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Pepperdine University
Graduate School of Education and Psychology

CHANGE MANAGEMENT FOR SMALL BUSINESS LEADERS

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

by

Lora Elizabeth Higdon

October, 2016

Farzin Madjidi, Ed.D.—Dissertation Chairperson

This dissertation, written by

Lora Elizabeth Higdon

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:

Farzin Madjidi, Ed.D., Chairperson

Gabriella Miramontes, Ed.D.

Lani Simpao Fraizer, Ed.D.

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DEDICATION

I dedicate this dissertation to my husband and best friend, Jay, who took this educational journey with me, encouraging me as I cried, doubted myself, stumbled, got lost, fell down, rose up, conquered my fears, and excelled. We have been going to school together for over ten years, earning each of three degrees together and it is an amazing feeling to pass the finish line hand-in-hand.

Thank you, Jay, for believing in me.

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This dissertation was written with the support of the most important people in my life, each one for a significant and special reason. I want to take this opportunity to let them know how much they mean to me. Each of these people sacrificed many things to help me succeed in this program, and I am thankful for the love and support that has been shown to me over the years.

I acknowledge my husband. It is not enough to dedicate this dissertation to him; I need to express how important it was for him to be there for me during this process.

Jay, I appreciate the nights and days you convinced me to get back on the Doctoral Wagon and assured me that I was smarter than I gave myself credit for. Your positive attitude has given me something to look forward to every day. The time we've spent having intriguing conversations, watching Joel Osteen's sermons and late night heated debates have helped me view the whole picture instead of the individual pieces scattered everywhere. Thank you for being my study buddy.

I acknowledge all of my children. They are my whole world and without them, I would not be who I am today. I have learned many things through formal education, but from my children, I have learned how to love unconditionally. Watching them grow from the most wonderful little beings into the most amazing young adults has been indescribable. I want this dissertation to be a symbol to them that pursuit of knowledge and irrepressible persistence is the key to success.

Deshawn, Brooke, Tanisha, Kendre, Stephanie, and Brandon, I am thankful for you in my life. I want to help you explore life to the fullest and to be the best that you can be.

I acknowledge my grandson, Aiden, and my future grandchildren. It has been an amazing experience becoming a grandma and I am thankful for you. I know that there will be many more grandchildren coming into my life soon and I want to share this thought with them and you, Aiden:

Knowledge is something that no one can take from you. You can share knowledge, steal knowledge (stollenknowlen.com), buy knowledge, sell knowledge, accept knowledge, give knowledge, and unintentionally stumble upon knowledge. But, in the end, the decision to learn is up to you. Grandpa and I will be here to hold your hands, share your experiences, and help you find the tools to be successful in your educational journeys.

I acknowledge my Dad and my Mom. They created the ever-present desire in my heart to pursue higher education. I am heartbroken that my mother passed away months before I started my educational journey, and I wish she were here to share in my experiences. She was always so curious and wanted to learn about anything and everything. Many times I wished that I could share the things that I had learned with her. I miss her dearly. She used to tell me that I could have a star from the Heavens if I just reached up and took it.

Mom, I really did it. I reached for a star and caught one . . .

My Dad was a major part of my educational success and helped me be in class, after my Mom passed away in 1998, babysitting my four children (one that was just months old and the others that were under 6 years old). He paid for my books, proofread my papers, and listened to my stories, asking me to share my experiences regularly.

Thank you, Dad, I honestly couldn't have done it without you. I appreciate you more than I can express.

I acknowledge all of my extended family members (in-laws, aunts, uncles, siblings, grandparents, and friends that have been so supportive). Thank you for your understanding while I was so preoccupied with this personal goal of mine. I love you all and appreciate you truly.

I acknowledge my dear friend and colleague, Shannon. We have laughed for hours on the phone, cried tears of heartache in many bathroom stalls, and crammed together in the wee hours of the night on group projects for school. I believe that God sent you to me to remind me that He loves me. When I first met you at orientation, I said to myself, "She is a child of God and His love shines through her." I knew that we were going to be lifelong friends before we spoke for the first time. It has been a wonderful journey together and I'm glad to say that we have both experienced the fact that *hope* conquers all.

Shannon, we did it together! Thank you for laughing and crying with me. I look forward to a lifetime of adventures with you, and I want you to know that not everything has to come to an end, *I promise*.

I acknowledge Darlene, my oldest friend, who I met in seventh grade. We both played the cello and she sat next to me in our orchestra class, regularly challenging me for the first chair position. We would practice 'round the clock to steal the first position back and forth, and it made us better musicians. Darlene has been an amazing friend to me over the years, keeping track of me and sending me a Christmas card every year in spite of the fact that I changed residences over 25 times. She is a highly motivated and intriguing individual and I have enjoyed the stories from her many works and educational adventures all over the world. Darlene, thank you for being supportive through the years and inspiring me to explore my dreams.

I acknowledge some of my classmates that went out of their way be kind to me, keep me accountable, and help me succeed in this doctoral program: Derek, Gene, Monica, Edward, Mike, Mary, Calvin, Shannon B., Brianna, and John.

I acknowledge Hope, a server at a tiny wine bar in the Houston Airport, who stopped in the middle of her busy life to help a stranger. If it had not been for her, I would have lost six months of doctoral research. I had left my computer on the table and she took the time to put it somewhere safe until she was able to locate me. It was shipped across the country to me in a matter of days, and I was back in business!

I acknowledge Jeff and Julie Wellman, Jeff Vanhove, Ed Concord, and Andrew Bredfield, my amazing friends who have been there to laugh and provide me with “time-out” moments. I will not forget our Grand Rapids weekends, endless brainstorming about insane new business ventures, and making batches of wine in our kitchen, Boyne

Thunder boating, Crazy Day skiing, and tubing down the Jordan River. Thanks for being there for me!

I acknowledge my committee Members: Dr. Farzin Madjidi, Dr. Lani Fraizer, and Dr. Gabriella Miramontes. Each one of you has been so very helpful during this entire process. I have had your complete support, and all of you have gone above and beyond to help this be a memorable experience. Thank you Farzin, for being you. I have enjoyed you as my professor for the past few years and learned so much from you. Thank you, Lani, for being there all hours of the night to brainstorm and walk me through my many states of confusion. Thank you, Gabriella, for being firm with me and keeping me on course when I had the tendency to wander.

I want to acknowledge all of my professors over the years and make want to make mention of some professors that have made a special impression upon me. Thank you, Dr. Linda Henderson, Professor Keith Tatterelli, Dr. Christen Betchel, Dr. Bill Bateman, Dr. Jack McManus, Dr. June Schmieder-Ramirez, and Dr. Margaret Webber, for helping me to become who I am today.

I acknowledge my Uncle Jerry, who passed away recently. He had a spirit of peace and love all the days of his life, just like his parents and siblings, never once saying a negative thing. His example of selflessness will forever inspire me to be caring, forgiving, patient, and understanding. My uncle and I both enjoyed a love for food and the power it has to bring people together. With my uncle, the topic of conversation was always about what we ate, were eating, and would be eating soon. I will never forget the last time we ate together with my dear friend Shannon, my father, and my husband at

our favorite 100-year-old pizza parlor in Hazel Park, Michigan. He was having trouble eating and needed his pizza cut into tiny pieces, but he was so happy to get out and enjoy time with family. Thank you, Uncle Jerry, for teaching me to be kind, always.

I also want to acknowledge myself. I have been transformed on this journey and have proven to myself that I truly can do anything.

Finally, I want to acknowledge you, Lord. Thank you for this privilege and opportunity to be the best I can be. Thank you for continuing to teach me patience and forgiveness. Thank you for loving me.

VITA

EDUCATION

Doctorate of Organizational Leadership
Pepperdine University, 2016

Master of Business Administration
Management, Northwood University, 2011

Bachelor of Business Administration
Management, Northwood University, 2007

PROFESSIONAL EXPERIENCE

Small Business Consultant
Paradym Solutions, Inc., Consulting Firm, Boyne City, MI

Adjunct Professor (Corporate Finance, Accounting)
Sierra Nevada College, Incline Village, NV

Finance Manager
Lukeman Property Management, Property Management Company, Kalamazoo, MI

Executive Officer
Sammich n Sudz Corp., Northern Michigan Restaurant Chain, Boyne City, MI

Pricing Coordinator
Saint Mary's Cement, Detroit, MI,

Executive Administrative Assistant
Royal Oak Kitchens and Baths, Royal Oak, MI

Executive Manager
Jaynes Custom, Inc., Commercial and Residential Interior Space Design and
Construction, Birmingham, MI

ABSTRACT

Small business owners face challenges associated with leading change, and many times lack the necessary resources to manage it properly. The purpose of this descriptive qualitative study was to determine what challenges leaders of small businesses face in managing change, what strategies and practices those leaders employ, and how the leaders of small businesses measure success in managing change. This study also determined what advice leaders of small businesses would suggest for managing change. Four research questions were created to assist with this process, and 13 semi-structured interviews were conducted in various cities throughout the state of Michigan. The participants were small business owners of privately held American companies that had been in business for a minimum of 5 years. Twelve interview questions were asked to answer the 4 research questions. Many themes emerged. Some of the challenges that participants face while managing change are resistance to change, communication issues, lack of confidence, lack of resources, lack of knowledge/experience, the absence of strategy, conflicts of interest, and lack of emotional intelligence. The participants shared many different strategies for successful management of change and also offered their lessons learned over the years. The main overall theme presented by all of the participants in this study was the importance of knowledge and experience for management of change in small businesses.

Chapter 1: Introduction

Background

Benjamin Disraeli (n.d.) described change as constant and inevitable in a progressive society. Unfortunately, change is an emotional process, and Anatole France (as cited in Lewis, 2008) suggested that even if the change is desired, part of oneself must die in order to move on. Woodrow Wilson (as cited in Kline, 2015) asserted that change can create enemies, which is understandable since Chopra (n.d.) explained that chaos is normally surrounded by change. The emotional impact of change affects each person differently. Some individuals can maneuver through changing circumstances easily but many resist them. Some reasons people resist change include loss of control, uncertainty, surprise, loss of routine, and disruptions (Kanter, 2012).

Cognitive dissonance and change. Environments that challenge an individual's most significant values and truths have the capacity to create change. The change may be subtle or extensive, affecting beliefs and behaviors. It can also lead to rationalization or cognitive juggling (Hall, 1998). Leon Festinger (1957) conducted many experiments with rats and humans, exploring the effects of insufficient reward on motivation and the psychological effects of forced behaviors. His theories mainly deal with the origin of motivation; he believed that cognitive dissonance was the central reason for the change (Schachter, 1994). Webster's dictionary defines dissonance as a "lack of agreement; especially: inconsistency between the beliefs one holds or between one's actions and one's beliefs" ("Dissonance," n.d., para. 1).

A cognitive dissonance is a form of confusion that comes from a clash between behaviors and beliefs. Festinger (1957) believed that dissonance is resolved by either forsaking a prior belief to adopt a new one, changing a behavior to reflect a belief, or rationalizing a held belief that is inconsistent with new evidence or information presented. The theory of cognitive dissonance is based on the assumption that humans recognize and suffer as a result of inconsistencies between their behaviors and beliefs. It also claims that this suffering is so uncomfortable that it creates motivation to resolve the dissonance. Resolving the dissonance is the tricky part because it involves a change in beliefs, actions, or the perception of the actions. Because changing one's beliefs is uncommon, as beliefs are usually stable and deep-rooted, this is the least frequently chosen method. Subsequently, changing a behavior is difficult as well. Some choose to see that the behavior was wrong and promise themselves and even others that they will never behave that way again (Festinger, 1957).

However, problems arise when the benefit of changing the behavior is less attractive than the benefit of not doing so. The most common method of dealing with cognitive dissonance is to rationalize the behavior. An example of this would be in the case of theft. One who believes theft is always wrong but finds himself/herself starving for days with no money will rationalize stealing an apple from someone's orchard as permissible because the alternative is death (Festinger, 1957). One acceptable and proven method to deal with dissonance or inner state of conflict is therapy with a counselor. Therapy is considered "an effective tool to help anyone learn how to better manage stressful life situations" (Mayo Clinic Staff, 2013, para. 2). Therapists are like

personal coaches; they motivate and lead individuals through difficult situations (Growing Self, n.d.). In a counseling experience, such as cognitive behavioral therapy (CBT), people can participate in a one-to-one collaborative relationship that actively involves both the client and the therapist in the change process. Therapists/life coaches can help identify obstacles and address them by helping individuals change beliefs and behaviors (Growing Self, n.d.).

Organizational behavior (OB). Just as change is difficult for individuals, groups of people dealing with change both individually and collectively can create dynamic/complex environments (Robbins & Judge, 2003). Organizations, by definition, are groups of persons organized for some end or work. “Organizational behavior is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations” (Robbins & Judge, 2003, p. 10). Learning theorists, personality theorists, counseling psychologists, and organizational psychologists have contributed to the body of knowledge of OB. Some of this information includes perceptions, personalities, emotions, needs, decision-making processes, leadership effectiveness, job stress, interactions between coworkers, and many other motivational forces at work in the organizational setting. People influence others and learning how to reduce resistance while implementing change within the organizational realm is a priority of study for social psychologists (Robbins & Judge, 2003).

Change in business. Change happens in the world of business, just as it does in the personal world, and change is a natural process. According to Greiner (as cited in Dann, 2013), businesses go through what he calls *life cycle phases*. He is known for his

Growth Curve model, which explains the trajectory of growing businesses. Greiner identified six phases, each of which has three separate stages. In order to pass to the next stage, the prior stage must be resolved properly (Dann, 2013).

Just as individuals resist change in their personal lives, they also resist change in the workplace, and for many reasons. Fear of losing a job is one of the top reasons employees resist change in organizational settings. This fear stems from the awareness that, although streamlining of processes creates productivity, it also reduces the need for some positions. A bad communication strategy is another reason employees resist change. Employees need to understand the change process, why it is needed, and how success will be measured (Adenle, 2011). Kotter (2007) explained the consequences of not communicating properly in the following story:

In one case, a company gave out four-inch-thick notebooks describing its change effort. In mind-numbing detail, the books spelled out procedures, goals, methods, and deadlines. But nowhere was there a clear and compelling statement of where all this was leading. Not surprisingly, most of the employees with whom I talked were either confused or alienated. The big, thick books did not rally them together or inspire change. (p. 24)

Fear of the unknown causes employees to resist change (Adenle, 2011), which is a compelling reason for leaders to communicate the change process and vision to the employees. Other reasons for employees' resistance to change include feelings of loss of control in their work environment and lack of competence to perform the new skills required. Poor timing when launching the change initiative, lack of a visible reward to

employees working through the change, and a loss of prior support systems additionally create resistance. Some employees that have had a former change experience will compare the process to the previous experience. If the prior experience was bad, the employee may resist the change, thinking that this change experience will mimic the last one. In contrast, if the current change initiative is completely different than the prior experience, the employee may fear that the process will not work and rebel against it (Adenle, 2011). For these reasons and others, many change models have been developed to help organizations maneuver through changes. A few of these change models are Kotter's (1996) Eight-Step Change Model, Burke and Litwin's (1992) Change Model, Schmieder-Ramirez and Mallette's (2007) SPELIT Power Matrix, Smith and Christenson's (as cited in DeSilets, 2008) SWOT analysis, Harry's (2015) Six Sigma Change Strategy, Cooperrider and Whitney's (2005) Appreciative Inquiry, and Lewin's (1947) Three Stage Model of Change. However, challenges for small businesses differ from those of large organizations (Lindegaard, 2012), making some of the solutions presented in these models impossible to implement.

Small business background. The U.S. Small Business Administration Office of Advocacy (SBA Office of Advocacy, 2012) describes a small business as an independent business with fewer than 500 employees. According to the Small Business Association Office of Advocacy, 99.7% of U.S. employer firms are small businesses (see Figure 1). That equates to annual gross payroll totaling \$13,849,373,887 for 2012. Additionally, out of all of the registered small businesses, a little more than 75% are non-employer businesses (businesses without employees).

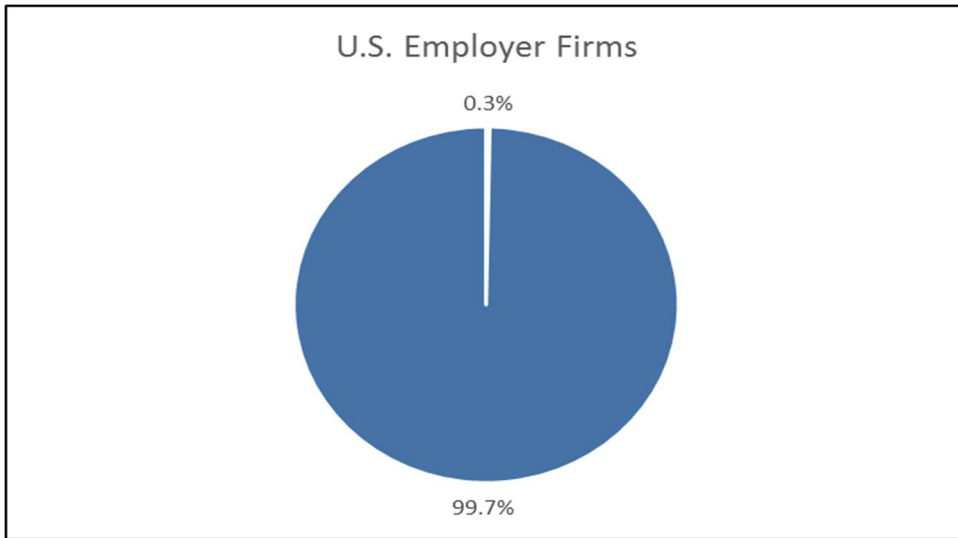


Figure 1. Percentage of small businesses among U.S. employer firms.

To put this statistic into perspective, it indicates that out of all U.S. small businesses, about one-quarter of them make up the 99.7% of the total U.S employer firms (SBA Office of Advocacy, 2012; see Figure 2).

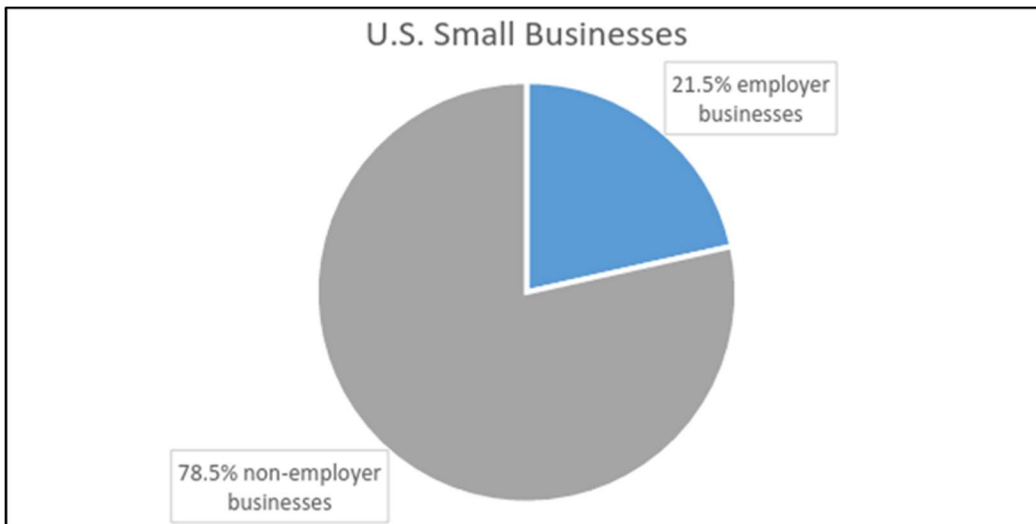


Figure 2. Employer versus non-employer U.S. small businesses.

This leaves three times as many small business firms that do not have employees, which translates to this fact—the U.S. business landscape is made up of primarily small businesses.

Small businesses are imperative to a healthy economy. Small businesses created 14.3 million net new jobs between 1993 and 2013 (SBA Office of Advocacy, 2012). The U.S. Small Business Administration (SBA, as cited in Harrison, 2013) indicated that small businesses employed over 50% of the private-sector workforce and created over 50% of the U.S. net new jobs between 1997 and 2010. Surprisingly, studies show that the majority of small businesses are mainly hobby businesses that provide supplemental income for individual households (Davis et al., 2007). The SBA Office of Advocacy (2012) stated that small businesses stimulate innovation at a significantly higher rate than large companies. Another important contribution of small businesses is the fact that they make up 98% of all firms exporting goods, which translates to 33% of total U.S. exporting value.

Small business failure. Young small businesses are dynamic; the innovation of products and processes appears to create tremendous economic benefit (Haltiwanger, Jarmin, & Javier, 2010). Unfortunately, when analyzing data collected between 2000 and 2009, out of the total sum of small businesses with employees, 10–12% of these businesses opened each year and 10–12% of existing businesses closed in that same year. This number of opened and closed businesses tripled for small businesses with no employees. In addition, only half of all firms were in existence after five years, with a diminishing existence after 10 years for one-third of the firms. In fact, studies show that

with job creation comes job destruction, when observing U.S. small business ventures and their short life spans (Haltiwanger, Jarmin, & Miranda, 2010). In addition, the business birth and death rates follow the same trend as gross domestic product (GDP), with a six-quarter delay (SBA Office of Advocacy, 2012).

Small business challenges. The challenges faced by leaders of small businesses are different than those faced by leaders of large companies. In fact, these challenges eventually lead to failure, according to many sources, including the SBA Office of Advocacy (2012). Chris Baskerville (2015), an accountant with over 10 years' expertise in insolvency and business reconstruction, experienced over 700 liquidations and bankruptcies. According to Baskerville, some of the key issues for small businesses are a lack of capital, premature expansion, dependence on debt funding, poor strategic management, and operation without a business plan.

Statement of the Problem

Change is normal and happens regularly in business. Greiner's 1972 Model of Organizational Change and Development described the stages of changes, and the challenges leaders face associated with these changes by breaking down the organizational life cycle into six phases (Dann, 2013). It is important for small businesses to adapt to life cycle changes in order to thrive. However, the effects of change on small businesses are different from the effects of change on large companies, due to limited resources such as capital, time, energy, and a different set of challenges. The majority of research about change management pertains to large corporations and not small businesses. These processes are not necessarily scalable

down to the size required by small businesses. Developing change management strategies for leaders of small businesses is crucial for long-term sustainability.

Purpose of the Study

Accordingly, the purpose of this study was to determine the challenges that leaders of small businesses face in managing change, the strategies, and practices employed by leaders of small businesses in managing change, and how the leaders of small businesses measure success in managing change. This study also determined what advice leaders of small businesses suggest for managing change. Four research questions were created to assist with this process.

Research Questions

1. What challenges do leaders of small businesses face in managing change?
2. What strategies and practices do leaders of small businesses employ in managing change?
3. How do the leaders of small businesses measure success in managing change?
4. What recommendations would leaders of small businesses suggest for managing change?

Significance of the Study

Entrepreneurs directly influence economic growth (Audretsch, Keilbach, & Lehmann, 2006). The failure rate, within the first five years of inception, of about 75% for small businesses is a serious problem (SBA Office of Advocacy, 2012). Additionally, 70% of all organizational change initiatives fail (Clark, 2008). Such overwhelming

business failure has a profound effect on the economy and gross domestic product (GDP) specifically. GDP is a measure of the value of economic output, which is affected directly by goods and services produced. The ability to manage change properly may reduce business failure (as cited in Dann, 2013). Small businesses are responsible for about one-third of the total goods exported from the United States. A reduction in small business failures has the potential to alter the nation's economic climate, especially if some of these businesses are involved in the export of goods.

The results of the study will provide current and potential small business leaders with synthesized knowledge and experiences of industry experts. This study will contribute to the body of literature on small businesses, adding valuable insight to leaders' challenges and management strategies. This study will also contribute to the body of knowledge on human capacity building in organizations.

Limitations of the Study

The limitations of the study are described subsequently.

- Geographic boundaries—This study was conducted primarily in Michigan. The location of a small business could potentially affect a small business leader's decision-making processes and change management process due to state laws, ordinances, and/or other factors.
- Industry specifications—This study was not limited to any specific industry. Different industries have distinct challenges and demands that may not be consistent with other industries and could limit the findings.

- Participant selection—Participants were limited to owners of small businesses. In many companies, managers who are not owners are responsible for leading change. This study did not focus on the perceptions and opinions of these types of managers.
- Demographic considerations—This study did not focus on any one specific demographic. Participants with any combination of demographic characteristics were allowed to be part of the study.
- Legal Status: This study did not focus on publically held companies.

Definition of the Terms

A definition of terms is helpful to ensure a common understanding of key terms. The following definitions are provided for clarification and described as they pertain to this study. The terms are also provided from the business lens.

- Change is defined as “a deviation, transformation or modification” (“Change,” n.d., para. 3).
- Management is defined as “controlling and directing the affairs of a business, institution, etc.” (“Management,” n.d., para. 3).
- A manager is defined by Robbins and Judge (2003) as “an individual who achieves goals through other people” (p. 3).
- Change managers are defined as individuals within an organizational setting that direct other individuals through transformations, deviations, and/or different circumstances/surroundings.
- Leadership is defined as guiding or directing a group (“Leadership,” n.d.).

- A small business is defined by the SBA Office of Advocacy (2012) as an independent business having fewer than 500 employees.
- *Group* is defined by Robbins and Judge (2003) as two or more individuals interacting and interdependent, who have come together to achieve particular objectives.
- Organization is defined by Robbins and Judge (2003) as “a consciously coordinated social unit, composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals” (p. 3).
- Organizational behavior (OB) is defined by Robbins and Judge (2003) as a field of study that investigates the effect individuals, groups, and structures have on organizations, for the purpose of applying such knowledge toward improving an organization’s effectiveness.
- Cognitive dissonance is defined as “anxiety that results from simultaneously holding contradictory or otherwise incompatible attitudes, beliefs, or the like, as when one likes a person but disapproves strongly of one of his or her habits” (“Cognitive Dissonance,” n.d., para. 1).
- A life coach is defined as “an advisor who helps people make decisions, set and reach goals, or deal with problems” (“Life Coach,” n.d., para. 1).
- A therapist is defined as “a person trained in the use of psychological methods for helping patients overcome psychological problems” (“Therapist,” n.d., para. 1).

Summary

Change is difficult for individuals, and some people need the help of a skilled professional (therapist, life coach, and/or leader) to work through the challenges associated with change. Businesses are continuously changing and are made up of individuals that have difficulty with change. This difficulty contributes to the complex and dynamic organizational environment. Skilled leaders of change, or change managers, can help individuals in organizations maneuver through changing environments. Small businesses have limited resources and special attributes that make change even more challenging than in large organizations. Insight from small business industry leaders may help to reduce the number of business failures.

Chapter 2: Review of the Literature

Change is difficult for many individuals, and people many need assistance to navigate through its mental, emotional, and physical effects. The effects of change are magnified within groups, such as in organizational settings, due to the complexity of organizational behavior. Organizational environments are dynamic, full of diverse cultures, and always changing. Large corporations and small businesses alike are influenced by these organizational behaviors and need to factor them in when implementing a change, especially since 70% of change initiatives fail (Clark, 2008).

Leaders of small businesses have special challenges and limited resources that need to be factored into change management processes. Although countless models exist to help leaders manage change, most models do not take these unique challenges into consideration and are not scalable. The following review of literature details the difficulties with change both individually and within group settings, the unique challenges that small business leaders face, leadership styles, adult learning techniques, and multiple change models in search of answers to the stated research questions.

Change Is Part of Life and Can Be Difficult

Change is a part of life and happens on a daily basis. Change is usually complex, taking on many different appearances (Clark, 2008). Puberty, marriage, divorce, relocation, graduation, weight gain, pregnancy, death, sickness, and aging are some examples of common change situations. Indeed, "Change is the essence of life" (Miller, 2008, p. 1), and whereas some individuals enjoy it, others try to avoid it. In fact, 49% of

Americans prefer constants in life whereas 40% enjoy regular changes; the remaining individuals actively look for opportunities to change (Waldrop, 1994).

