

**AFRICAN AMERICAN WOMEN ENTREPRENEURS' EXPERIENCE
OBTAINING FINANCIAL CAPITAL FOR BUSINESS START-UP**

by

Ola M. Gaines

LAURA MARKOS, PhD, Faculty Mentor and Chair

ADOLFO GORRIARAN, DBA, Committee Member

ANDREA SMITH-HUNTER, PhD, Committee Member

William A. Reed, PhD, Acting Dean, School of Business and Technology

A Dissertation Presented in Partial Fulfillment

Of the Requirements for the Degree

Doctor of Philosophy

Capella University

May 2011

UMI Number: 3454730

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent on the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI 3454730

Copyright 2011 by ProQuest LLC.

All rights reserved. This edition of the work is protected against unauthorized copying under Title 17, United States Code.



ProQuest LLC.
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 - 1346

Abstract

This qualitative research study used in-depth interviews with 20 African American women small-business owners from a wide range of sectors, education levels, and business and entrepreneur ages to understand African American women entrepreneurs' experiences in attempting to procure financial capital for their small-business start-up phase, including their experiences and perspectives on the use of social capital and internal and external financing to obtain capital, and their challenges, advantages, and learnings in procuring this crucial resource. Embarking from the viewpoint that African American entrepreneurs are typically disadvantaged and trail all other groups of entrepreneurs, the study design was informed by an integration of the literatures of small businesses/entrepreneurship, education, leadership, and economics. The study's findings revealed that these African American women entrepreneurs attempted to obtain bank and agency loans and the process progressed to using internal funds. They were motivated to obtain external capital, but in turn attempted to alleviate related challenges and use internal (personal and/or families' and friends') funds. Gender, ethnicity, and work/life balance constraints compounded their experiences. These African American women entrepreneurs placed strong emphasis on the support of self-empowerment and spirituality to cope with and manage the impact of these challenges. This study provides a detailed focus on the challenges, perspectives, and experiences as African American women start their own businesses. Further study in this area could contribute to a domain of more prepared and empowered women and minority entrepreneurs. Future studies may also expand upon recommendations provided to banks and their loan officers, agency

loan administrators, and policy makers to enhance their efforts to help women and minority entrepreneurs.

Dedication

This dissertation is dedicated to my father-in-law, Norman E. Gaines, Sr. (1945-2008). It was his steadfast belief in me and support, even while making his final earthly visit with me on June 4, 2008, that has provided a continuous improvement foundation that can help to sustain me for a lifetime. He always was willing to help me *entrepreneurially* look beyond obstacles to see a brighter side of a vision or mission. Norman Sr. provided the inspiration to undertake this research, which all began by accompanying my life partner, Norman E. Gaines, Jr., and me at the Capella University orientation held in April of 2005. My father-in-law was instrumental in helping me to decide which doctoral program to select for future career development goal purposes, which led to my desire to understand African American women's experience in obtaining financial capital for initiating and maintaining small-business ownership.

Acknowledgments

This dissertation is the product of several persons' input, time, and support. First, I am grateful to God because without Him nothing is possible. I am indebted to my mentor and chair, Dr. Laura Markos, who provide me with much professional and steadfast support; to my faculty advisor, Dr. Laura Hutt, for providing guidance; to my committee members, Dr. Andrea Smith-Hunter, for serving as a visiting scholar; and Dr. Adolfo Gorriaran, for serving as a committee member representing the School of Business and Technology; to my life partner, Norman E. Gaines, Jr., for the providing computer technical support; my father, Arthur Roland, who taught me the meaning of perseverance; to my mother, Orlean, who taught me the meaning of setting goals; to my sisters, Joan (Arthur Walter), Patricia (Bernard Lee, and their daughter, Tyra), and Darrell (her son, Ryan) and my brothers, Arthur (Natalie, and his daughter, Tonia), and Daniel (Mona, and their daughter, Marva), my mother-in-law, Barbara, and aunt-in-law, Jean, for providing various forms of support; and to my best friend, Nellie, and her daughter, Kira, who provided support with book purchases and checkouts from local and distant college libraries.

Table of Contents

| | |
|---|----|
| Acknowledgments | iv |
| List of Tables | 57 |
| CHAPTER 1. INTRODUCTION | 1 |
| Introduction to the Problem | 1 |
| Background of the Study | 3 |
| Statement of the Problem | 5 |
| Purpose of the Study | 7 |
| Rationale | 7 |
| Research Questions | 9 |
| Nature of the Study | 10 |
| Significance of the Study | 10 |
| Definition of Terms | 12 |
| Assumptions and Limitations | 15 |
| Organization of the Remainder of the Study | 16 |
| CHAPTER 2. LITERATURE REVIEW | 18 |
| The Entrepreneur and the Small-Business Owner | 19 |
| Social Capital Theory | 21 |
| Synthesis of Gender, Ethnicity, Entrepreneurship, and Social Capital Theory | 32 |
| Reasons Women Pursue Entrepreneurship | 35 |
| Reasons Minority and African American Women Pursue Entrepreneurship | 37 |
| Men's and Women's Entrepreneurial Characteristics | 40 |

| | |
|--|-----|
| Nonminority and Minority Entrepreneurship Characteristics | 50 |
| African American Women's Entrepreneurs' Characteristics | 64 |
| Conclusion | 74 |
| CHAPTER 3. METHODOLOGY | 80 |
| Theoretical Framework | 80 |
| Research Philosophy, Design, and Choice of Inquiry Methods | 81 |
| Participant Selection | 82 |
| Researcher's Role | 85 |
| Data Collection | 87 |
| Field Testing | 89 |
| Pilot Testing | 90 |
| Data Handling | 92 |
| Data Analysis | 94 |
| Credibility and Verification | 97 |
| Limitations of Research Design | 98 |
| Ethical Considerations | 100 |
| Summary of the Research Design | 102 |
| CHAPTER 4. RESULTS | 104 |
| Participant Profiles | 105 |
| Interview Results and Analysis | 114 |
| Analysis Summary | 151 |
| CHAPTER 5. DISCUSSION, IMPLICATIONS, RECOMMENDATIONS | 155 |
| Discussion of Results and Comparison to the Literature | 156 |

| | |
|--|-----|
| Analysis of Results Informing the Research Questions | 169 |
| Overall Address of Research Questions | 173 |
| Reflections on Study Methods | 175 |
| Assumptions Revisited | 179 |
| Limitations Revisited | 180 |
| Implications for Research for Theory, Practice and Future Research | 182 |
| Personal Reflections and Learnings | 187 |
| Recommendations for Future Research | 189 |
| REFERENCES | 192 |
| APPENDIX A. BRACKETING AND REFLEXIVITY | 203 |
| APPENDIX B. E-MAIL CONTACT | 206 |
| APPENDIX C. INITIAL PHONE CONTACT SCREENING SCRIPT | 208 |
| APPENDIX D. FOLLOW UP PHONE CONTACT | 210 |
| APPENDIX E. FOLLOW UP/CONFIRMATORY E-MAIL | 211 |
| APPENDIX F. VOLUNTARY PARTICIPANT INFORMED CONSENT FORM | 212 |
| APPENDIX G. INTERVIEW QUESTIONS AND PROTOCOL | 215 |
| APPENDIX H. INTERVIEW CLOSURE SCRIPT | 217 |
| APPENDIX I. SUMMARY OF SITUATIONS IN THE LITERATURE ADDRESSED IN THE RESEARCH QUESTION, SUBQUESTION(S), AND/OR INTERVIEW QUESTION(S) | 218 |

List of Tables

Table 1. Percentage of U.S. Entrepreneurs by Ethnicity and Age

57

CHAPTER 1. INTRODUCTION

Introduction to the Problem

Women entrepreneurs continually pursue entrepreneurial opportunities by initiating businesses, which help generate economic growth in terms of individual ownership and employment for millions of people in the workforce (Brush, Carter, Gatewood, Greene, & Hart, 2006b). U.S. minority groups have the greatest representation of women business owners, ranging from 31% of Asian American business owners to 46% of Black or African American (used synonymously herein) business owners (Lowrey, 2006). Yet, despite their prominent numbers among U.S. entrepreneurs, African American women business owners face difficulty obtaining financial capital to start their own businesses (Harvey, 2005. The terms *entrepreneur* and *small-business owner* are used interchangeably herein, per the Definition of Terms section below.)

The most critical resource for a new business, the procurement of capital, facilitates the acquisition of additional resources: physical, human, and technological. Primary factors in capital procurement, in addition to gender and ethnicity, include business characteristics such as sector, size, age, and location (Coleman, 2000; Haines, Orser & Riding, 1999; Orser, Riding & Manley, 2006), as well as the individual entrepreneurs' education, skill set, and human capital, such as training and networking (Brush et al., 2006b; Loscocco & Robinson, 1991; Singh & Crump, 2007).

At the national level, women-owned businesses continue to constitute a significant percentage of the business population. In 2002, women owned 6.5 million nonfarm U.S. businesses, which represented 28.24% of the firms in all business sectors. The women business owners identified themselves as 85.9% White, 8.4% Black or African American, 8.3% Hispanic, 5.2% Asian, 1.2% American Indian and Alaska native, and 0.2% Native Hawaiian and Other Pacific Islander (which totals to 109.2% because each owner could select more than one ethnicity. In 2007, women owned 7.8 million nonfarm U.S. businesses, which represented a 20.1% increase from 2002 and accounted for 28.7% of firms in all businesses (United States Census Bureau, 2002, 2007; Lowrey, 2006).

Among minority women-owned firms, between 1997 and 2002 Asian women-owned firms had the highest receipts, producing \$153,700 average annual receipts, versus American Indian, Hispanic, and African American women-owned firms, which produced \$126,000, \$80,900, and \$43,300, respectively (United States Census Bureau, 2002). African Americans had the largest percentage of minority women-owned businesses, at 8.4%, yet almost half of the revenue of minority women-owned businesses generated from the 5.4% identified as Asian and Pacific Islander women-owned businesses (Lowrey, 2006; United States Census Bureau, 2002).

Women declare bias in access to the credit market for capital (Mitchell & Pearce, 2005). Women cite gender bias in the decisions of bank loan officers, resulting in rejection of their loan applications (Buttner & Rosen, 1992; Carter, Shaw, Lam, & Wilson, 2007; Haines et al., 1999; Mitchell & Pearce, 2005). Minority small-business owners also face some restrictions when accessing credit and capital (Mitchell & Pearce,

2005). African American small-business owners face significantly greater loan denial probabilities than White male small-business owners. Minority women highlight obstacles procuring capital, comprising a major reason why they tend to pursue small, traditional business sectors such as service or retail that require less start-up capital (Smith-Hunter & Boyd, 2004; Verheul & Thurik, 2001).

African American women, experiencing the combined influences of ethnicity and gender, encounter obstacles to greater extent than other minority women, and typically lag on business survival and expansion rates (Harvey, 2005). Between 1997 and 2000, a net loss in employment of 31%, 19%, 16%, and 11% in businesses owned by African American, Hispanic, Asian, and American Indian women, respectively, was attributed to business closings. During the same time frame, business survival and expansion rates, respectively, for African American (68%, 29%); Hispanic (73%, 31%); Asian (77%, 34%); and American Indian (75%, 29%) women-owned businesses highlight how African American women experience greater difficulty (Lowrey, 2006).

Background of the Study

Procuring external capital during the initial start-up and/or operation is an entrepreneurial hurdle for women small-business owners. Women entrepreneurs allege discrimination when seeking capital funding, a subject of considerable debate over the past 17 years (Haines et al., 1999; Loscocco & Robinson, 2001; Orser et al., 2006). At issue is whether the profile of women small-business owners as borrowers and/or grantees actually differs from that of men small-business owners. The debate centers primarily on women small-business owners' decisions to procure capital funding, their access to financing, and the type of financing selected. Claims of gender bias

disadvantage women seeking entrepreneurial opportunities, particularly during the start-up phase. Research on gender differences in access to debt capital outstrips research on owners' ability to procure external financing (Orser et al., 2006; Robinson & Finley, 2007). Less research exists on minority women small-business owners and entrepreneurship financing (Smith-Hunter & Boyd, 2004) and even less on African American women entrepreneurs (Harvey, 2005; Robinson, Blockson, & Robinson, 2006).

Like Hispanic and Asian women small-business owners, the African American woman entrepreneur faces a dual hurdle of gender and ethnic minority. Women small-business-owner applicants encounter constraints of different dimensions, from not comprehending loan and contract application processes (Buttner & Rosen, 1992), to seeking inadequate amounts of capital (Coleman, 2007), to electing to seek the wrong kind of capital resources, for a number of reasons (Coleman, 2000, 2007; Loscocco & Robinson, 1991), from discrimination to no longer attempting certain avenues.

- Commercial bank loan or federal or state funding contract applicants often do not understand approval criteria (e.g., an effective business plan to forecast the business' performance and survival rate; Buttner & Rosen, 1992; Brush et al., 2006b).
- Applicants often do not meet criteria, due to factors such as the size or age of the business, or inadequate collateral to support the size of the loan (Coleman, 2000).
- Women entrepreneur small-business owners often do not choose to seek external capital, especially if they are not aware of the pros and cons of using specific types of financing (e.g., debt versus equity) or financial resources such as minority small-business loans geared towards the successful procurement of start-up capital (Buttner & Rosen, 1992; Gundry, Ben-Yoseph & Posig, 2002).

Women entrepreneurs across all ethnic groups frequently seek all types of external financing *except* external equity capital (Orser et al., 2006). The African American woman business owner faces challenges procuring capital for several reasons.

African American women business owners, unlike nonminority women and men business owners, for example, tend to use a different type of financing, internal as opposed to external, and subsequently encounter obstacles accessing capital to initiate, grow, or expand their businesses (Harvey, 2005; Smith-Hunter & Boyd, 2004; Smith-Hunter, 2006).

Women entrepreneurs often claim discrimination and/or describe preconceived notions (Harvey, 2005) that they will have unequal access to and/or will not qualify for capital to start their businesses, irrespective of the business sector or wealth (Buttner & Rosen, 1992; Haines et al., 1999; Loscocco & Robinson, 1991; Mattis, 2004). In recent years, women entrepreneurs pursuing more profitable and less traditional sectors such as technology have received less than 2% of the capital funding allotted for U.S.-based businesses (Mattis, 2004).

Statement of the Problem

U.S. small businesses experience a dissolution rate of greater than 50% during the first 5 years of operation (Christopher, 1998; Harvey, 2005). Among women entrepreneurs' small businesses, 62% close after 6 years (Mattis, 2004). Women-owned businesses are generally smaller and younger in age than those owned by men (Coleman, 2000) and women entrepreneurs encounter constraints obtaining financial resources while seeking to start and grow their own business more so than their male counterparts (Buttner & Rosen, 1992; Haines, et al., 1999; Loscocco & Robinson, 1991; Mattis, 2004).

Minority-owned businesses are typically small (Christopher, 1998). Small businesses owned by African American, Hispanic, and other minority proprietors characteristically earn less, and historically encounter major financial constraints starting

and maintaining the business as compared to nonminority small businesses, which affect business formation and survival (Boyd, 2000; Carter, et al., 2007; Mitchell & Pearce, 2005; Rasheed, 2004; Singh & Crump, 2007).

Although African Americans are more likely to initiate businesses than nonminorities, their businesses are less likely to survive much beyond the initial start-up phase (Köllinger & Minniti, 2006). African American business owners as a group experience unequal constraints, including discrimination, limited access to securing credit, and limited training and education opportunities, to/while undertaking business ownership (Christopher, 1998; Köllinger & Minniti, 2006; Singh & Crump, 2007).

Considering other groups of men and minority women owners in the small-business sector, African American women tend to attempt self-employment less often and do so with a shorter business lifespan than others (Lee & Rendalli, 2001). Researchers posit various explanations as to why African American women entrepreneurs approach capital procurement so differently than others in the same marketplace, seeking a different type of financing, if any at all, to start their businesses (Harvey, 2005). The problem is that African American women experience various inordinate difficulties procuring start-up capital for their businesses. Understanding African American women entrepreneurs' experiences and challenges in procuring capital, from the onset of the idea to initiate a business through the application processes used by commercial banks and government agencies, will shed light on some common themes that underpin the challenges.

Purpose of the Study

The purpose of this study was to understand African American women small-business owners' experience in procuring capital at the start-up phase of structuring a small business, and the difficulties they encounter despite qualifications comparable to other business owners. This study focuses on their experiences obtaining capital for business start-up.

Rationale

The National Women's Business Council (2006), a bipartisan federal government council organized to serve as an independent resource for advice and counsel to the U.S. President, Congress, and Small Business Association relative to economic issues of importance to women business owners, reported that

More than two-thirds (68%) of the African American women-owned employer businesses in existence in 1997 remained in operation 3 years after start-up. However, the rate of survival for the African American female-owned businesses was 7% lower than the 75% rate for all women-owned businesses from 1997 to 2000. This decreased survival rate represented a net loss of employment of 21.8%, which was much larger for the African American women entrepreneurs as compared to a 4.2% decline for all women-owned businesses. (¶ 11)

The ten states with the greatest number of African American women-owned firms as of 2002 are: California, Florida, Georgia, Illinois, Maryland, Michigan, North Carolina, New York, and Virginia. (¶ 9)

The states where African American women-owned firms comprise the greatest share of all women-owned firms as of 2002 are District of Columbia (30%); Maryland (16%); Mississippi (15%); Georgia (14%); Louisiana and New York (tied – 12%); Delaware, Alabama and North Carolina (tied – 10%); and Illinois and South Carolina (tied – 1%). (¶ 10)

The ten states with the highest survival rates over a three-year period from 1997 to 2000 among African American women-owned employer establishments were: Oklahoma (89%); New York (87%); Arizona (83%); Maryland (81%); Nebraska (81%); Alabama (79%); Michigan (78%); Wisconsin (78%); Pennsylvania (77%); and Washington (77%). (¶ 12)

This study holds the potential to provide government business-assistance agencies with information to develop tailored programs designed to meet the needs of women entrepreneurs, African Americans, and others, desiring to become owners of their own business. Small-business agencies need to comprehend more about women entrepreneurs' perceptions of and the actual requirements for acquiring capital for business venture start-up.

This is one of only a few studies designed to include African American small-business owners in the mid-Atlantic region of the United States. Statistics indicate that African American women-owned businesses differ vastly—in terms of higher dissolution rates—from other minority-women-owned, nonminority-women-owned, and men-owned businesses (Lowrey, 2006; United States Census Bureau, 2002). This study can add to the minority and women's entrepreneurship knowledge bases by addressing the avenues and rationales that African American women employ to seek and/or access start-up capital (Gittel & Sohl, 1996). While research typically extends to women entrepreneurship (Ahl, 2006; Bledsoe & Oatsvall, 2010; Brush, 1992; Gundry et al., 2002; Mattis, 2004), and study of minority and women minority entrepreneurship has increased in recent years, few studies have focused on African American women entrepreneurs (Robinson et al., 2006) in U.S. metropolitan areas. For example, although Virginia was one of the 10 states with the largest number of African American women-owned firms, it was not among the states comprising the greatest share of such businesses, nor those exhibiting the highest survival rates over a 3-year period (National Women's Business Council, 2006). The facts warrant additional studies to understand the problems that African American women experience in the establishment and viability of their businesses.

Another very practical application of this research is the publication of a guide that can serve as a toolkit to assist future applicants in gaining knowledge about various resources, considerations, alternatives, and options available for acquiring capital to assist in starting their businesses. This study can empower African American women, and potentially other women and minorities, to learn more about the criteria used for bank loans and government or private industry contracts. Moreover, this study can help African American women entrepreneurs to seize entrepreneurial pursuits, which in turn can provide more employment and economic opportunities at the local, state, and national levels.

Research Questions

The aim of this study is to understand the funding experience of African American women in the start-up phase of business entrepreneurship. The central research question (Creswell, 2007) driving this study is

What is the experience of African American women entrepreneurs (as defined herein) in attempting to procure capital for their small-business start-up phase?

Several subquestions (Creswell, 2007),

What are African American women entrepreneurs' experiences with and perspectives on the use of

- networking and other forms of social capital
- internal financing (as defined herein)
- external financing (as defined herein)

to procure capital for their small-business start-up phase?

What challenges and/or advantages, if any, do African American women entrepreneurs describe in procuring capital for their small-business start-up phase?

serve to clarify and better understand these women's experiences.

Nature of the Study

This qualitative inquiry into African American women small-business owners' experiences of procuring capital for the start-up phase employed face-to-face, semistructured, open-ended interviews (Appendix G; Creswell, 2007, Seidman, 2006) with 20 study participants: African American women small-business owners (as defined herein) in a mid-Atlantic state metropolitan region. My network of professional colleagues, business associates, and family served as initial contacts who assisted in identifying potential study participants, using *snowball sampling* (Patton, 2002).

Data analysis comprised delineating units of meaning (Groenewald, 2004), clustering units of meaning to form themes (Groenewald, 2004; Patton, 2002), summarizing each participant's profile and experience (Groenewald, 2004), and extracting unique themes from all of the interviews (Groenewald, 2004; Patton, 2002). Chapter 3 details participant selection criteria, interviewing protocols, and data analysis methods.

Significance of the Study

This study addresses a gap in the literature in understanding the experience of African American women entrepreneurs in procuring funds for the start-up of their own businesses. This study contributes to the knowledge base on African American women's entrepreneurship by examining their experiences in the process of procuring capital for business start-up, from the perspectives of entrepreneurship and small-business ownership (Ahl, 2006; Carter et al., 2007; Mattis, 2004; Singh & Crump, 2007), gender

and ethnicity, (Aspaas, 2004; Boyd, 2000; Carter et al., 2007; Christopher, 1998; Lee & Rendalli, 2001; Loscocco & Robinson, 1991; Martin, Wech, Sandefur & Pan, 2006; Singh & Crump, 2007) and economics development (Brush et al., 2006b; Carter et al., 2007; Singh & Crump, 2007). The study may significantly enhance the development and establishment of businesses owned by African American women.

A broad viewpoint focused on understanding the issues and constraints women entrepreneurs face starting their own business considers various stakeholders. Minority and women entrepreneurs of all ethnicities, policy makers prescribing regulatory guidelines, law enforcement officials auditing regulatory compliance, public- and private-sector organizations awarding business funding contracts, individual non-entrepreneurs seeking employment or entrepreneurial opportunities, and commercial banks and their loan officers complying with governmental policy all stand to benefit. The growth and expansion of women's entry into entrepreneurship invoke a need to understand better their experiences of starting their own business (Brush et al., 2006a; de Bruin, Brush, & Welter, 2007).

Findings offered from this study will facilitate open communication and diversify the number of small businesses that collaborate with government agencies. This study will enlighten and educate government agencies, enabling them to provide enhanced business assistance more closely aligned with their clients' perceived and actual needs. The enhanced assistance will help state departments (e.g., small-business development centers, minority-business enterprise centers, and minority-supplier development councils), by examining the areas of business start-up in which new or established

minority women business owners encounter constraints or other challenges in assessing and accessing capital funding.

In addition, the study's results will help position state-level chambers of commerce to offer improved networking and matchmaking opportunities that link small-business owners with larger firms as business partners. The findings will enable public and private sector employers or vendors to initiate one-on-one meetings with small-business owners. Furthermore, lending institutions will benefit from an understanding of the market for minority women's small business financial needs, interconnecting diversity, gender, entrepreneurship, and lending practices.

Definition of Terms

The following terms are defined as used in this study:

Capital. An accounting term used to indicate monetary financing or fund procurement contributed by stakeholders to a company to fund its initial growth or expansion needs.

Debt financing. A form of external capital procurement from sources such as commercial bank loans, real estate, or accounts receivable that does not provide the lender with ownership control (Decker & Copeland, 2008).

Entrepreneur. A debated term, lacking a single, clear, generic definition in the literature, due to multiple criteria of what entrepreneurs are and do (Cunningham & Lischeron, 1991; Gartner, 1988; Howorth, Tempest, & Coupland, 2005; Lazear, 2005). From a normative point of view, one definition centers on what an entrepreneur does, incorporating categories of key tasks: habitual entrepreneur, innovator, risk taker, resource coordinator, founder, doer/undertaker, and recognizer of opportunity, which

results in several unique but overlapping definitions (Howorth et al., 2005). Another approach focuses on changes in the market structure and resource ownership (Boyett, 1997): "an individual within business markets driven by a desire for profit and possessing the ability to risk buying cheap and selling dear" (Cantillon, as quoted in Boyett, 1997, p. 77); and "individuals who utilized periods of change and uncertainty to relocate resources to maximize their entrepreneurial profit levels within a given market" (Baptiste, as quoted in Boyett, 1997, p. 77). An earlier interpretation of the entrepreneur leads to yet another approach, from a new venture perspective, focusing on

the founder of a new business; a person who has started a new business where there was none before; anyone who inherits or buys an existing enterprise, or one who develops a niche in the market or strategy to satisfy some need.
(Cunningham & Lischeron, 1991, p. 45)

or "an individual who starts, or participates in the founding and launch, of a new company; a founder or cofounder" (Price, 2006, p. 18).

Synthesizing the approaches for the purpose of this study, the term *entrepreneur* is defined herein as the one who initially established and owns a business and performs and/or manages related tasks (Cunningham & Lischeron, 1991; Lazear, 2005). Inherent in the arguments is an underlying theme indicating no definitive, uncomplicated way to differentiate the entrepreneur from the small-business owner (Gartner, 1988). Thus, as noted above, the terms *entrepreneur* and *small-business owner* are used interchangeably herein, without regard to the size or developmental status of the businesses so established.

Entrepreneurship. Herein used interchangeably with small-business ownership as noted above and defined below.

Equity financing. A form of external capital procurement invested into a business by the owner or investors. Funds categorized as personal savings, cash borrowed, or loans backed by investors such as friends, relatives, or business associates, constitute equity (Decker & Copeland, 2008).

External financing. A form of capital procurement provided from outside the business, such as debt or equity financing.

Internal financing. A form of capital procurement provided from within the business, for example by customers (e.g., cash deposits or raw materials), suppliers (trade credit extended for a certain period, such as 30 to 90 days), profit (money earned from and reinvested in the business), or leasing (contracts for equipment, office space, or property; Decker & Copeland, 2008); a form of capital procurement provided from the business owner's personal savings, cash borrowed from family or friends, or trade credit (Brush et al., 2006a, 2006b; Coleman, 2002; Haynes & Haynes, 1999).

Small business. A sole proprietorship, partnership, corporation, limited liability corporation, or any other legal form organized for profit, which makes a significant contribution to the national economy by paying taxes and/or using in-country products, materials, or labor, that does not exceed the numerical size standard (normally expressed in average annual receipts or number of employees) for its industry (e.g., the standard size for business representing most retail and service is \$6.5 million, or wholesale trade is 100 employees ("Table of Small Business," 2009). Herein, the term is used interchangeably with *entrepreneurship* as noted above.

Small-business owner. "The individual who has capital investment in a [small] business" (Smith-Hunter, 2006, p. 20) as defined herein, or "an individual who

establishes and manages a [small] business for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one's time and resources" (p. 20). Herein, the term is used interchangeably with *entrepreneur* as noted above.

Start-up capital. Capital that a small-business owner needs to spend before a business opens (Decker & Copeland, 2008).

Working capital. An adequate amount of capital for the daily operational business expenses (Decker & Copeland, 2008).

Assumptions and Limitations

A major reason for interest in this research question arises from the assumption that African American women business owners face greater and/or different challenges in procuring capital than other groups of entrepreneurs. The study's design assumes that the information collected will warrant integration into the literature of small businesses/ entrepreneurship, leadership, education, and economics (Kwolek-Folland, 2007; Mattis, 2004; Orser et al., 2006; Singh & Crump, 2007).

The design also assumes that the study's participants will share and communicate their experiences openly, candidly, honestly, and accurately, and thus contribute to a better understanding of their experiences in the larger frame of minority women-owned business capital procurement. Lastly, the study assumes that African American women entrepreneurs who acquire adequate skills to manage the procurement of capital are valuable assets who can add to the entrepreneurship knowledge base irrespective of ethnicity or gender (Boyd, 2000; Buttner & Rosen, 1992; Smith-Hunter & Boyd, 2004).

This study focuses on African American women entrepreneurs' experience seeking capital to start their own businesses, and specifically in one region. Data collected through qualitative inquiry potentially limits the accuracy and detail of participants' recollections and mental accounts of what happened during the start-up business phase, and thus the generalizability of such findings. Conversely, the study's conclusions and recommendations may help guide other minority and/or women entrepreneurs with capital procurement for business start-up, and the process or capital procurement may be improved if lending institutions incorporate such learning in analysis of their lending procedures, particularly with minority entrepreneurs, into their lending decision-making processes to reject or approve loans.

