

2018

# Entrepreneurship Growth During a Recessionary Period

Ralph Ndubuisi Igwedibie  
*Walden University*

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# Walden University

College of Management and Technology

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Ralph Igwedibie

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Walden University  
2018

Abstract

Entrepreneurship Growth During a Recessionary Period

by

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MPA, Jackson State University, 1985

BSB, Southern University, 1983

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

January 2018

## Abstract

Small business entrepreneurs in the United States often struggled or went out of business during the recession of 2007-2009. The purpose of this phenomenological study was to explore the strategies entrepreneurs needed to grow their businesses during a recessionary period. The conceptual framework for the study was effectuation theory. The population consisted of small business entrepreneurs whose businesses survived the recession of 2007-2009 in Atlanta, Georgia. Data were gathered through semistructured interviews with 20 participants. Data organization and thematic analysis involved coding interview data and using software to categorize themes and subthemes. Major themes that emerged from the study included specification of characteristics of entrepreneurs, approaches to customer acquisition and retention, and decision making strategies. The findings might contribute to social change by adding to entrepreneurship literature and potentially leading to the development of resilient and adaptive entrepreneurs. Small business entrepreneurs who can sustain profitability during economic downturns benefit the community by providing jobs.

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## Dedication

I dedicate this doctoral study to my children, Ifeatu (Ifee), Nneoma (Nne), and Kosisochukwu (Kosie). This is for you to rise to become the best you are already. Thank you for supporting me throughout the long and rigorous journey of this doctoral study. Ifeatu, thank you, especially, for your patience with me in the libraries and in my office. I dedicate this study to late Professor Ike Nwosu, my friend, mentor, and former Head of Business Department, University of Nigeria Nsukka. You initiated and drilled into my head the idea of a doctoral pursuit, when I seemed satisfied with professional licenses and memberships. Thank you Prof. Nwosu. It pains me most that you are not here to witness the realization of this project. Also, I dedicate this doctoral study to my late father, Sir Raphael Nwude Igwedibie, J.P. and my mentor, who single handedly rose to a rare height at the time as Oxford-Cambridge graduate with honors. Papa, you taught me that all things were possible with hard work, constancy, recency, and God's grace, and to be courageous. I also dedicate this doctoral study to my mother, Grace Nonyelum Igwedibie, an indomitable and one of the hardest working and brightest women in my life. Thank you mama for imbibing in me your idea of hard work, resilience, persistence, and for praying always for your children and grandchildren. I remember that you encouraged me to emulate my father's unmatched industry in pursuit of his goals. Lastly, I dedicate this doctoral study to my brothers and sisters for your prayers, dedication to the causes of our family, support, and assistance in making this doctoral study a reality.

## Acknowledgments

All of a man's abilities are by the grace of God including the achievement of this apex doctoral feat. Thank you, God, for always watching over me in the walk through this thorny life and the doctoral study. My special thanks to Dr. Bill Stokes, CFP, my dissertation Chair, whom my relationship with has grown over time as a mentor, motivator, and an invaluable friend. Without your guidance, encouragement, and timely feedbacks, I might not be here. I am grateful also to Dr. Roger Mayer, CPA, CIA, CRMA, whose eyes on detail provided additional supporting reviews and feedback. Thank you also Dr. Susan Fan, Dr. Yvette Ghormley, Dr. Gergana Velkova, and Dr. Steven Munkeby for your lectures, feedbacks, personalized advice you had offered to make this doctoral study conclude and become a reality. Without your guidance I could not have possibly be here today. I am also grateful to Dr. Freda Turner, the program Director, whose tenacity and often uneasy decisions speak volumes about her professionalism.

I recognize my lifetime friends, Patrick Ejike, Osita Abana, and Humphrey Mbadugha for understanding my absences from the men's club events. I recognize other friends, faculty members, and relatives whom I have not specifically listed in this acknowledgment, you know who you are.

## Table of Contents

List of Tables .....	v
List of Figures .....	vi
Section 1: Foundation of the Study.....	1
Background of the Problem .....	1
Problem Statement .....	2
Purpose Statement.....	3
Nature of the Study .....	3
Research Question .....	5
Interview Questions .....	5
Conceptual Framework.....	5
Operational Definitions.....	6
Assumptions, Limitations, and Delimitations.....	7
Assumptions.....	7
Limitations .....	8
Delimitations.....	9
Significance of the Study .....	9



Contribution to Business Practice.....	10
Implications for Social Change.....	10
A Review of the Professional and Academic Literature.....	11
Effectuation Theory .....	13
Causation and Effectuation Operationalization .....	21
Effectuation and New Ventures Performance.....	25
Characteristics and Skills of Successful Entrepreneurs .....	28
Entrepreneurial Orientation and New Ventures Performance .....	34
Contextual Factors and New Ventures Performance .....	35
Entrepreneurial Growth in Recessionary Time.....	37
Opportunity Creation and Uncertainties in Entrepreneurship Actions .....	40
Transition and Summary.....	45
Section 2: The Project.....	48
Purpose Statement.....	48
Role of the Researcher .....	49
Participants.....	52
Research Method and Design .....	54

Research Method .....	54
Research Design.....	57
Population and Sampling .....	60
Ethical Research.....	62
Data Collection .....	65
Data Collection Instruments .....	65
Data Collection Technique .....	69
Data Organization .....	72
Data Analysis Technique .....	73
Reliability & Validity .....	76
Reliability.....	77
Validity .....	79
Transition and Summary.....	83
Section 3: Application to Professional Practice and Implications for Change .....	85
Introduction.....	85
Presentation of the Findings.....	86
Theme 1- Characteristics of Entrepreneurs.....	87

Theme 2 - Customers Acquisition and Retention .....	96
Theme 3 - Decision Making .....	101
Theme 4 - Business Growth and Improvement .....	107
Theme 5 - Strategic Alliance .....	111
Theme 6 – Entrepreneurship Performance .....	114
Applications to Professional Practice .....	117
Implications for Social Change.....	119
Recommendations for Action .....	120
Recommendations for Further Research.....	122
Reflections .....	124
Conclusion .....	125
References.....	127
Appendix A: Interview Protocol.....	162
Appendix B: Initial Contact Letter .....	163
Appendix C: Interview Questions.....	165

## List of Tables

Table 1. Sources by Year .....	13
Table 2. Characteristics of Entrepreneurs .....	88
Table 3. Frequency of Entrepreneurs Characteristics .....	90
Table 4. Thematic Analysis of Funding Decision .....	102
Table 5. Perceived Frequency of Decision Making .....	107
Table 6. Business Growth and Improvement .....	108
Table 7. Perceived Business Growth Distribution .....	111
Table 8. Role of Strategic Alliances .....	112
Table 9. Perceived Alliance Distribution .....	114
Table 10. Entrepreneurship Performance .....	115
Table 11. Perceived Alliance Distribution .....	117

## List of Figures

Figure 1. Cluster analysis of the participants' views on customer acquisition and retention .....	97
Figure 2. Cluster analysis of views of participants about making decisions .....	106
Figure 3. Cluster analysis of major views of participants about business growth and improvement .....	109
Figure 4. Word Cluster analysis of major views of participants on strategic alliances ..	113
Figure 5. Word Cluster of major views of participants about entrepreneurship performance .....	116

## Section 1: Foundation of the Study

The credit for job creation in the United States usually goes to young small businesses concerns (SBC) and their leaders (Litwin & Phan, 2013). Policymakers, researchers, and practitioners consider entrepreneurs to be the best innovators and job creators (Mayer-Haug, Read, Brinckmann, Dew, & Grichnik, 2013). However, the recession of 2007-2009 marked a period of high uncertainty, which compelled many leaders of SBCs to delay innovation decisions and cancel investment plans (Anderson & Jinhai Li, 2014). Anderson and Jinhai Li noted that innovation from existing or new knowledge was critical to creating new markets and developing new products. The slowed growth of the SBCs contributed to the stagnation of the economy and poor job creation in the United States during the recession.

### **Background of the Problem**

Entrepreneurs play critical roles in the growth of the U.S. economy; about 99.7% own SBCs with employees (Small Business Administration, 2014). The Small Business Administration (SBA) has defined an SBC as a for-profit organization with 500 or fewer employees for most manufacturing industries, and \$7.5 million or less in average annual receipts for most non-manufacturing industries. Despite U.S. government support, the SBCs struggled during the recession (Hathaway & Litan, 2014; Wright, 2014). According to the SBA, the SBCs that had no employees increased while those that had employees decreased since 2000. The reason, according to the SBA, was the former were easy to form, and often were not the primary occupation of their owners. Survival of SBCs was slowest during their early and young ages (Lechner & Gudmundsson, 2014).

The slow growth of SBCs was due to weak demand for their goods and services (Fairlie, 2013). Financial institutions that did not lend to SBCs, contributed to the decline of entrepreneurship growth (Litwin & Phan, 2013). Between 1993 and mid-2013, the SBCs accounted for 63% of net new jobs; 60% occurred from June 2009 to 2013 (SBA, 2014). Additionally, SBA stated that the largest growth during this period occurred in the SBCs with 20-499 employees. To maintain a healthy economy, usually, SBCs start-up and grow by increasing revenues and creating jobs, as other SBCs discontinue, fail, or contract (Fairlie, 2013). Such entrepreneurship activities have contributed to the dynamic and successful U.S. economy (Bergman, 2014). The recession officially ended in 2009, but the economic indicators had not changed to the pre-recession values in 2011 (Breeitzman, 2013). Exploring experiences of entrepreneurs who survived the recession, or increased revenues, therefore, created or retained jobs that might help SBC owners to adapt and grow their businesses during future recessions. Next, I discuss the problem and importance of the study.

### **Problem Statement**

SBCs credited with creating new jobs and economic prosperity, struggled to succeed during the recession of 2007-2009, when many small businesses were shrinking or dying, although the government dedicated significant resources to assist SBCs generally (Hathaway & Litan, 2014). The effect was high an unemployment rate from 5% in December 2007 to 10% in October 2009 when SBCs had reduced force (Byun, Henderson, Toossi, 2015). A healthy economy occurs when there is a balance between entry, exit, and growth of SBCs and unemployment is low (SBA, 2014). The general

business problem is that entrepreneurs had difficulty growing their SBCs during the recession of 2007-2009. The specific business problem is that many SBC entrepreneurs in Atlanta metropolitan area lack strategies to grow their firms during a recessionary period.

### **Purpose Statement**

The purpose of this qualitative phenomenological study was to explore the lived experiences of SBC entrepreneurs who had strategies to grow their firms during a recessionary period. The population included SBC entrepreneurs in the service and sales industries in Atlanta metropolitan area of Georgia, which had from 1 to 99 employees and were 6 months to 5 years old by December 2007. The data from the study might contribute to social change by assisting practitioners and business schools in developing entrepreneurs to adapt and grow their firms during recessionary periods. Also, the study might reveal entrepreneurship orientations contributing to the resilience of SBCs during a recession.

### **Nature of the Study**

The method options for the research included qualitative, quantitative, and mixed methods. I used the qualitative method in this study. The qualitative method included semistructured interviews and taking notes to collect data (Parry, Mumford, Bower, & Watts, 2014). Also, the method was exploratory, interpretive, and descriptive using a detailed data collection and rigorous process to arrive at new knowledge (Ainley & Kline, 2014). The quantitative method involves related variables, numerals, and hypotheses to test objective theories using closed-ended instruments to collect data and statistical



methods to analyze them (Ingham-Broomfield, 2014). According to Suddaby, Bruton, and Si (2015), researchers who adopt quantitative method generalize and replicate findings. This study did not generalize the result to the population. A mixed method combines quantitative and qualitative methods in one research to improve the quality of the result (Arifin, 2016). Usually, researchers use the quantitative and qualitative methods as the primary and secondary research methods, respectively (Morse & Cheek, 2014). I used the qualitative method for the study because it involved social interactions with participants. Also, due to the diversity, context, and fragmentation in entrepreneurship domain, the qualitative method was most suited for this study (Rauch, Doorn, & Hulsink, 2014).

The design of the study was the phenomenology. With this design, I set aside judgment to understand participants' lived experiences, and to interpret the results without bias (Moustakas, 1994). To the best of my knowledge, no previous research had occurred about the phenomenon of this study. The design offered the best choice to explore this new subject by collecting rich data about the participants lived experiences and to interpret results (Ainley & Kline, 2014). Ethnography involves an objective study of other cultures and theory building (VanderStoep, 2009). Since the study objective was not culture or theory related, the design was unsuitable for this study. The case study design uses one or multiple cases in a real-life setting with multiple data collection protocols to gain an in-depth understanding of a phenomenon (Yin, 2009). Case design was not appropriate to explore and understand the lived experiences of the participants due to the data collection, real-life, and detail involved in the design. The narrative is an

account of the lives of individuals or group of individuals (Chadwick, Cooper, & Harries, 2014). The definition made narrative an unsuitable design for the study. The context, objective, and rigor of phenomenology produced the most reliable and valid result in this exploratory study because it drew from lived experiences of 20 participants.

### **Research Question**

The research question for the study was: What are the lived experiences of SBC entrepreneurs who had strategies to grow their firms during a recessionary period?

### **Interview Questions**

The following were the interview questions for the study.

1. What was your experience in growing your company during a recession?
2. What personal characteristics do you feel had enabled you to grow the firm?
3. What role did strategic alliance play in creating growth opportunities?
4. How did funding affect the growth opportunity you focused on to grow?
5. What incidents stood out the most that positioned the firm for growth?

### **Conceptual Framework**

The conceptual framework for the study was the effectuation theory. Sarasvathy (2001) developed the effectuation theory. The purpose was to show how expert entrepreneurs created and grew new ventures under uncertainty in dynamic environments. Sarasvathy and Dew (2005) expanded the theory of effectuation. The principles of effectuation included determining affordable loss, forming strategic

alliances, exploiting contingencies, and controlling unpredictable future events (Sarasvathy & Dew, 2005).

An effectual process began with knowing who an entrepreneur is, whom he or she knows, and what he or she has, and includes existing means in hand (Sarasvathy, 2001; Sarasvathy & Dew, 2005). Besides, during effectuation, entrepreneurs converged resources and minimized constraints to develop new opportunities (Sarasvathy, 2001; Sarasvathy & Dew, 2005). Also, Sarasvathy (2001) stated that effectuation theory offered a fundamental decision logic to explain how entrepreneurs created new markets and firms under highly uncertain conditions. SBC entrepreneurs might have remained in business by creating new opportunities during such uncertain period as the recession of 2007-2009 using effectuation processes.

### **Operational Definitions**

*Causation:* Causation is a traditional decision-making logic involving a systematic management process such as budgeting, planning, or controls used in marketing, and growing a business (Fisher, 2012).

*Expert entrepreneur:* A professional and experienced entrepreneur, as opposed to a novice entrepreneur or professional manager, which makes decisions by using the resources on hand to control unpredictable future and change directions as necessary to manage risks in creating new opportunities and ventures (Duening, Shepherd, & Czaplewski, 2012).

*Milestone:* Milestone is the first sales revenue of a nascent entrepreneurship, usually after three years of existence used to assess the performance of a new venture (McKelvie, DeTienne, & Chandler, 2013).

*Recession:* Recession is a period of significant and persistent decline in economic activities leading to a reduction of goods and services produced and sold and high unemployment (Ng, 2014).

*Serial entrepreneurs:* Serial entrepreneurs are individuals who have started small businesses before and have failed or sold, and started another one; hence, where failing in one firm does not prevent him/her from starting another one (Hulbert, Gilmore, & Carson, 2013).

*Uncertainty:* Uncertainty is a condition of unpredictability experienced by entrepreneurs that causes them to rely on actions within their control such as nonpredictive effectuation strategies to achieve their goals (Sarasvathy et al., 2014)

### **Assumptions, Limitations, and Delimitations**

#### **Assumptions**

According to Kirkwood and Price (2013), assumptions are beliefs a research harbors to explain research conditions and to provide opportunities for future studies. Assumptions enhance the acceptability of the findings. The first assumption was that qualitative phenomenological design was most suited for collecting detailed data that yielded accurate results. The second assumption was SBC leaders were entrepreneurial, having a planned growth during the formation period. The third assumption was that participants responded truthfully and completely to interview questions without bias. The

fourth assumption was that the leaders interviewed adopted a form of effectuation decision making to create new opportunities to grow. The fifth assumption was that SBCs, which expanded during the recession, created jobs and would capitalize on public incentives to do better during the economic recovery period. Finally, the sixth assumption was that my past and present personal and professional experiences had no adverse effects on the study results.

### **Limitations**

A limitation, according to Denscombe (2013), is a statement that a researcher could and could not conclude correctly within the restricted area and the method for the study. Disclosing the study's limitations in an unbiased manner might increase the vulnerability of the study to unexpected challenges by readers. Puhon et al. (2012) recommended hedging as a way for researchers to acknowledge the limitations of the studies and their effects as a proposition rather than facts. The first limitation was the negative effect of using non-random purposive sampling to select participants for the study. Consequently, the result relied on the experiences of motivated and interested leaders only (Mama et al., 2015). The second limitation of the study was the outcomes in Atlanta metropolitan area might not apply to another metropolitan area of Georgia or nationally. The third limitation was the findings due to the experiences of the entrepreneurs might not apply to future recessions. The fourth limitation was that the experiences expressed by the participants might not represent best practices.

## **Delimitations**

Delimiting a study, according to Denscombe (2013), was a method used by a researcher to identify the scope and boundaries of research to assure timely completion and efficient resource management and research quality. Employment growth traditionally had followed a trend of SBCs' growth in size, revenue, and a healthy economy. SBCs with 20 to 499 employees created most jobs during the recession (Bureau of Labor Statistics, 2014; SBA/Advocacy, 2014). However, SBCs in the category of 1 to 19 employees created fewer jobs than the higher performing class of 20 to 499 employees. The survival rates of SBCs were 20% in the first year, 32% after two years, 50% after five years, and 33% after ten years in the U.S (Clayton, Sadeghi, Talan, & Spletzer, 2013). While SBCs make up 99.7% of employer firms, some types of SBCs were less effective at job creation, for example, restaurants, dry cleaners, and franchises (Clayton et al., 2013). The participants in my study included 20 entrepreneurs of SBCs with fewer employees, from 1 to 99, and were 6 months to 5 years old as of December 2007.

## **Significance of the Study**

Studies about entrepreneurship growth in literature were many, although none was about how SBC entrepreneurs in Atlanta metropolitan area grew their firms during a recessionary period. The recession of 2007-2009 made it difficult for entrepreneurs to use traditional financing method to expand their businesses (Anderson & Jinhai Li, 2014). This study contributed to business practice and had implications for social change.

### **Contribution to Business Practice**

During the most recent recession, SBCs known for creating jobs in the U.S. closed shops, downsized, and had difficulty in financing innovations. Others were able to innovate and grow their businesses (Bureau of Labor Statistics/Bureau of Employment Dynamics, 2014). SBCs that survived the recession might have created new opportunities that enabled them to grow and retain employees or hire new ones. This study, using Effectuation Theory, might reveal the strategies SBC's entrepreneurs might use to create new opportunities and expand their businesses during a recessionary period, thereby adding a new perspective to the entrepreneurship domain. Also, it might assist practitioners and advisers of SBCs to adopt the new knowledge and strategies gained to start up and grow SBCs and to guide new and young entrepreneurs. Also, the study might encourage practitioners and policymakers to assist entrepreneurial SBCs by enacting relevant legislation and implementing adaptive programs to encourage entrepreneurs to expand their businesses.

### **Implications for Social Change**

An assumption for why some SBCs failed to grow was the entrepreneurs did not encounter recessions often and so might be unaware of how to plan for it. The finding might assist SBC entrepreneurs to set up properly and prepare for growth opportunities such as product development and improvement, or diversification into new activities (Hulbert et al., 2013). One problem SBC's entrepreneurs had in creating new ventures was that they thought infusing a large sum of capital would assure them a success. Effectuation informed that expert entrepreneurs began with means without goals in mind.

Also, effectuation encouraged entrepreneurs to form alliances with trusted stakeholders who pre-committed resources. Such an alliance might assist an entrepreneur in determining an affordable loss as well as prevent him/her from losing it all if the business failed. Failure from such costly pursuits by SBCs' entrepreneurs during a recession might leave enormous costs, low chances of recovery, and might discourage would-be serial entrepreneurs to forge ahead (Hulbert et al., 2013; Sarasvathy, Menon, & Kuechle, 2013). Use of the new knowledge might lead to the advancement of entrepreneurship education. As an emerging decision-making method, effectuation draws from the limited resources entrepreneurs have to create actionable opportunities. The use of effectuation principles might help educators to develop entrepreneurs who could work with contingencies, uncertainties, and experimentation to create new market opportunities during a recession.

High rates of failure affected small businesses at the early stage of development. The study might supplement small business innovation research (SBIR) and public policy on small businesses by the SBA. When small businesses expanded, more people had jobs, and fewer people relied on social programs for support. This way the government had more funds to attend to other programs that lacked government's attention.

### **A Review of the Professional and Academic Literature**

The review of literature began with a comprehensive search of the Walden University Library to obtain relevant peer-reviewed and seminal articles. The search included business and management databases such as ABI/INFORM Complete, Academic Search Premier, and Emerald Management Journal. Also, I searched the Google Scholar, ProQuest, EBSCOhost, ScienceDirect, and Sage databases. Discovering



famous scholars of effectuation and their publications in particular journals were important in narrowing my search. Journals such as the Journal of Evolution, Small Business Economics, and Academy of Management Review became invaluable sources. I found studies of effectuation in varying entrepreneurship phenomena. After review of these journals, famous authors such as S. D. Sarasvathy, N. Dew, and A. McKelvie emerged, as did others. Many studies on effectuation were more than five years old. I read some of the relevant studies to gain background knowledge about main concepts of the theory including *opportunity search, discovery and exploitation, new venture, and market creation*. I also searched for keywords such as effectuation, causation, opportunity creation, opportunity constructions, new venture transformation, firm founding, and innovation among others.

Studies I sought for the review of the literature also included innovation projects as a method of growing businesses using new knowledge as opposed to existing ones. I discovered that several past successful innovations emerged from new knowledge and destroyed certain industries. Consequently, unprepared entrepreneurs found themselves in precarious situations as they played catch up to contain the adverse effects of change due to innovation and potentially lost a competitive edge . Entrepreneurs who continuously innovated were more prepared for the recession than non-innovative ones.