The literature is inundated with examples of change creating difficult and stressful reactions. For example, Barnes, Pam, and Pearson (as cited in Eldar-Avidan, Haj-Yahia, & Greenbaum, 2009) explained that divorce is a stressful change. Women going through menopause are vulnerable to additional stress (Gifford, 1994). Empty nesters often express difficulty watching a youngest child move out as well, and individuals retiring from a job also have difficulty with the life transition (Waldrop, 1994). Fazoranti et al. (as cited in Trivedi, Sareen, & Dhyani, 2009) stated that loss of a spouse is one of the most difficult situations a person can face. Adjustment to a new job is challenging and requires patience (Strong, as cited in "Forbes," n.d.). Change can create environments that are messy, unorganized, and ambiguous if not addressed properly (Clark, 2008).

Disney/Pixar's animated film, *Inside Out*, illustrates how relocation created a stressful battle within the mind. The film is set up to give viewers an inside look at the emotions that affect decision making. Disgust, Sadness, Fear, Joy, and Anger are the character emotions in the body of a girl named Riley. They take control of her mind based on her lived experiences. The character Joy is able to override most emotional issues/conflicts occurring from Riley's lived experiences until a change happens in Riley's life that begins to deplete her emotional energy. A depletion of her energy causes malfunctions within her mind, like disagreements between Joy and Sadness, and her core happy memories are lost and distorted. Detachment, frustration,

disengagement, and confusion are unleashed, which in turn boot Joy from the mind, along with Sadness, leaving Fear, Disgust, and Anger in charge. This creates a chaotic situation and Riley begins to destroy friendships, her integrity, hobbies, and her sense of humor (Rivera & Docter, 2015).

Within a mind of an employee who has been depleted of energy and is being ruled by fear, disgust, and anger, one can only presume what chaos could surface within an organization. Fortunately, in the film, an outside source of energy, Family, was able to intervene and help Riley invite a healthy balance of Joy, Sadness, Anger, Disgust, and Fear back into her mind (Rivera & Docter, 2015). Successful leaders understand that sometimes they are the source of energy for those they lead. A leader's job is to manage and replenish energy for his/her employees regularly but especially in the midst of a change initiative (Kotter, 1996).

Several studies conducted by Mark E. Bouton (2014) on sustaining behavior change described the difficulty faced by individuals attempting to eliminate certain habits. This difficulty occurs partially due to the need to resolve cognitive dissonance (Festinger & Carlsmith, 1959). In many circumstances, people require the help of a doctor and/or therapist to deal with this dissonance and change. Therapists can help individuals develop resiliency by guiding them to manage stressful change in their lives and avoid going in a negative direction (Miller, 2008). Resilience is the ability to respond to life changes and stress in a positive manner (Eldar-Avidan et al., 2009). Dr. John Duffy (as cited in Tartakovsky, 2013) asserted that some people possess more resiliency than others, but anyone can learn to strengthen his/her resilience.

Another reason for difficulty sustaining behavior change is lack of energy, as described in the synopsis of the film *Inside Out*. Most people in this day and age face a human energy crisis in their personal and professional lives (Hanna, 2014). This crisis is related to increased external demands of their time, performance, and productivity. “Change, even positive change, requires energy” (Hanna, 2014, p. 244). A demand of energy from employees who are already experiencing burnout from working longer hours takes a toll on their emotional, mental, and physical wellbeing. Distraction, disengagement, mistakes, dissatisfaction, frustration, increased medical expenses, and absenteeism of these employees is a direct result of dwindling wellbeing (Schwartz & McCarthy, 2007). Furthermore, Schwartz and McCarthy (2007) explained that energy in humans originates from the body, the emotions, the mind, and the spirit. These four regions need to be refreshed and renewed regularly; individuals must become aware of the energy-depleting behaviors they exert and modify them. Organizations can benefit from focusing more on motivating employees by investing more into reenergizing them instead of depleting their energy. Leaders and/or change managers can be the vehicle for organizations to motivate individuals.

Organizational Behavior

Individuals’ struggles related to change are magnified in the business arena and within groups, where others’ talents, personalities, and goals are all competing with each other. This combination of behaviors makes up group dynamics. Lewin (1947) described a situation with two individuals, a husband and his wife, and used an analysis of potential actions to explain group dynamics. He explained that the physical and social

factors surrounding both the husband and wife independently, and their perceptions of these factors for their partners, were integral elements of the relationship's direction.

One exaggerated example of the physical and social factors for a wife and for a husband is presented subsequently to explain this concept further.

The wife and the husband each believe their job in the household consists of certain duties. She feels that her job is to cook, clean, and work her eight hours at her job, but not to take the garbage out. He feels that his job is to wash the car, cut the grass, and work his 8 hours at his job, but not to take the garbage out. Unfortunately, if she feels that it is his job to take the garbage out and he does not because he feels it is her job to do so, there is a conflict in the relationship. Using this same example, suppose the wife continues to take the garbage out every day for a month without saying anything, stewing and fuming inside about it, but not expressing her frustration to the husband. She additionally withdraws emotionally and believes her husband is insensitive. All the while, the husband knows nothing of his wife's frustration and continues to behave as he normally has been, not taking the garbage out. He, however feels ignored and begins finding other things to do, like hang out with his friends on date night and withdraw from conversations while home. The conflict heightens the longer it is ignored by the husband and wife, the more complex the situation becomes.

(Lewin, 1947, pp. 10–12)

This example shows a difference in perceptions for a husband and a wife, one that causes confusion and conflict. Lewin (as cited in Burnes, 2004) identified that the

alterations in behavior from either or both of the individuals due to these perceptions and/or the partner's unexpected behaviors could create confusion and a complex environment. These types of dilemmas related to misunderstanding and confusion are magnified in groups, as competing factors are in conflict. Within an organizational environment, these types of perceptual differences happen all the time between groups of people, and if left unmanaged can become serious challenges (Robbins & Judge, 2003). Group dynamics play a significant role in implementing change, considering the complexity of the combined psychological conditions, objectives, and perceptions of all parties involved and how each variable interacts with the others (Lewin, as cited in Burnes, 2004).

Social comparison theory claims that humans have a need to compare themselves to others that are both better and worse than they perceive themselves to be. The reason behind this need for comparison is to successfully achieve acceptance of oneself. Self-evaluation allows one to set goals and pace oneself in order to reach an acceptable behavior or performance (Festinger, 1954). Excessive downward or upward comparisons can create problems, however. One who chooses primarily to make upward comparisons may become discouraged and unmotivated by a sense of defeat, whereas one who mainly makes downward comparisons can become unmotivated by complacency. Festinger (1954) asserted that the most effective state of being is to have a healthy balance between both social standings. Additionally, he stressed the importance of taking into consideration the gap between those against whom one is measuring oneself. An example of useless comparison would be a first-year cellist

comparing himself/herself with Yo-Yo Ma. This gap is too wide and could potentially demotivate the young musician. In company settings, individuals interact and depend on each other, regularly comparing themselves to each other.

Interdependence within groups enhances accountability yet creates the challenge of managing the series of events that are caused by previous events (Forsyth, 2009). For example, in a group of five people, each with consecutive deliverables, one delay can cause a chain reaction. Consider if person number one turns in said deliverable to person number two on time, and person number two turns in said deliverable on time to person number three. But, when person number three gets the deliverable, he/she puts it on the back burner and becomes late, hence potentially making person number four and person number five late on their deliverables.

Diversity, emotions, perceptions, values, individual behaviors, group behaviors, and communication all make up organizational behavior (Robbins & Judge, 2003). Cultural differences not only deal with nationality but also are connected to economic status and generational standing. Blue-collar workers and poor employees have a different set of needs than executives and wealthy employees, and these concerns should be understood. With four generations now cohabitating in organizational settings, generational gaps tend to cause communication challenges that need to be addressed by a skilled leader with an innovative approach and a patience for those who lack understanding. Leveraging a balance of leadership types among key leaders is helpful to address a diverse set of followers with a diverse set of needs in the workforce.

A skilled situational leader can also prove to be successful at meeting followers' varied demands (Hershey, 1985).

Leadership

Goleman, Boyatzis, and McKee (2002) described six different leadership styles for situational leaders, all of which can be effective when used at the appropriate time. He also explained the importance of emotional intelligence for these leaders. Goleman et al. described the basic components of emotional intelligence as self-awareness, self-regulation, internal motivation, and empathy. Emotional intelligence helps a leader be aware of the environment and determine what type of leadership will be most effective in specific situations. The six styles of situational leaders are described as follows (Goleman et al., 2002):

- A commanding/coercive leader is most effective in crisis situations when time is limited. This leader does not solicit opinions from others and the process resembles a dictatorship.
- A visionary/authoritative leader moves individuals toward a vision and is effective when a new direction is needed. However, this type of leader doesn't help pave the path for individual followers that are willing and capable but need a strategy.
- Affiliative leaders are effective when the emotional needs of individuals are more important than business outcomes. This type of leadership is best used to combat stressful situations and for repairing organizational relationships.

- Democratic leaders are actively involved in promoting participation by all parties involved. Buy-in and active listening skills are important. The weakness of this type of leadership is that action is hindered due to the leader needing to decipher and address opposing views.
- Pacesetter leaders engage in building goals for individuals that are already highly motivated and competent, setting extremely high standards of performance. A weakness for leaders of this type is that they tend to lack emotional intelligence, making others feel as if they cannot succeed.
- Coaching leadership incorporates followers' strengths and weaknesses. Although this approach can occasionally come across as micromanaging, if executed properly, it has the ability to develop individuals' long-term strengths.

Leaders also need to be ethical, as trust is an important part of persuasion and change (Mills, 2000). Integrity in business is a controversial topic and is at times difficult to engender. Realizing that not everyone shares the same values and finding a happy medium where honesty can flourish is challenging. Compromising integrity broadcasts dishonesty and puts a company at risk of being able to compete in any economic climate. In contrast, companies that lead with integrity position themselves at the top of their industry (Helbig, 2010).

Cashman (2010) discussed two different types of leading: character and coping. Leading with character is a service and contribution to others and is effective during changing circumstances. It is authentic by nature and seeks to engender trust,

openness, and compassion. Leading by coping is also effective but exhibits defensiveness and is a negative approach to achieving results.

President Dwight D. Eisenhower (Eisenhower, n.d.) defined leadership as “the art of getting someone else to do something you want done because he wants to do it” (para. 1). Leaders have an opportunity to help direct and develop people to operate at their highest potential in order to reach a common goal. Fraizer (2011) called this type of direction and development *human capacity building*. Helping others to become educated and to use that education to make positive changes in their worlds personally and professionally is what human capacity builders do (Fraizer, 2011). A leader with high emotional intelligence is ideal for human capacity building because of his/her awareness of others’ emotions and innate ability to handle interpersonal relationships justly and with authentic compassion. Leaders who do not have high emotional intelligence (EQ) can and should be trained. According to Earl (as cited in Talentsmart, n.d.), “EQ training is a ‘must do’ training needed by all leaders in organizations. We need it personally for growth, and our employees need us to be self-aware of our emotional footprint on the people we work with” (para 1).

Change in Business

According to Greiner’s (1998) business model of change, first published in 1972, businesses are always changing. They go through what he calls *life cycle phases*. The six phases are creativity, direction, delegation, coordination and monitoring, collaboration, and alliances. Each of the six phases is made up of three separate

stages: the evolution period, the stability period, and the revolutionary period. In order to pass to the next phase, the revolutionary period must be resolved properly.

A revolutionary period is the crisis portion of the phase. These six revolutionary periods are labeled leadership, autonomy, control, red tape, internal growth, and identity. In the creativity phase, the leadership crisis creates an environment where founders must balance managing the business and navigating through emerging conflicts (Greiner, 1998). This is a difficult task, and Greiner (as cited in Dann, 2013) suggested hiring a business manager to help deal with these conflicts. The direction phase brings an autonomy crisis, where formal communication from hierarchical structures and management tier conflicts begin to surface. Delegation is the solution to this crisis.

The delegation phase comes next, where decentralization creates a cohesive environment at first. Unfortunately, this phase is short lived, as a crisis of control develops among the upper and lower management teams. Centralization in formal planning is revisited and executed by top management in the coordination phase and stabilizes communication channels until a crisis of red tape emerges. Most managers involved in this period feel that so much time is wasted on formal procedures that nothing is accomplished. Rules and procedures overshadow the true meaning. Flexibility is the suggested solution to this crisis, which leads into the collaboration phase, during which teams form and engage in problem solving and are rewarded with incentives, provided that there is decentralization of support staff (Dann, 2013).

The crisis that is created in the collaboration phase is internal growth because, in many matrix-type organizations, it is difficult to get all of the individual pieces moving in the same direction. Alliances are the sixth phase, during which mergers/acquisitions resolve growth issues, offering new solutions. However, a crisis of identity then emerges (Dann, 2013).

Greiner (1972) insisted that change is a continuous cycle and normal in business, although it creates periods of crisis that need to be resolved in order for businesses to sustain themselves. To resolve and navigate through crisis from ongoing change in the business arena, a plan is needed (Woodward, 1994). Many change models exist to help navigate through these changes and crises. The key is to find an appropriate model that meets the needs of the organization, and also to have a leader who is skilled in leading and implementing change.

Small Businesses

Small businesses differ from large organizations in that they have many different characteristics and behaviors. Chen (n.d.) explained a business life cycle from a small business perspective, describing the many challenges faced by leaders of small businesses while going through five separate stages. The first stage is called the development/seed stage. In this stage, the business concept or idea comes together. Testing, research, and feedback generation reveal potential challenges that need to be considered like profitability margins, market acceptance, accounting management, and business structure/setup. After working through all of these unknowns and coming to

the decision that the new business idea is worth pursuing, the business enters the second phase called the start-up stage.

Managing cash is one of the greatest challenges small businesses owners face, according to Chen (n.d.), while products are in the development process. This is due to the fact that redevelopment is usually necessary, based on initial feedback from the customers. Managing sales expectations/accounting practices, the establishment of market presence, and securing a solid customer base all requires substantial amounts of capital. This next phase, the growth/survival stage, is crucial to the survival of a small business, and healthy cash flow is imperative. Growth opportunities that present themselves at this stage need to be considered carefully and entertained only after marketing, sales, and operations models or standard operating procedures (SOP) are intact. Increased revenue, customers, and market competition present management challenges as well.

During the fourth phase, the expansion/rapid growth stage, a company has established a presence in the industry and is thriving. New markets and distribution channels are surfacing. Larger markets should be considered in this phase in order to capitalize on the success of the business. New products will need to be added to combat the threat of competition. The fifth and final phase, according to Chen (n.d.), is the maturity stage. In this phase, the small business has matured and is dominating the market. Growth is steady but not as substantial as in previous phases. Options in this phase are an expansion or to consider an exit strategy.

Chen (n.d.) stated that in every stage of the business lifecycle, financial sources are the main key to overcoming the challenges. Accounting management software is imperative and should be a top priority for a small business, regardless of size, as knowing where the business stands financially helps leaders to make good business decisions. Small business owners are required to choose a legal form for their business financial reporting, in order to report earnings and stay in good standing with government mandates.

Legal forms of entities. Based on the needs of the particular business, the owner should choose how to set up the business legally (Bygrave & Zacharakis, 2010). There are several options from which to choose in this regard:

- Sole proprietorships are entities where the owner has complete control. With this complete control comes unlimited liability.
- Partnerships are entities where partners share control. Unlimited personal and joint liability are present.
- Corporations are entities where control is distributed among shareholders, directors, and officers. This type of control comes with limited personal liability.
- Nonprofits are entities that usually take the form of a corporation but are nontaxable.

According to the SBA Office of Advocacy (2012), small business census form 2002–2010 findings showed that sole proprietors made up 86% of the total non-employer companies and 44% of the employer firms. Corporations made up 7% of the non-

employer companies and 66% of the employer firms. Partnerships were 7% of non-employer companies and 11% of employer firms. Nonprofits only existed in employer firms and were 7% of the total small businesses. Another interesting piece of financial data collected by the SBA is the fact that 93.1% of all small businesses have annual revenues less than \$250,000 (SBA Office of Advocacy, 2015).

Franchising. More than 600,000 small businesses are currently franchised in the United States. In fact, 40% of all retail sales come from franchised small businesses (U.S. Small Business Administration, n.d.). As the U.S. population increases, so does the desire for a wider variety of goods and services. This demand will entice small business owners to entertain franchising opportunities. Franchising in the United States grew 40% between 2001 and 2008 and continues to be a growing industry. According to the 2010 Franchise Business Outlook by Price Waterhouse-Coopers (2009), franchised businesses are expected to increase employment 0.4% annually for a net increase of 36,000 jobs. The 2.8% increased output is projected to create a net gain of \$23.6 billion.

Challenges and behaviors. Small businesses differ from large organizations and face special challenges. The difference in the speed of decision-making, attitudes towards risk, and allocation of resources all create significant challenges for leaders of small businesses. Processes vary and sometimes are nonexistent in the small business arena. Large companies spend significant amounts of time making decisions due to politics and bureaucracy (Lindegaard, 2012), whereas small businesses tend to be quick with decisions. Small business leaders embrace risk, especially in start-up phases and rapid growth periods. Leaders of large companies, in comparison, like to play it

safe, engaging in safe and stable behaviors. Lindegaard (2012) described this contrast as defensive versus offensive behavior and attributed the desire to play it safe to the fact that large companies have more to lose as a result of risky decisions.

Lack of strategic planning. The strategic management process is different for large corporations as compared to small businesses due to limited time and resources. Leaders' decisions often appear to be irrational, especially when they are made contrary to cost/benefit analysis suggestions made by professionals (Ivanova & Gibcus, 2015). Strategic planning requires external and internal audits of the competitive environment, which can be difficult for small business owners (Aileron, 2011).

Risk taking and innovation. Risk-taking is a necessary action for successful small business owners and is important in order for them to remain competitive. In fact, risk-taking and improvising are more often than not the results of entrepreneurship. Well-planned and tactical approaches are few and far between (Bhide, 2000). This is apparent when thinking about start-ups of innovative companies like Microsoft and Apple. One detrimental characteristic of small businesses is that most lack a desire to be innovative (preferring to serve existing markets with common services).

Ongoing innovation is the key to long-lasting businesses. Initial steps towards sustainability are difficult, but to achieve sustainability takes consistent and continuous effort. Competitors will always move into the same markets; companies need to continue generating new ideas and keeping their stakeholders' needs at the forefront. Sustainability is an ongoing process (Senge, Smith, Kruschwitz, Laur, & Schely, 2008) that takes time, resources, and a courageous leader who is not afraid to fail.

Capital concerns. Lack of capital is an insufficiency, shortage, or absence of material wealth. Capital is needed to produce goods and provide services. Without capital, a business can be left without the proper amount of supplies needed to conduct business. This shortage causes other issues like the absence of a proper marketing strategy, technology, and/or decreased labor staff.

Lack of capital causes many problems for not only small business operation but also small business owners (Baskerville, 2015), due to the fact that a large portion of small businesses is owner/operator companies, and owners regularly take their work-related stress home with them (SBA Office of Advocacy, 2012). Owner-operators often blend home and business worlds in order to maximize resources and/or to just survive. It is disheartening to be faced with losing everything when proper financial planning could help avoid this fate. More times than not, lack of capital closes the doors on small businesses.

Human resource mandates. Small businesses face increased human resources (HR) risk and federal/state mandates due to lack of capital. The increased HR risk occurs due to the workforce often being treated as subcontract laborers to save money when in fact, most should actually be classified as employees. Taking on employees requires companies to match payroll taxes and provide insurance, which is costly and creates challenges for small businesses in the beginning stages of transitioning from non-employer companies to employer companies. The extra cost to implement a required payroll system and require an actual HR department to manage that system ranges from 30–50% on top of the employees' wages. Compliance with health benefit

mandates also raises total expenses. Additionally, other HR issues, including but not limited to sexual harassment training and safety training, are necessary to limit liability for the company. Subcontractors of companies that do not carry workers' compensation insurance or liability certificates cost the company more and create additional liability ("Insurevents.com," 2010).

Not only is it more expensive to pay employees than subcontractors because of employer state and federal tax matching, but also, U.S. federal overtime provisions are mandated in the Fair Labor Standards Act (FLSA). These mandates are complex and need to be managed by an administrative worker in order to comply with federal regulations, as follows:

- Unless exempt from overtime, employees covered by the FLSA must receive overtime pay for hours worked over 40 in a workweek at a rate not less than time and one-half their regular rates of pay (U.S. Department of Labor, n.d.).
- The FLSA applies on a workweek basis. An employee's workweek is a fixed and regularly recurring period of 168 hours: seven consecutive 24-hour periods. It need not coincide with the calendar week, but may begin on any day and at any hour of the day (U.S. Department of Labor, n.d.).
- "Different workweeks may be established for different employees or groups of employees. Averaging of hours over two or more weeks is not permitted. Normally, overtime pay earned in a particular workweek must be paid on the regular payday for the pay period in which the wages were earned" (U.S. Department of Labor, n.d., para. 4).

Unemployment insurance, liability insurance, workers' comp insurance, umbrella insurance, vehicle insurance, and other insurances are all needed and mandated by law when adding employees. The employer is required to provide health insurance after a company adds 50 employees, further increasing expenses for the small business owner.

Lack of standard operating procedures. Small business owners often lack standard operating procedures (SOPs)—written instructions that are intended to be repeated multiple times by many people. The ultimate goal of creating SOPs is aimed at the desired outcome to produce an environment of consistency. SOPs are used to describe processes in detail to reduce accidents, waste, and confusion. SOPs are usually aligned with the company mission, social responsibility, and core beliefs in mind.

Successful companies and government agencies, like McDonalds, Subway, Chrysler Corp., the Department of Homeland Security, and the U.S. Military use SOPs. Safety issues are reduced, the cost is controlled, and quality control is enhanced by the use of SOPs. They need to be well written and easy to understand for all workers who plan to use them. This is one area where it is impossible to include too much information. Step-by-step instructions with pictures are the best way to convey the message. Including employees whenever possible is a suggested method to create excitement, involvement, and future compliance. Consistency has been known to facilitate top performance, as learning by doing actually works through repetition (Schank, 2005). Many programs are built on consistency and are used to enhance employment of SOPs, such as International Organization for Standardization (ISO)

9000, Six Sigma, Total Productive Maintenance (TPS) and Manufacturing Quality Assurance System (MQAS).

Another interesting benefit of SOPs is that they can be used for performance reviews, although many small businesses do not have formal performance review processes. They serve almost as a checklist that both parties can review; there is no successful arguing with a step-by-step process that has or hasn't been followed. The employee can make regular self-evaluations to see how he/she measures up. SOPs should be updated regularly and adjusted for new procedures and policies that are introduced into the business culture.

Lack of training. Lack of training is one of the main challenges for small businesses. Turnover rates for employees are high in the small business arena and leaders wrestle with the cost/benefit ratio of training. "Hiring an employee without providing them with proper training is like sending a soldier into battle without any bullets in his gun" (Parezo, 2011, para. 1). Unequipped employees tend to perform at lower capacity and many times are eventually terminated for failure to produce to the standards of the company, which in turn creates high turnover rates. This practice of hiring employees and not training them is a two-edged sword. First, there is the cost associated with wages for the underperforming employee. Then, there is the cost associated with the lost time/revenue and onboarding of the new employee to replace the terminated employee. Borysenko (2015) has estimated the cost of replacing an employee to be around 30–50% of an entry level employee's annual compensation, 150% of a mid-level employee's annual compensation, and a whopping 400% of a high

level and/or specialized employee's annual compensation. For a mid-level employee making \$65,000 per year, that equates to just under \$100,000. Many small companies employ mid-level employees that have annual gross revenues under a million. This loss can be a significant challenge to overcome (Borysenko, 2015).

Small businesses in Michigan. According to the SBA Office of Advocacy (2015), in 2014, 856,682 small businesses were registered in Michigan, of which 169,053 had employees. This equates to 1,755,901 workers that were employed by small businesses. Top industry demographic information for Michigan small business owners in 2007 was as follows:

- 56.7% of female-owned businesses are in the health care and social assistance industry, which represents 21% of the total industry.
- 76.6% of male-owned businesses are in the construction industry, which represents 19.6% of the industry.

Business turnover in Michigan for the first quarter of 2010 reflected 11,150 openings and 5,571 closings. As far as international trade is concerned, in 2012, 13,535 individual Michigan small businesses exported goods, reflecting 89.6% of all companies in the state in the export business and translating to one-fifth of the total export value generated in Michigan (SBA Office of Advocacy, 2015).

Small business failures. Small business survival rates have diminished rapidly from 1994 to 2010. The SBA (as cited in Jordan, 2014) stated that in the first two years of operation, one-third of all small businesses will fail; the main reason for this is a lack of experience. At the five-year mark, data showed that only half of the businesses have

survived, and at year 10, a little over a third remain (Jordan, 2014). This data is open for interpretation because the close of a business is considered a failed business.

However, this is not always the case. For example, a business may be sold to a new owner or may shut down simply because it has served its useful purpose and is no longer beneficial to the owners (i.e., the owners are retiring).

Change Management

Leaders of small businesses typically have the ability to lead change effectively and with great speed, because they are inherently equipped to respond to challenges (“Managing Your HR,” n.d.), yet they fail 70% of the time (Clark, 2008). According to Clark (2008), this is due to leaders approaching the change process with a project management approach and not taking into consideration the human side of the equation. He explained that leaders need to successfully address factors such as communication, energy, culture, attitude, and commitment in order to respond properly to challenges.

Organizational change is a requirement for success. Leaders who have strong interpersonal relationships, possess persuasive communication skills, and are effective at problem solving are most successful at facilitating and managing change (Dale Carnegie Training, n.d.). Leaders successfully navigate change management by understanding and choosing the correct change model for a particular company’s circumstances. The following sections discuss a variety of commonly used change models.

Kotter's eight-step model. Kotter's (1996) eight-step model is a well-known change model in the business world. The eight steps are as follows:

1. Create a sense of urgency. Creating a sense of urgency is done by identifying and discussing crises and opportunities with influential people and/or decision makers (Helms-Mills, Dye, & Mills, 2008). Kotter (2008) added that the purpose of creating urgency is to inspire individuals to move by creating excitement.
2. Form a guiding coalition. The right combination of managers is needed, including those with expertise, positional power, energy, credibility, and leadership to form an effective guiding coalition (Kotter, 2008).
3. Create the vision. A vision is needed for the change initiative, as is a strategy for accomplishing the vision (Kotter, 2008).
4. Communicate the vision. By whatever means is most effective, the necessary parties need to be informed. This can be done in a town hall format and/or individually, whatever will be the most effective manner for the situation. The guiding coalition should serve as an example in everything they do and say (Helms-Mills et al., 2008). Kotter (2008) explained that it is important to involve as many people as possible, as collective buy-in is the ultimate goal.
5. Empower others to act on the vision. Empowering employees is helpful for the entire company. Not only do employees develop a sense of self-worth, but also, through delegation, the managers are able to free up their time for other administrative and strategic business. Kotter (2008) suggested removing all

- obstacles, emphasizing the importance of changing systems that pose threats.
6. Create quick wins. Creating visible improvements to enhance buy-in from employees is helpful to increase momentum (Helms-Mills et al., 2008). Setting benchmarks and easy goals will create confidence for everyone involved in the change process (Kotter, 2008).
 7. Build on the change. Kotter (2008) suggested fostering encouragement and being persistent to continue building on the change, benchmarking and highlighting future goals.
 8. Institutionalize the change. Reinforcing the recent change using promotions, recruiting, and weaving change into the culture have been shown to be successful means of institutionalizing the change (Kotter, 2008).

This model is very popular and can be used in most circumstances where change is needed within an organization. According to Kotter (2008), 75% of the company's management team needs to buy into the change for the process to be successful.

