be a challenge therefore methods, tools and habits must be in place for information to flow freely so decisions can be made quickly. Small businesses are

known for their ability to adapt quickly and turn on short order. Failure in communication can compromise their ability to do so successfully.

**Small-business closure can be caused by a lack of vision and strategy.** The ability of a business to adapt successfully to the changing environment is dependent on the vision set forth by its leader (Cross, 2008). Given the complexity of small-business organizations and the rapid pace of change in today's global environment, small-business organizations need to have a clear and highly focused vision (Hamel, 2002; Kotter, 1995) of what is needed to take the organization to the next stage of growth. Approximately 30% of participants stated that their closure was directly related to not having a clear vision and strategy for their business to move it forward. Small business leaders need to have a clear vision of what is needed to move the company forward yet have the flexibility to change that vision to match what is happening in the marketplace. Part of the strategy should involve finding the right people and hiring them to do the job. Hiring during the early years is the most critical task of the small-business leader as the team in place can make or break the company. The small organization must attract the right people with the right skill sets, and the leader has to make the right hiring decisions. Employees trust the leadership within the company to make the right decisions and leadership is important in following through with executing upon the vision. This is in line with Weatherly (2012) who contends that shared vision of goal creation has replaced the traditional leadership role that existed in the past. Leaders then can learn from closure and build strategies to navigate future obstacles that may impact business outcomes (Mason & Singh, 2009; Rusinko, 2010).

**Small-business closure can be caused by selfishness, greed, and ego.** Beaver and Jennings (1996) argued that the abuse of egotistical power in small-business organizations may contribute directly to the failure of these organizations and may be far bigger impact than financial costs, which have been considered a leading cause of small-business closure.

Approximately 30% of participants stated that it was often difficult to share information and that they often twist others' opinions to fit their own thoughts and considerations on an issue.

Participants noted the need to not get wrapped in their own egos and to hire the best individuals available to do the job then empower them to do exactly that. Failure to do that is not conducive to creating successful firms.

**Small-business closure can be caused by lack of trust.** Trust is extremely important for an organization of any size. Bennis (2007) argued that effective leaders generate trust and optimism. Of the participants in this study, 25% noted that it was difficult for them to delegate and trust the employees to do the work they were hired to perform. Participants also noted that they often overreached by taking on too many responsibilities and working too hard because they failed to allow their employees to take ownership of the work. These leaders declared that they often delegated tasks instead of responsibilities so that they could remain in charge, often taking on too much of the burden and overreaching and ignoring other employees better suited to perform the work. Trust is underscored by participants who noted that as a leader you are the ambassador of your business and as such you are responsible to ensure everyone, including new hires, have trust in you as their leader.

**Small-business closure can be caused by lack of focus, direction, and the inability to change.** The high level of uncertainty and changeability existing in small-business organizations was noted and described by participants as being similar to riding a roller coaster. A leader needs to know where the business is headed and must remain focused despite the changing environment, noted 25% of participants. This aligns with Simmons's (2007) findings that small-business failure may be caused by a lack of focus. Small business leaders who are not focused and adaptable run the risk of being out of business very quickly if and when something changes.

The unpredictable nature of the small firm is unique to these organizations. The level of uncertainty and changeability is both good and bad and can present an advantage or disadvantage if the firm is able to move quickly as needed or fail to do so to their disadvantage. Given the uncertain nature of these firms good and bad things are likely to happen on a daily basis as the business adapts and changes to the circumstances presented which are not as smooth or predictable as those of the large firm. Small companies that are unable to change with the changing environment run the risk of closure.

**Small-business closure can be caused by other factors besides leadership.** Of the participants, 25% noted that other factors such as the economy, financials, and competitors also contribute to failure. Figuring out the market, making sure the product or service being offered is in demand, is valued, and can be performed for a fair price that is adequate to succeed over time, are all important considerations to ensure longevity. For example, if small business leaders are not pricing their products correctly, they are unlikely to attract customers and the company is therefore not likely to make enough income to survive the long term.

Participants in this group argued that leadership by itself does not lead to success or failure as there are many other factors, such as the ones discussed in this section, that may impact company outcome. It is important to keep in mind the moderating role of leadership as these factors may be compounded by lack of leadership knowledge to identify the problems and address them effectively so as not to impact the business. One participant echoed this sentiment by noting that leaders who do not know how to lead are far more likely to fail than those who are comfortable in the leadership role.

Other reasons cited in the literature for closure include lack of planning (Beaver, 2003), emotional stress and depression (Law et al., 2012), inadequate sales (Walsh & Bartunek, 2011), and lack of capital or financial performance (Baixauli & Modica-Milo, 2010; Law et al., 2012;

Schiff et al., 2010; Yallapragada & Bhuiyan, 2011). However, Berson (2011) noted that financial ratios are not good predictors when the company is young or in the early developmental stage.

Other factors highlighted in this study are the economy and competitors. Understanding the other aspects of the business is also important to avoid closure. One participant reflected that when he stated out he did not understand logistics, supply chain, networking, channel sales, and marketing and it took him and his team some time some time to connect all the dots.

**Small-business closure can be caused by the inability to execute.** Anyone can start a business according to 25% of participants. However, not everyone can follow through with the execution of that business. Execution in this context refers to taking an idea and bringing it forward to fruition. What an individual does with the idea is the key to success. There are several equations that all have to fall in place to make companies successful and not every entrepreneur or small-business leader will be able to follow through on execution. Notwithstanding, failure to do this, failure to execute, will kill a burgeoning company with potential. This is in line with Cressy's (2006) argument that the chances of failure are greatest during the first two years. Thornhill and Amit (2003) noted that failures are more likely during the early developmental years as a result of business size and inexperience; and Simmons (2007) found that small-business failure could be caused by start-up difficulties, that are confirmed by findings in this study.

**Small-business closure can be caused by lack of perseverance, persistence, and patience.** Participants cited the need for perseverance and persistence specifically to get through the early years. Buckley (1994) identified emotionality, involving perseverance, as one of the primary influences on leadership. Of the participants, 20% noted the need to have a thick skin to bounce back from negative situations given the uncertain and changing business environment during the early years of a business. Participants perceived that the business would undoubtedly



fail without the ability to remain calm and persevere when things do not go as planned.

Participants noted that many companies fail because they do not have the ability, capability or endurance to bring a product to the right target group which stresses the importance of patience and perseverance in this process.

**Small-business closure can be caused by failure to ensure customer satisfaction.** Of the participants, 20% believed that they failed effectively to manage customer expectations. Managing expectation of the customer was key to survival in several instances. The participants argued that if the leader is not customer centric or have the ability to collaborate with customers then this can have an impact on the outcome of the organization. Reuber and Fischer (2005) pointed out that a close relationship with the customer may contribute to new opportunities for young firms. Tapping into these opportunities may help to eliminate some of the uncertainties with regard to customers and new opportunities, and may improve the chances of survival.

### **Predominant Causes of Small Business Closure**

The predominant causes of small business closure are inability to motivate employees, poor understanding and lack of attention to leadership, and lack of relationship building skills which are all in themselves leadership concerns. A majority, 75% of closures could directly be attributed to leadership shortfall which is in direct conflict with the finding that leadership is not a priority for small business leaders. When entrepreneurs start out they are not thinking about leadership at all, it is just not a priority. Priority for them is figuring out what needs to get done and what is important to take their company forward, and leadership for them is not part of this process. One participant noted that small business founders are not really setting their goals on becoming a good leader but rather on bringing their product to market. Actions are what matter to them and not leadership which they consider to be of no value. This finding is directly

contradicted by that of another finding that only 25% of participants perceived no direct link to leadership and their small business organization closing.

### **Essence of the Experience**

Perceptions of the small-business leaders and the description of their experiences were centered on the leaders' ability to motivate employees to achieve common goals, to execute, listen, and communicate, as well as their ability to remain focused and adaptable to changing circumstances. Inability to motivate received the highest score of all the themes with 70% of participants describing their experiences as being impacted by the inability to motivate their employees to reach common goals. Participants described their experiences using phrases to emphasize the need to get teammates involved as much as possible. As the founder, small business leaders are credited for creating the business but they cannot do it all themselves. They need to make sure everyone is moving in the right direction. This places emphasis on the theme that small-business closure can be caused by the inability to motivate and inspire employees toward common goals.

Participants described their experience with listening and communication using phrases to express how they failed to listen and take advice even from experts and employees brought in to advise them. This contributed to their difficulties in leading their small-business organizations. The changing and unpredictable nature of their organizations was compared to the experience of riding a roller coaster and the environment was described as not smooth or predictable, paving the path for good and bad things occurring on a daily basis.

The early years of the business were described as the most difficult. Execution was described as a challenging task during those early years. The focus of the small business leader is more on building a product or a startup and this takes priority over building an organization for the long term. Participants expressed these challenges with phrases that emphasize the

importance in following through with execution. Failure to execute will kill small businesses with good potential prematurely. Leadership is extremely important during the early years and has to be present to guide the team forward, to get everyone marching in the right direction. In addition, people in small businesses wear multiple hats, therefore an individual may be the owner and a line worker and also does sales. The challenge in such an environment is to not burn people out.

In terms of leaders' contribution to the success or failure of their companies, participants' experiences were heavily dependent on the ability of the leader to hire the right individuals for the job and ensuring they have the platform and tools needed to be successful. Words used to describe the experience focused on the ability to hire right and ensuring the employee is the right fit. Their experiences with vision and strategy were summed up using words that emphasize the importance of having a vision and strategy and articulating one that employees can trust and believe in. It is also important to communicate the vision. Customer relationship is also important and described in terms of listening to the customer, collaborate with the customer, and matching customer expectation being key.

Overall, small-business leaders described their experiences as a very difficult and painful learning experience and suggested that the causes of failure are varied and diverse. The participants encountered common difficulties, including a lack of focus and the inability to keep the team engaged and productive. An interesting dynamic regarding leadership was noted in that while leadership is considered important and necessary for the success of the small firm, it is often considered an afterthought in small-business organizations.

### **Comparing Research Findings**

This study's results are similar to results obtained by other researchers examining leadership in small business organizations. Valdiserri and Wilson (2010) looked at leadership

and the impact of this on profitability and organizational success and found a strong relationship between leadership, profitability and small business success. McKinney (2009) looked at leadership characteristics of small-business owner-founders during the first four years of operation and developed the following core themes: leading by example, establishing positive leader-follower relationships, recognition that the changing environment requires leaders to develop new leadership characteristics, leaders need to understand the need for relationship-building skills, and know your employees. Simmons (2007) looked at small-business failure in the state of Maryland and found that small business failure can be caused by: lack of perseverance, focus and commitment, small -business failure can be dependent upon location, small business failure can be caused by financial instability, by start-up difficulties, by image limitations, by not knowing, by poor or lack of planning, small business failure and its causes are unique to the business owner, can be caused by leadership shortfalls, and by blind optimism and customer deficiency. The results of the present study agree with the results of the studies discussed in this section underscoring that that there are many reasons behind small business closures, however leadership plays an important role in this process and has an impact on the ability of the organization to succeed.

### **Significance of the Study to Leadership**

This investigation of leadership and small-business closure may result in a better understanding of the phenomenon of closure given that only approximately half of new small businesses survive for more than five years (SBA, 2012). The results of this study may help current and future small-business leaders develop the attitudes and mindset necessary to rethink their leadership to focus on those things that could bring them business continuity for more than five years. Relationship-building skills and improved leader-follower interactions, for example, are important factors in small-business success, and small-business leaders must learn these

skills to remain relevant and ensure business continuity. The findings from this study indicate that 55% of participants lacked relationship building skills required for effective leader-follower interaction. Leadership is perceived as an essential skill that should be developed as part of the small-business leader's skills set.

The results of the study may help to increase awareness, therefore survival rate, by helping to improve leadership awareness among current and future small-business owners. This study is important because the U.S. economy and local communities will be positively impacted by every small business saved. Successful small businesses mean successful communities and successful families -everyone benefits. The study is also significant to the body of knowledge by providing insights into the critical role of leadership in small business organizations in creating successful firms. The study used a qualitative phenomenological approach to investigate the lived experiences of 20 California small-business leaders with regards to leadership and organizational closure during the first five years of operation. Findings from the study helped to fill a gap in the literature by providing additional insights into leadership and small-business outcome.

### **Recommendations**

The recommendations contained in this section are guided by the analysis of the lived experiences of the 20 small-business leaders who participated in this study. All 20 participants experienced the phenomenon of closure and as such were able to guide the study. The perceived experiences of the business leaders and the emergent themes guided the recommendations presented.

The data suggest that for many small-business leaders, leadership is more task specific and short term and centered around building products rather than on building a more sustainable organization of the future. Teams are usually made up of friends or associates who were around

at the time of start-up and usually not planned. This is because at the time of start-up, the founder may have been working with a few friends and the people at hand often form the initial team. These individuals may or may not be prepared for the roles they are thrust in and this may be detrimental to the firm. People are also expected to wear multiple hats and expected to turn fast and adapt quickly as a result of the level of change and uncertainty. This makes communication challenges extremely important.

Communication challenges may lead to founder dispute, and financial challenges may lead to more disputes that may affect the sustainability of the firm. The data indicate that a majority, three quarters of the small-business leaders believed that some form of leadership shortfall directly contributed to the closure of their small-business organizations. Leadership shortfalls include poor listening and communications skills, lack of trust, and poor relationship-building skills. A small fraction, one quarter believed that other factors besides leadership caused their closure. These findings highlight the importance of leadership in small-business organizations as well as the need for small-business owners to embrace leadership as a skill set that needs to be continually developed to meet the requirements of the changing business environment.

These findings also highlight the disconnect with regards to the role and benefits of leadership in small business organizations, particularly young organizations in the early stages of development. Building a startup is more important than building an organization for the long run. A paradigm shift is necessary; one that helps the small business leader understand the role and importance of leadership in developing successful firms. This can be accomplished through training and development with emphasis placed on the early entrepreneurial process so small-business leaders are better prepared to face the demands and uncertainties of the early developmental years as the business changes, and as concerns such as relationship building

skills, trust, listening and communication skills, patience and perseverance are of critically importance. To face this challenge, I recommend a new framework, labeled the leadership mindset training model, to face the challenges of business closure. The proposed framework is intended to create awareness before business startup and early during the entrepreneurial process to help leaders develop the attitudes and mindset necessary to rethink their leadership and embrace it as a skillset to guide the organization forward. The goal is to make leadership part of the early discussions when envisioning, starting, and operating a small-business organization. This could be done as part of a startup accelerator program, as part of the requirements to participate in certain small business government programs, to secure certain small-business loans, or as part of the outreach services offered by organizations such as SCORE and other small business development centers.