The purpose of this qualitative phenomenological study was to explore the lived experiences of SBC entrepreneurs in growing their firms during a recessionary period. To accomplish this task, I reviewed, primarily, peer-reviewed studies that were less than five years to expected graduation, as the chart below indicates. I checked with Ulric's

Periodical Directory to ensure citations were peer reviewed. Although some of the studies for the review, which were more than five years old were peer reviewed, studies within five years constitute 93% of the whole. Thus, the study has met the requirements of Walden University.

Table 1

*Sources by Year*

Sources	Older > 5	2012	2013	2014	2015	2016	2017
Books	04						
Dissertations							
Reviewed	11	48	80	48	29	18	4
Government				2	1		
Others	3						
Total	18	48	80	50	30	18	4

Finally, I reviewed the academic literature in the following categories: introduction, effectuation theory, causation and effectuation operationalization, effectuation and new ventures performance, characteristics and skills of successful entrepreneurs, and entrepreneurial orientation and new ventures performance. Other categories included contextual factors and new ventures performance, entrepreneurial growth in recessionary time, and opportunity creation and uncertainties in entrepreneurial actions.

### **Effectuation Theory**

Effectuation theory is the conceptual framework for this study. The theory was an emerging decision-making approach for creating and growing new ventures such as

market, firm, and economy (Fisher, 2012; Sarasvathy, 2001). Several interactive activities contributed to the success of newly created ventures (Lam & Harker, 2015). The traditional entrepreneurial approach involved pre-planning, preset goal, and existing knowledge, and assumed the existence of the market and firm (McKelvie et al., 2013, Sarasvathy, 2001).

This new approach called for thinking out of the box with minimal planning. Analyzing the components of effectuation theory, Cordeiro (2013) stated that planning was not predicting the future and that small to medium enterprises (SMEs) have ignored even the least of planning to their peril. Gathering market and competition information influenced how they implement ideas (Cordeiro, 2013). Ideas changed during implementation due to constraints and ambiguity in entrepreneurship process and forced an entrepreneur to change directions (Sarasvathy, 2001). A change of an initial plan occurred during the nascent phase between the original decision to create a venture and successful creation or abandonment (Lam & Harker, 2015). Information acquisition and use were important in both effectuation and causation.

A new opportunity creation activity, as was opportunity discovery, has occurred in new and established firms (Dahlqvist & Wiklund, 2012). The effectual process typically involved flexibility, experimentation, collaboration, resource controls leading to co-created new goals and opportunities (McKelvie et al., 2013). The principal purpose of effectuation is to assist entrepreneurs in managing resources efficiently, thereby reducing risk and ambiguity during firm's early and growth stages. Sarasvathy had termed old

approach, Causation, a traditional perspective reminiscent of business planning used by most large firms.

Studies of effectuation has progressed to a matured stage (McKelvie et al., 2013) since Sarasvathy's (2001) seminal work. Subsequent studies have provided insights on the major principles of effectuation and their varying applications in local and international markets. Some of the issues, which have spurred a debate between effectuation scholars were how the concept affected performance and when it was most efficient to adopt in SMEs. A majority of the studies was qualitative, and a few authors have developed and tested instruments to measure effectuation in different contexts.

Some of the studies of effectuation have included the creation of new market by transformation (Dew, Read, Sarasvathy, & Wiltbank, 2011; Sarasvathy & Dew, 2005). Bhowmick (2011) conceptualized effectual controls and stakeholder's autonomy. Others involved development and measurement of key constructs of causation and effectuation (Chandler, DeTienne, McKelvie, & Mumford, 2011), and failing firms and successful entrepreneurs (Sarasvathy et al., 2013). One study compared causation, effectuation, and bricolage and linked those with entrepreneurs' behaviors and actions (Fisher, 2012). Sarasvathy and Dew (2013) researched entrepreneurial judgment of a firm, while Harms and Schiele (2012) studied effectuation and causation in international new ventures. Futterer, Schmidt, and Heidenreich (2017) researched on the effectiveness of effectuation in developing business model innovation (BMI). Literature has shown that BMI offers a competitive advantage to the principal firm as a source of new market or venture.

Dahlqvist and Wiklund (2012) researched on how to measure the newness of the market in new ventures. Chetty, Ojala, and Leppäaho (2015) combined effectuation and internationalization process theory to show how small firms minimized uncertainty during entry in the foreign market. Another study explored effectuation in the foreign market entry by an SME network of interested partners instead of intentionally and carefully choosing one (Galkina & Chetty, 2015). Also, Roach, Ryman, and Makani (2016) examined a relationship between effectuation and innovation, while Miller, Steier, and Le Breton-Miller (2016) examined the contribution of effectuation on the advantages family-owned businesses enjoyed in founding, growth, and maturity phases of their lives. In another development, Guo, Cai, and Zhang (2016) developed and tested a theoretical model to examine the linkage between effectuation or causation principles with new internet venture growth through resource bundling.

Furthermore, Deligianni, Voudouris, and Lioukas (2015) researched on the relationship between diversification and performance using effectuation, while Ciszewska-Mlinaric, Obloj, and Wasowska (2016) studied effectuation and causation in international new ventures (INV). Also, Ciszewska-Mlinaric et al. (2016) found that effectuation and causation could occur in the early stages of growth of a new venture, interchangeably and simultaneously. In a longitudinal study, Reymen et al.(2015) showed how strategic decision-making utilized a hybrid of effectuation and causation to create new technology-based ventures under uncertainty. In another development, Agogue, Lundqvist, and Middleton (2015) showed that developed firms intentionally deviated from the established path to discover new opportunities at an early stage by combining

causation and effectuation decision making. Entrepreneurs struggled during the recession of 2007-2009 to acquire resources (Roscoe, Discua Cruz, & Howorth, 2013) to start up and to market their goods (Evers, Andersson, & Hannibal, 2012). Effectuation has allowed entrepreneurs to innovate and construct new opportunities (Mthanti & Urban, 2014). Innovation played a critical role in actualizing entrepreneurial growth intentions.

Although studies about effectuation have progressed, none included strategies entrepreneurs used to grow SBCs during a recessionary period. Several studies have indicated that effectuation was the most efficient decision-method expert entrepreneurs used in making decisions under uncertainty. Johansson and McKelvie (2012) studied individual decision makers, human capital and firm-level characteristics and found no support for a common belief that effectuation is a better decision-making model than causation. Daniel, Di Domenico, and Sharma (2014) refined effectuation theory in a study on home-based online business entrepreneurship. The study expanded effectuation from economic to affordable social loss.

As I have stated before, effectuation process was suitable for innovation projects. Research-based spin-off companies (RBSO) made decisions involving contingencies to recognize and commercialize technological knowledge (Conceição, Fontes, & Calapez, 2012). Entrepreneurs measured market knowledge and technology knowledge by the number of patents the entrepreneurs created (Siegel & Renko, 2012). Between effectuation and causation, such entrepreneurs might determine how to use one or the other or both at the same time, including where and which theory would be most efficient.

The effectuation theory might explain why some SBCs had expanded or succeeded, while others had not, during the recession of 2007-2009. SMEs that adopted the theory applied lean means due to limited resources, to control rather than source and to predict the future. The effectual process was transformational and involved contingencies to unleash new opportunities. Entrepreneurs must possess the necessary skills, characteristics, and competencies to identify as well as to select and exploit an opportunity when created (Sarasvathy & Dew, 2005). They involved stakeholders who precommitted resources and had skills to participate actively in making vital decisions.

An alert entrepreneur possessed the skills, knowledge, and experience to evaluate and select the most attractive opportunity to exploit (de Jong, 2013). Tang, Kacmar, and Busenitz (2012) developed and validated instruments to measure alertness to discover opportunity. Alertness was due to the differences in schematic riches, association, priming, and helped to identify environmental changes that others have missed (Valliere, 2013). Elements of alertness included scanning and searching, association and connection, and evaluation and judgment (Tang et al., 2012). Innovative entrepreneurs believed that opportunities existed only when created (Hunter, 2013; Korsgaard, 2013; Sarasvathy, 2001). Leschke (2013) said that model business mapping helped entrepreneurs to select opportunity efficiently. The first opportunities gave way as new possibilities emerged (Popp & Holt, 2013). Dispositions and experiences influenced the alertness capability levels to discover existing opportunities (Tang et al., 2012). New knowledge contributed to developing a new opportunity (Conceição et al., 2012).

Learning and using appropriate decision-making and inferential methods improved an entrepreneur's alertness capabilities.

Entrepreneurs who were proactive in search of opportunities relied on personal characteristics and firm-specific orientations to work through contingencies (Kraus, Rigtering, Hughes, & Hosman, 2012). Failing during effectuation was quicker than in causation; it allowed an entrepreneur to move on to a new opportunity, said Sarasvathy. A serial entrepreneur ran a successful business over time by learning from previous failures (Parker, 2013). Parker found that serial entrepreneurs gained temporal benefits, which spilled over from one venture to another.

Toft-Kehler, Wennberg, and Kim (2013) have noted that practice made perfect, but experience from prior engagements did not always translate to improved performance in the next firm. Toft-Kehler et al. (2013) had said the knowledge from the previous trial if used efficiently, improved performance of the next or new venture. Besides, the similarity of contexts enhanced satisfactory performance in subsequent trials. Experience in both start-up and management accounted for the strongest venture creation success skills (Davidsson & Gordon, 2012). However, Cassar (2014) found no significant evidence that an entrepreneur's experience with a start-up improved forecast performance. Effects of education, gender, and age were insignificant in new venture creation (Davidsson & Gordon, 2012). Past studies have shown knowledge/skills investment had better outcomes compared to education/experience investment when analyzing investments that contributed to growing entrepreneurship success (Marvel, 2013).



As a group, research shows that women have recognized opportunity according to their needs, firm structure, and governance, and reflected collaborative and ethical principles (Orser, Elliott, & Leck, 2013). Women were entrepreneurially less than men because women influenced the preference for self-employment and actual involvement in self-employment differently (Verheul, Thurik, Grilo, & van der Zwan, 2012). The differences were due to the gender cognitive and behavioral capabilities (Verheul et al., 2012). However, women identify with personal and human relations competencies known to influence growth and performance more than men do (Mitchelmore & Rowley, 2013). Johansson and McKelvie (2012) found no link between the decision makers' human capital and organization-level characteristics in causation and effectuation in a corporate context.

Trust was critical for an efficient network and individuals within the network having a common goal could benefit from the effectuation processes. Entrepreneurs in a network kept innovation projects simple, and focused on efficiency (Solesvik & Gulbrandsen, 2013). Teams that collaborated in joint innovation projects trusted one another to share sensitive information efficiently (Garud, Tuertscher, & Van de Ven, 2013). Garud et al. (2013) defined innovation as the outcome of a process, which involved invention, development, and implementation of ideas. The need for resources had led to alliances beyond the outside of the emerging young firms due to the outsourcing of activities to external alliance members (Marion, Eddleston, Friar, & Deeds, 2015). The inter-organizational relationships including the socioemotional bond with alliance partners have led to the discovery, development, and commercialization of

new products. In research and development (R&D) alliance of scientists, trust and superior human capital were critical to conforming to set the standard (Subramanian, Lim, & Soh, 2013). Intellectual resources, reputation, and marketing capabilities played complementary roles to innovation (O’Cass & Sok, 2014; Sanzo, Santos, García, & Trespalacios, 2012). Teams in innovation cooperation needed to have the trust of members to succeed in projects with a joint interest.

The SMEs that survived dynamic innovation demanded external funding for working capital and support for early-stage R&D during the financial crisis of 2007-2009 (North, Baldock, & Ullah, 2013). North et al. (2013) found that growth of the SMEs in the UK slowed during the crisis due to lack of meaningful external equity financing. The uncertainty due to the funding dilemma affected the economy and the firms in different ways ,in different contexts (Bloom, 2014). Bloom said the controversy had led SMEs to withhold hiring and investing, and consumers from spending. Lenders ignored growth strategies and orientation of the SMEs during an economic downturn. Large firms outsourced technologies and other services to be more productive and cost efficient (Marion & Fixson, 2014)

### **Causation and Effectuation Operationalization**

Entrepreneurs enhanced their competencies by improving their human capital capabilities and by innovating. Expert entrepreneurs exploited new opportunities by knowing who they were, what they knew, and whom they knew (Gabrielsson & Politis, 2011; Sarasvathy, 2001). For effectuation to operationalize in SBCs, the identities of the founders were important (Nielsen & Lassen, 2012; Sarasvathy, 2001). Entrepreneurs

experienced adversities such as resource limitation, the risk of loss of investments, and the difficulty of selecting the right opportunities (Sarasvathy, 2001; Sarasvathy & Dew, 2005). Effectuation process began when an entrepreneur encountered uncertainty and resource-restricted context, and ended when a new market artifact or a successful businesses emerged (Arend, Sarooghi, & Burkemper, 2015). Randerson, Degeorge, and Fayolle (2016) agreed on opportunities creation or construction in social contexts and opportunity founding as objective realities. However, (Randerson et al.(2016) took issue with entrepreneurs' cognitive styles and actions due to how they perceived opportunity.

Entrepreneurs who adopted effectuation and causation processes controlled uncertain future events using different decision-making logic. The causation and effectuation operationalized, separately or in combination during a new venture formation (Sarasvathy, 2001). Causation entrepreneurs focused on predicting uncertain future events, which emphasize planning to live with what they could predict only (Sarasvathy, 2001; Sarasvathy & Dew, 2005). Also, causation entrepreneurs ran risky ventures and saw their firms spin out of control due to high cost. For this reason, according to Sarasvathy, causation entrepreneurs abandoned projects too soon or late during innovation due to inability to manage contingencies to reduce cost.

Effectuation, according to Sarasvathy and Dew (2005), was excellent in accessing resources since expert entrepreneurs transform means by exploiting contingencies to create new markets. As Sarasvathy (2001) explained, effectuation logic presupposed that as long as entrepreneurs controlled unpredictable future events, they did not have to predict them. For an entrepreneur, knowing who he/she was, what he/she could do, and

whom he/she knew helped the leaders to pre-determine an affordable loss (Sarasvathy & Dew, 2005). Entrepreneurs and stakeholders in the effectual process iterated as they negotiated pre-committed resources, means, and talents, to decide on the emerging opportunity to exploit.

The process of effectuation had reduced risks and ambiguity and enabled the emergence of more than one opportunity from which to select an exploited opportunity (Sarasvathy, 2001; Sarasvathy & Dew, 2005). If the entrepreneur and stakeholders failed and lost pre-committed resources, they lost what they could afford only but were still able to continue their entrepreneurship process (Sarasvathy et al., 2013). To effectuating entrepreneurs, a market was more than a universe of all possible customers. According to Sarasvathy (2001), a market was a community of collaborating people who have agreed to work together to create value by contributing their resources and talents. The entrepreneurs used the community to review and update their goods and services to gain customer satisfaction.

I selected effectuation as the theoretical framework for the study because the theory is new and developing, prevalent in literature, and had found acceptance in a wide scope of entrepreneurial activities. Effectuation process was suitable for innovation projects under uncertain conditions in dynamic and ambiguous environments (Berends, Jelinek, Reymen, & Stultiēns, 2014; Mthanti & Urban, 2014; Sarasvathy, 2001). Therefore, effectuation offers entrepreneurs an array of opportunities for growth in new markets. The theory has led entrepreneurs to be proactive, applying the founders'

characteristics, skill, and competencies, and firms' orientations to improve performance during the recession of 2007-2009 (Kraus et al., 2012).

Entrepreneurial literature was vast with research of how entrepreneurs made decisions under uncertainty in a dynamic environment using effectuation and causation (Harmeling & Sarasvathy, 2013; Kalinic, Sarasvathy, & Forza, 2014; Sarasvathy, 2001; Sarasvathy & Dew, 2005; Sarasvathy, Kumar, York, & Bhagavatula, 2014). These studies relied on the seminal article of Sarasvathy (2001) developed further by Sarasvathy and Dew (2005). The recession has introduced a different brand of uncertainty, which researchers have not studied using effectuation theory.

Studies of enabling entrepreneurs' characteristics, competencies, and careers' decision-making profile and their impact on entrepreneurial performance were diverse in literature. For example, Jayawarna, Rouse, and Kitching (2013) studied the effects of motivation and life course while Engel, Kleijn, and Khapova (2013) and Gabrielsson and Politis (2011) studied career motivation. Block, Thurik, and Zhou (2013) studied the importance of knowledge while Gadassi, Gati, and Dayan (2012) examined career decision-making profiles of entrepreneurs. These studies, while alluding to the importance of founders' or leaders' characteristics and competencies in the entrepreneurial process, were unsure how they contributed to the performance and success of the entrepreneurs. The researcher seemed to agree that individual characteristics and skills helped entrepreneurs to determine the type of opportunities an entrepreneur was interested in pursuing. The theory of effectuation has advanced the importance of the characteristics of an entrepreneur's human capital.

Many people thought that entrepreneurs have characteristics, which make them more successful than others (Sarasvathy, 2001). Sarasvathy et al. (2013) argued, however, that entrepreneurs of particular characteristics, who associated with some institutions, failed or succeeded in business more than others succeeded. Effectuation brought a new perspective to the trait suggestion of successful personalities and saw all kinds of people as capable of being successful venture founders. According to Sarasvathy and Dew (2005), what mattered most were entrepreneurs' ideas and opportunities they liked, which depended on their knowledge, experiences, interests, and skills. An entrepreneur's network, innovation, knowledge, knowledge investment outcomes, industry, and market experiences influenced his or her success level.

Nielsen and Lassen (2012) studied identity in entrepreneurial theory as a supplement to the logic of identity and reiterated that identity was a precondition, and a means to an end. However, they argued that who entrepreneurs were, what they knew, and whom they knew had to do with the type of opportunities they sought and exploited, and that individuals changed over time. Entrepreneurs knew whom they were and made decisions their identities supported (Sarasvathy & Dew, 2005). Personalities changed due to mentoring and role modeling; these practices had shaped the careers, knowledge, and learning ability of novice and student entrepreneurs (Nielsen & Lassen, 2012).

### **Effectuation and New Ventures Performance**

McKelvie et al. (2013) conducted a study and showed a divergent effect of effectuation on firm performance. They found that effectuation has a positive impact on a new venture performance after testing the four constructs of effectuation (Cai, Guo, Fei,

& Liu, 2014; McKelvie et al., 2013). Also, Cai et al. (2014) found that exploratory learning had a mediating effect on effectuation and new venture performance. Cai et al.'s study involved 266 Chinese new ventures in the transitioning economy. The underdeveloped environment was dynamic and created a highly uncertain international context conducive for effectuation process. In an empirical analysis of effectuation principles, Chandler et al. (2011) tested the constructs and validated an instrument to test the principles of effectuation and found that pre-commitment was valid in causation and effectuation.

Although previous studies had compared the causation and effectuation to make a case for why one method was superior to the other method, Sarasvathy (2001) had said that effectuation was not a better decision-making reasoning than causation. One approach was attractive to some entrepreneurs in different contexts and stages of a firm's development. Entrepreneurs used causation and effectuation in different stages of the firm development; each stage involved different challenges (Liu, 2015). Teams adjusted cognitive styles and decision-making logic in different developmental stages to adapt to challenges they encounter (Liu, 2015). Liu studied the timing of the transitioning teams and their cognitive style diversity between causation and effectuation during the life cycle of venture development.

Cai et al. (2014) found that effectuation had a positive effect on a new venture performance. Effectuation provided the entrepreneurs with the opportunity to operate flexibly, experiment with the general notion of goals, and to introduce contingencies (McKelvie et al., 2013). Arend et al. (2015) gave a negative review of effectuation as

meeting just the basic criteria as a decision-making logic but failed in meeting specific criteria for entrepreneurship theory. Arend et al. suggested the supporters of effectuation delved deeper into the roles of parties such as co-creators, rivals, institutions, and others whom the entrepreneur knew as participants. Read, Sarasvathy, Dew, and Wiltbank (2016) disagreed and provided guidance on how the critics could produce rather six valid assumptions instead of replacements for the principal constructs of effectuation.

Effectuation prepared an entrepreneur and stakeholders to acquire resources using existing means such as their knowledge, personal funds, ability, skills, and social networks capabilities (McKelvie et al., 2013). Sarasvathy (2001) set out to demonstrate the role of effectuation on new business formation and growth. The recession diminished values of properties affecting the resale ability of equity and introduced a shortage of liquidity (Guerrón-Quintana & Jinnai, 2014). Cowling, Liu, & Ledger (2012) found that finances were readily available to larger and older firms than small and young firms during the recession. Effectuation made it possible for entrepreneurs to use their funds and those of the stakeholders to finance projects (Sarasvathy, 2001). Due to the shortage of capital, some small and nascent businesses abandoned innovation, knowledge acquisition, proactivity, or taking risks (Cowling et al., 2012).

Entrepreneurs who survived the recession might have used effectuation for decision-making as they innovated to survive and grow. The entrepreneurs created opportunities, which they exploited based on their capabilities and competencies (Sarasvathy, 2001; Sarasvathy & Dew, 2005). To exploit opportunities through the effectuation process, entrepreneurs chose a level of risk they managed based on their



tolerance levels (McKelvie et al., 2013). Entrepreneurs have viewed young firms in a relationship with their means and resources, networks, adaptation to contingencies, and flexibility during periods of uncertainty (McKelvie et al., 2013). The entrepreneurs were able to reach milestones such as return on investments (ROI), cash flow, sales growth, and customer relationship (McKelvie et al., 2013). Milestones and achieved times were the bases for measuring performance of entrepreneurs.

### **Characteristics and Skills of Successful Entrepreneurs**

Entrepreneurs started new businesses with the aspiration of imagined ends and transformed their means into goals to construct new opportunities (Sarasvathy 2001). Sarasvathy showed the importance of founders' characteristics, abilities, knowledge, and social networks in creating new ventures. Such abilities and circumstances of decision makers rarely changed and constituted external forces, which constrained opportunities (Sarasvathy, 2001; Sarasvathy & Dew, 2005). However, Sarasvathy alluded to the controversy over traits of successful and failed entrepreneurs. A firm's success was more than an outcome of successful personality or superior characteristics of the successful business (Sarasvathy, 2001). Arroyo, Fuentes, Sáez, and Jiménez (2015) examined the effect of effectuation on entrepreneurial attitudes to determine the relationship between self-efficacy and entrepreneurial intention using effectuation and causation.

Rapid-growth firms differed from other companies due to the characteristics of their founders (Dutta & Thornhill, 2014). People have viewed entrepreneurs as made or born focusing, mainly, on the human capital of the founders (Kessler et al., 2012). They believed entrepreneurs characteristics made them most qualified to succeed in their

businesses (Block, Sandner, & Spiegel, 2013; Lechner & Gudmundsson, 2014). Studies of how entrepreneurs discover and exploit marketable opportunities have included themes such as tolerance for risk, preference for autonomy, independence, being entrepreneurial, gender, and social and human capital, among others (Acs, Audretsch, & Lehmann, 2013; Sarasvathy, 2001). Understanding of oneself is paramount in deciding opportunities to exploit.