Burke-Litwin change model. Burke and Litwin (1992) developed a guide that describes 12 critical factors involved in a successful change initiative. This guide is a culmination of findings from over 24 studies conducted by over 40 theorists, between the years of 1953 and 1988 on organizational behavior and change. Leaders or change managers need to assess the following when using this change model:

1. External environment. Burke and Litwin (1992) suggested that a leader should consider what drivers will impact the organization. Additionally, they

expressed that it is vital for a leader to assess these drivers regularly, especially at the onset of change. Taking into consideration the economy, the competition, political factors, and market conditions helps the leader to stay compliant with government regulations and be aware of the competition (“MindTools,” n.d.b).

2. Mission and strategy. The company mission is the foundation for its existence and reveals the values that the company holds. Employees need to believe in the mission, and it is beneficial for the leader to find out what the employees’ perceptions are (“MindTools,” n.d.b). Burke and Litwin (1992) asserted that a strategy needs to be created based on the specific details of the mission. The mission is accomplished by adherence to the steps laid out in the strategy, which does not happen without buy-in from the employees. Change managers need to articulate the mission and the strategy so that everyone involved can understand it clearly and follow those steps.
3. Leadership. A change manager needs to determine who the leaders are, what leadership style they use, and if the leaders are successful in their leadership. It is also helpful for the change manager to know how these leaders are perceived by others within the organization. It is important that the organization as a whole believes that the leaders are committed to the change and believe it is necessary (“MindTools,” n.d.b).
4. Organizational culture. Assessment of the behaviors and cultures present in the company is an important step in determining the overall organizational

- behavior (“MindTools,” n.d.b). The change manager should also look at his/her own behaviors and keep the end goal in mind at all times. The culture should fit with the change plan and potential conflicts should be uncovered and strategized.
5. Structure. A determination of the hierarchical structure is necessary, along with any needed adjustments to that structure. The leader needs to observe the level of flexibility and the division of authority because change can affect relationships and responsibilities on many levels.
 6. Systems. Policies, procedures, and reward systems need to be ascertained next. Leaders who are observant and motivate others see results (“MindTools,” n.d.b).
 7. Management Practices. Leaders need to determine what type of management style should be used and what interactions with employees look like. Robbins and Judge (2003) explained two management style types: participative management and representative participation. Participative management is “a process in which subordinates share a significant degree of decision-making power with their immediate superiors” (p. 251). In contrast, representative participation is “a system in which workers participate in organizational decision making through a small group of representative employees” (p. 251).
 8. Work climate. Leaders should conduct an assessment of morale and the systems currently in place for resolving conflict. Emotional responses to

- changes in the work environment may surface and need to be managed appropriately. This can include personnel changes, office location changes, and work shift adjustments.
9. Task and individual skills. It is important for a leader to determine how and who defines job requirements and if individuals are matched well with their jobs. The leader needs to assess if additional skills are necessary for existing employees. Additionally, HR strategies should be reviewed for retrieving new talent.
 10. Individual needs and values. Leaders should assess employee satisfaction and opportunities for professional development and career succession. Maslow's (1954) hierarchy of needs explains five fundamental human needs: physiological, safety, social, esteem, and self-actualization. A leader can benefit by knowing the individual needs of his/her employees. An organization can appear very different when physiological needs are the priority in comparison to when esteem needs are the priority.
 11. Motivation. Leaders need to assess motivation levels and what affects them (Burke & Litwin, 1992). Compensation is not a primary factor in driving job satisfaction, but Robbins and Judge (2003) suggested that it does motivate employees. Profit sharing, gain sharing, stock ownership, variable pay, skill-based pay, merit pay, piece pay, benefits, and bonuses are examples of types of compensation. Conflicts of interest also need to be taken into consideration. Biases could be present and can demotivate individuals.

Intrinsic rewards, such as employee reward programs, tend to be more motivating in the long run.

12. Individual and organizational performance. A leader needs to determine how productivity is measured and if any processes for measurement need to be added. Risk should be assessed and mitigated. Employee motivation should be reviewed in order to maximize future change management effectiveness.

The first step in this change model is to determine where from the need for change is coming. Then, using the list of 12 factors, leaders should assess the current situation as it stands. The final step involves incorporation of all of the affected elements into the change plan.

SPELIT Power Matrix. Organizational behaviors influence how organizations perform, and a holistic examination of individuals, groups, and structures can improve operational effectiveness (Robbins & Judge, 2003). The SPELIT power matrix is a leadership tool that untangles the organizational environment, takes a deep look into the strengths and weaknesses of individuals in an organization, and helps create successful business plans for future endeavors (Schmieder-Ramirez & Mallette, 2007). The model is broken into a six-part analysis. The six parts, or drivers, are:

1. Social. The social drivers of change have to do with how individuals within an organization interact with each other. Individuals are interdependent and their interactions create the social environment. Robbins and Judge (2003) described two different types of groups that exist in the workplace: work groups and work teams. Workgroups share information with a neutral or

sometimes negative synergy and require random or varied sets of skills. Work teams, however, have a collective performance with positive synergy and require a complementary set of skills. The context, composition, and process of these teams are affected by individuals' interactions. Goleman et al. (2002) asserted that emotional intelligence can help a leader assess personal and social competence. Relationships within the organization, are influential and in order to have successful change, a leader needs to be aware of how they affect the work climate. Additionally, the mission of the company will drive behaviors and should be taken into consideration when assessing the social environment (Schmieder-Ramirez & Mallette, 2007).

2. Political. Power is the underlying element in a company's political environment. A leader can gain insight into political drivers of change by assessing the types of power and dichotomy of power (Schmieder-Ramirez & Mallette, 2007). For instance, a fear-based power type, such as coercive power, creates a different environment than knowledge-based power, such as expert power (Robbins & Judge, 2003). Hierarchies can also influence the political climate.
3. Economic. Economic conditions affect the operation and outcomes of organizations (Schmieder-Ramirez & Mallette, 2007). Assessing the revenue sources and expenditures can shed light on these conditions.
4. Legal. Schmieder-Ramirez and Mallette (2007) asserted that the legal drivers of change are significant and need to be assessed carefully and holistically.

Ethics is the underlying principle here and the reason why rules are necessary or unnecessary. An examination of what type/types of law systems are present within an organization reveals a plethora of knowledge on how things get done. For instance, a common law type system will vary greatly from a civil law type system in that the common law system has free interaction between parties where a civil law type is more structured with many roadblocks to communication.

5. Intercultural. The cultural aspects of an organization influence the individual and group behaviors within (Robbins & Judge, 2003). Cultural awareness and competence can be measured, but at a minimum should be assessed (Schmieder-Ramirez & Mallette, 2007). Bennett and Bennett (2004) described the stages of intercultural sensitivity and their influence on change. A determination of the organization's stage with regard to this sensitivity is beneficial for a leader trying to implement change. This understanding can help facilitate needed sensitivity training.
6. Technology. "Innovation distinguishes between a leader and a follower" (Jobs, n.d., para. 2). The assessment of technology is the last component a leader needs to consider. Schmieder-Ramirez and Mallette (2007) explained technology's important influence on change. Technology innovation has helped companies increase of profits, marketing levels, and quality of service. Leaders should assess the organization's technological needs, as technology is an integral component of employee engagement and ownership.

Looking at these six drivers gives a more in-depth perspective on what is truly occurring within an organization. Given this information, one can craft and implement a successful change strategy (Schmieder-Ramirez & Mallette, 2007).

Strengths, weaknesses, opportunities, threats (SWOT). A SWOT analysis is used to accurately identify all critical components influencing and hindering future success (Harvard Business School Press, 2005). According to DeSilets (2008), SWOT methodology is the most widely used management tool for strategic planning. The following four components make up this model created by Smith Jr. and Christenson in the 1950s, used by Andrews in the late 1950s, and made famous by Albert Humphrey in the 1960s:

1. **Strengths.** A leader should consider the advantages of his/her organization and what it does better than anyone else. It is important to know what people in your markets see as your strengths. Additionally, an awareness of your unique selling proposition (USP) is helpful. The knowledge of what your strengths are in relation to your competitors is the most effective way to analyze your market position ("MindTools," n.d.a). DeSilets (2008) explained that "strengths may be based on the values, knowledge, abilities, and responsiveness of your personnel to those whom you serve" (p. 196).
2. **Weaknesses.** An external and internal analysis of necessary improvements should be conducted. A leader needs to be realistic or honest about current

- weaknesses in order to avoid prolonged unpleasant truths (“MindTools,” n.d.a). DeSilets (2008) suggested being brutally honest.
3. Opportunities. A leader’s ability to spot current trends and changes in technology, government policies, social patterns, population profiles, lifestyle changes, and local events is useful in determining a company’s opportunities (“MindTools,” n.d.a). A creative way to determine opportunities is to analyze strengths and weaknesses. For instance, if the weaknesses were eliminated, what doors would that open for the company?
 4. Threats. Obstacles, competition, technology threats, debt, and cash flow issues are some factors to consider when looking at a company’s threats (“MindTools,” n.d.a). Leaders should make sure to consider government factors as well. DeSilets (2008) suggested using a round robin approach with a group of key people within the organization in order to get a holistic idea of potential future issues.

Despite the fact that this tool was created over 50 years ago, it is still relevant in the organizational world and even the personal realm.

Project management. A change management process geared toward specific change initiatives that have beginning and ending dates is called project management. Project management professionals (PMPs) can be certified through a formal training program. There are five main steps in managing a project or a change, according to the Project Management Institute, Inc. (2011):

1. Initiating the project is the first step. A project assessment is performed to evaluate the workability of the proposed new services and products. Subject matter experts are contacted as well as other stakeholders. Stakeholder analyses and cost-benefit analyses are also conducted, high-level risks are considered, milestones are set, and project approval is obtained (Project Management Institute, Inc., 2011).
2. Planning the project is the second step; this is where all of the details come together. Project requirements, lessons learned from previous projects, and constraints are brainstormed. Teams are created, budgets are made, and project schedules are determined. A communication plan is developed in order to manage the flow of the project, and a procurement plan is created to secure resources. Plans for managing change, quality, and risk are devised and presented to the stakeholders. The leader then conducts a meeting to announce and discuss the start of the project (Project Management Institute, Inc., 2011).
3. Executing the project is the third step, where the resources are obtained to help manage the project. The project plan is executed and any changes are addressed. Mentoring, training, and leading will maximize performance. The leader needs to implement budgeting tools and continuous process improvement (Project Management Institute, Inc, 2011).
4. Monitoring the project is the fourth step, during which the leader measures project performance. Quality control is addressed along with corrective

actions, as needed. Approved changes are communicated to the team and another risk assessment is conducted. Problem-solving techniques are beneficial for the leader during this step (Project Management Institute, Inc, 2011).

5. Closing the project is the final step, during which confirmation of satisfaction from the customer is sought. The ownership of the deliverables is assigned to the appropriate stakeholder/s. *Lessons learned meetings* are set up and conducted in order to manage the organization's new knowledge base (Project Management Institute, Inc, 2011).

Using these five steps has been known to reduce risk, cut costs, and improve success rates (Project Management Institute, Inc, 2010). "Being able to deliver projects on time and within budget often determines whether a company will get the next job or whether its new product hits the market" (Project Management Institute, Inc, 2010, p. 2). Project management is very detailed and takes a lot of time, but delivers measurable results.

Appreciative inquiry. Cooperrider and Whitney (2005) asserted that focusing on how things aren't working is counterproductive; instead, they recommended shifting to a positive approach. Their appreciative inquiry model is broken into five steps:

1. Discover. This phase entails a discovery of what is working well within an organization. Questions that may be asked to determine this would be reflective in nature, such as:
 - a. What things were most attractive for individuals when first joining the company?

- b. When was a time when enthusiasm was high in the company?
 - c. What drives success at the company?
2. Dream. This phase focuses on what the future could look like for the company. Brainstorming creative ideas with team members and focusing on what each individual likes about the organization is the key to the dream phase.
 3. on what each individual likes about the organization is the key to the dream phase.
 4. Design. Systems, processes, and strategies are designed in this phase to support the chosen pursuable dreams.
 5. Deliver. In this phase, implementation is the focus. Individuals come together and accomplish the goals.

To summarize the main idea of appreciative inquiry, it is a positive perspective on change. A common fear is that a changing business will be negatively influenced by decisions and actions of certain individuals (Kempster & Parry, 2011). A skilled leader knows how to mitigate this fear and create a positive environment. This positive cycle can be used over and over again in the same organization as new needs arise and/or change is necessary.

Lewin's three-stage model of change. Initiating, managing, and stabilizing the change process is the goal of this change model (Lewin, 1947). Even though this model was developed in the 1950s, and is simplistic in nature, it is actually inspired many new change models. The three stages are:

1. Unfreezing. Communicating why this change is necessary to anyone who is affected by the change and dealing with people's doubts and concerns is the first step for a leader of this process.
2. Transition. Changing people's processes and getting them used to the idea that things will be different happens as a result of the leader continually communicating how the change will benefit people. In so doing, employees continue to support the change. It is important for the leader to understand that change does not happen overnight, and he/she needs to give people time to adjust.
3. Refreezing. Change is set in place and becomes part of the organization at this stage. Reinforcement is important at this stage, but reverting back to original behaviors is a legitimate risk at this point (Lewin, 1947). Therefore, the leader needs to remain present and engaged.

Six sigma. Six sigma is a methodology that focuses on increasing profits, reducing costs, and improving products for manufacturing and service-oriented companies. It is a structured, project-centered process that is led by trained experts called *black belts* (Rudisill & Clary, 2005). The primary focus of a six sigma project is the collection of data; gut feelings are not permitted. There are five steps to the process:

1. Define. Suppliers, customers, process inputs, and outputs are identified. Baselines, benchmarks, goals, and measurements are established.

2. Measurement. Measurement systems are evaluated for their ability to measure precisely and accurately. Adjustments are made to the measurements as necessary.
3. Analysis. Historical and newly collected data are analyzed graphically and statistically in order to develop a hypothesis. Additionally, root causes and poor performance enablers are identified.
4. Improve. Statistically designed experiments are conducted to determine optimal conditions for change.
5. Control. Optimal conditions are maintained and the process continues until proof of desired results is obtained.

Rudisill and Clary (2005) explained that one challenge of using this change process is the desire for six sigma team members to claim successes before determining the sustainability of results. Premature claims of success can cause frustration, raise expectations artificially, and create additional challenges. This change process is a costly and lengthy one; not every business can afford to implement one for the amount of time necessary to bring value.

Adult Learning, Human Capacity Building, and Change

Many theories have been developed to describe how individuals learn best; two main ones are constructivism and behaviorism. Constructivism centers around the learner's experiences building knowledge, Behaviorism focuses on environmental influences to build knowledge. The following sections present other select models.

Malcolm Knowles. Andragogy is defined as the methods or techniques used to teach adults (“Andragogy,” n.d.). Adults and children require different methods to learn.

Knowles (1984) described five assumptions about how adults learn:

1. Adults prefer self-directed learning due to their self-concept changing from dependent to independent.
2. Experience is a resource for the maturing individual.
3. Readiness to learn increases with maturity.
4. Immediate application of learned concepts centers more on problems holistically instead of in pieces.
5. Motivation comes from within instead of from external forces.

John Dewey. "Constructivism is the philosophical and scientific position that knowledge arises through a process of active construction" (Mascolol & Fischer, as cited in “Education Theory: Constructivism and Social Theory,” n.d., para. 1). The theory of constructivism as it relates to education is the root of John Dewey’s (as cited in “Education Theory: Constructivism and Social Theory,” n.d.) assumptions. Dewey asserted that repetition, collaboration, and real-world workshops enhance creativity and increase learning capacity. A *learning by doing* approach is his suggestion for achieving the best retention rates and performance.

Lani Fraizer. Capacity building can be defined as “planned development of (or increase in) knowledge, output rate, management, skills, and other capabilities of an organization through acquisition, incentives, technology, and/or training” (“Capacity Building,” n.d., para. 1). Fraizer (2014) asserted that “a human capacity building mindset

is central to a learner-centered practice” (para. 5). This is based on her concept of developing lifelong changemakers, whom she described as social entrepreneurs who are socially conscious and forward-thinking (Fraizer, 2011).

Jean Lave and Etienne Wenger. Lave and Wenger (as cited in Smith, 2009) asserted that learning is ongoing in everyday activities, both at work and at home. They argued that this type of learning is more than a *learning by doing* concept. It is a *re-conceiving of knowledge*. *Communities of practice*—a social type of learning—promote innovation and an environment of sharing knowledge. Over time, common interests among different groups of people create these communities of practice. Lave and Wagner insisted that communities are not intentionally created for the purpose of knowledge transfer, but rather that they form organically.

Training is a Key to Successful Change

Burke and Litwin (1992) found evidence of a connection between a person’s skills and job requirements and motivation and performance. Heightened motivation and superior performance were found in workers whose job requirements aligned with their skills and abilities. Nonaka (1994) explained that even though individuals are responsible for new knowledge, the company is responsible for enhancing that knowledge. Furthermore, Nonaka (1994) expressed that a framework for organizational knowledge creation should be developed. Bennett and Bennett (2003) emphasized a need for integrative diversity training. The “underlying assumption of the Developmental Model of Intercultural Sensitivity (DMIS) is that as one's experience of cultural difference

becomes more sophisticated one's competence in intercultural relations increases” (p.132).

Many types of training are beneficial to employees and managers, including leadership, emotional intelligence, project management, skill-based training, and safety training, to mention a few. As mentioned previously, training is beneficial to the success and sustainability of small businesses, as it gives employers a competitive advantage. Innovation is the product of training, according to the Kellogg School of Management (n.d.) The Kellogg School of Management cultivates an environment of learning, asserting that the benefits from training outweigh the costs exponentially. One program called Driving Organic Growth focuses on creating a personal innovation plan. The program recognizes that employees want to be innovative and share ideas to solve problems. Blue Cross/Blue Shield Company has sent many executives to this school of management and highly recommends the course due to its emphasis on innovation for growth.

Human capacity building from the leader's perspective, as mentioned earlier, is seen as a learning-centered mentorship in order to promote environments of performance maximization (Fraizer, 2014). Managers and leaders who are able to use emotional intelligence in combination with learning-centered techniques would combat the shortfalls from both ends of the spectrum. According to Goleman (as cited in Simmons, 2001), “Emotional intelligence matters twice as much as technical and analytic skill combined for star performances . . . and the higher people move up in the company, the more crucial emotional intelligence becomes” (para. 13).

Summary

Change is inevitable, despite the fact that many people have a difficult time accepting and maneuvering through its challenges. Individuals have a variety of resources, including assistance from a therapist, group therapy sessions, and various medications to help manage these challenges (Miller, 2008). Employees resist change for many reasons. Some of these reasons, according to Adenle (2011), include fear of a potential loss of job, a bad communication strategy, shock and fear of the unknown, loss of control, personal lack of competence, poor timing of a change initiative, lack of rewards, office politics, loss of support system, former change experience, empathy, and peer pressure, and lack of trust and support.

In the business arena, management of change hinges on a leader's ability to create and replenish energy for those involved in the process (Clark, 2008). This action of replacing energy mimics the process therapists use when helping individuals deal with change. It is a continuous process of trading a client's exhaustion for new hope or energy ("Psychotherapy Networker," n.d.). Therapists provide helpful tools, enhance skills, and offer support that is beneficial for both coping with change and accomplishing goals (Stigall, n.d.). Leaders of companies similarly provide individuals with tools, sharpen skills, and offer encouragement in an effort to effectively employ or respond to change. Leaders who can tap into human capacity building by way of learning-centered mentorship in order to promote environments of performance maximization may have the key to creating successful change (Fraizer, 2014).

Many types of cultures exist within organizations (Busari, 2012), and the individual competing factors, including behavior and personal preferences, are part of the organization's culture. Identifying common frameworks of these factors is helpful and necessary when maneuvering through a change. Additionally, responding effectively to change is important given the fact that change is ever-present in the business arena (Greiner, 1998).

This ever-changing climate within the organizational environment is described by Greiner's 1972 Growth Curve Model. This model illustrates the six phases of growth that are segmented into three additional phases, where each revolutionary period needs to be resolved properly (Dann, 2013). Small business leaders face special challenges when attempting to navigate these various phases due to limited resources, thus adding a layer of complexity for leaders managing change initiatives. There is a gap in the literature addressing this complexity.

Accordingly, this descriptive phenomenological study used qualitative methodologies, including 15 participant semi-structured interviews and content analysis, as described in Chapter 3, to address this gap. By synthesis of the participant-lived experiences and a comprehensive literature inquiry, an integrated explanation of the essence of the change management process as perceived by small business leaders was developed (Creswell, 2013). Additionally, best practices and lessons learned were solicited from the participants with the intent of increasing the body of knowledge for aspiring entrepreneurs and future scholars.

Chapter 3: Methodology

The intent of this phenomenological study was to gather the experiences of small business leaders and interpret the quintessential meaning of a shared phenomenon, which was best accomplished by the use of qualitative inquiry. This chapter begins with an explanation of qualitative inquiry and the reason why this type of design is most effective at capturing the true essence of common experiences. A brief review of the nature of the study is followed by a detailed methodology elaborating on the chosen approach for data collection. Phenomenology is described next and is accompanied by an explanation of why this style of methodology was most appropriate given the nature of the study. In the next section, the process for selecting participants, sources of data, protection of human subjects, and the collection of data are addressed. The interview protocol is then discussed in detail. The interview techniques, protocol, and instruments used are presented. Validity and reliability of such instruments were ensured by revealing the methods used to develop the interview protocol. The researcher then provides a statement of personal bias, uncovering potential impacts of bias on the research process, in order to establish a sense of transparency. A discussion of the data analysis techniques explains the coding process used and its reliability, which is followed by a summary of the chapter's content.

Nature of the Descriptive Study

The purpose of this descriptive study was to: (a) determine the challenges that leaders of small businesses face while managing change, (b) uncover strategies and practices for managing change that leaders of small businesses employ, (c) understand

how leaders of small businesses measure success in managing change, and (d) obtain small business leaders' advice for change management. Accordingly, the following research questions (RQ) were established:

- RQ 1. What challenges do leaders of small businesses face in managing change?
- RQ 2. What strategies and practices do leaders of small businesses employ in managing change?
- RQ 3. How do the leaders of small businesses measure success in managing change?
- RQ 4. What recommendations would leaders of small businesses suggest for managing change?

Qualitative researchers exploring and attempting to discern social and human problems find that qualitative research is essential for developing a holistic understanding thereof (Creswell, 2007). Interview questioning within the participants' settings is a valuable means to enhance the interpretation process and development of common themes (Kvale & Brinkmann, 2009). Qualitative research takes the participants' backgrounds and worldviews into consideration. Each qualitative study design is comprised of three important components: philosophical worldviews, strategies of inquiry, and research methods (Creswell, 2007).

Qualitative research is influenced by philosophical assumptions. The assumptions held by the researcher shape the construct of the study and whether he/she uses a personal voice, implies inductive logic, acknowledges personal biases,

or attempts to lessen the distance between himself/herself and the participants (Creswell, 2013). Because one's philosophical ideas influence the style of research, these ideas should be acknowledged and identified explicitly in order for the reader to understand the researcher's mindset and approach to the study.

Methodology

Qualitative inquiry seeks to capture data in its natural setting where the participants experience the phenomenon (LeCompte & Schensul, 1999; Marshall & Rossman, 2011). Quantitative research, in contrast, seeks to gather data that can be measured and analyzed. Counting numbers, classifying, and constructing statistical replicas occur in quantitative research, with data collected from instruments such as surveys or questionnaires (Creswell, 2003). Because this study sought to capture lived experiences and not statistical data, a quantitative approach was not considered.

In qualitative inquiry, the researcher becomes the apparatus for collecting data, and examines documents, observes behaviors, and conducts interviews (LeCompte & Schensul, 1999). The collection of multiple forms of data is then organized into categories in order to understand the data. In order to discern the data, complex reasoning is suggested, including inductive and deductive (Creswell, 2013).

Qualitative inquiry is the study of social phenomena and a holistic account of the issue to be studied in order to present an accurate picture thereof (Marshall & Rossman, 2011). LeCompte and Schensul (1999) emphasized the two capturing participants' subjective views. Qualitative research should lead to detailed outcomes and strong recommendations (Marshall & Rossman, 2011).

Qualitative inquiry has five approaches, each of which has distinct characteristics. The five approaches are phenomenology, grounded theory, ethnography, case study, and narrative (Creswell, 2013). Depending on the type of problem, the focus of the study, and the discipline background, the most appropriate approach should be chosen.

The researcher has owned and managed over a dozen businesses in her lifetime and originally considered an auto-ethnographic approach, as she wanted to share her lived experiences as a small business owner. However, a phenomenological approach was chosen because it had the capacity to holistically incorporate the synthesized meaning or essence of lived experiences of several individuals. Common techniques while using a phenomenological approach include drawing from philosophy, psychology, and education, along with a combination of information extracted from interviews, documents, observations, and art (Creswell, 2013).

Research Design

In general, the process for selecting the participants is complex. Gaining permission, creating a sampling strategy, determining the method for recording/storing information, and addressing any potential ethical issues are all equally important steps. The researcher is a key instrument, collecting data by examining documents, observing behavior, and conducting interviews (Creswell, 2013,).

Participant selection. The selection of participants is a key factor in a qualitative study; “all attempts should be made to identify ‘expert’ professionals” (Hargie & Tourish, 2009, p. 189). There is a broad range of selection methods for participants in a

qualitative study; this study used the method of purposeful sampling. This type of sampling is a deliberate process used to single out particular individuals who have specific knowledge about the research subject and can significantly add value to the study (Creswell, 2013).

Sources of data. Creswell (2013) acknowledged that he has seen qualitative studies with a range of one to 325 participants, but suggested that the smallest number of participants be chosen for the study with extensive detail collected from each one. When studying populations of hard-to-access subjects, large numbers may not be available. Due to this limitation, it is suggested to aim for 12 participants (Baker & Edwards, 2012). Sandelowski (1995) asserted that determination of the sample size is best left to the researcher's judgment. After considering the amount of time available to conduct interviews and the population available, the sample size was determined. Fifteen small business owners from a list of privately held companies were chosen to participate in this study for the purpose of learning what challenges leaders of small businesses face while managing change.

Maximum variation. These business owners were selected from a combination of online, publicly available lists to allow for maximum variation of sampling in Northern Michigan. Four cities were chosen with similar seasonal tourism patterns in order to look at businesses that experience regularly changing environments. The websites used to retrieve and create a master list of businesses were:

- "Traverse City Area Chamber of Commerce," <http://business.tcchamber.org/list/>
- "Charlevoix Area Chamber of Commerce," <http://business.charlevoix.org/list>

- “Petoskey Regional Chamber of Commerce,”

<http://business.petoskeychamber.com/list/searchalpha/a?o=&>

- “Boyne Area Chamber of Commerce,” <http://www.boynechamber.com>

Four lists were downloaded from each city, filtering first to exclude all nonprofits, wholesale organizations, and publicly held companies. Additionally, all companies without physical properties were excluded, as well as companies that did not fit into the following three categories:

- real estate development and management
- hospitality, agriculture, and entertainment
- automotive/recreational vehicle sales

The four lists were combined and converted into a Microsoft Excel spreadsheet for ease of filtering and sorting. The list was randomly scrambled by sorting the address column (i.e., the numeric portion of the street address). The next step was to filter out businesses that were less than five years old and companies with fewer than five employees. Publicly available information was used and/or a pre-screen call, using the approved IRB screening script (Appendix C), to each company. The target sampling pool to ensure 15 final participants was 50–60 subjects. In order to get a diverse and unbiased participant pool of 50–60 business owners, the first six companies that qualified in each of nine groups of numeric addresses (i.e., companies with an address of 1002 were in group 1 because the first number is a 1, companies with an address starting with 204 were in group 2, and etc.) from each of the three categories listed previously were added to create the master list. The last step involved contacting the

final list of business owners. The first five business owners that agreed to participate after being presented with the recruitment script (Appendix B) in each of the three categories were chosen as the primary research participants, and interviews were scheduled according to protocol.