Organization of the Remainder of the Study

This chapter presented the problem of minority women entrepreneurs' challenges in procuring start-up capital to initiate their small businesses, and the related gaps in the literature. Conducting face-to-face, semistructured, open-ended interviews for this qualitative study of African American female entrepreneurs will permit capturing their experiences and integrating them in the literature. The next four chapters consist of the literature review; methods; findings and analysis; and conclusions and recommendations.

Chapter 2 critically reviews the literature in four major areas of entrepreneurship: (a) defining entrepreneurship (entrepreneur and small-business owner) and summarizing the reasons why women decide to become entrepreneurs; (b) scrutinizing the challenges for women entrepreneurs seeking capital, discussing the issues of discrimination, individual skill set, business experience and networking; (c) reviewing the constraints for acquiring capital with emphasis on the lending and financing institutions' policies toward

small-business ownership, including the loan and financing application processes and type of financial resources (e.g. equity or internal financing); and (d) summarizing previous studies on women entrepreneurs and obstacles encountered with starting and growing a business, in particular one group of minority women, African American.

Chapter 3 details the research paradigm and methods of the study, organized into 11 sections. The sections discuss the theoretical framework, research design, sample selection, data gathering, data analysis, field testing, pilot testing, credibility and verification, ethical considerations, and summary.

Following all approvals and the conduct of the actual research, Chapter 4 will present and characterize the participants' responses collected from the qualitative inquiry, identify themes common to the participants' described experiences, and illustrate their experiences via verbatim quotes. Chapter 5 will further evaluate the study's findings and compare them to the literature reviewed in Chapter 2. To the extent that the findings allow, conclusions will be offered in terms of learning for consideration by minority women business owners, recommendations and implications for future research, lending institution practices, and government agency formulation of policies to facilitate improving the lagging success rate of minority women small-business ownership.

CHAPTER 2. LITERATURE REVIEW

The purpose of this study is to understand African American women's entrepreneurial experience in procuring capital to start their businesses. The literature review begins with distinctions in the literature between the terms *entrepreneur* and the *small-business owner*, terms used interchangeably herein as noted in Chapter 1. Next, the theoretical framework of social capital grounds the study conceptually, centering on women's entrepreneurship. The literature review then assesses why women pursue entrepreneurship; the general characteristics of women, minority women, and African American women entrepreneurs; and the issues and constraints that entrepreneurs face procuring capital.

Research centering on women's entrepreneurship is limited, even more so on minority women. Most studies, until recently, addressed men entrepreneurs. Within the last 2 decades of the 20th century, studies about women-owned and women minority-owned businesses finally emerged. Fewer studies focus on African American women entrepreneurs.

As detailed below, studies published about women entrepreneurs mainly address two areas: their personal characteristics (e.g., educational background, marital status, and family entrepreneurial background) and their motivation for pursuing entrepreneurship (e.g., reaching the glass ceiling, desiring to be their own boss, and managing work/life balance). Fewer studies have sought to identify issues underlying the obstacles women encounter when they seek capital (e.g., lack of business experience, limited networking experience, and lack of training).

This literature review thus focuses on material that anchors and informs the research problem and purpose: identifying existing conceptual debates, pinpointing gaps in existing research, evaluating research designs and methodologies, and informing the proposed study to help bridge gaps and enhance greater understanding of the phenomenon of African American women entrepreneurs' experience in procuring start-up capital. The literature review surveys the business, sociology, and entrepreneurship literature over the past 10 years, with some exceptions to accommodate specific topics.

The Entrepreneur and the Small-Business Owner

Over the past decade, a considerable amount of research and debate focuses on a uniform and universal definition of *entrepreneur* (Boyett, 1997; Cunningham & Lischeron, 1991; Lazear, 2005). As defined (in Chapter 1) and used interchangeably herein, an *entrepreneur* or *small-business owner* is the one who establishes and owns a business and performs and/or manages related tasks (Cunningham & Lischeron, 1991; Lazear, 2005). Yet various sources in the literature articulate distinctions between the two terms, which inform the meaning of the terms and related research examined herein.

Entrepreneur

Criteria used in the literature to define the *entrepreneur* include personal qualities, style, characteristics, or a combination of the features. Specific characteristics, such as innovator/creator creator, risk taker/venturer, and founder prevalently shape various sources' definitions of an entrepreneur (Cunningham & Lischeron, 1991; Gartner, 1988). A trait approach uses personality traits, discriminating values, belief systems, attitudes, and characteristics to differentiate entrepreneurs' from nonentrepreneurs' embrace of

work and life (Gartner, 1988). Personality traits commonly ascribed more often to entrepreneurship than small-business ownership include a higher need for achievement, risk-taking, and personal values such as integrity, trust, and respect (Cunningham & Lischeron, 1991).

Considerable debate surrounds the quest for a common definition of an *entrepreneur*. Often, studies do not clearly define their use of the term (Gartner, 1988). Others define the term from different perspectives and contexts (e.g., founder of a new opportunity, developer of a niche in a market segment, inheritor of a previously owned establishment, or creator managing a failing or derailed organization or business). Considering the personal traits and characteristics, most research defines an *entrepreneur* as "a person who organizes or manages a business undertaking, assuming the risk for the sake of profit" (Cunningham & Lischeron, 1991, p. 51). Despite a lack of concurrence on a universally accepted definition of the term *entrepreneur*, dissension among researchers centers on differentiating an *entrepreneur* from a *small-business owner*.

Small-Business Owner

In the past 2 decades, refined definitions have emerged from the controversial attempt to distinguish between an *entrepreneur* and a *small-business owner* (Cunningham & Lischeron, 1991). One such distinction posits the small-business owner as one "who establishes and manages a business for the principal purpose of furthering personal goals" (Gartner, 1988, p. 23), versus an entrepreneur "who establishes and manages a business for the principal purpose of profit and growth" (Gartner, 1988, p. 23). Another argument posits the entrepreneur's higher need for achievement, although not definitively separated from one's interest in starting one's own business (Cunningham & Lischeron, 1991).

Given the lack of consensus on the use of the two terms in the literature, this study uses both terms interchangeably, as noted. This flexibility allows report of the literature accurate to each source, while accommodating the otherwise problematic conflicts and overlaps in definitions and contexts. A review of the social capital theory literature constructs a framework to explain and underpin women small-business owners' rationale to network and obtain essential resources to start their own businesses.

Social Capital Theory

Social capital crosses over several disciplines, such as economics, sociology, and political science (Aaltio, Kyro & Sundin, 2008; Petrakis, 2005), at the intersection of this study's major concepts: gender, ethnicity, and entrepreneurship. Social capital gained popularity as a construct and practice related to entrepreneurship mainly because social capital positively affects growth by enhancing current or creating new business opportunities. More recently, women's entrepreneurship significantly considers social capital as a practice in the business world: to network and gain access to benefits in human, financial, or physical capital (Aaltio et al., 2008). The following critical review of the social capital literature provides a framework for organizing a philosophical view of women's entrepreneurship and growth in initiating, maintaining, and expanding businesses.

As a concept, social capital addresses issues at the societal, familial, and community levels (Portes, 1998). Explication of the benefits of social capital originated with Bourdieu's (1986) and Coleman's (1988) analyses conducted at the individual level, followed by Putnam's (1993, 1995) focus on the benefit at family/community level. The

next section discusses the origins and definition of social capital as employed herein to frame this study of women entrepreneurs' capital-seeking experience.

From theoretical and contemporary sociological perspectives, Bourdieu (1986) synthesized a highly accepted, reformulated definition of social capital as "the aggregate of the actual or potential resources which are linked to the possession of a more durable network of more or less institutionalized relationships of mutual acquaintance or recognition" (p. 248). In lay terms, social capital accumulates absolute and potential informational, human, physical, and/or financial resources through a network of relationships. In the context of women's entrepreneurship, social capital encompasses women business owners networking as individuals or in groups.

Two forms of social capital, *bridging* and *bonding*, emerged (De Carolis & Saporito, 2006) to distinguish between nonprivate and private benefit, respectively. *Bridging social capital* considers the influence of collective internal ties and the foundation that anchors individuals in their networking relationships. In comparison, *bonding social capital* focuses on the individual's private connections to external resources and ties.

Embedded in the relational dimension of social capital are its main sources: strong or weak ties (De Carolis & Saporito; 2006; Lux, 2005; Yetim, 2008). *Strong ties* or *bridging ties* facilitate access to resources at the local level and develop into networks that evolve from the family, friends, and communities (Aspaas, 2002; De Carolis & Saporito; 2006; Lux, 2005; Yetim, 2008). Alternatively, *weak ties* or *bonding ties* extend beyond the periphery of strong, informal networks to include formal ties with business/professional relationships cultivated with chambers of commerce, professional

associations, agencies, and professional colleagues (Aspaas, 2004; Lux, 2005; Yetim, 2008).

To researchers studying social and economic phenomena, social capital theory is useful for several reasons (Aaltio et al., 2008). Social capital theory

- extends thinking from the individual realm to the community environment, which facilitates networking through bridging and bonding ties to create, support, and promote business ownership;
- is characteristically permeable, flexible, and conducive to analysis; and
- offers the potential to bring together several disciplines, such as gender and ethnicity, and entrepreneurship, for suitable application to phenomena.

Social capital is thus central in the establishment and maintenance of minority women-owned businesses, as women position themselves to engage in social relations to acquire and accumulate capital resources. Gender, ethnicity, networking, and entrepreneurship intersect as African American women entrepreneurs try to get the right kinds and/or adequate amounts of capital to start their businesses. Thus, each warrants closer examination.

Gender, Entrepreneurship, and Social Capital

The study of social capital, in parallel with traditional forms of capital such as human, physical, and financial, began almost 2 decades ago (Petraakis, 2005), yet minimal research on women entrepreneurship and social capital exists (Yetim, 2008). Amidst the gap on the gendered nature of social capital, Aaltio et al. (2008) conducted a meta-analysis of social capital and entrepreneurship using a gender lens to shed light on the obstacles frequently observed in women's entrepreneurship; they critically examined the literature of the last 2 decades on gender, entrepreneurship, and social capital to address

whether or not specific problems continue to exist that put women at a disadvantage compared to men. Their literature review revealed that women faced more obstacles in starting and keeping businesses and, although the difficulties tended to be more significant for the women, both men and women experienced challenges. Overall, their findings showed very few significant gender differences in recent conducted studies, contrasted with older studies' findings of discrimination.

A critical analysis of research on entrepreneurship and social capital from a gender perspective revealed few gender differences, if at all, for the more recent studies yet discrimination unveiled in the older studies (Aaltio et al., 2008; Elam, 2008). A study of the influence of gender on informal networks in workplace organizations revealed that women received less support from network members than men did (McGuire, 2002).

Thus, contradictions in gender discrimination findings reflect the studies' time frames. The application of social capital to entrepreneurship warrants more research to explore and resolve conflicting findings on gender discrimination. Recent literature indicates that entry into entrepreneurship is gender neutral but implies that women may approach business ventures differently than their male counterparts. The onset of change may enable women entrepreneurs to take advantage of equal opportunities arising in a newly created entrepreneurial society (Bjerke, 2007; Elam, 2008), at least in terms of gender; the role of ethnicity also enhances understanding of entrepreneurship and social capital.

Ethnicity, Entrepreneurship, and Social Capital

Women small-business owners are more alike, regardless of ethnicity, than one might expect from the research on cultural differences among business professionals

(Aaltio et al., 2008). Yet ethnicity also plays an integral role in the construction of social capital. While research about the impact of ethnicity on women's entrepreneurship and social capital is scarce, it commences to gain momentum.

A comparative study of 191 women small-business owners in five Western-hemisphere countries (U.S., Mexico, Canada, Brazil, and Argentina) showed successful entrepreneurs facing substantial constraints regardless of their ethnicity or country (Aaltio et al., 2008). Measures of social capital (e.g., social support, mentoring) and culture (the individualism/collectivism dimension most commonly associated with entrepreneurship) determined that ethnicity weakly influenced their constraints to starting and maintaining a business. In other words, the women experienced similar scenarios from a social capital perspective across national boundaries.

A few recent studies address African American women's entrepreneurship and social capital. Historically, African American women-owned businesses began as resource-disadvantaged, due to lack of higher levels of social capital, mainly in terms of networking, to accumulate other forms of capital such as financial, human, or physical (Boyd, 2000). The literature addresses ethnicity and women's entrepreneurship in parallel to social capital less prevalently; as a result, this section discusses African American women entrepreneurs' way of seeking, organizing, and using social capital to initiate their own businesses.

Since close-knit close associations form among relatives, friends, and community during the initiation phase of their businesses, African American women small-business owners in particular tend to use the bridging form of social capital (Aspaas, 2004; Blockson, Robinson & Robinson, 2007; Harvey, 2005). African American women

entrepreneurs rely extensively on the human capital element extending from family to friends to the community. This means that African American women typically seek out first the support and patronage of family, friends, and community members when starting their own businesses, which becomes their way of marketing and seizing business among associates in a close circle. A *social* connection develops and strengthens from sociodemographic characteristics, which can help African American women connect into formal and informal networks that serve small business development (Aspaas, 2002). African American women hair salon owners, for instance, take pride to serve as mentors and help other women learn the trade and avenues of becoming an entrepreneur (Harvey, 2005).

African American women entrepreneurs clearly tend to use the bridging or strong ties form of social capital to establish networks among individuals with whom they are most familiar in starting and initiating their own businesses, claiming reasons like a need to struggle and survive (Yetim, 2008). The trend of establishing closes ties is a result of initiating their business in communities with members who culturally share similar ways of residing, working, socializing, and needing services. Minority women's family ties customarily lead to networking and an extension of networking, mentoring, (Aspaas, 2004).

Thus, a comparative study of women small-business owners in the Americas (Aaltio et al., 2008) indicated that, although common obstacles must be overcome to enter and remain in entrepreneurship, successful entrepreneurial endeavors require workable levels of social capital, influenced little or not at all by ethnicity. Conversely, research designed specifically to study African American women implied that ethnicity

significantly influenced the construction of social capital (Blockson et al., 2007).

However, the effect of ethnicity on the type or amount of support received from networks bore no impact on women entrepreneur's inclination to construct, acquire, and accumulate various forms of social capital considering a women entrepreneur's personal and entrepreneurial characteristics.

Networking, Entrepreneurship, and Social Capital

Networking facilitates entrepreneurs' likelihood to acquire other kinds of capital such as human, physical, and information resources. Networks create social capital and offer various benefits critical for women entrepreneurs (Aaltio et al., 2008). Networking plays a critical role in social capital, potentially influencing an entrepreneur's decision to start and grow a business, and affecting survivability and success (de Bruin et al., 2007). Networking plays a unique role in social capital, essentially enabling the emergence of other alternative sources of social capital such as families, communities, public- or private-sector, and nongovernment (civic) organizations (Portes, 1998). Yet, research findings commonly indicate minimal use of networking by women entrepreneurs, for reasons of lack of time, interest, and work/family-life balance (Aaltio et al., 2008). Work/family-life balance poses a particular challenge (Gundry et al., 2002; Lewis, 1999) to women entrepreneurs, though increasingly encountered by men as well. A unique study design comparing the employment, personal, and networking attributes of U.S. White and African American men and women found women's networks less diverse, less resourceful, and less beneficial than men's networks (McGuire, 2002). The women's networks included only women and thus differed men's mixed-gender networks, which raise awareness of the acquisition and use of resources (physical, human, financial) from

a business ownership perspective (McGuire, 2002). Using diverse networks entrepreneurs pursue combining various resources and networking relationships to undertake and explore opportunities to become successful entrepreneurs (Gartner & Birley, 2002). The results found the composition of African Americans networks different from Whites. For example, the number of network members was less and control of company resources fewer for African Americans.

Women business owners foster the establishment and integration of different networks than men (Aaltio et al., 2008; Coleman, 2000, 2002; Yetim, 2008). Women entrepreneurs traditionally incorporate strong ties, yet tend to include only women in their social webs, hence minimizing their networks' breadth (Aaltio et al., 2008; Yetim, 2008). Another recent, European qualitative study researched Turkish migrant (lower class status) and nonmigrant (middle and upper class) women entrepreneurs (Yetim, 2008) with profound results; the study found that higher social capital and significant benefits resulted from strong, bridging ties typically acquired among the lower class, migrant women entrepreneurs, as compared to the middle and upper class, nonmigrant women entrepreneurs' weak, bonding ties. The reasons attributed to traditional, exclusive, women-built networks included personal ambition, motivation, and external reasons such as the need to make a living (Yetim, 2008).

Women entrepreneurs tend to bond and build bridges with other women entrepreneurs because they pursue business types that they perceive interest other women, such as *service-oriented* businesses like personal care (Harvey, 2005). The gender factor tends to shape women entrepreneurs' decisions to become entrepreneurs in a specific sector or business type within traditionally women-dominated industries (Elam,

2008). Women hair salon owners, for example, convince other women to become hair stylists and either train or rent booth space to other women hair stylists to help with their professional development and entrepreneurial endeavors (Aspaas, 2004; Harvey, 2005; Inman, 1997). In addition, feminine qualities link to entrepreneurship; for instance, women's innate abilities as powerful builders of *informal* social connections often lead to pursuit of small-business ownership to make use of their creativity, time flexibility, and unique skill set and talents (Aspaas, 2004). Yet, this gendered way of establishing networks can lead to a perception that women lack interest in extended networking if they exclude their male counterparts.

Thus networking as and for social capital increases the likelihood of women entrepreneurs' success in small-business ownership (Aaltio et al., 2008). Yet women entrepreneurs' networking remains limited by gendered issues of time and work/life balance (Gundry et al., 2002; Lewis, 1999), and a preference for gendered network exclusivity (Aaltio et al., 2008; Yetim, 2008).

Social Capital's Benefits and Limitations

A primary benefit of social capital is access to information and human and financial resources through networking. Economies tend to rely on knowledge to determine better methods of doing business to achieve and maximize long-term growth (Bjerke, 2007). Social capital helps to provide central knowledge via networks, for instance, so entrepreneurs may experience the potential to create profitable businesses (Bjerke, 2007). In other words, for the entrepreneur, social capital facilitates access to information, influences career and business success, and mitigates career derailment and dissolution rates (De Carolis & Saporito, 2006; Lux, 2005; Rhodes & Butler, 2004). For

example, as noted previously, African American women entrepreneurs traditionally use strong ties to network among customers, suppliers, and employees in socioeconomically similar organized communities, and may limit entrepreneurial propensity to initiate, maintain, and grow their businesses (Aspaas, 2002, 2004; Harvey, 2005). Similarly, use of bridging ties—like the use of unpaid family member employees—among African American women and White women business owners may stifle entrepreneurial business activities (Aspaas, 2002; Inman, 1997; Smith-Hunter & Boyd, 2004).

On the other hand, social capital can minimize some potential entrepreneurial opportunities (De Carolis & Saporito, 2006). Entrepreneurs may overestimate the advantages of social capital, resulting in a false sense of control and overconfidence relative to their responsibilities and accountabilities as business owners (De Carolis & Saporito, 2006). For example, an entrepreneur may miss a business opportunity or mismanage risk aversion by disregarding new information or misestimating the robustness of a proposed business plan or reality of an innovative entrepreneurial idea (De Carolis & Saporito, 2006).

Networking, as a source of social capital, can have some associated disadvantages from an ethnic perspective at the community level (Menzies, Filion, Brenner & Elgie, 2007). Networking in this context may compromise valuable business relationships affiliated with coethnic groups (Kollinger & Minniti, 2006; Rhodes & Butler, 2004). If, for instance, entrepreneurs rely solely on suppliers and employees of similar ethnic background for the start-up and maintenance phases of their businesses, the display of ethnocultural exclusivity may inhibit survivability, growth, and/or expansion compared to a more diverse business approach. Furthermore, a limited, ethnicity-based entrepreneurial

customer pool may enable more competition between groups of coethnic entrepreneurs. Members of a distinct ethnic group, sharing common national backgrounds, experiences, and/or interconnecting networks, facilitate the start-up and ongoing business success of an ethnic business (Chaganti & Greene, 2002; Menzies et al., 2007; Volery, 2007). Coethnic entrepreneurs represent various ethnic groups conducting or participating in business actions across different ethnic groups within close-knit ethnic communities (Chaganti & Greene, 2002; Galbraith, Rodriguez & Stiles, 2007; Menzies et al., 2007; Volery, 2007). Entrepreneurs may associate themselves more closely with other entrepreneurs who share similar ethnocultural traits. Attracting other business associates who share the similar ethnocultural characteristics may mitigate entrepreneurs' opportunities to diversify and expand their businesses or threaten business survivability (Menzies et al., 2007). On the other hand, some authors argue that ethnicity imparts a positive effect on minority entrepreneurship.

Research on 140 ethnic small-business owners representing six ethnic groups (Chinese, Greek, Italian, Middle-Eastern, and African American), and their business advisors, found advantages when the ethnic owners sought support from a same-ethnicity business advisor over any other business advisor, regardless of ethnicity, representing an external (mainstream) commercial lending institution, trade association, Chamber of Commerce, or federal agency (Dyer & Ross, 2008). Notable benefits of seeking support from a same-ethnicity advisor included open communication, quality of problem solving, and overall success of the relationship between the business owner and the same-ethnicity business advisor (Dyer & Ross, 2008), whereas prior research indicated that many ethnic-

led business owners attributed many of their challenges to ethnicity rather than general business issues (Marlow, 1992).

Thus, benefits of social capital come in many forms, such as access to a central knowledge base and human, physical, and/or financial resources via networks. Yet some aspects of social capital, such as entrepreneur's engagement in less diverse networks, may limit access to crucial sources for business start-up, such as capital funding.

Synthesis of Gender, Ethnicity, Entrepreneurship, and Social Capital Theory

Considering the main forms of social capital, bridging and bonding ties, minority women entrepreneurs may find their start-up or established business ventures socioeconomically deprived (Coleman, 1988; Heidrick & Johnson, 2002). Minority women-owned businesses starting or operating in low-growth areas may obtain limited or no access to business resources if they deviate from or elect not to participate in high-status, structured networks that can provide increased awareness of critical resources such as start-up capital (Aspaas, 2002; Blockson et al., 2007; Heidrick & Johnson, 2002).

Networking builds on referrals, reaching targeted markets representing the retail, personal, and child care industries prevalently sought by African American women small-business owners (Aspaas, 2002; Harvey, 2005). African American women entrepreneurs' businesses commonly organize business ownership in the communities of their families, close friends, and associates (Aspaas, 2004; Harvey, 2005).

Minority women small-business owners, African American included, in Aspaas' (2004) and Inman's (1997) studies started and developed their businesses in their respective rural residential communities, relying on local-area clientele. In addition, African American women entrepreneurs strategically start their own businesses by

networking to minimize costs associated with start-up. They relied on human capital—family, friends, and members of the community—for various purposes. Compared to White business owners, African American business owners are more likely to hire African Americans and other minorities (Blockson et al., 2007; Singh & Crump, 2007).

African American women entrepreneurs tend to network with relatives and same-ethnicity individuals and generate other kinds of capital, like financial and physical. Members of African American women's social circles may loan or provide liquid funds, patronize their businesses, serve as paid or unpaid labor, and/or provide services to facilitate the operation and maintenance of the businesses. Physical capital can materialize in the form of available or accessible leased, rented, or purchased office space, and/or proximal daycare to accommodate the business' hours of operation (Inman, 1997; Smith-Hunter & Boyd, 2004).

Women entrepreneurs face a major challenge in ensuring that they select appropriate forms of social capital, if any, to start and maintain a business. Clearly, women, compared to men, entrepreneurs position and organize themselves differently as groups to seek, acquire, and use social capital. Equally clear from ethnicity, gender, and entrepreneurship perspectives is the embrace of strong or bridging ties form of social capital by African American women entrepreneurs (Inman, 1997).

A challenge for women entrepreneurs is to consider reevaluating use of the traditional, informal networks to include more assertive, men's *and* women's approaches to create diversified, solid networks (Ahl, 2006; Elam, 2008; Inman, 1997). In addition, networking that creates social capital warrants that women small-business owners take a closer look at the advantages of social capital and transform their mind-sets to understand

the importance of optimal networking to maximize opportunities to obtain critical business start-up resources (Ahl, 2006; Elam, 2008; Inman, 1997).

The existing research presents a complicated view of entrepreneurship and the broader context in which American African women attempt to procure capital for their small-business start-up phase. First, there is some conflicting information over the question whether gender as a factor influences entrepreneurship. Although older studies posited that women encountered constraints in achieving their entrepreneurship potential, more recent studies suggests that gender is becoming less predictive of entrepreneurial success (Aalito et al., 2008; McGuire, 2002; Yetim, 2008). Yet, studies of entrepreneurship show that gender predicts social capital for women-led business ventures especially in the area of networking (Yetim, 2008). Networking facilitates access to other sources of capital like the most important critically identified source, financial, for African American women to start their own business. The second point that stands out concerns the influence of ethnicity on women entrepreneurship. Some debate exists on the influence of ethnicity on social capital. From a social capital perspective, research suggests that African American women-led businesses may trail other non-minority women- and men-led ventures because they view ethnicity as the extent of their self-identification and often seek social capital within their own ethnic communities (Dyer & Ross, 2008). African American women tend to rely more than their counterparts do on the strong or bridging ties form of social capital. As a group of entrepreneurs, they acquire and accumulate capital required to initiate and grow their own businesses at the family, friends, and community level due to the absence of higher levels of social capital such as networking (Aspaas, 2004; Blockson et al., 2007; De Carolis & Saporito, 2006;

Harvey, 2005; Singh & Crump, 2007). Some authors argue that acquiring and using social capital in this way implies a benefit yet may pose a risk to entrepreneurial opportunities for African American women-owned businesses if the networking is within an entrepreneur's close-knit circle of family, friends, and business associates (Kollinger & Minniti, 2006; Smith-Hunter & Boyd, 2004; Rhodes & Butler, 2004). Other authors assert that ethnicity positively influences and creates enhanced networking opportunities when established relationships of business activities advisors and owners comprise the same ethnicity (Dyer & Ross, 2008).

What influences a woman's undertaking of entrepreneurship? Women's rationale for entering entrepreneurship stems from participation in formally structured, durable networks created from social capital that can include high-level information channels (Bjerke, 2007; Petrakis, 2005), as discussed further below.

Reasons Women Pursue Entrepreneurship

Women pursue business ownership for reasons ranging from starting a career to escaping gender and socioeconomic issues (Gundry et al., 2002; Harvey, 2005; Mattis, 2004; Smith-Hunter & Boyd, 2004). Overall, research offers an integrative perspective, encompassing gender, family, ethnic, and business issues, to delineate with more meaning why women engage in small-scale business ownership (Aspaas, 2004; Boyd, 2000; Brush, 1992). Such research shows that women, irrespective of ethnicity, seek entrepreneurship to offset gender, race, or labor-market disadvantages as members of dual-career families, heads of households, mothers, wives, divorcees, or widows.

A common theme among women entrepreneurs centers on what they see as amiss in corporate employment. One main reason women undertake entrepreneurship stems

from a desire to escape the absence of flexibility and change in corporations: the *glass ceiling* syndrome (Blake, 2006; Buttner & Moore, 1997; Catley & Hamilton, 1998; Coleman, 2002; Gundry et al., 2002; Harvey, 2005; Mattis, 2004). A study of 150 women taken from a U.S. national representative sample of business owners revealed the glass ceiling phenomenon as a catalyst for their entrepreneurship (Mattis, 2004). The lack of mentors, role models, career advancement opportunities, flexibility, challenge, and equal recognition and reward systems comprise additional negative factors that women entrepreneurs experience in the workplace and attract them to the idea of becoming entrepreneurs (Buttner & Moore, 1997; Catley & Hamilton, 1998; Mattis, 2004).

Beyond the motivation to opt out of large corporations, women formerly working in both the public and private sectors elect to pursue self-employment for similar personal, professional growth, and self-satisfaction reasons (Aspaas, 2004; Coleman, 2002; Gundry et al., 2002; Hisrich & Brush, 1986). Women commonly posit several nonsocioeconomic reasons as motives to seek self-employment. The motivations include controlling their own destiny, seeking greater independence, desiring to be their own boss, displaying self-confidence and creativity, and seeking more challenging responsibilities (Buttner & Moore, 1997; Catley & Hamilton, 1998; Gundry et al., 2002; Mattis, 2004; Yetim, 2008). A motivation centered on professional growth in terms of use and maintenance of unique, high level credentials and skills is noteworthy, as it connects with what defines an entrepreneur and entails entrepreneurship (Catley & Hamilton, 1998; Gundry et al., 2002). Yet another area of entrepreneurial motivation relates to personal values, when women entrepreneurially discover that marketing a unique service

or innovative product may influence and transform the lives of other women and their communities (Gundry et al., 2002).