Role models nurtured would-be entrepreneurs and influenced their behaviors and decisions to start and grow new entrepreneurship (Bosma, Hessels, Schutjens, Praag, & Verheul, 2012). Members of the Service Corps of Retired Executives (SCORE) served as counselors, mentors, and role models in ways, which has helped to mentor aspiring entrepreneurs (SBA, nd). As part of its financial support to small businesses, the SBA has encouraged mentorship for enterprises, which founders did not have the necessary skills and experiences to start up and grow their firms.

An entrepreneur's career paths and motives had positive effects on entrepreneur's decision-making preference (Gabrielsson & Politis, 2011, 2012). Gabrielsson and Politis (2011) found that individuals who had expert and linear career motives preferred causation decision model. Those who identified with spiral or transitory career motives preferred effectuation decision model (Gabrielsson & Politis, 2011). A movement up or across jobs indicated the entrepreneurs had future career concepts and motives, which thereby increased their behaviors and experiences. Politis, Winborg, and Dahlstrand (2012) stated that skills of student entrepreneurs were different from those of non-student entrepreneurs. Their expertise and competencies were instrumental in the student

entrepreneurs' effectual reasoning, lean resource practices, and risk management (Politis et al., 2012). The effectual process encouraged entrepreneurs to experiment while controlling resources in hand within an affordable loss (Harmeling & Sarasvathy, 2013; Sarasvathy, 2001).

Prior knowledge, insights from work activities, and experience improved entrepreneurial judgment and new business evaluation (Cassar, 2014). In addition, Cassar noted the view held firm when barriers to learning and learned experience existed. The entrepreneur's comfort with contingencies and experiments with various opportunity options were critical to effectuation process. Founding experiences were highly desirable in raising venture capital by expert entrepreneurs (Zhang, 2011; Zhang, Ma, & Wang, 2012). Entrepreneurs who had previous experiences were likely to have more entrepreneurial skills and social connections than novice entrepreneurs did.

Effectuation and causation contributed in different ways in international venture creation and expansion. Experienced entrepreneurs adopted effectuation when uncertain conditions with dynamic processes prevailed in international markets (Harms & Schiele, 2012). Harms and Schiele found that a novice entrepreneur chose causation style decision making in creating international new venture. Expert entrepreneurs did not predetermine their mode of entry into foreign markets to control things they could not predict (Harm & Schiele, 2012). Kalinic et al. (2014) studied the impact of effectual logic in firm internalization to open up a new market. Firms that switched from causation to effectuation increased their levels of commitments in the foreign market (Kalinic et al., 2014). Skills to start and grow different types of businesses varied from entrepreneurs

and firm in various contexts due to their competence and orientations (Chell, 2013). Entrepreneurial small businesses were alert, proactive, and consistently pursued innovation to develop new and existing products and services (Chell, 2013). Such individuals and firms sought and shared knowledge and boosted skills with collaborators and stakeholders.

Entrepreneurs had goals and intentions, and their performance depended on a choice of causation or effectuation, and management method (Dutta & Thornhill, 2014). Some entrepreneurs, rather than growth intention, preferred to start a new business to be independent (Douglas, 2013). Founders' characteristics such as management style, motivation, and commitment contributed to the firms' success (Dutta & Thornhill, 2014). Entrepreneurs update their ideas and vision to the new realities during the actual growth (Dutta & Thornhill, 2014).

Resource allocation in new firms depended on an entrepreneur's intentions and goals and varied with monetary and independence intentions and goals (Dunkelberg, Moore, Scott, & Stull, 2013). Core motivations for starting a new venture included monetary and non-monetary goals, which varied with individuals (Dunkelberg et al., 2013). Student entrepreneurs allocated resources differently from non-student-entrepreneurs for financial objectives (Dunkelberg et al., 2013). A major principle of effectuation was how entrepreneurs secured and managed scarce resources (Sarasvathy, 2001). Politis et al. (2012) also compared student entrepreneurs and non-student entrepreneurs' skills to acquire and manage resources in new ventures.

Entrepreneurs carried cognitive biases such as overconfidence, optimism, and distrust; overconfidence indicated high self-esteem and ambition, which contributed to success in a new firm (Lechner & Gudmundsson, 2014). Besides, Lechner and Gudmundsson found that optimism and distrust influenced overconfidence, which had adverse consequences on new firm survival. Recruiting diverse minded individuals with a balanced way of thinking might help to alleviate the conflicting effects in organizations (Lechner & Gudmunsson, 2014).

Personality factors enabled or hindered new firm creation and success with some of them originating in the national institutions that identified the entrepreneurs (Aidis, Estrin, & Mickiewicz, 2012). The culture of a region determined the values people placed on some human and entrepreneurial capitals (Aidis et al., 2012). Jaén and Liñán (2013) and Hopp and Stephan, (2012) found that regional cultures influenced entrepreneurs' capital of its members, behavior, and beliefs, and directly affected motivation to create new ventures and self-efficacy. Prashantham, Dhanaraj, and Kumar, (2015) studied the role of ethnic and non-ethnic ties. Firms outside the ethnic clusters built more ethnic network ties; however, ethnic insiders leveraged the relationship for international growth (Prashantham et al., 2015).

Entrepreneurs had different risk attitudes, driven by opportunity and necessity when starting new ventures, but opportunity entrepreneurs had a high tolerance for risks (Block et al., 2013). Hopp and Stephan (2012) showed that some cultures influenced entrepreneurs' confidence and skills to start new ventures. Cultures had an impact on

which emerging entrepreneurs succeeded by persevering and overcoming obstacles, or quitting (Hopp & Stephan, 2012).

Education enhanced future entrepreneurs' skills, behaviors, and capabilities (Chang & Rieple, 2013). Education was an important driver of a founder's decision to start a new business (Block et al., 2013; Rideout & Gray, 2013). Block, et al. (2013) found a strong positive relationship between the education level of an entrepreneur and his or her decision to create a new venture. Education improved an individual's cognitive capabilities (Block et al., 2013). Continuous acquisition of new knowledge and networking with peers promoted continuous innovation and increased learning capabilities skills. However, Chang and Rieple (2013) found that a student's perception of their entrepreneurship skills changes over time.

Education and learning-oriented student entrepreneurs who were passionate about their work possessed the ability to start and grow successful businesses (De Clercq, Honig, & Martin, 2013; Thorgren, Wincent, & Sirén, 2013). Passion is defined as a strong desire for an activity affected entrepreneurial behavior and self-efficacy and contributed to entrepreneurs' success in new ventures (Murnieks, Mosakowski, & Cardon, 2014). A passion for activities energized entrepreneurs to persist in an entrepreneurship process and motivated them to endure hardship and risk-taking (Murnieks et al., 2014). The passion of entrepreneurs developed with their commitment to the activity, when associated with self-concepts (Thorgren et al., 2013). Self-efficacy for persistence relationship helped entrepreneurs to develop a passion for inventing, founding, and sustained entrepreneurial action (Cardon & Kirk, 2015). Cardon, Post, &

Forster (2016) introduced a dynamic model of team entrepreneurial passion (TEP) and found the construct contributed positively to collective and central team identity in a new venture. Cardon et al. (2016) posited that each team member had different passions, but an individual's passion combines in unique ways to contribute positively to a new venture success.

### **Entrepreneurial Orientation and New Ventures Performance**

Entrepreneurship Orientations (EO) varied among firms and focused on strategies SMEs and their leaders stayed proactive in developing new ventures (Clausen & Korneliussen, 2012). The entrepreneurial firm invested in innovation by acquiring new knowledge (Hardwick, Cruickshank, & Anderson, 2012). Factors contributing to EO included resource provision and application (Anderson & Eshima, 2013; Clausen & Korneliussen, 2012; Hardwick et al., 2012), knowledge, collaboration, and networking (Hardwick et al., 2012). Social interactions played a significant role in effectuation processes. For a social network to be efficient and meaningful, members must trust each other (Caliendo, Fossen, & Kritikos, 2012).

Social capital contributed positively to the creation and growing of new ventures through the effectual processes (Stam, Arzlanian, & Elfring, 2014). Social interactions among stakeholders helped individuals in an innovation project to gain legitimacy by negotiating their rights and duties (Middleton, 2013). A stakeholder who determined that an entrepreneur was trustworthy saw him as legitimate, which was a critical status for young entrepreneurs (Stringfellow, Shaw, & Maclean, 2014). Swart and Powell (2012) had posited that having a conversation did not mean trust to share and to keep secret

existed, even as strong communication trust channel to share and keep secrets existed between them. The analogy indicated the difficulty involved in identifying worthy network members from the social media to form productive group or stakeholders. Growth oriented SMEs had successful growth strategies, were proactive, and continuously innovated to become the first in the market with new products and services.

### **Contextual Factors and New Ventures Performance**

The context in which an entrepreneurship developed was crucial for emerging ventures and orientations (Wright & Marlow, 2012). Entrepreneurship process varied across cultures and economies. Studies about entrepreneurship growth were extensive and diverse (Wright & Stigliani, 2013). Creation and developmental process involved in new venture creation included personal, sociological, and organizational factors (Wright & Marlow, 2012). Entrepreneurship growth occurs by actions of entrepreneurs whose goals are mainly discovery and creation of opportunity (Hunter, 2013).

The ability of an entrepreneur to make a decision depended on the capacity to relate to the environment saturated with knowledge (Acs et al., 2013). Such environment created opportunities, which affected entrepreneurial intentions and emergence of new markets (Acs et al., 2013). Entrepreneurs managed the contextual factors to contain any risk due to the complexity of the entrepreneurial process. Uncertainty in the environment had an impact on how entrepreneurs combine resources, including resource cohesion and resource coupling (Peng, Liu, & Lin, 2015). Peng et al. (2015) found that environmental dynamism and environmental hostility had a positive influence on resource combination.



Motivating employees to innovate had offered an opportunity for new knowledge about the environment and a network facility to share the knowledge. The practice allowed them to contribute efforts to create new products leading to new markets (Acs et al., 2013; Block et al., 2013). Knowledge in an environment with rich data had made commercialization of new products possible (Block et al., 2013). The condition affected employers' strategic orientations by using new knowledge to push new products into the market, thereby promoting new market innovation (Block et al., 2013). Human motivation played a significant role among nascent entrepreneurs in the process of new market and motivational level varied at various stages of the process (Hechavarria, Renko, & Matthews, 2012). Hechavarria et al. (2012) posited that human motivation was one of the major differences between quitting and continuing startup effort.

The ability of the entrepreneurs to absorb new knowledge, recognize, and market the knowledge was critical to the formation and success of new ventures (Qian & Acs, 2013). Knowledge, service, and information created a gap in the new economy for a new market to emerge (Boyles, 2012). Resulting innovation put pressure on existing companies to identify and hire employment-ready college graduates to compete. Knowledge due to an interaction between an entrepreneur, stakeholders, and network structures, and had contributed to a firm's innovation capabilities and growth (Swart & Powell, 2012). Trust was vital for sharing valuable information in an innovation process involving collaboration (Hardwick et al., 2013; Hardwick et al., 2012).

Preparing college students for entrepreneurship venture creation was crucial to filling societal needs for young entrepreneurs to transit into entrepreneurs. Educators

have discussed how student entrepreneurs could fill the needs of employers in the new economy (Boyles, 2012; Chang & Rieple, 2013; Rideout & Gray, 2013). The goal was to train successful student entrepreneurs and to produce highly skilled workers to foster the development of new ventures (Boyles, 2012). The students doubted the universities could train a student with sufficient knowledge, which had the expertise to fill the needs of businesses for the economy to grow (Rideout & Gray, 2013). A successful completion of the entrepreneurship program could help to legitimize an entrepreneur by acquiring the necessary capabilities (Middleton, 2013). The knowledge gained from the interaction complemented by the education could assist entrepreneurs to gain needed legitimacy during a negotiation.

### **Entrepreneurial Growth in Recessionary Time**

Small firms were important for economic development and job creation yet during the great recession of 2007-2009, they had a hard time to start and to grow due to lack of finance (Lee, Sameen, & Cowling, 2015). Banks were not lending to one another; soon the problem filtered into the wider economy (Lee et al., 2015). Small businesses, which traditionally have relied on banks to fund expansion were the ones most hard hit by the recession (SBA, 2014). Five years after the initial shock, lending for small businesses still lagged from pre-recession level (Lee et al., 2015). The SBCs' investment in innovation declined; some firms, although a small minority, continued to invest in innovation and survived (Archibugi, Filippetti, & Frenz, 2013). Archibugi et al. (2013) identified two groups of companies that performed well during the recession; dynamic firms that continuously innovated and new innovative firms born to take advantage of the

crisis by launching new markets or seeking the market share of the incumbents (Archibugi et al., 2013).

Effectuation showed how expert entrepreneurs made decisions to create new markets in the absence of pre-existing goals using available means (Sarasvathy, 2001). Sarasvathy had outlined the process of effectuation, which included making decisions when contingencies were present in an uncertain and nonlinear world. Effectuation might have contributed to the creation of the new market during the recession. Entrepreneurs and managers in international markets faced unprecedented levels of unpredictability, ambiguity, and time pressure (Nummela, Saarenketo, Jokela, & Loane, 2014). As such, decision-making in many born global firms involved an alternation of Causation and effectuation (Nummela et al., 2014). A choice of effectuation or causation depended on the circumstances of the decision maker and the method, which provided advantages and disadvantages (Sarasvathy, 2001). Effectuation is part of human decision process depending on situations and context, which occurred simultaneously, overlapped, and intertwined over different conditions of uncertainty (Sarasvathy, 2001).

The literature I surveyed had no record of any study of effectuation on firms' growth and performance during economic downturns such as the recessions of 2007-2009. Effectuation enabled entrepreneurs to focus on future actions they could not predict but could control. Nabi and Liñán (2013) studied how entrepreneurs perceived risks in a recession context, motivation, and intention to start and grow new businesses. The result showed that entrepreneurship risk perception linked strongly to motivation and

motivation to plan. Entrepreneurial perception of risk connected strongly with motivation and intention to start and grow SBCs (Nabi & Liñán, 2013).

The affordable loss principle for controlling unpredictable future figured high in controlling risk factors. Rather than borrow capital from financial institutions in a period of tight credit of the recession, an entrepreneur might opt to use personal fund. An entrepreneur might join with other stakeholders to contribute their means and co-create value. Entrepreneurs have a high-risk propensity, although studies did not support such conceptualization (Nabi & Liñán, 2013). Successful entrepreneurs saw opportunities; however, they unconsciously overstated their chances of success and survival, thereby promoting a cognitive bias (Nabi & Liñán, 2013). Good investors took high risks, especially, if they desired high returns. However, when the resources were tight, an expert entrepreneur managed risk much better than a causal one (Sarasvathy & Dew, 2005). The entrepreneur did so by cutting costs, using personal savings instead of borrowing, and depending on alliances with social network members. New product development (NPD) in an existing company competed for resources with existing activities (Bolumole, Calantone, Di Benedetto, & Melnyk, 2015). Bolumole et al. (2015) explored the effectiveness of personal equity investments as a source of financing NPD and found it to contribute positively to the success of the new firm.

Small to the medium-sized enterprises (SMEs) experienced difficulties to grow during external environmental challenges due to rapid technology changes, and globalization, competition (Brettel & Rottenberger, 2013). They employed multiple strategy approaches including innovative differentiation and product/service strategy,

which they pursued simultaneously to sustain growth (Bamiatzi & Kirchmaier, 2014). Innovation was an important aspect of EO to gain a competitive advantage (Soininen, Puumalainen, Sjögrén, & Syrjä, 2012). Such firms searched for high-margin products, avoided aggressive price competition, employ, and enforced tight cost controls (Bamiatzi & Kirchmaier, 2014). Bamiatzi and Kirchmaier noted that a firm's specific EO and strategies could mitigate against the economic side effects of the turbulence while the company continues to pursue growth.

Fast growth SMEs had shown a capacity to survive and grow when an environment was turbulent such as the recession period (Tan, Smyrniotis, & Xiong, 2014). Economic condition and firms in recessionary times have provided an opportunity for research, to determine if a particular entrepreneurial factor enables entrepreneurs to grow (Soininen et al., 2012). Whether certain EO played a significant role, nature of the role and its direction were the issues for the study to resolve. EO affected small firms' performances during the recession of 2007-2009 (Soininen et al., 2012). The more proactive and innovative a company the fewer effects of the recession on financial performance (Soininen et al., 2012). This view was consistent with that of Tan et al. (2014) in high growth firms. The overall conclusion was that an SME, which had a high-risk desire, should prepare for the adverse impact of the recession on profitability.

### **Opportunity Creation and Uncertainties in Entrepreneurship Actions**

Effectuation concept seemed to respond to the old argument over a valid definition of opportunity. The definitions of entrepreneurship opportunity were diverse (Eckhardt & Shane, 2013; Hulbert et al., 2013; Venkataraman, Sarasvathy, Dew, &

Forster, 2013). For example, Sarasvathy (2001) defined entrepreneurship opportunity as discovered in exogenous context as well as created by a transformation process in an endogenous environment. Entrepreneurship was as a process and action entrepreneurs actively engaged in to discover and exploit business opportunities for profit purpose. An entrepreneurial individual creates a firm and intends to grow it rather than self-employment and autonomy alone. Therefore, evaluating and deciding which opportunity to exploit became essential capabilities of an entrepreneur who created opportunities (Sarasvathy, 2001; Sarasvathy & Dew, 2005). It appeared; therefore, that opportunity construction occurred before being discovered by an alert entrepreneur.

Entrepreneurs predicted or controlled uncertainties during entrepreneurial actions (Hunter, 2013; Sarasvathy, 2001). Hunter (2013) stated that entrepreneurial opportunity included imitation, allocation, discovery, and construction. Entrepreneurship involved a multistage process in exploiting new opportunities (de Jong, 2013). In a new development, Becker, Knyphausen–Aufseß, and Brem (2015) proposed an integrative view of a dynamic multi-stage process during the creation of new ventures. Becker et al. (2015) studied the life cycle of emerging new ventures to explain the use of a parallel sequential process of opportunity discovery and opportunity creation and exploitation in new venture creation. The study considered customer demand as a recognized failure but valuable in new venture creation. Ramoglou and Tsang (2016) posited that entrepreneurs created opportunities, which existed objectively but was not new in entrepreneurship discourse, as Davidsson (2016) has noted.

De Jong stated that exploitation of an opportunity should not go forward if an entrepreneur did not have the means to move ahead. Kessler et al. (2012) identified four major processes involved in new ventures creation and growth, namely, conception, gestation, infancy, and adolescence. Cordeiro (2013) noted that most nascent entrepreneurs lacked a formal process to collect and use information about the customers and competitors. The study focused on constructed or created opportunities and explored strategies entrepreneurs used to grow their businesses during a recessionary period.

Hunter (2013) said that all human efforts occurred to create possible future, which individuals anticipated. Corner and Wu (2012) identified problem prospecting as a method by which entrepreneurs identify untried technologies to advance solutions to the problems in industrial settings. Collaboration with prospective customers in an open innovation to share technology enabled parties to join efforts in creating prototype products (Corner & Wu, 2012). Sarasvathy (2001) has stated that entrepreneurs began with a fuzzy and imagined idea of what goals to pursue, involving a network of pre-committing stakeholders to create new markets. Such innovators and stakeholders have no definite destination at the outset other than to create a novelty, said Sarasvathy. They would be sure when they get there after the transformational processes, which involved changing directions (Hunter, 2013; Sarasvathy 2001).

Nordqvist, Wennberg, Bau', and Hellerstedt (2013) studied the effects of withdrawal of a stakeholder in the process of a new venture. Information about why a network member left would be an invaluable information for selecting network partners' succession (Nordqvist et al., 2013). Entrepreneurs overcame uncertainties by performing

specific actions to create and exploit new opportunities (Mitchell, Mitchell, Mitchell, & Alvarez, (2012). In the process, they created value, something new in the market, which they did not plan (Hunter, 2013).

A successful entrepreneur's actions depended on the abilities and methods of managing uncertainties and risks (Mitchell et al., 2012). Such actions included obtaining new and existing information (Hunter, 2013; Siegel & Renko, 2012). University educators/researchers were turning to technological opportunity creators and developing research skills, which have led to new knowledge. D'Este, Mahdi, Neely, and Rentocchini (2012) found that by creating technical opportunities, universities used the knowledge to pursue technological advancement, which they helped to commercialize. A growing venture could arise by a spin-off of a new firm from university projects (D'Este et al., 2012). To create new opportunities, entrepreneurs must overcome uncertainties in the processes.

Entrepreneurs were excited when starting new businesses, even as they did not know how it would turn out. Gudmundsson and Lechner (2013) mentioned that cognitive biases such as overconfidence and optimism contributed to firm creation and failure of new businesses. Gudmundsson and Lechner conducted a study to evaluate the effects of these and other cognitive biases such as distrust in creation and survival of new firms. Trust among effectuation innovators contributed to the success in open innovation (Solesvik & Gulbrandsen, 2013). Gudmundsson and Lechner found that overconfidence was an important negative contributor to firm survival. Further, Gudmundsson and Lechner found that optimism and distrust influenced overconfidence in a conflicting



manner, but showed direct influence on organization survival, respectively. The study underscored the importance of collaboration, networking, and a negative impact of not having a trusted team of stakeholders. Drawing up contractual agreements could help to minimize the adverse effects of disclosing shared initiator's secrets to outsiders of the network (Solesvik & Gulbrandsen, 2013).

New opportunities did not come into existence by entrepreneur reconfiguring existing information and knowledge in new ways (Hunter, 2013). Entrepreneurs observed and analyzed new information gained due to previous actions; new inputs gained helped to refocus their actions for a better result (Hunter, 2013; Mitchell et al., 2012). Reliance of entrepreneur on a stakeholder was an invaluable asset in transforming contingencies into actionable opportunities. Siegel and Renko (2012) studied the role of new knowledge in recognizing opportunities and found that market and technological knowledge positively affected firms' subsequent recognition of entrepreneurial opportunities. The result highlighted the role of experimentation, iteration, and feedback in perfecting marketing and technologies that never existed before as a transformation (Sarasvathy & Dew, 2005). The entrepreneur did not look far away to market created products and services.