Selection criteria for inclusion. Specific criteria were required to ensure each of the participants possessed the particular skill sets and knowledge needed to answer the research questions. Additionally, maximum variation was the intent during participant selection. The criteria for participation included the following:

- The participant must own a company that started as an owner/operator business and over time added a minimum of five employees.
- The participant's company must be at least five years old.
- The participant's company must be an American company that is/has been privately held for the entirety of its existence.
- The participant's company must be from one of the following three categories:
 - real estate development and management
 - hospitality, agriculture, and entertainment
 - automotive/recreational vehicle sales

Selection criteria for exclusion. Certain candidates needed to be eliminated in order to focus this study on a particular segment of the population. It is important that the criteria for exclusion are considered carefully. Accordingly, the criteria for exclusion were as follows:

- The participant cannot be an owner of a publically held company.
- The participant cannot be an owner of a nonprofit organization.
- The participant must have a physical property at which the business operates.

Protection of human subjects. The protection of human subjects is one of the most important steps to consider and address in research. Pepperdine University's policy for protecting human subjects states the following regarding all research involving human participants (Pepperdine University Institutional Review Board, 2009):

1. "Research must be conducted in accordance with accepted ethical, federal, and professional standards for research and that all such research must be approved by one of the university's Institutional Review Boards" (IRBs; Pepperdine University Institutional Review Board, 2009, p. 8).
2. "Written approval from the appropriate Pepperdine IRB prior to initiating research must be obtained" (Pepperdine University Institutional Review Board, 2009, p. 8).
3. "The researcher must be familiar with and adhere to the ethical principles set forth in the Belmont Report including respect, beneficence, and justice" (Pepperdine University Institutional Review Board, 2009, pp. 12–13).
4. "Training is necessary on federal guidelines for the protection of human participants/subjects and provides documentation of completion of training" (Pepperdine University Institutional Review Board, 2009, pp. 13–14).

5. “An application must be submitted in accordance with federal regulations to Pepperdine University prior to conducting research” (Pepperdine University Institutional Review Board, 2009, p. 14).

In order to provide human subject protections, an IRB application was prepared and submitted in accordance with Pepperdine University’s application process and addressed the following concerns:

- Adverse impacts, if any, on the potential participants.
- Special skills needed by the researcher to perform the proposed procedures.
- Equitability of the participant selection process.
- Risks and benefits of the potential participants.
- Appropriateness of the informed consent process (see Appendix A).
- Confidentiality and privacy provisions for participants.

Adverse impacts were determined to be nonexistent and voluntary participation with informed consent was provided by way of a written agreement with the participants. The participants were informed that they had the power to revoke consent at any time during data collection without consequences. Data were coded, removing all identifiers associating the participants with their statements for confidentiality/privacy, and all documentation was stored in locked file cabinets and/or on a password-protected laptop. Additionally, audio recordings were destroyed after the transcription and coding were completed. An equitable process for participant selection was used with criteria clearly articulated.

Data collection. Creswell (2013) explained that the data collection process is best visualized as a circle starting with the location of the individual and ending with the storing of the data. He asserted that the collection process varies slightly depending on the inquiry approach chosen. Correct processes for a phenomenological approach were followed.

Each participant was contacted through purposeful sampling by way of his/her professional email and/or on an introductory telephone call. An approved recruitment script (see Appendix B) was used, and the individuals were invited to participate in the study. Upon acceptance, participants' full contact information, including professional emails and phone numbers, was acquired, and personal interviews were scheduled for the month of February 2016. The location of the interview was chosen by each participant, taking into consideration that a setting with minimal or no distraction was preferred and necessary for an optimal outcome (Turner, 2010). The researcher made plans to arrive 20 minutes prior to each interview with at least two electronic recording devices. Each participant was informed and verbally agreed to the intent to digitally record the one-hour interview. A written copy of the semi-structured interview and the informed consent form was sent to each participant, according to his/her preference (i.e., email or regular mail) one week prior to the scheduled interview in order for the participants to have time to prepare thoughtful responses.

On the day of the interview, another copy of the informed consent form was made available for additional inspection prior to the interview starting. The researcher asked if the participant had any questions regarding the interview process and/or any

other concerns he/she wanted to discuss before being recorded. After all of the questions were answered, in the event that there were any, the recorders were started. The interview started with an icebreaker question, what were the circumstances that led to you going into business for yourself? This icebreaker question was used to create a relaxed environment and for the purpose of getting to know the participant on a more personal level. The interview protocol that was developed and used for the study had been previously reviewed by the preliminary review committee and approved by the dissertation committee. This protocol is detailed subsequently.

Interview Protocol

The interview protocol is a detailed series of steps included in the interview procedure. These steps ensure a logical approach to the process (Creswell, 2013). The steps to create a successful interview process are as follows.

Techniques. Kvale and Brinkman (2015) stated that research interviews are professional in nature and create an environment of knowledge sharing between the researcher and the participant, describing these interviews as conversations with structure and purpose. The researcher used active listening skills during each interview with the intent of allowing the participants to have her full, uninterrupted attention. No leading questions were used in order to eliminate the possibility of personal biases to direct the interview (Alshenqeti, 2014). The interviews were recorded electronically and notes were taken only as reminders to ask for additional clarification as necessary. The interviews were semi-structured and the participants were made aware that follow-up questions would be asked in order to clarify any uncertainty at the end of the interview.

Instrument. Twelve interview questions were used to collect the participants' experiences and answer the research questions (see Table 1).

Table 1

Research and Interview Questions

Research Questions (RQ)	Interview Questions (IQ)
RQ1. What challenges do leaders of small businesses face in managing change?	IQ1. Have any personal leadership weaknesses created challenges while managing change in your company? IQ2. How did you overcome these weaknesses? IQ3. What challenges have you faced while initiating a change company-wide? IQ4. How do your employees react to change initiatives?
RQ2. What strategies and practices do leaders of small businesses employ in managing change?	IQ5. Do you have a formal change management process? Please explain. IQ6. Do you have a degree in leadership or management? IQ7. Do your managers have degrees or have they been part of a leadership/management training program? IQ8. What personal leadership strengths helped with managing change in your company?
RQ3. How do the leaders of small businesses measure success in managing change?	IQ9. How do you define the success of a managed change initiative? IQ10. How is this success measured?
RQ4. What recommendations would leaders of small businesses suggest for managing change?	IQ11. What lessons have you learned while managing a change in your company? IQ12. Do you feel you have had access to the necessary resources to manage change?

The original interview questions were created to include all possible outcomes and give exclusive coverage of a small business leader's perspective with regard to managing change. The recordings from each interview were transcribed and paper copies were printed. Recordings were destroyed after transcription and coding were complete.

Validity and Reliability

Validation strategies vary among theorists, although the following strategies are used prevalently: triangulation, disconfirming evidence, reflexivity, member checking, prolonged engagement in the field, collaboration, external audits, rich description, and peer debriefing. Triangulation is the process by which a researcher sorts through data collected from multiple sources to find common themes. Sources can include interviews, literature, and observations. Disconfirming evidence focuses on finding evidence that contradicts or disagrees with the preliminary themes of the study (Creswell, 2013; Miller, 2000).

Reflexivity is the inclusion of the researcher's reflection and self-disclosure of personal biases, assumptions, and beliefs. This sharing can appear separately or woven throughout the entire discussion of the findings. Member checking is an integrative approach to the synthesis of the participants' responses. In this process, the data are first interpreted and then brought back to the participants to confirm the accuracy of the interpreted findings. This process also allows the participants to comment on or react to the researcher's assumptions (Creswell, 2013; Miller, 2000).

Prolonged engagement in the field is useful when the principal investigator has the ability to remain there for an extended period of time. This approach tends to build trust with the participants, and repeated observations provide a more inclusive understanding of experiences/information shared. Collaboration is an approach to data collection where the participants take on a co-researcher position. Data collection, drafting of the research questions, and/or the royalties are shared among the investigator and the participants (Creswell, 2013; Miller, 2000).

External audits are another way to establish validity. Contact is made with individuals not involved in the study to help create an audit trail. Journals and documents are created to log experiences throughout the study in order to provide auditor(s) with a method to review and determine the credibility, logic, suitability, and methodology of the study. Rich descriptions recreate the interviews colorfully in order for the reader(s) to experience the actual settings where the original events occurred. This narrative approach is helpful in creating the greater meaning of the participants' experiences. Peer debriefing is the last of the eight strategies that Creswell (2013) and Miller (2000) suggest for validation in a qualitative study. Familiarity with the phenomenon is required in order for the peer reviewer to challenge the principal investigator and help develop the highest quality study possible. After considering these eight strategies, the researcher decided to use an integrated approach of peer debriefing, triangulation, and disconfirming evidence. Doing so produced a comprehensive interpretation of the participants' lived experiences.

The interview questions were designed to interpret the experiences of small business leaders in order to answer the research questions (Creswell, 2003). In order to validate that these questions were able to address the researcher's intent sufficiently, a four-step authentication process was developed and utilized throughout the data collection phase. These four steps are detailed subsequently.

Step 1—prima facie. Based on a thorough review of the literature, a set of interview questions was created and believed to be worded appropriately to answer each of the research questions. Coordination of interview questions to each research questions adds credibility or validity to qualitative studies. Validation is “an attempt to assess the accuracy of the findings as best described by the researcher” (Creswell, 2003, p. 206).

Step 2—peer review. A preliminary panel of experts was solicited. This panel consisted of three doctoral researchers in the Doctorate in Organizational Leadership Program (EDOL) with business industry expertise who were enrolled at Pepperdine University and conducting similar research methodology. The doctoral students had each completed data analysis, methodology, quantitative, and qualitative courses; thus, they were experienced in employing the necessary methodology. Each member of the panel was given a pre-constructed table (see Table 2) and the following instructions:

1. Review the introduction in order to familiarize the nature of the study; pay close attention to the purpose statement, extracting the intended goals for research.
2. Read each research question and corresponding interview question carefully.

3. Determine which of three categories the interview question falls into:
 - Interview question is relevant to the research question and should be kept as stated.
 - Interview question is irrelevant to the research question and should be eliminated.
 - Interview question should be modified to be relevant, including rewording and/or relating it to a different research question that better corresponds to it as stated.
4. Make notes for any suggestion to modify a question, other essential recommendations, and/or additional research questions to consider.

Table 2

Interview Question Review Template

Research Questions	Interview Question	Recommendations
RQ1:	IQ1:	
	IQ2:	

The panel determined that rewording one question would reduce ambiguity and enhance understanding, so the question was reworded. Another question was suggested regarding how leaders overcame weaknesses, which could provide helpful insights for other leaders with similar weaknesses. This question was added.

Step 3—pilot interview. A pilot interview was conducted with a doctoral student who also was an industry expert, in search of any helpful input regarding clarity of wording and understandability of the interview questions. His input was solicited, and he

questioned/challenged the reasoning behind asking if the owner had leadership training or a management degree. It was explained the question was designed to determine connections between leadership training/management training and successful change management. No changes were made.

Step 4—expert review. The final outcome of this process was presented to the dissertation review committee and reviewed for final modifications. The modifications included the addition of one question regarding resources. This was an important question to add, as the literature suggested that lack of resources is one of the main challenges small business owners face. The ability to confirm this notion was an influential factor while managing change, and it was critical to gather this information from leaders. Another modification included separating a two-part question into two separate questions. The final modification suggested was to move two of the interview questions connected to the first research question to the second research question, as they were better paired in this fashion. Final additions and corrections were made, after which the official set of interview questions was complete.

Statement of Personal Bias

Acknowledgment of personal bias is imperative when creating a reliable study. Ethical issues emerge in qualitative research, and the essence of the participants' shared experiences can potentially be skewed unless the researcher is vigilant in the collection and interpretation phases (Creswell, 2003). The researcher has owned and managed several small businesses, with 20 years of experience acquired in the research subject matter; therefore, the researcher retained a personal bias related to

the subject matter of the investigation. Accordingly, the utmost responsibility was exercised to create interview questions and conduct interviews in a fashion that would not lead the participants to a desired response. Careful attention and a process called *bracketing* were used in order to extract accurate memories and connotations from the participants' responses.

Bracketing is a process used to acknowledge researcher bias and prevent those biases from skewing the research (Creswell, 2007). The first step is to use reflexivity to evaluate all biases by creating a journal and listing each bias in bulleted format. Biases are then vocalized to peers in order to discuss their nature and determine multiple solutions to avoid biases. A journal is kept handy for making notes while participating. Thoughts and ideas that surface and are associated with the biases are written down. Finally, the journal is used as a reference while coding the data, along with peer oversight, in order to create an unbiased interpretation thereof.

Data Analysis

Inter-rater reliability in coding is an important part of the data analysis process, as it creates the needed rigor in research analysis (Creswell, 2013). It is also imperative that a distance between the literature and personal experience is created in order to uncover the profound and unconventional meaning of participants' responses (Corbin & Strauss, 2008). Confidentiality of participants' identity was also accomplished by coding, as names of participants were removed and replaced with participant #1, participant #2, participant #3, and so on (University of Nevada, Reno, Research Integrity Office, n.d.). Coding is the process of assigning a word or phrase to a corresponding theme or

essence derived from a particular participant response. As recurring themes appear, they are combined. Similarity, difference, frequency, sequence, correspondence, and causation are all sorted and logged in an organized fashion (Saldaña, 2008). The three steps of inter-rater reliability started with the first step—coding of the data.

Step 1—principal investigator. Following the transcription process, where all identifiable information was omitted and/or coded, the participants' responses were read and reread, searching for commonalities. Tables with columns were constructed in order to sort the keywords and recurring themes from the participants' responses. Keywords/phrases that evolved during the analysis process were used to head each of the columns. Responses were then sorted into the appropriate columns by combining similar themes together. Then, the entire process of reading, rereading, and sorting was repeated two more times to make sure that all responses were captured and interpreted accurately. Recordings were used to reconfirm meaning of any ambiguity that existed. Recordings were destroyed prior to the co-reviewer process.

Step 2—peer review. The second step of the inter-rater process was to discuss the results with a panel of peers. This panel consisted of two doctoral researchers in the EDOL with business industry expertise who were enrolled at Pepperdine University and conducting similar research methodology. The panel assessed the completed coding. Each co-reviewer made suggestions for modifications in order to strengthen the collective essence of the phenomenon.

Step 3—expert review. The peer review process is followed by the third step of the committee members reviewing the coded data if in fact a consensus could not be

reached. One member of the dissertation committee makes final comments in order to finalize the coding process. This process was not needed to fully develop the major constructs/themes conjointly derived from the participants, as the first two steps proved to be sufficient.

Summary

This qualitative phenomenological study was designed to discover and explore successful change management practices for small business leaders of American companies. The study acknowledged the gap in the literature of addressing the challenges for small business leaders managing change. Using a social constructivist worldview, interview questions were created to reveal the essence of the phenomenon. Ethical concerns such as personal bias and protection of human subjects were considered and addressed. Interviews were conducted, recordings were transcribed, and data were coded, organizing them for the interpretation process. Then the interpretation process began, with similar themes being grouped and tallied. Charts and diagrams were created for ease of preliminary interpretation. Important quotes were organized and key observations were logged in a journal for final interpretations.

Chapter 4: Results

Change management presents a different set of challenges for small business leaders than for leaders of large corporations due to a number of factors. The majority of research about change management pertains to large corporations and not small businesses. These change management processes are not necessarily scalable to the size required by small businesses. The purpose of this descriptive phenomenological study was to determine the challenges that leaders of small businesses face in managing change, the strategies and practices employed by leaders of small businesses in managing change, and how leaders of small businesses measure success in managing change. In order to do this, the following research questions were developed:

- RQ1. What challenges do the leaders of small businesses face in managing change?
- RQ2. What strategies and practices do leaders of small businesses employ in managing change?
- RQ3. How do leaders of small businesses measure change?
- RQ4. What recommendations would leaders of small businesses suggest for managing change?

The individuals that were part of this study offered their experiences as leaders managing change in their small businesses. These experiences exposed the many different challenges and contributing factors that influence the management of change. Additionally, participants shared best practices for managing change. This chapter

presents in detail the findings from responses to the semi-structured interview questions.

Participants

The participants were 13 small business owners located in the state of Michigan. The original plan was to select participants in predetermined cities throughout northern Michigan, but due to less-than-expected interest in participation, the geographic boundaries were expanded to the entire state. Thirteen out of an original target of fifteen individuals agreed to participate, of which six were female and seven were male (see Figure 3).

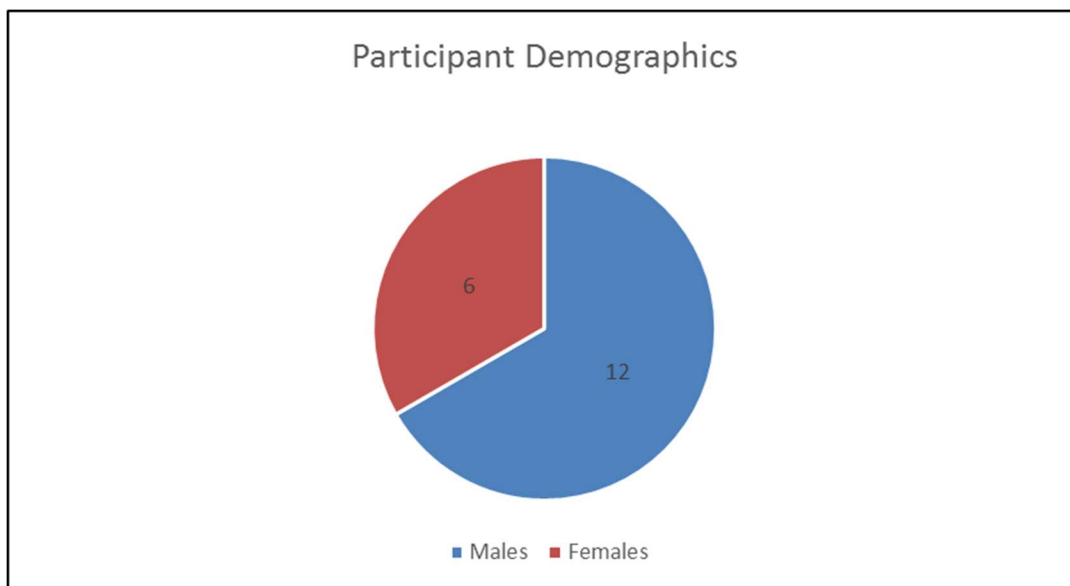


Figure 3. Participant demographics.

Baker and Edwards (2012) cautioned investigators about the difficulties associated with securing access to subjects. Due to this difficulty, they suggested aiming for 12 participants. The researcher did, in fact, find it difficult to access the originally determined 15 participants, securing only 13 business owners who were willing to

participate (see Figure 3). Lack of time, disinterest, and confidentiality concerns were among the most commonly provided reasons by business owners.

Four of the thirteen participants (two males, two females) own businesses with partners—a total of five partners, all male creating a total number of 18 business owners. None of the partners participated in the study due to time constraints and/or their geographic location at the time of the interviews (see Figure 4).

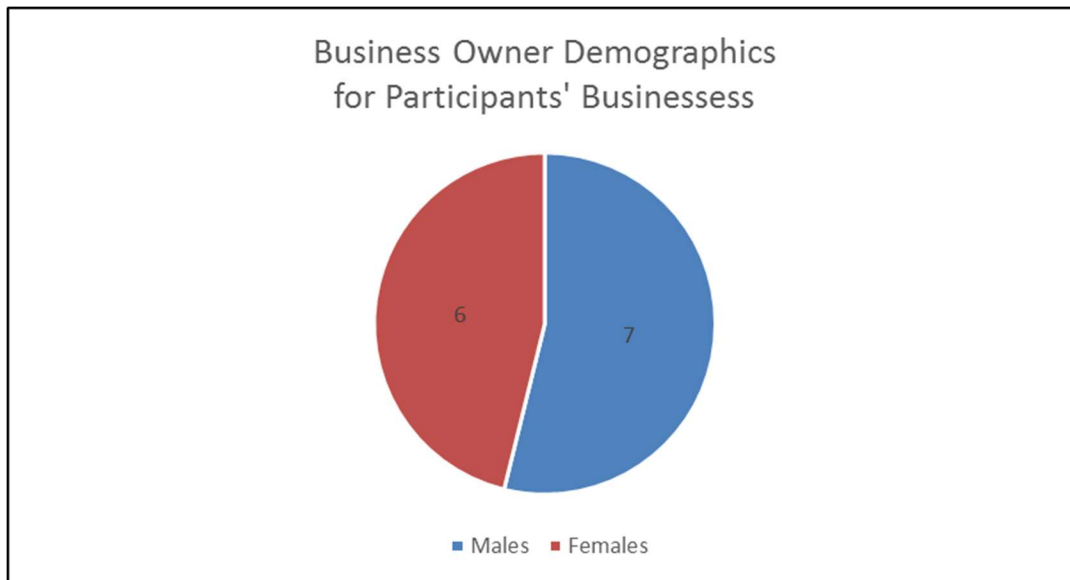


Figure 4. Business owner demographics for participants' businesses.

Selection of business owners was not based on gender or any other singled-out demographic characteristic. Furthermore, the original intent was to omit gender as a descriptor altogether, so as not to focus on demographics for this study. However, due to the fact that the participants' responses unexpectedly made reference to gender, it became necessary to include this information in order to eliminate any potentially incorrect assumptions on the reader's part.

The participants represented six different industries. Six of the participants were from the hospitality industry, three were from the real estate management industry, one was from the specialty retail industry, one was from the advertising industry, one was from the insurance industry, and one was from the recreational vehicle industry (see Figure 5).

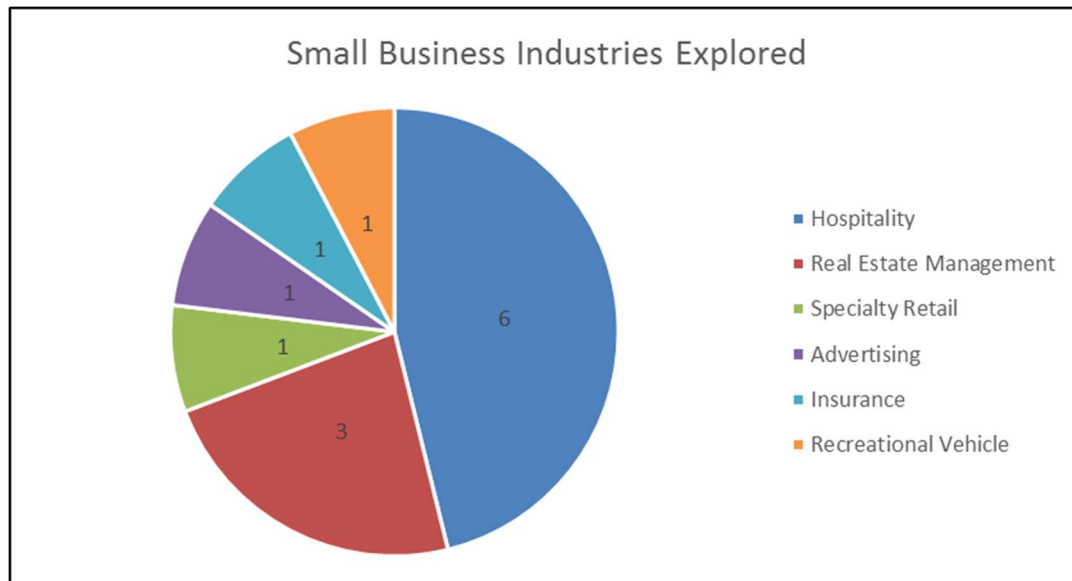


Figure 5. Small business industries explained.

The original plan was to select participants from the following categories of industries:

- real estate development and management
- hospitality, agriculture, and entertainment
- automotive/recreational vehicle sales

However, due to difficulty in securing the necessary participants, the following categories of industries were also explored:

- advertising and media
- finance and insurance
- shopping and specialty retail

The final list of participants included small business owners in six different industries. Single business units were owned and managed by each of 10 participants with 3 partners, and multiple business units were owned and managed by three participants with one partner. Four businesses were franchises owned and managed by four of the participants with three partners.

Data Collection

Small business owners were selected from publicly available online lists, published by chambers of commerce. Four cities were originally chosen with similar seasonal tourism patterns in order to look at businesses that experience regularly changing environments. The websites used to retrieve and create a master list of businesses were:

- “Traverse City Area Chamber of Commerce,”
<http://business.tcchamber.org/list/>
- “Charlevoix Area Chamber of Commerce,” <http://business.charlevoix.org/list>
- “Petoskey Regional Chamber of Commerce,”
<http://business.petoskeychamber.com/list/searchalpha/a?o=&>
- “Boyne Area Chamber of Commerce,” <http://www.boynechamber.com>

Additional cities with similar tourism patterns were explored to increase participant count. The following websites were used to retrieve and collect the second master list of businesses:

- “Michigan West Coast Chamber of Commerce,”

<http://www.westcoastchamber.org/list>

- “Grand Rapids Area Chamber of Commerce,”

<http://www.grandrapids.org/member-resources/business-directory/>

Lists were downloaded from each city into Microsoft Excel files, filtering appropriately to exclude all nonprofits, wholesale organizations, publicly held companies, and companies without physical properties. As described in the participant section, specific industries were targeted.

The Microsoft Excel lists were randomly scrambled by sorting the address column (i.e., the numeric portion of the street address). Businesses that were less than five years old and companies with fewer than five employees were excluded by using publicly available information along with a pre-screen call using the approved IRB screening script (see Appendix C). The target sampling pool of 50 to 60 business owners proved insufficient, so the total was increased to 150 to 200 business owners. Two master lists were created, the first with the originally targeted cities, and the second with the added cities. The same process for creating the list was used both times. The first six companies that qualified in each of nine groups of numeric addresses (i.e., companies with an address of 1002 were in group 1 because the first number was a one, companies with an address starting with 204 were in group 2, and etc.) from each

of the categories listed previously were added to create both master lists. The final list of business owners was contacted and those that agreed to participate were presented with the attached recruitment script (see Appendix B). Interviews were scheduled according to protocol. Specific screening criteria were important in order to guarantee the particular knowledge and skill sets, including starting the business as an owner/operator, having a minimum of five employees, and owning an American privately held company that was at least five years old. Additionally, the participants' companies could not be nonprofit and had to have a physical location.

Expansion of the geographical area did not completely resolve the challenges associated with finding willing participants. Many administrative assistants successfully blocked access to their employers, making it impossible to make contact with most of the small business owners. Additionally, a majority of the emails and phone calls made to solicit interviews were not returned thus making it impossible to determine a reason why participation was unfavorable. Reasons for unwillingness to participate given by individuals who were able to be contacted are described in the participants' section. Personal visits to the many small businesses in order to follow up on original solicitations proved to be successful and resulted in securing six of the total thirteen interviews. These participants were reluctant to participate at first until they met the researcher face-to-face. Each of these six interviewees explained that they get so many unwanted solicitations that they don't bother to respond to most of them.

The interview questions were presented to the participants a week prior to the interview in order to allow for well thought out responses. The questions were as follows:

- IQ1. Have any personal leadership weaknesses created challenges while managing change in your company?
- IQ2. How did you overcome these weaknesses?
- IQ3. What challenges have you faced while initiating a change company-wide?
- IQ4. How do your employees react to change initiatives?
- IQ5. Do you have a formal change management process? Please explain.
- IQ6. Do you have a degree in leadership or management?
- IQ7. Do your managers have degrees or have they been part of a leadership/management training program?
- IQ8. What personal leadership strengths helped with managing change in your company?
- IQ9. How do you define the success of a managed change initiative?
- IQ10. How is this success measured?
- IQ11. What lessons have you learned while managing a change in your company?
- IQ12. Do you feel you have had the necessary resources to manage change?

All interviews were semi-structured, recorded on a password and biometrics-protected iPhone using the voice memos app. The recorded interviews were then transcribed by

the researcher alone, removing all identifying information. Recordings were retained until final coding was complete.

Data Analysis

A three-step process of inter-rater reliability was used to analyze and code the data. Each transcript was reviewed a total of three to five times, in order to understand the true meaning behind the statements provided and to search for commonalities. Originally, the plan was to read each transcript twice, but the plan was changed due to the fact that some of the interviews were more complex than others and needed additional analysis to determine the essence of what was said. The original recordings were also revisited as needed to confirm meaning related to the tone of voice.