Motivating factors inspiring women to start their own business thus encompass areas such as gender discrimination, socioeconomic disparities, and personal beliefs. Women's former employment status has no bearing on the reasons they decide to become entrepreneurs. Women's motivations for pursuing entrepreneurship currently remain unchanged from motivations revealed in earlier literature. Recent and older research shows that, regardless of women's employment status, their entrepreneurial motivations are similar (Buttner & Moore, 1997; Gundry et al., 2002).

Reasons Minority and African American Women Pursue Entrepreneurship

Historically, inequalities for African American women in the private and public sectors manifested in their unbalanced representation in the labor force (Boyd, 2000; Harvey, 2005; Smith-Hunter & Boyd, 2004), such as the overrepresentation of women in domestic jobs during the pre-industrial era, contributing to stereotypical assertions that African American women best qualified for service-sector employment. A common reason that African American women start their own businesses stems from work/life balance issues (Aspaas, 2002, 2004; Harvey, 2005). A repetitive theme emerged from two studies conducted about minority women entrepreneurs in Virginia's rural central and south central regions evidenced the intersection of cultural ties, family responsibilities, and commitment to the community as rationale for undertaking small-scale businesses (Aspaas, 2002, 2004); notably, these studies included significant (25% in Aspaas, 2002; 36.7% in Aspaas, 2004) African American participation. Similarly, in another study in an

undisclosed major mid-Atlantic U.S. city, 11 African American women hair salon owners sought entrepreneurship to balance work/life responsibilities (Harvey, 2005).

Despite limited research data (Aspaas, 2004; Robinson et al., 2006), African American women, when highly motivated, seek self-employment as result of experiencing socioeconomic disparities, such as escaping psychological distress resulting from gender and race/ethnicity (Boyd, 2000; Harvey, 2005; Lewis, 1999). African American women pursue entrepreneurship for socioeconomic disparity reasons moreso than Whites, African American men, and other minority-group women (Lewis, 1999; Harvey, 2005).

Several authors posited alleviation of poverty as another reason that African Americans seek business ownership (Boyd, 2000; Blockson et al., 2007; Singh & Crump, 2007), suggesting survivability as a concern. African American women seek self-employment, often close to home in metropolitan areas (Aspaas, 2004; Harvey, 2005), because higher paying occupations in distant suburban areas, in addition to specialized credential requirements, pose constraints for African American women seeking private-sector employment. African American women seek entrepreneurship to make a living and/or supplement income (Boyd, 2000; Harvey, 2005; Lewis, 1999), targeting market segments in child, adult, and personal care; retail; and cooking and cleaning (Boyd, 2000; Harvey, 2005; Lewis, 1999). African American women's ownership of small, service-oriented businesses relates in part to their diminished potential to embrace challenge based on such preconceived notions (Boyd, 2000). The geographic clusters and habits minimize resources required to seek higher paying private-sector jobs (Aspaas, 2002, 2004).

A comparative analysis of White and minority women who operated businesses in four adjacent upstate New York counties investigated reasons the women pursued small-business ownership (Smith-Hunter & Boyd, 2004). Reasons for becoming a business owner such as “to be my own boss, . . . always wanted a business, . . . opportunity presented itself, . . . [and] inherited business” (p. 23) comprised one third of the diversified responses. The findings did not justify the cultural and disadvantage theories presented to explain group differences in business performance and underpinning reasons White and minority women's interests lean towards the ownership aspect of entrepreneurship. To the contrary, the findings revealed that minority women business owners' motivations take on an opportunistic approach compared to the anticipated need to survive reason. Both minority and White women in the study aspired to seek business ownership when labor and job market difficulties arose.

Clearly, minority and nonminority women's inspirations for entering entrepreneurship overlap. The work/life-balance theme emerges as popular for all women entrepreneurs; however, minority and African American women's drive to leave their workplaces and go into business tends to stem from dedication to their cultural and community ties (Aspaas, 2002, 2004; Inman, 1997; Lewis, 1999). The socioeconomic status of the minority and African American woman business owner plays an integral part in their decision to leave their former public- or private-sector workplaces (Harvey, 2005). Inherent gender, ethnic, and socioeconomic disparities may migrate into African American women's start-up phase of business and procuring capital (Aspaas, 2002, 2004; Inman, 1997; Lewis, 1999).

Men's and Women's Entrepreneurial Characteristics

The majority of literature traditionally examines men's, not women's, participation in business ownership, leaving a gap on women's approaches to engaging in business ownership. External capital is a key resource facilitating the establishment, growth, and survivability of an enterprise, and lending and financing institutions adhere to more stringent lending criteria for small businesses, although the literature rarely discusses lending practices criteria (Haines et al., 1999). Men approach capital funding strategically differently than women; men's entrepreneurial characteristics help facilitate the development of different business capital structures. Men-owned businesses are traditionally larger in size, number of employees, profit, and growth, and longevity (Brush et al., 2006a; Verheul & Thurik, 2001). Men seek not more capital but different type and in a different way, normally selecting different business sectors that tend to generate larger profit margins. To understand better the constraints and consequences women entrepreneurs face, it is imperative to evaluate the entrepreneurial traits that men exemplify which positively contribute to the start-up, operation, maintenance, and survivability of their businesses.

Factors that contribute to notable differences between men and women entrepreneurs' business ownership originate from their individual business-owner profiles and entrepreneurial characteristics. Some of the major structural contributors to differences between women- and men-owned businesses, such as entrepreneurial education; entrepreneurial experience; sector type, age, and size; and amount and type of start-up capital, warrant further discussion as separate topics (Carter et al., 2007; Christopher, 1998).

Gender, Education, and Business Experience

The entrepreneurship and sociology literatures present opposing views on whether men and women entrepreneurs possess equal educational and entrepreneurial-oriented work experience (Brush, 1992). Men traditionally gravitated to executive management, financial and technical programs, while women traditionally studied office/business administration, social sciences, the arts, or humanities (Brush, 1992; Coleman, 2002; Verheul & Thurik, 2001). Earlier studies revealed that women business owners were typically better educated than their male counterparts, seeking higher educational status up to tertiary level to equip them for undertaking small-business ownership (Catley & Hamilton, 1998; Loscocco & Robinson, 1991). Yet a recent study examining the role of human capital in the profitability and growth of women-owned small businesses presented conflicting evidence that such women are less likely to have an education (Coleman, 2007).

Men and women tap into their previously acquired skill sets to launch entrepreneurship. Male business owners traditionally have more and different prior business and managerial work experience than their female counterparts (Catley & Hamilton, 1998; Orser et al., 2006.). Men acquire more on-the-job experience from managerial positions, in contrast to women's mainly administrative positions (Coleman, 2002, 2007). A 1997 study revealed a significant percentage of women entrepreneurs with executive management or leadership experience motivating their organizational exodus to entrepreneurship (Buttner & Moore, 1997). Similarly, a study of 800 U.S. business owners, 150 men and 650 women, showed women occupying a diverse range of prior professional positions: 26% attorney or certified public accountant; 16% senior

management or executive, 14% middle managers; 14% health care employee and 5% teachers or employed in a technical field (the remaining 25% undisclosed) (Mattis, 2004). However, Mattis' study revealed educational attainment of women entrepreneurs lower compared to an internal collaborator's group of high-level executive women entrepreneurs. An examination of obstacles to U. S. women's small-business success revealed women drawing on their previously acquired, stereotypically female-job roles/work in their selection of market niche services and products to facilitate entry into entrepreneurship (Loscocco & Robinson, 1991).

The studies show similarities and differences in terms of the educational attainment level of men and women entrepreneurs. Earlier researchers asserted that women business owners pursued higher educational levels and acquired prior relevant work experience holding high management-level positions (Buttner & Moore, 1997; Catley & Hamilton, 1998; Loscocco & Robinson, 1991). In contrast, recent research indicates that women entrepreneurs matriculate in nonmanagerial, nonexecutive areas and hence are viewed as less educated compared than their male counterparts (Coleman, 2002, 2007; Heidrick & Johnson, 2002; Verheul & Thurik, 2001). In addition to demographic shifts over time, other possible reasons for the conflicting results may be the use of diverse data gathering instruments, secondary data sources (such as surveys and government and business reports), and different regions, U.S. (Coleman, 2002, 2007; Heidrick & Johnson, 2002) versus international (Verheul & Thurik, 2001).

Gender and Entrepreneur's Age

A 2002 U.S. study of 840 women- and 3,797 men-owned businesses yielded the mean ages of entrepreneurs at 48.5 years for women versus 50.5 years for men (Coleman,

2002). A 2004 survey of 800 U.S. entrepreneurs typified men and women business owners in the age range of 40 to 50 years (Mattis, 2004). A 2006 study of 6,058 U.S. entrepreneurs pursuing small-business ownership reporting only the combined age range of men and women: from 18 to 64 years, across multiple ethnicities and nascent (12 months or less), baby (12 to 42 months), or established (greater than 42 months) businesses (Kollinger & Minniti, 2006).

Another 2006 study on U.S. women's entrepreneurship found that women under age 45 owned 44% of high-revenue-growth businesses compared with 26% of the low-growth-revenue women-led businesses, and posited that the advanced education and relevant business experience of the younger women facilitated a faster emergence into successful business ownership than older women (Brush et al., 2006b). Notably, women entrepreneurs decide to undertake entrepreneurship at a later age in life than men (Elam, 2008). Women tend to show an interest in managing family, community, and personal priorities, sometimes in conjunction with taking on different part-time and/or low-stress level jobs, while serving as mother, guardian, or caretaker in younger earlier years (Elam, 2008, p. 86; Mattis, 2004, pp. 158-159).

Gender, Sector, and Business Size

Entrepreneurial and business finance studies, including extensive literature on gender and sector, find a strong association between success and sector type. Despite underrepresentation of women entrepreneurs in the *nonservice* sector (Brush, et al., 2006b) women-owned businesses dominate the service sector (Blake, 2006; Lowrey, 2006; Orser et al., 2006; Verheul & Thurik; 2001). Women traditionally own low-growth, small-size, highly competitive service and retail sector businesses, whereas men own

larger size businesses in high-growth, less competitive industries in construction, consulting, and manufacturing (Coleman, 2002; Blake, 2006; Loscocco & Robinson, 1991).

Numerous studies show that women business owners tend to concentrate in the service sectors (Blake, 2006; Bledsoe & Oatsvall, 2010; Brush et al., 2006b; Catley & Hamilton, 1998; Coleman, 2000, 2002; Loscocco & Robinson, 1991; Mattis, 2004):

- A study of women entrepreneurs' exodus from corporate work to self-employment found that 84% leaving corporate work elected to operate a business in the service sector (Mattis, 2004).
- An analysis of alternative theories examined African American and White women's entrepreneurial characteristics and rationale for becoming business owners; the analysis showed similar interest in the predominant selection of the service sector (Smith-Hunter & Boyd, 2004), suggesting that both African American and White women business owners attempted to enter unconventional sector types, but adhered to risk aversion in pursuit of the more traditional service-oriented sectors.
- An empirical study about the financing experiences of 2,800 Canadian women-owned small- and medium-sized businesses (Orser et al., 2006) attempted to explain women's dominance in the service sector. The study's findings supported the *occupational crowding theory* (which posits that disadvantaged groups undertake specific occupations that lead to excess supply of goods and/or services, reducing demand and hence profit; Bergmann, 1986, as explained in Orser et al., 2006, p. 649); the study characterized the saturated, extremely competitive, less stable service sector as that which women business owners seek significantly more than men business owners.
- A comprehensive, historical, U.S. business case study of gender and the service sector (Kwolek-Folland, 2007) promulgated a theory that women's dominance in the service sector notably enhances the economy and women's qualifications to hold high-level management, service-oriented, public-sector positions.
- A study examined 32 women's entrepreneurial efforts and investigated demographic information about independently-owned businesses. The analysis showed that these businesses were predominantly in the service sector (63.6%; Bledsoe & Oatsvall, 2010).

Women, compared to men, entrepreneurs tend to establish smaller firms characterized by less capital, lower sales volumes, collateral, and profits (Buttner & Moore, 1997; Catley & Hamilton, 1998; Coleman, 2000; 2002, 2007; Haines et al., 1999; Harvey, 2005; Heidrick & Johnson, 2002; Loscocco & Robinson; 1991; Mattis, 2004). Similarly, a study of Canadian women entrepreneurs found that business size is an indicator of the gender of the owner (Orser et al., 2006).

Earlier empirical research on the influence of gender and business size on the relationship between bankers and small-business owners (Haines et al., 1999) found that business size did not influence the outcome of capital procurement regardless of gender. Research on women's access to capital and terms of credit resulted in a comparative analysis of women- and men- owned businesses of varying size (Coleman, 2000); a major finding implied that owners of larger firms received capital more readily than the smaller ones, independent of gender ownership. More recently, small- versus large-size businesses face more difficulty getting capital and affect the entrepreneur's selection of capital and financing (Brush et al., 2006a, 2006b). More than 79% of women-owned businesses profited less than \$50,000 annually, based on a U.S.-wide sample of approximately 6% of the total of all women-owned businesses in 1997 and 2002 (Lowrey, 2006).

Thus, on sector, the literature inarguably indicates that women as compared to men dominate service-oriented jobs in both private and public sector self-employment settings (Blake, 2006; Lowrey, 2006; Verheul & Thurik, 2001). Yet the literature presents conflicting evidence as to how gender influences business size; further research may help discern whether women choose smaller, service-oriented businesses based on personal

preferences such as work/life balance (Mattis, 2004). Women business owners' interests lie in the traditional service-oriented business sectors (Mattis, 2004) versus nonconventional technical, transportation, or technology sectors usually sought by men entrepreneurs (Elam, 2008; Mattis, 2004). Research geared toward understanding entrepreneurship and the creation of a new, entrepreneurial society implied a change centered on gender and entrepreneurship; more women entering the workforce, and the need for more flexible, smaller size firms that characteristically and potentially withstand the economic turmoil indicate the creation of new, small businesses dominating a new entrepreneurial society (Bjerke, 2007). Future research focused in this area may add value and shed light on understanding the issues that women entrepreneurs face getting start-up capital since, as a gender, women less likely seek business growth and hence external capital due to the type and start-up size of their businesses (Orser et al., 2006; Verheul & Thurik, 2001).

Gender and Start-Up Capital

Capital is a crucial resource to business establishment, operation, and expansion (Coleman, 2000; Lewis, 1999). Frequent studies of the financial structures of women- versus men-owned small businesses commonly presents two gender-based arguments about constraints to obtaining start-up capital. One alleges *gender discrimination* (Loscocco & Robinson, 1991), while the other posits vast *gendered differences in the debt structures* (composition of start-up capital) of women- versus men-owned businesses (Haynes & Haynes, 1999).

Some studies have confirmed no gender discrimination accessing the traditional, external capital like commercial bank loans (Ahl, 2006; Buttner & Rosen, 1992; Coleman, 2000):

- A survey of a near equal number of experienced men and women entrepreneurs on the U.S. east coast found no significant difference in their assessment of difficulty obtaining start-up capital (Buttner & Rosen, 1992); interestingly, the entrepreneurs ranked gender lowest of all the factors bank loan officers used to review loan applications.
- A well-documented national survey of small-business finance showed that women- and men-owned businesses gained similar access to commercial bank loans over a 6-year span (Haynes & Haynes, 1999).
- An empirical study examined indirect and direct effects of a national random sample of 1,393 Canadian small-business borrowers' bank files, concluding no gender discrimination (Haines et al., 1999).
- Comparative analyses of men- and women-owned small businesses from a U.S. national survey of small business finances found no direct discrimination when the entrepreneurs accessed and procured capital (Coleman, 2000, 2002).
- Another study of Canadian entrepreneurs unveiled no evidence of gender discrimination in banking lending and approval rates for external capital (Orser et al., 2006).

However, other research, some dated and some recent, indicates that gender influences women entrepreneurs' opportunities to get the capital required to open a business.

- Examination of U.S. women small-business ownership attributed women's lack of access to capital to gender, even if the women possessed suitable credentials and comparative work experience compared to the men entrepreneurs (Loscocco & Robinson, 1991).
- A study of 2,000 entrepreneurs' profiles and gender revealed that gender influenced the amount of start-up capital they received (Verheul & Thurik, 2001).
- An analysis of 5,534 non-U.S. entrepreneurs' business profiles indicated that gender-based differences existed in access to financing (Muravyev, Talavera & Schafer, 2009).

The influence of gender on women's entrepreneurial endeavors to get capital to start a business revealed conflicting evidence of discrimination.

Another alleged gender-based constraint to procuring start-up capital (as noted above, in the discussion of gender, sector, and business size) focuses on differences in

- *debt structure* (internal versus external financing, defined below), and
- *debt type* (commercial bank vs. finance company)

that men versus women entrepreneurs elect to seek and use for business start-up.

- Several studies found that men used *external financing* in the form of bank loans compared to women's use of *internal financing* in the form of personal savings, cash borrowed from family or friends, or trade credit (Brush et al., 2006a, 2006b; Coleman, 2002; Haynes & Haynes, 1999).
- A study of U.S. women-owned business-owners' borrowing experience and debt structure revealed similar men's and women's access to mainstream institutional lenders and products such as commercial banks and line-of-credit loans. In 1987, women borrowers relied on unconventional types of debt instruments like loans from family and friends, with less access to conventional mainstream resources; however, by 1993, the difference in men and women entrepreneurs' borrowing experiences and debt structures was less significant (Haynes & Haynes, 1999).
- Yet a study of 2,000 men- and women-owned businesses found no significant differences in the debt structure (Verheul & Thurik, 2001).
- Still other research showed U.S. women entrepreneurs often did not attempt to seek external debt financing in the form of commercial bank loans, tended to take on less risk than men, and remained apprehensive about commercial bank lenders' decisions to grant loan approvals (Brush et al., 2006a, 2006b; Coleman, 2002).

The majority of the studies indicate that men and women traditionally select different debt structures to open a business; women select internal resources and men employ external resources. Recent research indicates a change in women entrepreneurs' approaches to procuring capital considering their business goals and strategies. For example, some women business owners decide never to attempt seeking external

financing or capital resources if they have no interest in business growth or expansion for personal and/or business reasons (Brush et al., 2006a, 2006b; Coleman, 2002; Davidsson, 2008).

Conversely, from the perspective of financial institutions, recent research on gender, entrepreneurship, and bank lending criteria determined modest differences in criteria used to evaluate women's and men's entrepreneurial profiles (Carter et al., 2007). Yet the processes loan officers used to settle the loan applications showed significant gendered differences. Focus group discussions showed that loan officers revealed significant differences based on loan officer and applicant gender. The male loan officers significantly considered the importance of instinct in the lending decision, the overall lending process, and the development of a lender-client rapport. The female loan officers significantly considered the applicant's business plan, the loan size, and overall terms of the loan. Notably, the lender-client rapport topic arose only in the male bank loan officer group discussion and the loan size topic arose exclusively in the female bank loan officer focus group.

Thus, researchers continue argue whether gender plays a role in the start-up phase of entrepreneurs' businesses, as earlier and recent evidence on the impact of gender remains debatable. The debate is multifaceted:

- *Gender discrimination*: Some researchers contend unequal access to capital (Heidrick & Johnson, 2002; Loscocco & Robinson, 1991; Muravyev et al., 2009), while others contend that factors connected to human capital (e.g., entrepreneur traits, education, business experience) or financial capital (shortage or abundance) may influence access to capital (Coleman, 2007).
- *Gendered debt structures sought by entrepreneurs*: Indisputably, women and men entrepreneurs take on different financing debt structure patterns for business start-up (Coleman, 2000; Haynes & Haynes, 1999).

Intersecting with this multifaceted debate on potential gender constraints is the scenario surrounding ethnicity and ethnic minority that African American women entrepreneurs encounter in launching their businesses.

Nonminority and Minority Entrepreneurship Characteristics

Study of nonminority and minority women's entrepreneurship continues to increase (Loscocco & Robinson, 1991; Smith-Hunter & Boyd, 2004), showing minorities' continual gains in entrepreneurship, and differences in nonminority and minority entrepreneurship characteristics. A striking difference is the rate of African American entrepreneurship, which lags the national average and the entrepreneurship rate of U.S. nonminorities (Singh & Crump, 2007). This critical review of the literature on nonminority and minority women's and men's entrepreneurship characteristics sheds light on the gap in the transition of African American women into entrepreneurship.

Ethnicity, Gender, and Education

The literature consistently indicates a disparity in education and entrepreneur business experience between nonminority and minority business owners. Several studies examined educational attainment and entrepreneurship across ethnic groups (Fairlie, 1999, 2004; Fairlie & Meyer, 2000; Kollinger & Minniti, 2006; Zaleski, 2010).

A 1986 study of 217 (163 men and 54 women) minority entrepreneurs' characteristics' representing four ethnic backgrounds (American Indian, African American, Asian, and Hispanic) found that 28% (not specified by ethnicity) earned graduate degrees (Hisrich & Brush, 1986). A meta-analysis centered on the absence of African American-owned businesses and the dynamics of self-employment used 22 years

of data on U.S. male heads of households from a period of 1968 to 1989 to investigate the causes of ethnic differences in the rates of entry into business ownership. Although the findings showed that Whites' likelihood of entering entrepreneurship increased with college graduation, whereas African Americans' likelihood of entering entrepreneurship decreased with college graduation, overall the relationship between education and undertaking business ownership was statistically insignificant for both Whites and African Americans (Fairlie, 1999).

Another uniquely designed study focused on trends in self-employment among White and African American men from eight U.S. censuses, from 1910 to 1990 (1930 data not available; data up to 1997 included; Fairlie & Meyer, 2000). A decline in business ownership during the 20th century marked a trend in the U.S. employment market. African American men's rate of entrepreneurship was approximately one-third of their White male counterparts' rate in entrepreneurship. Although African American men's educational levels substantially increased relative to Whites' from 1960 to 1990, the increase did not significantly influence entrepreneurship rate gap for African Americans (Fairlie & Meyer, 2000).

A later, somewhat similar study (Fairlie, 2004) used 1979 to 1998 U.S. population survey data to examine trends in business ownership for six ethnic groups: Hispanic, White, African American, Asian, Pacific Islander, and Native American. The study found that White versus African American men's entrepreneurship rates minimally narrowed from 1979 to 1981 and 1996 to 1998, attributed to an increasing level of education among African American men (Fairlie, 2004). Conversely, the entrepreneurship gap between White and African American women increased (Fairlie, 2004); a similar study of White

versus minority women entrepreneurs revealed that the minority women acquired less education than White women (Smith-Hunter & Boyd, 2004).

A recent study of 6,058 men and women entrepreneurs analyzed 2002 U.S. population data to explain differences in business ownership rates of African Americans, Whites, Asian Americans, and others (not specified; Kollinger & Minniti, 2006). The findings showed that White and Asian American business owners attained more education than African Americans and other ethnic groups. Nineteen percent of Asian Americans and 11.2% of Whites acquired education beyond the undergraduate level, compared to 5.2% African Americans and 5.8% of other ethnic groups (Kollinger & Minniti, 2006).

A more recent study of 1,359 men and women entrepreneurs analyzed what business and entrepreneur characteristics optimally explained the likelihood that their business start-up stages could attract external capital. A major focus included the impact entrepreneurs' education levels had on the role of entrepreneurial experience during the business start-up stage, across three experience categories (no entrepreneurial experience, experience in another industry, and experience in the same industry), and three ethnic groups (Hispanic, African American, and Asian; Zaleski, 2011). The businesses included in the analysis started under limited-liability-corporation (LLC), S-corporation, or C-corporation legal status in 2004 and tracked during the early years of operation Zaleski, 2011). Across the three experience categories education majorly impacted the experienced entrepreneurs' attempts to get start-up funding compared to the inexperienced entrepreneurs' attempts (Zaleski, 2011). The results showed that in the context of entrepreneurial experience education increased an entrepreneur's chances of

obtaining external funding. Across ethnic groups and relative to nonminority entrepreneurs the likelihood of obtaining external capital increased when Hispanics competed within inexperienced entrepreneurs, Asians competed with experienced entrepreneurs, and African Americans competed with experienced entrepreneurs remaining in the same industry (Zaleski, 2011).

Another aspect of entrepreneurs' education is their outlook on small-business management training courses that foster a means of sharpening current skills and developing new ones. A related study revealed African American entrepreneurs' attitudes on small-business management training courses in 23 training areas as more positive than White entrepreneurs' attitudes (Martin et al., 2006).

A comparative analysis of 217 African American and 152 White southeastern U.S. women entrepreneurs' attitudes toward business training showed significant differences between training preferences (Wech, Martin, Martin, & Dolowitz, 2009). African American women entrepreneurs rated the majority of the training topics organized in three categories—general background, organization processes, and general activities—higher in importance than their White women counterparts. For example, 7 of the 8 diverse general background training topics African American women preferred such as competitive, feasibility, and financial analysis, loan application, location decision, and obtaining business licenses. The majority of the basic business aspects measured like accounting/bookkeeping, cash flow management, initial (start-up) processes and procedures, inventory control, and purchasing from the organization processes category African American women entrepreneurs preferred. Similar findings revealed that the African American women showed more interest in the majority of the training

categorized as general activities, which included advertising, business performance measures, electronic commerce, managing technology, marketing, sales, and government procurement.

A 2007 panel study of entrepreneurial dynamics investigated the role of education in the wide gap between U.S. Whites' and African Americans' entrepreneurship rates (Singh & Crump, 2007). A comparison of 1,061 White versus 270 African American nascent (12 months or less) entrepreneurs showed no significant differences in education.

Thus, findings overall show inconsistent and unclear results about the influence of education intersecting with ethnicity and gender on entrepreneurship entry and gaps; thus educational status does not help to ascertain if an entrepreneur (regardless of ethnicity or gender) seeks business ownership. A major limitation of research to date is minimal data on women and entrepreneurship (Brush et al., 2006a, 2006b).

Ethnicity, Gender, and Business Experience

Studies suggest that prior and/or additional business work experience tend to improve an entrepreneur's likelihood of encountering less risk in owning and running a business in the context of size, revenue, or growth (Dumas, 2001; Martin et al., 2006). Entrepreneurial business experience in this context relates to the training, skill set, and/or credentials deemed necessary for an entrepreneur to initiate, lead, and run a successful business. Researchers posited that gender may affect the overall success of women-led businesses traditionally initiated by women possessing less entrepreneurial business experience than ones led by their male counterparts (Elam, 2008). Some literature considers the influence of ethnicity and gender on entrepreneurial experience relative to

an entrepreneur's prior and/or current work activities (Kollinger & Minniti, 2006; Smith-Hunter & Boyd, 2004).

A comparative study of U. S. White and minority women-owned businesses located in upstate New York revealed minority women acquired more entrepreneurial experience than their White women counterparts (Smith-Hunter & Boyd, 2004). A study of U.S. African American and White men and women business owners with less entrepreneurial business experience (at least 1 year as a business owner) versus more experience (classified as part or full owner earning profits or wages more than 3.5 years) showed that African Americans (11.1%) with at least 1 year of business owner experience more likely initiated a business than White Americans (6.1%; Kollinger & Minniti, 2006). However, a contradictory review of several entrepreneurship studies showed the majority of minority entrepreneurs possessed previous entrepreneurial business work-related experience (Singh & Crump, 2007).

Overall, findings suggest no clear, definitive impact of gender or ethnicity on entrepreneurial experience business. The findings reveal mixed results (Kollinger & Minniti, 2006; Robinson et al., 2006; Smith-Hunter & Boyd, 2004; Singh & Crump, 2007). Recent research implies a need for further research to understand why, for instance, African Americans (both men and women) trail White and all other ethnic groups (both men and women) in business ownership (Kollinger & Minniti, 2006). Next, a look at nonminority and minority entrepreneurs' ages when engaging in entrepreneurship may shed some light on African American women's experience in procuring start-up capital.

Ethnicity, Gender, and Entrepreneur's Age

The literature discusses entrepreneurs' age ranges, across ethnicities and both sexes, during various entrepreneurial business activity phases: exploratory, start-up, expansion, and continuous (Fairlie & Meyer, 2000; Kollinger & Minniti, 2006; Lee & Rendalli, 2001).

Men. Between 1910 and 1990, a retrospective analysis found White and African American men engaged in entrepreneurship at ages 16 to 64 (Fairlie & Meyer, 2000), based on the entrepreneurs' age at the time of each research report in the analysis. White men engaged in entrepreneurship at an earlier age, based on the time required to identify, seize business opportunities, and accumulate resources (Lee & Rendalli, 2001). A more recent study reported a similar entrepreneurial age range (Kollinger & Minniti, 2006).