In addition, government agencies often provide training resources to help small-business owners succeed and there is an opportunity for these agencies to refocus their effort to emphasize leadership as a major contributing factor in small-business continuity. However, the training should be specific to the small-business community and developed for the small-business community, such as the framework developed by this study. This is important because small-business organizations are unique in the way they operate and models used to develop leaders in large business counterparts will not be effective in this environment. Beaver and Jennings (1996) emphasized this point by stating that leadership within small business organizations is unique and has no bearing on leadership within larger organizations that have been studied overwhelmingly and have produced various models, prescriptions, and constructs that are widely used today when examining large and small organizations.

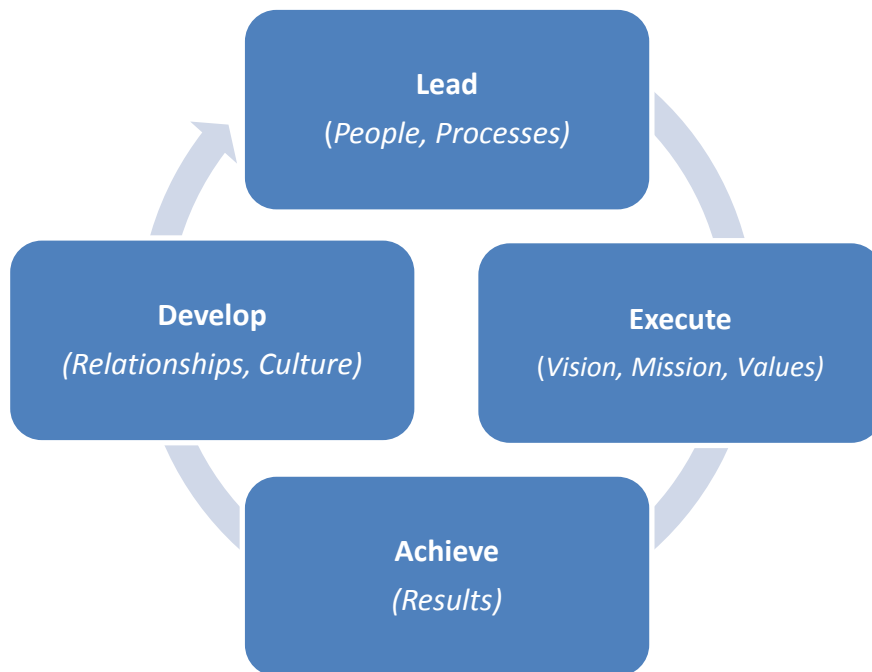
It is this researcher's belief that the current approach to developing small-business leaders is flawed and continues to focus on the concept of management with regards to planning,

organizing, coordinating, and controlling. Kotter (2012) argued that management is emphasized because it is easier than leadership to explain and teach and because it is so institutionalized in organizational cultures that it “discourages employees from learning how to lead” (p. 30). While management skills and functions are needed in organizations of any size, a new approach is necessary to help small businesses increase their chances of survival in this changing global environment. As the economy becomes more service based, leadership and relationship building skills are becoming more important now than ever before.

This shifting landscape reinforces the need for a paradigm shift and a new approach to training and development in small-business organizations. One that not only distinguishes leadership from management but also places emphasis on the problem areas identified in this study: (a) leading people and processes; (b) executing, in accordance with mission, vision, and values; (c) developing positive leader-follower relationships and cultures; and (d) achieving results by motivating and inspiring employees toward organizational objectives. Lester et al. (2003) stated that leadership requires continuous improvement, both personal improvements as well as skills development, to deal with the challenging and changing business environment.

Training must be an ongoing effort and it must start very early in the entrepreneurial process. Figure 20 depicts the new framework developed from the findings in this study. The small-business Leadership Mindset Model was created based on an analysis of the information from study participants. The model outlines the areas where small-business leaders perceived they struggled and helps to address the problem areas the research identified. By improving the mindset and capacity of small-business owners to lead, execute, develop others, and achieve results in line with organizational objectives, small-business organizations may be in a better position to improve performance and achieve business continuity for more than five years.





*Figure 20.* Leadership mindset model for small business.

The researcher recommends that this training model be used in small-business development, starting with emphasis on personal leadership to help small-business leaders first understand themselves as leaders so they fully understand the task of leading others. It is important to understand your blind spots as a leader and fix them noted one participant. If a leader does not know his or her weaknesses, it becomes difficult to lead others. Ekanem (2010) and Porter and Siggelkow (2008) stated that small-business owners often lack the leadership skills required for success at a time when their organizations depend heavily on their abilities as leaders to ensure business continuity. Collins (2005) and Rasheed (2005) reiterated this by emphasizing that leadership is instrumental to the success of small-business organizations.

The Leadership Mindset Model for Small Business in Figure 20 helps to address the problems encountered in this study and may help to overcome the challenges faced with leadership during the early developmental years. The model is different from the leadership process model (Figure 1) since the Leadership Mindset Model focuses on the preliminary step in helping small business leaders develop the attitudes and thought processes necessary to

understand leadership and become effective leaders. The attitudes small-business leaders have regarding leadership may be improved with proper training. The goal of this model is to help keep leadership at the forefront of the minds of entrepreneurs and small-business leaders rather than as an afterthought as highlighted in this study. Small-business leaders in this study have a certain attitude and mindset regarding leadership and until they are presented with an alternative way of viewing leadership, they may not understand the impact on their thoughts and attitudes in shaping the way they handle leadership challenges in their organizations. The Leadership Mindset Model for Small Businesses provides them with this alternative.

The Leadership Process Model (Figure 1), on the other hand, is more concerned with the dynamics of the leader follower interaction and how they work together to affect organizational outcome. It helps to explain the complex yet dynamic relationship between the leader, follower and context and the impact this has on outcome. The premise of the two approaches is geared towards helping leaders understand how their actions influence followers and outcomes.

Similar studies conducted in the area of small business closure include Simmons (2007) who found, similar to the present study, that small business failure can be caused by lack of perseverance, by lack of attention to customers, and by leadership shortfall as “leadership and leading people have a unique role in small businesses” (p. 85). Sikahala (2011) found lack of leadership and other business skills among the reasons small microbusinesses fail and Holloway (2013) in seeking to understand leadership in small-business organizations found that among the skills and practices required to ensure success, collaboration and communication, people skills and motivation, vision alignment, education, training and leading by example, are practices required for success and business continuity.

## **Limitations and Future Research**

The scope of the study was narrowed to focus exclusively on small businesses within the State of California. This limits the study participants to only those small-business leaders in California. The scope was also narrowed to look at the leadership process and the phenomenon of failure rather than success. Narrowing the scope allowed for the completion of the study in the time allotted but limited the ability to acquire a much broader understanding of the phenomenon investigated. The study is also limited by researcher biases, values, and assumptions. However, bracketing allowed the researcher to focus on the experiences of the 20 small business leaders in the study and not engage prior knowledge (Creswell, 2013) while conducting the study.

Future studies may continue to conduct qualitative research to gain a better understanding of leadership in the small business context. These studies should not only examine what small business owners are experiencing but should also examine how and why they are experiencing the phenomenon. Future studies may also focus on small business closures in an alternative industry and state. Findings from this study may also be compared to results obtained in other states to understand similarities or differences that may lead to further improvements in this area.

In addition, there is an opportunity for future studies to explore theories that may help to explain the high closure rate within the small business community. Studies using a grounded theory design may help to provide insights and understanding. Opportunities also exist to examine how small business records are being collected and maintained and any public/private partnership that may help to make improvements. Finally, future studies may examine SBA's role in developing small business leaders for the 21<sup>st</sup> century organizations and beyond.

## **Reflections on the Study**

This study helps to further the understanding of leadership in small business organizations and provides clarity on small business leader's relationship with leadership and how they perform the critical role of leadership which helps to fill that gap in the literature.

The high failure rate of small-business organizations within the first five years of development provided the impetus for the study. The low success rate justified a deeper investigation of the phenomenon of closure. Small-business organizations support the United States economy by providing up to 63% of net new private sector jobs created during the 10-year period ending 2013 (SBA, 2014a). It was necessary to understand the lived experiences of the individuals responsible for creating these jobs and for positively contributing to the growth of the economy. Various researchers, including Mellahi and Wilkinson (2004), have directly attributed leadership to the cause of small-business closure and evidence exists to suggest that the leadership within small-business organizations directly affects the outcome of the organization (Fuller-Love, 2006; Rasheed, 2005).

The inability to maintain lower failure rates of small-business organizations within the first five years warranted evidence-based research; hence, this investigation. 10 successful small business leaders' experiences were compared to the experiences of 10 unsuccessful small business leaders to understand leadership during the first five years of the business and the impact of this on the firm's ability to survive. The results of the study indicate the need for a paradigm shift in the attitudes and thought processes of small business leaders regarding their leadership and its role in developing successful firms.

## **Summary**

The current qualitative phenomenological investigation involved exploring the phenomenon of small-business failure to understand leadership in small-business organizations

during the early years of development. This understanding is necessary given that small-business organizations play an important role in the U.S. economy (Morrison, Breen, & Ali, 2003). The literature review provided several reasons for organizational success and closure and highlighted the critical role of leadership in this process (Enalls-Fenner, 2015; Kalshoven et al., 2013; McCrimmon, 2010).

From the data emerged 12 themes resulting from participants' experiences with small-business closure suggesting that closure can be caused by: (a) inability to motivate employees; (b) poor understanding of and lack of attention to leadership; (c) lack of relationship-building skills; (d) lack of listening and communication skills; (e) lack of vision and strategy; (f) selfishness, greed, and ego; (g) lack of trust; (h) lack of focus, direction and inability to change; (i) inability to execute; (j) lack of perseverance, persistence, patience; and (k) failure to ensure customer satisfaction. The data also suggest that closure can be caused by (l) other factors besides leadership.

The results indicate the need for small-business leaders to develop the right mindset to help them understand the critical role of leadership before, during, and after start-up of their small-business organizations, and especially to help them during the first five years of development. Strong leadership is necessary to execute the vision, motivate and inspire employees, build relationships, and provide the platform necessary to succeed. A leadership mindset model was recommended and presented as a framework to help educate and train small-business owners into developing and growing such a mindset to help them address the leadership challenges identified in this study and to afford them a fighting chance at business continuity.

Developing a leadership mindset may help to open up new areas for growth and development within the organization. Small-business leaders who are unwilling to develop such a mindset are unlikely to change the course of their business or improve the outcome of their

organizations. Finally, progress in this area is unlikely without the tools and frameworks necessary to be successful. The Leadership Mindset Model for Small Businesses provides such a tool and framework, and offers small business leaders an opportunity to achieve business continuity by helping them change the way they look at leadership and its role in the small business organization. Until that shift in paradigm is achieved, and until small-business leaders can reflect on their thinking and make the needed adjustments, it is unlikely that they will be influencing or changing their outcomes.

## REFERENCES

- Abdelsamad, M. H., & Kindling, A. T. (1978). Why small businesses fail. *Society for Advancement of Management*, 43(2), 24–32. Retrieved from <http://www.econbiz.de/Record/why-small-businesses-fail-abdelsamadmoustafa/10001801204>
- Aken, A. J. (2010). *How an organization's environmental orientation impacts environmental performance and its resultant financial performance through green computing hiring practices: An empirical investigation of the natural resource based view of the firm* (Doctoral dissertation). Retrieved from ProQuest Dissertations and Theses database. (AAT 3440385)
- Alan, A. (2008). *Strategic lessons from the leader who built an empire*. Paramus, NJ: Prentice-Hall.
- Ali, A., & Yusof, H. (2011). Quality in qualitative studies: The case of validity, reliability and generalizability. *Social and Environmental Accountability Journal*, 5, 25–64. Retrieved from <http://www.st-andrews.ac.uk/~csearweb/seaj>
- Alstete, J. W. (2008). Aspects of entrepreneurial success. *Journal of Small Business and Enterprise Development*, 15, 584–594. doi:10.1108/14626000810892364
- Analoui, F., & Karami, A. (2003). *Strategic management in small and medium enterprises*. London, England: Thomson.
- Aquino, S. (2010). Accounting indicators for credit risk analysis of firms: A historical analysis. *Economia Aziendale Online*, 2, 145–154. Retrieved from <http://www.ea2000.it>
- Arasti, Z., Zandi, F., & Talebi, K. (2012). Exploring the effect of individual factors on business failure in Iranian new established businesses. *International Business Research*, 5(4), 2–11. doi:10.5539/ibr.v5n4p2
- Ashraf, M., & Qureshi, T. M. (2010). Risk taking and essential success factors: A comparative analysis in 21st century entrepreneurial dimensions. *Mustang Journal of Business and Ethics*, 1, 99–119. Retrieved from [http://www.mustangjournals.com/mjbe/mjbe\\_v1.pdf#page=99](http://www.mustangjournals.com/mjbe/mjbe_v1.pdf#page=99)
- Askar, M., Imam, S., & Prabhaker, P. R. (2009). Business metrics: A key to competitive advantage. *Advances in Competitiveness Research*, 17, 90–108. Retrieved from [http://www.eberly.iup.edu/ASCWeb/journals\\_acr.html](http://www.eberly.iup.edu/ASCWeb/journals_acr.html)
- Atamian, R., & VanZante, N. R. (2010). Continuing education: A vital ingredient of the success plan for small business. *Journal of Business & Economics Research*, 8(3), 37–42. Retrieved from <http://journals.cluteonline.com/index.php/JBER>
- Ayala, J., & Garcia, G. (2010). Established business owners' success: Influencing factors. *Journal of Developmental Entrepreneurship*, 15(3), 263–282. doi:10.1142/s1084946710001555

- Ayyagari, M., Beck, T., & Demirguc-Kunt, A. (2007). Small and medium enterprises across the globe. *Small Business Economics*, 29, 415–434. doi:10.1007/s11187-006-9002-5
- Bahtsevani, C., Willman, A., Stoltz, P., & Ostman, M. (2010). Experiences of the implementation of clinical practice guidelines: Interviews with nurse managers and nurses in hospital care. *Scandinavian Journal of Caring Sciences*, 24, 514–522. doi:10.1111/j.1471-6712.2009.00743.x
- Baixauli, J. S., & Modica-Milo, A. (2010). The bias of unhealthy SMEs in bankruptcy prediction models. *Journal of Small Business and Enterprise Development*, 17(1), 60–77. doi:10.1108/14626001011019134
- Baker, K. (2010). *America: The story of us*. New York, NY: Melcher Media.
- Barrett, C. (2010). Smart people, smart ideas and the right environment drive innovation. *Research Technology Management*, 53, 40–43. Retrieved from [http://www.iriweb.org/Main/Library/RTM\\_Journal/Public\\_Site/Navigation/Publications/Research-Technology\\_Management/index.aspx](http://www.iriweb.org/Main/Library/RTM_Journal/Public_Site/Navigation/Publications/Research-Technology_Management/index.aspx)
- Bass, B. M. (1990). *Bass and Stogdill's handbook of leadership: Theory, research, and managerial applications*. New York, NY: Free Press.
- Bass, B. M. (2010). *The Bass handbook of leadership: Theory, research, and managerial applications*. New York, NY: Simon & Schuster.
- Baumard, P., & Starbuck, H. (2005). Learning from failures: Why it may not happen. *Long Range Planning*, 38(3), 281–298. Retrieved from <http://ssrn.com/abstract=1802834>
- Beaver, G. (2003). Editorial: Small business success and failure, *Strategic Change*, 12(3), 115–122. doi:10.1002/jsc.624
- Beaver, G., & Jennings, P. (1996). The abuse of entrepreneurial power—an explanation of management failure? *Strategic Change*, 5(3), 151–164. doi:10.1002/(SICI)1099-1697(199605)5:3<151::AID-JSC197>3.0.CO;2-N
- Beaver, G., & Jennings, P. (2005). Competitive advantage and entrepreneurial power: The dark side of entrepreneurship. *Journal of Small Business and Enterprise Development*, 12(1), 9–23. doi:10.1108/14626000510579617
- Benmelech, E., & Moskowitz, T. J. (2010). The political economy of financial regulation: Evidence from U.S. state usury laws in the 19th century. *Journal of Finance*, 65, 1029–1073. doi:10.1111/j.1540-6261.2010.01560.x
- Bennis, W. (2007). The challenges of leadership in the modern world. *American Psychologist*, 62(1), 2–5. doi:10.1037/0003-066X.62.1.2
- Bennis, W. (2011). *Learning to lead*. New York, NY: Basic Books.