Proponents of opportunity creation believed an opportunity existed when entrepreneurs created them (Hunter, 2013; Korsgaard, 2013; Mitchell et al., 2012; Sarasvathy, 2001; Siegel & Renko, 2012). Opportunity discovery occurred mostly under conditions of high risk while opportunity creation occurred primarily under conditions of high uncertainty (Maine, Soh, Dos Santos, 2014). Created opportunity destroyed an

existing industry knowledge and technology. Korsgaard (2013) had described opportunity discovery as incomplete and emphasized the higher importance of social and relational interactions in creating one. The analogy suggested that Korsgaard's advocacy was for creation rather than discovery. A socially constructed opportunity arose due to a belief that prior industry knowledge negatively affects an entrepreneur's ability to learn due to pre-existing ideas. The created opportunity involved new things by new means (Hunter, 2013; Sarasvathy, 2001). The process dwelled on lean resource and risk controls as opposed to prediction used in causation decision process.

### **Transition and Summary**

In the preceding review of the literature, I discussed effectuation as the evolving method expert entrepreneurs used to start-up and to grow young ventures. I delineated how important SBCs were to the nation, and how the recession of 2007/2009 affected them. The review included the problems SBCs had during the recession, which contributed to their failure to grow, loss of jobs, and declined U.S economy. I explored the performance of the successful SBCs and contributing success factors, which might improve the outcomes. My goal was to explore strategies the SBC entrepreneurs used to grow their businesses during a recessionary period.

Using the principals of effectuation theory, expert entrepreneurs managed scarce resources and joined with other like-minded stakeholders to create opportunities to exploit and gain competitive advantage. I discussed effectuation as a prevailing entrepreneurial decision-making technique that applied effectual processes to create values during a recessionary period. Although it was possible to use other qualitative,

quantitative, and mixed-method to conduct the study, I chose phenomenology because it offered the most experiential opportunity to derive from those who have lived the experience.

In Section 2, I emphasize the purpose statement and discuss my role as the researcher, participants, research method, research design, population and sampling, ethical research, and data collection technique. Also, the section included a discussion on the instruments, data organization, analysis, reliability, and validity of the study. My primary role as the researcher was to plan the study to collect reliable, valid, sufficient data through semistructured interviews, which were tape recorded, transcribed, and summarized. For the data to be sufficient, I selected 20 informed participants who shared their experience with the phenomena. I conducted the study within the bounds of ethical requirements, and later organized, analyzed significant statements and themes to compose a textural and structural description of what participants have experienced and how they have experienced it. To conduct an efficient and trustworthy study, I carefully managed risks due to loss of privacy of the participants by following common ethics in research, failure of the equipment, loss of data, and to ensure that only what participants shared were included in the study through member checking. I bracketed self from all previous experiences with the phenomenon and any opinions formed during interviews. The section included a statement on how I ensured reliability and validity of the study to show dependability and consistency, transferability, credibility, and confirmability.

In Section 3, I discuss the findings by relating what the participants said to the body of knowledge and the major principals of effectuation theory. The section also

included a discussion of how participants used their lived experiences to solve problems. Furthermore, I discussed actions to implement to benefit individuals and companies were discussed, which wanted to take advantage of the study results and how the recommended actions disseminated to small businesses and their leaders. Also discussed was a recommendation for further studies with foci on the limitations and scope of the study. I reflected on what the study meant to me as a researcher due to my experiences with the group and how the study affected my thinking. Finally, I concluded the study with a statement of takeaways from the study and what SBCs entrepreneurs should focus on doing under economic uncertainties such as a recession, to grow their firms.

## Section 2: The Project

The project includes a restatement of the purpose of the study and delineates my role in conducting an ethical and quality research. In this section, I describe the (a) participants, (b) research method and design, (c) population and sampling, (d) ethical research, (e) data collection, (f) data organization and analysis, and (g) reliability and validity procedures. Also, I address the concerns of critiques of qualitative research about the method's lack of quality and trustworthiness due to human involvement in data collection, analysis, and interpretation of results. The methodology requires that I design the study to collect and interpret rich and thick data while protecting the privacy of the participants during and after interviews.

Despite the record of SBCs as the engine of the U.S. economy, SBCs had difficulty to succeed and grow over the past decade resulting in fewer new jobs created (Laderman, 2013). Previous studies have shown that most small businesses failed within five years of existence (Miles, 2013; SBA, 2014). Schifeling (2013) found that most SBCs avoided risks and stopped being entrepreneurial during the recession.

### **Purpose Statement**

The purpose of this qualitative phenomenological study was to explore the lived experiences of SBC entrepreneurs who had strategies to grow their firms during a recessionary period. The population included SBC entrepreneurs in the service and sales industries in Atlanta metropolitan area of Georgia, which had from 1 to 99 employees and were 6 months to 5 years old by December 2007. The data from the study might contribute to social change by assisting practitioners and business schools in developing

entrepreneurs to adapt and grow their firms during recessionary periods. Also, the study might reveal entrepreneurship orientations contributing to the resilience of SBCs during a recession.

### **Role of the Researcher**

The responsibility for collecting, organizing, analyzing, and reporting credible and valid data lies on the researcher (Denzin & Lincoln, 2002). In this role, a researcher designs the study process, determines interview method and the means for catching data, transcribes and summarizes, analyzes, verifies, and validates data, and reports the results (Sanjari et al., 2014). Using this approach, I conducted a semistructured face-to-face interview study (Ashton, 2014; Collins & Cooper, 2014).

I used an interview protocol to maintain consistency and inform the participants (Appendix A). Darawsheh (2014) reminded that interview protocol should inform the participants' preparation for the interview and should help to build a rapport between the interviewer and the participants. The protocol has been used to measure the type and quality of an interviewer utterances and the amount of information provided by the participants (Benia, Hauck-Filho, Dillenburg, & Stein, 2015). The protocol included important information about the researcher's plan for the interview, interview questions, and any other information, which informed participants ahead of the exercise. Moustakas (1994) stated that interview questions should be non-invasive, open-ended, and easy to understand to help the participants respond fully and honestly. For easy understanding of the questions by the participants, I excluded from the questions words that might confuse, mislead, or require further clarifications without sacrificing privacy and quality. Ashton

(2014) advised researchers to recognize and avoid a conflict between minimizing risk and achieving desired results by abiding by the ethical precepts of research. The researchers must accord respect to, as well as understand the concerns of, the participants by building rapport with them before the interviews (Fassinger & Morrow, 2013). By first building rapport with the participants, I gained their trust and maximized the quality of their responses.

My role as the instrument and primary data collector was to listen attentively and absorb the participants' perspectives and follow up with appropriate questions, as Moustakas (1994) directed. Researchers bracket themselves to expose the attitude and biases they harbor about the phenomenon and the participants (Fassinger & Morrow, 2013). Preconceptions due to researcher's lifeworld, current and past experiences with the group or phenomenon could taint the research process and results (Tufford & Newman, 2012). The researcher gains a good understanding of the perspective of the participants and recognize the influence on the results by their thinking and understanding (Bahn & Weatherill, 2013). Therefore, I disclosed all past and present associations I had with SBCs, suspend my opinions and prejudgment, disclosed my worldview, and based the study results solely on the lived experiences of the participants so that readers can judge for themselves the reliability of the study. Fassinger and Morrow (2013) have said that researchers should listen attentively, beware, ask clarifying questions respectfully, and take good notes. I listened attentively and asked clarifying questions to collect accurate data and to analyze the data alone without including my views. I was careful not to steer participants to any preconceived views I held.

I had over 20 years combined experience, as a practitioner providing accounting, tax, auditing, and other consulting services to SBCs, some of them in Atlanta Metropolitan Area, Georgia. The skills gained in the process were instrumental in designing the interview questions and helped in conducting the interviews. Denzine and Lincoln (2002) said that although researchers bracket themselves by disclosing past experiences and ridding themselves of subjective thoughts from such experience, skills they gained could still contribute value to data collection. While my experience did introduce bias to the study process, data collection, and results, although the subject matter and individuals in this study are different, to mitigate bias, I was conscious of my experiences and suspended any subjective views I held due to the experiences and my worldview from tainting the study process, data collection, and writing results.

The Belmont Report specified ethical guideline for selecting and conducting a research of human subjects (Rosen, 2014). The key aspects of the report, according to Cugini (2015), were respect for persons, beneficence, justice, and applications, which included informed consent, assessments of risks and benefits, and selection of participants. Ethical research established in advance how to guard against researchers' bad emotions, which might distort results and influenced their decisions as they read and analyze responses of the participants (Grossoehme, 2014). The volunteer nature of the participants and the promise of confidentiality were parts of the contractual agreement with the participants. O'Reilly and Parker (2013) noted that participants reacted negatively in forms of passive resistance, active disengagement, and autonomy. The participants were informed that they could withdraw at any time they became stressed or



infringed on their privacy, by simply seizing to participate without reprisal. They could also skip any question without any recourse if they felt any threat of confidentiality. I respected any decision they made under the circumstances. The goal was to protect participants from harm and make an effort to secure their wellbeing.

### **Participants**

The challenge in this study was to identify purposeful entrepreneurs who had experienced the phenomenon in the context and encourage them to participate (Moustakas, 1994). The participants were SBC entrepreneurs and decision makers. Research has shown that founders attract entrepreneurship studies because they have a passion and the pull to start and grow their businesses (Cardon, Gregoire, Stevens, & Patel, 2013). The SBCs entrepreneurs from the Metropolitan Atlanta area received invitations to participate in the study. Among the entrepreneurs who responded, I selected 20 to participate in face-to-face interviews to discuss their experiences in growing SBCs during the recession. The interviews included five open ended questions and answers, often included clarifying and follow up questions and answers. As noted in Rowley (2012), I selected the participants who were the key decision-makers with relevant experiences and ability to analyze such experiences.

The participating SBCs were 6 months to 5 years old and have from 1 to 99 employees as of December 2007, sometimes managed by the founding members. Some SBCs either added jobs, increased revenues, or just survived the recession, although policymakers viewed successful SBCs by the number of new jobs created (Fairlie, 2013). Most jobs created during the recession occurred in SBCs with fewer than 100 employees

(BLS/BED, 2014; SBA, 2014). Despite the SBA result, Haltiwanger, Jarmin, and Miranda (2013) found that SMEs with 50 or fewer employees created the most jobs. I relied on the SBA's result to select participating SBCs' entrepreneurs and desired range of employees for the study.

Founders of SBCs were entrepreneurial if they had the strategies for growth, can introduce new products, services, or innovative processes to create new markets (Jaskiewicz, Combs, & Rau, 2015). They had strategies to achieve growth through innovation by being proactive under uncertainty (Efendic, Mickiewicz, & Rebmann, 2014). New and young small businesses were considered dynamic and innovative if they increased revenues and hired new employees (Archibugi et al., 2013). I restricted the study to service and sales to reduce the effects of heterogeneity due to industry variations, as shown in McKelvie et al., (2013).

Before the participants' selection process, I sought and obtained the approval of Walden University' Institutional Review Board (IRB) number 01-17-17-0303100. I sent letters of invitation (Appendix B) by emails to the prospective participants requesting them to join me as willing and experienced participants to contribute their lived experiences (Moustakas, 1994). The letters included the purpose of the research, the extent of participants' involvement, and explicitly stated that participation was voluntary. Also, the letter indicated that participants were free to withdraw at any time without reprisals by just informing the interviewer and halting participation. I followed up the email with phone calls if I did not hear from them to manage time and to be responsive.

Only selected individuals, who met the criteria for the study received calls to arrange for the initial meeting for interviews. The interview sessions spanned approximately 30 minutes. I transcribed the data verbatim, summarized the transcript, and presented the summary to the participants for member checking. The site and time for a second meeting depended on a participant's schedule; most second meetings occurred over the phone upon the participants' request due to time constraints. The objective of the second meeting was to member check and clarify issues arising from the first meeting.

To ensure confidentiality, selected participants received assurances their identities would not appear on the transcripts or manuscripts without prior approvals. I used pseudonyms such as P1...P20, instead of their real names, to represent the 20 participants to hide their identity. In addition, the participants received assurances that the recorded interview data, notes, firm names, and other personal or firms' data were in fire safe location for five years. A list of the participants and the pseudonyms assigned them was stored separately from the interview data to avoid linking them with the contributors. The research documents and data collected from will be destroyed at the end of the required five years to comply with the ethics of research.

## **Research Method and Design**

### **Research Method**

A method for collecting data was a primary consideration in selecting the qualitative phenomenological design to contribute a new knowledge. In selecting a research method, I considered the research question, gap in prior studies, and contributions to the entrepreneurship domain (Mathias, Williams, & Smith, 2015). A

qualitative method was the multimethod research tool, the researcher used to study phenomena in their natural settings and made sense of textual data collected to ascribe meanings to them (Denzin & Lincoln, 2002). Researchers who adopted qualitative method have a philosophical orientation of social constructivism and interpretivism (Denzin & Lincoln, 2002). I was interested in exploring the subject matter of this study by social interactions with participants to understand and interpret what they said and how they made critical decisions about the phenomenon.

The qualitative method has contributed in unique ways to entrepreneurship research (Rauch et al., 2014) by deconstructing the participants' stories with minimum reinterpretation (VanderStoep, 2009). Studying under researched areas of entrepreneurship domain have occurred using qualitative methods and inductive or interpretive designs to inform the study since much is still unknown (Daniel et al., 2014). Dasgupta (2015) noted that qualitative method enables a researcher to use inductive reasoning to evaluate data to make sense of them without applying pre-existing knowledge that might bias the study result.

Those who wanted to know more defined, described, and made sense of others' experiences using the qualitative method (VanderStoep, 2009). Qualitative methodology is a qualified and appropriate method of research in entrepreneurship domain (Daniel et al., 2014). Other methodologies would render the perspectives of participants inconsequential by excluding socially created data (VanderStoep, 2009). Qualitative method responded to readers who want to know more about a study.

On the other hand, the quantitative method enables comparison of variables using numbers and a statistical method (Denzin & Lincoln, 2002). Researchers who prefer quantitative method tested theories, sought explanation, involved prediction, and generalized to populations or places (Denzin & Lincoln, 2002). Such researchers also held post positivist worldviews. In quantitative studies, investigators predicted outcomes by experimenting with or comparing numerals as dependent and independent variables (VanderStoep, 2009). The methodology enabled generalization of results using large datasets. Also, it utilized deduction, theory and hypothesis, observation, conclusion, and emphasized validity (VanderStoep, 2009). The quantitative methodology was suitable for studies involving a comparison of or a relationship between variables using a large volume of data. As VanderStoep (2009) has noted, the level of detail derived from these statistical studies had readers asking for more. For these reasons, VanderStoep (2009) noted that quantitative method lacked depth, descriptive data, and suppresses voices and feelings of people studied. Studies in qualitative studies filled the gap between statistical results and readers' satisfaction, although the goal was to add new knowledge and theory building using social interactions of participant and investigators and to interpret what participants said. A quantitative method is best used for theory testing while qualitative research is concerned with theory buildings (Dasgupta, 2015). The quantitative methodology is not appropriate for this study since researchers used the method to compare variables, analyze result using statistical methods, and they have a goal to generalize results to the population. These objectives differed from the objective of this study.

Advocates of quantitative and qualitative methods prefer one method to the other. The reason was not that their preferences represented a better approach than the other methods. Instead, the reason was to accommodate their varied worldviews. VanderStoep (2009) noted that most studies, which occurred in quantitative method needed more depth than qualitative method offered, to give voice to the participants. Researchers expanded studies, where resources permitted, to conduct exhaustive research using the two methodologies in one study and to analyze the results of the mixed method studies (VanderStoep, 2009). Mayoh and Onwuegbuzie (2015) have acknowledged the existence of mixed method studies with goals to expand studies in one tradition or design to one that would interphase other methodologies. The mixed method approach encountered limited resources and time (VanderStoep, 2009). The mixed method was not appropriate for the study due to an in-depth but less than exhaustive result desired without expending enormous resources.

### **Research Design**

Qualitative researchers have options to use methods such as case study, ethnography, narratives, and phenomenology. A suitable research design aimed at a particular research objective (Wolf, Kaude la-Baum, & Meissner, 2012). Researchers have used qualitative phenomenological design to explore and understand common perspectives of the experiences of different individuals (Moustakas, 2009). Phenomenological researchers have bracketed their experiences with the phenomena of their studies to focus on the lived experiences, or firsthand accounts of the participants' stories told in sustained and prolonged periods (Moustakas, 1994). Case study researchers

have utilized one or more cases to explore a process, activity, or event, of one or more individuals using multiple data collection methods to collect in-depth data from a specific time and place (Yin, 2009). Ethnography is another major design in qualitative research, which involves a study of shared patterns of a culture in action over time. Also, ethnography, typically, involved more than 20 participants (Jerolmack & Khan, 2014). Ethnography was not suitable for the study because no culture was involved and the context, constitution, and some participants sharing the same culture were not the requirements of this study. Researchers used the design in developing theory. To be flexible in collecting rich data from the SBCs' entrepreneurs who had experienced recession using one data collection method, I selected the phenomenology design for this study. The design did not require in-depth data with multiple data collection methods at a specific time and place to describe an event, action, or why it acted the way, it had done, as in a case study design.

A traditional tool used in qualitative research to collect rich data is interview (VanderStoep, 2009). Lam and Harker (2015) have shown that phenomenology design is suitable for entrepreneurship research involving entrepreneurship decision makers in the process of creating new markets and developing new products. The study design adopted by Lam and Harker is similar to the plan for this study in the sense that SBCs' entrepreneurs might have created new markets, developed products to grow, or even, continued to exist or succeed during the recession. Also, data collected using phenomenology identified favorably with the key concepts of effectuation theory, as a note in Fiet, Norton, and Clouse (2013).

I showed that the research questions were open-ended to elicit a type of detail and rich data to describe and derive accurate meanings from the experiences of others. Similarly, Heinze (2013) used phenomenology design; open ended questions, and semi-structured interviews to collect rich data in an entrepreneurship study that yielded a new knowledge. The positive emotions that phenomenology generated has helped to inspire the participants in this study to reconstruct lived experiences with the phenomenon of the study. As Mathias et al. (2015) have noted the broadness of the interview questions inspired participants to recall significant experiences they have encountered and to tell them to enable understanding and interpretation of the data without injection bias by the inquirer.

As did Heinze (2013), Daniel et al. (2014), and Mathias et al. (2015), I adopted the semistructured face-to-face interview format in the study. Phenomenology was the most friendly qualitative research approach to explore and understand the meaning of an experience to a particular group (Grossoehme, 2014). Mayoh and Onwuegbuzie (2015) said that phenomenology was the most flexible of the qualitative designs to interface with other methodologies and to help researchers to interpret human experiences. By using phenomenology, I added to the entrepreneurship discourse using the open ended interview questions to obtain participants' detailed responses about their experiences. To this end, I asked questions such as, tell me about your business and what it was like to grow businesses during the recession. What were the characteristics that helped in your success or survive, during the recession? Phenomenology also allowed a researcher to identify specific success strategies during a particular experience.



A method to achieve quality in qualitative research depended on a researcher and included data saturation. I achieved data saturation by interviewing 20 participants, as stated in Marshall, Cardon, Poddar, and Fontenot (2013). Further conversation with the participants yielded no new code or theme. Any interview with an additional participant would have yielded no additional significant or invariant statements at the point of saturation of the data. I used member checking to validate my interpretation of what the participants said. As advised in Brashear, Granot, Brashear, and Cesar Motta (2012), I answered the research question using the open ended questions and allowed the participants to take the direction they wanted. According to Fusch and Ness (2015) and O'Reilly and Parker (2013), data saturation occurred when a researcher collected enough information to replicate the study so that no new information occurred and no new code emerged. As indicated in Brashear et al. (2012), I kept the participants focused on listening carefully and followed up with clarifying questions without interrupting the conversation. During the conversation, I gathered sufficient information to enable future researchers to replicate the study.

### **Population and Sampling**

The qualitative methodology has a variety of sampling techniques. Among them, purposeful and snowball sampling techniques (VanderStoep, 2009) ranked high in qualitative studies. Phenomenological research emphasized accuracy of lived experiences and required smaller sample size than quantitative counterparts (Grossoehme, 2014). The target population was SBCs entrepreneurs in the Metropolitan Atlanta area, who were decision makers and had survived the recession. The units of analysis were the

individuals with requisite experiences who led the SBCs to successful emergence from the recession (Fiet et al. 2013). As stated in Fiet et al. (2013), I used purposive sampling technique and ensured the participants had experienced the phenomenon and could reconstruct and tell their stories in detail. Balomenou and Garrod (2015) also suggested that purposeful sampling technique was appropriate in phenomenological studies.

Moustakas (1994) mentioned the use of 10 to 20 minutes screening interview to discuss the purpose and nature of the study. I achieved the same result by inviting the prospective entrepreneurs to participate in the interviews. The document included the purpose and nature of the study, so the participants understood before deciding to volunteer their time. Prospective participants learned, in advance, the interview was open-ended, face-to-face, and approximately 30 minutes. Participants received a clear message the interview was the primary method of collecting data for the doctoral dissertation.

A recommended sample size for a phenomenological study was from 20 to 34 participants depending on individual's attributes (VanderStoep, 2009). The range was consistent with the sample size required by Walden's DBA Program minimum of 20. I employed the snowball sampling technique. Researchers used snowball sampling technique to draft participants from a pool of existing participants' social network (Perez, Nie, Ardern, Radhu, & Ritvo, 2013). Participants recommended other experienced leaders who could describe their experiences with the recession in a comprehensive and detailed manner and encouraged them to participate in the study (Moustakas, 1994). Although no compensation accrued to anyone for participating, Perez et al. (2013) noted

that when a researcher paid compensations, to participants, they were more likely to provide information about their friends or difficult to reach individuals and to serve.

The participants comprised 20 entrepreneurs who were key decision makers of selected SBCs, which are at least six months to five years old by December 2007. The population comprised the SBCs' entrepreneurs from Atlanta Metropolitan area, Georgia with average annual revenue not to exceed \$7.50 Million and employees 1-99. Selected businesses added or retained at least one employee between 2007 and 2009. Participant had at least one but not greater than 99 employees to ensure participation. Although 20 participants contributed to the conversation, the interviews continued until no new significant statements emerged. This point was data saturation point. The data saturation demonstrated quality and adequacy of the sample and the researcher should identify the point of saturation (O'Reilly & Parker, 2013).

Cowling et al. (2012) noted that older and larger firms and firms experiencing a decline in sales were more likely to maintain or to increase demand for external financing, than smaller ones. Young SBCs were innovators, which produced more patents than their larger and older counterparts do (Plehn-Dujowich, 2013). These innovative SBCs needed more funding for expansion if they were to maintain growth. Cowling et al. also noted that at the peak of the recession, 119,000 (10%) smaller firms were denied credit in three months.