Men and women. A study designed to explain the gap between established men and women African American and White business owners used a sample of 4,900 entrepreneurs obtained from a U.S. survey of 6,058 individuals. The U.S. entrepreneurs, aged 18 to 64 years at the time of study, also included Asian Americans and remaining ethnic groups reported as other (ethnicity unidentified; Kollinger & Minniti, 2006). The study reported the percentage of entrepreneurs in the U.S. in 2002 for various age groups by age and ethnicity, as shown in Table 1.

The research showed that the inclination to start a business was highest in the 25-to-34 age group (Table 1; Kollinger & Minniti, 2006). The highest representation in that most active entrepreneurial age group (25 to 34 years) was Asian Americans (38%), followed by other (26.9%), African Americans (24.7%) and White (20.3%). Of the

entrepreneurs representing other ethnicities, 25% were business owners at an earlier age, between 18 to 24 years of age, compared to 20.1% of African Americans, 18% of Asian Americans, and 12.1% of Whites (Kollinger & Minniti, 2006). Conversely, 18.1% of Whites represented the 55-to-64 age group, compared to 13.7% of African Americans, 7.7% of other ethnic groups, and 6% of Asian Americans (Kollinger & Minniti, 2006).

Table 1. Percentage of U.S. Entrepreneurs by Ethnicity and Age

| Age group | White | African American | Asian American | Other |
|-----------|-------|------------------|----------------|-------|
| 18 - 24 | 12.1 | 20.1 | 18.0 | 25.0 |
| 25 - 34 | 20.3 | 24.7 | 38.0 | 26.9 |
| 35 - 44 | 24.2 | 21.1 | 22.0 | 22.3 |
| 45 - 54 | 25.4 | 20.5 | 16.0 | 18.1 |
| 55 - 64 | 18.1 | 13.7 | 6.0 | 7.7 |

Note. From “Not for Lack of Trying: American Entrepreneurship in Black and White,” by P. Kollinger and M. Minniti, 2006, *Small Business of Economics*, 27, p. 64. Copyright 2006 by Springer Science and Business Media B.V. Used with permission.

Research designed to investigate the differences between African American ($n = 106$) and White ($n = 295$) business owners’ motivations to engage in start-up activities employed a sample of entrepreneurs ($N = 401$) obtained from a U.S. panel study of entrepreneurial dynamics (Edelman, Brush, Manolova & Greene, 2010). The sample was almost equal between men (46.6%) and women (53.4%). The findings indicated that the entrepreneurs were between the ages of 19 to 74 years, with an average age of 40.9 years (Edelman et al., 2010).

Women. A 1986 study showed African American, Hispanic American, and Native American women entrepreneurs' average age (at the time of the study) to be in the 35-to-45-year range (White women's age was not specified; Hisrich & Brush, 1986). A more recent comparative analysis of White and minority women entrepreneurs in upstate New York counties showed White women entrepreneurs' average age as slightly younger, at 45.7 years, than minority women's, at 46.6 years, at the time of the analysis (Smith-Hunter & Boyd, 2004). A roughly concurrent study of rural small-business owners showed an age range of 25 to 75 for African American women and 25 to 65 for Anglo American women, with an average age of 45 for both groups (Aspaas, 2004). A recent global (countries not identified) examination of gender and entrepreneurship found, at the time of the investigation, that the average age at which women started their own businesses was 35, and most entrepreneurs (men included) in these same countries were between the ages of 25 and 45 years at business start-up (Elam, 2008).

Thus, research shows a mixture of conflicting ages and age ranges for women and men entrepreneurs (Aspaas, 2004; Elam, 2008; Fairlie & Meyer, 2000; Hisrich & Brush, 1986; Kollinger & Minniti, 2006; Lee & Rendalli, 2001; Smith-Hunter & Boyd, 2004), evading meaningful conclusions about the influences of ethnicity, gender, and age on entrepreneurship, for several reasons: data from various regions, varying time frames, and phases (exploratory, start-up, expansion or continuous) of the business (Aspaas, 2004; Elam, 2008; Fairlie & Meyer, 2000; Hisrich & Brush, 1986; Kollinger & Minniti, 2006; Lee & Rendalli, 2001; Smith-Hunter & Boyd, 2004).

Ethnicity, Sector Type, Size, and Business Age

The literature addresses the impact of ethnicity on business traits such as sector type, size, and business age. Addressing sector first (as discussed in the Gender, Sector, and Business Size section above), women traditionally pursue business ownership in the service-oriented sector (Blake, 2006; Brush et al., 2006b; Coleman, 2002). The majority of minority-led businesses begin in the service-oriented sector, but recent entrepreneurship literature indicates a shift from the service economy to a mixture of alternative sectors (Dyer & Ross, 2008; Hisrich & Brush, 1986; Smith-Hunter & Boyd, 2004).

A 2004 study suggested that some African American entrepreneurs possess an interest in transforming and advancing their market base, offering services and products to serve other ethnicities (Rhodes & Butler, 2004). Some African American women recognize opportunities to provide products and services like hair styling, skin care, or catering services not exclusively to same-ethnicity clientele but in addition to customers within or across similar cultures. Minority women continue to show interest in preferential markets characterized as *protected markets*, initiated to cater solely to same-ethnicity group needs (Harvey, 2005; Smith-Hunter, Boyd, 2004).

Current entrepreneurship, economics, and sociology literature addressed the use of a *niche* by entrepreneurs to provide unique products or services (Chaganti & Greene, 2002; Harvey, 2005; Turner, 2006), targeting a specific market segment, such as businesspeople or working mothers (Chaganti & Greene, 2002; Turner, 2006). A smaller segment of a larger market with common needs or purchasing habits defines a *niche within a niche* (Turner, 2006), derived from an already established niche market to create

a new, unique entrepreneurial opportunity (Harvey, 2005; Turner, 2006). For example, an African American women entrepreneur may recognize a gap in the hosiery (niche) market, and sell distinctly bronze-like tones that appeal to African American women, yet include enough flexibility to serve women of other ethnicities (Turner, 2006), thus offering a select range of shades customized for the woman consumer of color: a new niche embedded within the original niche. Ethnicity clearly facilitates new entrepreneurial opportunities, niches and niches-within-niches, that enable ethnic business owners to start, capture, or capitalize on an existing market.

Regarding ethnicity and business size, White-women-led businesses traditionally outpace minority-women-led businesses in size, based on gross wages, net profit, and numbers of employees (National Women's Business Council, 2006; Smith-Hunter & Boyd, 2004). Ethnic- (African American, Asian, Hispanic, or unspecified other) women-led businesses constitute about 20% (1.9 million) of the total number of women-owned (at least 51% ownership) businesses (10.1 million; Center for Women's Business Research, 2009). Yet from 2002 to 2008, the number of women minority-owned businesses grew by 32%, related employment expanded by 27%, and revenues increased by 48% (Center for Women's Business Research, 2007, 2009). The disparity among nonminority and minority-owned businesses noticed in size, based on revenue and number of employees for instance may provide researchers in the entrepreneurship field with more information to help understand the disparity and perhaps ascertain potential root cause(s) (Center for Women's Business Research, 2007, 2009). However, studies consistently conclude that a minority-led business versus a nonminority-led business is typically smaller and less likely to expand regardless of wages, profits, revenues, or

number of employees (Chaganti & Greene, 2002; Christopher, 1998; Hisrich & Brush, 1986; Martin et al., 2006; Smith-Hunter & Boyd, 2004)., The issues African American women entrepreneurs face procuring capital during the initial entrepreneurial business activity stage may be furthered understood by examining the survivability (as in the length of time per a fiscal year) of their business (Christopher, 1998).

Minority-led businesses tend to remain in service longer compared to nonminority-led businesses (Hisrich & Brush, 1986). A study designed to document characteristics of 217 U.S. African American, Hispanic, Asian, and American Indian middle-aged men and women entrepreneurs from lower- or middle-class families found that 48% of the minority-led businesses had survived more than 7 years (Hisrich & Brush, 1986). The authors explained that the respondents' entrepreneurial business experience likely contributed to the 7+-years longevity of their businesses, attributed to the owners' self-described personal, entrepreneurial, stress-free, and flexible state rather than an apprehensive and unyielding state (Hisrich & Brush, 1986).

Research on 60 women-owned businesses showed the average length of time owning and running a business as 8.4 years for minority women-owned businesses compared to 9.3 years for White women-owned businesses (Smith-Hunter & Boyd, 2004). A main reason provided to explain the ethnic differences in length of time of business operation focused on different labor strategies; the minority women entrepreneurs relied more on the use of friends as unpaid workers than the White women entrepreneurs (Smith-Hunter & Boyd, 2004); as respects other minorities, Hispanic American and Native American women-owned businesses survived at least 9 years, compared to 12 years for African American women-owned business (Aspaas, 2002).

Thus, the influence of ethnicity on the survivability (length of time a business is owned and operated) of a business is not clear because the literature discusses business age in a broad fashion. The impact of ethnicity on the procurement of capital funding is examined next.

Ethnicity and Capital Funding

As respects financial constraints faced by minority versus nonminority entrepreneurs, a 1986 study found minority and nonminority business financial structures similar relative to profitability, liquidity, and indebtedness, although minority entrepreneurs considered their business financial training skill sets less developed (Hisrich & Brush, 1986). The similarity of business financial structures implies that minority entrepreneurs' capital funding experience would be less challenging, contradicting research implying that a lack of informal methods of capital accumulation in earlier historical times put African Americans women at a disadvantage in the labor market and start-up of their small businesses (Boyd, 2000). A sample of 133 African American small-business owners (82 men and 51 women) in a U.S. metropolitan area ranked their consideration of various resources for acquiring capital funding, and indicating that they would equally consider seeking capital from lending institutions and community member networks (Rhodes & Butler, 2004). Thus current and earlier research presents conflicting evidence about the impact of ethnicity on the constraints entrepreneurs encounter in capital funding, encouraging further research to assess the influence of ethnicity on minority women's experience procuring capital to undertake a business venture.

Authors agree that minority women entrepreneurs experience greater obstacles in acquiring capital than White women entrepreneurs encounter (Boyd, 2000; Smith-Hunter & Boyd, 2004). Minority women-led businesses lag economically behind nonminority women-owned businesses (Boyd, 2000; Smith-Hunter & Boyd, 2004). A study's review of 3 entrepreneurship theories applied to investigate ethnic disparities between 30 African American women and 30 White women business owners' procurement and use of capital showed a difference: Minority women's financial business structures consisted of internal, personal sources rather than external resources like bank funds. Interestingly, follow-up interviews disclosed that women (ethnicity not specified) experienced problems with rigid bank lending practices and government funding agency policies in accessing external resources (Smith-Hunter & Boyd, 2004).

Research on 915 U.S. men- and women-led small businesses found no impact of ethnicity on the connection between capital access constraints to government funding and entrepreneurial market entry. Yet the same study revealed that ethnicity affected the service-sector but not commodity-oriented businesses, since government service contract awards appropriated for service-oriented businesses were assessed heavily and subjectively (Rasheed, 2004).

Contrary to the research on capital access constraints to government funding, research on availability of bank (commercial) and non-bank (finance corporations, family/friends, government agencies, mortgage lenders) loans (line-of-credit and collateral) to U.S. men- and women-led small-businesses examined the loan application status (outstanding, in-process, and loan denials) and uncovered that African American and Hispanic small-business owners encountered problems (Mitchell & Pearce, 2005).

The African American- and Hispanic-led small-businesses encountered significantly higher collateral loan denials as opposed to line-of-credit irrespective of bank type lender (Mitchell & Pearce, 2005).

Thus, some early research implied no influence of ethnicity on an entrepreneur's opportunity to obtain capital (Hisrich & Brush, 1986), while more recent analyses present conflicting evidence (Boyd, 2000; Rhodes & Butler, 2004; Smith-Hunter & Boyd, 2004). The next section narrows the focus strictly on African American women entrepreneurs' personal and entrepreneurial business traits. This analysis augments prior sections of this literature review to facilitate understanding by gender and ethnicity.

African American Women Entrepreneurs' Characteristics

The influences of gender *and* ethnicity draw a greater interest for the study of a single group of minority women like African Americans who display personal and business entrepreneurial characteristics that put them at a greater disadvantage than African American men, White men and women, and other ethnic entrepreneurs (Harvey, 2005). Literature centered on African American women entrepreneurs is less populated (Aspaas, 2002, 2004; Robinson et al., 2006). Studying African American women as a group compared to their other-ethnicity counterparts poses a challenge since minimal information exists about their experience with entrepreneurship. Understanding their education status and entrepreneurial business experience is essential to ascertain why African American women entrepreneurs experience problems more readily than all other entrepreneurs experience seeking capital (financial) to undertake small-business ownership.

African American Women Entrepreneurs, Education, and Business Experience

Research presents African American women small-business owners' personal and cultural history contributes to their less acquired education and entrepreneurial business experience than their women counterparts (Aspaas 2004; Fairlie, 2004; Inman, 1997). In addition, research proposes African American women encounter problems starting their own businesses that arise from their historical personal and cultural experiences concurrent with constrained opportunities covering all work sectors, education, and prior entrepreneurial training and entrepreneurial business experience (Aspaas, 2002; Boyd, 2000; Harvey, 2005; Smith-Hunter & Boyd, 2004).

A comparison of educational status of 22 African American and 30 Anglo American women small-business owners located in a rural U.S. region found the majority of both groups well educated (Aspaas, 2002). Specific education categories of high school or GED diploma, vocational technical training, undergraduate (including community college), and graduate captured nearly all of the African American and Anglo women's educational level.

A study of 60 (30 White and 30 minority) entrepreneurs' characteristics for U.S. northeastern women-owned businesses found 93% of the White women pursued a college education compared to 63% of the minority women (Smith-Hunter & Boyd, 2004). A survey designed to comprehend an upsurge of U.S. minority-owned businesses over a two-decade period found results that align with the study centered on U.S. northeastern women-owned businesses (Fairlie, 2004). Education was one of the entrepreneur characteristics analyzed to assess a change in a predefined gap noticed in business ownership across 5 ethnic groups, White, African American, Hispanic, Native American,

and Asian (Fairlie, 2004). A minor increase noted in education status for the African American women group compared to non-African African ethnic women groups contributed to the decrease in the initial business ownership gap for ethnic women (Fairlie, 2004).

The impact of education on the start-up phase of African American women's businesses conveys ambiguity. African American women started businesses positioned in varied sectors and regions, therefore no substantial evidence exists supporting that education is a main driver to explain issues accessing or attempting to access start-up capital (Aspaas, 2002; Smith-Hunter & Boyd, 2004). In the same vein, the likelihood of seeking less education than required for entrepreneurial, business endeavors suggest that African American women may encounter major hurdles to acquire capital (Fairlie, 2004; Smith-Hunter & Boyd, 2004). Studies suggest entrepreneurial business experience in conjunction with education potentially may alleviate problems for women who decide to become owners of their own businesses and pursue start-up capital (Aspaas, 2002; Harvey, 2005).

A study of 22 African American women owners of rural located small-businesses organized the achievement of their entrepreneurial business experience into three areas: nonentrepreneurial (nonrelated), on-the-job training entrepreneurial experience, and external work experience (Aspaas, 2002). Some women acquired experience in the accounting and customer service areas from external sector employment (e.g., public utilities) but applied the skills and training to the discipline of a current establishment (e.g., cosmetology; Aspaas, 2002). Other entrepreneurs obtained experience and worked as apprentices or shadowed experienced employees in family inherited operations (e.g.,

funeral services) while several business owners acquired experience from secondary education employment and directly applied the skill set to a day care facility, for instance (Aspaas, 2002). A study of 11 African American women hair stylists' transition to small business ownership in mid-Atlantic U.S. metropolitan cities considered training development opportunities in the areas of customer service, money management, and business ethics as protocol for starting their own salons (Harvey, 2005).

Many studies further suggest obtaining relevant business experience minimizes high dissolution rates for African American women-owned businesses in particular since their businesses tend to lag behind men, White, and other ethnic women groups (Boyd, 2000; Coleman, 1998). An insight is that research suggests that African American women recognize the importance of entrepreneurial business experience and training development opportunities to start their own businesses. The age African American women decide to undertake business ownership may add insight to comprehend the influence of age in their pursuit of start-up capital.

African American Women Entrepreneurs and Age

The literature occasionally and sparsely addresses age overall as an entrepreneur characteristic. An earlier investigation focused on the characteristics of minority entrepreneurs reported African American women's entrepreneur age between the age of 35 and 45 years (Hisrich & Brush, 1986). The statistic relates to the African American women's (and other ethnic women) age which they entered entrepreneurship on a full-time basis. Research focused strictly on 17 African American women entrepreneurs from a northeastern U. S. region catalogued their organizational employee exodus to business

owner ages as transition (28 to 33 years); early mid-life (38 to 39); mid-life (40 to 45), and transition (50 to 55) (Lewis, 1999). However, the 17 women business owners' age ranged from 30 to 65 years (Lewis, 1999).

African American women operated rural established businesses and their entrepreneur age averaged 45 years although their age range spanned 23 to 75 years (Aspaas, 2002, 2004). A study of 11 African America hair salon owners' age spanned 25 to 50 years (Harvey, 2005). A study of 62 African American women in 7 U.S. metropolitan areas found the average age for the majority 40 years (Blockson et al., 2007). The studies reported age for African American women entrepreneurs at the time of the study (Aspaas, 2002, 2004; Harvey, 2005; Blockson et al., 2007).

The entrepreneurship literature indicates varied average ages and age ranges for African American women entrepreneurs at both start-up and at the time of the research. The highest age for African American women small business owners in rural versus metropolitan areas was 75 (Aspaas, 2002, 2004), owing to many women entrepreneurs' considering entrepreneurship to supplement retirement income or due to marital separation, divorce, spousal death, care for aging parents, or support of family members seeking higher education (Aspaas, 2002; 2004; Lee & Rendalli, 2001). The higher age may also indicate entrepreneurs operating an inherited or family-owned business beyond the typical early 55-to-65 retirement age and thus experiencing fewer issues than entrepreneurs who start a business from ground level (Aspaas, 2002, 2004).

Another insight to explain the increased age of women entrepreneurs may signify African American's women desire to continue making a difference in terms of providing employment opportunities for other individuals and/or products and/or services for

clientele (Robinson et al., 2006; Lee & Rendalli, 2001). The most active entrepreneurship start-up age range, 24 to 35 years, suggests a direct relationship between age and inclination to pursue business ownership (Fairlie & Meyer, 2000; Kollinger & Minniti, 2006). Business characteristics like sector type, size, and age may help to highlight some of the issues women specifically African American experience procuring start-up capital.

African American Women Entrepreneurs' Sector Type, Business Size, Location, and Age

African American women traditionally and prevalently select the service sector (Aspaas, 2002, 2004; Boyd, 2000; Harvey, 2005; Lee & Rendalli, 2001; Smith-Hunter & Boyd, 2004). Historical service sector jobs such as domestic work migrated into the current service sector and influenced African American women-led current businesses' market type (Boyd, 2000; Harvey, 2005). For instance, past trends in the service sector areas influenced African American women to consider businesses representing the cleaning, food, hair- adult-, and child-care industries. The demand for the occupation types that comprised the current service sector stemmed from clientele demand representing a similar socioeconomic class (Aspaas, 2002, 2004; Blockson et al, 2007; Harvey, 2005; Lee & Rendalli, 2001; Smith-Hunter & Boyd, 2004; Turner, 2006).

Some research conducted on African American women in entrepreneurship showed their businesses concentrated in the service sector (Harvey, 2005; Turner, 2006):

- A qualitative study of 31 African American and 34 White small-business owners' start-up resources from a U.S. southern region found 18 African American women and 6 White owners in women-dominated occupations (Inman, 1997). The women-dominated occupations imply service sector-oriented.
- Another qualitative study of the impact of ethnicity and social capital on rural Virginia 21 African American and 30 Anglo American women-owned small

businesses showed a large difference in sector selection. Twenty African American women chose the service sector compared to 5 Anglo Americans selecting the service sector (Aspaas, 2002).

- A comparative analysis of 30 minority (ethnicity not specified as groups) and 30 White women-owned businesses located in upstate New York exclusively included personal services small-businesses. The study design purposefully incorporated personal services-oriented small-businesses since women and in particular, minority women conventionally chose the personal services sector (Smith-Hunter & Boyd, 2004).
- A study of 11 African American women salon owners recognized easy access to a secure business opportunity in the hair care industry offering the same-ethnicity women hair care-related services, products, and accessories (Harvey, 2005).

The findings consistently show that African American women-owned businesses concentrate in service-sector activities (Aspaas, 2002; Harvey, 2005; Inman, 1997; Smith-Hunter & Boyd, 2004). The findings imply that the service-oriented jobs largely influence the African American women's business sector choice.

Considering the number of employees and total revenue from a most recent study, minority-women-led businesses outpaced African American women-owned businesses (Center for Women's Business, 2008). The Center for Women's Business Research conducted research on minority women-owned businesses and found that African American women-owned businesses exhibited strong potential. The amount of 2002 revenue per business and ethnicity of ownership for African Americans (\$37,787); Asian American (\$158,010), and Hispanic (\$65,216) women-owned businesses showed trends in agreement with another study conducted by the Center for Women's Business Research (Center for Women's Business, 2007). As of 2008, the number of businesses, employees, and amount of revenue for African American (743,664 businesses, 281,055 employees, and 32 billion dollars); and Asian American (627,837 businesses, 828,240

employees, and 128 billion dollars); and Hispanic (747, 108 businesses, 430,000 employees, and 62 billion) women-owned businesses align with earlier research (Center for Women's Business, 2008). African American women owned the second highest number of businesses yet trailed their Asian American and Hispanic women counterparts in revenue and number of employees. To narrow a gap noted in the existing research a need exists to address why African American women entrepreneur lag behind other groups of minority women. The business characteristic, location warrants a review.

The literature sparsely addresses African American women-owned business locale; however, more than other groups of business owners. African American women-led businesses typically develop in economically disadvantaged metropolitan and rural areas (Aspaas, 2002; 2004; Blockson et al., 2007; Harvey, 2005):

- African American women owners traditionally established separate or attached rural business sites near their place of residence (Aspaas, 2002).
- A qualitative study of 62 African American women entrepreneurs' revealed low-income inner city areas supported their businesses and hence a convenient selection for the business location (Robinson et al., 2006).

The communities' clientele patronize their business due to easier access to products and services (Aspaas, 2002; 2004; Harvey, 2005; Robinson et al., 2006).

African American women entrepreneurs circumvent the cost of transportation and time (time equals money) selecting internal community locations instead of suburban business entities (Aspaas, 2002; 2004). Although African American women entrepreneur typically organized business services, products and locale in areas servicing same-ethnicity groups a trend toward servicing a diversified clientele emerged when some business owners acknowledged an increase in other ethnic groups patronizing their businesses (Aspaas,

2004). The business location characteristic information is minimal and the lack of specific business location-type poses a challenge to ascertain the actual impact of business location selections on African American women-led businesses. Time and money associated with the ease of access to suppliers, customers, and transportation issues may suggest that these factors influence the selection of a business location.

The literature sparsely addresses the life span (length of time) an African American women-owned endures. Research on business ownership disadvantages in the working lives of African Americans and women revealed an ethnic difference for the business life cycle. An analysis of entrepreneurship disadvantage experiences of African Americans and women found that African American women entrepreneurs engaged in business ownership for a shorter time period, approximately 2 years, compared to 6 and almost 3 years for White men and women, respectively (Lee & Rendalli, 2001). A study of 4 ethnic groups of woman-owned businesses found that African American women-led businesses operated on average 12 years (Aspaas, 2002). Criterion for selection of 62 African American women entrepreneurs in a recent study included ownership activity for at least 3 years (Blockson et al., 2007).

The varied life spans of African American women-owned businesses noted in the studies provide an unclear indication about business survivability. Business survivability remains a concern for this group of ethnic entrepreneurs (Blockson et al., 2007). This warrants a call for future research women entrepreneurship studies designed to collect meaningful data on the business age entrepreneurial trait for African American women. Information of this kind may reveal some hidden factors to aide the understanding of their experiences operating their business much beyond the early operating years. In

order to address African American women's alleged disparities seeking capital a need exists to delve deeper into examining the issues centered on capital as resource.

African American Women Entrepreneurs and Capital Funding

African American women business owners compared to other groups of entrepreneurs face disparities largely obtaining start-up capital. The African American women-led business is typically economically disproportionate and disadvantaged and hence stands to gain the least. Lee and Rendalli (2001) stated, “In both absolute and relative terms, black women do worst of all across our measures of self-employment dynamics” (p. 293). A common and consistent theme emerges about their approach to acquire capital (Inman, 1997; Lewis, 1999). African American women most often use different business financial strategies and tactics than their White and non-African American ethnic women counterparts (Aspaas, 2002; Harvey, 2005). As previously addressed herein, ethnicity clearly impacts African American women’s entrepreneurial endeavors and strategic approach to obtaining funding.

Since information specifically about African American women and entrepreneurship is scarce, this section considers some literature on nonminorities (Robinson et al., 2006). Commonly examined is African American women's approach to seek and obtain start-up funding.

Some studies show that African American women traditionally use a different approach to acquire capital at the start-up phase:

- A comparative analysis of 30 minority and 30 White U. S. women entrepreneurs located in a New region found group differences in the sources of start-up capital (Smith-Hunter, Boyd, 2004). While both groups used personal funds (minority women, 96.7% and White women, 70%) the

minority women sought external resources in the form of bank loans significantly less (3.3%) than their White women counterparts (30%) (Smith-Hunter, Boyd, 2004).

- A study of U. S. small business finance data addressed bank and several non-bank lending practices (Mitchell & Pearce, 2005). The research indicated that minority business owners tend to elect not to seek bank loans of any type (Mitchell & Pearce, 2005).
- A study of 11 African American women hair stylists in a major U.S. mid-Atlantic U. S. region found preferred use of internal means of obtaining capital (Harvey, 2005). As an ethnic-group, they used a business strategy, which embarked upon their personal savings and loans acquired from relatives and friends to get some start-up capital for purchase of a first salon (Harvey, 2005).

The findings inarguably reveal that African American women small-business owners elect to use internal, nontraditional rather than external, conventional kinds of capital (Harvey, 2005; Mitchell & Pearce, 2005; Smith-Hunter & Boyd, 2004), suggesting that other factors may affect their approaches to capital funding, and calls for better understanding of African American women's experience undertaking entrepreneurship concentrated on capital access.

Conclusion

This chapter critically reviewed the literature relevant to African American women entrepreneurs' experience seeking capital funding for their business start-ups. Research shows that procuring capital is a crucial element for business ownership because it is the precursor to attaining other forms of capital such as physical, human, and technological resources (Blake, 2006; Carter et al., 2007). The literature asserts that capital is a predominant constraint for business ownership (Rasheed, 2004; Verheul & Thurik, 2001).

This literature review began with a theoretical consideration of social capital and its relationship to entrepreneurs' start-up funding of a business venture. It critically evaluated the purpose of social capital and offered a discussion of the extraordinary differences in the composition (structure, size, and type) of women's and men's entrepreneur networks. Networking enhances entrepreneurial leadership by developing communal goals, embracing social change, and breaking down ethnic constraints (Aspaas, 2002, 2004; Lewis, 1999). African American woman entrepreneurs tend to use the strong ties or bridging ties form of social capital to create unique networks that rely extensively on resources embedded in their cultural communities (Aspaas, 2002; 2004; Blockson et al, 2007; Harvey, 2005; Smith-Hunter & Boyd, 2004)

Intersectionality contributes to analysis and synthesis of women's studies interconnecting gender, ethnicity, age, and class (Burman, 2004; Staunaes, 2003). Intersectionality conceptually provides a useful lens to examine and understand how categories of gender, ethnicity/race, and class interconnect the complex dimensions of social life (McCall, 2005; Staunaes, 2003). This complexity—multiple, interactive layers of minority status—may lead to exclude versus include African American (and other ethnic minority) women or consider the dynamics of majority-inclusive or majority-exclusive groups (Burman, 2003; Staunaes, 2003). In addition, African American women entrepreneurs customarily wear various hats across communities, families, and businesses networks (Aspaas, 2002, 2004; Blockson et al., 2007; Harvey, 2005). African American women business owners serve in community role model positions and provide economic support via pursuit of entrepreneurial endeavor (Blockson et al., 2007; Robinson et al. 2006). Intersectionality thus serves as a critical tool in the study of African American

women entrepreneurs' experience obtaining funding, to examine how they, as ethnic women from diverse socioeconomic and sociodemographic backgrounds, get anchored in positions viewed not merely as different but additionally disadvantaged or perhaps trivialized (Staunaes, 2003). It is imperative to highlight that the categories of gender, ethnicity, or age do not interconnect equally and nor precede one another in rank (Staunaes, 2003). In lived experiences, such as African American women entrepreneurs' experience procuring start-up capital, certain categories such as ethnicity or socioeconomic class may override, distinguish, or confound others; hence, it is extremely challenging to consider the categories simultaneously (Staunaes, 2003), particularly when research addresses only some but not all such categories at once.