- Benson, D. A., Lies, A. K., Okunade, A. A., & Wunnava, P. V. (2011). Economic impact of a private sector micro-financing scheme in South Dakota. *Small Business Economics*, 36, 157–168. doi:10.1007/s11187-009-9191-9
- Benzing, C., Chu, H., & Kara, O. (2009). Entrepreneurs in Turkey: A factor analysis of motivations, success factors, and problems. *Journal of Small Business Management*, 47, 58–91. doi:10.1111/j.1540-627X.2008.00262.x
- Berson, S. A. (2011). Starting up: If you're hanging a shingle in 2011 financial preparation begins now. *ABA Journal*, 97, 40–43. doi:10.2307/25798985
- Birley, S., & Niktari, N. (1995). *The failure of owner-managed businesses: The diagnosis of accountants and bankers*. London, England: Institute of Chartered Accountants in England and Wales.
- Bisel, R. S., Messersmith, A. S., & Kelley, K. M. (2012). Supervisor-subordinate communication: Hierarchical mum effect meets organizational learning. *Journal of Business Communication*, 49, 128–147. doi:10.1177/0021943612436972
- Blackford, M. G. (2003). *A history of small business in America*. Chapel Hill, NC: The University of North Carolina Press.
- Block, L. (2003). The leadership-culture connection: An exploratory investigation. *Leadership & Organization Development Journal*, 24(6), 318–334. doi:10.1108/01437730310494293
- Boal, K. B., & Hooijberg, R. (2001). Strategic leadership research: Moving on. *Leadership Quarterly*, 11(4), 515–549. doi:10489843
- Bos-Brouwers, H. E. J. (2010). Corporate sustainability and innovation in SMEs. Evidence of themes and activities in practice. *Journal of Business Strategy and the Environment*, 19, 417–435. doi:10.1002/bse.652
- Bouchikhi, H. (1993). A constructivist framework for understanding entrepreneurship performance. *Organization Studies*, 14(4), 549–570. doi:10.1177/017084069301400405
- Box, T. M. (2011). Small firm strategy in turbulent times. *Academy of Strategic Management Journal*, 10, 115–122. Retrieved from <http://www.alliedacademies.org/public/AffiliateAcademies/asm.aspx>
- Boyd, D. P. (2011). The rush to outsource: The interplay of location and dislocation. *International Business & Economics Research Journal*, 3(2), 11–18. Retrieved from <http://journals.cluteonline.com/index.php/IBER>
- Bradley, B. J., & Cowdery, C. (2004). *Small business: Causes of bankruptcy*. Retrieved from <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.367.4484&rep=rep1&type=pdf>
- Bruno, A. V., & Leidecker, J. K. (1998). Causes of new venture failure: 1960s vs. 1980s. *Business Horizons*, 31(6), 51–56. doi:10.1016/0007-6813(88)90024-9

- Brush, C., Ceru, D., & Blackburn, R. (2009). Pathways to entrepreneurial growth: The influence of management, marketing, and money. *Business Horizons*, 52, 481–491. doi:10.1016/j.bushor.2009.05.003
- Bryman, A., & Bell, E. (2011). *Business research methods*. New York, NY: Oxford University Press.
- Buckley, N. (1994). The magical number five: Toward a theory of everything. *Organizational Psychology*, 2(1), 1–27. Retrieved from [www.facet5global.com/\\_literature\\_145053/The\\_Magic\\_Number\\_Five](http://www.facet5global.com/_literature_145053/The_Magic_Number_Five)
- Bureau of Labor Statistics. (2014). *Professional, scientific and technical services: NAICS 54*. Retrieved from <http://www.bls.gov/iag/tgs/iag54.htm>
- Burstein, F., Sohal, S., Zyngier, S., & Sohal, A. S. (2010). Understanding of knowledge management roles and responsibilities: A study in the Australian context. *Knowledge Management Research & Practice*, 8(1), 76–88. doi:10.1057/kmrp.2009.18
- Cabrera-Suarez, K. (2005). Leadership transfer and the successor's development in the family firm. *The Leadership Quarterly*, 16(1), 71–96. doi:10.1016/j.leaqua.2004.09.010
- Caldwell, C., & Dixon, R. (2010). Love, forgiveness, and trust: Critical values of the modern leader. *Journal of Business Ethics*, 93(1), 91–101. doi:10.1007/s10551-009-0184-z
- Campbell, N., Heriot, K., Juaregui, A., & Mitchell, D. (2012). Which state policies lead to U.S. firm exits? Analysis with economic freedom index. *Journal of Small Business Management*, 50(1), 87–104. doi:10.1111/j.1540-627X.2011.00345.x
- Carter, R., & Van Auken, H. (2006). Small firm bankruptcy. *Journal of Small Business Management*, 44(4), 493–512. doi:10.1111/j.1540-627X.2006.00187.x
- Cassar, G. (2010). Are individuals entering self-employment overly optimistic? An empirical test of plans and projections on nascent entrepreneur expectations. *Strategic Management Journal*, 31(8), 822–840. doi:10.1002/smj.833
- Charron, N. (2011). Exploring the impact of foreign aid on corruption: Has the “anti corruption movement” been effective? *The Developing Economies*, 49(1), 66–88. doi:10.1111/j.1746-1049.2010.00122.x
- Chavan, M. (2005). Diversity makes good business. *Equal Opportunities International*, 24(7), 38–58. doi:10.1108/02610150510788268
- Chou, H., Lin, Y., Chang H., & Chuang W. (2013). Transformational leadership and team performance: The mediating role of cognitive trust and collective efficacy. *Sage Open Access Journal*, 3(3), 1-10. Retrieved from <http://sgo.sagepub.com/content/3/3/2158244013497027.full-text.pdf+html>

- Chung-Herrera, B., Goldschmidt, N., & Hoffman, K. (2004). Customer and employee views of critical service incidents. *Journal of Services Marketing, 18*(4), 241–254. doi:10.1108/08876040410542245
- Chung-Wen, Y. (2008). The relationships among leadership styles, entrepreneurial orientation, and business performance. *Managing Global Transitions, 6*(3), 257–275. Retrieved from [http://www.fm-kp.si/zalozba/ISSN/1581-6311/6\\_257-275.pdf](http://www.fm-kp.si/zalozba/ISSN/1581-6311/6_257-275.pdf)
- Churchill, N. C., & Lewis, V. L. (1983). *The five stages of small business growth*. Retrieved from <http://hbr.org/1983/05/the-five-stages-of-small-business-growth/ar/1>
- CNN Money. (2011). *States with worst business failure rate*. Retrieved from [http://money.cnn.com/2011/05/19/smallbusiness/small\\_business\\_state\\_failure\\_rates/](http://money.cnn.com/2011/05/19/smallbusiness/small_business_state_failure_rates/)
- Cochran, A. B. (2001). Small business mortality rates: A review of the literature. *Journal of Small Business Management, 19*(4), 50–59. Retrieved from <http://www.wiley.com/WileyCDA/WileyTitle/productCd-JSBM.html>
- Collins, J. (2005). Level 5 leadership: The triumph of humility and fierce resolve. *Harvard Business Review, 83*(7), 136–146. Retrieved from <https://hbr.org/2005/07/level-5-leadership-the-triumph-of-humility-and-fierce-resolve>
- Conte, C. (2006). Small business in U.S. History. *eJournal USA Economic Perspectives, 11*(1), 6-9. Retrieved from <http://photos.state.gov/libraries/amgov/30145/publications-english/EJ-entrepreneurship-0106.pdf>
- Cooper, D. R., & Schindler, P. S. (2003). *Business research methods*. New York, NY: McGraw-Hill.
- Cope, J. (2010). Entrepreneurial learning from failure: An interpretative phenomenological analysis. *Journal of Business Venturing, 26*, 604–623. doi:10.1016/j.jbusvent.2010.06.002
- Cope, J., Kempster, S., & Parry, K. (2011). Exploring distributed leadership in the small business context. *International Journal of Management Reviews, 13*, 270–285. doi:10.1111/j.1468-2370.2011.00307.x
- Corrigan, C., Desnick, L., Marshall, S., Bentov, N., & Rosenblatt, R. (2011). Primary care & health services section: What can we learn from first-year medical students' perceptions of pain in the primary care setting? *Pain Medicine, 12*, 1216–1222. doi:10.1111/j.1526-4637.2011.01150.x
- Corbin, J., & Strauss, A. (2007). *Basics of qualitative research: Techniques and procedures for developing grounded theory*. Thousand Oaks, CA: Sage.
- Corner, W. (2013). *Variables affecting the success of small business enterprises* (Doctoral dissertation). Retrieved from ProQuest Dissertations and Theses database. (AAT 3568515)

- Cover, J. (1933). *Business and personal failure and re-adjustment in Chicago*. Chicago, IL: Chicago University Press.
- Cressy, R. (2006). Why do most firms die young? *Small Business Economics*, 26(2), 103–116. doi:10.1007/s11187-004-7813-9
- Creswell, J. W. (2002). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research*. Upper Saddle River, NJ: Pearson Education.
- Creswell, J. W. (2013). *Qualitative inquiry & research design*. Thousand Oaks, CA: Sage.
- Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches*. Thousand Oaks, CA: Sage.
- Cronin-Gilmore, J. (2012). Exploring marketing strategies in small businesses. *Journal of Marketing Development and Competitiveness*, 6, 96–107. doi:76482059
- Cross, R. (2008). *Discovering how perception and experience influence executives when engaging employees: A grounded theory study* (Doctoral dissertation). Retrieved from ProQuest Dissertations and Theses database. (UMI No. 3297533)
- Crutzen, N., & Van-Caillie, D. (2008). The business failure process: An integrative model of the literature. *Entrepreneurship and Innovation*, 5(2) 1-32. Retrieved from [http://www.hec.ulg.ac.be/sites/default/files/workingpapers/WP\\_HECULG\\_20070502\\_Crutzen\\_VanCaillie.pdf](http://www.hec.ulg.ac.be/sites/default/files/workingpapers/WP_HECULG_20070502_Crutzen_VanCaillie.pdf)
- Crutzen, N., & Van-Caillie, D. (2010). Closure patterns amongst small firms and their financial symptoms: A test of hypotheses. *Proceedings of the 33rd Annual Congress of the European Accounting Association*, 31(4), 18–31. Retrieved from <http://orbi.ulg.ac.be/handle/2268/57397>
- Damodharan, V. S., Majumdar, S., & Gallant, M. (2010). Relevance of education for potential entrepreneurs: An international investigation. *Journal of Small Business and Enterprise Development*, 17, 626–640. doi:10.1108/14626001011088769
- Deininger, K., & Byerlee, D. (2012). The rise of large farms in land abundant countries: Do they have a future? *World Development*, 40, 701–714. doi:10.1016/j.worlddev.2011.04.030
- Dencker, J. C., Gruber, M., & Shah, S. K. (2009). Pre-entry knowledge, learning, and the survival of new firms. *Organization Science*, 20, 516–537. doi:10.1287/orsc.1080.0387
- Denzin, N. K., & Lincoln, Y. S. (2011). *The Sage handbook of qualitative research* (4<sup>th</sup> ed.). Thousand Oaks, CA: Sage.
- DiBacco, T. V. (2003). *The history of American business: Made in the USA* (Rev. ed.). Washington, DC: Beard.

- Dibley, L. (2011). Analyzing narrative data using McCormack's lenses. *Nurse Researcher*, 18(3), 13–19. Retrieved from <http://journals.rcni.com/doi/pdfplus/10.7748/nr2011.04.18.3.13.c8458>
- Drucker, P. F. (2010). *Management challenges for the 21st century*. New York, NY: Harper Collins.
- Dunn, P., & Liang, K. (2011). A comparison of entrepreneurship/small business and finance professors' reaction to selected entrepreneurial and small business financial planning and management issues. *Journal of Entrepreneurship Education*, 14(3), 93–104. Retrieved from <http://www.alliedacademies.org/public/journals/%5CAffiliateAcademies%5Cjee.aspx>
- Dworkin, S. L. (2012). Sample size policy for qualitative studies using in-depth interviews. *Archives of Sexual Behavior*, 41(6), 1319–1320. doi:10.1007/s 10508-012-0016-6
- Earle, J. V. (2009). *Development of a strategic planning process model for division 1-A intercollegiate athletic departments* (Doctoral dissertation). Retrieved from ProQuest Dissertations and Theses database. (AAT. 3384814)
- Ekanem, I. (2010). Liquidity management in small firms: A learning perspective. *Journal of Small Business and Enterprise Development*, 17(1), 123–138. doi:10.1108/14626001011019161
- Elenurm, T., & Oper, J. (2008). Innovation obstacles and management focus in Estonian enterprises. *EBS Review*, 25, 74–88. doi:41563497
- Elsby, M. W. L., Hobijn, B., Şahin, A., & Valletta, R. G. (2011). The labor market in the Great Recession—An update to September 2011. *Brookings Papers on Economic Activity*, 20, 353–384. doi:10.1353/eca.2011.0013
- Enalls-Fenner, T. (2015). *Exploring appreciative intelligence competencies for small business leadership during stressful situations* (Doctoral dissertation). Retrieved from ProQuest Dissertations and Thesis database. (AAT 3688863)
- Fatoki, O., & Asah, F. (2011). The impact of firm and entrepreneurial characteristics on access to debt finance by SMEs in King Williams Town, South Africa. *International Journal of Business and Management*, 6(8), 170–180. doi:10.5539/ijbm.v6n8p170
- Ferreira, J., Azevedo, S., & Ortiz, R. (2011). Contribution of resource-based view and entrepreneurial orientation on small firm growth. *Cuadernos de Gestion*, 11(1), 95–116. doi:10.5295/cdg.l00185jf
- Finfgeld-Connett, D. (2010). Generalizability and transferability of meta-synthesis research findings. *Journal of Advanced Nursing*, 66, 246–254. doi:10.1111/j.13652648.2009.05250.x