### **Ethical Research**

According to Moustakas (1994), research involving human subjects occurred under certain ethical standard and guideline. The interaction between researchers and

participants was especially challenging in qualitative studies due to the researcher's involvement in the study (Sanjari et al., 2014). Each study was unique and required a unique plan to adhere to the essential aspects of the standard (Moustakas, 1994). The goal was to protect privacy, confidentiality, and inform participants about the nature of the study (Moustakas, 1994), safeguard the rights, safety, dignity, and well-being of the individuals (Stevenson, Gibson, Pelletier, Chrysikou, & Park, 2015). Doing so helped the researchers to enhance the trustworthiness in the study results. Although the IRB has addressed most issues that might arise during research, the researcher should endeavor to resolve any new issues not covered in the consent form (Palmer, Fam, Smith, & Kilham, 2014). There was no one size that fits all studies when an issue arose about ethics in research (Stevenson et al., 2015). The university IRB has a program for adhering to the standards during and after the study concluded, and I ensured that I have followed the procedures. The final doctoral manuscript included the IRB approval number and expiration date.

The consent agreement informed participants about the study before they made decisions to participate in the research. The document also included a procedure for maintaining confidentiality and privacy of the participants. Also, the consent form stated the nature, purpose, and procedures for the study, and a statement indicating the interview questions were open-ended, face-to-face, recorded, expected time for the interview, and requirements to participate and for withdrawing. The form stated that participation was voluntary and that a participant might withdraw at any time during the study without

reprisal from anyone. Further, a participant might not answer a question for privacy reasons and still participate in the study.

Compensations did not accrue to the participants. The consent agreement included the name and email address for the university's faculty advisor so the participants can verify or obtain additional information from individuals charged with supervising the research. This practice helped to dispel lack of trust. The invitation letter to prospective participants (see Appendix B) served as the initial introduction of who I was, purpose, and nature of the study. In the invitation, I requested prospective participants to immerse themselves into the phenomenon during the study and interview (Moustakas, 1994). I treated them as if we were equals and offered them the opportunity to join me as contributors of knowledge.

Maintaining confidentiality of participants was an essential requirement of the ethics of research. To achieve this goal, I used codes such as P-1 to P-20 to represent the participants and did not mention their names or their organizations in any public document. I assured the participants that no one else knew their names except me, the researcher. I transcribed the recorded interview verbatim. The list and other identifying materials of the participants and their firms secured in a fireproof drawer and located separately from the interview notes, recordings, and transcriptions. I would destroy all study materials from the study including the list of the participants, notes, transcriptions, and summary after five years. The final doctoral manuscripts did not include any participant's name or company.

## **Data Collection**

Data collection in this phenomenological study included data collection instruments, collection technique, organization, and analysis. Data collection included individuals who were responsible for collecting data, how, and with what. The goal of data collection was to obtain enough data to satisfy readers who might want to replicate the study and to motivate the researcher to keep collecting data until no new data remained to collect (Fusch & Ness, 2015). To this end, I recruited relevant participants, prepared open ended questions, adhered to a protocol, and ethical guideline to collect rich data, and analyzed and reported the data in the findings (McDermid, Peters, Jackson, & Daly, 2014). From the validated and credible data, I prepared structural and textural descriptions of what the participants have said and the essence of the participants' experiences (Mouskatas, 1994). This process added quality, rigor, and produced a trustworthy result of the study.

### **Data Collection Instruments**

The researcher was the primary instrument for collecting data (Ashton, 2014). As the primary instrument for collecting data, I was responsible for collecting accurate, reliable, and valid data in this study. The role involved determining when sufficient data has occurred to ensure a quality result (Fusch & Ness, 2015; Moustakas, 1994). To collect sufficient data, I interviewed 20 participants to the point of saturation (Marshall et al., 2013). Data collection involved unexpected challenges, and the researcher should have the flexibility and the ability to react efficiently to an ongoing and unexpected situation (Mikėnė, Gaižauskaitė, & Valavičienė, 2013). The participants did most of the

talking while I listened attentively and guided the participants to focus on the phenomenon of the study (Brashear et al., 2012). Also, data collection instruments included other suitable and recommended collection tools such as the equipment, techniques, and sample size (Fusch & Ness, 2015).

As Moustakas (1994) has suggested, I used two digital recorders and conducted a pilot interview to endure proper functioning of the equipment and to practice interviewing process. The practice was crucial to reduce a risk of failure of the equipment, loss of data, and for efficient time management (Moustakas, 1994). Data collection equipment I used includes a mobile phone (Samsung Mega SGH M819N) and an Apple iPad. These instruments had digital voice recorders. The questions and the responses generated constituted the interview data. As recommended in Collier, LaPorte, and Seawright (2012), I used NVivo 11 Pro analytic to form and to refine concepts and create categories and themes.

The interpretive method was a valid and efficient resource in social research such as entrepreneurship study using phenomenological interviewing (Brashear et al., 2012). An interview provided the most efficient method of inquiry to understand one's professional and personal lived experiences (Brashear et al., 2012). In support, Bevan (2014) stated that an in-depth interview was the most often used data collection method in phenomenological research. Interviews enabled a researcher to gain a deeper understanding of issues and processes involved in participants' reconstruction of their experiences (Brashear et al., 2012). Marshall et al. (2013) have stated that interviews must reach a point of data redundancy for data saturation to occur, and the adequate

sample was important to achieve the goal. This study included semistructured, face-to-face, and conversational interview process to allow a thorough investigation and to promote consistency and quality (Bevan, 2014). The interview questions were open-ended, broad, and produced rich data from the interactions (Bevan, 2014). The interview process in this study included a set of open-ended interview questions (Appendix C).

Well-crafted interview questions and their relevance to the topic of a study played a significant role in collecting data for research (Moustakas, 1994). Rowley (2012) stated the protocol for the interview and the interview questions yielded a detailed data by inducing the participants to recall past experiences. The structure of the interview questions and their timing enhanced full and accurate responses (Moustakas, 1994). Bevan (2014) noted that the methods enabled participants to express their viewpoints in ways a researcher could understand and describe them. Rowley (2012) also said that open-ended interview questions (a) did not lead or imply assumptions, (b) did not contain mini-questions as one question, (c) did not invite yes/no answers, (d) were not vague or general, and (e) were not invasive. The depth of data collected depended on how many problems to resolve (Aborisade, 2013).

To collect data for the study, I conducted 20 initial semistructured, face-to-face conversational interviews, and recorded the conversations using two digital recording equipment, as I said before, to manage the risk of data loss. I asked the same interview questions of each participant to maintain consistency and reliability of data collected and took notes to capture non-verbal cues and reactions. The practice gave each participant the opportunity to respond to the same question by sharing an experience, which was



relevant to the question. I asked the participants to review and validate the interpretations for accuracy by process of member checking (Chang, 2014; Harper & Cole, 2012).

O'Brien et al. (2014) described the standard for reporting rigorous qualitative research and said that member checking helped a researcher to write quality and a trustworthy result, which participants supported. By self-reporting in the process of data collection, the participants contributed to new knowledge and felt good for the value they helped to co-create (Moustakas, 1994). I conducted subsequent meetings by telephone to clarify issues from the first interview by process of member checking. I used NVivo 11 Pro analytic to form and refine concepts and to create categories to interrelate the participants' experiences, as indicated in Collier et al., 2012). The technology contributed rigor to the study by aiding the organization and analysis of the interview data.

I also took notes of each interview, as necessary, to capture non-verbal cues and reactions of the participants to certain interview questions, as indicated in (O'Brien et al., 2014). By responding to the same interview questions, I read the participants' facial expressions and body languages, which might indicate the uneasiness of a question, as stated in (Miles, 2013). Postholm and Skrøvset (2013) stated that note taking provided evidence about the researchers' subjectivity. As stated in Luria and Kalish (2013), data from the notes corroborated evidence from voice data and sometimes assisted in revealing the dishonesty of the participants.

The span of the first meetings was approximately 30 minutes, and that of the second meeting was about 10 minutes. Although Walden University required a minimum of 20 interviews, Rowley (2012) suggested an average of 12 interviews for 30 minutes.

Rowley also indicated the meetings and their spans must contribute sufficient level of rigor and detail, and depended on interviewees' availability and time demand for data analysis. I included all the data collected from the interviews in the analysis. The open-ended questions, ensuing conversation, relaxed atmosphere, and respect for the participants helped to add sufficient rigor to elicit the type of detail desired in the phenomenological study to achieve desired results (Ashton, 2014).

### **Data Collection Technique**

Each interview began with social conversations to relax the participants, build a rapport, and increase their trust and comfort levels to respond honestly and comprehensively (Fassinger & Morrow, 2013). Besides, I encouraged the participants to focus on the memorable events and outcomes of their experiences and to describe them in full, as suggested in (Moustakas, 1994). I initiated data collection after receiving the approval of the IRB and disclosed the number in the consent form herein included in the manuscript. As Bevan (2014) informed, I listened attentively and probed deeper to clarify ambiguities and to induce additional information to emerge. Spontaneous questions and comments followed to clarify any issue due to a previous response, despite the second meeting for member checking. In this way, I aroused emotions that inspired the participants to describe in detail their perception of the phenomenon.

As Moustakas (1994) advised, I began each interview with the same opening statement. The opening statement included a description of the context as well as a summarization of the core sections of the consent agreement. They included the purpose, voluntary nature, confidentiality and use of fictitious names, and withdrawal clauses. This

interview procedure created a relaxing atmosphere for the participants and helped to bring out their best performance and increased consistency and reliability in the study.

Units of the analysis were individuals with attributes to contribute to the findings, having created successful ventures that survived the recession (Suddaby et al., 2015). Each participant had the opportunity to respond uniquely to the same questions. Bevan (2014) stated that an object appeared in many ways that make up its being. My goal was to obtain a common perspective of the phenomenon from the participants' responses to the interview questions.

Verreynne, Miles, and Harri (2013) emphasized the importance of note taking to complement digitally recorded data from interviews. Besides, Rowley (2012) noted the importance of proper time management even as the researcher gathered detailed answers to the questions asked. As Rowley has suggested, I used prompts such as what, why, and how during the interviews to drive more detail from the participants. The prompts helped the participants to provide detailed responses that yielded the rich data for the analysis. The interview proceeded until no new information accrued from the participants, and further conversation yielded redundant data (Marshall et al., 2013). An additional participant would not yield any new data. Each participant received a synthesis of the textual and structural description of what participants said for review and correction (Moustakas, 1994).

To ensure an efficient interview process, I conducted a pilot interview with a colleague to display and perfect my interview skills and to make the necessary adjustments accordingly. This process was crucial to maintain the skills necessary to

conduct flawless interviews, ensure proper working of equipment and software, and to manage the interview (Moustakas, 1994). Besides, the participants received the interview questions ahead of the interview to acquaint with them. Having the questions before the interview offered the opportunity to research the subject and terms to be able to respond accurately. I backed up the raw data to an external drive device and designated a working copy to manage the risk of loss of data.

Member checking, a quality control process for presenting the researcher's interpretation of the participants' experiences shared with them for review, correction, or validation, is a key method of ensuring the trustworthiness of the study (Chang, 2014; Harper & Cole, 2012). The participants were satisfied they had contributed to the findings of the study; the contribution became a therapy for the participants knowing the research validated their experience (Harper & Cole, 2012). Besides, the outcome of the study became a created new knowledge in the literature (Comi, Bischof, & Eppler, 2014). The participatory research was value driven and researchers tended to ignore some issues and their effects on their research (Bergold & Thomas, 2012). They included the impact of (a) raising some questions and not others, (b) selecting some people in the process and not others, (c) observing some phenomena and not others, (d) making one sense of it and ignoring others, and (e) taking one action and not the others (Bergold & Thomas, 2012). I was cautious to avoid this common mistakes by adhering to the processes described in this document.

### **Data Organization**

Data organization process, according to Moustakas (1994), began when a researcher studied the transcribed data and the summaries prepared from them. As noted earlier, member verification of the interview summary contributed to the quality and trustworthiness of the study. I analyzed the members' verified summaries using phenomenological techniques recommended by Moustakas. The techniques included identifying and weighing relevant statement equally, listing meaning units, categorizing meaning units into themes to develop a textual description of the participants' common experience perspectives (Moustakas, 1994). Rowley (2012) stressed a need to analyze interview data immediately after each interview, before beginning the next one, to ensure freshness of the conversation and participant's response, and to enhance recollection and accuracy and reliability of the transcribed data. Rowley (2012) suggested, I listened to the transcripts over and over again and pondered over what the interviewees said, making notes of questions and issues to resolve during the second meeting. As Rowley also noted, data organization and analysis of the results process took a significant amount of time to accomplish in this study.

Banks (2013) has advised that researchers transcribed interview data within 72 hours of the interview to keep the information fresh in their minds. I transcribed the interviews data and summarized them within five days after the interviews, as my job and family pressures allowed, and also due to the hectic back and forth nature of interviews, transcribing, studying transcribed data, and summarizing them. My notes during the interview helped to recollect essential milestones in each participant's narrative. As I

summarized the transcripts, I underlined significant statements and avoided repetitive phrases and variant statements for the coding process to occur successfully.

The raw digital interview data, notes, transcribed and summarized data were available for authorized examination. I stored the interview data, notes, transcripts, transcripts summaries, and external drive holding them in a privately secured fireproof cabinet in my office due to zero risk assurance associated with my job. I also made sure to separate the pseudonyms and the participants they represent from the transcripts and summary. This way, people would be unable to link them with the participants and their firms. I planned to dispose of the files by destroying them and burning the papers at the end of the term, as the ethics of research required.

### **Data Analysis Technique**

The techniques involved identifying and analyzing significant statements, sentences, and quotes derived from member verified interviews data, a process Moustakas (1994) has referred to as *horizontalizing*. The foci of the analysis are the member checked interview summaries prepared from verbatim interview transcripts, interview notes, and emerging themes from a cluster of meaning out of the significant statements (AAkerlind, 2012). The final theme emerged from the summarized data in forms of commonalities and variations without an advanced knowledge, as said in (AAkerlind, 2012). I performed the data analysis using a thematic analysis method. Themes were made up of abstract statements, which were difficult to identify and were expressions of latent contents (Vaismoradi, Turunen, & Bondas, 2013), coherent integration of disparate pieces of data (Sandelowski & Leeman, 2012). The themes and

the significant statements contributed immensely in writing a textual description of the participants' lived experiences told.

Scholars have suggested different ways to analyze data from qualitative research; a researcher must specify the analysis technique to use in a study (Moustakas, 1994). Rowley (2012) noted that no universal approach to data analysis existed in qualitative research. For example, VanderStoep (2009) recommended that initial data analysis followed by the collection of first interview data to guide focus and strategy in further data collection. Vaismoradi et al. (2013) stated that gathering and concurrently analyzing data would add to the depth and quality of the analysis. Still, a researcher may wait to the end of all data collections before examining it to determine what it may reveal (Ludvigsen et al., 2016). Rowley offered two components commonly used in data analysis; they included organizing and preparing, studying and assimilating the data, classifying, coding and interpreting the data; and, presenting and writing up the data (p. 268). I adopted a modified van Kaam data analysis method by Moustakas (1994), whose thematic analysis approach includes the following steps:

1. Reading transcript summaries, listening, and grouping relevant expressions.
2. Recognizing, identifying emerging themes by elimination/reduction.
3. Categorizing themes of invariant expressions and labeling them.
4. Validating invariant expressions and themes by the application.
5. Constructing the textual description of participants' experience.
6. Constructing structural description of each participant's experience.

## 7. Tabulating themes and writing the findings

After transcribing the interview audio recordings and summarizing them, I focused on recognizing essential, invariant sentences, and quotes, which were the smallest units of the analysis of the data (Moustakas, 1994). I immersed myself in the data to gain a deep sense of whole by reading and rereading the transcripts and summaries while assimilating the data shared (Vaismoradi et al., 2013).

Any statement found not to contribute to the analysis was eliminated, as stated in (Moustakas, 1994). I categorized the identified relevant statements into broader statements or themes, and followed a process of reduction and elimination, iteration, and recursive, as stated in (Sandelowski & Leeman, 2012; Vaismoradi et al., 2013). While focusing on theming significant statements, my goal was to link and relate them to a coherent narrative and meaning, as stated in Rowley (2012). In this way, the outcome was a description and a story of what participants have experienced creatively. Finally, as Moustakas advised, I integrated each participant's textual and structural descriptions to describe the essence of the phenomenon experienced indicating the commonalities of what they have experienced and how they experienced them. I maintained an impartial attitude and suspended all judgments due to the opinion formed during interviews and my previous experience with the phenomenon of the study.

To aid in the analysis of the data, following Rowley (2012), I used NVivo 11 Pro for Windows to generate broad categories by annotating the texts. Besides, the NVivo 11 aided in coding the text, searching for keywords, and organizing the transcribed and summarized data. I inputted into NVivo the identified codes assigned to the themes,



which enabled the software to collocate the texts corresponding to each code. The software isolated the essential and invariant statements of the participant's experience.

I considered the themes' relevance to the key constructs of the conceptual framework underlying effectuation, entrepreneurs' characteristics and skills, capacity building, and context, which might contribute to understanding the entrepreneurs' performance in growing the SBCs during the recession. Vaismoradi et al. (2013) stated that every analysis required a context within the text examination. With the knowledge of the literature and studies performed since the proposal, as Vaismoradi et al. (2013) stated, I formed a broad understanding of the context to identify emerging themes from the transcripts and summaries. Also, I developed a framework for the analysis within which the meaning of the data emerged.

### **Reliability & Validity**

Critics of the qualitative research were reluctant to accept qualitative study results citing lack of quality (Shenton, 2004). Implementing certain phenomenological procedures contributed to the credibility and validity of the study (Gioia, Corley, & Hamilton, 2013). Reliability and validity were analogous to credibility, transferability, dependability, and confirmability in qualitative research (Ali & Yusof, 2012). In spite of the concern for trustworthiness, qualitative research gave voice to the informants and yielded discoveries (Gioia et al., 2013; Harper & Cole, 2012). Quality control procedures to satisfy readers also included adherence to the research method and design, data collection including efficient protocol, data analysis, and ethical observances (Ali &

Yusof, 2012; Moustakas, 1994). Also, adopting specific strategies contributed to the validity and reliability of the study.

### **Reliability**

Reliability was analogous to dependability and consistency of qualitative studies (Harper & Cole, 2012; Shenton, 2004). Qualitative researchers achieved reliability differently from quantitative positivists by demonstrating dependability and stability of the collected data (Houghton, Casey, Shaw, & Murphy, 2013). The concern for the reliability of research was due to a perception that most published research results of qualitative studies were false (Funder et al., 2013). Reliability was a measure of consistency of the protocol, data, and analysis, free of errors in the research result (Hess, McNab, & Basoglu, 2014).

Dependability occurred when a study repeated in the same context with the same participants and method yielded a similar result (Shenton, 2004). Shenton has recommended that researchers repeat studies to test or measure dependability criteria. To enable a retest to verify dependability of the study, as stated in O'Reilly and Parker (2013), I included sufficient detail about data collection in a transparent manner. This study also included other prescribed phenomenological processes such as design, data analysis, and ethical research standards among others to assist researchers in the retest process. Ali and Yusof (2012) and O'Reilly and Parker (2012), as Moustakas (1994), have said that such detail assisted the readers to judge and to repeat the study to verify reliability.

A researcher's previous experience with the study and opinion formed during interviews unknowingly biased the researcher's understanding and description of the conversion with participants (Denzin & Lincoln, 2002). The proposal included a system of concept and analysis, which has led to a credible interpretation of the result to adhere to Moustakas (1994) prescribed phenomenological procedures. Such system included open-ended interview questions, which the participants understood easily and responded in details and truthfully. The feeling of emotion due to the interview affects the researcher and participants; hence, I bracketed myself from this and other involvements with SBC entrepreneurs, as stated in Fassinger and Morrow (2013), by declaring upfront such involvements I had in the past and current times. I made objective decisions and viewed the collected data as told only. This practice has produced the required rigor and led to acceptable results since it enabled the readers to judge for themselves their effects on the study.

As noted in Jonsen and Jehn (2009) and Shenton (2004), I used data saturation technique to achieve credibility of this study. The technique demonstrated the quality and adequacy of the sample by indicating a saturation point (O'Reilly & Parker, 2012). Data saturation occurred when no new significant data emerged, and additional interviews yielded repeat concepts and no new ones (O'Reilly & Parker, 2012). I monitored the interviews, transcripts, summaries, and coding to identify the saturation point and participants involved.

The process of reviews and re-reviews of the doctoral study document by the university faculty members and academic personnel scrutinized the integrity of the

research process. The goal was to achieve reliability. Besides, the participants were provided with the transcripts' summary and they were asked to review and validate the data and the analysis of their contributions for member checking, which helped to increase the credibility and quality of the result. In member checking the summary, the participants had the opportunity to revise and approve my summary of the transcripts. Also, the participants received the findings of the study, which highlighted their contributions to the study.

### **Validity**

Validation is a process of verifying that a researcher has examined what the research has planned to examine, answered the questions asked, and attested to the congruence of the finding with the reality (Shenton, 2004). Reliable data must validate the study underway to contribute rigor and relevance to the study (VanderStoep, 2009). A researcher's training and experience played critical roles in assuring the phenomenon recorded accurately (Mikèné et al., 2013). Outsiders scrutinized the procedures applied in research for acceptability (Onwuegbuzie & Byers, 2014). Threats to validity were either internal or external (Onwuegbuzie & Byers, 2014). Qualitative researchers demonstrated validity in ways different from positivists (Houghton et al., 2013). Researchers maintained a balance by integrating methodology and experiential concerns to achieve validity (Pereira, 2012). Universal criteria for judging validity and acceptability included credibility, transferability, and confirmability (Ali & Yusof, 2012; Houghton et al., 2013; Pereira, 2012). The strategies for achieving the criteria varied from design to the individual researchers (Houghton et al., 2013; Pereira, 2012).

Credibility corresponds with internal validity, which tests the accuracy of the research phenomenon (Ali & Yusof, 2012). Research that achieved credibility was accurate in recording the research interviews (Shenton, 2004). Member checking technique was an essential quality control most important mechanism to achieve credibility of a study (Harper & Cole, 2012). I used the technique to validate the summaries of the transcribed data. Participants received the summaries and asked to review, correct, and approve them.