Analyses of gender across ethnic groups highlight the reasons women pursue entrepreneurship (Blake, 2006; Gundry et al., 2002; Harvey, 2005; Mattis, 2004). The reasons women undertake entrepreneurship coincide, yet socioeconomic and sociodemographic factors influence African American women's decisions (Aspaas, 2004; Harvey, 2005; Smith-Hunter & Boyd, 2004). The entrepreneurship literature examines the impact of personal entrepreneur traits such as gender, ethnicity, age, education, experience (entrepreneurial, business), and business entrepreneur traits like size, age (life span), and sector on small-business ownership and access to capital (Blake, 2006; Blockson et al., 2007; Buttner & Moore, 1997; Brush 1992; Brush et al., 2006b; Catley & Hamilton, 1998; Coleman, 2000, 2002, 2007; Elam, 2008; Haines et al., 1999; Heidrick & Johnson, 2002; Kollinger & Minniti, 2006; Loscocco & Robinson, 1991; Smith-Hunter & Boyd, 2004; Mattis, 2004; Orser et al., 2006; Verheul & Thurik; 2001). Yet the body of research reveals conflicting evidence on gender discrimination (Blockson et al., 2007;

Catley & Hamilton, 1998; Coleman, 2000, 2002; Orser et al., 2006), and some studies reveal no impact of gender bias on the business relationship between women small-business owners and bank lending officials (Coleman, 2000; Coleman, 2002; Haines et al., 1999). Research indicates that gender poses no influence on capital access for businesses representing the government procurement sector (Ahl, 2006; Buttner & Rosen, 1992; Coleman, 2000; 2002; Haynes & Haynes, 1999; Rasheed, 2004). Yet other findings suggest that often women never attempt to access capital due to their preconceived notions that their loan or government contract applications will be automatically rejected (Coleman, 2002; Brush et al., 2006a; Smith-Hunter & Boyd, 2004).

The literature also considers ethnicity's effects on business traits. Differences and similarities in personal entrepreneurial characteristics like education and age, and business entrepreneurial traits such as sector type, size, and age (lifespan) tend to facilitate understanding the issues that women business owners experience in procuring start-up capital. Ethnicity influences entrepreneurial business traits such as size, age, sector, and, hence, access to capital (Harvey, 2005; Heidrick & Johnson, 2002; Smith-Hunter & Boyd, 2004). Ethnicity-based constraints impact minority women entrepreneurs from cultural, demographic, and socioeconomic perspectives (Aspaas 2002, 2004; Harvey, 2005; Heidrick & Johnson, 2002; Smith-Hunter & Boyd, 2004). African American women-led businesses inarguably trail other all nonminority- and ethnic-minority businesses (Dyer & Ross, 2008; Kollinger & Minniti, 2006).

Research further indicates that women business owners tend to implement unconventional business strategies, like the use of internal financing, versus more efficient and effective strategies that men entrepreneurs typically employ to incorporate

external financing in the form of debt capital. African American women entrepreneurs face obstacles procuring funds due to alleged gender bias coupled with socioeconomic, cultural, and demographic-related factors (Aspaas, 2002, 2004; Harvey, 2005; Loscocco & Robinson, 1991). Most importantly, economic factors, not gender, reflect an entrepreneurs' ability—credibility per credit history and wealth—to repay bank loans or secure government contracts (Harvey, 2005; Loscocco & Robinson, 1991). Thus, additional research is warranted understanding why African American women entrepreneurs as a group experience monumental constraints to start-up and business success more than other minority and nonminority entrepreneurs. Appendix I illustrates the literature findings on various points, and how the research question, subquestions, and/or interview questions operationalize each aspect of that literature.

Thus, the notable differences in the experience of African American women business owners versus their other entrepreneur counterparts imply an absence of understanding about the underlying issues affecting this group's business start-up and operation. The gap in the literature and in this group's real-life outcomes is worthy of additional research, to address and potentially narrow that gap through equitable underwriting, lending institution and administrative government and public policies, and perhaps even education of these women entrepreneurs themselves on the constraints they face and need to navigate: to help spawn successful start-ups (Dyer & Ross, 2008; Haines et al., 1999; Harvey, 2005; Loscocco & Robinson, 1991; Rhodes & Butler, 2004) and improve their businesses' longevity and success. In-depth understanding of African American women entrepreneurs' lived experiences and their approaches toward business ownership and funding may shed light on the challenges they encounter, the core issues

relevant to their obtaining start-up funding, and how best to facilitate their entry into successful business ownership and survivability (Dyer & Ross, 2008; Lewis, 1999; Marlow, 1992; Martin et al., 2006).

This research may also generate a comprehensive, user-friendly guide to help women entrepreneurs access capital to successfully start and operate their own businesses (Catley & Hamilton, 1998; Decker & Copeland, 2008). In addition, public and government officials at the national, state, and local levels may benefit and institute programs to help African American women become successful entrepreneurs and increase the longevity of their businesses.

The next chapter outlines the study's proposed design, conduct, and methods to address these needs and goals. A comprehensive, detailed methodological approach can add significant value to this study to reveal African American women entrepreneurs' experiences attempting to procure start-up capital for their small businesses.

CHAPTER 3. METHODOLOGY

Theoretical Framework

As noted in Chapter 1, this study's aim was to understand the experience of African American women in the start-up phase of business entrepreneurship. The central research question (Creswell, 2007) that drove this study is

What is the experience of African American women entrepreneurs (as defined herein) in attempting to procure capital for their small-business start-up phase?

Several subquestions (Creswell, 2007),

What are African American women entrepreneurs' experiences with and perspectives on the use of

- networking and other forms of social capital
- internal financing (as defined herein)
- external financing (as defined herein)

to procure capital for their small-business start-up phase?

What challenges and/or advantages, if any, do African American women entrepreneurs describe in procuring capital for their small-business start-up phase?

served to clarify and better understand these women's experiences.

This research question and its subquestions allowed study participants to describe, interpret, and elucidate their experiences and perspectives regarding access to and the acquisition of capital funding to initiate their businesses. This chapter provided the framework for this research study by detailing and explaining the rationale for the selected qualitative research approach, the selection criteria for study participants, data

collection and analysis methods, credibility and verification issues, and ethical considerations.

Research Philosophy, Design, and Choice of Inquiry Methods

The study of entrepreneurship intersects with the literature and issues of gender, ethnicity, and age, and is complex, ongoing, lacking diversity and robustness, and in constant change (Burman, 2004; McCall, 2005; Neergaard & Ulhoi; 2007; Smith, Gannon & Sapienza, 1989; Staunaes, 2003). Research uses various methodologies to generate a new theory, provide new insight on pre-existing theory, reveal a process, or capture and explain a phenomenon, dependant upon the status of the research question in the literature.

Quantitative methods are useful in collecting data from large populations and generalizing to comparable populations (Miles & Huberman, 1994), looking for correlation between variables, and generalizing explicit claims (Payne & Williams, 2005; Silverman, 2005). In contrast, qualitative methods are useful for studying small populations, gathering exploratory data in areas where little is yet known through research (Robson, 2002; Silverman, 2005), and seeking detail in accounts of a specific theme, issue, or question, which may be less generalizable but more explicit (Payne & Williams, 2005; Silverman, 2005). Qualitative research seeks answers to questions that explain and describe the creation of social experience through individual interactions and their meanings (Denzin & Lincoln, 2005; Silverman, 2005; Steyhart, 1998), to provide rich, more in-depth comprehension of social experiences than generated from absolute quantitative data (Creswell, 2007; Denzin & Lincoln, 2005). Contrasted with quantitative study of participants as *objects* and producers of data (Robson, 2002), qualitative research

seeks to capture the real meaning of social behavior treating study participants as specialists, subject matter experts, and professionals whose perspectives are sought (Miles & Huberman, 1994; Robson, 2002). A social phenomenon deals with reality studied subjectively when the focus of the research is the intentions of the individuals [in this study, entrepreneurs] (Robson, 2002; Smith, et al., 1989), as in this study of entrepreneurs' experience in acquiring business start-up capital.

Qualitative research designed to explore a social phenomenon serves the purpose when the researcher desires to empower study participants to share their accounts of a social issue and hear their voices (Creswell, 2007). Research on qualitative methodology for U.S. and European process studies of entrepreneurship revealed that research in small-business ownership and entrepreneurship is primarily exploratory with questionnaires and structured interviews dominating the field (Cope, 2005; Steyhart, 1998). Therefore, a qualitative method of in-depth interviewing is an optimum approach to gain a better understanding of entrepreneurs' individual and collective experiences and present their meanings in a way that is useful and beneficial to others in similar situations experiencing comparable, if not identical, issues.

Participant Selection

Participant selection criteria for this study, and rationale for each criterion, were as follows:

- African American women;
- business owners (as defined in Chapter 1, the one who initially established and owns a business and performs and/or manages related tasks; Cunningham & Lischeron, 1991; Lazear, 2005);

- currently operating that business for profit in a mid-Atlantic state metropolitan area;
- at least 18 years of age;
- who attempted to procure business start-up capital beyond their own personal funds; and for
- a business of any age.

The entrepreneur's minimum age criterion for the study linked to the state's legal business ownership age. This minimum and open-ended age-range criterion for participants tracked well with the literature, which, among mixed results for women (ethnicity not specified) entrepreneurs' ages, reported a range of 18 to 64 years and African American women entrepreneurs' ages, reported a range of 25 to 68 years (Blockson et al., 2007; Harvey, 2005; Hisrich & Brush, 1986; Kollinger & Minniti, 2006; Lewis, 1999).

Having no limit on business age included participants who have owned a business longer but may have returned to original resources or sought new or alternative resources for additional funding after initial start-up; the open-ended business age criterion also allowed inclusion in the study of a range of entrepreneurs' experiences, to include possible differences, changes, and/or trends over time. Although the methods literature rightly notes a concern about the participants' ability to recollect their experiences as lived (Seidman, 2006), leaving the business age open for this exploratory study was consistent with the literature, which, among mixed results for women entrepreneurs' business ages, reports a range of 0 to 50 years for White and non-African American minority women's business ages, and a range of 0 to 41 years for African American

women entrepreneurs' business ages (Aspaas, 2002; Blockson et al., 2007; Brush, 1986; Robinson, 2006).

Potential participants were identified using existing resources such as newspaper articles, business advertising, business listings, Chamber of Commerce rosters, and the like (Neergaard & Ulhoi, 2007), obtained from the region's chambers of commerce, magazines, bulletins, and newspapers. Potential candidates were sought via word of mouth, networking, and/or through previously identified candidates, a process known as *snowball* or *chain sampling* (Cope, 2005; Creswell, 2007; Groenewald, 2004; Patton, 2002; Seidman, 2006).

Using the balancing as noted, I selected and interviewed 20 qualified African American women, and held any additional qualified candidates in abeyance until the 20 interviews were completed, in anticipation of possible cancellations or withdrawals. Qualitative research methods literature suggests 12 to 20 participants to achieve maximum variation (Tuckett, 2004). In the same vein, the methods literature specifies no rule of thumb to define a correct participant count, since the goal of qualitative research is to capture information-rich breadth and depth about the selected topic under investigation (Higginbottom, 2004; Patton, 2002; Tuckett, 2004). Methods researchers concur and signify saturation as a point in a study wherein the researcher begins to hear the same information repeated and is not learning anything else considered new (Groenewald, 2004; Seidman, 2006; Tuckett, 2004). In addition, methods researchers suggest continual data gathering until no new information is obtained (Creswell, 2007; Groenewald, 2004; Norwood, 2000; Tuckett, 2004). Data saturation is achieved from constant comparison of the participant-provided detailed descriptions (Tuckett, 2004). In accordance with these

methods researchers' suggestions, I interviewed 20 participants. None of the study participants received any compensation for their participation; however, upon request, I provided a copy of the study's summary of results upon degree completion.

After I contacted the potential participant candidates via e-mail (Appendix B), screened potential participants via telephone, asked potential participants for leads to other potential participants (Appendix C), and finalized participant balancing and selection, I made a follow-up phone call (Appendix D; Seidman, 2006) and confirmed each participant's selection and set up an interview appointment (date, time, and location). During the follow-up phone call, I added that, via a confirmatory e-mail (Appendix E), I would attach the informed consent form (Appendix F) and the interview questions (Appendix G). Once the interview was complete, I explained the process for forwarding an interview transcript (Appendix H) to each participant for review, possible amendment, and approval, to ensure its accuracy and completeness while maintaining confidentiality.

Researcher's Role

The term *epoche* means suspending an individual's assumptions about the world and lived world experiences, and is used interchangeably with the term *bracketing* (LeVasseur, 2003) herein. A major obstacle for qualitative researchers is to investigate the influence of their assumptions and experiences on their synthesis of knowledge about the research topic under investigation (Rolls & Relf, 2006). During the proposal stage of this study, and thus prior to conducting the in-depth interviews to learn about the participants' lived experiences as African American women entrepreneurs, I wrote

(Appendix A) to disclose and separate out (*epoche* or *bracket*) my own preconceptions about the topic under study (Ashworth, 1999; Groenewald, 2004).

Qualitative inquiry imparts an interpretative position and the researcher plays a major role serving as a key instrument in qualitative research (Creswell, 2007). The most critical role the researcher undertakes in the study focuses on the data collection process, in this case, interviewing study participants and compiling the data (Bryman & Cassell, 2006; Creswell, 2007), developed uniquely by the researcher (Creswell, 2007). Another key facet of the researcher's role on the researcher-participant relationship involves equity. Researchers encounter challenges establishing equity with the study participants in the interviewing relationship (Seidman, 2006). The researcher must form and develop relationships with study participants while navigating differences and similarities such as gender, age, ethnicity, and social class (Vincent & Warren, 2001). A commonly shared experience of racism between the study participants and the researcher potentially and significantly influences the research relationship and hence the researcher's role (Egharevba, 2001).

A study participant might elect not to abide by the researcher's structured interview protocol but may seek to gain control of some aspect of the interview (Vincent & Warren, 2001), thus influencing the researcher's questions, interpretations, and potential misunderstanding. To engage the *active participant*, the researcher must proceed with caution to avoid such situations and work toward a coconstruction of meaning accurate to the participant's experience (Bryman & Cassell, 2006; Vincent & Warren, 2001).

Data Collection

I conducted face-to-face, semistructured interviews with each participant at a suitable, agreed interview location to obtain insight through understanding the participant's experience in a one-on-one setting, following a three-phase interview structure (Seidman, 2006) for in-depth interviewing. An interview location familiar to the participant is an important interview logistical consideration (Seidman, 2006). The three-phase approach permitted the researcher and participant to better align and placed the participant's experience into context (Seidman, 2006).

The first phase of the three-phase interview is preamble, to establish a researcher-participant working relationship in a research context (Seidman, 2006). In an initial e-mail (Appendix B), I provided information about the purpose of the study, contact information, and the next steps. I called each potential participant via phone to determine and confirm qualifications against the participant criteria (Appendix D). If the potential participant met the selection criteria based on the responses provided to the screening questions and demographic data, I followed up with a second phone call (Appendix D) to set up an appointment for the interview and agree upon the location and setting (Appendix D; Seidman, 2006). After the follow-up phone call, I sent a follow up confirmatory e-mail (Appendix E) with the informed consent form (Appendix F) and interview questions *without* the interview process procedural steps included attached (Appendix G).

I permitted the study participant to make an initial selection for a place to hold the interview. However, if the study participant suggested a public eating place such as a busy café or bistro, for example, I explained the disadvantage of interviewing in busy,

noisy settings that could potentially compromise the interview (Seidman, 2006), and proposed alternatives with minimal distractions (Cope, 2005), such as the entrepreneur's business location/office or a public business location such as a private library study or a church conference room. As I learned during the study, I strongly recommend against setting interviews in a public place such as a café; although such an atmosphere may be conducive initially, it is challenging to remain undisturbed for at least 90 minutes in a setting of this nature due to the lack of control over the businesses' patronage load and frequency. I agreed to meet 2 participants in a public café since their schedules did not permit considering the suggested alternatives. In these two interviews, I had to contact the participants to clarify portions of their recorded responses. In both instances, the participants apologized for their choice of interview location and were very cooperative to ensure that I had obtained the information needed. I was comfortable that the participants provided straightforward responses insightful into their experiences.

The second phase of the three-phase interview approach (Seidman, 2006) was the actual face-to-face interview. I conducted the interview, estimated at 90 minutes based upon field testing (detailed below), following procurement of a signed informed consent form (Appendix F; Groenewald, 2004; Smith, 1999) and used a series of prepared interview questions (Appendix G).

The third and final phase was postinterview, reviewing the transcript of the interview and setting aside time as necessary for the participant to ask additional questions or provide comments within the context that details of the shared experience may not have emerged prior to or during the interview (Seidman, 2006). Following each interview, I transcribed the participant's audio responses into Microsoft Word

documents; disguised confidential information such as names of individuals, businesses, agencies, locations, or cities, and substituted bracketed alternatives (e.g., “[woman’s name]” or “[city name]”); and e-mailed the interview transcript (Appendix H) to each participant. The purpose of providing a transcript is three-fold; to allow clarification of any questions that may arise during transcription; to provide the participant a chance to review and correct any inaccurate or inconsistent statements; and to allow the participant to make new or additional comments. I captured the changes via e-mail or phone and updated the transcript as necessary. If a participant had elected to withdraw from the study, I had planned to discard any related data, and go back to the list of qualified potential participants identified from the screening process via the first phone contact (Appendix C) to reiterate the process (Appendices B to H). No qualified participant withdrew from the study. Data collection lasted approximately 4 months, from March to July, 2011.

Field Testing

A field test with a small number of individuals informally examines an interview protocol to assess clarity and deliverability to help the researcher avoid employing a data collection process that potentially would lead to generating meaningless data not feasible to answer the research question (Seidman, 2006). I conducted field tests using the semistructured interview questions (Appendix G) prior to the completion of the research proposal, with 2 women entrepreneurs who met the predefined criteria for a women business owner, but not all of the criteria (e.g., ethnicity); these data were not retained and were included in the study itself.

As a result of the field testing experience, I modified several questions and procedures:

- I eliminated a category of questions about entrepreneur characteristics, and instead added those questions to the initial phone contact screening questions script (Appendix C), to save time in the face-to-face, in-depth interview phase.
- I included a question at the end of the initial phone contact screening questions script (Appendix C) to find out if potential participants know any other women who may qualify as participants for the study.
- In the question regarding external and internal capital under the *Starting Your Own Business* category, I added examples per definitions provided herein.
- I revised some wording for clarity.
- Instead of saying *thank you* at the end of each study participant response, I will say *okay* or *great* to avoid implying that I will not permit more information to be added.
- One field study participant suggested that I silently count from 1 to 5 once I think the participant has finished responding to a question, to avoid interrupting the participant's train of thought in case more information is forthcoming.
- The field test participants suggested that I speak slowly to permit the study participants to clearly hear the questions.

Thus I incorporated these changes into the interview protocols herein and my own approach to the interviews to come in the actual study.

Pilot Testing

I conducted a pilot study after the research proposal was approved with two participants to further evaluate the interview process and my conduct thereof (Seidman, 2006). The first participant was qualified using the initial phone contact screening questions (Appendix C) that were approved with the proposal. In the process of this first screening, it became obvious that those initial phone contacting screening questions (Appendix C) did not clarify whether or not the participants attempted to procure external

capital. The first participant was disqualified because she did not attempt to obtain external capital. The second participant did attempt to obtain external capital and qualified to participate and remain in the study. As a result of the pilot test, the initial phone contact screening questions (Appendix C) and the in-depth interview questions (Appendix G) were modified as noted below. The basis for the modifications resulted from the first participant's interview responses and several potential participants' responses provided for the initial phone contact screening questions.

In the initial phone contact screening questions (Appendix C), the first question was changed to lower the percentage of business ownership by 1%, to read, What percentage of the business do you own? [at least 50% or more]. The business ownership percentage was changed to include business partnerships if at least one partner potentially sought external capital. The second question was changed to read, Did you attempt and/or seek funding beyond the use of your own funds?

In the in-depth interview protocol (Appendix G), follow-up questions were created and asked directly after interview questions 6, 7, and 8, as required to clarify responses or shed light on relevant information and facilitate developing the phenomenon explored. Three follow-up questions added for interview question 6 (Who helped or supported you in starting your business?) were, Did you get other help? What was the help or support? and Who provided the support? One follow up question added for interview question 7 (What financial resources(s) did you use to start your own business?) was, Did you try to get funding from (a) bank loans, (b) credit unions, (c) line of credit, (d) second mortgage or (e) special programs? One follow-up question for interview question 8 (which was, If you sought access to external funding, what was your

experience?) was, What was your experience for each resource (a-e follow-up question 7 above) that you sought? All such added questions were incorporated into the interview protocol (Appendix G).

In addition, Appendix F was revised to include the researcher acknowledging that the signed consent form was procured after thanking the participant for agreeing to participate in the study. Following the study pilot, I reviewed a transcript of the pilot study interviews with my mentor/committee chair to discuss, evaluate, and gain approval of these changes to the study procedures.

Data Handling

I captured the data from the screening conversations via notes on the forms (Appendix C) for each participant. I captured the data from the in-depth, face-to-face interviews with each participant (Appendix G) with a digital and a backup nondigital recorder. Prior to the start of the interview, I informed each participant that I might take notes during the interview; I limited note-taking during the interview to any desired follow-up questions, so as to avoid distracting the participant with note-taking but also avoid interrupting or forgetting my follow-up questions. I also made notes in a separate notebook and occasionally in the margin of a paper copy of the interview questions and protocol (Appendix G) during each screening process; before, during, and after each interview; and during the review of the approved transcripts, I made notes of aspects that appeared significant about the interview, and the surroundings, in particular, when the interview was held at the participant's business location. On two occasions, participants requested, by motioning with their hand(s), that I stop the recorder when they desired to

talk about sensitive information (irrelevant to the interview questions), which they elected not to use as part of their transcripts.

One participant disclosed that she did not get ample time to review the interview questions before the interview, and often asked me to stop the recorder to reread the questions silently before requesting me to re-start the recording. Of the 20 participants, 17 were satisfied with the initial transcripts, and 3 participants supplied revisions after reviewing the transcripts of their interviews. The participants had a lot to share during their interviews and 5 participants were particularly vivid sharing their stories.

While the interview responses remained fresh, and in most cases within 24 to 48 hours, I transcribed the interviews to text into Microsoft® Word™ documents. I transcribed the participants' recorded responses using the latest version (10.0) of Dragon™ Naturally Speaking® 8.0 (Nuance Communications, 2011) software. I played back and listened to each audio digital recording. Then I spoke the responses into a headset microphone connected to a computer previously trained with the software to recognize my voice, and the software transcribed the spoken responses into text. Miles and Huberman (1994, p. 51) indicated that transcribing tape into text is laden with the *ums, ers*, pauses, and incomplete sentences. I experienced difficulty transcribing the interviews because of such nonwords in the beginning phase of the data collection process, so I used an Olympus microcassette™ tape recorder as a backup. I manually checked the transcripts and made corrections as necessary and compared the written transcripts to the recordings to ensure accuracy and completeness. I was careful to transcribe the explanatory gestures (captured with the side note-taking) and tone of voice. Where appropriate, as noted above, I inserted pseudonyms or bracketed substitutions of

generalized information in lieu of any other potentially identifying information.

Throughout the data collection process and analysis phases (discussed in the next section herein) of the study, I continually reviewed and questioned the data collection and thematic analysis techniques, and made corrections as required.

I sent to the study participant a transcript of her responses via e-mail or U.S. flat mail (Appendix H). If a participant expressed concerns and/or requested not wanting to receive a transcript via e-mail, I sent a hard copy of the transcript via U.S. flat mail. I sent a copy of each transcript to its respective participant (Appendix H) for review, verification of accuracy, correction of any inaccurate statements, addition of any further comments, and verification of adequate disguise or removal of any potentially identifying information. After each participant provided her suggested edits or changes by e-mail or phone, the final, revised, approved copy was e-mailed or flat mailed.

I will maintain the participant consent forms, transcripts, and digital recording files under lock and key and will destroy the consent forms, recording files, and transcripts 7 years after the study is published (Creswell, 2007; Seidman, 2006). A second copy of the informed consent forms will be forwarded to Capella University's Institutional Review Board (IRB).

Data Analysis

A thematic analysis is a method of qualitative transcript analysis. The thematic analysis included several steps. A string of text that expresses a single coherent thought, up to and including the point at which the coherent thought changes, constitutes a meaning unit (Groenewald, 2004). I

- identified and grouped recurring meaning units together (Groenewald, 2004; Patton, 2002);
- reread identified meaning units for accuracy and coherency, and revised the groupings as required;
- generated theme statements from each identified category of data (Groenewald, 2004; Patton, 2002); and
- summarized each participant's responses and extracted what is distinctive and common among all of the participants' responses.

Although qualitative data analysis software could facilitate complicated coding of texts into meaningful categories in a variety of ways, I decided to use a manual method in lieu of qualitative data analysis software to assist in coding and organizing the data, because the line between description and analysis is not so clearly drawn, and such software does not define a suitable framework for data analysis (Miles & Huberman, 1994; Neergaard & Ulhøi, 2007; Wolcott, 2001). Using the various tools in Microsoft Word and color highlighters, I copied and pasted each participant's responses for each question in a separate Microsoft® Word™ document. The next steps involved highlighting the common phrases; locating categories common to multiple participants; connecting all categories to establish a core category; and documenting emerging themes.

Often, important comments and information relayed by the participants were found in responses supplied to multiple questions, and sometimes at the end of interview, often after I read the interview closure script (Appendix H) that marked the close of the interview and next steps. In addition, I repeatedly examined the transcripts to augment research effectiveness and credibility (Cho & Trent, 2006; Gerdes & Conn, 2001; Smith et al., 1989). *Member checking* was done with each participant during and at the end of the study to enhance credibility further. During the interviews, I reiterated and

summarized information and made inquiries with the participants to ascertain accuracy regarding their stories. After the interviews with each participant, I shared the findings in a transcript. Sharing the findings permitted the participants to critically review the findings and provide comments as they deemed necessary (Creswell & Miller, 2000; Payne & Williams, 2005; Seidman, 2006).

I analyzed the data employing three levels of coding—open, axial, and selective (Corbin & Strauss, 1990; Robson, 2002)—and generated a central category that reflected the study’s core phenomenon for presentation in the findings chapter:

- The first level, *open coding*, represented an interpretative process involving breaking down, comparing, and categorizing the data to find the categories common to multiple participants (Corbin & Strauss, 1990; Robson, 2002).
- The second level, *axial coding*, interconnected the categories of data from open coding connecting to each subcategory of data and analyzing the relationships against data (Corbin & Strauss, 1990; Robson, 2002).
- The third level, *selective coding*, connected all categories to establish a core category (Corbin & Strauss, 1990; Robson, 2002). The core category represented the study's central phenomenon, the experience of African American women entrepreneurs in attempting to procure capital for their business start-up phase.

Following the delineation of units of meaning (Groenewald, 2004), and clustering of units of meaning to form themes (Groenewald, 2004; Patton, 2002), I summarized each participant’s profile and experience (Groenewald, 2004), and extracted shared and unique themes from all of the interviews (Groenewald, 2004; Patton, 2002) for presentation in the findings chapter and further analysis in the conclusions chapter.

Credibility and Verification

All researchers must seek research effectiveness in terms of credibility and verification (Cho & Trent, 2006; Gerdes & Conn, 2001; Smith et al., 1989) to assess the quality, rigor, and efficacy of the research (Bowen, 2005; Creswell & Miller, 2000; Gerdes & Conn, 2001; Jacelon & O'Dell, 2005; Miles & Huberman, 1994; Neergaard & Ulhoi, 2007). *Transactional and transformational validity strategies* maximize the quality of a qualitative research method such as the in-depth interviewing herein (Cho & Trent, 2006).

As respects transactional validity (Cho & Trent, 2006), I used *member checking*, an interactive approach between the researcher and the study participants, to ensure that their stories were transcribed accurately, reflected fully, and disguised adequately as respects confidentiality and identifiability (Bowen, 2005; Cho & Trent; Creswell & Miller, 2000; Groenewald, 2004). The three-step interview process also facilitates ongoing consent and member checking throughout the process (Seidman, 2006).

As respects transformational validity, which holds the researcher accountable for explicitly presenting the data and interpretation of the data as meaningful while simultaneously considering various viewpoints on the research topic (Cho & Trent, 2006), I constantly reviewed, questioned, and improved the data collection and thematic analysis techniques, and implemented corrections as needed, as an ongoing process throughout the data collection and analysis phases of the study.