- Frazier, E. (2013). *Small business leadership and organizational culture, job satisfaction and performance: Correlational research* (Doctoral dissertation). Retrieved from ProQuest Dissertations and Theses database. (AAT 3569145)
- Frazier, K. N. (2014). *The effect of leadership styles on workplace relationships and employee well-being of medical staff employees* (Doctoral dissertation). Retrieved from ProQuest Dissertations & Theses database. (AAT 3612994)
- Friedman, T. L., & Mandelbaum, M. (2011, November). America really was that great (but that doesn't mean we are now). *Foreign Policy*, 189, 76–78. Retrieved from <http://www.foreignpolicy.com/2011/10/11/america-really-was-that-great/>
- Frost, N. A., Holt, A., Shinebourne, P., Esin, C., Nolas, S., Mehdizadeh, L., & Brooks, G. B. (2011). Collective findings, individual interpretations: An illustration of a pluralistic approach to qualitative data analysis. *Qualitative Research in Psychology*, 8, 93–113. doi:10.1080/14780887.2010.500351
- Fuller-Love, N. (2006). Management development in small firms. *International Journal of Management Reviews*, 8(3), 175–190. doi:10.1111/j.1468-2370.2006.00125.x
- Gao, J., Li, J., & Shi, S. (2010). Impact of initial conditions on new venture success: A longitudinal study of new technology based firms. *International Journal of Innovation Management*, 14, 41–56. doi:10.1142/S1363919610002544
- Gaskill, L. R., Van Auken, E. H., & Manning, R. (1993). A factor analytic study of the perceived causes of small business failure. *Journal of Small Business Management*, 31(4), 18–31. doi:9410211520
- Gebauer, H., Paiola, M., & Edvardsson, B. (2010). Service business development in small and medium capital goods companies. *Managing Service Quality*, 20(2), 123–139. doi:10.1108/09604521011027561
- Gelo, O., Braakmann, D., & Benetka, G. (2009). Quantitative and qualitative research: Beyond the debate. *Integrative Psychological & Behavioral Science*, 43, 406–407. doi:10.1007/s12124-009-9107-x
- Germano, M. A. (2010, June). Leadership style and organizational impact. *Library Worklife: HR E-news for Today's Leaders*. Retrieved from <http://ala-apa.org/newsletter/2010/06/08/spotlight/>
- Giapponi, C. C., & McDevitt, R. (2010). CJ Mclaine's Deli & Bakery, LLC: A small family business case study. *Journal of the International Academy for Case Studies*, 16(5), 121–131. Retrieved from <http://www.alliedacademies.org/public/journals/%5CAffiliateAcademies%5Ciacs.aspx>
- Gibb, A., & Webb, T. (1980). *Policy issues in small business research*. Andover, MD: Teakfield.

- Giorgi, A. (2009). *The descriptive phenomenological method in psychology: A modified Husserlian approach*. Pittsburgh, PA: Duquesne University Press.
- Gofman, A., & Moskowitz, H. R. (2010). Improving customers targeting with short intervention testing. *International Journal of Innovation Management*, *14*, 435–448. doi:10.1142/S1363919610002726
- Gordon, A., & Yukl, G. (2004). The future of leadership research. *German Journal of Human Resource Research*, *18*(3), 359–365. Retrieved from [http://www.rhverlag.de/Archiv/3\\_04\\_Gordon.pdf](http://www.rhverlag.de/Archiv/3_04_Gordon.pdf)
- Governor's Office of Business and Economic Development. (2013). *California economy by the numbers*. Retrieved from <http://www.business.ca.gov/Portals/0/WhyCA/Docs/CA%20Economy%20by%20the%20Numbers.%20Oct.%202013.pdf>
- Graen, G. B., & Uhl-Bien, M. (1995). Development of leader–member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective. *Leadership Quarterly*, *6*(2), 219–247. doi:10.1.1.369.1391
- Graetz, F. (2000). Strategic change leadership. *Management Decision*, *38*(8), 550–562. doi:10.1108/00251740010378282
- Graham, J. (2004). How do small business managers make strategic marketing decisions? A model of process. *European Journal of Marketing*, *38*(5), 659–674. doi:10.1108/03090560410529277
- Gray, C. (1998). *Enterprise and culture*. London, England: Routledge.
- Gregory, B. T., Rutherford, M. W., Oswald, S., & Gardiner, L. (2005). An empirical investigation of the growth cycle theory of small firm financing. *Journal of Small Business Management*, *43*(4), 382–392. doi:10.1111/j.1540-627X.2005.00143.x
- Groves, K., Vance, C., & Choi, D. (2011). Examining entrepreneurial cognition: An occupational analysis of balanced linear and nonlinear thinking and 153 entrepreneurship success. *Journal of Small Business Management*, *49*, 438–466. doi:10.1111/j.1540-627X.2011.00329.x
- Hall, G., & Young, B. (1991). Factors associated with insolvency amongst small firms. *International Small Business Journal*, *9*(2), 54–63. doi:10.1177/026624269100900204
- Hamel, G. (2002, December). Innovation now! (It's the only way to win today). *Fast Company*, *65*, 114–123. Retrieved from <http://www.fastcompany.com/45819/innovation-now>
- Hamrouni, A., & Akkari, I. (2012). The entrepreneurial failure: Exploring links between the main causes of failure and the company life cycle. *International Journal of Business & Social Science*, *3*(4), 189–205. Retrieved from [http://ijbssnet.com/journals/Vol\\_3\\_No\\_4\\_Special\\_Issue\\_February\\_2012/24.pdf](http://ijbssnet.com/journals/Vol_3_No_4_Special_Issue_February_2012/24.pdf)

- Harris, M. L., & Gibson, S. G. (2006). Determining the common problem of early growth small businesses in eastern North Carolina. *SAM Advanced Management Journal*, 71(2), 39–47. doi:21320114
- Harris, M. L., Grubb, W. L. & Herbert, F. J. (2005). Critical problems of rural small businesses. A comparison of African American and White-owned formation and early growth firms. *Journal of Developmental Entrepreneurship*, 10(3), 223–238. doi:24566078
- Headd, B. (2003). Redefining business success: Distinguishing between closure and failure. *Small Business Economics*, 21(1), 51–62. doi:10447113
- Headd, B. (2010). An analysis of small business and jobs [Research report]. Retrieved from U.S. Small Business Administration Office of Advocacy website: <https://www.sba.gov/advocacy>
- Headd, B., & Kirchhoff, B. (2009). The growth, decline and survival of small businesses: An exploratory study of life cycles. *Journal of Small Business Management*, 47(4), 531–550. doi:10.1111/j.1540-627X.2009.00282.x
- Henrekson, M., & Johansson, D. (2010). Gazelles as job creators: A survey and interpretation of the evidence. *Small Business Economics*, 35, 227–244. doi:10.1007/s11187-009-9172-z
- Hersey, P., & Blanchard, K. H. (1969). Life cycle theory of leadership. *Training & Development Journal*, 23(5), 26–34. doi:7465530
- Hess, A. A., & Rust, A. A. B. (2010). The constraints SMMES experience whilst attempting to recover skills levies from the W&RSETA in South Africa. *African Journal of Business Management*, 4, 3691–3696. Retrieved from <http://www.academicjournals.org/ajbm/index.htm>
- Hollander, E. P., & Julian, J. W. (1969). Contemporary trends on the analysis of leadership processes. *Psychological Bulletin*, 71(5), 387–397. doi:10.1037/h0027347
- Holloway, D. (2013). *Understanding leadership in small business from the perspectives of practitioners* (Doctoral dissertation). Retrieved from ProQuest Dissertations & Theses. (AAT 3606071)
- Holub, J. (2013). *What was the gold rush?* New York, NY: Penguin Group.
- Hotho, S., & Champion, K. (2011). Small businesses in the new creative industries: Innovation as a people management challenge. *Management Decision*, 49, 29–54. doi:10.1108/00251741111094428
- Hughes, R. L., Ginnett, R. C., & Curphy, G. J. (1999). *Leadership: Enhancing the lessons of experience*. New York, NY: McGraw-Hill.



- Hussain, M. M., Rahman, M., & Alam, M. N. (2006). Core competencies in small manufacturing firms: A case study. *Journal of Accounting Business & Management*, *13*, 114–122. doi:23274906
- Hynes, W., Jacks, D. S., & O'Rourke, K. H. (2012). Commodity market disintegration in the interwar period. *European Review of Economic History*, *16*, 119–143. doi:10.1093/ereh/her009
- Ibrahim, A. B., & Soufani, K. (2002). Entrepreneurship education in training in Canada: A critical assessment. *Education and Training*, *44*(8), 421–430. doi:10.1108/00400910210449268
- Ibrahim, N. A., Angelidis, J. P., & Parsa, F. (2004). The status of planning in small business. *American Business Review*, *22*(2), 52–60. doi:13989215
- Inandi, Y., Tunc, B., & Gilic, F. (2013). School administrators' leadership styles and resistance to change. *International Journal of Academic Research*, *5*(5), 196–203. doi:10.7813/2075-4124.2013/5-5/b.30
- Islam, M., Khan, M., Obaidullah, A., & Alam, M. (2011). Effect of entrepreneur and firm characteristics on the business success of small and medium enterprises (SMEs) in Bangladesh. *International Journal of Business and Management*, *6*(3), 289–299. Retrieved from <http://www.ccsenet.org/journal/index.php/ijbm/article/view/9722>
- Ivanov, S. (2011). Why organizations fail: A conversation about American competitiveness. *International Journal of Organizational Innovation*, *4*(1), 94–110. doi:67433847
- Jackson, T. A., Meyer, J. P., & Wang, X. (2013). Leadership, commitment, and culture: A meta-analysis. *Journal of Leadership & Organizational Studies*, *20*(1), 84–106. doi:10.1177/1548051812466919
- Jago, A. G. (1982). Leadership: Perspectives in theory and research. *Management Science*, *28*(3), 315–336. doi:7360884
- Janssen, F. (2009). Does the environment influence the employment growth of SMEs? *Journal of Small Business and Entrepreneurship*, *22*(3), 311–325. doi:10.1080/08276331.2009.10593458
- Jasra, J. M., Khan, M. A., Hunjra, A. I., Rehman, R. A., & Azam, R. I. (2011). Determinants of business success of small and medium enterprises. *International Journal of Business and Social Science*, *2*(20), 274–280. Retrieved from [http://www.ijbssnet.com/journals/Vol\\_2\\_No\\_20\\_November\\_2011/30.pdf](http://www.ijbssnet.com/journals/Vol_2_No_20_November_2011/30.pdf)
- Jhang, J., Grant, S., & Campbell, M. (2012). Get it? Got it. Good! Enhancing new product acceptance by facilitating resolution of extreme incongruity. *Journal of Marketing Research*, *49*, 247–259. doi:10.1509/jmr.10.0428

- Jokipii, A. (2010). Determinants and consequences of internal control in firms: A contingency theory based analysis. *Journal of Management and Governance*, *14*(2), 115–144. doi:10.1007/s10997-009-9085-x
- Kabongo, J. D., & McCaskey, P. H. (2011). An examination of entrepreneurship educator profiles in business programs in the United States. *Journal of Small Business and Enterprise Development*, *18*, 27–42. doi:10.1108/14626001111106415
- Kalshoven, K., Den Hartog, D. N., & De Hoogh, A. H. B. (2013). Ethical leadership and follower helping and courtesy: Moral awareness and empathic concern as moderators. *Applied Psychology: An International Review*, *62*, 211–235. doi:10.1111/j.1464-0597.2011.00483.x
- Kammeyer-Mueller, J., Wanberg, C., Rubenstein, A., & Song, Z. (2013). Support, undermining, and newcomer socialization: Fitting in during the first 90 days. *Academy of Management Journal*, *56*, 1104–1124. doi:10.5465/amj.2010.0791
- Karakas F. (2007). The twenty-first century leader: Social artist, spiritual visionary, and cultural innovator. *Global Business & Organizational Excellence*, *26*(3), 44–50. doi:10.1002/joe.20143
- Karpak, B., & Topcu, I. (2010). Small medium manufacturing enterprises in Turkey: An analytic network process framework for prioritizing factors affecting success. *International Journal of Production Economics*, *125*, 60–70. doi:10.1016/j.ijpe.2010.01.001
- Keasey, K., & Watson, R. (1993). *The management of small firms: Ownership, finance, and performance*. Oxford, England: Blackwell.
- Kessler, A. (2007). Success factors for new businesses in Austria and the Czech Republic. *Entrepreneurship & Regional Development*, *19*, 381–403. doi:10.1080/08985620701439959
- Kessler, A., Korunka, C., Frank, H., & Lueger, M. (2012). Predicting founding success and new venture survival: A longitudinal nascent entrepreneurship approach. *Journal of Enterprising Culture*, *20*(1), 25–55. doi:10.1142/50218495812500021
- Khan, N. R., Ghouri, A. M., & Awang, M. (2013). Leadership styles and organizational citizenship behavior in small and medium scale firms. *Researchers World*, *4*(2), 144–154. Retrieved from [http://www.researchersworld.com/vol4/issue2/Paper\\_21.pdf](http://www.researchersworld.com/vol4/issue2/Paper_21.pdf)
- Kidalov, M. V., & Snider, K. F. (2011). U.S. and European public procurement policies for small and medium-sized enterprises: A comparative perspective. *Business & Politics*, *13*(4), 1–43. doi:10.2202/1469-3569.1367
- Kikooma, J. F. (2010). Using qualitative data analysis software in a social constructionist study of entrepreneurship. *Qualitative Research Journal*, *10*, 40–51. doi:10.3316/QRJ1001040