Only member-checked data proceeded for coding and analysis to ensure the result reflects the interview data, as suggested in (Harper & Cole, 2012). Participants also received the synthesized textural and structural descriptions of the findings to view how their contributions appeared in the study, as stated in (Chang, 2014; Moustakas, 1994). I continuously reviewed the recorded data as well as the transcripts and summaries to ensure the words of each participant portrayed the meaning they intended.

Also, I ensured the credibility of this study by data saturation, when no new codes about the subject occurred with more interviews. The process indicated that a sufficient number of experienced informants participated (Houghton et al., 2013).

Credibility also occurred when researchers followed methods established in a qualitative investigation (Shenton, 2004). Walden University doctoral program has

developed such methods and has scrupulously monitored the application in this study. As Moustakas (1994) recommended, I have applied a system of concept and analysis, which has led to a credible interpretation and result. The procedures included the research question, interview questions, choice of design, data collection instruments and techniques, organization, and data analysis. Also, by volunteering and having the right to quit at any time during the study without any reprisal, participants provided truthful and credible data, freely. The promise of privacy and confidentiality of the participants' information and the instruction not to answer any question because it was invasive provided added security to participants to respond freely and honestly. As Shenton has suggested, I encouraged participants to be frank from the outset of interviews, as I began each session with the same opening statement to establish a rapport.

The open ended interview questions and iterations, which occurred during the interviews helped to elicit a detailed description enhanced quality of the study, as suggested in (Shenton, 2004). A detail description promoted transparency, thereby increasing credibility and presenting the actual situation investigated. A detailed description was used to not only the readers but also future researchers who would want to replicate the study or test the dependability of the study (Shenton, 2004).

Transferability compared with external validity in positivist research. Qualitative researchers used transferability to promote validity to show the findings can apply to other situations and contexts (Shenton, 2004). Transferability in quantitative research occurred when a study's results generalized to a larger population and settings (Ali & Yusof, 2012). Also, I provided sufficient detail about the fieldwork, so readers who transferred findings have the information and confidence they need to make the decisions, as suggested in (O'Reilly & Parker, 2013).

Confirmability in qualitative research was analogous to objectivity by positivists using instruments independent of human (Shenton, 2004). Confirmability ensured the result derived solely from the ideas and perspectives of the participants only (Shenton, 2004). I bracketed self from past and current engagements with the group and the phenomenon, which could taint my objectivity to enable free and good reconstruction of the participants' experiences (Shenton, 2004). I have disclosed my beliefs, experiences with the phenomenon, and assumptions in this study to remove subjectivity and bias to enable the readers to decide for themselves the trustworthiness of the result. The process of reviews and re-reviews by the university faculty members and other academic personnel, as previously indicated, scrutinized the integrity of the research.

### **Transition and Summary**

In Section 2, I discussed the plan for conducting the study to yield reliable and valid results. The plan included my role as the researcher, methodology, design, participants, population and sampling, instruments, ethics of research, data collection, and organization, and analysis of the data. Also, I discussed how the study achieved trustworthiness and met the criteria for reliability and validity. The criteria included dependability and consistency, credibility, transferability, and confirmability. The study included semistructured face to face interviews with 20 entrepreneurs of SBCs, which experienced the phenomenon in the service and sales industries. I conducted the research using qualitative phenomenological design. Also, I used a method by Moustakas (1994) to search through the interview transcripts summary for significant statements and themes about the perspectives of the participants. I coded the statements, combined into themes avoiding repetition or variants and overlapping statements. From the invariant statements and themes emerged textural and structural descriptions of the participants' common experiences.

In section 3, I discuss an overview and the findings of the study by relating what the participants said to the body of knowledge and the major principals of effectuation theory. Also, I discuss the relevance of the study in business, application to professional practice, and implication to social change. The discussion includes how entrepreneurs might adopt lived experiences of the participants to grow their businesses during a recessionary period. In addition, I state the actions, which entrepreneurs and companies might implement to realize the study results, and how to disseminate the actions to small



businesses and their leaders. Also, I incorporate recommendations for action and future practice with a focus on the limitations of the study and reflect on what the study meant to me due to my experiences with the group and how the study affect my thinking. I conclude the section with a statement of takeaways from the study and recommend what SBCs entrepreneurs should focus on doing in an uncertain condition such as a recession to grow their firms.

### Section 3: Application to Professional Practice and Implications for Change

#### **Introduction**

The purpose of this qualitative phenomenological study was to explore the lived experiences of SBC entrepreneurs who had strategies to grow their firm during a recession period. To this end, I purposefully selected a sample of 20 SBC entrepreneurs who were in business for at least six months to five years and had from 1 to 99 employees at the onset of the recession. The geographical location for the study was Metropolitan Atlanta area of Georgia. My research shows the strategies entrepreneurs used to grow their companies.

The overarching research question for the study was, *what are the lived experiences of SBC entrepreneurs who had strategies to grow their firms during a recessionary period?* To answer the research question, I asked each participant five open-ended questions in a semistructured interview session and recorded the interview with the participants using the Apple iPad and Samsung Mega SGH-M819N digital recorders. After transcribing the data verbatim and summarizing the transcripts, I presented the latter to the participants for member checking to verify the accuracy of my understanding of their experiences. I coded the meaning statements and categorized the codes into themes after screening for repetition and variant statements. A thematic analysis revealed six major themes: (a) characteristics of entrepreneurs, (b) customer acquisition and retention, (c) decision making, (d) business growth and improvement, (e) strategic alliance, and (f) entrepreneurship performance. In this section, I provide detailed analyses of the themes.

### **Presentation of the Findings**

To recruit the participants for the study, the prospective participants received the invitations, interview protocols, and consent forms. The participants returned the consent forms completed with their profile information and signatures. Among the methods used to select purposeful participants was snowballing. The interview, which involved five semistructured questions lasted between approximately 30 minutes. As the interview proceeded, follow-up questions emerged to elicit details of the experiences of the entrepreneurs and to enable an attainment of data saturation. I transcribed the interview data verbatim, prepared summary of the transcripts, and presented the latter to the participants for member checking requesting feedbacks. The purpose of the member checking was to afford the entrepreneurs the opportunity to review their responses to each question to ensure that I have captured their experiences accurately by validating the data. Three entrepreneurs made minor changes to the summary, which were differences in terminology; the other participants approved the summaries as accurate representations of their experiences shared during the interviews.

I used pseudonyms, P1-P20, to represent the participants' to ensure privacy of the participants. During the transcription and summary exercises, I read and reread the interview data, making corrections of verbiage using spell check tool and noting interesting quotes by the participants. In the process, I immersed myself into the interview data to understand the participants' experiences and to tell the stories of the entrepreneurs accurately. The NVivo 11 Pro received the data from the interviews for data organization and analysis to occur.

Data organization and analysis involved coding significant statements into NVivo 11 Pro nodes (codes) and categorizing them into themes and subthemes while avoiding repetitions and variant statements to ensure the analysis of valid data. I coded the data to the nodes sometimes changing their descriptions and merging them. Initially, 35 coded nodes emerged, which merged and categorized into themes and sometimes subthemes. In the end, six major themes emerged for the data organization: (a) characteristics of entrepreneurs, (b) customer acquisition and retention, (c) decision making, (d) business growth and improvement, (e) strategic alliance, and (f) entrepreneurship performance.

The principles of effectuation, according to Sarasvathy (2001), included affordable loss, strategic alliances, exploiting contingencies, and controlling of unpredictable future. Instead of the traditional method of conducting entrepreneurial activities called causation, Sarasvathy stated that expert entrepreneurs used effectuation in uncertain conditions to create new market or venture, firm, and economy. A recent study has shown that small businesses have used effectuation to create business model innovation (BMI) in existing firms instead of new and growing firms, as Sarasvathy initially advocated, to give the firm a competitive advantage (Futterer et al., 2017). The issue in this study is whether and how effectuation has influenced the actions of the entrepreneurs to grow their businesses during the recession.

### **Theme 1- Characteristics of Entrepreneurs**

A thematic analysis showed that participants mentioned one or more characteristics as contributing to their success in response to the second interview question. However, the manner in which the entrepreneurs described their characters and

skills varied. The second interview question asked how an entrepreneur's characteristics contributed to the successes of the firm during the recession. The participants had personality traits and skill they proudly narrated, which I categorized into five subthemes to enable a detailed analysis (see Table 2). The subthemes include education, knowledge, and innovation; entrepreneurial attitude and risk taking; managing, motivating, and trustworthiness; resilience and hard work; and self-motivated, dynamic, and adaptive.

Extant literature has recognized the importance of characteristics and skills of entrepreneurs in creating new ventures. Sarasvathy (2001), in her landmark effectuation theory, stated "who I am, what I am, and whom I know" (p.253) were the primary means expert entrepreneurs used during the effectual process in creating new ventures. Such circumstances of a decision maker, according to Sarasvathy, rarely changed and constrained opportunity.

Table 2.

*Characteristics of Entrepreneurs*

Excerpts from the participants responses to the interview question about the characteristics of entrepreneurs	Interpretation & Analysis	Emerged Subthemes
P10 "I am an industrial engineer with years of experience in this business. I know how to plan ..." P12 "My wife and I am college educated and researched things on the internet quite well." P13 "I worked for someone for years. He helped me later to start up, and...I took what I learned then and implemented ..." P14 "I started to organize myself, researching and gaining more knowledge about managing a business and selling machines" P15 "...I have Masters Science degree in Accounting; therefore, I am not new to practices suitable for a successful business."	Education, research, business experiences, training, and seminars they attended and continued during the worst economic condition exposed them to new ideas, information, and knowledge they implemented to succeed.	Education, knowledge, and innovation.

*(table continues)*

Excerpts from the participants responses to the interview question about the characteristics of entrepreneurs	Interpretation & Analysis	Emerged Subthemes
<p>P1 “I have always wanted to work for myself, and I am willing to work long hours and do what it takes to make it work.” P15 “I am a risk taker, and in times like this, I look for opportunities...” P18 “...and friends said that I am too ambitious. I have attempted one or two entrepreneurship ...starting up...” P2 “...good at customer service and encouraged my partner and staff to raise the bar higher. I want to make them happy even if I have to cut price and reduce my profit margin.” P17 ... telemarketing effort to reach many new and existing businesses, and often signed them on as new clients.”</p>	<p>They enjoyed the benefits and independence from owning businesses despite working long hours and making risky decisions. They had strong convictions that things would get better if they focused on growth, cost cutting, and customers.</p>	<p>Entrepreneurial attitudes and risk taking.</p>
<p>P1 “I tried to build trust by listening, taking criticism, and making it right; I would come back to do it over to make them happy ...not afraid to make a hard decision.” P5 “...work long hours and caring, humble, and compassionate ...motivated myself and others” P16 “I multi-tasked ...and managed the firm and employees, kept track of customers.” P10 “I know how to plan and manage, set goals, prepared budget, evaluate performance, and make amends. I am trustworthy and responsible, and required the same of others I have business dealings...” P13 “We talked to and managed everyone including employees, vendors, creditors, expenditures, and many other things in the equation to survive.”</p>	<p>They have leadership skills and ability to manage resources with the shrunk workforce. Entrepreneurs said trust by family members, friends, and business associates, and reliability of vendors help them to borrow funds or earned them extended due dates to pay up.</p>	<p>Managing, motivating, and trustworthiness</p>
<p>P1 “I am hardworking and treated my customers well. People will give you a chance if you want to do right. I was determined to succeed...” P12 “I am always hopeful, even in tough times, hardworking, resilient, and cost efficient. I have faith in God instead of worrying too much...” P18 “...Passion for the business helped me to travel to remote and distant places, where an underserved market existed ...I am tenacious and resilient...” P2 “...implemented some procedures to adjust and maybe stop the bleeding ... I knew though times do not last forever, though people do...” P10 “I am focused, tenacious, and resilient when confronted with difficulties; quitting is not in me.”</p>	<p>These leaders did not give up; they stayed strong and tried all options to succeed. They innovated and tried other things they did not do before. Passion for what they do inspire them to do whatever it takes to survive.</p>	<p>Resilience and hard work.</p>
<p>P8 “I welcome challenges and I am creative, which allows me to customize thinking to what was happening then to be flexible.” P7 “...having the ability to be flexible and to forge a new direction, seeking projects including small ones we had ignored in the past to get money in...” P6 “...when I have challenges is when you see my best. I motivate myself and having good customer service is a very important thing in my business.” P3 “...I am self-motivated and non-quitter. I have a passion for owning my own business, and I am self-driven...” P20 “...I am resilient, flexible, and adaptive to changing situations. I am also self-motivated ...”</p>	<p>The participants said the ability to self-motivate and adapt to the new normal of the time helped them to succeed. They continue to plug in, hang on, and kept option open ready to capitalize on opportunities that came their ways.</p>	<p>Self-motivation, adaptive, and dynamic</p>

To analyze further the data about the characteristics of the participants, I used NVivo 11 Pro to determine the most frequently used emerged subthemes of the characteristics of the entrepreneurs. Table 3 showed the five emerging subthemes, number of participants who mentioned them, and frequency of occurrences.

Table 3

*Frequency of Entrepreneurs Characteristics*

Emergед Themes	Number of participants	References
Education, knowledge, and innovation	15	33
Entrepreneurial attitude and risk taking	14	25
Managing, motivating, and trustworthiness	17	52
Resilience and hard work	18	74
Self-motivation, dynamism, and adaption	19	38

**Education, knowledge, and innovation.** A thematic analysis of the emerged theme revealed that 14 participants used the terms or similar words 33 times to describe their human capital. They had the college degrees, training, experiences, and members of professional or trade organization, and continued to learn by attending seminars, conferences, and trainings despite poor resources availability. They believed that investing in human capital was important to improving the processes and to prepare for the recovery. Learning new materials and skills helped them to innovate and to change directions to improve their incomes. To answer the second interview question, P10 said, “Being an industrial engineer with previous years of experience in this business, I know how to plan and manage, set goals, prepare budget, evaluate performance, and make

amends.” P12 also said, “My wife and I am college educated and researched things on the internet quite well.” The respondent alluded to the ability to obtain valuable information about his business from the web at no additional cost. P13 said, “I worked for someone for years. He helped me later to set up a business and planned me out because he saw a great potential in me to succeed in business. I took what I learned then and implemented in my business.”

Also, P14 said, “I had experience in selling things on eBay since I was 15 years old; so I was familiar with the process of selling on the internet.” P9 said, “I am creative and constantly seek opportunities to utilize my skills” P7, however, said, “I am a trained professional city planner and optimistic person, as the profession wants us to be...” As I stated before, knowledge/skills investment outcomes contributed to growing entrepreneurship success (Marvel, 2013). These findings fit with Thorgren et al. (2013) and their assertion that education and learning-oriented student entrepreneurs who were passionate about their work possessed the ability to start and grow successful businesses.

**Entrepreneurial attitude and risk-taking.** A thematic analysis of the theme “Entrepreneurial attitude and risk-taking” revealed that 14 participants used the terms or similar words 25 times to describe their human capital. The participants described themselves as born entrepreneurs, who not only wanted to own but also to grow their businesses. They were willing to work long hours to succeed and sometimes not pay themselves to save costs. They described themselves as customer service oriented and like social interactions, which offered opportunities to engage and serve others for profit. They were risk takers, determined, resilient, and not afraid to make hard decisions. Some



of them felt that they could improve on others' performances levels, and at lower prices to capture the market. They said they were not greedy and that it was about profit margins, and if they set the margin too high, the competition would route them out of business. Some had started different ventures before and called themselves serial entrepreneurs.

For example, P1 said, "I was determined to succeed. I have always felt that although other people are doing it ...do better at a lower price to capture the market." P16 said, "...we scheduled another customer in his or her place. I made all decisions and did not hesitate to take wise risks". P10 said, "I have excellent communication skills and ability to engage and convince others to do something for me. I took risks when I had to only after I have done my homework and I was open to new opportunities". P13 also said, "I approached vendors with the business' problems and sought help we needed; employees to tell them no paycheck was coming but owners will help them with bills; and residents to work with them to pay as they received unemployment..." The experiences of the participants fit with Bartz and Winkler (2016) and their assertion that smaller-sized companies with similar structures and sizes as the participants' firms received an extra growth boost in crisis times because they were more flexible than their younger and larger counterparts.

**Managing and motivating, and trustworthiness.** A thematic analysis of the emerged theme revealed that 17 participants used the terms or similar words 53 times to describe their human capital. The reason was the participants made major decisions about their businesses. P1 stated, "I was hardworking and treat my customers well. People will give you a chance if you want to do right". This entrepreneur seemed to believe that

people wanted entrepreneurs to succeed if they would show responsibility, integrity, humility, and care more for the customers than the money. P16 also stated, “I managed the company and provided needed training for staff to help us grow the company.”

Effectuation thrives when individuals form alliances (Saravathy, 2001).

Developing and nurturing a relationship was not easy although studies have shown alliance contributed to competitive advantage (Fiedler, Fath, & Whittaker, 2017).

Everyone involved working hard equally together to develop opportunity had fostered trust among the individuals (Fiedler et al., 2017). Thus, entrepreneurs avoided any opportunity that would erode trust due to the negative effect it might contribute to the success of the firms. P13 said, “I am comfortable working long hours to save money. The business is my baby, which I am passionate about and tirelessly working to save money”. This respondent went on and stated that the culture of foreign land from which he migrated had taught him to work hard. As I noted earlier, passion for work helped entrepreneurs to motivate oneself and others, which contributed to the entrepreneur’s resilience and success. Research shows that motivation inspired hard work, long hours, and resilience, enduring, and hanging on (Murnieks et al., 2014).

Additionally, P14 said, “To be successful in this business, one must be persistent, outgoing as a salesperson, tenacious, and deal well with rejection. I had these characteristics”. P15 said, “When I see things change for the worse, I have to, first, understand very quickly and make moves to contain or stabilize the situation.” About managing, P10 said, “I know how to plan and manage, set goals, prepared budget, evaluate performance, and make amends.” P11 said, “Despite a hard time, I motivated

others especially those who worked for me. We treated the worker like family, sometimes paying personal bills for them, and took the refunds from their paychecks when the business wrote checks to the employees. The entrepreneur alluded to a particular ability he had due to his cultural background. Also, P13 said, “I did it all to save money to pay bills since revenues were very weak. I have to remind myself that recession will end one day.”

**Resilience and hard work.** A thematic analysis of the emerged theme revealed that 18 participants used the terms or similar words 74 times to describe their human capital. P1 stated, “I am passionate about anything I do, innovative, and self-motivated.” P11 said, “I am innovative, resilient, and self-motivated” while P12 said, “I am flexible and adaptive in unlikely situations.” P13 said, “I am flexible and adaptive to changes life throws at me, and self-motivated and use these qualities to improve the morale of my workers.” P14 also said, “I am also creative and always tried to look at something from a different perspective more than other leaders. Being a creative person helped me to gain traction, fight through, and to become aggressive when things seemed to be tough. To be resilient and enduring to overcome hardship, motivation and passion played major roles in sustaining the businesses during the recession.

Studies have shown that passion induced motivation in entrepreneurs; motivation contributed to entrepreneur’s resilience and endurance (Murnieks et al., 2014). Passion and motivation have a positive influence on an entrepreneur’s ability to overcome hardship and enhance endurance (Murnieks et al., 2014). Ayala and Manzano (2014) showed that resilience of an entrepreneur played a significant role in the success of a

small business during a recession. Ayala and Manzano specifically pointed to three dimensions of resilience, hardiness, resourcefulness, and optimism. The studies seemed to support the prevalence of resilience and hard work or related terms in the responses of the participants.

**Self-motivation, dynamism, and adaption.** A thematic analysis of the emerged theme revealed that 19 participants used the terms or similar words 38 times to describe their human capital. Some of the participants perceived that they could not fail because their family relied on them to live. In different words, they described how flexible they were to change as the economic condition warranted and adapted to remain resilient and succeed. For example, P1 said, “I am passionate about anything I do, innovative, and self-motivated. I had to motivate myself even when I did not feel like, knowing that I had no other means to support my family. I have been doing this for too long.” P10 said, “I have the capacity to work long hours and input the effort it takes, to stand my ground, to adapt and to be agile in pursuing my goals.” P11 also said, “Coming from the same ethnic background helped. I am flexible, adaptive, and caring and did not have the heart to lay off or put out on the street the extended renters who did not pay.” P12 said, “I am flexible and adaptive in unlikely situations.” P13 also said, “I am flexible and adaptive to changes life throws at me, and self-motivated and used these qualities to improve the morale of my workers.” The last but not the least, P8 said, “I love challenges, and I am creative, which allows me to customize thinking to what was happening then, being flexible. I am different from your average entrepreneurs...” As I have discussed before, entrepreneurs have viewed young firms in the relationship with their means and resources, networks,

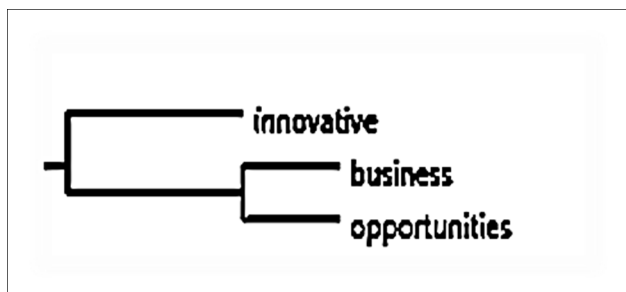
adaptation to contingencies, and flexibility during periods of uncertainty (McKelvie et al., 2013). Effectuation draws from entrepreneurs' ability to work with contingencies in action based entrepreneurship decision-making process.

## **Theme 2 - Customers Acquisition and Retention**

A follow-up question was how the participants identified customers and their needs and retained them during the recession. A thematic analysis of their responses indicated the participants mentioned customer acquisition and retention or related terms as an important factor in the success of their firms. All 20 participants commented on 98 occasions about the methods they used to acquire and to keep their customers. Sixteen participants emphasized customer relationship building to maintain their customers' loyalty. SBCs that were able to acquire and maintain new and existing customers realized sufficient revenues to sustain them more than those who lost customers and later close doors (Peric & Vitezic, 2016). Studies have shown that SBC entrepreneurs performed better than large firms because they were able to recruit and used highly qualified individuals retrenched by large firms (Arrighetti, Landini, & Lasagni, 2016). Perhaps more customers resulted in additional revenues to the participants firms.

Customers played a significant role in the process of effectuation in creating new markets or ventures (Sarasvathy, 2001). Including the customers and their commitments to the SBCs in the conversation elicited rich responses needed to explain effectuation and to allow saturation of data to occur. A reason some SBCs performed poorly during the recession was they lacked the market or demand for their goods and services (Brixy &

Murmann, 2016). It was important to see what the entrepreneurs did differently for their customers to receive additional revenues.