Similar themes were grouped together during the coding process using Microsoft Excel to create an organized layout. The chart was separated by research question and then again by interview question. Unusual findings and pertinent statements were separated and additionally sorted by theme. The co-reviewers analyzed the chart and made the two following suggestions:

- Change the theme labeled *Discrimination* to *Confidence*. This was suggested because it was determined through further discussion that discrimination was not the root of the challenge; lack of confidence was the issue. Additionally, it was agreed that the idea of self-discrimination was too controversial and future research was needed to state such a claim.
- Change the theme labeled *Compromised State of Mind* to *Conflicts of Interest*. This change was needed because it better defined the challenge that was

created as a result of participants being too emotionally attached to employees.

These suggestions were accepted, the necessary changes were made, and the third step of the expert review was deemed unnecessary. The frequency with which each theme occurred was calculated, and graphs were created for each of the research questions and interview questions to give visual representations of the data.

Data Display

The following data are separated by research question, followed by the interview questions that helped to answer that research question. The themes associated with each interview question are discussed separately first, then summarized for each research question. Relevant quotes from participants are shared to enhance understanding. The participants (P) are randomly labeled as P1, P2, P3, and so forth, with no correlation to interview order.

Research question 1. Research question 1 asked, What challenges do leaders of small businesses face in managing change? In order to answer this question, the following interview questions were asked:

- IQ1: Have any personal leadership weaknesses created challenges while managing change in your company?
- IQ2: How did you overcome these weaknesses?
- IQ3: What challenges have you faced while initiating a change company-wide?
- IQ4: How do your employees react to change initiatives?

Ten themes emerged from the participants' responses: knowledge/experience, communication, emotional intelligence, resistance, confidence, strategy, empowerment, conflicts, financial, and process. These themes are detailed subsequently.

Interview question 1. Interview question 1 asked, have any personal leadership weaknesses created challenges while managing change in your company? This question brought forth five leadership weaknesses that are illustrated in Figure 6. These five leadership weaknesses were knowledge/experience, emotional intelligence, conflicts, confidence, and communication.

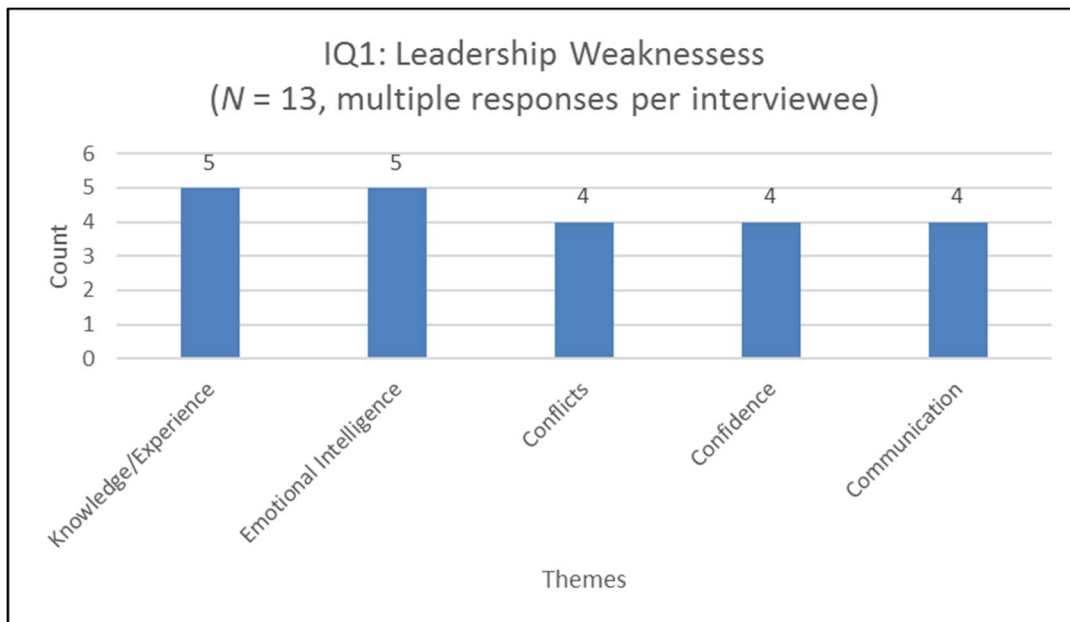


Figure 6. IQ1: Leadership weaknesses.

Knowledge/experience. Knowledge is “information, understanding, or a skill that one gets from experience or education” (“Knowledge,” n.d., para. 1). Experience is “skill or knowledge that one gets by doing something” (“Experience,” n.d., para. 1). Lack of

knowledge and/or experience was a common leadership weakness that the participants expressed five times. P5 explained that he “lacked business sense” (personal communication, March 12, 2016), not knowing how to market himself. He also explained that he had no education or training outside of high school, which was challenging while managing change in his company. Two of the participants shared that being young and inexperienced was a personal leadership weakness that created challenges while managing change in their companies. P9 stated, “I was young and didn’t know how to motivate and interact with employees” (personal communication, February 27, 2016). P12 expressed regret and said she wished she and her partners would have known to train their managers. She went on to explain that many of her previous managers “just did not have the tools to manage properly and they had to be let go” (personal communication, February 25, 2016). P4 expressed difficulty knowing how to manage his unmotivated/non-vested employees.

Emotional intelligence. The theme of emotional intelligence occurred five times. Goleman et al. (2002) defined the basic components of emotional intelligence as self-awareness, self-regulation, internal motivation, and empathy. Emotional intelligence can also be described as the capacity to be aware of, control, and express one’s emotions, as well as to handle interpersonal relationships judiciously and empathetically (“Emotional Intelligence,” n.d.). In contrast, a Type A personality is a “temperament characterized by excessive ambition, aggression, competitiveness, drive, impatience, need for control, focus on quantity over quality, and an unrealistic sense of urgency” (“Type A Personality,” n.d., para. 1). Many Type A traits are contradictory to the

components of emotional intelligence. P10 expressed that having a Type A personality created challenges when managing change due to the fact that he had a tendency to treat everyone as if they had Type A personalities. He went on to explain his extreme need for dominance and the challenge he faced when communicating with others. A Type A personality's absence of self-regulation and control of emotions is also contradictory to emotional intelligence. P8 described his "chameleon-like personality" (personal communication, February 29, 2106) and linked it to challenges in managing change. A chameleon is a person who "often changes his or her beliefs or behavior in order to please others or to succeed" ("Chameleon," n.d., para. 2). P8's need to please all of his employees reflected a lack of control of his emotions, which got in the way of making decisions.

Conflicts. A conflict is a "difference that prevents agreement between ideas, feelings, etc." ("Conflict," n.d., para. 1). Conflict in relationship to leadership weaknesses was mentioned four times. P13 shared her feelings about being a new business owner. Although her original reluctance and apathy toward leadership subsided over the years, when she first became a business owner, inner conflict plagued her. She suffered from extreme feelings of frustration due to the length of time spent away from her young children. She said, "I was forced into business . . . at least that's the way I remember it" (personal communication, March 21, 2016).

A conflict of interest is a conflict "between the private interests and the official responsibilities of a person in a position of trust" ("Conflict of Interest," n.d., para. 1). Conflicts of interest present themselves in many ways within the business realm and

create challenges for leaders. Four participants mentioned that conflicts of interest can occur when leaders do not create a professional distance between themselves and their employees. P12 stated, “[My two partners and I] developed an emotional attachment to our employees and it caused us not make the necessary decisions and hold on to them too long” (personal communication, February 25, 2016). P6 gave a few examples of how being friends with his employees caused him heartache and made it difficult to manage change in his company. P11 explained, “I’m so outgoing and I tried to be a friend instead of a boss” (personal communication, March 25, 2016). She went on to clarify that this behavior caused many problems while trying to manage change, and at times she felt taken advantage of by her employees.

Confidence. Lack of confidence can emerge for many reasons; four participants mentioned this theme. Half of the total female participants expressed that challenges while managing change in their companies were created due to leadership weaknesses related to being women. This feeling of being weak due to gender emerged for P1 when she first started her business and multiple vendors gave her a hard time while ordering products. P1 said, “The vendors wanted to speak to the man in charge” (P1, personal communication, March 18, 2016). She felt as if they viewed her as less competent than a male leader. P7 attributed this perception of gender weakness to the notion that women “lead by emotion” (personal communication, March 1, 2016), which she believes is detrimental to one’s company, even though she admitted to leading in this way at times. P1 and P9 both expressed a feeling of being out of place in a man’s industry and having difficulty managing change because of this feeling.

Communication. Communication is “the act of using words, signs, or behaviors to express or exchange information or to express your ideas, thoughts, feelings, etc. to someone else” (“Communication,” n.d., para. 1). Four times, participants mentioned an inability to communicate and attributed it to an extreme dislike of conflict. P4 stated, “I don’t like conflict until I get pushed to the point that I snap” (personal communication, March 17, 2016). P4 also acknowledged that his overall leniency was due to his extreme dislike of confrontation. P3 explained that regular procrastination in decision making was a tactic he used to avoid communication. This lack of proper communication created a challenge while trying to manage change.

No weakness. In one particular case, a participant did not share any leadership weaknesses. P2 claimed to have no personal leadership weaknesses that created challenges while managing change in his company. He believes his challenges come from other sources.

Interview question 2. Interview question 2 asked, how did you overcome these weaknesses? This question brought forth four common themes related to how weaknesses were overcome. The four themes were knowledge/experience, strategy, confidence, and empowerment (see Figure 7).

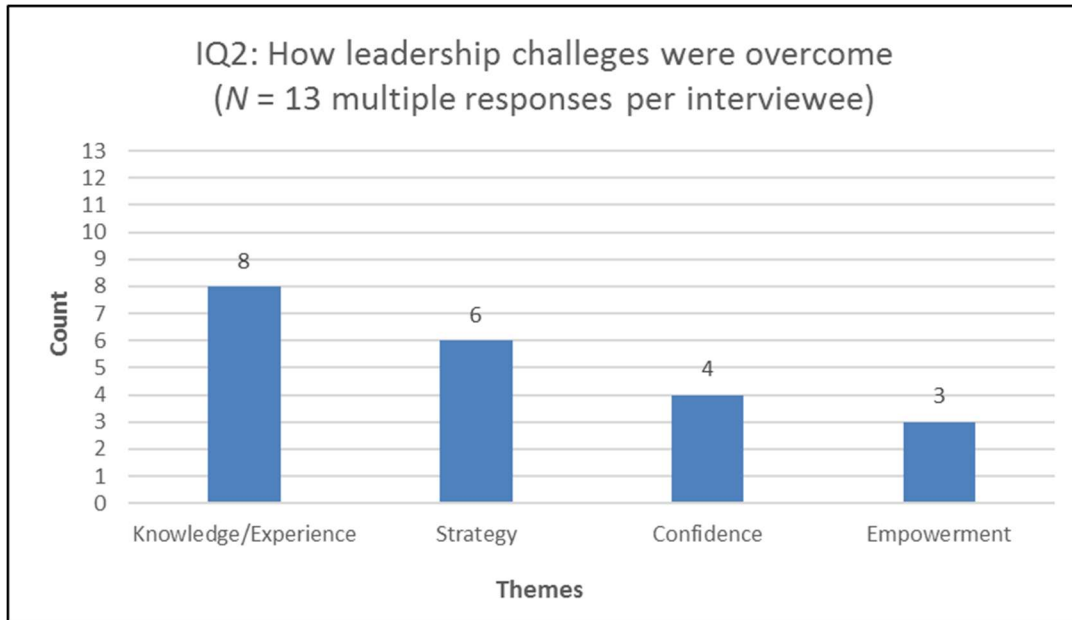


Figure 7. IQ2: How leadership challenges were overcome.

Knowledge/experience. A combination of experience acquired over time, knowledge from within, and pursuit of knowledge were among the solutions that participants shared for overcoming leadership weaknesses. This solution was mentioned eight times among the participants. Two participants explained that they reached out to support groups, and looked for best practices and knowledge regarding how to overcome their leadership weaknesses. P8 shared that “by reaching out to support groups, it helped me to see how destructive wanting to be friends with everyone was” (personal communication, February 29, 2016). Two participants explained how self-reflection helped them overcome their leadership weaknesses. P10 stated, “I meditate every day, which helps me to stay calm and think before I react” (personal communication, February 26, 2016). A few participants reported that over time they learned what worked and what didn’t.

Strategy. A strategy is a “plan, method, or a series of maneuvers or stratagems for obtaining a specific goal or result” (“Strategy,” n.d., para. 1). Lack of strategy was a theme that occurred six times among the participants. Four times participants lacked a strategy of how to overcome their leadership weaknesses, so they took a *trial and error* approach. P6 stated, “I’m still working on that! I need to keep reminding myself that I can’t please everyone” (personal communication, March 11, 2016). Two participants expressed that their leadership weaknesses were also their strengths. P9 shared that he chose not to overcome the fact that he wants to please all people. He stated, “Some of them [weaknesses] I didn’t overcome . . . some of them are in my very fiber . . . I like to have harmony and for everyone to be happy. So, some of those ideologies still exist . . . as unrealistic as they may be in the end” (personal communication, February 27, 2016). P2 reported that he had nothing to overcome, as he did not believe that any of his challenges were connected to a leadership weakness.

Confidence. Participants spoke about the need to simply push past adversity and conquer their fears, regardless of how they felt, a total of four times. Two participants expressed specifically that this confidence started with identifying that they possessed the weakness in the first place. P1 said, “I just had to be forceful” (personal communication, March 18, 2016). She was referring to the few times when certain suppliers preferred to deal with a male business owner and gave her a difficult time while placing orders. When sharing his recurring struggle of dealing with undesired situations of conflict, P3 answered, “I just have to force myself to address the issues at hand” (personal communication, March 17, 2016).

Empowerment. Empowerment means “to give power or authority to” (“Empowerment,” n.d., para. 1). Balancing an aggressive/negative management style with a friendly/positive management style is a method of empowerment that three participants reported using regularly. For example, P4 stated, “A good cop/bad cop approach is what helps me” (personal communication, March 17, 2016). P4 explained that although he has no issue being the bad cop, he finds that using a “face-person” (personal communication, March 17, 2016) is very effective for creating overall harmony. Based on the context in which the term was used, the researcher interpreted the term “face-person” to mean an intermediary. P7 said, “I brought in a manager to balance out the crazy” (personal communication, March 1, 2016). She was referring to hiring a male manager, who she expressed had a level head, in order to help with her emotional reactions. P8 shared that his partner is less emotional and helps to create a balance between fiscal concerns and strong emotions.

Interview question 3. Interview question 3 asked, What challenges have you faced while initiating a change company-wide? Seven themes emerged from this interview question and are illustrated in Figure 8, with resistance being the theme most frequently mentioned. The other themes were knowledge/experience, financial, strategy, communication, process, and conflicts.

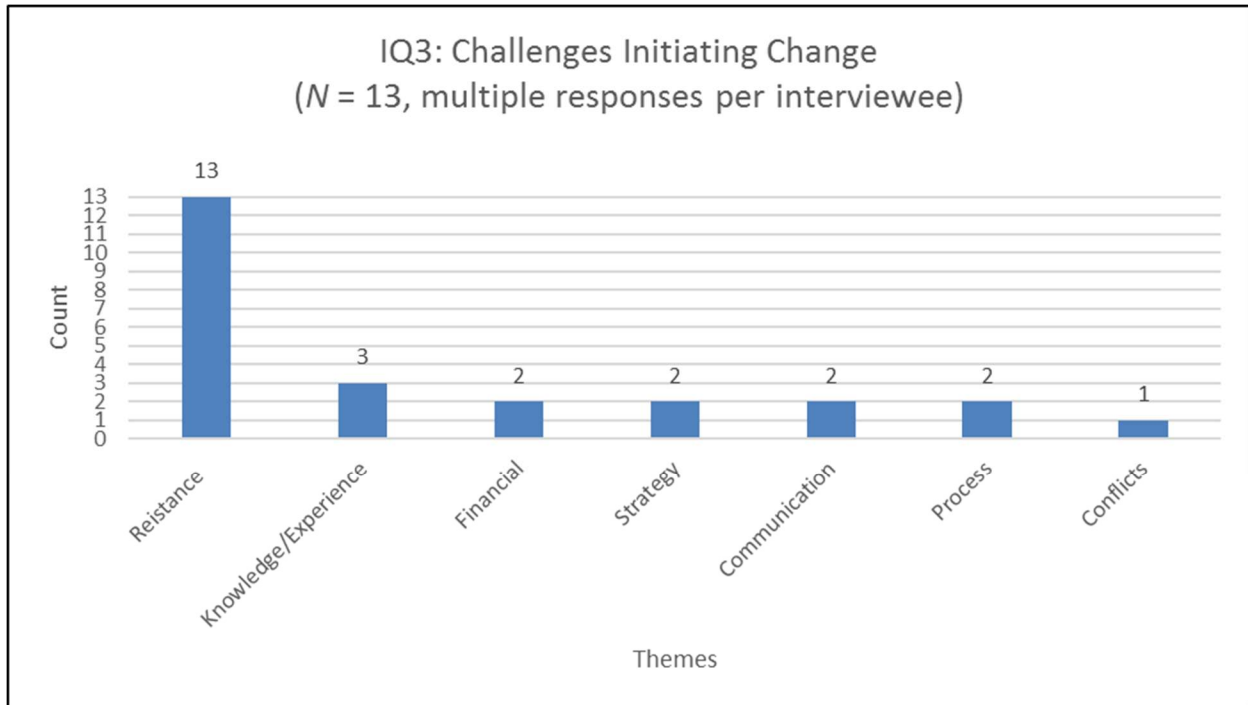


Figure 8. IQ3: Challenges initiating change.

Resistance. Resistance to change was by far the most frequently recurring theme; 11 participants referred to experiencing challenges while initiating change. P4 stated, “Trying to initiate a cell phone policy was . . . and still is . . . a nightmare” (personal communication, March 17, 2016). P4 shared that most of his employees are resistant to this change and are not happy about not being able to use their phones while on the clock at work. Five participants who spoke about resistance to change especially referred to resistance from older adults. P3 stated, “Some of my long-term employees have been here for over 40 years and hate change” (personal communication, March 17, 2016). P1 and P7 both run restaurants and shared stories of older adults complaining about food changes on the menu. P7 explained that special

dietary needs for older adults was the reason for resistance. P1 stated, “Customers don’t like change . . . they want the food to stay the same” (personal communication, March 18, 2016).

Knowledge/experience. Lack of knowledge and/or skills is a challenge for the small business owner and his/her employees. Three participants shared their challenges initiating a change. P11 stated, “Knowing how to get people to follow suit is a challenge” (personal communication, February 25, 2016). According to P3, “New procedures are difficult for older generations; they like things to stay the same because they have experience doing things one way” (personal communication, March 17, 2016). P10 shared, “We went paperless not too long ago and my employees fought me. Technology caused so many issues, even for me! None of us knew how to deal with it (personal communication, February 26, 2016).

Financial. Local economic conditions impact small businesses negatively and create challenges while initiating change. P5 stated, “Financial troubles during the economic downturn a few years back caused some of our employees to leave and join the competition during expansion” (personal communication, March 12, 2016). Many times economic conditions were the driver for change. P12 stated, “The economy took a turn and financial troubles set in. We were forced to make changes. Everyone’s hours were cut to save money” (personal communication, February 25, 2016).

Strategy. Lack of strategy is confusing for customers and employees. P8 stated, “Being all things to all people doesn’t work” (personal communication, February 29, 2016). P8 shared a story of a time when he was unsure of his target market, selling

random items in order to serve multiple markets all at the same time. He realized that his customers were confused, he wasn't using his resources on his most profitable items, and his employees weren't knowledgeable about the items they were selling. Once he figured this out and created a strategy, he began to see customers who were truly interested in the products he was selling. He also was able to train his employees on specific products and improve his overall sales staff's knowledge. Not having a strategy can be challenging for employees, as it becomes a guessing game of what will work. According to a few participants, resources are wasted and pushback sets in. P9 stated, "It's hard to get buy-in at times, and I am a visionary leader. I want to bring the idea to the table and have the team figure out how to make it work" (personal communication, February 27, 2016).

Communication. P2 stated, "We are all in the dark at times about changes that come down through the pipeline" (personal communication, March 18, 2016). P2 was referring to franchise rules and procedures that are forced upon the franchise owners. He explained that the changes are not always explained and the franchise owner is left confused about why the change is being made. P13 expressed her love for change but also explained that she knows most people are resistant to change. She revealed that "using a positive attitude, while communicating change to resistant people helps" (personal communication, March 21, 2016).

Process. A process is a sequence of interdependent and linked procedures which, at every stage, consume one or more resources (employee time, energy, machines, money) to convert inputs (data, material, parts, etc.) into outputs. These

outputs then serve as inputs for the next stage until a known goal or end result is reached (“Process,” n.d., para. 1). Lack of follow-through reflects the absence of process and is sometimes inevitable for small business owners. P4 explained that he can’t be too strict or he will lose his employees. He stated, “The managers are the worst culprits. They set a bad example when they abuse the cell phone policy. Employees see them and there is strength in numbers. I am forced to overlook adherence to certain rules at times” (personal communication, March 17, 2016). Holding people accountable after a change is difficult; three participants explained that initiating the change is the easy part. P11 stated, “You find that everyone is falling back into old ways” (personal communication, February 25, 2016).

Conflicts. P8 stated, “Bossing friends just doesn’t work” (personal communication, February 29, 2016). He went on to explain that this type of relationship causes tension in the workplace among other employees, including favoritism and hurt feelings. P8 declared his love for harmony many times throughout the interview. He expressed sadness in his realization that a professional distance must be kept to minimize challenges while initiating change.

Interview question 4. Interview question 4 asked, how did your employees react to change initiatives? This question brought forth one main theme. Resistance to change was the theme that every participant expressed, although they each referred to different categories of people expressing resistance to change (see Figure 9). These different categories of people are described in detail subsequently.

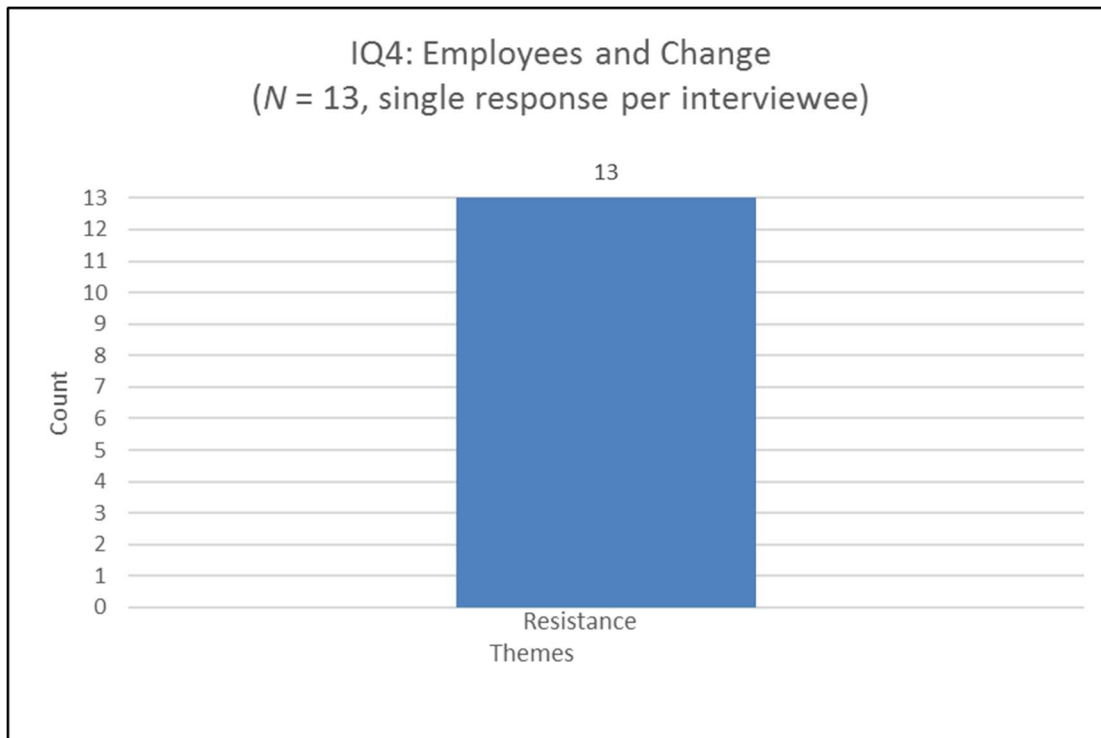


Figure 9. IQ4: Employees and change.

Resistance. Resistance to change was a common theme expressed by all of the participants. However, six of them offered suggestions for managing the resistance and also reported circumstances when resistance was absent during a change initiative.

Circumstances where resistance was absent during a change initiative were:

- When dealing with long-term employees.
- When the change benefitted the employees.
- When the employees were younger adults (if the change was technology related).
- When the change falls in line with the employees' values.
- When the change was easier for the employees.

Suggestions to help manage employees' resistance were:

- Be positive and explain the reasons for the change to the employees.
- Be patient when implementing changes as employees learn how to comply.
- Introduce changes to employees gradually.
- Allow employees to vocalize their ideas and feelings about the change.
- Use emotional intelligence to create an environment of mutual respect and trust where employees feel comfortable offering alternate solutions to problems.
- Communicate with the employees regularly throughout the change process.
- Share the positive outcomes with the employees that can be expected from the change.

Research question 1 summary. The purpose of research question 1 was to determine what challenges leaders of small businesses face in managing change. This was answered by asking the participants four interview questions. Ten main themes presented themselves, with the top two accounting for 52% of the total challenges revealed by all of the participants combined. Resistance to change was the number one reason, reflecting 32% of the total challenges the participants reported facing while managing change in their small businesses. Lack of knowledge and/or experience was the second reason, accounting for 20% of the total challenges reported. The remaining 48% of the themes mentioned was split up between strategy, confidence, communication, emotional intelligence, conflict, empowerment, financial, and process (see Figure 10).

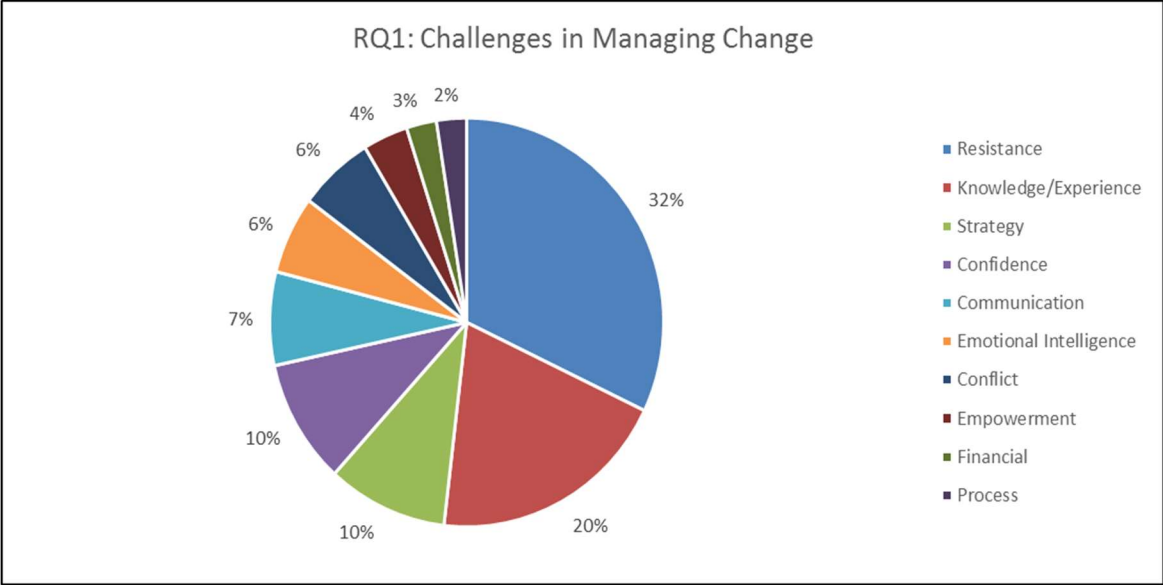


Figure 10. RQ1: Challenges in managing change.