- King, R. P., Boehlje, M., Cook, M. L., & Sonka, S. T. (2010). Agribusiness economics and management. *American Journal of Agricultural Economics*, 92, 554–570. doi:10.1093/ajae/aaq009
- Kinyanjui, M. N. (2010). New drivers of rural economies: University graduates in business formation in central province, Kenya. *International Journal of Vocational and Technical Education*, 2(6), 102–108. Retrieved from <http://www.academicjournals.org/journal/IJVTE/article-full-text-pdf/722B2AA651>
- Kline, J. B. (1974). Personal strategy guidelines to avoid business failure. *Journal of Small Business Management*, 12(3), 10-14. doi:7389151
- Knaup, A. (2005). Survival and longevity in the business employment dynamics database. *Monthly Labor Review*, 128(5), 50–56. Retrieved from <http://www.bls.gov/opub/mlr/2005/05/ressum.pdf>
- Kobe, K. (2012). *Small business GDP: Update 2002-2010*. Retrieved from <https://www.sba.gov/content/small-business-gdp-update-2002-2010>
- Kotey, B. (2005). Goals, management practices, and performance of family SMEs. *International Journal of Entrepreneurial Behavior and Research*, 11(1), 3–24. doi:10.1108/13552550510580816
- Kotter, J. P. (1995). *The new rules: How to succeed in today's post-corporate world*. New York, NY: The Free Press.
- Kotter, J. (2012). *Leading change*: Boston, MA: Harvard Business Review Press.
- Kumar, M. (2007). Explaining entrepreneurial success: A conceptual model. *Academy of Entrepreneurship Journal*, 13(1), 57–77. doi:29964188
- Kvale, S. (2007). *Doing interviews*. Thousand Oaks, CA: Sage.
- Langowitz, N., & Allen, E. (2010). Small business leadership: Does being the founder matter? *Journal of Small Business and Entrepreneurship*, 23(1), 53–63. Retrieved from <http://www.thefreelibrary.com/Small+business+leadership%3a+does+being+the+founder+matter%3f-a0224776639>
- Lasch, K. E., Marquis, P., Vigneux, M., Abetz, L., Arnould, B., Bayliss, M., & Rosa, K. (2010). PRO development: Rigorous qualitative research as the crucial foundation. *Quality of Life Research*, 19(8), 1087–1096. doi:10.1007/s11136-0109677-6
- Law, R., Leung, D., & Cheung, C. (2012). A systematic review, analysis, and evaluation of research articles in the Cornell Hospitality Quarterly. *Cornell Hospitality Quarterly*, 53, 365–381. doi:10.1177/1938965512457458

- Leaprott, J., & McDonald, J. (2008). Looking before leaping: The effect of owner decisiveness on small business performance. *Academy of Entrepreneurship Journal*, 14(1), 1–12. doi:41336951
- Leedy, P. D., & Ormrod, J. E. (2013). *Practical research: Planning and design*. Upper Saddle River, NJ: Pearson Education.
- Legislative Analyst's Office (2014). *California is the world's eighth largest economy*. Retrieved from <http://lao.ca.gov/LAOEconTax/Article/Detail/1>
- Lester, D. L., Parnell, J. A., & Carraher, S. (2003). Organization life cycle: A five-stage empirical scale. *The International Journal of Organizational Analysis*, 11(4), 339–354. doi:10.1108/eb028979
- Lester, M. (2011). *A study of the innovation, creativity, and leadership skills associated with the college-level millennial generation* (Doctoral dissertation). Retrieved from ProQuest Dissertations & Theses database. (AAT 3487435)
- Levinson, M. (2011). *The great A&P and the struggle for small business in America*. New York, NY: Hill Farrar, Straus and Giroux.
- Lippmann, S. (2009). Local labor market dynamics and self-employment in rural New England. *Sociological Spectrum*, 29, 371–400. doi:10.1080/02732170902761990
- Lorsch, J. W. (2010). *A contingency theory of leadership*. Boston, MA: Harvard Business Press.
- Loscocco, K., & Bird, S. R. (2012). Gendered paths: Why women lag behind men in small business success. *Work and Occupations*, 39, 183–219. doi:10.1177/0730888412444282
- Lu, X. (2004). Surveying the topic of effective leadership. *The Journal of American Academy of Business*, 5(1), 125–129. doi:13200994.
- Lunenberg, F. C. (2010). Reciprocal influence theory: A reality in most organizations. *International Journal of Scholarly Academic Intellectual Diversity*, 12(1), 1-2. Retrieved from <http://www.nationalforum.com/Journals/IJSAID/IJSAID.htm>
- Lussier, R. N. (1995). A nonfinancial business success versus failure predication model for young firms. *Journal of Small Business Management*, 33, 8–20. Retrieved from <http://www.wiley.com/WileyCDA/WileyTitle/productCd-JSBM.html>
- Lussier, R. N., & Halabi, C. E. (2010). A three-country comparison of business success versus failure prediction model. *Journal of Small Business Management*, 48(3), 360–377. doi:10.1111/j.1540-627X.2010.00298.x
- Lussier, R. N., & Sonfield, M. C. (2010). A six-country study of first-, second-, and third-generation family businesses. *International Journal of Entrepreneurial Behaviour & Research*, 16, 414–436. doi:10.1108/13552551011071869

- Luthans, F. (2011). *Organizational behavior*. New York, NY: McGraw-Hill.
- Madsen, P., & Desai, V. (2010). Failing to learn? The effects of failure and success on organizational learning in the global orbital launch vehicle industry. *Academy of Management Journal*, 53(3), 451–476. Retrieved from <https://acc.dau.mil/adl/en-US/382184/file/51444/Failing%20to%20Learn.pdf>
- Maes, J., Sels, L., & Roodhooft, F. (2005). Modeling the link between management practices and financial performance. Evidence from small construction companies. *Small Business Economics*, 25(1), 17–34. Retrieved from <http://www.jstor.org/stable/40229380>
- Makhbul, Z., & Hasun, F. (2011). Entrepreneurial success: An exploratory study among entrepreneurs. *International Journal of Business & Management*, 6(1), 116–125. Retrieved from <http://www.ccsenet.org/journal/index.php/ijbm/article/download/7046/6531>
- Malchow-Moller, N., Schjerning, B., & Sorensen, A. (2011). Entrepreneurship, job creation and wage growth. *Small Business Economics*, 36(1), 15–32. doi:10.1007/s11187-009-9173-y
- Mannion, K. (2009). Leadership for success. *Leadership & Organization Development Journal*, 30, 639–648. doi:10.1108/01437730910991655
- Marmaya, N. H., Hitam, M., Torsiman, M. N., & Balakrishnan, K. P. D. B. (2011). Employees' perceptions of Malaysian managers' leadership styles and organizational commitment. *African Journal of Business Management*, 5, 1584–1588. doi:10.5897/AJBM10.090
- Marshall, G. (1998). Contingency theory. *A Dictionary of Sociology*. Retrieved from <http://www.encyclopedia.com/doc/1O88-contingencytheory.html>
- Mason, A., & Singh, C. (2009). Reflection and self-monitoring in quantum mechanics. *AIP Conference Proceedings*, 1179(1), 197–200. doi:10.1063/1.3266713
- Mason, M. (2010). Sample size and saturation in Ph.D. studies using qualitative interviews. *Forum: Qualitative Social Research*, 11(3), 7–19. Retrieved from <http://www.qualitative-research.net/index.php/fqs/article/view/1428/3027>
- Matzler, K., Schwarz, E., Deutinger, N., & Harms, R. (2008). The relationship between transformational leadership, product innovation, and performance in SMEs. *Journal of Small Business and Entrepreneurship*, 21, 139–152. doi:31533906
- Mayer, C. H., & Boness, C. (2011). Spiritual insights in cross-cultural conflicts and mediation in ecclesiastical organizations in Tanzania. *Qualitative Research in Organizations and Management: An International Organization*, 6(2), 171–190. doi:10.1108/17465641111159143
- McCartan-Quinn, D., & Carson, D. (2003). Issues which impact upon marketing in the small firm. *Small Business Economics*, 21(2), 201–214. doi:10871078

- McCrimmon, M. (2010). A new role for management in today's postindustrial organization. *Ivey Business Journal*, 74(4), 6. Retrieved from <http://iveybusinessjournal.com/publication/a-new-role-for-management-in-todays-post-industrial-organization/>
- McKinney, K. D. (2009). *A phenomenological exploration of leadership characteristics of small business owner-founders* (Doctoral dissertation). Retrieved from ProQuest Dissertations & Theses database. (AAT 3371532)
- McManus, J., White, D., & Botten, N. (2009). Strategy: Rethinking the paradigm. *Management Services*, 53, 38–42. doi:37013165
- Mellahi, K., & Wilkinson, A. (2004). Organizational failure: A critique of recent research and a proposed integrative framework. *International Journal of Management Reviews*, 5(1), 21–41. doi:10.1111/j.1460-8545.2004.00095.x
- Merz, C., Schroeter, A., & Witt, P. (2010). Starting a new company: Which types of personal experience help? *Journal of Enterprising Culture*, 18(3), 291–313. doi:10.1142/S0218495810000586
- Miles, K. (2013). *Exploring factors required for small business success in the 21<sup>st</sup> century* (Doctoral dissertation). Retrieved from ProQuest Dissertation & Thesis. (AAT 3560237)
- Miller, T. L., Wesley, C. L., & Williams, D. E. (2012). Educating the minds of caring hearts: Comparing the views of practitioners and educators on the importance of social entrepreneurship competencies. *Academy of Management Learning & Education*, 11, 349–370. doi:10.5465/amle.2011.0017
- Mitchelmore, S., & Rowley, J. (2013). Entrepreneurial competencies of women entrepreneurs pursuing business growth. *Journal of Small Business and Enterprise Development*, 20(1), 125–142. doi:10.1108/14626001311298448
- Momoh, A., Roy, R., & Shehab, E. (2010). Challenges in enterprise resource planning implementation: State-of-the-art. *Business Process Management Journal*, 16, 537–565. doi:10.1108/14637151011065919
- Monahan, M., Shah, A., & Mattare, M. (2011). The road ahead: Micro enterprise perspectives on success and challenge factors. *Journal of Management Policy & Practice*, 12(4), 113–125. doi:64401150
- Montes-Rojas, G. V., & Siga, L. (2009). On the nature of micro-entrepreneurship: Evidence from Argentina. *Applied Economics*, 41, 2667–2680. doi:10.1080/00036840701335553
- Morrell, M., & Capparell, S. (2007). *Shackleton's way: Leadership lessons from the great Antarctic explorer*. New York, NY: Viking Penguin.
- Morrison, A., Breen, J., & Ali, S. (2003). Small business growth: Intention, ability, and opportunity. *Journal of Small Business Management*, 41(4), 417–425. doi:10.1111/1540-627X.00092

- Moustakas, C. E. (1994). *Phenomenological research methods*. Thousand Oaks, CA: Sage.
- Mtairek, M. (2014). *The dynamics of leadership in small business: Enhancing harmony, efficiency and profitability* (Doctoral dissertation). Retrieved from ProQuest Dissertation and Theses database. (AAT 3583442)
- Mughan, T., Lloyd-Reason, L., & Zimmerman, C. (2004). Management consulting and international business support for SMEs: Need and obstacles. *Education Training Journal*, 46(8), 424–432. doi:10.1108/00400910410569542
- Mullins, J. W., & Komisar, R. (2010). A business plan? Or a journey to plan B? *MIT Sloan Management Review*, 51(3), 1–5. Retrieved from <http://sloanreview.mit.edu/article/a-business-plan-or-a-journey-to-plan-b/>
- Mumford, M. D., Zaccaro, S. J., Harding, F. D., Jacobs, T. O., & Fleishman, E. A. (2000). Leadership skills for a changing world: Solving complex social problem. *Leadership Quarterly*, 11(1), 11–35. doi:2987727
- Murphy, A. J. (1941). A study of the leadership process. *American Sociological Review*, 6(5), 674–687. doi:10.2307/2085506
- Neely, J. G., Magit, A. E., Rich, J. T., Voelker, C. C., Wang, E. W., Paniello, R. C., & Bradley, J. P. (2010). A practical guide to understanding systematic reviews and meta-analyses. *Otolaryngology-Head and Neck Surgery*, 142(3), 6–14. doi:10.1016/j.otohns.2009.09.005
- Newstrom, J., & Bittel, L. (2002). *Supervision: Managing for results*. New York: McGraw-Hill.
- Newstrom, J. W., & Davis, K. (2002). *Organizational behavior: Human behavior at work*. New York, NY: McGraw-Hill.
- Niehm, L. S., Miller, N. J., Shelley, M. C., & Fitzgerald, M. A. (2009). Small family business survival strategies for coping with overlapping family and business demands. *Journal of Developmental Entrepreneurship*, 14, 209–232. doi:10.1142/S1084946709001314
- Nixon, P., Harrington, M., & Parker, D. (2012). Leadership performance is significant to project success or failure: A critical analysis. *International Journal of Productivity and Performance Management*, 61(2), 204–216. doi:10.1108/17410401211194699
- Northouse, P. G. (2013). *Leadership: Theory and practice*. Thousand Oaks, CA: Sage.
- Oghazi, P., Jung, M. L., Peighambari, K., & Tretten, P. (2009). What makes people want to become self-employed? Applying the theory of planned behavior. *Advances in Management*, 2(11), 9–18. Retrieved from [http://econpapers.repec.org/article/mgnjournal/v\\_3a2\\_3ay\\_3a2009\\_3ai\\_3a11\\_3aa\\_3a1.htm](http://econpapers.repec.org/article/mgnjournal/v_3a2_3ay_3a2009_3ai_3a11_3aa_3a1.htm)
- Oleinik, A. (2011). Mixing quantitative and qualitative content analysis: Triangulation at work. *Quality & Quantity*, 45, 859–873. doi:10.1007/s11135-010-9399-4

- O'Regan, N., Ghobadian, A., & Sims, M. (2005). The link between leadership, strategy, and performance in manufacturing SMEs. *Journal of Small Business Strategy*, 15(2), 45–57. Retrieved from <http://libjournals.mtsu.edu/index.php/jsbs/article/view/32/12>
- O'Regan, N., & Lehmann, U. (2008). The impact of strategy, leadership and culture on organizational performance: A case study of an SME. *International Journal of Management and Benchmarking*, 2(4), 303–322. doi:10.1504/IJPMB.2008.021790
- Osman, M., Rashid, M., Ahmad, F., & Hussain, G. (2011). Entrepreneurial orientation: An overview of theory and insinuations for women-owned SMBs to model business performance in developing countries. *Interdisciplinary Journal of Contemporary Research in Business*, 3, 329–340. Retrieved from <http://connection.ebscohost.com/c/articles/66172680/entrepreneurial-orientation-overview-theory-insinuations-women-owned-smbs-model-business-performance-developing-countries>
- Palmer, D. E. (2009). Business leadership: Three levels of ethical analysis. *Journal of Business Ethics*, 88, 525–536. doi:10.1007/s10551-009-0117-x
- Panagopoulos, N., & Avlonitis, G. (2010). Performance implications of sale strategy: The moderating effects of leadership and environment. *International Journal of Research in Marketing*, 27(1), 46–57. doi:10.1016/j.ijresmar.2009.11.001
- Parsa, H. G., Self, J. T., Njite, D., & King, T. (2005). Why restaurants fail. *Cornell Hotel & Restaurant Administration Quarterly*, 46, 304–322. doi:10.1177/0010880405275598
- Peacock, R. (2000). *Failure and assistance of small firms* [PDF document]. Retrieved from <http://www.sbeducation.info/downloads/sbfail.pdf>.
- Pearson, M., & Coomber, R. (2010). The challenge of external validity in policy-relevant systematic reviews: A case study from the field of substance misuse. *Addiction*, 105, 136–145. doi:10.1111/j.1360-0443.2009.02713.x
- Peters, M. (2005). Entrepreneurial skills in leadership and human resource management evaluated by apprentices in small tourism businesses. *Education & Training*, 47(8), 575–591. doi:10.1108/00400910510633125
- Phambuka-Nsimbi, C. (2008). Creating advantage in developing countries through business clusters: A literature review. *African Journal of Business Management*, 2(7), 125–130. Retrieved from [http://www.academicjournals.org/article/article1380540428\\_Phambuka-Nsimbi.pdf](http://www.academicjournals.org/article/article1380540428_Phambuka-Nsimbi.pdf)
- Philip, M. (2011). Factors affecting business success of small & medium enterprises (SMEs). *Amity Global Business Review*, 6(1), 118–136. doi:64734254
- Pierce, J., & Dunham R. (1989). *Managing*. Chicago, IL: Scott, Foresman and Company.
- Pierce, J., & Newstrom, J. (2011). *Leaders and the leadership process*. New York, NY: McGraw-Hill.