*Figure 1.* Cluster analysis of the participants' views on customer acquisition and retention.

A cluster analysis of the participants' experiences of customers and services them (see Figure 1) showed that customers and services were at the forefront of the entrepreneurs' attitude changes in the pursuit of revenues streams. Individuals were a group of customers the entrepreneurs were most after in efforts to maintain or increase revenues, although these individuals might represent SBCs or larger corporations. Other individuals were ordinary people who used the firms' services or products. To this end, P1 said, "I relied primarily on my family, neighbors, friends, and others ... Satisfied customers would come back and refer other people to you for the job. The responses I got were phenomenal and helped me to meet their needs". P1 also said, "Once people know who I am; what I can do, and that I don't show street attitude, they bring business to me."

To elaborate further, P10 said, "We tagged on companies ... to do their jobs ... We have built a reputation of efficient management of material, money, process, and labor." The entrepreneurs seemed influential and knew key personnel and representatives of large businesses he provided services. P10 seemed proud of his achievements when he

added, “It is the envy of such companies to use our efficiency to deliver their projects.” About the SBC’s reputation, this participant also said, “We evaluated each job before we took it to ensure we can deliver the mandate for the job in order not to tarnish our reputation.” It seemed the participants that cared about their customers by doing what they said they would do, gained their loyalty, and contributed to the success of the firms during the recession.

Many entrepreneurs relied on their inner circles of trusted friends, family, and memberships to spread the words if you have good products and services to sell. This statement seemed to hold true for P12 who said, “... friends, church members, family members, and former co-workers; ... pledged to do things for us...will patronize us; some offered advice...ate here, and promised to come back soon...” P13 said, “If you treat customers well, they will always come back when they need services you provide.” P13 said about finding customers, “I asked to sell the machines for them, and they agreed ... People who had equipment for sale contacted me to sale for them. I now sell for myself and others...” P15 also said of his experience with customers, “...our customer base was dwindling, and there was an urgent need to resuscitate the business. I did some research and found what was moving at the time...” This participant diversified and picked up revenues from FedEx and UPS. Other customers came due to FedEx and UPS. In this way, he added new products and services and watched customer traffic improve. The business went up due to his resilience, flexibility, and adaptation, according to the participant.

Participant, P16, acknowledged losing customers, however, regained them as the participant persevered and remained resilient with the aggressive management style of the employees that includes calling patients a few days to appointment date to ensure they came in, or they called up others on the waiting list. P16 said, "...getting people to come in regularly when they were due for cleaning and examination was key to getting back up...we continuously see patients, and they keep all of us busy at all times." P16 also stated that due to the location of the office employees of major companies such as CDC, lawyers, and other professionals with good insurance coverages were available to them. P16 said, "They were able to pay for our service easily because they had jobs and maintained good insurance benefits." Also, P17 said, "...we signed on new businesses listed on the weekly business license listings from cities and counties in the Atlanta Metropolitan Area using telemarketing strategy to set appointments; we met with them to sign them as clients..." P17 targeted both new and existing businesses to expand revenue prospects. To the new businesses he made cold calls from the list of new businesses. For the existing businesses, he made changes to the usual customer services process. Instead of sitting in the office, he scheduled appointments to visit them. By visiting them, he understood how their businesses were doing and offered valuable advice. In many occasions, he was able to get the customers to do more and reduced their fees. In others, he sold them new services he felt they could afford and made extra revenues for the firm. P17 said, although I did not make much by going out more, I improved clients' loyalty and got to know our clients more than before, and they seemed to appreciate us more".



P17 also said, "...we ask employees to do more by referring new clients and earn 50% of the first month and initial setup fees..."

Figure 1 reflected perceived importance of customers and services the participants provided to them, which made positive impacts to the firms' progress. Some indicated they used efficient and effective advertising methods including but not limited to the social media and websites. Others sponsored events and joining organizations, which improved their visibility. For example, P17 said, "We signed on new small businesses listed on the weekly business license register of cities and counties in the Atlanta Metropolitan area using telemarketing strategy to set appointments; we met and convinced the owners to sign on with us." P1 said, "I aligned myself with new technologies such as Facebook and Instagram to meet more people, advertise, and received feedbacks." P1 further said, "I used various platforms to advertise my services and allocated more resources to the most result driven methods." Similarly, P10 said, "...through networking, we got our name out there..." While P14 said, "I went door to door in industrial parks to inquire of companies and asked to sell their old equipment for top dollar." P15 said, "...I purchased ad pieces from Kroger to make us visible to the grocer's cash receipts." P17 said, "I volunteered in a church and handed out my cards at any opportunity people asked what I did for a living." P18 responded saying, "I traveled as far away as Brunswick, Augusta, Macon, Albany, Columbus, among others to sign on clients and to perform required monitoring and training." P19 said, "... I had an excellent website, which enabled people to reach and interact with us quite easily and I took to the Facebook, Instagram, and other social media sources to advertise us." P19 further said, "I

attended meetings, conventions, and other events where I met new people and acquired a few more clients. I was an active user of Facebook, Instagram, and other social media sources, where I advertised my business.” Others such as P2 sent out mailers. The participant stated that it was one of the inefficient advertising channels and pointed to their change of attitudes towards customers in contrast with the competition.

### **Theme 3 - Decision Making**

In the fourth interview question, I asked the participants how funding decision affected their choices of the activities, which the firms adopted in growing the firms. As the conversation proceeded, I advanced a follow up question to understand the decision making method they adopted in the uncertain time. The goal was to involve effectuation and reach a saturation point. Understanding the role of effectuation on the actions of the entrepreneurs (participants) in growing their firms involves the affordable loss, acquisition and retention of customer principles, and pre-commitments by the stakeholders. A thematic analysis of the participants’ responses revealed that they commented on the firms’ funding decision 71 times and on decision-making styles 137 times. Entrepreneurs invest what they can afford to lose only and still are able to continue their entrepreneurship (Sarasvathy, 2001). Effectuation rests on the controls of unpredictable events, instead of prediction, as does the causation.

**Funding decision.** In response to the interview questions, participants expressed their dilemma with financing activities during the recession, which had an impact on operations and growth of the firms. Majority of the respondent stated that lending institutions cancelled their lines of credits and did not make new loans to small firms. The

first reaction for some participants was to cut costs due to employee hours (payrolls) and have the entrepreneurs work longer hours instead of paying employees. They used their savings and, when possible, borrowed from friends and family members. Those that have accounts receivables factored them and high interests. Despite the bad economic condition, some entrepreneurs did not have problems with funding because their businesses performed well and revenues were sufficient to fund projects and make payments on notes to creditors and vendors. Table 4 represents a thematic analysis of the participants' responses to the question about funding.

Table 4

*Thematic Analysis of Funding Decision*

Excerpts From Participants' Responses to the Interview Question 4: How did funding decision affect the choice of activity focus and growth process?	Interpretation & Analysis	Emerged Themes
<p>P10 "Banks did not lend us monies ...have other funding opportunities such as receivable factoring and use of investors, which we exploited..." P1 "I used a credit card only when I dry out, and could not obtain help from family or friends." P14 "...not have to borrow to start up the business. If I had to borrow ..., it would not work because I knew nothing about this business" P15 I saved up money or have a line of credit... I borrowed by refinancing my property earlier wisely." P16 "I had enough funds and credit lines to support what I wanted to do...revenues were good, and patients were coming..." P20 "...not have a problem in securing funding when I started, plus, I had a significant amount money saved personally."</p>	<p>They found ways to obtain monies they needed to operate and to execute new projects. For some of them, business was good and they did not need funding. Their incomes were strong to fund their activities.</p>	<p>Source of funding was mainly personal monies and revenues.</p>

*(table continues)*

Excerpts From Participants' Responses to the Interview Question 4: How did funding decision affect the choice of activity focus and growth process?	Interpretation & Analysis	Emerged Themes
<p>P11 "Revenues were down by about 25%...worked long hours to reduce payroll cost and cut employees' hours ..."</p> <p>P12 "We did not pay ourselves nor my wife's family who often came in to help."</p> <p>P13 "...cut cost and reduce profit margin; ... slowed some payments by asking vendors, employees, and creditors to work with us..."</p> <p>P2 "needed external funding as we declined in revenue. ...cut cost and employed cost effective methods to do essential things such as advertising."</p>	<p>Cutting cost and working with vendors due to their excellent payment history when the times were good. They were trustworthy and creditors worked with them.</p>	<p>Cutting cost and managing debts to save cash flows and pay later.</p>
<p>P1 "...not have a lot of money saved up nor do I like debts ...out to family and friends to borrow if we were in dire need of funds and cutting cost did not help."</p> <p>P12 "...from family saving, my wife, and I. ...to in-laws for financial help because banks did not lend..."</p> <p>P14 "With my wife's support, I went in full time; she had a good job I can fall back to if I fail..."</p> <p>P17 "I ...to refinance my home mortgage before the recession. I used personal savings to finance business improvement..."</p> <p>P18 "I relied on my wife and used my savings to start the business. I used my savings when I needed money during the recession, as well."</p> <p>P19 "Banks did not lend money to small businesses; if they did, my high debt would not help."</p> <p>P3 "I used my savings and personal credit cards at first; however, the bank saw how much cash I had in my bank and offered a line of credit, which I did not accept."</p> <p>P5 "I borrowed from friends to make repairs and correct issues the regulators mandated ... and it worked. Friends who used to lend us monies easily were unable to do ..."</p>	<p>These entrepreneurs recognize they needed financial assistance and personal savings were the way to go. If they were not enough, assistance from friends and family, who would not charge an interest rate.</p>	<p>Funding was by using personal savings, friends, and family.</p>

Clips from the responses of the participant about funding, which was not tabulated included those of P4, P6, P7, P8, and P9. These participants also responded to the interview question 4 and the follow up question about the decision making method adopted. Their responses were similar, either they lived without any assistance and relied on their businesses to earn incomes while working to improve the cash flows. Government and lawmakers used fiscal policy as the main tool for fighting the recession.

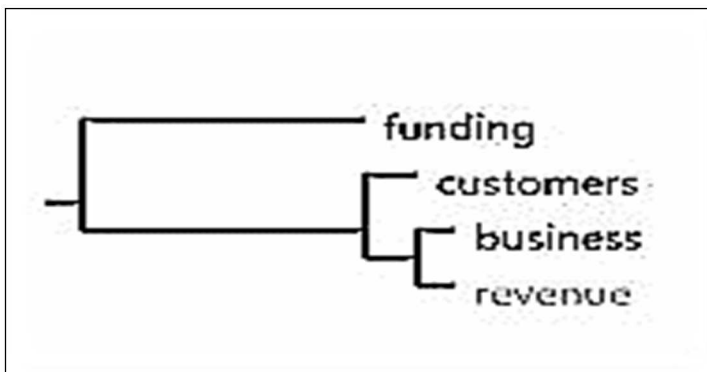
The expectation in the future will be for Congress and the President to come up with some quick and strong fiscal response to any new downturn, as they did in 2009 (Perry, 2016). P8 said, “I brought my cash and did not need partners such as banks, government, or individuals with money to contribute to the ownership. Having money enabled us to do what I wanted to do.” P9 said, “Recession affected access to capital... to debt. The SBA had tied funding to the business idea. The SBA and a local bank funded a major part ...working capital, while we contributed equity in the form of 20% of the project cost.”

**Decision Making:** A Thematic analysis of decision-making model adopted by the participants revealed various survival attitudes. Majority of them spoke in general terms since they had no knowledge of a specific method of decision-making than their gut feelings or heuristic. Some of the specific decisions they made included the following. P1 said, “...make decision quickly, rather than wait forever and still fail eventually... I quickly let it go. I try to have a second plan; in the event of failure, I would have something to fall back on...” P18 said, “I decided to pursue new clients and opportunity in remote areas because the metropolitan area was saturated. It worked. Unlike many businesses, I did not pay too much attention to cutting costs.” P10 said, “I had to be real about what goals were attainable. If you could not find enough funds..., then you should not accept the job” P11 said, “...not make decisions by the book, ... kept it simple - cutting cost, working long hours, turning lights off, going out there to let people know that we were open...” while P13 responded and said, “We set an affordable profit margin, thus the room rents other facilities would find challenging to break. I was not aware of any particular decision-making process, but I knew what worked...”

Most participants adopted causation method decision-making rather than effectuation. They remained in their core businesses; however, they innovated and did things differently to succeed or survive. In rare occasions, a few participants had involved effectual reasoning, sometimes in combination with causation, by starting their businesses not knowing where the processes were leading. They did not have goals but began by knowing who they were, what they knew, and whom they knew as a starting point. To the end, P14 said, “I started selling other people’s machines. With my wife’s support...to fall back to, if I fail. I had a vague game plan when I started... got better. Initially, I did not know where the road would lead...” P14 further said, “When you set goals, you must work hard to achieve them. It involved making so many calls... how far you have to get to where your goal says.” This participant seemed to have an affordable loss strategy in mind having made a plan to survive, if he had failed due to his wife’s job. The entrepreneur developed the business by introducing contingencies and got better although only one goal emerged in the end. Initially, the process was effectual, but soon after, he switched to causation method. The business has matured and funding was not as issue. The entrepreneur’s wife and brother soon joined in the business.

P11 said, “We set a goal and worked hard.... We evaluated our result...put in extra hours to manage employee hours. We reviewed bank balances, daily activities, and bills due and tried to pay them on time”. P12, “We followed our business plan, budgeted, maintained our accounts, reconciled bank statement each month, assessed and evaluated revenue and expenses against budget daily, weekly, and monthly.” P15 said, “I kept things simple. I was quick in making decisions as I said; being a small business. ...if I do

it fast, and it works, I am fine; but if it does not work, I ... new direction or activity.” P16 also said, “I made all decisions. I did not adopt any particular decision-making other than use my gut feeling, or just doing what I saw that needed to be done.” P20 said, “I made all decisions I felt was good for the business such as reducing clients out of pocket payments to ease financial pressure on them. I am a quick decision maker... management decisions were not my...experience was not ...”



*Figure 2.* Cluster analysis of views of participants about making decisions.

Data analysis involved the use of NVivo 11 to obtain word clustering, which indicated the major views of the participants’ involvement in decision making (see Figure 2) they encountered during the recession. The participants also mentions decisions relating to revenue, business, customers, and funding several times, 16, 17, 18, and 47 times, respectively (see Table 5).

Table 5

*Perceived Frequency of Decision Making*

Emerging Themes	N	<i>f</i>
Funding	6	47
Customers	9	17
Business	7	18
Revenues	7	16

N=20

**Theme 4 - Business Growth and Improvement**

To understand how participants' businesses growth occurred, whether they created opportunities or discovered them, it was important to understand what opportunities were available, what goals emerged, and if and what contingencies were involved. These pieces were important in evaluating effectuation. I asked a follow up question about how the firm chose a goal to pursue given the means at its disposal. This question was pertinent to elicit rich data and attain saturation point to achieve reliability and validity of the results. Although the recession killed certain small businesses, some entrepreneurs who succeeded saw opportunities in the environment to exploit despite of the uncertainty created by the recession. Three subthemes emerged and included entrepreneurial opportunities, goal setting, and innovation and creativity.

A thematic analysis of the participants' responses to interview question showed how the participant discovered or created opportunities, set goals, and innovated (see Table 6).



Table 6

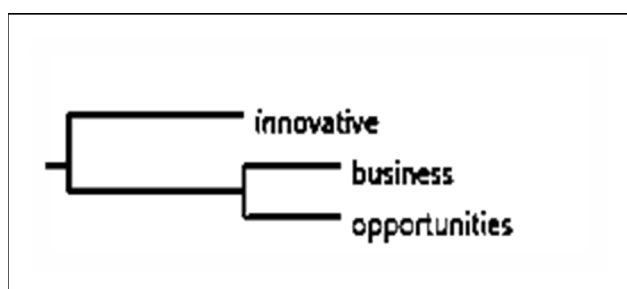
*Business Growth and Improvement*

Excerpts From Participants' Responses to the Interview Question: How did the firm choose goals to pursue given the means at its disposal?	Interpretation & Analysis	Emerged Themes
<p>P1, "I saw opportunities in the recession, although it was a bad time...and I grew because I gave people what they needed". P10 "Old alliance produced more demands for labor. We had new customers also, which increased demands on labor and capital from us." P12 "In every bad situation, I try to find an opportunity... We talked to our friends, church members, family members, former coworkers; they all pledged to do one thing or another for us." P14 "I did not know anybody initially; I sought an opportunity to sell used machines for somebody at best price." P15 "I am a risk taker, and in times like this, I look for opportunities. One of such ways was to look for people in business to align with..."</p>	<p>Regardless how bad the time was, they found opportunities to exploit and succeed.</p>	<p>Entrepreneurial Opportunity</p>
<p>P1 "My goal was to get the most for my buck." I used various platforms to advertise my service and allocate more resources to the most result driven methods". P10 "What we do has not changed due to the recession; however, demand for our service went up and so was our funding need" P11 "We invested a lot of money into it, and our goal ...did not change ... We changed the way we managed the business to be resilient, adaptive, and responsive to customer needs to survive the recession." P12 "Our business goal was clear - restaurant business...on the business plan...our goal was to create a great eating experience for the people of this community and visitors." P13 "... already running when the recession came; so our choice of activity and focus ... that was to make money and fill our rooms 100 % and be profitable..."</p>	<p>Causation featured most in the decisions made by the participants. The method involved the upfront setting of goals instead of at the end. Causation, instead of effectuation, is perceived as the dominant decision making of the participants.</p>	<p>Goals and Mission</p>
<p>P11 "I have good communication skills;...talk to vendors, mortgage companies, government, and many others to work with us ... We managed the business to be resilient, adaptive, and responsive to survive the recession." P12 "The only thing that changed was the change in the menu to bring into showcase my ability to cook imaginatively." P13 "We show flexibility in working out rents. First, we made sure our rooms will sell themselves; we spend money to maintain and keep them up to date." P14 "...different approach using innovative web design capability and my background as a graphic designer. I</p>	<p>Having a good communication skill and communicating with stakeholders sincerely helped to manage the financing problem.</p>	<p>Innovation and Creativity.</p>

*(Table Continues)*

brought into my website design ideas from the different website of merchants of equipment.”

I analyzed the data from the participants’ responses using NVivo 11 Pro to generate a word cluster analysis represented (see Figure 3). The emerged subthemes from the analysis included: entrepreneurial opportunity, business goals, and innovation. Effectuation, as well as causation, have worked in older companies using Business Model Innovation (BMI) to improve venture performance. Fetterer et al. (2017) have shown BMI method to contribute to venture performance. All participants, who succeeded during the recession either improved their core businesses or developed new processes or discovered new opportunities to grow or succeed.



*Figure 3.* Cluster analysis of major views of participants about business growth and improvement

Further evaluation of Table 6 indicated showed that 19 participants mentioned business goals 55 times, representing the highest frequency (see Table 7). In mentioning business goals, participants said they maintained the same business objective they had coming into the recession but innovated to improve the processes or to create new venture in addition to the core business. Fetterer et al. (2017) seemed to support the actions of the participants using BMI approach confirmed in his study. I found the stories

of P14 to resemble effectual process. P14 stated, "...I was into began to make sense ... started to organize myself, researching and gaining more knowledge about managing a business and selling machines. I did not have a goal at first but to sell used equipment for others." P15 narrated a story about how slow the business was, and that closing was not an option. The participant innovated, followed BMI process. While maintaining the core business, the participant diversified into other areas to pull in more revenues. P15 said, "I diversified into some areas I did not do before such as check cashing business".

First, the participants searched for opportunities to exploit by talking with other entrepreneurs at seminars and other social events to learn how they had adapted to the recession. P15 said, "We did tax preparation, sold lottery, and did check cashing and western union". P17 lost many clients but quickly innovated process and changed mindset while remaining in the core business goal. "We did not choose a goal as a process that began with something and ended with another thing most desirable. How we worked and the kind of customers we targeted changed so we could sweep in more revenues..." Other participants who seemed to follow causation method responded as follow. P16 said, "My goal did not change. We did not have any problem with revenue generation as a health professional. I focused on bread and butter of dentistry... that comprises...." The participant is a profession who had a long period of education and had a relatively stable business during the recession.

Table 7

*Perceived Business Growth Distribution*

Emerging Themes	N	F
Entrepreneurial Opportunity	15	36
Business Goal/Mission	19	55
Innovation and Creativity	18	44

**Theme 5 - Strategic Alliance**

A thematic analysis of the participants' responses to the interview question 3 displayed their perspectives about roles strategic alliances played in creating or discovering opportunities they exploited to grow or succeed (see Table 8). Effectuation plays out when expert entrepreneurs form alliances and pre-commit resources to gain a competitive advantage instead of competing with each other. Some participants joined with friends or family members to form alliances. The partners contributed their resources to form alliances to exploit opportunities. They worked long hours when they cut employee hours to save money and reduce profit margins to be competitive.

Table 8

*Role of Strategic Alliances*

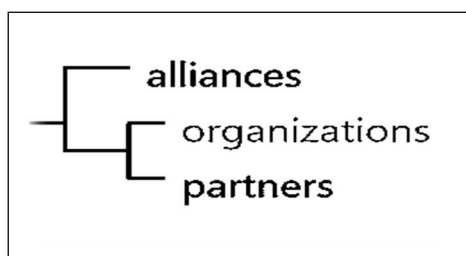
Excerpts From Participants' Responses to the Interview Question 3: What roles did strategic alliance play in creating the growth opportunities?	Interpretation & Analysis	Emergед Themes
<p>P10 "...our business includes networking with others in the same or related businesses. I aligned with third party lenders, contractors, and individuals, which provided more businesses and funds." P11 "We planned and talked to the partners, employees, vendors, and government people to work with us." P13 "We formed alliances with everyone - owners with one another, and with employees, creditors, vendors, residents, franchisors, you name it." P14 "I worked with veterans in the business; they accepted me and helped a lot because they see me as a person they could trust." P15 "Alliances with other businesses helped the business to survive the recession. I purchased an ad piece from big stores such as Kroger." While P16 did not have direct alignment with any business but most of the firm's clients were from surrounding businesses. P1 "The recession did not affect us physicians a lot. The reason was my business location was in the vicinity of many major corporations in Midtown." P4 "We want people and big companies to call BBB and inquire about us. We made sure that what BBA reported to us is accurate, leading to a high credibility to our name." P6 "Some shops bring me work and I send them to work; we collaborated in many ways to deliver value to our customers" P7 "We aligned with companies to do their projects. We were courageous in the new approach asking such other companies for assistance, instead of waiting for them to come or to call us." P9 "I aligned with a local bank to do Small Business Administration (SBA) loans."</p>	<p>Entrepreneurs align with another for financial reason or to collaborate in pursuit of opportunities and to exploit them to achieve their varied goals. They did pre commit funds to form joint ventures. Instead, they collaborated to harness relationships to achieve their respective goals.</p>	<p>Alliances with other businesses</p>
<p>P11 "We treated the workers like family, sometimes paying personal bills for them, and taking it from their paychecks when the payroll was paid." P12 "...not have an alliance with any investors than with my wife. I aligned myself with people who have run or helped businesses - my brother-in-law is an accountant and had helped us in our accounting and management needs." P13 "Culturally, Indian people worked well with one another in business. They work closely with others who share their goals." P14 "My brother joined to help me out. I was also lucky because my wife had a good job that was unaffected by the recession." P18 "I relied on my wife and used my savings to start the business..." P2 "We sought and aligned with them to work for us...they</p>	<p>Entrepreneurs of SBCs were not able to obtain loans. They used what they have and to create or discovery opportunity.</p>	<p>Alliances with individuals and family</p>

*(Table Continues)*

hustled and brought clients.” P3 “The assistance I received from my friends to buy in bulk and business advice they offered were invaluable.” P4 “When we needed finances and did not have it, we had good family and friends to provide the funds we needed, and we repaid them promptly.” P7 “The partners had pulled their monies together to purchase the company when it was at a high point.”