Solutions for overcoming the weaknesses mentioned by the participants included trial and error, the pursuit of knowledge, being confident in oneself, empowerment of others, having a positive attitude, being patient, clear communication, and possessing emotional intelligence.

Research question 2. Research question 2 asked, what strategies and practices do leaders of small businesses employ in managing change? In order to answer this question, the following interview questions were asked:

- IQ5: Do you have a formal management process? Please explain.
- IQ6: Do you have a degree in leadership or management?
- IQ7: Do your managers have degrees or have they been a part of a leadership/management training program?
- IQ8: What personal leadership strengths helped with managing change in your company?

Themes that emerged from the participants' responses were knowledge/experience, emotional intelligence, communication, strategy, confidence, process, empowerment, and human capacity building. These themes are detailed subsequently.

Interview question 5. Interview question 5 asked, do you have a formal change management process? The answers to this question were complex in nature (see Figure 11). Some of the participants who reported lacking formal change management processes do, in fact, have processes and/or partial processes (although they are not formal) that align with the themes reported by participants that do have formal change management processes. For the 10 participants that do not have a formal change management process, two of them believed that there is no need for a formal process because changes are rarely made and employee turnover is almost nonexistent. For example, P3 stated, "No . . . no manuals. I just don't write anything down" (personal communication, March 17, 2016). The other eight participants shared their trial-and-error methods of managing change and reported having successful outcomes with winging it. P2 responded, "I just roll with the punches" (personal communication, March 18, 2016). P7 said, "No . . . no formal anything . . . I just fly by the seat of my pants" (personal communication, March 1, 2016).

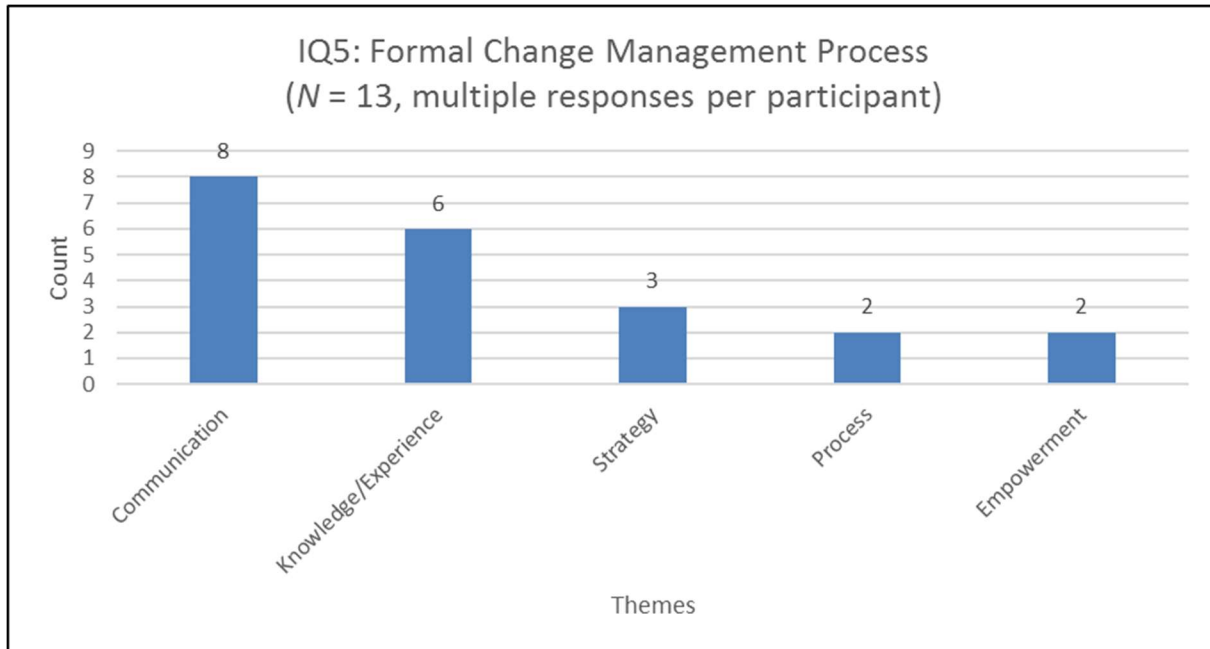


Figure 11. IQ5: Formal change management process.

In order to simplify the reporting of the themes, the individual steps (themes) that make up the individual formal processes used by the three participants, in any combination, are separated subsequently. Included within the separated steps (themes) are the informal steps from those participants who lack formal processes.

Communication. The theme of communication was mentioned eight times. Communication was executed in four different ways: in person, by email, in specific written SOPs, and through feedback. P4 stated, “Yes, we communicate very specific expectations, and get feedback to make sure everyone understands” (personal communication, March 17, 2016). P11 said, “An email goes out to the managers at each store. This email directs the managers to have a meeting with the employees” (personal communication, February 25, 2016).

Knowledge/experience. Knowledge was a common theme among the participants and was mentioned six times. P3 stated, “I use an apprenticeship method for new employees” (personal communication, March 17, 2016). P4 said, “We use training programs” (personal communication, March 17, 2016). P8 stated, “We just joined a support group that helps with strategy planning and formal processes” (personal communication, February 29, 2016). P13 said, “No, I don’t and when I saw this question, I asked myself why I don’t have a formal process? So, I am going to do some research and create one” (personal communication, March 21, 2016).

Strategy. Three participants spoke about strategy. P12 and P4 both stressed the importance of having a strategy in order to manage change properly, “especially during the economic downturn a few years back” (P4, personal communication, March 17, 2016). P6 hired a consultant to create strategies for each of his large changes within the company.

Empowerment. Empowerment was a theme mentioned by three participants in reference to managing change. Delegating tasks to managers and employees creates a sense of ownership and a vested interest. P9 said, “I have structured people on staff [who] make the steps to accomplish the task.” (personal communication, February 27, 2016). P10 stated, “I hired a manager and she handles all of the changes” (personal communication, February 26, 2016).

Process. Process or the lack thereof was a theme mentioned three times. P1 explained that she talks to her employees and personally walks them through each new process. P11 stated, “And then the partners visit each store to confirm that

everyone understands and is following the correct process” (personal communication, February 25, 2016). She was referring to one of the final steps in her change management process.

Interview question 6. Interview question 6 asked, do you have a degree in leadership or management? An overall unease emerged at the mention of this question in a large majority of the interviews. However, there was no correlation between this uneasy environment and the participants’ possession of a leadership/management degree. The theme presented here was knowledge/experience, and is separated (see Figure 12) by the method of acquisition.

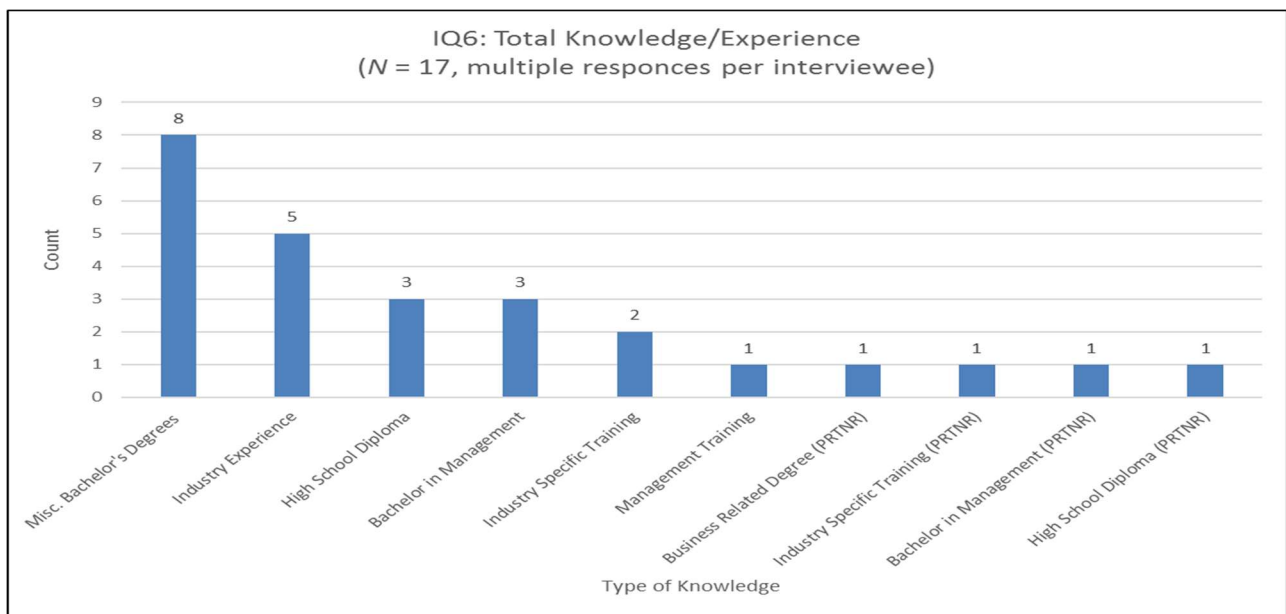


Figure 12. IQ6: Total knowledge/experience, participants, and partners.

Three participants had bachelor’s degrees in management but none had leadership degrees. Most participants went into great detail about his/her other kinds of degrees, experience acquired, and other training obtained. They also mentioned their business partners and the knowledge and experience each of them had acquired.

Knowledge/experience. A large majority of the participants made it known that success in their businesses was not attributed to earning academic degrees in general. These additional responses added value to this study and gave more depth in understanding what strategies and practices leaders employ in managing change with specific reference to knowledge/experience. Figure 12 shows the separation of knowledge by categories of general knowledge, management training, management degrees, other degrees, other training, and experience, and includes both participants and business partners for a combined look at what it has taken to manage change in the participants' businesses.

Ten themes emerged in the knowledge and experience area (See Figure 12). Seven of the participants had a combination of college degrees, training, and/or industry-related work experience. P1 named earning a high school diploma, along with an extensive industry experience. P2 did not elaborate on what type of bachelor's degree was earned but said it was not in management. P2 further explained having over 30 years' industry experience along with related industry training. P3 earned a bachelor's degree in education and had over 50 years' industry experience. P4 and P12 both earned bachelor's degrees but did not indicate the academic area of study. P5 named having earned years of industry experience, and that "street smarts are better" (personal communication, March 12, 2016). P6, P7, P10 earned bachelor's degrees in agricultural management, public relations/environmental restorations, and management respectively. P7 and P10 also noted having earned industry experiences prior to completing the academic degree. Additionally, P10's business partner had a

management degree. P8 earned both a bachelor’s degree in management and a bachelor’s degree in economics, and his business partner holds a degree in finance. P9 earned a high school diploma and smiled while sharing that “I have always surrounded myself with smart people” (personal communication, February 29, 2016). Like P9, P11 also only earned a high school diploma but had experience running many types of businesses. Furthermore, P11’s partner earned a business degree. P13 did not earn an academic degree but did have management training.

The sum total of all participants and their business partners’ knowledge/experience equated to a total of 19% that was acquired from management-related training and management degrees. However, 15% came from general knowledge (high school diploma), and another 15% came from experience. Other degrees and training make up 47%, the remainder of the knowledge acquired (see Figure 13).

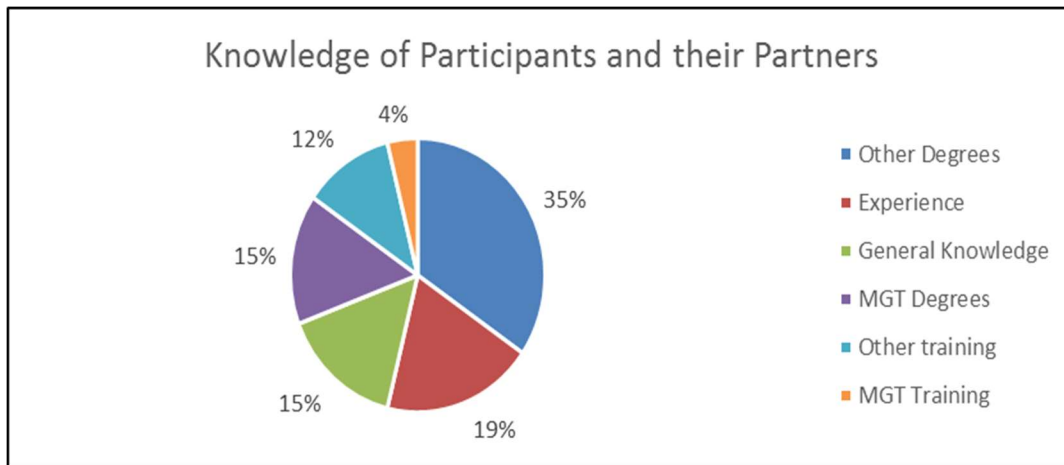


Figure 13. Knowledge of participants and their partners.

Interview question 7. Interview question 7 asked, do your managers have a degree or have they been part of a leadership/management training program? This

question was perceived as controversial and created tension in many of the interviews, just as the previous question did. A majority of the participants did not attribute success in their businesses and/or successful management of change to their managers acquiring leadership/management degrees. The responses have been separated into the four categories listed subsequently.

Knowledge/experience types. Knowledge/experience types were separated by the following four themes (see Figure 14):

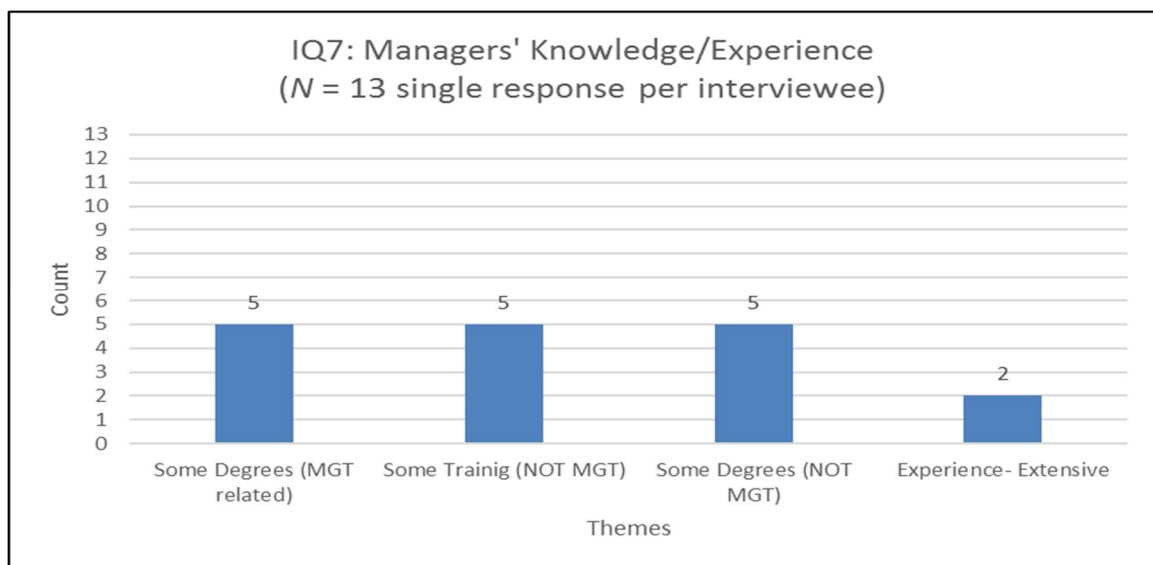


Figure 14. IQ7: Managers' knowledge/experience.

- Some degrees (management related)—degrees that were related to management
- Some training (*not* management)—Any training that was not related to management (i.e., industry specific training).
- Some degrees (*not* management)—degrees that were not related to management

- Experience (extensive)—any extensive experience creating on-the-job benefit

P1 has no managers on staff, only employees, and this question does not apply to her.

Five participants explained that they do have at least one manager with a management degree, although P12 shared adamant feelings regarding degrees, stating, “Our managers have a mix of non-related degrees and management degrees, but I don’t believe that education helps. Having a large worldview makes the best manager” (personal communication, February 25, 2016). P6 shared that although he did have one manager with a management degree, most of his managers had industry experience.

Five participants have at least one manager on staff with other formal degrees not related to management. P6 and P11 have managers with extensive experience. Five of the participants shared that their managers have some industry-related training. For instance, P3 noted that his managers have attended seminars over the years. Additionally, P2 explained that his managers had customer satisfaction training along with other industry related training. P5 said, “We train them to do specific tasks” (personal communication, March 12, 2016).

Interview question 8. Interview question 8 asked, what personal leadership strengths helped with managing change in your company? This question brought forth eight themes, including emotional intelligence, confidence, strategy, knowledge/experience, empowerment, process, human capacity building, and communication (see Figure 15). These different themes are described in detail subsequently.

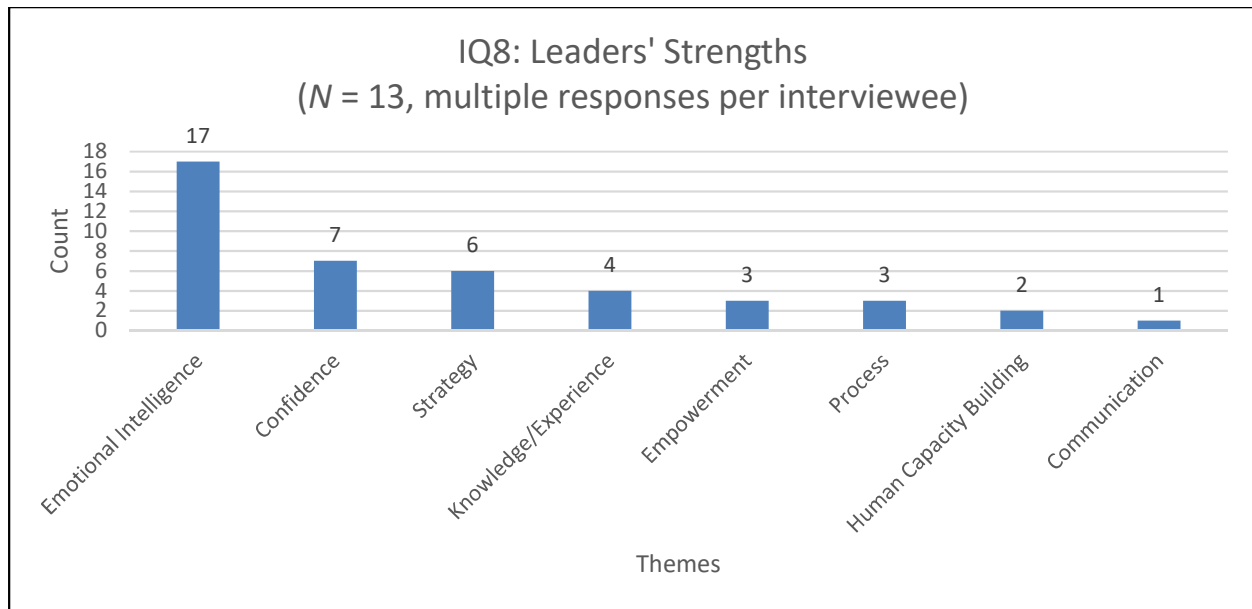


Figure 15. IQ8. Leaders' strengths.

Emotional intelligence. Emotional intelligence is described as “the capacity to be aware of, control, and express one’s emotions, and to handle interpersonal relationships judiciously and empathetically” (“Emotional Intelligence,” n.d., para. 1). This theme was the most commonly referenced among the participants, as it was mentioned 17 times. Emotional intelligence encompasses a multitude of behaviors. With a genuine smile on her face, P1 expressed a true love for not only her employees but also people in general. P2 stated, “I don’t rush my employees” (personal communication, March 18, 2016). P5 said, “I have faith in my staff . . . I trust them” (personal communication, March 12, 2016). P12 stated, “The reason I have long-term employees is because of respect” (personal communication, February 25, 2016).

Confidence. Being confident is an important trait to have as a small business owner. This theme was mentioned seven times. P7 gave quite a few examples of when

business was rough. She grinned when she said, “I’m awesome . . . I’m proud and diligent . . . I won’t give up” (personal communication, March 1, 2016). P2 stated, “I have a positive attitude and I roll with the punches” (personal communication, March 18, 2016).

Strategy. Being strategic was mentioned six times by the participants when referring to their leadership strengths. P11 is highly strategic in her management of change. In describing planning of a change initiative, step-by-step, she responded, “I am a forward thinker . . . I can see the whole picture and prepare well ahead of time” (personal communication, February 25, 2016). P6 also explained that he plans ahead and thinks about things far in advance in order to plan accordingly.

Knowledge/experience. Knowledge and experience were mentioned four times when participants were asked about their leadership strengths. P1 has extensive experience in the hospitality business and loves what she does. When asked about her strengths in managing change, P13 responded, “The knowledge from 20 years’ experience and a proven record of success” (personal communication, March 21, 2016).

Empowerment. The definition of empowerment is to “give power or authority to” (“Empowerment,” n.d., para. 1). Delegation is one form of empowerment that three participants mentioned. When asked about his strengths, P3 responded, “I don’t micromanage my employees” (personal communication, March 17, 2016). P5 also explained that he doesn’t micromanage, instead of allowing his employees to do their jobs as they see fit.

Process. The definition of *process* is a “systematic series of actions directed to some end” (“Process,” n.d., para. 1). One type of process that P6 reported using is multitasking. The definition of multitasking is to perform two or more tasks at the same time; not everyone is good at this skill. P6 laughed as he said, “My greatest strength is handling multiple crises . . . you know . . . I go from one crisis to the next . . . regularly” (personal communication, March 11, 2016).

Human capacity building. Human capacity builders help others to become educated and use that education to make positive changes in their worlds personally and professionally (Fraizer, 2011). P5 said, “I’d rather make kings than to be one myself” (personal communication, March 12, 2016). He shared the story of how he came to this country as an immigrant and worked his way up through multiple minimum wage jobs, learning from others who shared their knowledge with him. He explained that he is so privileged to be an American now and now loves to help others learn and become the best they can be.

Research question 2 summary. The purpose of research question 2 was to determine the strategies and practices that leaders of small businesses employ in managing change. This was answered by four interview questions. The eight themes presented by the participants are depicted in Figure 16. Knowledge/experience was the most frequently recurring theme, accounting for almost half (49%) of the responses. All degrees, training, and experience were counted in this category from interview questions 6 and 7 (see Figures 12 & 13). The next most frequently expressed theme was emotional intelligence, which accounted for 16% of the strategies and practices

employed by the participants. The remaining 35% of themes presented consist of communication, strategy, confidence, process, empowerment, and human capacity building (see Figure 16).

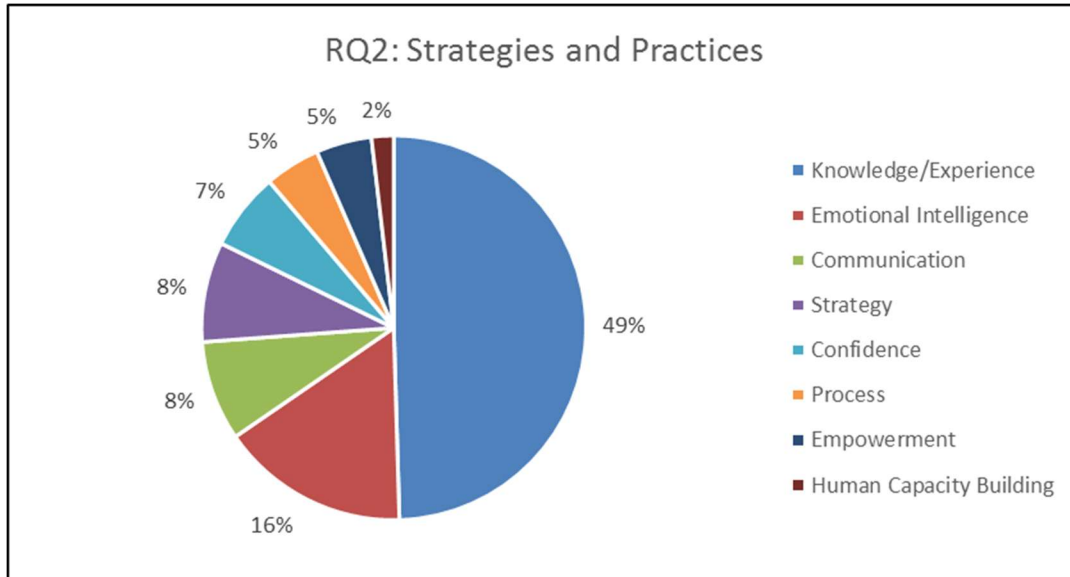


Figure 16. RQ2 summary: Strategies and practices.

Research question 3. Research question 3 asked, how do leaders of small businesses measure success in managing change? In order to answer this question, the following two interview questions were asked:

- IQ9: How do you define the success of a managed change initiative?
- IQ10: How is this success measured?

Five main themes emerged: happiness, financial, process, social responsibility, and communication.

Interview question 9. Interview question 9 asked, how do you define the success of a managed change initiative? The definition of success varied among the participants and included happiness of customers and employees, effective processes,

financial health, and making a difference in the community. These themes are detailed subsequently (see Figure 17).

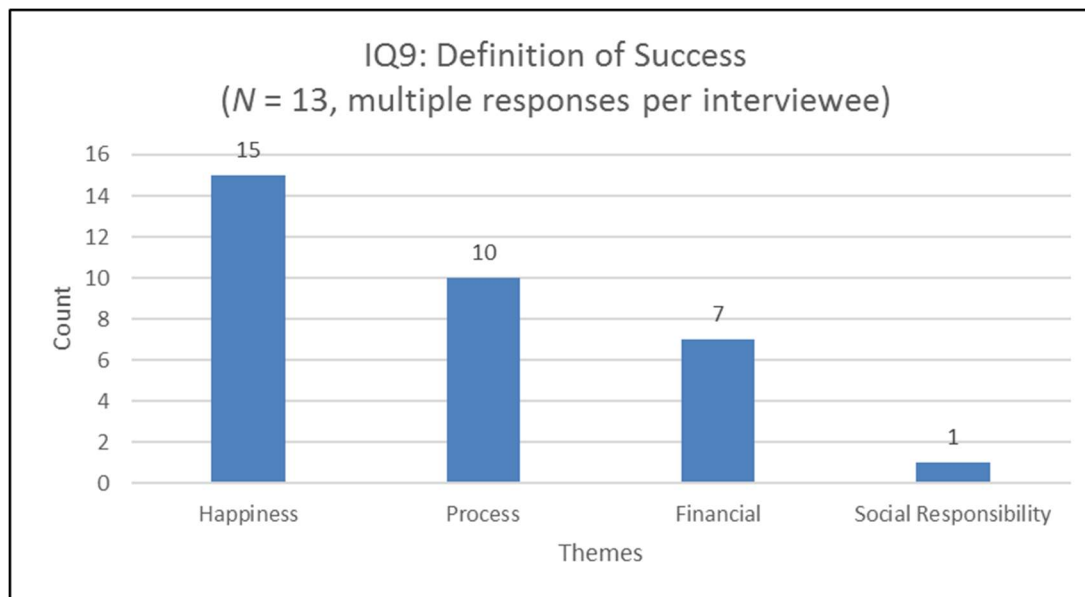


Figure 17. IQ9: Definition of success.

Happiness. Happiness was the most prominent theme that emerged; references to this theme were split between customer and employee satisfaction. However, participants were more concerned that their employees were happy than their customers. Customer satisfaction was mentioned five times, whereas employee satisfaction was mentioned 10 times. P7 stated, “Getting buy-in from the employees is what’s most important to me. If the employees are happy the business runs smooth” (personal communication, March 1, 2016). P10 stated, “I know that change has been managed properly when we have low turnover . . . employee happiness is our measure . . . not customer satisfaction” (personal communication, February 26, 2016).