- Pinar, M., & Girard, T. (2008). Investigating the impact of organizational excellence and leadership on business performance: An exploratory study of Turkish firms. *SAM Advanced Management Journal*, 73(1), 29–45. doi:31501961
- Pistone, R. A. (2010). Case study: Helping corporate board members stay diligent (post Enron). *International Journal of Business & Management*, 5(5), 51–56. Retrieved from <http://ccsenet.org/journal/index.php/ijbm/article/viewFile/5409/4700>
- Pless, N., & Maak, T. (2009). Responsible leaders as agents of world benefit: Learnings from “project Ulysses”. *Journal of Business Ethics*, 1(85), 59–71. doi:10.1007/s10551-008-9947-1
- Politis, D., & Gabrielsson, J. (2009). Entrepreneurs’ attitudes towards failure: An experiential learning approach. *International Journal of Entrepreneurial Behavior & Research*, 15(4), 364–383. doi:10.1108/13552550910967921
- Porter, M. E., & Siggelkow, N. (2008). Contextual interactions within activity systems and sustainability of competitive advantage. *Academy of Management Perspectives*, 22(8), 34–56. doi:10.5465/AMP.2008.32739758
- Prater, E., & Ghosh, S. (2005). Current operational practices of U.S. small and medium-sized enterprises in Europe. *Journal of Small Business Management*, 43(2), 155–169. doi:10.1111/j.1540-627x.2005.00131.x
- Pruett, M., & Winter, G. (2011). Why do entrepreneurs enter franchising and other share relationships? *Journal of Small Business and Entrepreneurship*, 24(4), 567–581. doi:10.1080/08276331.2011.10593554
- Pusnik, K., & Tajnikar, M. (2008). Technical and cost efficiencies as determinants of business failures of small firms. *Eastern European Economics*, 46(1), 43–62. doi:10.2753/EEE0012-8775460103
- Rajan, R., & Ramcharan, R. (2015). The anatomy of a credit crisis: The boom and bust in farm land prices in the United States in the 1920s. *American Economic Review*, 105(4), 1439–1477. doi:10.1257/aer.20120525
- Rasheed, H. S. (2005). Turnaround strategies for declining small business: The effects of performance and resources. *Journal of Developmental Entrepreneurship*, 10(3), 239–252. doi:24566077
- Region-Sebest, M. (2013). *The new small business leader: Skills for managing today’s turbulent business environment* (Doctoral dissertation). Retrieved from ProQuest Dissertations and Theses database. (AAT 3590499)
- Reijonen, H., & Komppula, R. (2010). The adoption of market orientation in SMEs: Required capabilities and relation to success. *Journal of Strategic Marketing*, 18, 19–37. doi:10.1080/09652540903511282

- Repenning, N. P., & Sterman, J. D. (1997). Getting quality the old-fashioned way: Self-confirming attributions in the dynamics of process improvement. (MIT Working Paper No. 3952-97). Cambridge, MA: Massachusetts Institute of Technology.
- Reuber A., & Fischer, E. (2005) The company you keep: How young firms in different competitive contexts signal reputation through their customers. *Entrepreneurship Theory and Practice*, 29(1), 57–78. doi:10.1111/j.1540-6520.2005.00069.x
- Reymann, T. F. (2008). *Exploring the relationship of leadership and culture to organizational performance: A study of a mid-sized hospital* (Doctoral dissertation). Retrieved from ProQuest Dissertations & Theses. (AAT 3329845)
- Rhoades, E. (2011). Commentary: Literature reviews. *Volta Review*, 111, 61–71. Retrieved from <http://nc.agbell.org/page.aspx?pid=501>
- Richards L., & Morse J. M. (2013). *Qualitative methods*. Thousand Oaks, CA: Sage
- Robb, A. M., & Fairlie, R. W. (2009). Determinants of business success: An examination of Asian-owned businesses in the USA. *Journal of Population Economics*, 22, 827–858. doi:10.1007/s00148-008-0193-8
- Robbins, S. P., & Judge, T. A. (2013). *Organizational behavior*. Upper Saddle River, NJ: Pearson.
- Rogoff, E. G., Lee, M., & Suh, D. (2004). “Who done it?” Attributions by entrepreneurs and experts of the factors that cause and impede small business success. *Journal of Small Business Management*, 42(4), 364-376. doi:10.1111/j.1540-627X.2004.00117.x
- Rolfe, J. L. (2011). *America’s first entrepreneur*. Philadelphia, PA: Rolfe.
- Romer, C. D. (2009). *Lessons from the Great Depression for economic recovery in 2009*. As prepared for presentation at the Brookings Institution, Washington, D.C. Retrieved from [http://eml.berkeley.edu/~cromer/Lessons\\_from\\_the\\_Great\\_Depression\\_for\\_Economic\\_Recovery\\_in\\_2009.pdf](http://eml.berkeley.edu/~cromer/Lessons_from_the_Great_Depression_for_Economic_Recovery_in_2009.pdf)
- Ronge, E., Ndirangu, L., & Nyangito, H. (2002). *Review of government policies for the promotion of micro and small scale enterprises in Kenya*. (KIPPRA Discussion Paper No 20). Nairobi, Kenya: Kenya Institute for Public Policy Research and Analysis.
- Ropega, J. (2008). The reasons and symptom of failure in SME. *International Advances in Economic Research*, 17(4), 476–486. doi:10.1007/s11294-011-9316-1
- Roper, S. (1999). Modelling small business growth and profitability. *Small Business Economics*, 13(3), 235–252. doi:2640021
- Rosebush, D., Leavell, H., & Maniam, B. (2012). Trends in outsourcing and its future. *Journal of American Academy of Business*, 18(1), 100–106. Retrieved from <http://www.jaabc.com/jaabcv18n1preview.html>

- Roulston, K. (2010). *Reflective interviewing: A guide to theory and practice*. Thousand Oaks, CA: Sage.
- Rozas, L. W., & Klein, W. C. (2010). The value and purpose of the traditional qualitative literature review. *Journal of Evidence-Based Social Work*, 7(5), 387–399. doi:10.1080/15433710903344116
- Ruggieri, S., & Abbate, C. S. (2013). Leadership style, self-sacrifice, and team identification. *Social Behavior & Personality: An International Journal*, 41, 1171–1178. doi:10.2224/sbp.2013.41.7.1171
- Rusinko, C. (2010). Integrating sustainability in management and business education: A matrix approach. *Academy of Management Learning & Education*, 9(3), 507–519. doi:10.5465/AMLE.2010.53791831
- Sakiru, O., D'Silva, J., Othman, J., Silong, A., & Busayo, A. (2013). Leadership styles and job satisfaction among employees in small and medium enterprises. *International Journal of Business & Management*, 8(13), 34–41. doi:10.5539/ijbm.v8n13p34
- Salas-Fumas, V., & Sanchez-Asin, J. (2011). Entrepreneurial dynamics of the self employed and of firms: A comparison of determinants using Spanish data. *International Entrepreneurship and Management Journal*, 12(3), 1–30. doi:10.1007/s11365-011-0178-z
- Saldana, J. (2011). *The coding manual for qualitative researchers*. Thousand Oaks, CA: Sage.
- Sambasivan, M., Abdul, M., & Yusop, Y. (2009). Impact of personal qualities and management skills of entrepreneurs on venture performance in Malaysia: Opportunity recognition skills as a mediating factor. *Technovation*, 29, 798–805. doi:10.1016/j.technovation.2009.04.002
- Samujh, R. H. (2011). Micro businesses need support: Survival precedes sustainability. *Corporate Governance*, 11(1), 15–28. doi:10.1108/14720701111108817
- Sarros, J. C., & Santora, J. C. (2001). The transformational-transactional leadership model in practice. *Leadership and Organization Development Journal*, 22(8), 383–393. doi:10.1108/01437730110410107
- Scheers, L., & Radipere, S. (2007). Why are so many managers not “managing?” *African Journal of Business Management*, 1, 85–91. Retrieved from [http://www.academicjournals.org/article/article1380540300\\_Scheers%20and%20Radipere.pdf](http://www.academicjournals.org/article/article1380540300_Scheers%20and%20Radipere.pdf)
- Schiff, A., Hammer, S., & Das, M. (2010). A financial feasibility test for aspiring entrepreneurs. *Entrepreneurial Executive*, 15(3), 33–38. Retrieved from <http://www.alliedacademies.org/public/journals/%5CAffiliateAcademies%5Cee.aspx>
- Schirm, S. (2010). Leaders in need of followers: Emerging powers in global governance. *European Journal of International Relations*, 16(2), 197–221. doi:10.1177/1354066109342922

- Schnurr, M. A. (2011). Breeding for insect-resistant cotton across imperial networks, 1924–1950. *Journal of Historical Geography*, 37, 223–231. doi:10.1016/j.jhg.2010.09.002
- Schweikart, L. (2011). *Seven events that made America America: And proved that the Founding Fathers were right all along*. New York, NY: Sentinel.
- Schweikart, L., & Doti, L. P. (2010). *American entrepreneur: The fascinating stories of people who defined business in the United States*. New York, NY: AMACOM.
- Seleim, A., & Khalil, O. (2011). Understanding the knowledge management-intellectual capital relationship: A two-way analysis. *Journal of Intellectual Capital*, 12(4), 586–614. doi:10.1108/14691931111181742
- Servage, L. (2009). Alternative and professional doctoral programs: What is driving the demand? *Studies in Higher Education*, 34, 765–779. doi:10.1080/03075070902818761
- Shastri, R. K. (2009). Micro-finance and poverty reduction in India: A comparative study with Asian countries. *African Journal of Business Management*, 3(4), 136–140. Retrieved from [http://academicjournals.org/article/article1380533049\\_Shastri.pdf](http://academicjournals.org/article/article1380533049_Shastri.pdf)
- Shea, C. M., Grinde, R., & Elmslie, B. (2011). Nanotechnology as general-purpose technology: Empirical evidence and implications. *Technology Analysis & Strategic Management*, 23, 175–192. doi:10.1080/09537325.2011.543336
- Shin, S. Y., Park, W. W., & Lim, H. S. (2013). What makes small- and medium-sized enterprises promote organizational creativity: The contingency perspective. *Social Behavior & Personality: An International Journal*, 41(1), 71–82. doi:10.2224/sbp.2013.41.1.71
- Sikahala, C. (2011). *A phenomenological examination of owner's experiences of microbusiness failure in rural Kenya* (Doctoral dissertation). Retrieved from ProQuest Dissertation & Theses database. (AAT 3478900)
- Siemens, L. (2010). Challenges, responses and available resources: Success in rural small businesses. *Journal of Small Business Entrepreneurship*, 23(1), 65–80. doi:49184908
- Simmons, J. (2007). *Small business. A phenomenological study of small business failure in Maryland* (Doctoral dissertation). Retrieved from ProQuest Dissertations & Theses database. (AAT 3299214)
- Simpson, M., Tuck, N., & Bellamy, S. (2004). Small business success factors: The role of education and training. *Education & Training*, 46(8), 481–491. doi:10.1108/00400910410569605
- Singh, S., Corner, P., & Pavlovich, K. (2007). Coping with entrepreneurial failure. *Journal of Management & Organization*, 14(4), 331–344. doi:10.5172/jmo.2007.13.4.331
- Small Business Administration (SBA). (2010). *Small business jobs act, 2010*. Retrieved from <https://www.sba.gov/about-sba/sba-initiatives/small-business-jobs-act-2010>

- Small Business Administration (SBA). (2011). *Frequently asked questions*. Retrieved from <https://www.sba.gov/sites/default/files/sbfaq.pdf>
- Small Business Administration (SBA). (2012). *Frequently asked questions*. Retrieved from [http://www.sba.gov/sites/default/files/FAQ\\_Sept\\_2012.pdf](http://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf)
- Small Business Administration (SBA). (2013). *Frequently asked questions*. Retrieved from file <https://www.sba.gov/sites/default/files/advocacy/ca12.pdf>
- Small Business Administration (SBA). (2014a). *Frequently asked questions*. Retrieved from <http://www.sba.gov/advocacy/7540/42371>
- Small Business Administration (SBA). (2014b). *Frequently asked questions*. Retrieved from <http://www.sba.gov/advocacy/california/>
- Small Business Administration (SBA). (2014c). *Small business profiles for the states and territories*. Retrieved from <http://www.sba.gov/advocacy/848>
- Small Business Trends (2012). *Failure rate by industry, the real numbers*. Retrieved from <http://smallbiztrends.com/2012/09/failure-rates-by-sector-the-real-numbers.html>
- Smircich, L., & Morgan, G., (1982). Leadership: The management of meaning. *Journal of Applied Behavioral Science*, 18(3), 257–273. Retrieved from [http://homepages.stmartin.edu/fac\\_staff/dconant/MBA601/notes/LeadershipTheManagementOfMeaning.pdf](http://homepages.stmartin.edu/fac_staff/dconant/MBA601/notes/LeadershipTheManagementOfMeaning.pdf)
- Smith, N., Drumwright, M. E., & Gentile, M. C. (2010). The new marketing myopia. *Journal of Public Policy & Marketing*, 29, 4–11. doi:10.1509/jppm.29.1.4
- Sokolowski, R. (2008). *Introduction to phenomenology*. New York, NY: Cambridge University Press.
- Sonfield, M., & Lussier, R. (2004). First-, second-, and third-generation family firms: A comparison. *Family Business Review*, 8(1), 221–254. doi:10.1111/j.1741-6248.2004.00013.x
- Sopow, E. (2006). The impact of culture and climate on change programs. *Strategic Communication Management*, 10(6), 14–17. doi:22882806
- Stanford, M. J. (1982). *New enterprise management*. Reston, VA: Reston.
- Starke, F. A. (2001). *Organizational behavior: Concepts and applications*. Upper Saddle River, NJ: Prentice Hall.
- Starr, K. (2005). *California: A history*. New York, NY: Random House.
- Storey, D. J. (1994). *Understanding the small business sector*. London, England: Routledge.
- Storey, D. J., Keasey, K., Watson, R., & Wynarczyk, P. (1987). *The performance of small firms*:

*Profits, jobs and failures.* London, UK: Croom Helm.