A main attribute of qualitative research in entrepreneurship that supports verification is the *subjectivity of the experience* as described by the study participants, since objectivity is often not available (Neergaard & Ulhoi, 2007; Patton, 2002; Smith et

al., 1989). Validity enhances the description of a social phenomenon (Creswell & Miller, 2000) and a participant's thick, rich description helps to verify the detailed transcript derived from the in-depth interviewing (Creswell & Miller, 2000; Payne & Williams, 2005; Seidman, 2006). In addition to the richness provided in in-depth interviews, further validity emerged during the interview process, when I comprehended what constituted the participants' mind-sets, perceptions, or notions about the accessibility of capital and approvability of bank loans, for example, and follow up with additional and/or clarifying questions to explore and more fully understand participants' experiences.

Finally, as noted above, the *epoche* or *bracketing* (Bowen, 2005; Cho and Trent, 2006; Creswell & Miller, 2000) of my own perspectives on the subject matter of the research before the conduct of the research itself facilitated my analysis of the participants' subjective experiences, identified and disclosed my perspectives to the reader, and thus served to minimize potential researcher bias by *bracketing out* the superficial substance (Ashworth, 1999; Gearing, 2004; Giorgi, 1997; Jacelon & O'Dell, 2005; Patton, 2002). This additional transactional validity technique further enhanced the credibility of the research (Bowen, 2005; Cho & Trent, 2006; Creswell & Miller, 2000), and I revisited this process of bracketing or *epoche* in the conclusory chapter following the conduct of the research as well.

Limitations of Research Design

A researcher's major responsibility in conducting qualitative research is to seek research effectiveness, quality, and rigor in the research design and methodology (Cho & Trent, 2001; Gerdes & Conn, 2001). Data collection and analysis in qualitative research are potentially limited in the accuracy and specificity of the participants' accounts about

what occurred during a phenomenon, such as procuring funding to enter business ownership.

For instance, concerning data collection, participants herein may encounter difficulty trying to recollect precisely what happened at a specific point in time during the beginning stages of their entrepreneurial endeavors, particularly if a considerable amount of time has passed since a participant encountered the phenomenon. Similarly, concerning data analysis, participants may interpret things differently depending on the time and context in which their experience occurred (Gearing, 2004). Participants could potentially influence their information portrayals to an extreme, positive or negative side, for instance. The credibility and verification techniques noted above, however, serve to offset these concerns.

Employing a same-sex, same-ethnicity researcher as the participants is appropriate (Rhodes, 1994), yet the effects of gender, ethnicity, and/or their intersectionality may bring on a methodological research design problem stemming from the researcher's experience (Egharevba, 2001; Rhodes, 1994; Vincent & Warren, 2001). The same sex and/or ethnicity shared between the researcher and the study participants could present problems with credibility. For example, a commonality of gender and/or ethnicity could influence the way a participant responds if the participant extends excessive, or minimal, trust or levels of detail toward the researcher (Rhodes, 1994; Vincent & Warren, 2001). Yet the converse situation also presents methodological concerns: A study of crossracial interviewing on a researcher's experience conducting interviews revealed that ethnicity does not override other dimensions such as gender, for example (Rhodes, 1994). Another study examined the crossracial relationship between a

Black (of African descent) researcher and 19 South Asian women participants (Egharevba, 2001), revealing that the participants and researcher shared an experience of ethnicity about commonalities and differences from a cultural perspective, which may affect the research relationship significantly and hence the outcome (Egharevba, 2001).

Further, I could pose a threat to trustworthiness by trying to remain unbiased, neutral, or detached as the researcher, since the inquiry itself embeds subjectivity (Groenewald, 2004; LeVesseur, 2003). Likewise, participants could pose a threat to trustworthiness by communicating what they deem I am interested in hearing, providing examples of positive or negative situations that misrepresent the actual scenarios (Groenewald, 2004).

To address such concerns, qualitative inquiry must impart reflexivity (Bryman & Cassell, 2006), such as the epoche, bracketing, and reflexivity built into this study's design and detailed above. This study's research design will influence the generalizability and transferability of its findings across other populations of ethnic, minority, and nonminority men and women entrepreneurs. Yet, the replication of the participant selection, data collection, and data analysis aspects of this study's research design, incorporating the procedural steps detailed throughout herein to enhance rigorous and robust standards, may provide a feasible prototype transferable to similar future research in women's and/or entrepreneurship studies (Creswell & Miller, 2000).

Ethical Considerations

The ethical considerations for the study fall into these areas:

- the mechanism for data collection,

- informed consent and privacy of the participants and their responses,
- protecting the information gathered in the data collection process,
- potential researcher bias and conflict of interest, and
- concerns with gender, ethnicity, and intersectionality,

all as previously detailed herein. Each of these concerns is recapped here.

To ensure confidentiality and mitigate personal and business risks to the study participants, in addition to ensuring privacy and anonymity, I will manage the data from collection to disposal as described in the Voluntary Participant Informed Consent (Appendix F). In addition, to ensure confidentiality, privacy, and anonymity, transcripts employed pseudonyms (Silverman, 2005) for the study participants' names. Likewise, I disguised or omitted the names of the participants' businesses, occupational titles, business contacts, and other potentially identifying information by indirectly or generically identifying or describing by type or category (e.g., health care industry, consulting services, marketing and advertising). I will maintain the data under lock and key (Seidman, 2006; Silverman, 2008) and destroy it 7 years after the study.

Concerns regarding potential researcher bias and/or conflict of interest were addressed above in the Researcher's Role section and the Credibility and Verification section, as well as in Appendix A. Further, the bracketing work involved therein was revisited following the research, as noted in Chapter 5.

The influence of ethnicity and gender on the research process also evokes ethical considerations regarding interviewing, ethics, and diversity's impact on researcher and participant similarities and on the researcher-participant relationship (Egharevba, 2001; Rhodes, 1994; Vincent & Warren, 2001). Keeping all such concerns in mind, on a

positive note, ethical considerations such as freedom of expression, anonymity, and understanding can empower participants to participate in in-depth interviews and openly reflect on their experiences, positive and negative (van der Merwe, 1999). I approached potential participants only after securing all committee, school, and university approvals of this proposal. Each participant consented to participate before any data was collected via the interviews.

Prior to the start of this study, Capella University's IRB evaluated and approved the study's purpose and proposed methods of data collection, analysis, and protection. The participants consented to participate in the study prior to each individual's interview process and data collection, per the signed informed consent forms (Appendix E) from study participants before the formal questioning in the first interview session took place for documentation purposes. The concern of researcher bias is that ethnicity and gender elicit ethical considerations with respect to the interviewing itself. The IRB, informed consent processes, and researcher bias were discussed in the Ethical Considerations section above.

Summary of the Study Design

Selection of an optimum qualitative research design depends on the nature and kind of research question(s) formulated. Qualitative methodology is widely accepted as a research method (Creswell, 2007; Groenewald, 2004; Patton, 2002). Focusing on a small group of participants to capture thick, rich descriptions of their experiences, this study's design aims to maximize the benefits of the qualitative interviewing process, and to allow the study participants to tell their stories in their own words (Neergaard & Ulhoi, 2007).

This study's research design and methods reflect Seidman's (2006) three-phase interview process. The qualitative, semistructured, in-depth, face-to-face interviewing method places the participants and the researcher in positions of equality, permitting the participants to tell their own stories in a flexible, limitless way, thereby developing credible accounts of their experiences (Creswell & Miller, 2000). The research design also incorporated researcher and participant accountability for quality, rigor, credibility, and verification (Cho & Trent, 2006; Gerdes & Conn, 1989; Smith et al., 1989).

Finally, my goal as a novice researcher was to follow the prescribed, explicit procedures herein and conduct a rigorous and robust qualitative inquiry that revealed new understanding of the understudied challenges and opportunities of a population of women entrepreneurs. Following the conduct of this research, the next chapter provides the findings and detailed analysis of the research data.

CHAPTER 4. RESULTS

This chapter presents this exploratory study's findings on the experience of African American women attempting to obtain financial capital at the business start-up phase. African American women business owners who attempted and/or had sought capital beyond the use of their own personal funds were interviewed to determine common themes in their encounters with and perspectives on the use of networking, other forms of social capital, and financing for their small-business ownership start-up phase.

The study was framed to answer a central research question (Creswell, 2007),

What is the experience of African American women entrepreneurs (as defined herein) in attempting to procure capital for their small-business start-up phase?

and several subquestions (Creswell, 2007),

What are African American women entrepreneurs' experiences with and perspectives on the use of

- networking and other forms of social capital
- internal financing (as defined herein)
- external financing (as defined herein)

to procure capital for their small-business start-up phase?

What challenges and/or advantages, if any, do African American women entrepreneurs describe in procuring capital for their small-business start-up phase?

to clarify and better understand these women's experiences. Aggregate and individual participant profiles are followed by thematic results of the data analysis as outlined in the

previous chapter. Throughout the presentation of findings, italicized phrases are added to more accurately include the participants' own emphasis as they spoke, without the distraction of noting such emphasis added in brackets in each such instance. Participant quotes are presented herein in block quote format, without quotation marks, and identified by pseudonym throughout.

Participant Profiles

The 20 participants included in this study ranged in age from 34 to 64, with an average age of 47 years. The sectors chosen by these women entrepreneurs were

- *retail* (4 of 20, 1 of which was combined with personal services);
- *management services* (managing a collective group; 3 of 20);
- *personal services* (servicing individuals; 3 of 20; 1 of which was combined with retail);
- *business services* (handling office and/or administrative work; 2 of 20);
- *education* (2 of 20);
- *staffing and outsourcing* (1 of 20);
- *healthcare services* (1 of 20);
- *business development* (1 of 20);
- *transportation* (1 of 20);
- *real estate development* (1 of 20);
- *broadcasting* (1 of 20); and
- *financial and insurance services* (1 of 20).

Their businesses were predominantly structured as LLCs (9 of 20); other structures were incorporation (6), sole proprietorship (4), and C-corporations (2). The forms total 21

rather than 20 because 1 participant owned two separate businesses, one structured as an LLC and the other as a sole proprietorship.

The educational level achieved in this group was predominantly at the bachelor's degree level (6 of 20). One participant had a doctoral degree, 4 participants earned a master's degree (1 of whom had two master's degrees), 6 had a bachelor's degree, 4 attended college, 2 achieved a high school/equivalent diploma (1 of the 2 also earned vocational education), and the remaining 3 did not disclose educational status.

The number of years that each participant has owned and/or operated her own business ranged from 1.5 to 27 years and averaged 10 years. One participant owned two separate businesses. Individual participant profiles follow.

Becky

Becky, an entrepreneur in her early 40s, started a business in the retail sector. She knew what she wanted to study immediately upon graduating from high school and received a bachelor's degree directly related to her area of business ownership. She has owned a business for over 10 years. She candidly explained her experience procuring funding.

I think that the main thing that allowed me to start my own business was that I had a good financial situation that opened doors for me, to be able to take [opportunities] that people sometimes don't have the opportunity to take.

Brittany

Brittany decided to undertake entrepreneurship at the small business level and was credentialed by a former employer in a specific work area. During that previous employment, a director encouraged and supported her to organize her own business in the

same sector. Her primary inspiration centered on taking care of her children and working to provide a living for them as a single parent. A second reason she was inspired to become an entrepreneur stemmed from a skill set she acquired while working for a former employer. She is in her late 50s and has owned her business for over 10 years. She sought external capital and then decided to use her own funds, after

financial upheaval due to the divorce. I guess, out of fear, I didn't want to get turned down. I didn't [get turned down, but she decided to use her own funds after seeking external funding], because my credit wasn't as strong as when I got married.

Cheryl

Cheryl initially started her business as a lone soldier with one piece of equipment. She is in her early 50s and for more than two decades she managed to expand the business and hire experts to operate distinct critical business areas within her company. Growing up as a little girl she had a passion that evolved into a skill set that eventually lead to business ownership. She possessed prior work experience in the financial area which helped her seek and acquire external funding.

Everything is relative because, when I think now, *back then*, you know, to borrow \$5,000 [participant abruptly said] *that was a lot of money* back then, for me to start up a business, and now, \$5,000 is like a drop in the bucket.

Cindy

Cindy, an entrepreneur in her mid 50s, motivated by a former colleague received a plethora of hands-on experience working as a manager. Additionally, she earned a master's degree. Owning her own business for nearly 3 decades, she shared an experience procuring a loan beyond the use of her own funds:

The support that came from [corporate name], actually that came in the form of loans . . . actually came from the [corporate name] credit union which is now the [corporate name] bank, and again, my assumption was, when they [corporate management] asked me to do this, was that they had everything that they needed to know about me. But then, when it came down to them [corporate management] actually funding the process, we [I] ran into a few challenges. And again, it was not a very pleasant experience for a while. It really wasn't.

Connie

Connie was motivated to be a business owner and embraced independence as a lifestyle in her late 30s. She acquired vocational education and earned an undergraduate education. However, training as an apprentice at an early age and working for a living in an extended-family-owned business quickly prepared her to become an entrepreneur.

Owning a business over 5 years, she explained her story acquiring start-up money:

And then, they [banking officials] went on [to the loan criteria about] the area [business location] I was in, to. I didn't know that played a part, too, [in] whether they would give you a loan or not. I said, "Well, okay, I'm in [city name]; it's not like I am in [city name] or [city name]."

Darlene

Darlene, a business owner in her late 30s, was inspired by a passion for the business sector she pursued. She had graduate educational credentials and 10 years of work experience. She managed the less than 5-year-old business. She explained her experience procuring external funding:

The money is there, but they just want *your life*. It kind of scared me a little bit, with the wording in it [the loan document], but I *knew* they were tying a lot of everything to the loan because it was an asset purchase.

Diane

Diane, an entrepreneur in her mid 50s, was inspired to start a business after working in the industry for a number of years; she decided she could improve on the situation and provide opportunities for clients. She matriculated at the graduate level, studying a discipline that directly prepared her to become a business owner. She owned but did not herself operate or manage the more than 10-year-old business. She candidly shared her experience going to banks:

I think I tried about every bank in the city before I found one. When I found a bank that would do it [approve a loan], [name of bank], I guess probably [recalling the name of the bank at that time], I had tried at least, at least 10 to 12 banks to get it.

Ester

Ester is an entrepreneur in her late 30s who owns a business in the transportation sector. She is a high school graduate and acquired practical, hands-on experience by shadowing and being mentored by African American men who owned a business and/or worked in the same industry. She has managed and operated her business for almost a decade. She used vivid expression to share her experience seeking external funding from lending institutions:

When is the help or the funding that is available to us [African American women entrepreneurs] going to come to us? I'm not looking for a pat on the back. I am just looking for a helping hand. I will do the leg work. I will do everything I will have to do to get ahead, but I am tired of being slapped in the face and having to "sell this, sell that, let's downsize, let's give up this"—I mean, I know that success is not what you have, but what you have to give up; but how much do I have to give up in order to get ahead?

Eva

Eva owns two separate businesses, one for more than 10 years and the second less than 5 years. She is in her mid 50s. She studied at a college in the specific industry she

pursued for small business ownership, but decided to start her business officially after diagnosis of a life-threatening disease. She attributes much of her ability to focus on managing this personal constraint, and not letting it shake her confidence. Her business start-up experience was similar for both businesses:

My start-up cost, initially, was tremendously small, so it was something I could afford to do myself. . . . Because I was already creditworthy, the experiences getting capital to start my own businesses were uneventful. I wanted to combine or consolidate my current debt so that I had at the time to establish a greater cash flow.

Helen

A desire to earn a higher salary motivated Helen in her early 50s to exit the corporate world and seek business ownership. She matriculated with a bachelor's degree that prepared her for business start-up over 5 years prior to the interview.

When I first got my loans . . . my first business loan was in the probably early '90s and I've had several business loans and paid them back. But today, in [the recession economy of] 2010, getting funding is really, really, really difficult; it's very difficult. If you want \$500,000, they [bank officials] want to see that you have \$250,000 cash in the bank, and just as much in assets, or around that. Well, if you have \$250,000 in cash, you wouldn't be asking them for it.

Joyce

Joyce, an entrepreneur in her late 40s, was encouraged and supported by a work colleague to consider self-employment. She acquired hands-on training and education in the exact same field of work and expressed a passion for the job. She indicated that a person needs to "have a spine" [fortitude] to be self-employed in the arena that she selected. She also expressed a passion for the use of the main piece of business equipment that permits her to produce the end product.

She ran into obstacles procuring money for the purchase of two pieces of equipment and starting her own business, which was less than 5 years old. She dramatically told her story about getting capital to purchase the equipment:

So I went to the bank and said, “I need to be a Visa/MasterCard vendor. What can you do to help me?” [The bank loan officer told her] “Ah, [Participant’s name], we can do this; we can do that. Just fill this [application] out.” So I filled it out. They contacted me a week later, and told me that they could not help me, that I [was] overburdened. So I can’t accept credit cards. . . . Even though I don’t owe anybody any money, they [bank officials] can’t help me.

Lynn

Lynn, an entrepreneur in her late 40s, graduated from college and immediately acquired experience working in the industry and teaching students how to pursue a career in the same sector that she ultimately pursued as an entrepreneur. During the previous decade, she operated two business locations. She received hands-on experience from an educational and work perspective by actively participating in training programs specifically designed for the business area of interest, and training offered by a state agency and a private institution. In seeking bank loans, she indicated that

funding, for me, has been *rough*. *Even now* . . . looking at funding and wherever you go, [bank officials say] “*Oh, no, we [bank officials] don’t lend to [business type name; emphasis added]. . . . Even with good credit. they [bank officials] are looking at it’s a [business type name].*”

Martha

Martha, an entrepreneur in her late 30s, became interested in starting her business in the education sector after obtaining teaching experience working for a private employer for over 10 years. She had managed and operated her business for 2 years. She

related her experience of seeking external capital from three banks in a straightforward fashion.

They have my business—they have my money in their bank—and when I went up in there, the same lady [a White female] I talked to, I went to with my proposal, and I asked her about it, and I showed her, she said, “Well, we don’t think this would be very lucrative; it would be hard to get the underwriters to give you loan.”

Mary

Mary, in her late 40s, has managed her business for less than 5 years. She earned multiple advanced degrees and obtained knowledge about how organizations effectively operate working in various positions for a private employer. Relevant training and work experience serving two nonprofit organizations also helped her transition to the self-employment arena. She discussed her major obstacle procuring external capital:

So I tried with another organization called [credit union name] and . . . they [credit union officials] wanted me to use my life partner as a co-signer, but I didn’t want to use my life partner as a co-signer, [be]cause I make more money than him.

Nancy

Nancy is an entrepreneur in her late 30s, who started her business to save money purchasing a specific consumer goods item she often bought and decided she better provide. She has owned a business for over 5 years. She got the proper credentials when she read training books, enrolled in professional training courses, and shadowed a woman owning the same kind of business. Her experience seeking funding helped her to decide to use an alternative kind of capital:

I recently closed the credit card and, because it’s like extra credit, and I try not to have a huge balance on these credit cards, and I am trying to manage cost,

because sometimes you are like, “*Oh, just put it on a credit card*” and before you realize. it can add up quickly.

Naomi

Naomi, influenced by her passion to serve others in the community, used vocational and technical training to follow a dream to own a business. In her mid 60s, she had actively operated her business for almost 2 decades. She acknowledged that spiritual support helped her to pursue an entrepreneurial endeavor, in particular to find a location, renovate a dilapidated estate property, and create a business name. She emphatically told her story of seeking funding from lending institutions:

Will it ever change, especially for, you know, African American women? But everything is made so hard for us . . . that we can hardly get a quarter or a dollar or anything without, we got to explain it so.

Paige

Paige, an entrepreneur in her mid 40s, like Cheryl, possesses a talent she had acquired as a young girl and used it to start her own business. However, like Nancy, she also ended up in small business ownership after assessing a situation that could save her money in the purchase of goods and services of interest. She had operated and managed her business for over 20 years. She explained her experience acquiring external funding:

So, not complaining, we [I] did get the money . . . but, to me, [with] what we had—our credit rating, no personal debt, and the business having what it has—you [would] think we [I] could have gotten more.

Pamela

Pamela, an entrepreneur in her early 30s, became interested in entrepreneurship at a younger age, studying it as a discipline and taking multiple related courses in college.

She creatively thought of a business concept and pitched an idea to her parents that she could start a separate, unique business that could help them run their business. Operating her business for more than 10 years, she explained her encounter seeking external capital:

I was pretty young minded when I first my business . . . I did not have the on-the-job training of what to expect when you go to a bank and ask for money. You don't have any credit; you don't have a past performance to show them that you can maintain a rating and history and so forth. So that [going to the lending institutions and learning the lender's requirements] helped me to be really financially savvy when it came to handling our cash flow.

Rita

Rita, an entrepreneur in her mid 50s, entered small business entrepreneurship after receiving nationally approved certified training 1 year before early retirement. Inspired to provide a personal care service to others after receiving a gift certificate for a popular, sought-after service, she attempted to seek assistance for funding from an organization designed exclusively to help women business owners procure capital to market her business:

As soon as I was registered with them [the organization helping women business owners], I did start to see proposals in my inbox [e-mail], but they were for services that did not have anything to do with what I was offering. And after several months of seeing that nobody seemed interested in bringing in a [occupation name; for hire to conduct a service] . . . for their staff, I felt that *I was let down*.

Yolanda

Yolanda, a business owner in her late 30s, acquired diverse training and work experience from multiple employment positions that sharpened her aptitude to troubleshoot building maintenance problems, assemble equipment, and advertise to begin her own business. She had operated and managed her business for less than 5 years and

always desired to be a business owner. She shared her uneventful experience seeking business start-up capital:

Before you *even think about* having a business, you definitely need to have a business plan, whether the bank asks for one or not.

Interview Results and Analysis

The data collection and analysis detailed in Chapter 3 generated six key themes:

- Internal motivation
- Social capital
- External capital funding
- Internal capital funding
- Constraints
- Coping tactics

These themes and subthemes are illustrated below, employing participants' comments to demonstrate and support each.

Internal Motivation

Discussing what internally motivated the participants to consider becoming entrepreneurs laid the foundations for telling their experiences in attempting to procure capital for their small-business start-up phase. The study participants shared what inspired or prompted them to consider becoming an entrepreneur and starting a business. The reasons participants cited frequently for becoming entrepreneurs included following their dreams and using their work experiences, skills, or talents.

Personal satisfaction: Following a dream. Often, a participant's main reason for becoming an entrepreneur focused on personal satisfaction, derived from possessing an entrepreneurial spirit. Participants wanted to pursue undertaking and achieving desired goals that they set for themselves at different stages in their lives. A common thread in the interviews was participants' desires to follow their dreams.

Becky: So [my life partner] said, "No [do not give up], this is always something you have wanted to do. These are your dreams."

Mary: I think the personal ones . . . if you have a dream, you have to *hold* on to your dream—it does not matter how long it takes to come to fruition.

Martha: Pursue your dreams—no matter what it is—if it's something that you really want to do, keep your eyes on the prize and just keep going forward.

Pamela: God pretty much gave me a dream when I was a little girl and helped me to kind of walk it out over all of these years.

The participants were internally motivated to follow their dreams and launch their own businesses. They leveraged their personal work experiences, skills, gifts, and/or talents to become entrepreneurs

Personal satisfaction: Using work experiences, skills, and talents. Several participants decided to fulfill their own desires to become entrepreneurs capitalizing on a combination of prior work experience, training, or education to provide a service or product:

Martha: Training . . . I have been [occupation task name] for 10 years. Work experience—I have been doing this line of business for 10 years.

Brittany: I had technical training as a [occupation title name]. I had worked previously for [company name] for the 12 years, in fact; and I had training and certification as a [occupation title name] as well as the certification as [occupation name].

Diane: Well, I guess they were a few things that prompted me. First of all, I had worked in the industry for quite a few years before I opened my business, and I just felt that I could do better than what I seen had been done in the business, before so I wanted to improve [the situation for prospective clientele]. I really believed in [discipline name] and I believed that it opened doors for a lot of . . . individuals who would not otherwise had an opportunity to get training.

Mary: And the training is more so—I got that through [organization name]. I was an [occupation title, task, and course name] in several [clientele type name]; and the work experience was working in [occupation department name] and learning how to [occupation task name] and [occupation task name] people.

Aspiring to own their own businesses Paige, Connie, Naomi, and Cheryl knew from the time that they were young girls that they wanted to use their skills, gifts, and/or talents.

Paige: I had hidden talents ever since I was a young girl. . . . Therefore, I was certain that I had ability to make my own [product names].

Connie: I have been doing [business product name] since middle school.

Naomi: What prompt[ed] me is, because I always [did a specific task] when I was a child, and [man's name] told me that I had like a [occupation name] influence, and a [another occupation name] influence for [responsibility type name].

Cheryl: I have a passion for [occupation name]. All my life, I have always [done this task]. I have always loved to [do this occupation] and I just [used] those skills and that passion, and turned it into something that I could do as a living.

The participants were motivated and utilized their personal work experiences to become small-business owners. They considered tapping into their skill sets, education, and former work experience acquired from previous employment in the private and public sector.

In short, the study participants were internally motivated to enter small business ownership for two reasons: to follow a dream and use personal work experience, skill sets, and special talents. Once some of the study participants decided to become entrepreneurs, they considered seeking and employing social capital in the form of

support, networking, and information resources to initiate the start-up phase of their businesses.

Social Capital

The participants used social capital in the form of support, networking, and information resources to improve their likelihood of successfully transitioning from employment to self-employment. Relying on social capital occurred before, during, and/or after the start-up phase. The five subthemes participants described focus on family support and connections; nonfamily networking and connections; nonfamily mentoring and connections; working knowledge and business management skills; and preparation, persistence, and endurance.

Family support and connections. Family members were a major source for the participants seeking, for example, physical capital or moral support. Twelve of the 20 participants' families helped or supported them to start their own businesses. The family members included parents (as a unit or individual mother or father), grandparents, parents-in-law, life partners, children, siblings (brother), and others not identified. The majority (8) of the participants' immediate family members providing support were their life partners. They shared how their life partners, sometimes in conjunction with other family members, provided various kinds of support and assistance that led to acquiring various forms of capital such as moral support or labor.

Joyce: My life partner acted as my courier.

Paige: I mainly have to say my life partner So if I ran into problems, I ran [them] by him or we discussed [them] or, but the *whole*, starting up from the beginning to today, has been him and my family. You know, they were *there*; it wasn't really like they couldn't understand [her business dream and goals].

Diane: Well, you know as I said my major source of support was my life partner . . . and my children.

Yolanda: As far as with the children [childcare] I just got family members to pitch in a little more of course I depended on *my mom* to have the kids after school, just to help out anyway that she could with my kids.

Well, my life partner he played a big part in the beginning; he was very supportive; and my mom and brother eventually once they *caught on* to what I was trying to do and then finally my dad . . . just my immediate family.

Joyce: And when I was not in the office . . . my mother would be there. And she'd answer phones, go to the post office, and deposit money into the bank.

Connie: And, by the *grace of God*, my mother-in-law found this building. And she was like [participant used a woman's subtle tone of voice], "[Connie], I [found] the perfect place for you."

The participants clearly and customarily sought out the *strong ties* or *bridging ties*, the main sources of social capital evolving from the family, to facilitate accessing resources they needed to support them in starting their own businesses. In seeking external capital, they sometimes sought out *weak ties* or *bonding ties* with business/professional relationships cultivated with professional colleagues, chambers of commerce, or industry and trade associations.

Nonfamily networking and connections. The study participants sought *strong ties* or *bridging ties* with friends and business professionals. The friends and business professional helped to create networking opportunities such as leveraging relationships and provide expertise in the form of technological assistance or business advice. Seven participants disclosed how they networked and connected with business associates, business professionals, friends, or colleagues to support their entrepreneurial endeavors.

Networking was revealed as a major form of capital when participants told how business professionals as entrepreneurs, friends, and/or colleagues via connections

informally invested in their business ventures. Several participants relied on friends and colleagues to help them:

Nancy: Who provided the support was as I said [woman's name] a [occupation name] that I used to work with in the [city name] area. She really provided the initial support on how to get the business started and the technical support Some of the technical stuff— [it] seemed really easy just to operate a [business tool name], but [using] some of the technical stuff that [is what] makes professionals professional.

Darlene: We had a great financial advisor who is [an] African American [male] as well, [and he] gave us a lot of great pointers actually helping us to *rework* what we needed to do but also [telling us about] what we needed as resources. . . . And of course we went to a good friend of ours who was at our bank, he was a manager.

Joyce: And my girlfriend, for example, if I am in [at work site name] and it's going to take all day, she's there to answer the phones.

The participants engaged in networking opportunities with friends and colleagues.

The participants networked via connections with nonfamily individuals before, during, or after successful or unsuccessful attempts at getting what they needed for support.

Connecting with business owners who volunteered and served as mentors was another way in which the participants sought social capital.