Process. Six participants expressed a desire to create best practices and/or become more productive in terms of change management. P13 wants her processes to

be helpful and used by others. She stated, “I consider whether or not I have formulated a change that has become a best practice in my industry” (personal communication, March 21, 2016). P12 stated, “Smooth implementation . . . it’s a joke if the change isn’t actually adhered to” (personal communication, February 25, 2016). Two participants were not concerned about the process and whether or not the change happened the way they planned it. P11 said, “If the change didn’t work the way we planned, but it impacted the business the way it was intended to . . . that’s fine by me” (personal communication, February 25, 2016). P9 defined success as “getting to a different place than you started . . . don’t attach yourself to certain outcomes . . . there may be a better outcome than what you originally planned for” (personal communication, February 27, 2016).

Financial. Seven participants explained that making a profit is the reason for being in business and that success of managing change will affect the financial side of business. P7 stated, “It’s all about the numbers . . . I just don’t care about public opinion” (personal communication, March 1, 2016). P2 said that a combination of financial stability and customer satisfaction meant the success of a managed change.

Social responsibility. Social responsibility is defined as “acting with concern and sensitivity, aware of the impact of your actions on others, particularly the disadvantaged” (“Social Responsibility,” n.d., para 1). One participant was concerned about social responsibility when considering the success of a managed change. P13 stated, “I ask myself if I have made a difference in the community” (personal communication, March 21, 2016).

Interview question 10. Interview question 10 asked, how is this success measured? This question brought forth three themes that are illustrated in Figure 18. The most common theme was to not measure success (lack of process), and the other two themes were financial and communication.

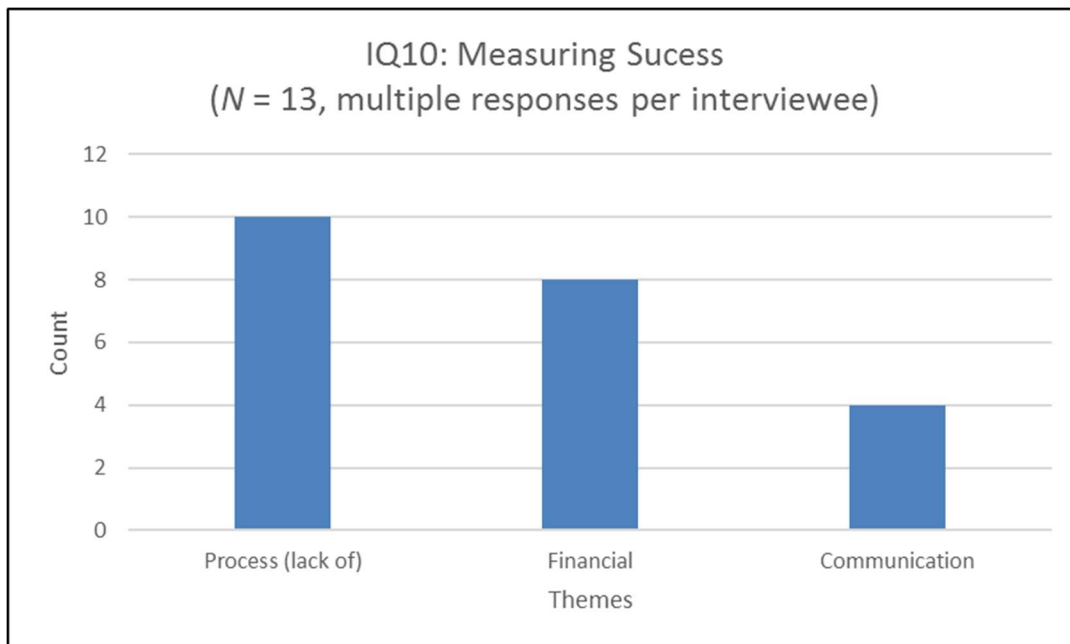


Figure 18. IQ10: Measuring success.

Financial. The theme of financial measurement appeared eight times when participants spoke about measuring success with regard to change initiatives. P7 was firm and adamant when she said, “Financial is the measure . . . bottom line” (personal communication, March 1, 2016). P11 stated, “We benchmark here, against financial goals. This happens weekly” (personal communication, February 25, 2016).

Communication. Participants mentioned communication four times when asked how they measure the success of a managed change initiative. As mentioned in previous responses, feedback is a form of communication that can be solicited in many

different ways. P8 stated, “If my CSI [customer service index] scores are up, I don’t worry about anything else” (personal communication, February 29, 2016). Sometimes feedback is unsolicited and can communicate valuable information. Social media has provided a venue for people to communicate with each other, and business owners use it to keep updated. P1 stated, “I can tell whether or not my customers are happy with a change I made by checking out social media” (personal communication, March 18, 2016).

Process. Not measuring, for the purposes of this study, is referred to as a *lack of process*. Most of the participants do not measure the success of a managed change initiative. P3 stated, “It’s just something you can feel. You just know when your employees and customers are happy” (personal communication, March 17, 2016). P9 said, “I don’t measure success . . . I just get where I get” (personal communication, February 27, 2016). P8 is in the process of developing a process to measure success. He shared that he hasn’t been so good at these types of assessments in the past.

Research question 3 summary. The purpose of research question 3 was to determine how small business owners measure success. In order to summarize the findings from research question 3, a definition of success according to the participants needs to be summarized. Success was described with four main themes in mind (see Figure 19).

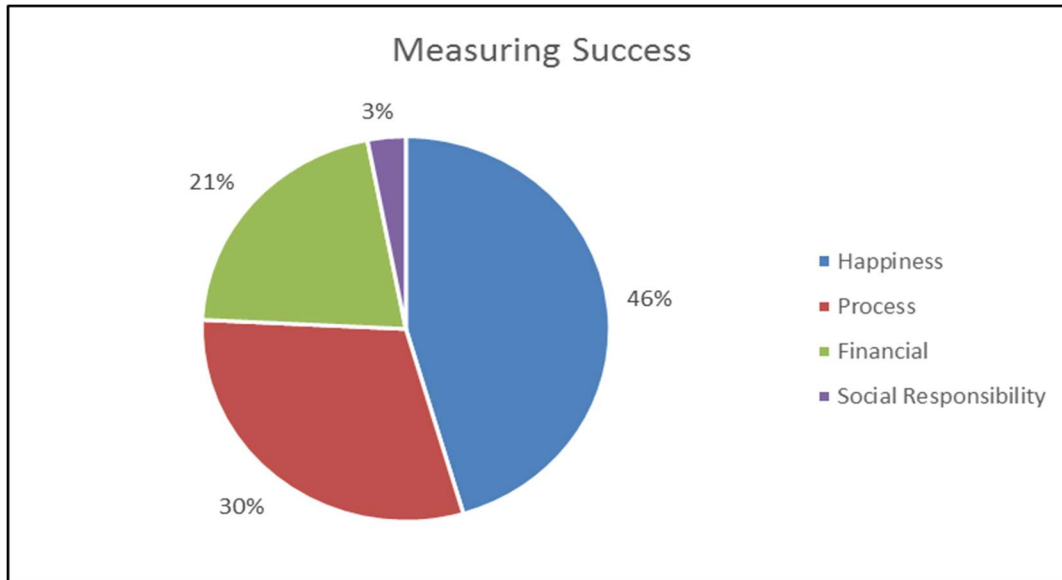


Figure 19. Measuring success.

These main themes were the happiness of customers and employees (46%), improved processes (30%), financial health (21%), and social responsibility (3%). The most common theme among the participants, when asked about the process for measuring success, was that they do not measure it. However, those participants that do measure successes of a managed change do it through various forms of communication and/or financial measurements. These forms of communication include obtaining feedback from customers with surveys, accessing social media, and by asking employees for feedback. P2 said, “We measure against goals and financial markers weekly” (personal communication, March 18, 2016). For the participants that measure success, two-thirds of them measure with financial metrics. The other one-third measure by various methods of communication (see Figure 20).

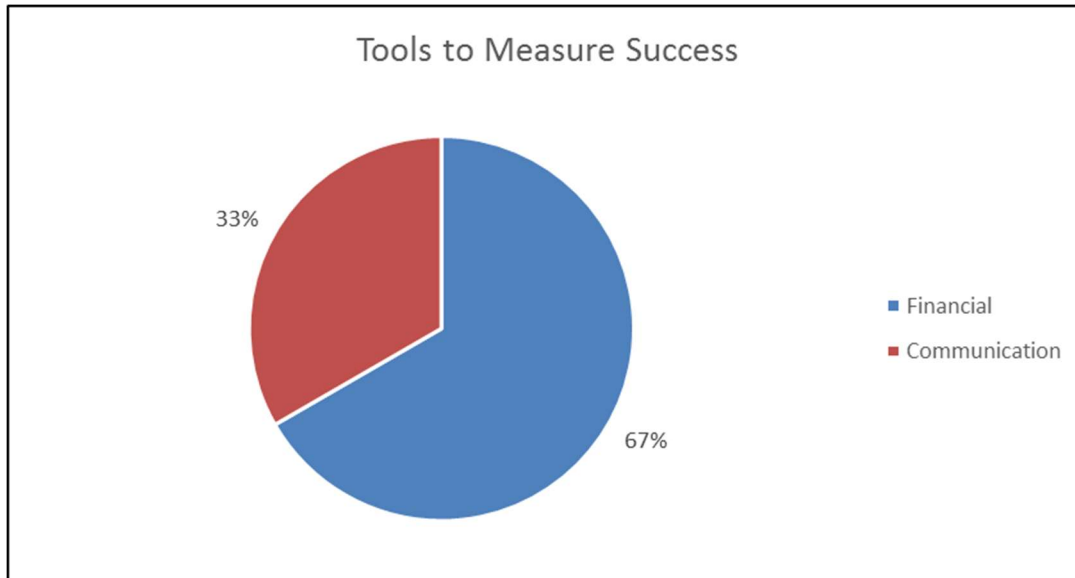


Figure 20. RQ3: Tools to measure success.

Research question 4. Research question 4 asked, what recommendations would leaders of small businesses suggest for managing change? In order to answer this question, the following interview questions were asked:

- IQ9: What lessons have you learned while managing change in your company?
- IQ10: Do you feel you have had the necessary resources to manage change?

These seven themes were a strategy, resistance, emotional intelligence, empowerment, knowledge/experience, communication, and happiness.

Interview question 11. Interview question 11 asked, What lessons have you learned while managing a change in your company? Seven main themes emerged from participants' responses. These seven main themes were a strategy, resistance, emotional intelligence, empowerment, knowledge/experience, communication, and happiness (see Figure 21).

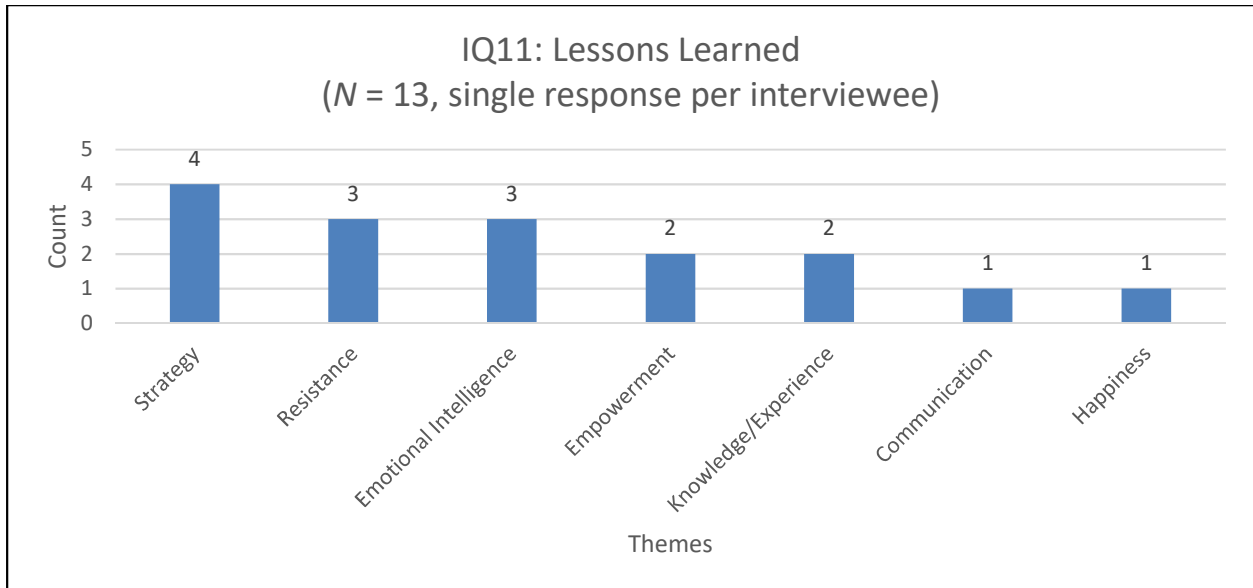


Figure 21. IQ11: Lessons learned.

Strategy. Not all of the participants had a strategy, but those who did offered valuable information. Four participants mentioned strategy. P2 stated, “Think it through before you announce a change” (personal communication, March 18, 2016). P11 said, “Don’t make quick changes that aren’t carefully contemplated” (personal communication, February 25, 2016). The overall consensus was to plan ahead and to make educated decisions on whether a change was actually necessary. Furthermore, the emphasis was placed on determining how a change would affect all stakeholders, and if the benefits of the change outweighed the costs.

Resistance. The opposite of resistance to change is embracing change. The literature is full of statements like this: “Change is constant and inevitable in a progressive society” (Disraeli, n.d., para. 1). Three participants agreed that change is always happening and they cannot do anything about it. P2 said, “Nothing stays the

same . . . Don't ever count on things staying the same, external drivers are always present" (personal communication, March 18, 2016). P6 stated, "You can't be afraid of change . . . just realize that change is hard . . . embrace it . . . and change" (personal communication, March 11, 2016).

Emotional intelligence. The definition of emotional intelligence is "skill in perceiving, understanding, and managing emotions and feelings" ("Emotional Intelligence," n.d., para 1). Leaders need to be patient with their employees while initiating change in order to give them time to learn and comply with the new demands. P5 stated, "It takes time. Don't be anxious about seeing results" (personal communication, March 12, 2016). Participants mentioned the importance of aspects of emotional intelligence three different times.

Empowerment. Two employees spoke about empowerment when asked about their lessons learned overall. P7 remembered the moment that she let go of the need to be in control of every situation and began to utilize her employees to the fullest, stating, "I realized that I can't micromanage anymore . . . I couldn't meet every delivery, resolve every problem, and do everything" (personal communication, March 1, 2016). P3 explained the importance of empowerment and the lessons he has learned over the years. "You need to give your employees credit that they can figure things out" (personal communication, March 17, 2016).

Knowledge/experience. The search for knowledge and experience was a theme that emerged throughout this study and was a lesson that participants learned. Two participants reported searching for knowledge, one internally and the other externally.

P5 stated, “I continue to learn every day, in search of better processes and procedures” (personal communication, March 12, 2016). P12 spoke about hiring employees based on their skills, but not necessarily because of a particular degree.

Communication. Communication was important and frequently mentioned by many participants. P8 spoke of the need to communicate clearly. He deals with seasonality in his business and expressed a strong need to communicate regularly within the company, stating, “The hardest thing is to make sure that internal communication is planned for” (personal communication, February 29, 2016).

Happiness. One participant said the most important things in her life were her family and quality of life. She explained the lesson she learned in the following words, “You need to be more concerned about your family and how the business affects that, or you’ll never be happy” (P1, personal communication, March 18, 2016). She explained that when she first opened her business, she spent little time with her family and her children were very bitter about her absence while she was at work.

Interview question 12. Interview question 12 asked, do you feel you have had access to the necessary resources to manage change? Of 13 participants, seven said they did not have the necessary resources, whereas six participants claimed they did (see Figure 22).

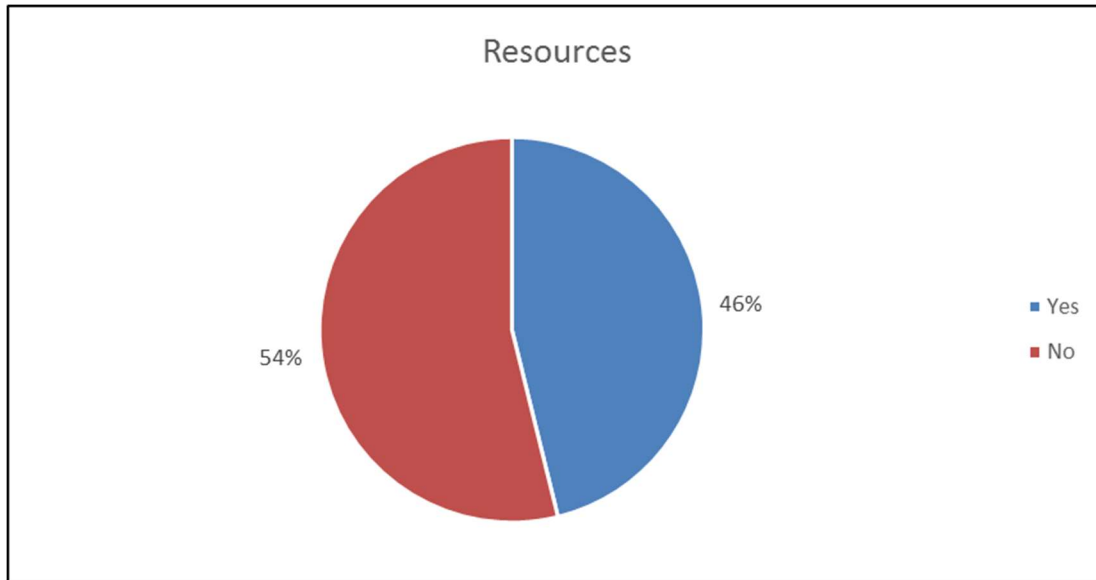


Figure 22. Participants with resources.

The word *resources* is subjective, so each participant response was listened to carefully in order to understand what he/she considered a resource. For the few participants who seemed confused by this question, the researcher offered the following statement. "I am interested in capturing your definition of what 'resources' means in relationship to managing change, and whether you believe you had access to those resources." Some of the definitions of what the word *resources* meant to the participants are listed subsequently. These resource definitions came from the participants that said they did have access to the necessary resources and also from the participants who said they did not (see Figure 23).

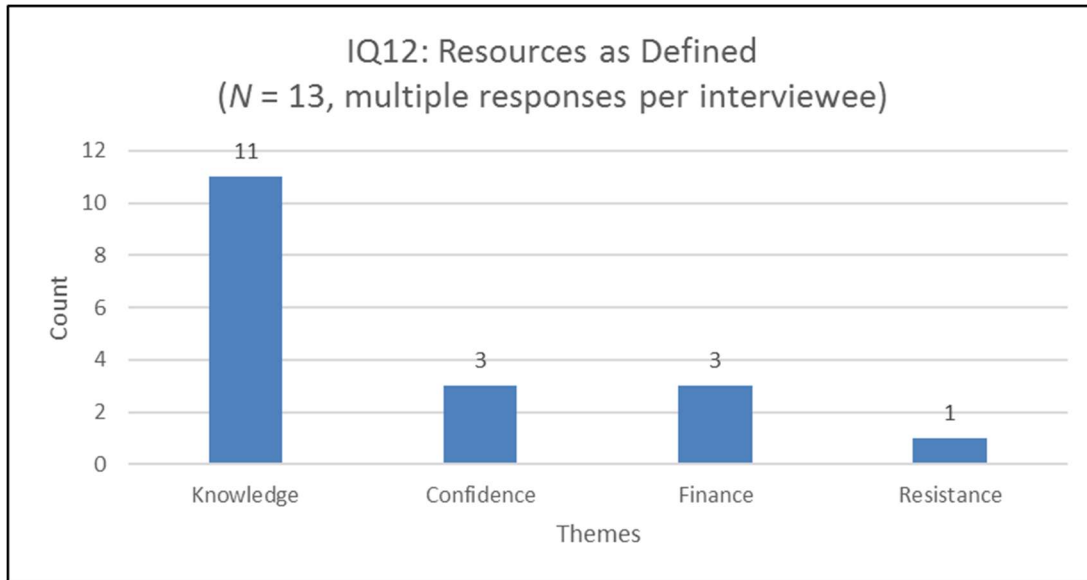


Figure 23. IQ12: Resources as defined.

Knowledge/experience. Participants mentioned knowledge/experience 11 times. Three of the participants said that the necessary resources were not always recognizable at times. For example, P4 said, “I believe I had access to the resources, but it’s hard to choose the ones that give you the most bang for your buck” (personal communication, March 17, 2016). He was referring to the fact that he did not know which resource would provide the most help and increase profits the most. P6 stated, “I have gotten better at finding quality resources. I believe they were always there but they weren’t easily recognizable” (personal communication, March 11, 2016). P6 later went on to explain that he had a software system that he did not fully know how to use. P13 spoke about how sporadic change is, noting that sometimes she found herself in the middle of it and didn’t know what was happening. She replied, “No . . . not always. I say that resources are people and what they bring to the table . . . and I haven’t always had that” (personal communication, March 21, 2016). P13 was referring to employees

that did not have the necessary skills to do certain tasks. P1 explained that she wished she knew more about what her customers want, stating, “I didn’t have market studies” (personal communication, March 18, 2016). P12 wished she knew how to find personality testing solutions for hiring employees. She believes that hiring employees with compatible personalities is the key to success.

Confidence. Confidence was mentioned three times in reference to resources that were needed to manage change. P5 stated, “I am my own resource. Yes . . . I had me . . . I got up and made it happen” (personal communication, March 12, 2016). P9 likened a small business to dairy farming and was confident when she said, “Just show up and milk the cows. . . . You need to not think of it as a burden” (personal communication, February 27, 2016)!

Finances. Three participants emphasized the importance of having access to capital. P3 explained how important having capital was when managing change. He was relaxed and comfortable when he shared that he had “always had the finances needed to run the business” (personal communication, March 17, 2016). P8 explained that economic conditions drive capital requirements, especially since he runs a seasonal business.

Resistance. Resistance to change was mentioned by one participant when she was asked about the availability of resources. P7 stated, “No. It’s a small town and non-progressive here . . . it is extremely difficult to make any change here due to external forces” (personal communication, March 1, 2016).

Research question 4 summary. The overall purpose of research question 4 was to gather recommendations for managing change from small business leaders. The participants were asked to share lessons they had learned over the years and give insight into what resources were needed to manage change. A few recurring themes emerged, with the importance of knowledge/experience accounting for 38% of the total recommendations. Resistance was the next suggestion and was mentioned 12% of the time. Having a clear strategy, emotional intelligence, and confidence as a leader were mentioned a combined 29% of the time, which left 21% split between empowering others, financial stability, effective communication, and happiness (see Figure 24).

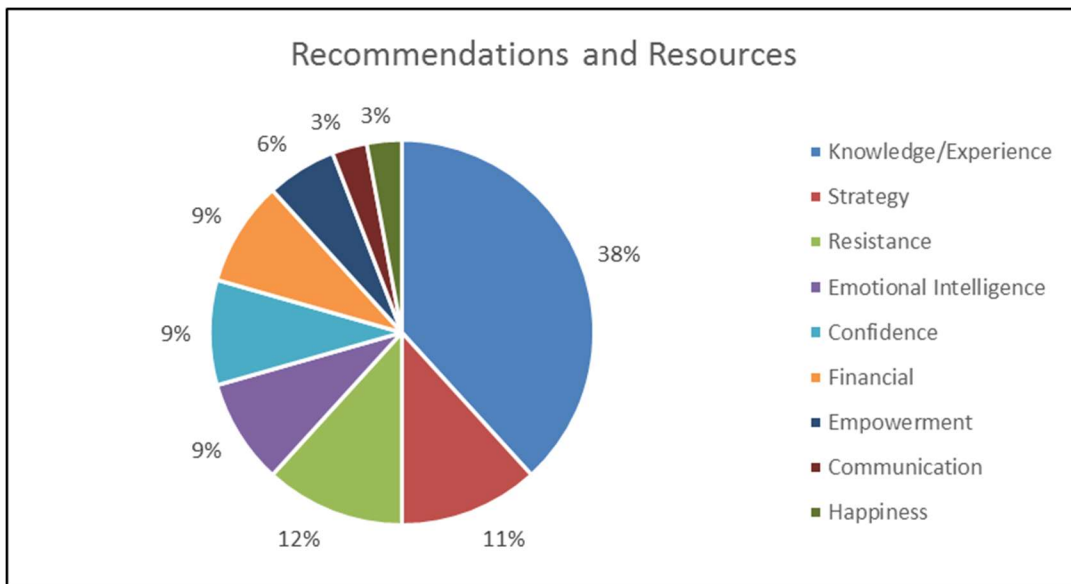


Figure 24. RQ4: Recommendations and resources.

Summary

Four research questions were created to help determine what challenges leaders of small businesses face in managing change, the strategies and practices that leaders

of small businesses employ in managing change, how small business owners measure success, and what recommendations they have for managing change. These questions were answered by asking the participants 12 interview questions. Thirteen themes emerged throughout the interviews including knowledge/experience, resistance, process, emotional intelligence, strategy, financial, communication, confidence, happiness, empowerment, conflict, human capacity building, and social responsibility.

Chapter 5: Conclusions and Recommendations

The challenges small businesses leaders face are different than those leaders of large companies face. These challenges lead to failure, according to many sources, including the SBA Office of Advocacy (2012). Chris Baskerville (2015) explained how small businesses struggle due to lack of capital, premature expansion, dependence on debt funding, poor strategic management, and operating without a business plan. Change is normal and happens regularly in business. Greiner's 1972 Model of Organizational Change and Development shows the stages of changes and the challenges leaders face associated with these changes, breaking down the organizational life cycle into six phases (Dann, 2013). It is important for small businesses to adapt to life cycle changes in order to thrive. However, the effects of change on small businesses are different from the effects of change on large companies, due to limited resources such as capital, time, and energy, as well as a different set of challenges. The majority of research about change management pertains to large corporations and not small businesses. These processes are not necessarily scalable to the size required by small businesses.

Summary of the Study

Accordingly, the purpose of this study was to determine the challenges that leaders of small businesses face in managing change, the strategies and practices employed by leaders of small businesses in managing change, and how the leaders of small businesses measure success in managing change. This study also determined

what advice leaders of small businesses suggest for managing change. As a result of this study, some common themes emerged.

Findings

This study sought to answer the following four research questions:

- RQ1. What challenges do leaders of small businesses face in managing change?
- RQ2. What strategies and practices do leaders of small businesses employ in managing change?
- RQ3. How do the leaders of small businesses measure success in managing change?
- RQ4. What recommendations would leaders of small businesses suggest for managing change?

The findings from this study answered the research questions and brought forth common themes that were supported by the literature. Figure 25 depicts the themes that emerged throughout the study and the frequency associated with each theme.