- Stovall, S. A. (2011). Simeon North: A portrait of an early 19th century entrepreneur with 21st century HRM challenges. *Journal of Applied Management and Entrepreneurship*, 16(3), 34–43. Retrieved from <http://www.huizenga.nova.edu/Jame/>
- Sutton, M. A. (2012). Was FDR the antichrist? The birth of fundamentalist antiliberalism in a global age. *Journal of American History*, 98, 1052–1074. doi:10.1093/jahist/jar565
- Svensson, G., & Wood, G. (2006). Sustainable components of leadership effectiveness in organizations. *Journal of Management Development*, 25(6), 522–534. doi:10.1108/02621710610670100
- Swinnen, J. F. (2009). Reforms, globalization, and endogenous agricultural structures. *Agricultural Economics*, 40, 719–732. doi:10.1111/j.1574-0862.2009.00410.x
- Tafvelin, S., Armelius, K., & Westerberg, K. (2011). Toward understanding the direct and indirect effects of transformational leadership on well-being: A longitudinal study. *Journal of Leadership & Organizational Studies*, 18(4), 480–492. doi:10.1177/1548051811418342
- Tambunan, T. (2009). Women entrepreneurship in Asian developing countries: Their development and main constraints. *Journal of development and Agricultural economics*, 1(2), 27–40. Retrieved from [http://www.academicjournals.org/article/article1379600429\\_Tambunan.pdf](http://www.academicjournals.org/article/article1379600429_Tambunan.pdf)
- Tan, J. (2010). Grounded theory in practice: Issues and discussion for new qualitative researchers. *Journal of Documentation*, 66(1), 93–112. doi:10.1108/00220411011016380
- Tan, J., Fischer, E., Mitchell, R., & Phan, P. (2009). At the center of action: Innovation and technology strategy research in the small business setting. *Journal of Small Business Management*, 47(3), 233–262. doi:10.1111/j.1540-627X.2009.00270.x
- Teck-Hong, T., & Yong-Kean, L. (2012). Organizational commitment as a moderator of the effect of training on service performance: An empirical study of small- to medium-sized enterprises in Malaysia. *International Journal of Management*, 29, 65–76. Retrieved from <http://eprints.sunway.edu.my/141/1/Tan%20Teck%20Hong%20-%20Organizational%20Commitment%20as%20a%20Moderator%20of%20the%20Effect%20of%20Training%20On%20Service%20performance.pdf>
- Temtime, Z. T., & Pansiri, J. (2005). Managerial competency and organizational flexibility in small and medium enterprises in Botswana. *Problems & Perspectives in Management*, 1, 25–36. Retrieved from [http://www.ubrisa.ub.bw/bitstream/handle/10311/188/temtime\\_PPM\\_2005.pdf?sequence=1](http://www.ubrisa.ub.bw/bitstream/handle/10311/188/temtime_PPM_2005.pdf?sequence=1)
- Temtime, Z. T., Chinyoka, S. V., & Shunda, J. P. W. (2004). A decision tree approach for integrating small business assistance schemes. *The Journal of Management Development*, 23(5), 563–578. doi:10.1108/02621710410541132

- Teng, H. S. S., Bhatia, G. S., & Anwar, S. (2011). A success versus failure prediction model for small businesses in Singapore. *American Journal of Business*, 26, 50–64. doi:10.1108/19355181111124106
- Terziovski, M. (2010). Innovation practice and its performance implications in small and medium enterprises (SMEs) in the manufacturing sector: A resource-based view. *Strategic Management Journal*, 31, 892–902. doi:10.1002/smj.841
- Thabane, L., Jinhui, M., Chu, R., Cheng, J., Ismaila, A., Rios, L., Reid, R., Thabane, M., Giangregorio, L., & Goldsmith, C. (2010). A tutorial on pilot studies: The what, why and how. *BMC Medical Research Methodology*, 10, 1–11. doi:10.1186/1471-2288-10-1
- Theng, L. G., & Boon, J. L. W. (1996). An exploratory study of factors affecting the failure of local small and medium enterprises. *Asia Pacific Journal of Management*, 13(2), 47-61. doi:16852609
- Thompson, A., & Gray, C. (1999). The determinants of management development in small business. *Journal of Small Business and Enterprise Development*, 6(2), 113–127. doi:10.1108/EUM0000000006676
- Thornhill, S., & Amit, R. (2003). Learning about failure: Bankruptcy, firm age, and the resource-based view. *Organization Science*, 14(5), 497-509. doi:11005402
- Timmons, J. A., & Spinelli, S. (2007). *New venture creation: Entrepreneurship for the 21st century* (7th ed.). New York, NY: McGraw-Hill.
- Todd, E. N. (2010). The industrial revolution. *Technology and Culture*, 51, 251–252. doi:10.1353/tech.0.0425
- Tsai, Y. (2011). Relationship between organizational culture, leadership behavior and job satisfaction. *BMC Health Services Research*, 11, 98. doi:10.1186/1472-6963-11-98
- Ucsbaran, D., Westhead, P., & Wright, M. (2008). The extent and nature of opportunity identification by experienced entrepreneurs. *Journal of Small Business and Enterprise Development*, 3, 431–456. doi:10.1108/14626000810892274
- U.S. Census Bureau. (2012). *Statistical abstract of the United States: 2012*. Retrieved from <http://www2.census.gov/library/publications/2011/compendia/statab/131ed/2012-statab.pdf>
- U.S. Census Bureau (2015) *Statistics of U.S. businesses, employment and payroll summary: 2012*. Retrieved from <http://www.census.gov/content/dam/Census/library/publications/2015/econ/g12-susb.pdf?cssp=SERP>
- Vaaler, P. M., & McNamara, G. (2010). Are technology-intensive industries more dynamically competitive? No and yes. *Organization Science*, 21, 271–289. doi:10.1287/orsc.1080.0392

- Valadez, R. M. (2011). The value proposition of small businesses: Economic engines for job creation. *Journal of Management and Marketing Research*, 9(8), 1–11. Retrieved from <http://www.aabri.com/jmmr.html>
- Valdiserri, G., & Wilson, J. (2010). The study of leadership in small business organizations: Impact on profitability and organizational success. *The Entrepreneurial Executive*, 15, 47–71. doi:55233139
- Van Auken, H., Kaufmann, J., & Herrmann, P. (2009). An empirical analysis of the relationship between capital acquisition and bankruptcy laws. *Journal of Small Business Management*, 47, 23–37. doi:10.1111/j.1540-627X.2008.00260.x
- Van Dick, R., & Schuh, C. (2010). My boss' group is my group: Experimental evidence for the leader-follower identity transfer. *Leadership & Organization Development Journal*, 31(6), 551–563. doi:10.1108/01437731011070032
- Van Gelderen, M., Thurik, R., & Patel, P. (2011). Encountered problems and outcome status in nascent entrepreneurship. *Journal of Small Business Management*, 49, 71–91. doi:10.1111/j.1540-627X.2010.00315.x
- Visser, D. J., Coning, T. J., & Smit, E. (2005). The relationship between the characteristics of the transformational leader and the entrepreneur in South African SMEs. *South African Journal of Business Management*, 36(3), 51–64. doi:18314516
- Wadhvani, R. (2011). The institutional foundations of personal finance: Innovation in U.S. savings banks, 1880s-1920s. *Business History Review*, 85, 499–528. doi:10.1017/2FS000768051100078X
- Wainwright, M., & Russell, A. (2010). Using NVivo audio-coding: Practical, sensorial and epistemological considerations. *Social Research Update*, 60, 1–4. Retrieved from <http://sru.soc.surrey.ac.uk/SRU60.pdf>
- Walsh, I. J., & Bartunek, J. M. (2011). Cheating the fates: Organizational findings in the wake of demise. *Academy of Management Journal*, 54, 1017–1044. doi:10.5465/amj.2008.0658
- Walters, S. J. (2010). Unions and the decline of U.S. cities. *Cato Journal*, 30(1), 117–135. doi:53728936
- Wang, F. J., Chich-Jen, S., & Mei-Ling, T. (2010). Effect of leadership style on organizational performance as viewed from human resource management strategy. *African Journal of Business Management*, 4(18), 3924–3936. Retrieved from <http://www.academicjournals.org/journal/AJBM/article-full-text-pdf/0B1696A16102>
- Weatherly, M. D. (2012). *The effects of leadership practice on the psychological contract between leaders and followers in small business* (Doctoral dissertation). Retrieved from ProQuest Dissertation and Thesis database. (AAT 3536194)



- Weber, A., & Zulehner, C. (2010). Female hires and the success of start-up firms. *American Economic Review*, 100, 358–361. doi:10.1257/aer.100.2.358
- Weinzimmer, L. G., & Manmadhan, A. (2009). Small business success metrics: The gap between theory and practice. *International Journal of Business Research*, 9(7), 166–173. Retrieved from <http://www.iabe.org/domains/iabeX/journalinfo.aspx?JournalID=IJBR>
- Whiting, D. G., Hansen, J. V., McDonald, J. B., Albrecht, C., & Albrecht, W. S. (2012). Machine learning methods for detecting management fraud. *Computational Intelligence*, 28(4), 505-527. doi:10.1111/j.1467-8640.2012.00425.x
- Whittington, J. L., & Evans, B. (2005). General issues in management. *Problems & Perspectives in Management*, 2, 114–122. Retrieved from [http://businessperspectives.org/journals\\_free/ppm/2005/PPM\\_EN\\_2005\\_02\\_Whittington.pdf](http://businessperspectives.org/journals_free/ppm/2005/PPM_EN_2005_02_Whittington.pdf)
- Wichmann, H. (1983). Accounting and marketing—Key small business problems. *American Journal of Small Business*, 7(4), 19-26. doi:5749957
- Wilder, E. (2010). A qualitative assessment of efforts to integrate data analysis throughout the sociology curriculum: Feedback from students, faculty, and alumni. *Teaching Sociology*, 38, 226–246. doi:10.1177/0092055X10370118
- Wright, P. M., & Craig, M. W. (2011). Tool for assessing responsibility-based education (TARE): Instrument development, content validity, and inter-rater reliability. *Measurement in Physical Education and Exercise Science*, 15, 204–219. doi:10.1080/1091367X.2011.590084
- Yallapragada, R. R., & Bhuiyan, M. (2011). Small business entrepreneurships in the United States. *Journal of Applied Business Research*, 27(6), 117–122. Retrieved from <http://www.aabri.com/NC2011Manuscripts/NC11089.pdf>
- Yang, M. L. (2012). Transformational leadership and Taiwanese public relations practitioners' job satisfaction and organizational commitment. *Social Behavior and Personality: An International Journal*, 40(1), 31–46. doi:10.2224/sbp.2012.40.1.31
- Yukl, G. (2010). *Leadership in organizations*. Upper Saddle River, NJ: Prentice Hall.

## APPENDIX A

## IRB Letter

6100 Center Drive, Los Angeles, California 90045 ■ 310-568-5600

July 24, 2015

Theresa Robinson Harris

Protocol #: E0715D03

Project Title: A Phenomenological Investigation of Small Business Closure in California: An Examination of the Leadership Process

Dear Ms. Harris:

Thank you for submitting your application, *A Phenomenological Investigation of Small Business Closure in California: An Examination of the Leadership Process*, for exempt review to Pepperdine University's Graduate and Professional Schools Institutional Review Board (GPS IRB). The IRB appreciates the work you and your faculty advisor, Dr. Schmieder-Ramirez have done on the proposal. The IRB has reviewed your submitted IRB application and all ancillary materials. Upon review, the IRB has determined that the above entitled project meets the requirements for exemption under the federal regulations (45 CFR 46 - <http://www.hhs.gov/ohrp/humansubjects/guidance/45cfr46.html>) that govern the protections of human subjects. Specifically, section 45 CFR 46.101(b)(2) states:

(b) Unless otherwise required by Department or Agency heads, research activities in which the only involvement of human subjects will be in one or more of the following categories are exempt from this policy:

**Category (2) of 45 CFR 46.101**, research involving the use of educational tests (cognitive, diagnostic, aptitude, achievement), survey procedures, interview procedures or observation of public behavior, unless: a) Information obtained is recorded in such a manner that human subjects can be identified, directly or through identifiers linked to the subjects; and b) any disclosure of the human subjects' responses outside the research could reasonably place the subjects at risk of criminal or civil liability or be damaging to the subjects' financial standing, employability, or reputation.

Your research must be conducted according to the proposal that was submitted to the IRB. If changes to the approved protocol occur, a revised protocol must be reviewed and approved by the IRB before implementation. For any proposed changes in your research protocol, please submit a **Request for Modification Form** to the GPS IRB. Because your study falls under exemption, there is no requirement for continuing IRB review of your project. Please be aware that changes to your protocol may prevent the research from qualifying for exemption from 45 CFR 46.101 and require submission of a new IRB application or other materials to the GPS IRB.

A goal of the IRB is to prevent negative occurrences during any research study. However, despite our best intent, unforeseen circumstances or events may arise during the research. If an unexpected situation or adverse event happens during your investigation, please notify the GPS IRB as soon as possible. We will ask for a complete explanation of the event and your response. Other actions also may be required depending on the nature of the event. Details regarding the timeframe in which adverse events must be reported to the GPS IRB and the appropriate form to be used to report this information can be found in the *Pepperdine University Protection of Human Participants in Research: Policies and Procedures Manual* (see link to "policy material" at <http://www.pepperdine.edu/irb/graduate/>).

Please refer to the protocol number denoted above in all further communication or correspondence related to this approval. Should you have additional questions, please contact Kevin Collins, Manager of the

Institutional Review Board (IRB) at [gpsirb@pepperdine.edu](mailto:gpsirb@pepperdine.edu). On behalf of the GPS IRB, I wish you success in this scholarly pursuit.

Sincerely,

A handwritten signature in cursive script that reads "Thema Bryant-Davis".

Thema Bryant-Davis, Ph.D.  
Chair, Graduate and Professional Schools IRB

cc: Dr. Lee Kats, Vice Provost for Research and Strategic Initiatives  
Mr. Brett Leach, Regulatory Affairs Specialist  
Dr. June Schmieder-Ramirez, Faculty Advisor

## APPENDIX B

## Contact Letter

My name is Theresa Robinson Harris. I am a doctoral student at Pepperdine University in the Organizational Leadership Doctoral Program. I have chosen to write my research paper on small business leadership. I am interested in understanding your experiences as a leader in operating a small business organization. I value your unique contribution to the economy and to your community and I am excited at the possibility of your participation in the study.

The purpose of this letter is to invite you to participate in the study which seeks to explore the phenomenon of closure by comparing the experiences of successful and unsuccessful small business leaders to understand leadership during the early developmental stages of the business. In particular the study seeks to understand the leadership process during the first five years of the business and the impact of this process on the firm's ability to survive. A better understanding of leadership within the small business context may help to alleviate the systemic problem of small business closure that has plagued small business organizations for more than 30 years. In addition, the information gained from the study may provide current and future small business leaders with important information which may help to improve their chances of survival.