Nonfamily mentoring and connections. Several participants relied on business professionals' technological or entrepreneurial expertise serving as mentors to guide them or share critical knowledge and information:

Diane: I also got support from the [agency name] there in [city name] . . . the time that I started my business there was a training program for entrepreneurs that I took part [in] and that helped me a lot. And then I also found one of the women that worked there, her name was [woman's name], but she proved to be like a mentor to me throughout the process, so she helped me a lot.

Naomi: I did not know that this [business] projection [requirement] was going to be there [as a loan criterion]. I had someone [woman business mentor] to help me

do a projection; I really did not know how to do a projection. . . . This person helped me to do a projection for 1 year; very nicely done.

Helen: Again . . . mentors—those other people that are in business—they gave a lot of support; they gave me time; they talked with me; allowed me to come to some of their meetings to see how things are done.

In several examples, business mentors were sought since they had more entrepreneurial experience. The business mentors shared their wisdom with the participants on an ongoing basis and became trusted confidantes over time, and sometimes at no cost to the participants. They elaborated on another kind of social capital, information resources. The participants provided advice for other minority and women entrepreneurs. They felt that entrepreneurs should possess a working knowledge going into their business ventures.

Working knowledge and business management skills. During the last part of the interview, a theme emerged that focused on the participants' desire for other minority or women entrepreneurs to possess a working knowledge about what is required to become successful entrepreneurs. The participants offered to other minority women contemplating starting their own businesses some advice on the acquisition of start-up capital. Their advice focused on the significance of understanding that acquiring business management skills was a necessity.

All participants except 1 contemplated before proceeding to respond to the question, *Is there anything that you would like to add about funding the start-up of a business that you feel would add meaning to the study to benefit others?* The majority (16) of the participants indicated that women and minority entrepreneurs need to be entrepreneurially astute about certain matters: how to manage their businesses, maximize

profit, enhance access to various kinds of capital, improve their likelihood to access external capital availability, and, as a result, enhance overall business success.

Participants summarized how business management skills may enhance business success:

Pamela: Just start learning about *what a marketing plan* [is]; have a good bookkeeper . . . a good bookkeeping system. *Oh, I can't* [begin to] *tell you* about a bookkeeping system—QuickBooks™ or what you need to use like an automated bookkeeping system. Have a good CPA knowing [who knows] about key ratios. Have knowledge of key ratio performance and making sure that those key ratios—that's what the banks use. *Know what your ratios are* . . . because they [key ratios] tell you [business owner] the financial health of the business and they [CPA and key ratios] help you to plan, to project. . . . And, I always tell people, knowing your industry . . . get involved with your trade association. And, you don't have to get involved with all of them. Know the ones that are going to most benefit you . . . know [at a minimum] two key trade associations. Get involved with the business—local business associations.

Joyce: Once you learn how to work your books, once you learn how to schedule your work, once you figure out the hard piece of your business, you can make that avenue [business venture] one that is very rich [profitable], very accessible; you can do whatever you like. You can ring that bell at your convenience [make things work to business owner's advantage]; you can do it with the passion that you had before you were a business [owner]. You would be doing that so hard [passionately] that you would even wonder why you bothered to apply for the loan [because the successful business endeavor would not require external financial resources].

Brittany: There is a lot that you [business owners] need to know and learn beyond certification [becoming a certified business owner], so that it can really benefit you [as an entrepreneur] . . . it's serious; very, very serious, to be sure that people [business owners and their employees] remain in compliance.

In short, participants found it extremely important to have a working knowledge and an understanding of specific business management skills before launching their businesses. They weighed preparing to start a business as important as having a working knowledge that included possessing essential business skills and considered preparation also a key element of starting their business ventures. The next subtheme explains their lessons learned on preparation, persistence, and endurance.

Preparation, persistence, and endurance. The majority (11) of the participants stated that, if they had an opportunity to redo their business start-up, they would prepare more extensively first.

Eva: So it would have been more preparation and more education on the front end as opposed to learning by trial and error.

Participants provided insight on preparation and highlighted that women and minority entrepreneurs needed to understand how to procure external capital. The participants noted that seeking funding was an option. Additionally, they noted that small-business ownership required different kinds of financial capital. For example, participants explained that working capital, as well as start-up capital, is critical to ensure that sufficient funds are available to satisfy upcoming operational expenses. Participants explained why acquiring key information beforehand prepares entrepreneurs to consider funding alternatives.

Nancy: Do your homework. There is money out there . . . you can find the money, but just make sure you have your full package [business plan with financial projections] together so that *you're clear* what the benefits [advantages] are out there or what are possible funding opportunities.

Paige: And also make sure you have *working capital*; working capital—money that would take care of the day-to-day operations, whether it is rent, your electrical bills, your phone [equipment or bills], your employees [wages and/or benefits]—you need to . . . secure some type of working capital.

Mary: Because we know it takes money to start a business and not just at start-up but you need money to carry through about 90 days, until your money [business profit] starts coming in.

Pamela: It would be nice to have start-up funding . . . first in starting the business . . . and needing to make the payroll, and *then* going out and finding [alternative, additional] funding.

Joyce: You've got to have a good working knowledge of your credit score . . . people can tell you anything about why they will or will [not] give you funding and how much you are willing to ask for versus how much they are willing to give

[loan] you. If you don't have that kind of information *to begin with*, you can be turned down; you can be charged a higher interest rate; your eventual payout [payment] might end up being something that you're not interested in; it can be disastrous.

Looking back and conducting a self-evaluation of their business start-up logistics, participants commented that they would advise minority or women entrepreneurs to maintain separate personal and business finances. They explained their rationale for providing this kind of preparatory advice.

Rita: What I would suggest is to make sure that they have a really good idea of what it takes to manage a business, manage business finances, and that they understand how important it is to keep it separate from their personal finances.

Pamela: It also taught me a huge lesson about keeping business and personal separate.

Joyce used a practical example and her family's entrepreneurial experience to underscore the significance of keeping business and personal financial resources separate:

Joyce: Back in the day, when [man's name] was alive, [woman's name] did the books; then they hired a CPA. Wonder why they hired a CPA? Because [she] would take the [business's] checkbook and, after she paid the [business sector name] bills, she'd go to the grocery store and write another check to buy groceries. . . . [He] would tell her, "Baby, you [can] get cash [from the business account when required], but you pay for [business] stuff out of the [business] pocket." She said [to him], "Well, it's all one and the same." Well, yeah, it is, *but it's not*. You got to separate them [business and personal expenses. As business owners], they needed a payroll account, they needed an escrow account, and they needed a house account.

Participants decided that being prepared called for two major entrepreneurial attributes, persistence and endurance, and that these attributes were critical for women entrepreneurs to possess to prepare to seek financial capital before the inception of start-up phase. The subtheme of preparation, persistence, and endurance emerged primarily when the participants reflected on their overall experience with start-up funding.

Some of the participants looked back and learned from the personal and/or business hurdles they faced. They learned that persistence and endurance were required for their endeavors to seek capital to become business owners. They learned that these two attributes, persistence and endurance, were also instrumental to seek funding alternatives if access to funding was restricted and/or bank loan applications denied. The majority (11 of 20) vividly described how persistence and endurance may benefit entrepreneurs:

Darlene: One of the major lessons I learned was . . . to go out and get funding whereas [when I started my business], I didn't know where funding was . . . It just made me be more aware; "Okay, I need to find more options"; how I [can] make the business *grow* and expand; and continue on another level.

Helen: I think I probably would have *pushed* the beginning and the end of the [industry sector] projects *faster*, so that we could have sold the [business product] *faster*. But everything is a process, even dealing with the city . . . getting a [business tool name]; it's a way to gain. I think I would have been more aggressive and *pushed* things faster to get them [business products] sold after [business task name] was completed.

Paige: I would say to never accept *no* as an answer. Just continue to press forward. If one door closes, you can go another route.

Eva: The first thing I learned was that you really must have a mind-set to move past the hurdles . . . to be a business owner. . . . So I have learned to embrace challenges and to look past them for the opportunity that's being presented.

Mary: The persistence [is required]—just believing that it can be done and not giving up.

Nancy: I feel like I have what is necessary to become an entrepreneur—I am very driven [and] persistent.

Social capital summation. In summary, the participants explained that having a working knowledge of business ownership may be an advantage going into business, a more solid foundation on which to start, expand, or grow a business. The participants

suggested that minority women entrepreneurs needed to extensively prepare and possess two entrepreneurial business traits: persistence and endurance. The participants believed that new minority women business owners should take on and embrace entrepreneurial attributes that may help them to be persistent and endure personal and business hurdles, crises, transitions, obstacles, and constraints. Moreover, the participants considered management skills in bookkeeping, time management, marketing, and accounting areas essential. In addition, African American women business owners emphasized the importance of keeping personal funds in good standing and separate from business finances, as crucial to business start-up and survivability.

In addition, the participants got assistance from family support and connections. Family members provided various forms of support. Sometimes moral support was provided in the form of emotional or psychological backing. Other examples showed that the participants received help via connections and acquired physical capital like labor or office locations.

In addition, they connected with nonfamily members such as business professionals and consultants. Some of the business professionals served as mentors and shared subject-matter expertise on specific topics, to guide the participants as mentees and to provide support. The participants and mentors developed trusted, long-term relationships.

Overall, these entrepreneurs declared that possessing a working knowledge about becoming new business owners was as important as possessing certain entrepreneurial personal attributes. Their main suggestions or advice for other minority or women entrepreneurs contemplating business start-up focused on preparation, persistence, and

endurance to overcome obstacles in procuring capital. The next section illustrates their experience attempting to get external financial capital to start their own businesses.

External Capital Funding

A majority (16) of the participants identified the main business hurdle or constraint that occurred during their business start-up phase as related to the financial aspect of entering small-business ownership, such as the lack of and/or access to financial capital, which proved to be a difficult and cumbersome experience. They described tasks or life situations encountered in attempting to seek external start-up capital funding, such as

- accessing external capital from a combination of banks, lending institutions, agencies and/or special programs (designed to help minority and/or women entrepreneurs (20 of 20);
- writing business plans (11 of 20);
- completing applications for conventional bank loans (10 of 20);
- pursuing agency and/or program assistance (9 of 20);
- addressing anticipated and unexpected expenses (e.g., payroll, insurance; 6 of 20);
- obtaining licenses, certifications, permits, and/or accreditations (5 of 20);
- searching online for business start-up funding information (2 of 20); and
- living paycheck to paycheck (1 of 20).

Several themes emerged:

- Seeking external conventional bank funding is a difficult process involving feelings of uncertainty and negativity.
- Seeking external agency (Small Business Administration [SBA]) capital is demanding and the process causes frustration.

- Maneuvering through the logistics of seeking capital, such as writing a business plan, is problematic, a difficult and time-consuming process.

Regarding business ownership, these African American women entrepreneurs explained that the process trying to get external capital was very complex, and involved feelings of uncertainty, negativity, and frustration. The external agency assessed as the most complicated in terms of applying for funding was the SBA. Moreover, they found the overall process of seeking external funding extremely complicated, compounded by additional problems like working through the logistics involved in meeting the criteria, to writing a thorough business plan including financial projections. When discussing their experiences, the participants also described their struggles in attempting to and/or seeking external capital from commercial financial lending institutions.

Bank funding experience: Uncertainty and negativity. Ten participants sought access to external bank funding by applying for bank loans. They shared their stories including the constraints and obstacles they endured seeking bank funding, and how they maneuvered and got through the awkward ordeal of procuring external capital:

Ester: The banking industry, they took me through business rights, writing up [a] proposal; business plans; implementing how I was going to see the business in 5 to 10 years . . . and still, being told *no* . . . you have to disclose *everything*; you have to leave no stone unturned; and to still be told *no* . . . you go through all of the paperwork, the documentation, and the answer is still *no*, regardless of what assets you do have and what they [bank officials] feel your net worth is. . . . So it was like a catch 22 [no-win situation] . . . it was a bad experience for me.

Martha: I showed them my business proposal, and I explained to them what type of business that it was, and I went through the spiel, and . . . I was only asking for \$50,000, and they [bank officials] were like, “We [bank officials] don’t feel like it was [is] very lucrative, because you don’t have any collateral.” They [bank officials] said I had good credit; they said I just did not have enough collateral, unless I got a second mortgage out on my house, and I said that I did not want to do that.

Mary: And then, when I tried with the credit union, I was *turned down*, and that was because I didn't want to use my life partner as a co-signer. So I tried with another organization, called [financial institution name] and the same thing [happened] with them; they wanted me to use my life partner as a co-signer.

Several participants described reiterative and detail-oriented steps they followed when they sought a bank loan. They also explained that they faced obstacles seeking the bank loans.

Joyce: I went to all of the big hitters, [banks names], in [city name] . . . [including bank name] which is my *personal* bank. You would *think* that, because it's your personal bank, they would give [approve] [the loan]—you but, by the same token, they didn't.

Pamela: I met with several bankers, and of course I started out with banks that I currently was working with [as a client]; *anyway*, [I] *personally* filled out their paperwork, the application, and provided them with my business plan and financials and so forth, and I was told the same day that I didn't qualify.

Helen: I interviewed seven different banks and . . . two were somewhat interested; one, where I got the lending from, was very interested, but the others were very apprehensive.

Cheryl: There were all kinds of road blocks. I went to several [banks, before the economy had gone into recession], and I had gone to a couple of commercial lenders, and, for whatever reason, they had their criteria, and I just didn't meet their criteria.

Connie: I only went to three banks, and those are the banks that I *bank with*: one credit union and then two outside banks . . . so I went to the credit union *first*, because they always say the credit union . . . look[s] out for people, and they are a little more lenient on the stipulations and the requirements . . . but they were going to give me this *outrageous* interest rate and . . . I would *never* be able to pay this back. . . . Then I went to [bank name] or [bank name], one of them, and they were like, "*There is nothing we can do.*"

Cindy: My assumption was, they [bank name] knew everything they needed to know about me. However, when we got a little further into the process, there were a few challenges. [The bank official said], "We [bank] think you might need to have about . . . 50 grand [\$50,000], or we need to be sure, regardless of what happens, whether we cut our funding off, that you can make it." So there was a *very*—it was very challenging.

Going to banks and applying for conventional bank loans, the participants explained that they felt uncertain about the outcomes, which uncertainty added a web of negative emotions that consumed their efforts, and made their efforts feel awkward. Several participants indicated feeling violated, surprised, and/or rejected when access to external capital was restricted or denied:

Ester: They [bank officials] hold the ink pen to tell you *yes* or *no* and, to me, it was truly a violating experience; it was not worth it.

Mary: I tried to get finances from the credit union, but they want your lung, almost, *and your firstborn*, so that was really difficult.

Paige: When [my life partner and I] went for the business [loan], we thought we had crossed all Ts and dotted all of the Is; [we] had a very good credit rating; [and I] was approved for the loan, but [I] didn't feel as though we got as much as we could have gotten, or as much support, or, you know, the red carpet laid out . . . what we had: our credit rating, no personal debt, and the business; having what [potential], it has you think we would have gotten more.

Naomi: It was really, really breathtaking, in a way. I had been *dealing* with this bank, and I had explained to them [bank officials] . . . that I was opening up a business, and I told them what the business was like. And they had almost *promised* me that they could help me. When I came into apply for a *business loan*, they wanted me to do a *5-year projection* and, to me, it was like *mine on paper* [confident that loan would be approved] and I did not know that this projection [requirement] was going to be there . . . Took it [the financial projection] to the bank, and they still said, "I am sorry. We still can't help you at this time." And I felt that it was just a *bad* experience, and it really gave me bad feelings about lending institutions.

Helen shared vividly how uncertainty consumed her experience applying for a bank loan:

Helen: [The banker replied], "Well, we're not lending on any *risky* businesses." And I would say, "Well, [industry sector name] I wouldn't consider risky. You will get your money back." And their [bank official's] response was, "Well we've got enough loans right now." So I did have a few small banks who [that] were not open to it.

Several participants disclosed their feelings about the accessibility of funding. They explained that funding was inaccessible and limited for them as an ethnic group of entrepreneurs. They expressed a concern that funding, and more of it, should be made available to them as African American women entrepreneurs.

Martha: Well, one, I wish they were all types of resources [funding] out there for minority business. People say there are [an abundance of resources available] . . . I don't really feel like there are no [any] resources to help minority business; if there are, I have not come into contact with any [resources].

Naomi: Yes, I feel that it should be money out there for the [business sector name].

The participants told their stories about seeking external funding in the form of bank loans. They shared how difficult it was to get their loan applications approved to get the adequate amount of capital needed to get their businesses underway. Additionally, they expressed a concern about the accessibility of external funding. They tried to understand 3 things: why their loans were rejected; the funding environment (the recession); and their lack of business knowledge which influenced their loan application status outcomes. The next section describes their experience procuring nontraditional (nonbank) external capital.

SBA funding experience: Uncertainty and negativity. Some participants (11) sought external funding beyond conventional banking and financial institutions. In addition to their difficult experience seeking conventional bank loans as a source of capital, the participants encountered demanding scenarios investigating additional resources such as agencies and/or special programs. The predominant agency sought as a resource for capital for small-business ownership was the SBA. Of the 11 who sought special program and agency resources, the majority (6) pursued assistance from the

SBA's local district office. The majority (4) of the 6 participants described the SBA resource seeking experience as less than positive:

Rita: [The SBA's] saying I had to be in business for 2 years, I felt a little discouraged . . . [2 years] before they would extend me any kind of financial help. I became a little frustrated . . . it just didn't make sense to me.

Lynn: The process was, you had to write out more or less like a short term . . . business plan—how you could bring in the [clients], what you're going to do when you get the [clients] in, how you're going to keep [clients]; you had to have the whole thing . . . how are going to advertise; [an SBA official said], "You need to do your part before we can help you with that." So I said, "Oh, gosh!" . . . So it went on for a few months . . . [An SBA official asked], "If we lend you this, how you know you going to keep [the clients]?" [Yet], you don't know [the projections]. It went all the way to the point for having to do a budget for the next 5 years. I would think that, having everything in place, so you wouldn't have to go through the *long*, drawn out time that *I* feel I spent. [My life partner and I] ended up with another 3 or 4 months [waiting], and we were just like, "*This is enough*. I really need something [funding] now [at the business start-up phase]." And every time, you go back—go back and do this, go back and do that [SBA continual requests for new and/or additional information].

Diane: I was not able to get an SBA loan, so when you talk about my experiences in getting a loan, I think the most, the most disappointing, and the toughest thing was *trying* to get an SBA loan, because, as I said, I met all of the criteria: I had strong financials, I had a strong business plan, and I . . . actually tried a few times, even after I had my business up and running for a while and having a track record, but I was never able to get that SBA [loan].

Another common topic involved the participants' concerns about accessibility to external agency funds. Two participants disclosed that agency funding—in particular, SBA funding—is less readily available and the accessibility impacts a minority women-owned business' likelihood of getting start-up money.

Diane: I would like to see . . . more funding available for small businesses and minority businesses, specifically, I would think, like from the SBA, because I would think that's the reason they had existed, to help start a business . . . so I think additional sources of funding would definitely be beneficial.

Ester: The thing I would like to add about the start-up of a business that would benefit others is if these programs [and agencies] are readily available, or *supposedly* be readily available, then they should be within reach; they should not

be so *far-fetched* to where you can't achieve [access the funds] alone, or get any type of help, before going into business.

In short, participants' perspectives focused on the SBA process: from inception—determining what the SBA is all about—to understanding the requirements and criteria, to actually applying, and awaiting loan evaluation. Although participants realized that their efforts potentially could lead to receipt of an SBA-guaranteed bank loan, in terms of preparing to seek assistance, all expressed concern with the agency-defined criteria and depicted the entire process as demanding and frustrating. The next section elucidates additional types of problems African American women small business owners procuring external capital.

External capital funding problems. A majority (15) of the participants explained additional problems they faced attempting to get external capital. They elaborated on their experiences and provided advice for other minority women thinking about entering business ownership. They revisited tasks or life situations endured in attempting to seek external start-up capital.

Preparing a business plan. A prevalent task described was writing business plans. A major and difficult decision they faced centered on applying for adequate external capital. The participants' comments about business plans focused on writing a business plan in the start-up stage:

Lynn: I think [I would] have a business plan and . . . I would suggest most people [entrepreneurs] go out and try to have a business plan before they even start looking at funding.

Cheryl: To have a business plan . . . just start learning about *what a business plan is* It's going to be overwhelming and intimidating but just start getting yourself familiarized with the terminology and the format.

Paige: Yes, I would say have a well devised business plan that is projecting from the time you are starting up 5 years out.

Naomi: Yes, I would something different. First of all, before I would open up my own business I would have a plan. . . . And before . . . I would just jump right in . . . I would get help with my plan and I would make sure that [I] have financial help [apply for external capital].

The participants felt that having a well written business plan plays important role in effectively starting their businesses.

Seeking external funds at start-up. A group of participants commented about capital and emphasized that a potential entrepreneur should consider, seek, and use external money up front in the process:

Cindy: I just believe that anything that you are going to do with start-up funding you need *to start* at a place where you can learn the basics of start-up funding.

Naomi: I would make sure that [I] have financial [external funds] help [at the inception stage].

Eva: In the community, I find that a lot of enterprise loans are available and also they are many programs for women and essentially for minorities or the [agency name]. A lot of those are *great*—I would make use of those especially like now having some of the challenges with the economy—I would definitely encourage women to look at those [external financial resources] up front.

The participants characterized external funding as a necessary requirement to start their own businesses, and stressed that such funding should be sought diligently.

Determining sufficient start-up funding. Another common topic involved the participants' views on what is a reasonable amount of capital necessary to start their businesses. Most participants suggested applying for more capital instead of requesting or settling for lesser amounts. Participants elaborated on the minimal amount of external capital they deemed sufficient to start a business and provided examples how they

assessed what amount may be needed to satisfy the start-up capital requirement. The participants explained why such as having enough money on hand as a cautionary measure before starting to seek external funding is crucial, with illustrating a crisis and missed business opportunities:

Ester: I would have lined my ducks up in a row and made sure I had the resources available to me before I hit the crisis. Just have your ducks in a row when you go to meet [network with] people and talk to loan officers . . . because now they are a little more lenient and [it's] easy to get a loan now than before and I think that is because of the recession. Everybody is trying to do more; they are trying to help the minority [small-business owner] but [in my experience], it was very hard.

Helen: I would've demanded to get a higher line of credit with the banks—using their money.

Darlene: I would say for [at] a minimum they [entrepreneurs] should come in [start] with at \$50,000.

Mary: Really, the key is when you pitch your idea [sell your business plan to the lender] . . . be up front about the amount of money that you need so you don't have to go [return to the bank] and ask [for additional funding] If you know you need \$200,000 initially say you need \$200,000 initially and break it down. Don't just go to one place.

Paige: Again, if you think it is \$5,000, maybe it should be \$10,000; if you think it's \$4,000, maybe it should be \$8,000. I think that [applying for an ample amount] is very, very important.

Summation of external capital funding experiences. The participants explained that they encountered capital funding problems. When they decided to seek external funding, they learned that, to successfully undertake entrepreneurship, the most critical step of starting their businesses, procuring start-up capital, was an overwhelming and complicated part of the process. The majority of the participants initially decided to seek external capital via the conventional bank loans. They found seeking commercial bank

loans to be a difficult ordeal. The participants asserted that their efforts procuring bank funding brought on uncertainty and negative feelings.

Although the majority of the participants were rejected for loans, they decided to seek assistance from more than one external resource. Participants sought external agency and program resources in conjunction with a traditional bank institution. They pursued the SBA most frequently, yet found the SBA experience less than positive, demanding, and frustrating.

The participants' experience taught them that other prevalent capital funding problems exist, beyond seeking external capital from conventional banking institutions and nonconventional agencies. They learned that they were less experienced at seeking external funding, and that deciding to seek external seek funding demonstrated that they understood becoming financial savvy is a good entrepreneurial attribute to acquire. Their experience showed that they understood that procuring external capital involved additional items to address such as writing business plans and ascertaining what amount of capital satisfied start-up capital requirements. They had major concerns about organizing effective business plans and deciding how much capital would suffice in their business start-up phase. In conjunction with seeking external capital, they often used internal capital to pursue small business ownership. The next section illustrates their experience using their own funds or borrowed funds from family and friends.

Internal Capital Funding

The majority (19 of 20) of the participants considered using internal capital. The majority (11 of 20) of those participants whose loans were denied ultimately decided to use an internal capital resource. Their experience using their own funds brought on

feelings of fear and anxiety. In contrast, their experience using funds provided by family or friends was positive. The kinds of internal capital used were

- savings/cash on hand (10 of 19);
- loans from family and/or friends (7 of 19; 2 of which was received from friends; 1 of which was received from a combination of family and friends);
- retirement funds (5 of 19);
- cash from liquidating personal assets (3 of 19); and
- gifts (3 of 19).

The average family- and/or friend-supplied loan amount was \$2,100. Almost half of the participants (9 of 19) used a combination of resources. Among the statements of the participants who utilized internal funds to start their businesses, two subthemes emerged: internal funding: using personal resources and internal funding: using family and friends' resources.

Internal funding experience: Using personal resources. Nine of the 10 participants who used their personal savings candidly shared the information. The participants disclosed how they used their personal savings for the business start-up phase and how they felt about their decisions. The majority (5 of 9) of the participants who used their savings disclosed that they depleted their accounts. When they used and/or depleted their personal savings, they described their feeling(s) about the experience as negative. They felt that using their own funds in the form of cash retrieved from their savings or retirement funds generated feelings of fear and pain; 1 described using her own money as hurtful. Two of the participants, Ester and Rita, candidly shared that using their own resources instilled a minimal amount of fear in them as they accomplished the steps in

their business start-up phase. Ester told how a missed business opportunity and a crisis situation almost caused business equipment repossession. Rita revealed that using her personal funds was rather scary. One participant revealed that she used her personal savings but viewed this way of accessing internal capital as a personal versus a business hurdle.

They understood that, although entrepreneurs need to be willing to risk using personal funds, the decision brought on an overall feeling of dissatisfaction. They felt that using internal funding was not an optimum way to start their businesses but turned to this means of funding when they felt less optimistic about the likelihood of getting their bank or agency loans approved. In conjunction with attempting to procure external bank and/or agency and/or special program funding the participants relied on an alternative form of internal financing: family- or friend-supplied resources.

Internal funding experience: Using family and friends' resources. The participants considered using an alternative approach to get internal funding before, during, and/or after applying for external bank funding to start their businesses. The participants elected to seek internal financing via loans from family and friends as an alternative to traditional financial institution borrowing.

Becky, Eva, and Lynn explained precisely how their life partners provided support from a financial standpoint. Connie and Naomi provided vivid examples how they received money from other than life partners, including family members, friends, and colleagues.

Becky: Well, first there is a lot of financial backing [provided by my life partner] . . . this location required more financial backing and a lot of that [funding] . . . was . . . mainly my life partner's [money]—that we invested in this company.

Eva: I did not do loans from friends or family but . . . I've had a lot of help from my life partner, who has allowed me to divert some of my household payments [expenses to my life partner] . . . to be able fund and finance my business.

Lynn: My life partner also had [a] 401K [plan] and we kind of dabbed into that a little bit.

Connie: My family—my life partner's family—[was] very supportive; anything that I needed, they were there. . . . If they gave me money, it was simply a gift. It wasn't to be returned.

Naomi: I had no money, and I needed \$1,500 to put into an account to show that I had a little bit of working capital [to meet agency requirements]. [A colleague and friend] took \$1,500 from his account and put it into my account.

Summation of internal capital funding experiences. Although the participants were aware that they, as entrepreneurs, needed to be willing to accept risk and use their personal funds, they also realized that another kind of internal financing, loans and gifts from family and friends, was available. They used internal financing when they voluntarily asked for loans or received funds as solicited or unsolicited gifts. One of the 3 participants who received gift money not to be paid back had solicited the gift.

The use of internal funds had a major impact on participants' accumulating the capital required to start their own businesses. They found using their own resources to be a negative experience. In contrast, they had positive experiences when they sought other means of internal financing, whether they borrowed or accepted gift money from family and friends. They explained their family's and friends' efforts to loan or give them money as supportive. The participants also shed light on other constraints they faced; the next section describes constraints in three major areas: gender, ethnicity, and work/life balance.

Constraints

Constraints that these entrepreneurs faced surfaced during the interviews, mainly during the three wrap-up questions and/or during the interview closure script (Appendix H). In each such instance, the recorder was restarted to capture the additional information (Appendix G), which emerged into three subthemes: gender, ethnicity, and work/life balance.

Gender. Four participants elaborated that gender (combined with ethnicity or intragender group conflict) was a major constraint when they sought capital in the form of bank loans or business contracts or wages. These African American women entrepreneurs depicted in detail what they encountered.