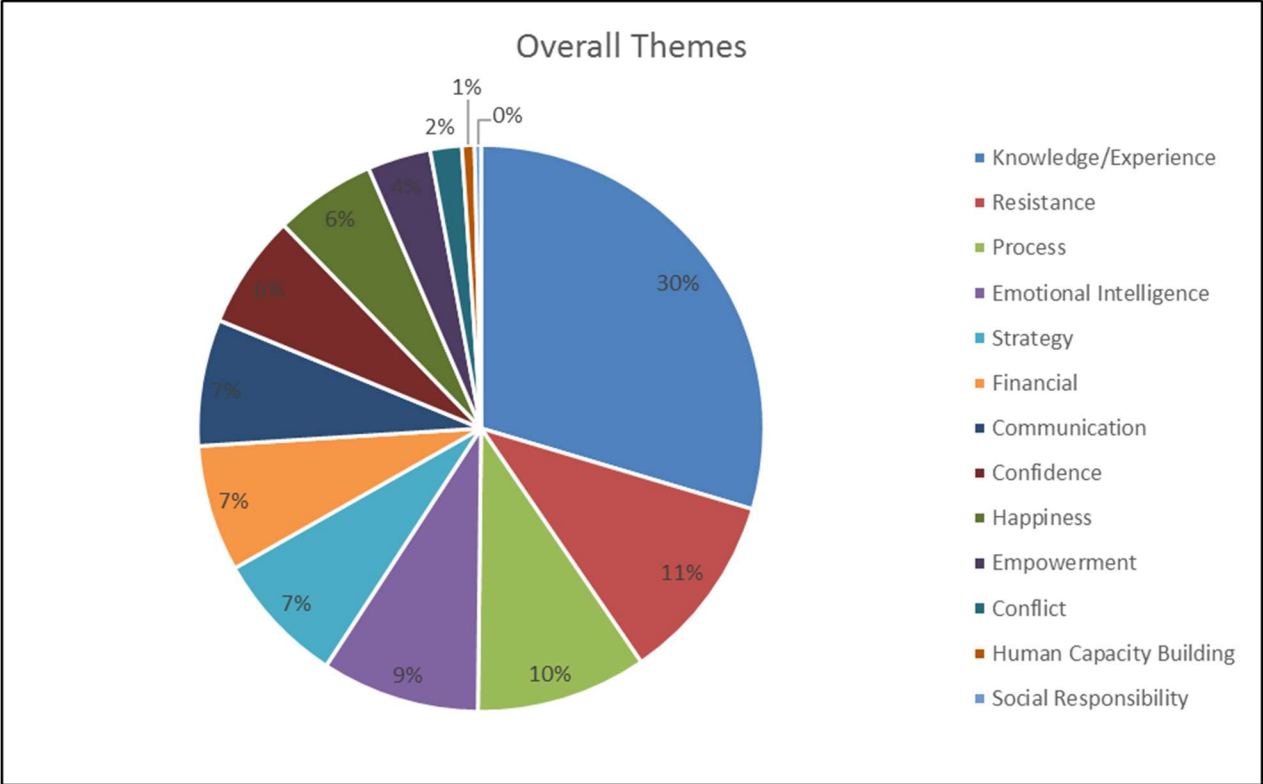


Figure 25. Overall themes.

Knowledge/experience. The terms *experience* and *knowledge* were combined together due to their interchanged use (by the participants) throughout the interviews. The reference to knowledge/experience totaled over one-quarter (30%) of all the participants' responses. Every one of the thirteen participants made mention of the fact that the absence of knowledge and/or experience was a challenge while managing change, as well as the fact that knowledge and/or experience was the key factor in managing change. According to Malcolm Knowles (1984), experience is a resource for the maturing learner. Almost all of the participants expressed the opinion that experience is more of a resource to working adults than formal knowledge is. In fact, a significant portion of the participants referred to the theme *knowledge/experience*

meaning experience alone, not formal knowledge. One important observation to mention was that 12 out of 13 participants had access to knowledge that was obtained via a formal degree, either from themselves, their partners, or their managers. The participant who did not have access to formal knowledge had the smallest business with no managers, only employees.

Resistance. Fear of the unknown causes employees to resist change (Adenle, 2011), which is a compelling reason for leaders to communicate the change process and vision to the employees. P12 believes that her communication processes help to reduce some resistance during change initiatives. People influence others and learning how to reduce resistance while implementing change within the organizational realm is a priority of study for social psychologists (Robbins & Judge, 2003). Reduction of resistance is a dominant concern for all of the participants, and many lack the knowledge of how to do so. As P9 noted, “Getting buy-in from employees is a struggle” (personal communication, February 27, 2016). The fact that customers are resistant to change was mentioned by five participants.

Process. Process can be defined as “a systematic series of actions directed to some end” (“Process,” n.d., para 1). Young small businesses are dynamic; the innovation of products and processes appears to create tremendous economic benefit (Haltiwanger et al., 2010). When asked about formal change management processes, the majority of the participants shared that they did not have any such process. The two main reasons for this lack of process were a lack of knowledge to implement such a

process and a belief that such a process was unnecessary. The participants that felt that formal processes were unnecessary provided the following reasons:

- low turn-over of employees
- the desire to be spontaneous
- The belief that different changes need different approaches and a just-in-time process was more effective.

Emotional intelligence. Goleman et al. (2002) defined the basic components of emotional intelligence as self-awareness, self-regulation, internal motivation, and empathy. A lack of emotional intelligence creates a challenge for some leaders. Pacesetting leaders regularly expect impossibly high standards of performance from individuals that are already highly motivated and competent. P10 spoke about his pacesetting style of leadership and expressed challenges dealing with his employees during change initiatives, including impatience and aggression. P3 and P12 both shared stories about the use of emotional intelligence while managing change and attributed their low turnover rates to this type of leadership.

Strategy. Developing a strategy for accomplishing a vision is necessary (Kotter, 2008). A visionary/authoritative leader moves individuals toward a vision and is effective when a new direction is needed. However, this type of leader does not help pave the path for individual followers who are willing and capable but need a strategy (Goleman et al., 2002). P9 explained the challenges of not having a strategy while initiating change in her company, stating, "It's hard to get buy-in at times, and I am a visionary leader. I want to bring the idea to the table and have the team figure out how to make it

work” (personal communication, February 27, 2016). There were 21 mentions of strategy or the lack thereof. The participants used strategies to overcome leadership weaknesses like delegating authority and also for managing finances in times where economy shifts made managing change in their companies challenging. Schmieder-Ramirez and Mallette (2007) explained the benefits of looking at six drivers (social, political, economic, legal, intercultural, and technology) for an in-depth perspective on what is truly occurring within an organization. This information can help to craft and implement a successful change strategy.

Financial. Financial concerns were a common theme among the interview responses. Participants expressed challenges with managing change due to financial concerns in connection with economic conditions. The SPELIT Power Matrix speaks about this theme and suggests that the economic climate needs to be assessed before initiating change. Economic conditions affect organizational operations and outcomes (Schmieder-Ramirez & Mallette, 2007). P3 reflected upon a time during the economic downturn where the financial wellbeing of her company was threatened by changes that needed to be implemented.

Communication. The theme of communication or lack thereof made up 20% of the total the participant responses. Many times resistance and lack of communication showed up simultaneously. Bad communication is a reason why employees resist change. Employees need to understand the change process, why it is needed, and how success will be measured (Adenle, 2011). The general consensus among the participants was that communication helped the change management process.

However, P4, who appeared to have the most detailed communication process for change of all of the participants, still faced resistance with certain initiated changes. He proposed that the reason for this conscious and knowledgeable resistance was due to a difference in values between employer and employee, not a lack of communication. Another idea behind resistance, according to the literature, is cognitive dissonance. Festinger (1957) explained how problems arise when the benefit of changing the behavior is less attractive than the benefit of not doing so. According to Clark (2008), leaders should not approach the change process with a project management approach, ignoring the human side of the equation. Instead, leaders need to address communication factors successfully.

Confidence. Participants used many different terms to describe confidence. In fact, participants mentioned words that conveyed the importance of confidence for the small business owner managing change 15 times throughout the interviews. Staples, the office supply company, did a survey of small business owners and found that 40% of all business owners desired more business management skills but went into business for themselves without it due to confidence. The interesting part of the study was that 94% of those surveyed expressed confidence in managing their finances though only 55% could understand basic accounting principles (Strauss, n.d.). The study went on to describe small business owners as “self-assured and pretty darned optimistic” (Strauss, n.d., para. 3).

Happiness. Employee and customer happiness was an important theme shared by all of the participants in one way or another. Participants tied happiness to changes

going smoothly as well as profitability. “You just know when your stores are happy and your employees are content” (P4, personal communication, March 17, 2016). Two participants made reference to being unhappy due to the fact that managing change in their businesses demanded too much time away from their children. Distraction, disengagement, mistakes, dissatisfaction, frustration, increased medical expenses, and absenteeism of employees are all direct results of dwindling wellbeing (Schwartz & McCarthy, 2007).

Empowerment. Empowering employees is helpful for the entire company. Not only do employees develop a sense of self-worth, but also, through delegation, managers are able to free up their time for other administrative and strategic business (Kotter, 2008). Moltz (2015) suggested, “Don’t try to do everything. Understand what tasks require your specific skills and delegate, hire, or outsource the rest. Improving your productivity means utilizing freelancers or companies while allowing them to take full responsibility for the completion of tasks” (para. 9). Harmony and balance were two benefits that the participants reported came from empowering their managers and employees. Lack of delegation and a need to control everything almost put P7 out of business. When she realized that she did not need to do everything herself, she explained that managing change became easier.

Conflict. Conflicts of interest need to be taken into consideration while managing change in organizations. Biases can demotivate individuals (Robbins & Judge, 2003). Greiner (1998) also mentioned that, during the leadership crisis period, founders need to balance managing the business and navigating through emerging conflicts. Conflicts,

including conflicts of interest, were mentioned five times by various participants. In many instances, participants spoke about a fine line between friendship with employees and making hard decisions. Three participants eventually made the decision to create clear boundaries in order to avoid these conflicts of interest and create an environment where management of change could flourish.

Human capacity building and social responsibility. These two themes have been combined due to their nominal presence in this study. However, they could actually be considered part of the knowledge/experience theme, as they are both forms of knowledge sharing for the greater good. When analyzed closely, many participants engaged in mentorship-type or learning-centered knowledge sharing. Fraizer (2011, 2014) described human capacity building as a learning-centered mentorship established to promote environments of performance maximization. She also noted that emotional intelligence combined with learning-centered techniques takes learning to another level. The appearance of human capacity building in this study extends the previous research on the subject. When leaders invest their efforts and resources like P5 and P13, to “make kings” (P5, personal communication, March 12, 2016) and to “create change in order to positively affect the society” (P13, personal communication, March 21, 2016), they are consciously making improvements for future generations.

Implications of the Study

Economic growth is affected by entrepreneurial activity (Audretsch et al., 2006). The SBA Office of Advocacy (2012) reports a failure rate of 75% within the first 5 years of inception for small businesses due to lack of experience, and Clark (2008) explained

that 70% of all organizational change initiatives fail. Since business failure has a profound effect on the economy, and a leader's abilities to manage change properly may reduce business failure (Greiner, 1998), it stands to reason that increased knowledge may directly improve the economic climate. Therefore, the results of this study are imperative to small business leaders and should assist them with the creation of successful change management processes within their companies. This study contributes to the body of literature by not only providing valuable insight from small business leaders but also revealing the benefits of human capacity building opportunities within small business settings. Additionally, interview methodology may be influenced by the observations made during this study.

Implications for the existing literature. The findings from this study with regard to small business challenges, in general, concur with the literature, although the literature does not specifically relate the challenges to the management of change. Resistance to change is mentioned many times in the literature but does not necessarily relate to any specific business size so it is impossible to determine if the literature is referring to small businesses. This study will add valuable insight on the specific challenges that small business leaders face while initiating and managing change. There were no findings that disagreed with the literature, but many opportunities for further research.

Implications for the advancement of small business leadership. This study revealed that small business leaders should lead change with knowledge and experience. The participants expressed the necessity for specific knowledge and/or

experience while managing change including effective communication, empowerment, and the ability to diffuse resistance with compelling motivation. Knowing how to create standard processes, powerful strategies, and financial stability is also crucial for a change manager. Additionally, a leader with an understanding of emotional intelligence will manage change successfully and create an environment of happiness, confidence, social responsibility, and human capacity building.

Implications for the advancement for human capacity building. Human capacity building is an effective tool for leaders of small businesses. Participants spoke about the importance of happy employees and explained that their happiness was present when trust and respect were free flowing. Environments that focus on mutual respect have a tendency to be empowering and build confidence. Leaders that want to manage change need confident and empowered employees that are happy to work for them because happy employees are less resistant to change. The literature and a few participants agreed with the fact that employees are happiest when they are knowledgeable and have the tools necessary to do their jobs productively. Leaders will benefit from investing time and resources to human capacity building within their companies.

Implications for the advancement in training opportunities and support. Training for leaders, their managers, and employees will prove to benefit changing small businesses based on the findings of this study. The participants did not all agree on the fact that formal education was necessary, but did all agree that experience and industry specific training was necessary while managing change in their companies. Leaders

managing change should acquire training for effective communication, emotional intelligence, corporate finance/accounting, strategy development, conflict resolution, and motivational techniques. This training will help them to be effective change managers. Additionally, training programs for their managers should be developed focusing on empowerment, conflict resolution, process creation and implementation, and effective communication. With this training, an environment of effective and positive change will be easy to create and manage.

Recommendations for Future Research

The focus of this study was on leaders of small businesses in specific industries within a designated geographic area and was by no means exhaustive on the management of change. There were limitations of this study were set in order to analyze a specific sample of the entire population of small business owners. The study did, however, identify future areas for research.

Research on the meaning of knowledge. A study to determine what knowledge and experience actually mean to the small business leader would be helpful. The participants used the two terms interchangeably throughout the interviews, indicating that there may be some confusion among small business owners as to whether or not a difference between exists the two terms. The difference between the two terms and how each of them specifically and individually influence change within small businesses would be beneficial for small business leaders creating change management strategies. A quantitative study may even be helpful, with cost-benefit

analyses and other types of statistical data collection, in order to measure the exact differences and influences of specific types of knowledge and experience.

Research on experience. A study on the length of time a small business has operated and the ability to manage change would also be beneficial, as the findings seemed to point in the direction that leaders of older small businesses handled management of change differently when comparing the participants' responses with each other. For instance, P3, P9, and P12 are all leaders of small businesses that have been in existence for a minimum of 25 years; they all spoke about low turnover. This is compared to P11, P4, and P6, who are all leaders of fairly new businesses and have expressed difficulty keeping employees. This could be due to owners' experience in the industries within which they operate, or related to more experience managing change in general.

Research on gender. A study in the differences of small business owners based on gender and their abilities to manage change would offer valuable information for future entrepreneurs. As stated previously, the researcher did not expect to encounter issues with gender in this study and was surprised when references to gender surfaced among female participants. The question of whether or not females experience the phenomenon of change management differently than males do was not previously considered. P1, P7, and P9 shared feelings in the interviews that validate a need to explore this notion further.

Research on business size. Studies conducted on different sizes of small businesses would be helpful to further the knowledge of change management in small

businesses. The size of the small business seemed to alter how management of change was handled, according to the cross-referencing of the participants' responses. The participants of larger businesses specified that more delegation was necessary as their businesses grew. P4 mentioned that he did all the hiring and firing when he first started his business. He explained that his business has grown to the point that he sometimes does not even meet employees that are hired and fired within six months. This need for extra delegation could potentially mean that the size of the business influences the management of change and the resources that are necessary to maneuver the challenges associated therewith.

Research on small business failure. Studies show that with job creation comes job destruction when observing U.S. small business ventures and their short life spans (Haltiwanger et al., 2010). More studies conducted on small businesses that have failed may help to determine if specific drivers exist in relation to change management or the lack thereof and success of the small business. The interviews were conducted with participants who were successful, but looking at those that have failed may give a different picture regarding the lack of resources and/or different challenges faced.

Research on geographic location. Studies in other geographic areas should be conducted to see what effect different economies have on the management of change for the small business owner. Many of the participants spoke about financial resources and some referred to the economy when sharing struggles related to change. Being able to measure the effects of different economic climates may help small business owners consider different locations when planning to expand.

Research on nonprofits. Studies on nonprofit small businesses should be conducted to determine if a difference exists while managing change in nonprofit companies as compared to for-profit companies. Nonprofit organizations do not have the same tax implications as for-profit companies. These implications may affect overall operating capital and have an effect on managing change.

Case study research. Managers' perceptions and beliefs are different than owners' and customer's perceptions. Case studies should be conducted on the management of change within small businesses from multiple stakeholders' views. The fact that different stakeholders possess contrasting opinions and needs creates the necessity to observe and analyze those differences in search of appropriate change management solutions.

Research on legal status. A leader can gain insight into political drivers of change by assessing the types of power and dichotomy of power (Schmieder-Ramirez & Mallette, 2007). Studies on different types of companies based on legal status should be conducted to determine whether or not a difference exists with respect to how each type manages change within their companies. Do partnerships create different challenges than C-suite companies and sole proprietorships?

Replication of this study

This study may be replicated in a number of settings, such as different geographical locations, different industries, or different business sizes. If such effort is undertaken, the following recommendations should be considered:

Interview methodology. This study may advance research interview methodology. Interviewing small business leaders was challenging and time as a resource was mentioned by not only many of the participants but also those candidates that chose not to participate in this study. As stated previously, many small business owners, unaware of the potential future benefits to them, were unable or unwilling to be part of this study due to lack of time. Small business owners do not want to be bothered with unwanted solicitation such as emails and random phone calls; common acquaintances and/or referrals can help reduce resistance to engage in quests for knowledge. This concept of use of personal referrals for gaining access is suggested. “Wise entrepreneurs seek referrals, and encourage acquaintances to inform their friends and families about their services. In doing so, they gain access to more potential customers who may be predisposed to purchase their services” (Martin, n.d., para. 3).

Interview sensitivity. The use of interview questions that promote yes and no answers and/or unclear intent lead to ambiguous answers that can steer research off course. Additionally, the use of interview questions that create an uncomfortable environment should be carefully considered and worded appropriately. The intent was to create interview questions to avoid such ambiguity and promote an amiable environment. However, in hindsight, this was not accomplished successfully. Two interview questions should have been reworded slightly to reduce this ambiguity, and to attempt to create a more pleasant environment.

- Interview question 6 asked, do you have a degree in management or leadership?

- Interview question 7 asked, do your managers have degrees or training in management or leadership?

Both of these questions created some degree of confusion and frustration. The intent of interview question 6 was to find out what specific types of degrees the participants possessed and whether or not the degrees helped with the management of change, not just if the participants possessed a degree. The fact that the mere mention of formal education would be uncomfortable for most of the participants was also not anticipated when designing the interview questions. Rewording this question in the following fashion, preceding it with one question, and following it with another question, may have helped reduce confusion and frustration. The questions could have been asked in this order:

- What relevance, if any, do you believe formal education has on the ability to manage change in general for the small business owner?
- What type of degree do you have, if any, that helps you manage change in your business?
- What type of training, if any, do you possess that helps you manage change in your business?

The intent of interview question 7 was to find out what specific types of degrees and/or training the participants' managers possessed, and whether or not the degrees helped with the management of change—not just if the participants possessed a degree. Rewording this question in the following fashion, preceding it with one question,

and following it with another question, may have helped reduce confusion and frustration. The questions could have been presented in this order:

- What relevance, if any, do you believe the formal education of small business owners' managers has on the ability to manage change in general for the small business owner?
- What types of degrees do your managers have, if any, that help with management of change in your business?
- What types of training, if any, do your managers possess that help with management of change in your business?

Careful consideration when studying small business owners is suggested when wording interview questions in order to achieve the needed cooperation/participation and intended results for the study being conducted.

Final Thoughts

The most frequently mentioned theme presented by this study was the importance of knowledge/experience for management of change in small businesses. Although the participants did not arrive at a consensus regarding a definition of knowledge and/or the proper way to obtain such knowledge, all of them agreed that knowledge/experience was a necessary resource. As mentioned previously, the definition of knowledge is "information, understanding, or a skill that one gets from experience or education" ("Knowledge," n.d., para. 1). Experience is "skill or knowledge that one gets by doing something" ("Experience," n.d., para. 1). Knowledge/experience

can be acquired by apprenticeships, training programs, formal education, human capacity building, communities of practice, and so forth.

Analysis of the participants' overall responses revealed that most of the challenges (themes) were intertwined, connected either directly or indirectly to each other and could be overcome by acquiring knowledge/experience. One of these challenges mentioned by the participants is communication. Many resources exist to assist those who have trouble communicating, including books, seminars, support groups, and formal education, to name a few. Another challenge is emotional intelligence. Many resources also exist to explain how an understanding of emotional intelligence and the application of such is a helpful tool for effective communication. Goleman et al. (2002) described six different leadership styles for situational leaders, all of which can be effective when used at the appropriate time. He also explained the importance of emotional intelligence for these leaders. Resistance to change (Adenle, 2011) is due to the fear of the unknown, which can be overcome by proper communication and emotional intelligence. Strategy and process issues, conflicts, and financial ambiguity are challenges that can be overcome with training. Mentorship-type or learning-centered knowledge sharing (Fraizer, 2014) can build confidence, create happiness, and empower people. In summary, knowledge/experience is the key to managing change successfully for the small business leader. Successful change management plans will include knowledge acquisition in one form or another.

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APPENDIX A

Informed Consent

PEPPERDINE UNIVERSITY

Graduate School of Education and Psychology

INFORMED CONSENT FOR PARTICIPATION IN RESEARCH ACTIVITIES
--

CHANGE MANAGEMENT FOR SMALL BUSINESS LEADERS

You are invited to participate in a research study conducted by Lora Higdon, a doctoral candidate in the Organizational Leadership program at Pepperdine University. You have been carefully selected because of your exemplary practices and contributions to your field. Your participation is voluntary. You should read the information below, and ask questions about anything that you do not understand before deciding whether to participate. Please take as much time as you need to read the consent form. You may also decide to discuss participation with your family or friends. If you decide to participate, you will be asked to sign this form. You will also be given a copy of this form for your records.

PURPOSE OF THE STUDY

The purpose of the study is to study your leadership characteristics, beliefs, and practices as well as your views regarding the participation of under-represented groups in leadership roles.

STUDY PROCEDURES

If you volunteer to participate in this study, you will be asked to participate in an approximately 45-minute interview.

The following interview protocol will be used:

Characteristics of Influential Leaders **Interview Protocol**

Icebreaker: What were the circumstances that led to you going into business for yourself?

1. Have any personal leadership weaknesses created challenges while managing change in your company?
2. How did you overcome these weaknesses?
3. What challenges have you faced while initiating a change company-wide?

4. How do your employees react to change initiatives?
5. Do you have a formal change management process? Please explain.
6. Do you have a degree in leadership or management?
7. Do your managers have degrees or have they been part of a leadership/management training program?
8. What personal leadership strengths helped with managing change in your company?
9. How do you define the success of a managed change initiative?
10. How is this success measured?
11. What lessons have you learned while managing a change in your company?
12. Do you feel you have had the necessary resources to manage change?

POTENTIAL RISKS AND DISCOMFORTS

There are minimal risks to the participants, including risks that a person may normally encounter in daily life activities. Some of these activities include boredom, fatigue, and/or an uncomfortable feeling/confusion with certain questions.

POTENTIAL BENEFITS TO PARTICIPANTS AND/OR TO SOCIETY

While there are no direct benefits to the study participants, there are several anticipated benefits to society which include:

1. The compilation of results of the study will be beneficial to the learning and practitioner communities at large.
2. Findings of the study will shed light and inform scholars and practitioners on the inclusion of under-represented groups in leadership positions.

In addition, upon your request, a completed copy of this study will be provided to you.

CONFIDENTIALITY

I will keep your records for this study confidential. However, if I am required to do so by law, I may be required to disclose information collected about you. Examples of the types of issues that would require me to break confidentiality are if you tell me about instances of child abuse and elder abuse. Pepperdine's University's Human Subjects Protection Program (HSPP) may also access the data collected. The HSPP occasionally reviews and monitors research studies to protect the rights and welfare of research subjects.

The data will be stored on a password-protected computer in my office and my place of residence. Recordings will be destroyed after final coding (removal of all identifying names or indicators) of data. Data will be coded for confidentiality/privacy, removing all identifiers associating the participants with his/her statements and replacing them with numbers, i.e., participant #1, participant #2, participant #3, and so on. Transcription of

audio recordings will be done by me alone. Peer and expert reviews of data will be conducted only after all identifiers have been removed. The coded data will be stored for up to three years, after which it will be permanently destroyed.

PARTICIPATION AND WITHDRAWAL

Your participation is voluntary. Your refusal to participate will involve no penalty or loss of benefits to which you are otherwise entitled. You may withdraw your consent at any time and discontinue participation without penalty. You are not waiving any legal claims, rights or remedies because of your participation in this research study.

ALTERNATIVES TO FULL PARTICIPATION

The alternative to participation in the study is not participating or completing only the items which you feel comfortable. Should you chose this alternative, your relationship with your employer will not be affected whether you participate or not in this study.

EMERGENCY CARE AND COMPENSATION FOR INJURY

(For greater than minimal risk studies, include the “Emergency Care and Compensation” section which provides evening/emergency phone numbers.)

If you are injured as a direct result of research procedures you will receive medical treatment; however, you or your insurance will be responsible for the cost. Pepperdine University does not provide any monetary compensation for injury

INVESTIGATOR’S CONTACT INFORMATION

I understand that the investigator is willing to answer any inquiries I may have concerning the research herein described. I understand that I may contact Dr. Farzin Madjidi at fmadjidi@pepperdine.edu if I have any other questions or concerns about this research. If you have questions about your rights as a research participant, contact Dr. Judy Ho, Chairperson of the Graduate & Professional School Institutional Review Board (GPS IRB) at Pepperdine University, via email at gpsirb@pepperdine.edu or at 310-568-5753.

RIGHTS OF RESEARCH PARTICIPANT—IRB CONTACT INFORMATION

If you have questions, concerns or complaints about your rights as a research participant or this research in general, please contact Dr. Judy Ho, Chairperson of the Graduate & Professional School Institutional Review Board at Pepperdine University 6100 Center Drive Suite 500 Los Angeles, CA 90045, 310-568-5753 or gpsirb@pepperdine.edu.

APPENDIX B

Recruitment Script

Hello. My name is Lora Higdon. I am a doctoral student in the Organizational Leadership doctoral program at Pepperdine University's Graduate School of Education and Psychology. As part of fulfilling my degree requirements, my group and I are conducting a study on characteristics, styles, and strategies of influential leaders of small businesses.

I came across your name through _____. You (_____)

have been carefully selected to participate in my study. Participation in the study is voluntary and confidentiality will be maintained throughout the study. Participation entails a no longer than 60 minutes' interview. Questions asked in the interview and an informed consent form will be sent to you in advance of the interview. Your participation in this study will be extremely valuable to new and aspiring entrepreneurs, current leaders of small businesses as well as other scholars and practitioners in the field.

I would like to ask if you would be willing to be interviewed as part of this study.

APPENDIX C

Pre-screen Script

Hello. My name is Lora Higdon. I am a doctoral student in the Organizational Leadership doctoral program at Pepperdine University's Graduate School of Education and Psychology. As part of fulfilling my degree requirements, my group and I are conducting a study on characteristics, styles, and strategies of influential leaders of Small Businesses.

I came across your name through the Chamber of Commerce. Do you have a couple minutes to answer a few questions?

1. Is your company a privately held American-owned company?
2. Do you employ at least five W-2 employees?
3. Did your company start off as an owner/operator company?
4. Is your business at least five years old?

Thank you so much for your time. I will review all of the information and may contact you to participate in this study within the next couple months.

APPENDIX D

IRB Approval



Pepperdine University
24255 Pacific Coast Highway
Malibu, CA 90263
TEL: 310-506-4000

NOTICE OF APPROVAL FOR HUMAN RESEARCH

Date: February 12, 2016

Protocol Investigator Name: Lora Higdon

Protocol #: 16-01-164

Project Title: CHANGE MANAGEMENT FOR SMALL BUSINESS LEADERS

School: Graduate School of Education and Psychology

Dear Lora Higdon:

Thank you for submitting your application for exempt review to Pepperdine University's Institutional Review Board (IRB). We appreciate the work you have done on your 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 46.101 that govern the protections of human subjects.

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 an amendment to the IRB. Since 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 IRB.

A goal of the IRB is to prevent negative occurrences during any research study. However, despite the 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 IRB as soon as possible. We will ask for a complete written explanation of the event and your written 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 IRB and documenting the adverse event can be found in the *Pepperdine University Protection of Human Participants in Research: Policies and Procedures Manual* at community.pepperdine.edu/irb.

Please refer to the protocol number denoted above in all communication or correspondence related to your application and this approval. Should you have additional questions or require clarification of the contents of this letter, please contact the IRB Office. On behalf of the IRB, I wish you success in this scholarly pursuit.

Sincerely,

Judy Ho, Ph.D., IRB Chairperson

cc: Dr. Lee Kats, Vice Provost for Research and Strategic Initiatives