If you and/or your organization meet the criteria under Group 1 or Group 2 and you wish to participate in a 45 to 60 minutes in-person, Skype or telephone interview, please contact me using the information provided below.

Group 1

- (a) Past owner or leader of a small business organization
- (b) Had at least one but no more than 500 employees
- (c) Operated in the State of California
- (d) Operated within the information technology sector
- (e) Was not a major player in the industry
- (f) The business closed before year 5 of operation

Group 2

- (a) Owner or leader of a small business organization
- (b) Have at least 1 but no more than 500 employees
- (c) Operate in the State of California
- (d) Operate within the information technology sector
- (e) Is not a major player in the industry
- (f) Has had at least 1 failed attempt at a business
- (g) The business has been in operation for more than 10 years

With warm regards,

Theresa Robinson Harris

Ed. D. in Organizational Leadership Doctoral Candidate  
Graduate School of Education and Psychology  
Pepperdine University

E-mail: [REDACTED]

E-mail: [REDACTED]

Tel [REDACTED]

## APPENDIX C

### Consent Form

#### Small Business Leadership Study

The following information is provided to help you decide whether you wish to participate in a research study. Please take your time to read the information below and feel free to ask any questions before signing this document.

My name is Theresa Robinson Harris and I am a doctoral student in the Organizational Leadership Doctoral program at Pepperdine University. The professor supervising my work is Dr. June Schmieder-Ramirez. The title of my research study is “A Phenomenological Investigation of Small Business Closure in California: An Examination of the Leadership Process”, and is being done as partial requirement for my Doctoral degree.

#### **Purpose of the Research Study:**

This research is interested in examining leadership in small business organizations. The study will explore small business closure by comparing the experiences of successful small business leaders with those of unsuccessful small business leaders to understand their involvement with leadership during the early developmental stages of the business. In particular, the research seeks to understand the leadership process during the first 5 years of development and the impact of this process on the firm’s ability to survive.

**Procedures:** If you volunteer to participate in this study, you will be asked to describe your experiences with leadership within the small business organization. Your participation involves:

- i) Completing a 45-60 minute in person, Skype, or telephone audio recorded interview with the researcher, responding to 12 questions regarding your experiences with small business leadership.
- ii) The interview will not involve confidential information about the organization, such as financial data or trade secrets.

Your participation is voluntary and you may withdraw at any time with no negative consequences to you. If you feel overwhelmed or stressed during the interview you may stop at any time or skip any questions you do not wish to answer. There is no compensation or remuneration for your participation in this study. You may refuse to be recorded and still participate in the study.

#### **Risks and Benefits of Being in the Study:**

You may feel uncomfortable or awkward answering questions about your leadership during the interview. You may also feel tired or fatigued during the interview. However, current and future small business owners may benefit from a better understanding of leadership which may help to improve their chances of survival during the early developmental years, given that 9 out of 10 small businesses will fail within the first 3 years (Headd, 2003), and only about 50% will make it past the first 5 years.

**Confidentiality:** The information you provide will be kept confidential. The confidentiality of my records will be maintained in accordance with applicable state and federal laws. Under California law, there are exceptions to confidentiality, including suspicion that a child, elder, or dependent is being abused, or if an individual discloses an intent to harm him/herself or others. Data will be kept in a private storage until completion of the study and for 3 years thereafter in accordance with federal and university protocol. After this period all interview transcripts will be destroyed by shredding and audio recordings erased. Your personal information will remain confidential and will not be disclosed.

### Contacts and Questions:

If you have further questions regarding this research, you may contact me, the primary investigator, Theresa Robinson Harris at [REDACTED] at [REDACTED], or by calling Tel [REDACTED]. You may also contact my faculty supervisor, Dr. June Schmieder-Ramirez, at [REDACTED]. If you have questions about your rights as a participant, you may contact Dr. Thema Bryant-Davis, Chairperson of the GPS IRB at Pepperdine University [REDACTED].

### Consent to participate in research:

I understand that this research study has been reviewed by Graduate and Professional Schools (GPS) Institutional Review Board, Pepperdine University. For research-related problems or questions regarding participants' rights, I may contact Dr. Thema Bryant-Davis, Chairperson of the GPS IRB at Pepperdine University at [REDACTED].

I have read and understand the explanation provided to me. I have had all my questions answered to my satisfaction, and I voluntarily agree to participate in this study. I have been given a copy of this consent form.

By signing this document, I consent to participate in the study.

\_\_\_\_\_

Research Participant's Full Name (Print)

\_\_\_\_\_ Date of Consent \_\_\_\_\_

Signature of Participant

I have explained and defined in detail the research procedure in which the subject has consented to participate. Having explained this and answered any questions, I am cosigning this form and accepting this person's consent.

Principal Investigator Full Name (Print)

\_\_\_\_\_ Date of Consent \_\_\_\_\_

Principal Investigator Signature

## APPENDIX D

## Interview Protocol

Date and Time of Interview: \_\_\_\_\_

Place of Interview: \_\_\_\_\_

Interviewer: Theresa Robinson Harris

Interviewee Code # \_\_\_\_\_

-----  
*Interviewer:* May I start the recorder?

*Interviewee response:*

*Interviewer:* I am going to start the recorder now. [Start recorder]

*Interviewer:* Today is \_\_\_\_\_ and this is interview code # \_\_\_\_\_

*Interviewer:* Thank you for participating in this study. Before we begin I would like to review your rights as a participants in this study and go over a few reminders. As outlined in the informed consent, which you have now signed, your participation is voluntary and you may withdraw at any time with no negative consequences to you. If you feel overwhelmed or stressed during the interview you may stop at any time or skip any questions you do not wish to answer. There is no compensation or remuneration for your participation in this study. Results of the study may be published, however names or identifying information will be changed to maintain anonymity.

*Interviewer:* Now I am going to ask you a series of questions about your experiences with leadership as an owner/founder, or leader, of a small business organization. There are no right or wrong answers, however if a question is not clear, you are encouraged to ask for clarification. I may ask follow-up questions as well if I need clarification regarding your response.

*Interviewer:* Do you have any questions for me at this time or do you need anything before we

start?

*Interviewee response:*

*Interviewer:* You will be asked the interview questions corresponding to Group [\_1\_]. *Group 1* represents businesses that have closed before year 5 of operation and *Group 2* represents businesses with more than 10 years of continued operation.

Interview Questions 1 through 12:

1. What contexts or situations have influenced or affected your experiences with leadership?
2. Can you describe unique characteristics of small-business closure that might embody common features or components of the small-business organization?
3. Describe the process through which small-business leaders influence, inspire, and develop followers in small-business organizations.
4. Describe the process through which small-business leaders accomplish work through others.
5. In what ways does leadership impact or affect the small-business leader's ability, or inability, to avoid small-business closure?
6. In what ways can leadership be considered important or unimportant when trying to avoid small-business closure?
7. In what ways do other factors besides leadership impact the small-business leader's ability to avoid small-business closure? Other factors may include organizational size, marketing, planning, finances, etc.
8. What are common or familiar elements in the characteristics of small-business organizations that might inescapably lead to closure of the organization?
9. What leadership strengths would small-business leaders perceive as contributing to small-business success?



10. What weaknesses with regard to leadership would small-business leaders perceive as contributing to premature business closure?
11. What additional information could you provide that may help small businesses prevent premature closure?
12. What additional information could you provide that may help to improve leadership in small-business organizations?

*Interviewer:* This wraps up the interview questions. Do you wish to add anything else before we end?

*Interviewee response:*

*Interviewer:* That concludes the interview. I appreciate your time. Thank you for participating in the study.

[Stop Recorder]

## APPENDIX E

## Interview Questions

Group 1: Businesses that closed prior to year 5 of operation.

1. What contexts or situations have influenced or affected your experiences with leadership?
2. Can you describe unique characteristics of small-business closure that might embody common features or components of the small-business organization?
3. Describe the process through which small-business leaders influence, inspire, and develop followers in small-business organizations.
4. Describe the process through which small-business leaders accomplish work through others.
5. In what ways does leadership impact or affect the small-business leader's ability, or inability, to avoid small-business closure?
6. In what ways can leadership be considered important or unimportant when trying to avoid small-business closure?
7. In what ways do other factors besides leadership impact the small-business leader's ability to avoid small-business closure? Other factors may include organizational size, marketing, planning, finances, etc.
8. What are common or familiar elements in the characteristics of small-business organizations that might inescapably lead to closure of the organization?
9. What additional information could you provide that may help small businesses prevent premature closure?
10. What additional information could you provide that may help to improve leadership in small-business organizations?
11. What leadership strengths would small-business leaders perceive as contributing to small-

business success?

12. What weaknesses with regard to leadership would small-business leaders perceive as contributing to premature business closure?

Group 2: Organizations with continued business operations for more than 10 years.

1. What contexts or situations have influenced or affected your experiences with leadership?
2. Describe leadership characteristics that are required for success during early development of the small-business organization.
3. Describe the process through which small-business leaders influence, inspire, and develop followers in small-business organizations.
4. Describe the process through which small-business leaders accomplish work through others.
5. What skills and practices do small-business leaders need to ensure success of the small-business organization for more than 5 years?
6. What strategies do small-business leaders use to overcome early challenges and create a successful small-business organization?
7. Describe critical factors that you believe contributed to your business operating successfully for more than 10 years.
8. How would you describe or explain successful operations of your small-business organization for more than 10 years while so many others have failed?
9. What additional information could you provide that may help to improve small-business's chances to succeed?
10. What additional information could you provide that may help to improve leadership in small-business organizations?
11. What leadership strengths would small-business leaders perceive as contributing to small-

business success?

12. What weaknesses with regard to leadership would small-business leaders perceive as contributing to premature business closure?

## APPENDIX F

## Pierce and Dunham Permission

January, 25, 2015

Ms. Harris:

I am assuming that you are making reference to a model that has the words Leader, Context, and Follower anchoring the three corners of the model. If this is the case, this model originally appeared in a book by Randall B. Dunham and Jon L. Pierce entitled *Management*, published by Scott Foresman and Company in 1989. It was subsequently used in their books *Managing* (Pierce & Dunham), and *Management and Organizational Behavior* (Pierce, Gardner with Dunham). Subsequently it was adopted and used by Dr. John W. Newstrom and me in the six editions of *Leaders and the Leadership Process*. Since the rights associated with *Management*, *Managing*, and *Management and Organizational Behavior* have reverted to me and my co-authors, I am free to grant you permission to use the Leadership Process figure in your dissertation. My only request is that you acknowledge the source (e.g., with permission adopted from *Leaders and the Leadership Process* by Jon L. Pierce and John W. Newstrom.

Thank you for your interest in the figure, and we wish you the very best with your dissertation.

Jon L. Pierce, Ph.D.  
Horace T. Morse Distinguished  
Professor of Organization & Management  
Department of Management Studies  
Labovitz School of Business & Economics  
University of Minnesota Duluth  
Duluth, Minnesota 55812  
USA

On Sat, Jan 24, 2015 at 2:46 AM, Robinson Harris, Theresa (student)

<[REDACTED]> wrote:

Dr. Pierce/Dr. Newstrom,

I am a doctoral student at Pepperdine University currently working on my dissertation in organizational leadership. I would like to use your Leadership Process figure to support my research and was wondering if I could be granted permission to do so. Pepperdine requires copyright permission from the authors for the use of all figures. I look forward to your response.

Sincerely,

Theresa Robinson Harris  
Ed. D. in Organizational Leadership Doctoral Student  
Pepperdine University Graduate School of Education and Psychology  
E-mail: [REDACTED]

## APPENDIX G

## Mindtools Permission

**Jag Saluja, Jan 26, 10:06 AM:**

Dear Theresa,

Thank you for your enquiry, and for your interest in Mind Tools.

We are delighted to give you permission to reproduce the article 'Dunham and Pierce's Leadership Process Model' from URL: <http://www.mindtools.com/pages/article/leadership-process.htm>, in print format maximum 25 copies of your university project thesis.

Could you please ensure that you include the Mind Tools Copyright message in the material being reproduced, as well as link to this article's location on the Mind Tools website.

I've included the permission terms and conditions below. Please keep this e-mail and your request as proof of the permission given.

Permissions to use Mind Tools Material

Any permission given to reproduce or use any Mind Tools materials is subject to the following terms:

1. Unless otherwise stated, MindTools.com should be credited as the author of the material.
2. Mind Tools copyright should be acknowledged with any permitted article or quotation, as should the appropriate URL. The copyright message should be quoted as it appears at the bottom of the appropriate web page and with the wording "Reproduced with permission".
3. In some cases, articles may use material copyrighted by another party, or may use trade or service marks belonging to another party (where this is the case, these will be clearly identified within the text of the article). In these cases, you must seek the permission of the ultimate owner of this intellectual property.
4. Quotations or Citations should not violate any law, cause offense or tarnish the Mind Tools brand in any way.
5. Please note that where permission has been given to reproduce Mind Tools materials in print format, these materials must not be put on the Internet or on any other electronic network, unless written permission has been given.
6. Mind Tools appears on several servers on the web. References to Mind Tools material should quote the URL of the appropriate item hosted on the [www.mindtools.com](http://www.mindtools.com) site. If the address is required, Mind Tools material is published by Mind Tools Ltd of 2nd Floor, 145-157 St John Street, London, EC1V 4PY United Kingdom.
7. We reserve the right to withdraw permission for the use of Mind Tools material if either this permission or the material is, in our opinion, abused. This right will not be unreasonably exercised.

If you have any further questions or need any more help please just click 'reply' to this email.

Best wishes!

Jag

---

**Robinson Harris, Theresa (student), Jan 24, 8:01 AM:**

Hi,

I am a doctoral student at Pepperdine University currently working on my dissertation in organizational leadership. I am using Dunham and Pierce's Leadership Process Model to support my research and was wondering if I could use your interpretation of the model as outlined under the link below. I am also in the process of contacting the authors to request their permission. I look forward to your response.

<http://www.mindtools.com/pages/article/leadership-process.htm>

Sincerely,

Theresa Robinson Harris  
Ed. D. in Organizational Leadership Doctoral Student  
Pepperdine University Graduate School of Education and Psychology  
E-mail: [REDACTED]

[www.mindtools.com](http://www.mindtools.com)

Essential skills for an excellent career!

Address: MindTools.com, 2nd floor, 145-157 St John Street, London, EC1V 4PY, United Kingdom

Mind Tools Ltd (Company No. 04829074) is a company registered in England and Wales. Registered office: Hardwick House, Prospect Place, Swindon, Wiltshire, SN1 3LJ, UK. VAT Number: 840 1273 62.

All currently agreed Terms & Conditions and product and service Warranties are implicitly assumed with this Email. Other than this, no contract is being entered into in this email unless explicitly stated.

**This email is a service from Mind Tools Support. All currently agreed Mind Tools Ltd Terms & Conditions and product and service Warranties are implicitly assumed with this Email. Other than this, no contract is being entered into in this email unless explicitly stated.**