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I analyzed the data from interview using NVivo 11 Pro to generate a word clustering analysis represented in a Horizontal Dendrogram (see Figure 4). Emerged theme included strategic alliances with businesses and individuals. Jiang, Yang, Pei, and Wang (2016) showed that strategic alliance between organizations contributed to entrepreneurship orientation by a manipulation of resources to create values. P7, P9, P11, P12, P13, P14, and P17, all pointed to strategic alliances between firms and individuals. Table 8 showed a thematic analyses of the participants’ strategic maneuvers to align with some organization and individual in executing activities they targeted to grow their firms.



*Figure 4.* Word Cluster analysis of major views of participants on strategic alliances.

To discuss further the importance of strategic alliances, I showed have also indicated the percentage distribution of the strategic alliance perceived from the participants’ responses (see Table 9). Participants who said they aligned strategically with organization 61% as opposed to those who said that they aligned with individual and family members.

Table 9

*Perceived Alliance Distribution*

Emerging Themes	N	% Participant
Organization alliances	11	61
Individuals alliances	7	39

**Theme 6 – Entrepreneurship Performance**

A thematic analysis of participants’ responses to the interview questions one and five revealed two subthemes, recession experience and takeaways from the recession (see Table 10). A general understanding was that the economy was very bad yet these entrepreneurs were undeterred in doing what they could not to go under. Table 10 showed some of the many ways, which the participants reacted to the adverse condition due to the uncertainty in the economy. Small firms ailed more than the large ones due to “resource poverty, weak control over the external environment, and limited options for financing” (Lai, Saridakis, Blackburn, & Johnstone, 2016, p. 113). The study was in agreement with the experiences of the participants. According to Lai et al. (2016), small firms responded to the economic adversity by implementing a variety of employment and cost reduction measures to maintain survival, resilience, and entrepreneurial behavior.

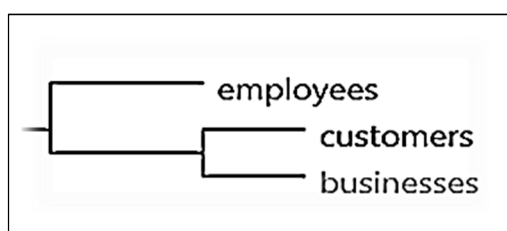
Table 10

*Entrepreneurship Performance*

Excerpts From Participants' Responses to the Interview Question 1 and 5: What was your experience in growing your company during the recession? & "What incidents stood out the most that positioned the firm for growth"?	Interpretation & Analysis	Emergед Themes
<p>P1 "The time of recession was bad and very few opportunities existed and businesses were failing and cutting back spending." P10 The problem we ran into was the demand for labor from us was very high due to many requests we received from our project partners." P11 "Revenues were down by about 25%, and we had a problem paying our bills including payroll..." P12 "Business was very slow and only a few people ate out due to tight budget. We did not open early to reduce electric and other utility bills." P13 "Revenues were down by about 30% because visitors were rare to come; residents lost their jobs, and unemployment payments they received were not enough to pay their rents." P14 "At first, I went to businesses asking to sell their used equipment at best prices with my experiences in selling things on e-Bay. I went door to door in office parks, made cold calls...doing it part-time."</p>	<p>These participants went through hard times, but they did not give up they made changes that helped them to be more resilient and to survive. In some cases, they grew their business rather slower than usual.</p>	<p>Experience of recession</p>
<p>P1 "I saw opportunities in the recession, although it was a bad time; ... I grew because I gave people what they needed. Do not tie up capital or you lose out completely" P10 "We lost a major customer to the recession and our receivable went unpaid ..." P11 "We were confident, flexible, lean, motivated, and hardworking and that helped us to be resilient against the recession." P13 We engaged with stakeholders, internal and external, asked to work with us when we did not have money to pay them, or them not having money to pay us. In the end, we paid everyone." P14 "Two brothers in the Southside were God sent as the trust between us yielded great sales and a good beginning for my business. We know own our building and my wife also works for me after quitting her job"</p>	<p>There were opportunities in the recession to exploit. These participants found their niches and followed them, and that helped them to survive or grow.</p>	<p>Takeaways from the recession</p>



For data analysis, I used NVivo 11 Pro's query capability to perform cluster analysis, which generated word counts of the primary entrepreneurship elements, including employees, customers, and business, they focused on to succeed (see Figure 5). Again, the areas of concern appeared in agreement with the study by Lai et al. (2016) Customers generated the most interest indicated in Table 11 followed by business deals. Participants who share their experiences about customers perceived that if they would succeed and grow, or survive, as was the case with most entrepreneurs, they must improve their revenues potentials generating capabilities. Lai et al. (2016) stated the effect of the recession on small businesses. Hansen, Rasmussen, and Nybakk (2017) found that small firms focused more on customer orientation in the process innovation than in developing new markets. To this end, P1 described his skill of working well with their clients and said, "I learned early from previous painting business. I am hard working and treat my customers well. Satisfied customers will come back and refer other people to you for the job. Once people know who I am; What I..."



*Figure 5.* Word Cluster of major views of participants about entrepreneurship performance

This perception corresponded with the result in Hansen et al. (2017). All participants, P2-P20 focused on customer orientation and market development to bring

about product and service innovation, which contributed to their success during the recession.

Table 11

*Perceived Alliance Distribution*

Emerging Themes	N	% Weight
Employees	13	44
Customers	20	77
Business	15	48

N=20

### **Applications to Professional Practice**

The SBC entrepreneurs surveyed experienced recession in various ways, but they succeeded having survived the recession when many of their counterparts failed. Available SBA (2014) data showed the number of small employer firms, which died was greater during the recession than in previous years. The entrepreneurs attributed their successful experiences mainly due to personal characteristics and skills they had, their attitudes towards customers and other stakeholders, and their ability to change process innovated good and service offered. These attributes combined to make them resilient and hard against crisis condition. They worked harder than they did before to recruit customers and to maintain their loyalty. Still, a majority of them said they became leaner and agile since they did not have the funding to pursue expansion. The owners worked long hours when they operated with fewer employees than usual.

The purpose of this study is to explore strategies SBC entrepreneurs need to grow during a recessionary period. The stories of the horrors of the recession experienced by participants were the same although the manner they experienced it differed. The findings showed that entrepreneurs should possess certain personal characteristics and use them in innovative ways to improve processes, recruit and maintain new and existing customers, expand product and service offering, and develop alliances and what they know and whom they know (Sarasvathy, 2001). Also, they engage in proper planning and evaluation to make sound decisions. Although the study was in the Metropolitan Atlanta area, the findings may replicate in other metropolitan areas in the United States with multicultural population and diversity.

An analysis of the data has indicated that surviving the recession was the survival of the fittest. Some activities, which some participants engaged involved a long period of education, and offered specialized services that made them less vulnerable to the uncertainty of the recession; examples are medical professionals. They lost customers, but they regained as well as added new customers; in the end, they came out as expected or better. Some did well in the early stage of the recession because people still needed their services; however, new SBCs entered the market and competed for the stable market. Entrepreneurs who had better strategies succeeded when that occurred.

The findings showed that while some SBCs entrepreneurs experienced growth, a majority of them managed to remain in business or succeeded or survived. The participants succeeded during the recession, as I have shown. It appeared the general understanding was if an entrepreneur did not shut down, he or she succeeded the

recession. A more accurate result might result by expanding the test population and using a random sampling method to select test population to allow for a generalization of results. A quantitative research method enables a large sample and generalization of results more than its qualitative counterparts, which involved the use of a purposeful sampling and snowball methods to select test sample. The study might require sponsorship in funding and need to include small to medium-sized businesses including high-tech service industry.

### **Implications for Social Change**

The study has significant implications for social change to SBC entrepreneurs and society. In this study, I explored lived experiences of entrepreneurs who had strategies to grow their business during a recessionary time. A major reason SBCs had difficulty to grow was the entrepreneurs do not encounter recessions often and so were unaware of how to plan for it. In analyzing the data obtained, I found that a majority of the entrepreneurs who succeeded understood who they were, what they knew, and whom they knew, as Sarasvathy (2001) has stated. These entrepreneurs efficiently used the capabilities to develop and maintain customers, goods and services offered, and processes; hence, they improve their income to succeed.

A majority of the participants was resilient, hardworking, and enduring; self-motivated, dynamic, and adaptive; and good managers, motivators, and trustworthy, the data have shown. They formed alliances with trusted individuals, which helped them to gain new information, learn new skills, innovated to improve processes, products, and services. I found the entrepreneurs persevered and continued to attend training and to

share knowledge with peers while others cut training budget and seized to grow.

Although financing from traditional lenders was unattainable, some entrepreneurs managed to convince banks to loan them funds, with SBA guaranty, to develop a new market. First, they cut costs, used personal savings, and were lean. The entrepreneurs who prepared by saving for the rainy days had funds to sustain their businesses. Also, the finding suggested that entrepreneurs must continue to train continuously to improve their knowledge and skills and develop new ones.

SBCs that sustained and improved activities during a recession employed people who would have lost their jobs otherwise. By hiring people, entrepreneurs saved funds, which the government and employers would have allocated to paying unemployment and might have led to the expansion of welfare programs. The surplus due to the success of entrepreneurs might go long a way to contribute to solving other pressing societal problems.

### **Recommendations for Action**

SBCs entrepreneurs, practitioners, and community colleges in the Atlanta Metropolitan Areas and similar metropolis across the United States should focus efforts on the implementation of the findings of the study. The study elicited the strategies small business entrepreneurs need to grow during a recessionary period. Thus, this study presents SBC entrepreneurs, practitioners, and institutions with the opportunity and knowledge to train and educate SBC owners and those aspiring to start small businesses. The professionals might discuss, display, and teach the materials from the findings in seminar, online contents, and in community schools. To this end, entrepreneurs might be

ready to use the knowledge to improve firm performance and create or retain jobs, if a recession shall occur in the future. For example, developing skillful and adaptive entrepreneurs using the knowledge and capabilities derived from the study might prepare entrepreneurs to align strategically with stakeholders to overcome uncertainties due a recession by developing new markets, innovating processes, or creating new ventures.

The participants were able to maintain old customers as well as acquire new ones to improve their income. P18 had to drive to far away localities where there was underserved demography; the firm increase income, grew during the recession and employed new workers. P15 succeeded although the core business slowed down during the recession. The entrepreneur researched and socialized with peers and other professionals who provided him with new information he used to save his business by adding new products and services. The following recommendations were due to the analysis of the common experiences of the participants

First, SBC entrepreneurs with similar firm attributes should model their characteristics, skills, and actions after those shared as findings of the study. Knowledge and practices associated with the effectual decision-making process are available in many modern business schools, books, online materials, seminars, and webinars. Causation decision-making is a traditional taught decision method in many community and business colleges. Also, SBA online is up to date with most recent materials and knowledge to assist small businesses in times of recession. People who want to make a career out of entrepreneurship should research the materials to develop their capabilities and make them a part of their opportunity searches. Secondly, SBC entrepreneurs should endeavor

to join relevant business and trade organizations, attend seminars and webinars in which some of the new and evolving decision-making capabilities, skills, and practices are presented. This study has included many relevant lived experiences of entrepreneurs who participated in the study. During effectuation process, these capabilities form the primary set of means that combine with contingencies to create effects not predetermined (Sarasvathy, 2001). Effectuation teaches resource controls of unpredictable future rather than predict uncertain one, affordable loss instead of return on investment, strategic alliances rather than competition, and working with contingencies instead of preexisting knowledge, according to Sarasvathy. I found that many entrepreneurs relied on their savings, family, and friends as sources of funding since banks and other lending institutions did not lend to small businesses during a recession period. Using their resources to expand or sustain their businesses, the entrepreneurs sided with the affordable loss principle of effectuation. Entrepreneurs should learn to invest in savings during the successful period of their ventures, to have funds to infuse into the businesses in bad times such as a recession. They should start low, gradually and incrementally put away funds for rainy day and not engage in ostentatious living. They should seek the advice of trained financial advisors to invest according to their means.

### **Recommendations for Further Research**

Despite the finding and implications, the study presents an opportunity for further research. The current study using a qualitative method and purposeful sampling may not generalize to the population. One of the limitations of the study was not generalizing the result to the population due to the sampling method adopted and small size of the sample

used in the research. To prevent this from occurring, I recommend that researchers conducting future research use random sampling technique in selecting samples for the study. Instead of limiting the study to the Metropolitan Atlanta area, researchers might extend the research to other contexts in Georgia. Every member of the population has an equal chance of being selected for the study. The random sample allows for a generalization of results to a population, which the present study did not achieved.

A second recommendation is to extend the study to similar metropolis as the Atlanta Metropolitan Area with its diverse ethnicity and culture, such as Washington, DC, Baltimore, New Orleans, Houston, Los Angeles, New York, Richmond, among others, to replicate the study. In addition, most SBCs poled for the study have about 1-10 employees. Future research about the applications of effectuation theory to create new markets, process, or venture in larger small firms. This study centered on entrepreneurship with 1- 99 employees yet SBCs with 10 - 99 were hard to reach in the study. The SBA has determined that most growth had occurred among SBCs with 20 to 499 employees during the most recent recession. The study should include firms with the range of employees properly represented to achieve more sustainable results. The study might maximize the effects of effectuation in creating new markets, process, venture, or firm.

A third recommendation would be to focus future studies on the capabilities, which contributed to entrepreneurship success during the recession. They formed great alliances with people who they trusted and vice versa; thereby helped them to innovate, and gain new knowledge. I found that these entrepreneurs persevered, still attending



training and sharing knowledge with peers during the recession when others cut out training and ceased to acquire new knowledge.

The fourth recommendation for future research is to conduct the study of the SBC entrepreneurs, which includes a right mix of immigrant-owned businesses. I found that entrepreneurs who were immigrants depended on the incomes from their SBCs to maintain their families and still held on to them. They appeared confident, determined, and resilient; more studies should focus on the success of immigrant business in the study of effectuation during a recessionary period.

### **Reflections**

I became interested in entrepreneurship studies after working with small business owners for many years. I observed that many SBC entrepreneurs were impatient and lacked necessary planning and organization to conduct sustainable and entrepreneurial businesses, despite the entrepreneurs' dependence in these firms to sustain their families. As a frequent reader of Brookings Institute's website, I became acquainted with small businesses issues and their contribution to the U.S. job creation before and during the economic recession. The SBA online materials I often reviewed helped me to gain additional understanding about small businesses and U.S. government's contributions to their success. I began to nurture the urges that SBC entrepreneurs might like to know what to look out for next time a recession occurs if they want to succeed. I also noted that the study was new in extant literature, making it a study that was well overdue.

To conduct a study of the phenomenon that yields a replicable result will require an additional financial commitment and human resources to dedicate to the research.

Besides, the study requires an enormous amount of time to overcome the limitations of this study. One of the problems I encountered in this study was finding suitable participants for the study. Many entrepreneurs approached through a public domain for the study turned down the opportunity to participate in such an important study. There a general lack of interest in such as study. Moreover, many businesses that outlived the most recent recession have ceased to operate, sold, or changed hands. In the end, I was able to obtain purposeful participants for the study. Although many were busy, they squeezed me in their schedule to make the study a reality. To these entrepreneurs who participated in the study, I am grateful. These participants answered all the questions without fear or reproach. They entrusted their private and business data to me for the study. I will honor my commitment to store and protect the data obtained from these entrepreneurs in safe places until five years expires, and to discard them accordingly. The findings from the study confirmed the characteristics of entrepreneurs and revealed new ideas, capabilities, and human capitals the entrepreneurs had and how they used them to succeed during a recessionary time.

### **Conclusion**

The Great Recession, as the recession of 2007-2009 is widely known, had stagnated the growth of global entrepreneurship, particularly, in the U.S. The recession devastated labor market at a level unseen in decades (Schanzenbach, Nunn, Bauer, & Breitwieser, 2017). Small businesses were the largest contributor to U.S. economy, those with 20-499 employees leading the way during the recession, according to the SBA. In addition, between 1993 and 2011, small businesses created more net new jobs than they

did between 1993 and 2013 by 1%. Strategies entrepreneurs used to succeed during the recession were the essence of this study. Perhaps, lesson learned from the study can assist entrepreneurs in developing and implementing similar strategies in a future recession. Sarasvathy (2001) developed the effectuation theory, which was the conceptual framework for the study. As I have noted before, effectuation teaches resource controls of unpredictable future, affordable loss, strategic alliances, and, working with contingencies.

The study involved 20 SBC entrepreneurs as participants, who had been in business for six months to five years by December 2007 from the Atlanta Metropolitan area, purposefully selected to contribute data for the study in a semistructured interview. I asked the entrepreneurs five key questions to elicit data used in the analysis of the study. Other questions followed in the conversational format to obtain rich data and to attain data saturation during which no new significant statements occurred. A critical analysis of the emerged data confirmed some important characteristics and skills entrepreneurs, which were the starting means of effectuation. These entrepreneurs actively used their characteristics in innovative ways to improve processes, recruit and maintain new and existing customers, and expand product and service offering. Planning and evaluation involved the use of current or existing knowledge instead of contingencies to form the basis of causation decision-making (Sarasvathy, 2001). Analysis of the data further revealed that entrepreneurs used a combination of effectual and causation decision-making to succeed during a recessionary period.

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## Appendix A: Interview Protocol

Interviewer - [I-R]

Participant - P [1...20]

### **What to Do**

Introduction of the Interview

### **What to Say**

Thank you for honoring my invitation to participate in the study. I am Ralph; you have had the opportunity to think through the interview questions. Let me begin by saying that I have long years of association with small businesses as a small business owner, consultant, and employee of a government agency working with them. Think about your business and recall what you experienced during the recession of 2007-2009 to survive or grow, and respond to the following.

The following are the detailed interview questions for the study.

1. What were your experiences in growing your company during a recession?
2. What personal characteristics you had enabled you to grow the firm?
3. What roles did strategic alliance play in creating the growth opportunities?
4. How did the decision-making method used contribute to the firm growth?
5. How did funding decision affect the choice of activity focus and growth process?
6. How did you identify the company's customers and their needs?
7. How did the firm choose a goal to pursue given the means at its disposal?
8. What incidents stood out the most that positioned the firm for growth?

I will repeat the question or paraphrase to inform your response as I listen attentively. In some cases, I may follow with clarifying questions to understand you better.

### **Wrapping up Interview**

Thank you for taking off from your busy schedule to share your experience running your business during the recession of 2007-2009.

### **Follow-up member-checking Interview**

I will call you in a few days to find out what schedule will be best for you; what is the best number to reach you and your email address? I will soon send you a summary of your response during the interview for review to ensure that I have understood what you said accurately.

## Appendix B: Initial Contact Letter

Dear (Business Leader/Name preferred)

I am a doctoral candidate in the Doctor of Business Administration program at Walden University. This study is about the lived experiences of small business entrepreneurs in growing their companies during the recession of 2007-2009. The research suggested that your company may be a good candidate for the study. I would like to have a short chat with you to discuss how the study might benefit both of us. Please find below a brief overview of my proposal.

### **Proposal**

I would like to conduct a study at your company on the strategies used to grow your business during the recession of 2007-2009. The phenomenological study design will include conducting fieldworks with face-to-face interviews with you to be voice recorded.

### **Process—Time at Site**

The interview phase to collect data for the study will take place during a period of 3-4 weeks at a time that works for you. I would like to schedule 25-45 minutes to visit with you at your workplace with a schedule that works for both of us. A follow up meeting will take 10-15 minutes, in most cases, over the telephone. The purpose will be to clarify any issue from the first meeting.

### **Outcomes - Win-Win Opportunity**

For the past three years, I have studied the literature about the entrepreneurship subject and identified some of the most successful practices to grow the small business during a recession. Upon completion of the study, I will share with you the results and my suggestions, which may provide additional strategies to grow your business during a recessionary time. I will also provide you with a copy of the completed study with a detailed impartial third party overview of company best practices. The free consulting services and suggestions will include a comprehensive analysis of your company and other companies' practices in one report.

### **Ethical Considerations**

To satisfy the university's institutional review board (IRB) requirements, I will use pseudonyms in the study and any publications emerging from it to protect identity and to promote confidentiality. Your participation is voluntary and I will respect your decisions in the process to quit at any time or not answer any question for any reason without any consequence. I have included a consent form for you to read and understand to seek your approval to participate in the study. You may ask any question prior to such approval to clear any issue you may have.



Upon reaching an agreement evidenced by my signature on the consent form, I will contact you by telephone to set up a date, time, and place for the interview. I hope that with the above information if chosen for the study, you would remember the incidents that stood out the most in your experience with the research topic that includes a detail set forth in the attached protocol for the study.

Best Regards,

Ralph N. Igwedibie, DBA Candidate, Walden University.

### Appendix C: Interview Questions

The following are the detailed interview questions for the study.

1. What was your experience in growing your company during a recession?
2. What personal characteristics do you feel had enabled you to grow the firm?
3. What roles did strategic alliance play in creating the growth opportunities?
4. How did funding decision affect the choice of activity focused on and growth process?
5. What incidents stood out the most that positioned the firm for growth?