Ester: Things that kind of discouraged me, too, along the way, as far as going to different agencies [to seek funding] and trying to qualify [getting certified] as a woman [woman] minority . . . is that . . . businesses . . . owned by White men—there were contracts they [agency officials] would only give [award] to minority business owners. So what they [White men] did and they [White men] joked about it—was they turned over 51% ownership to their wives [to qualify them for the contracts] because White women are now considered [as] minority [business owners] . . . so that was discouraging as well.

Brittany: The barriers that really affected the transition and start-up phase included unequal pay—pay discrimination based upon sex/gender. . . . It was always a battle with paying *me* the same rate that males were paid. . . . If the hourly rate for the position was, let's say—let's say \$100 an hour, they would not want to pay me more than \$65 an hour when I had the same credentials [and] when I met the requirements.

Connie: I think, partly because I was a woman, and . . . because I was Black also, [bank loan officers] just don't think that we [occupation name] are *capable* of doing anything. . . . And right then I knew it was a no go [the loan application denied].

Pamela: With other female business owners, my experience is that they would question whether, if I was truly qualified. . . . I am sure you know, as females, [we] can be sometimes, it's *unfortunate*, but it's *really real and really true*, but sometimes people think that females *sleep* their way through getting contracts or

getting the work, you know, things of that nature. So you have to *prove* yourself, and they ask questions not just to you, but to *your* clients, [and] people that *work with* your clients, to see what's going on. . . . So females have to prove the[m]selves in so many ways, and not just against males; it can also be against *us* [other women].

Another group of participants commented exclusively how they viewed gender as a constraint. Their comments focused on their concerns about their male counterparts' dominance in their chosen business sectors:

Cheryl: It is a male-dominant industry . . . the good ole boy's club. [Reading from an industry magazine article] "On top of all the challenges business owners face, women must break through the men's networks as well." [Reading another quote in an industry magazine article], "Ultimately, our [women's] goals are the same as [other] businesspeople, but because of [women's] social and economic backgrounds; the way [women] get there is usually different."

Pamela: When I started to attend the big meetings . . . to bid on a proposal [for example], my experience has been . . . men try to tend to dominate maybe the conversation or the pre-bid conference with trying to talk about *their* company. Or, if you ask questions, then I've noticed that they would kind of look at you [for example]—are you even qualified to be in the room.

Cindy: Being an African American woman . . . in a business that is dominated [by] for the most part males and *generally almost always* Caucasian males . . . [company name] . . . had been surprised at the level of success that [African American women business owners] have been able to achieve, and that is why they are *looking at us as the template* [the model], because most of the other people you see in the business have not had to do that.

Nancy: When I go to the national meetings every year [industry name] is really a *male-dominated field*.

The participants shared their stories illustrating how gender was a constraint.

During the start-up, stage they encountered gender discrimination conducting customary entrepreneurial business tasks, and managing work responsibilities in particular, attempting to procure external capital. The next section describes their views of ethnicity as a constraint.

Ethnicity. Several participants shared how ethnicity (sometimes, combined with gender) strained their business relationships with clientele, colleagues, business counterparts, and employees and was viewed as a constraint. They viewed establishing business relationships critical to starting their businesses.

Cheryl: I wanted to comment especially about African American women being in business. It's hard because the mainstream [of society] do[es]n't see us; you don't see a lot of us of color, and you don't see a lot of us—of the female persuasion. And it's hurdles for African American women because we have to overcome those challenges because we are women *and* we are African American. . . . Not only am I a low man; I should say a low woman, on the totem pole in two respects, because of who I am and because of what I do . . . in [the] business world . . . We are not respected as far as what we do, as [occupation name]; outside the industry, we are not respected. *We are needed but are not valued.* So I have to overcome that within the industry, because I am an African American woman.

Joyce: [Clients] would look at you, because . . . you were this Black woman, and you had the nerve to have grey hair, which means you getting *old*, and, you know, Black women got *all kinds* of problems. I mean “How many babies she got? My goodness. Is she going to be able to concentrate on working on the [product name]? Does she know how to put one [product name] together?”

One participant had vivid examples encountering ethnicity as a constraint starting her business. Martha emotionally described an isolated experience of meeting other business owners for introductory purposes:

Martha: So, I went to introduce myself to the man down the street. [I said], “Hi, my name is [Martha]. I am the new owner.” He says, “I already know *you're the Black chick* down the street.” So, I just politely turned around [Martha cries]. I always get emotional because . . . I don't understand what . . . my *color* [has] to do anything with me running a business. . . . after that, [potential clients] come in and say, “I don't want no [expletive word] [business task name]; I want to take my business somewhere else.” . . . I [had] no idea [about applying for a sign permit under new ownership], and when I went to challenge [county officials] . . . no one ever said nothing to me about a *sign permit*, so when I went to the [landlord] . . . and I asked . . . about it, he said, “They're just picking on you because *you're Black.*” He said, “I didn't want to tell you that, but that's what they're doing.”

The majority (12 of 20) of the participants expressed concerns about and disenchantment with ethnicity-related problems from within their own ethnic group:

Mary: Every time a Black person tries to do something, we're *told* we're "acting White"—or "You're not *all Black*" because you can articulate and enunciate and pronounce your words correctly. So, there is so much friction with[in] the Black community; [as business owners,] they're so competitive; they're extremely *competitive*. . . . And so they won't work to *help* each other. They won't even patronize [the business] . . . It's almost like they don't have the same work ethics.

Naomi: Most of the staff [in the industry sector] do not respect Black/African American women, and many [are] not like other [African American women]. I have people [staff who are] very loyal to me, but at one time I didn't. They [African American women staff] didn't want to work for us women [same ethnic-group and same-business sector business owners]—they didn't And I still don't understand that today.

Connie: And this is a *woman* talking to me But she wasn't your average Black [approachable, supportive African American woman]—you could tell that her boss wasn't a minority and she was going to do anything she had to do to keep her job. She wasn't out there to look out for other minorities. . . . And the funny thing is . . . she comes in here to get [business service name]. Well, she was so—it was like *a slap in the face* and she knew how good I was doing without her help [accessing bank capital].

Yolanda: We . . . as African Americans . . . are *suspicious* all the time. . . . I think that, as . . . African American women, that we need to stick together and *share* whatever information we have, especially when this particular business, the [item name] business is so *cutthroat*; and I don't understand . . . I just feel that women [representing the same ethnic group] should be willing to help each other a little more. For example, when I had my grand opening, I went to various [others in the industry], and I gave out invitations; and she [adjacently located business owner] said, "No, you're not getting my [clientele]." I said, "No I'm not trying to take your clients." So, that's the thing—there [are] enough [clients] to not be like that.

Two participants explained their perspectives serving same-ethnicity clientele in their business communities. Cindy and Nancy shared encounters when same-ethnicity individuals in their communities patronized their businesses:

Cindy: The one good thing that I found [is that] African Americans, most of us, want to do business differently. We want to do business based on relationships. We don't do business anymore *just because* we have to . . . because 95% of my

business comes from the African American community. We should be much further along [developing trusting, business relationships].

Nancy: Now, do I take [this kind of business] of all ethnicities? Yes. But, 70% of my clients are African Americans.

Three participants (Mary, Ester, and Cindy) implied that, historically, African American women-owned businesses characteristically start out being less resource-advantaged, and consequently trail their non-African American counterparts. In addition, two participants, Helen and Paige, expressed their dismay that African Americans and/or women entrepreneurs are underrepresented in specific business sectors.

Mary: I honestly believe that African Americans [entrepreneurs] rank so lowly because of the historical significance how they were bought up from slavery.

Ester: Anyone can figure out how to get through a loophole, but what are [agency officials] going to do about it; how are they going to help a lot of these businesses [African American women-owned businesses] who have been struggling, who have depleted their 401K, who have not inherited money to start their businesses, or who have not inherited businesses from their fathers or grandfathers? Black people have come *so far* from slavery . . . here, [and] we are trying to make it from a day-to-day basis from *ground zero*, and we're still being told *no*, and everyone else [nonminority male counterparts] is still figuring out the loopholes to make money to get past [the system]—to get the contracts. It's unfair.

Cindy: If you don't inherit the [business] from a family member, you can purchase it, *if you have the funds* When [nonminorities] move into an [sector type name], there is [traditionally] a \$2,000,000 book [of current clientele business], which means they have \$200,000 to operate their business with; so maybe, if it's them [business owner] and maybe one or two other people [one or two employees or partners], you can pay someone a decently hourly wage and pay yourself a decent hourly wage. We didn't have that. We had nothing to move into [no start-up capital]. We had zero.

Helen: Being in the [sector name] business, [bank officials] are doing the same thing [not loaning money in the current economy] to White guys [men]. It's hard for small business, and even harder for small ethnic businesses.

Paige: Being in this industry, there are not a lot of African Americans. Another personal hurdle in the form of an experience is that when we [business name] attended a conference, a security guard stopped us at a major conference for this industry and questioned our attendance. [My life partner and I] had on our

lanyards with our name tags, but the guard never asked to see them He assumed that we were not in the right place and surely were not attending the conference.

Paige: Another example I can share about experiencing ethnic constraints was 4 years back that our business was featured in the [city]. We were selected to do a space as a [occupation name] in the [building kind name]. We were attending the [event name] and a lot of [occupation name] were there, and attendees thought my life partner and I were the musicians for the event. They were not used to seeing African Americans and minorities *up front* in this industry.

The participants described their experiences contending with African American ethnicity as a constraint. They experienced various examples of ethnic discrimination in the small-business ownership arena. Moreover, they expressed concerns about problems noticed within their own ethnic group within their business communities and family circles.

Finally, balancing work and life priorities was illustrated as another constraint. The next subtheme explains these entrepreneurs' strong desires for balanced work and life responsibilities.

Work/life balance. The participants faced personal adversities that occurred during their business start-up phase. The majority (12) of the participants cited handling work/life balance priorities as a personal hurdle. Seven of the 12 participants explained that serving as a family care provider for immediate family members imposed a hardship; yet, the work/life balance issue focused on the participants' strength to serve in a dual capacity, as both care taker and business owner. The participants admitted feeling guilty about putting their entrepreneurial business agendas ahead of their family priorities. Three participants noted that their childcare challenges as single parents potentially were compounded if other immediate family members also required care in various ways.

Yolanda: Being away from family, long hours—at the beginning, when I was trying to get the business open, I was working full time, going to school part time, and my life partner was traveling with his job. So I was like a single parent trying to do all these things and get my business open.

Cindy: I eventually became a single parent raising five children. . . . Then I would be gone *all day*. . . . You have the challenge of being a mother and being a care provider for five human beings, and that was the most challenging at that time.

Brittany: And making sure that the children were taken care of my father became ill, and so it was trying to make sure that my parent was able to be taken care, of because my sister was unable do it. . . . So, it was all of that balance, trying to make sure that I was there for my dad, and trying to provide the support. . . . And just being a single parent—just battling the whole financial issue[s] [associated with starting a business and being a family care provider].

Below, Eva’s story emphasized her difficult work/life balance experience dealing with a family member’s or one’s own personal health status. Cheryl viewed her work/life balance constraint from a positive perspective.

Eva: When I . . . truly made the decision to be focused, and started [a business], I was diagnosed with [disease name] So that was a major crisis for me that I had to . . . overcome . . . to transition from being healthy to the illness, and then taking care of my health, and then transitioning back to my business.

Cheryl: Being a single parent, and basically a loner, I think, because of me being single, was probably a fortunate thing because, I think if I were married, or heavy into a relationship, that would have caused some constraints and some obstacles.

These entrepreneurs strategized and relied on balance to adjust to the daunting undertaking of transitioning from employment to self-employment. Participants’ comments also focused on what society perceives about women and/or minority business owners’ business, personal, or entrepreneurial traits, and how they faced such perceptions:

Yolanda: I get that all the time; one woman, actually, when she walked in, and I was in the back [a separate room/office inside the business], and she said, “I was not expecting a Black woman to come from back there.” But I get that all the time [customers think that the business is owned by a White business owner]. . . . This

[personal service] is for everybody . . . everybody you know seems to think this a White-owned business.

Pamela: There *was* a stigma before I started my business; doing my business with a Black business owner and that, I don't know if people just kind of had to deal with this, or is this just my own *experience*. But the stigma is that the *quality* of the service provided by the Black owned businesses was not the same as compared to the majority [nonminority]. So, just going in[to the business] and knowing that . . . [there are] just some things you need to have in your mind. You start your business, and you know *you've got to* have your business on point; if not, it makes it difficult for the next minorities . . . to prove and pursue business with that client.

Cheryl: Oh, they're just the [industry] people [and what they perceive about this industry's] people. We are discounted. . . . It's an ongoing challenge to overcome those perceptions.

In short, the participants faced constraints of gender, ethnicity, and work-life balance, complicated with intragender and intra-ethnic group conflict during their business startup and management. Several participants provided work/life balance stories related to their experiences balancing dual roles as family care providers and business entrepreneurs. Several participants described gendered and ethnicity-laden perceptions compounded the constraints that they faced. As their stories unfolded, the participants shared how they dealt with these constraints of gender ethnicity, and work-life balance. The next section elaborates on the participants' experiences with and perspectives on the coping tactics they used to start and manage their minority- women-led business ventures.

Coping Tactics

The participants managed or circumvented constraints they faced maneuvering the process to get financial capital required to start their own businesses. They relied on self-empowerment and spirituality to manage constraints, hurdles, transitions, and crises.

Self-empowerment. The participants faced various constraints and obstacles trying to access capital for their small-business start-up phase. The participants managed hurdles and transitions, practiced steadfastness, reflected on prior situations, and transformed their attitudes to believe in themselves. More than half (12) of the (20) participants embraced self-empowerment as a way to handle and/or circumvent their difficult experiences in obtaining capital. Participants decided that, to take action, remain positive, believe, reflect, and accomplish goals were optimal ways to deal with this difficult experience:

Nancy: I pretty much self-taught myself, because it became very expensive to be able to try and continue to take classes and yet have [purchase] the equipment So, as far as the financial [business] hurdle, I think I did the same thing that I did with the equipment and the technical training hurdle. [That] is, you pace yourself. . . . So I just set goals . . . it gave me a little more time to evaluate whether that piece of equipment was necessary; whether that class was necessary; or could I just do it myself.

Becky: Don't assume anybody—banks or landlords or vendors or anyone—is going to look out for you. You've got to look out for yourself and for your business.

Paige: I was more determined to do my own research, and educate myself, and find out as much information as I could, and to do what I wanted to do.

Darlene: Stepping out on your own is one of those things [challenges faced], since that, there is not guaranteed money.

Connie retrospectively considered how former actions could benefit future ones:

Connie: That was the only thing I could do was . . . just reflect back on how my [former business partner] handled things.

Two participants provided captivating self-empowerment illustrations. Cheryl candidly expressed how self-empowerment helped her to undertake entrepreneurship. Diane independently self-financed her business until she met the time-frame criterion to attain accreditation and apply for federal funding.

Cheryl: I was just determined, again, because I am a loner—I am an only child—and so it was just determination. I was just focused.

Diane: We provided financing to people who . . . could not pay . . . upfront and then, as I said, I took [on] . . . a lot of personal debt . . . so [my life partner and I] spent everything we had to get the [business] up and going. Even though it was challenging, it also proved to be very beneficial, because when I had put everything into it and failure was not an option. So you had to make it work.

In short, the participants were self-empowered to undertake and accomplish their business start-ups. In addition, they relied on the use of another tactic, spirituality, and remain focused as they maneuvered through their courses of obstacles. The next section describes spirituality as one of their major coping tactics.

Spirituality. These African American women entrepreneurs shared their strategies and experiences handling the obstacles transitioning from employment to self-employment. The participants were driven to stay focused, persevered in their pursuit of becoming (and remaining) entrepreneurs, and appeared to be anchored in strategies learned to embrace spirituality and center on prayer, God, blessings, and/or faith. *Spirituality* is defined herein as acknowledgement of an inner life that helps an individual, through specific practices such as mediation, prayer, or self-reflection, feel connected to something greater than oneself (Kauanui, Thomas, Rubens & Sherman, 2010; Pio, 2010). The theme of spirituality clearly emerged in the findings, evidenced by 16 of the 20 participants.

Several participants called and relied upon, and acknowledged, higher sources (God, grace, and prayer) for three main issues that they faced: losing a business partner, finding a new building and location, and getting money to fund the start-up phase. One

participant relied on spirituality daily to persevere in terms of faith, prayer, and a higher being, the Lord, in addition to Bible scripture, to mitigate an uncomfortable situation.

Connie: “Oh, my God what am I going to do?” And, by the grace of God, my mother-in-law found this building. . . . Pray—that was the only thing I could do, was pray. Pray that it would be okay, talk to different people, other owners of different businesses just to see how they got through it [starting up a business], and kind of just reflect back on how my [late business partner] handled things. And I prayed on it, and it worked.

Darlene: I wasn’t going to let anyone or anything deter me, and this is what I knew God [had] in store with me, so I just went with it.

Naomi: My faith is what got me through, because I was not able to get money from [any]one. . . a lot of prayers, a lot of faith, doing the work myself, and just saying, “You can do this,” and *not giving up*, because many time[s] that I wanted to give up, [be]cause I couldn’t see myself going any place. But everyday I kept the faith, and I made it through another day. . . . So it just makes you feel like why Lord, why Lord. I know we are the meek that are going to inherit the earth [Psalm 37:11], but I tell you, we Black women have suffered personally.

Cheryl: I [have] three words—they all begin with Ps—passion, perseverance, and prayer. . . . I think God put [these the three traits] in my path to help me, so I don’t want to think that it was all me . . . I think it was divine intervention that got me a step closer to my dream. . . . And I had to step out on faith.

Pamela: I was blessed to be able to work for my parents, and then I stepped out on faith, and, with their blessings, and started my own business, and they were then one of my clients. . . . Well, on the business side of it, how I was able to manage the constraints. I just stayed positive, and stayed rooted in my faith and God, what He has birthed in me, and just didn’t let all of the *rejection* stop me from moving forward.

In short, to lessen their fear, pain, or frustration, participants managed or circumvented the business and/or personal transitions, constraints, crises, or hurdles that they faced during their business start-up phases by persevering and relying on a spiritual connection with a higher being, God, and having faith in God and/or in themselves as aspiring entrepreneurs.

Coping tactics summation. In summation, the participants strategies involved use of two coping tactics to meet the necessary requirements to get their businesses started. In order to deal with the difficulties encountered, they relied on self-empowerment as a means to remain confident in their own capacities to, for example, make decisions about their personal and business circumstances. Also, the participants depended on spirituality as a way to manage stress they experienced in the form of crises or constraints in transitioning from employees to business owners.

Analysis Summary

An analysis of the interview responses generated six major themes from the participants, in recalling their feelings and viewpoints regarding their experience attempting to and/or obtaining financial capital to start their own businesses. The participants laid their foundations to recall their experience providing their reasons for pursuing small business ownership and describing what specifically prompted or inspired their decisions to become entrepreneurs. The participants stated reasons centered on personal satisfaction, which included following their dreams or fulfilling their desires to use their work experiences, skills, and talents. They viewed their talents as unique gifts discovered when they were adolescents and perfected through their passion for certain hobbies. The participants' internal motivation to become small-business owners often led to their pursuits of social capital.

The participants explained how they sought and relied on different kinds of social capital. They sought social capital by several ways: family support and connections that led to acquiring moral support, labor, or physical capital; nonfamily networking and connections, which led to acquiring similar kinds of capital to that acquired via the family

support and connections, and to more diverse kinds of capital via nonfamily mentoring and connections (e.g., technological resources, information, and expert advice).

Participants emphasized that prospective business owners should be entrepreneurially astute. They reflected on the start-up phase of their businesses and stressed the importance of possessing other kinds of social capital, such as the working knowledge necessary to start and operate a business, key business management skills like accounting and time management, and specific entrepreneurial traits like persistence and endurance, prior to the start-up stage as well as during the journey toward becoming successful business owners. Their views focused on what other minority or women entrepreneurs should know prior to starting a business. These different kinds of social capital provided the participants with valuable resources that aided their transitions to self-employment.

These African American women entrepreneurs explained their overall experiences procuring external, financial capital. Participants addressed their difficult experiences seeking external bank and described how they felt surrounded by feelings of uncertainty and negativity, particularly when their applications were denied. They also shared their hectic experiences once they decided to seek, in parallel or in series, external nonbank (agency) capital. Most predominantly, they pursued one agency, the SBA, and the overall process was very demanding and brought on feelings of frustration trying to meet the criteria and requirements. None of the participants who actually sought external capital via the SBA shared a positive account. They also shared how other problems procuring external funds at start-up arose, such as writing effective business plans and ascertaining how much funding would satisfy their start-up costs. Attempting to procure external

capital, via the traditional bank route or the nontraditional nonbank agency route, was a difficult process.

These African American women small-business owners also described their experiences using and seeking internal capital. They described a fearful and painful experience deciding to use internal capital such as personal cash or savings, and the agony of depleting their funds or using them at all, vividly illustrated. They often decided to seek financial resources from their circle of family and friends. Participants characterized their families' and friends' efforts as supportive and positive experiences. They also provided advice on how to be financial savvy, and use internal funds primarily to build and present solid financial portfolios to get loan approvals. They admonished other women and minority entrepreneurs about the use of credit and ensured that they understood its underlying terms.

The participants faced additional issues procuring capital to start their own businesses, centered on contending with constraints of gender and ethnicity, including intragender and/or intraethnic constraints, and work/life balance. A major concern that emerged was how African American women entrepreneurs handled challenging gender-related constraints encountered in applying for loans. They also explained how gender influenced award of contracts or payment of wages. Ethnicity-related constraints complicated business relationships with their business colleagues, clientele, and employees. In addition to these constraints, another kind of constraint, work/life balance, added to their feelings of guilt while having to manage dual roles as caretakers and business owners. These constraints, in addition to the customary transitions entrepreneurs encounter in the business start-up stage, negatively impacted their experience.

These African American women business owners used several coping tactics as critical strategies to maneuver the hurdles and constraints associated with their business start-ups. The participants' reliance on self-empowerment helped them to handle the obstacles, issues, constraints, transitions, and crises. Participants expressed their willingness to rely on spirituality to push forward and help minimize their fears, pains, or frustrations combined with their struggles obtaining the most critical resource, financial capital, to fulfill their dreams and own their own businesses. Most participants had concluded that reliance on spirituality was an ideal way to handle the constraints that they faced.

In summary, during the interviews participants informatively shared their lived experiences, and illustrated how their decisions to seek or not seek various kinds of capital impacted their transitions from employment to self-employment. Overall, this study provided a detailed account of 20 African American women entrepreneurs' experiences in obtaining financial capital for business start-up. The next chapter takes this analysis further, to compare these findings to extant literature, draw conclusions, and examine the implications of this research for theory, practice, and future research.

CHAPTER 5. DISCUSSION, IMPLICATIONS, RECOMMENDATIONS

The African American women entrepreneurs in this study represented a variety of ages, education levels, business sectors, business structures, and business ages. The participants ranged in age from 34 to 64. Their educational attainment level was mainly at the bachelor's degree level but also included doctoral, master's, high school, and vocational school. Their business sectors included retail, services (management, business, healthcare, and financial/ insurance), education, staffing, and outsourcing, development (business and real estate), transportation, and broadcasting. Their business structures were mainly LLCs, but also included incorporation, sole proprietorship, and C-corporation. The participants' businesses age range was from 1.5 to 27 years.

The participants' interviews about their experiences procuring capital to start their own businesses generated six recurrent themes:

- *Internal motivation* influences the entrepreneurs' decisions to start their own businesses.
- *Social capital* facilitates gaining access to various kinds of start-up capital.
- Procuring *external capital funding* for start-up is difficult and challenging.
- Using *internal capital funding* for start-up generates mixed outcomes because using personal internal funds is painful and using nonpersonal internal funds is positive.
- *Constraints of gender, ethnicity, and work/life balance* compound the entrepreneurs' experience of obtaining start-up capital.
- *Coping tactics of self-empowerment and spirituality* facilitate handling of the constraints facing entrepreneurs during their business start-up phase.

This closing chapter presents a discussion of the study findings and comparison to the literature in Chapter 2; analysis of how the findings inform the research questions; reflections on study methods; revisit of the study's underlying assumptions and limitations; practical implications for individuals, organizations, and their leaders; personal reflections and learnings; and recommendations for future research.

Discussion of Results and Comparison to the Literature

African American women tend to attempt entrepreneurship less and with a shorter business lifespan than other ethnicity counterparts, male or female (Lee & Rendalli, 2001). Although previous literature offered possible explanations as to why African American women entrepreneurs seek capital funding differently than others and experience various excessive difficulties procuring start-up capital for their businesses than others, these differences comprised a gap in the literature (Harvey, 2005). This study sought to facilitate understanding of this issue and shed light on some common themes that underpin African American women entrepreneurs' challenges by answering the central research question,

What is the experience of African American women entrepreneurs (as defined herein) in attempting to procure capital for their small businesses start-up phase?

and several subquestions,

What are African American women entrepreneurs' experiences with and perspectives on the use of

- networking and other forms of social capital
- internal financing (as defined herein)
- external financing (as defined herein)

to procure capital for their small-business start-up phase?

What challenges and/or advantages, if any, do African American women entrepreneurs describe in procuring capital for their small-business start-up phase?

Several bodies of literature provided valuable insight into these issues for comparison to this study's findings: reasons African American women pursue entrepreneurship, seeking social capital, accessing external capital funding, using internal capital funding, encountering constraints, and employing coping tactics to handle constraints. The following sections compare each major theme noted above to the previous literature.

Internal Motivation

Participants stated that they desired to become entrepreneurs to personally satisfy two goals: self-employment to follow their dream; and to use their work experience, skills, or talents. It was a surprise that the participants were not externally motivated to achieve entrepreneurship.

Previous research indicated that African American women are inspired to remain committed to their cultural and community relationships when deciding to undertake entrepreneurship (Aspaas, 2002; 2004; Lewis, 1999), and decide to pursue entrepreneurship for two prevalent reasons: balancing work and life priorities, and leaving their former employment positions. They embrace their ideas to depart from their former employers after dealing with work/life balance and gender constraints (Harvey, 2005). This study's findings augment understanding of why African American women pursue entrepreneurship, providing reasons that motivate them from within, such as following their dreams and/or using their work experience and talents. These motivators contrast with those of the minority of the participants in this study and those presented in prior

literature, which centered on the women's desires to exit private- or public-sector employment due to dissatisfying circumstances, trying to balance their mother and employer roles, or avoiding reaching the glass ceiling of workplace gender inequality. For example, Yetim (2008) stated that African American women claimed reasons to pursue entrepreneurship such as a need to struggle and survive. In contrast, in this study, the women explained that they were inspired from a positive perspective to seek personal satisfaction and start their businesses. Five participants desired to simply follow their dreams to own their own businesses, and 1 of the 5 participants was self-motivated to satisfy her curiosity and find out what it would be like to own her own business. Three participants felt that capitalizing on the use of their formerly acquired skill sets could provide improved business services. Three other participants noted that their once-hidden talents were discovered when they sought to avoid purchasing expensive commodities that could instead benefit other clients' search of less expensive, unique products or services.

Paige: What [my life partner] did not know was that I had hidden talents ever since I was a young girl. For example, in the 8th grade, my mother . . . purchased me a Singer® machine. I used the sewing machine to make my own slacks, blouses, dresses, and anything that a young girl desired to have [as part of my wardrobe].

Connie: Actually, it was easy [to become an entrepreneur]. I have been doing [business product name] since middle school.

Thus, these African American women entrepreneurs expressed desires to realize their vision, achieve their goals, and undertake entrepreneurship, and found that they needed to procure the most crucial resource for a new business venture, financial capital. These entrepreneurs indicated that were internally motivated to take advantage of an

opportunity to become owners of their own businesses. This finding is different from the previous literature which indicated that African American women are motivated by external reasons such as escaping the experience of encountering socioeconomic disparities, balancing work and life agendas, and avoiding reaching the glass ceiling in corporate employment (Harvey, 2005; Yetim, 2008).

Social Capital

In the context of women's entrepreneurship, two forms of social capital, bridging and bonding, emerged in the literature (Aspaas 2004; DeCarlois & Saporito, 2006). Previous research indicated that African American women tend to employ the bridging form of social capital by establishing close-knit ties with persons they know very well, like immediate and extended family members, which may lead to networking with nonfamily acquaintances (Blockson & Robinson, 2007; Harvey, 2005). This study's participants' descriptions of their experiences supports Aspaas' (2004), Blockson's and Robinson's (2007), and Harvey's (2005) positions that African American women seek out family support when starting their own businesses. The bridging ties form of social capital positively impacted the participants' business start-up phases. The participants explained that they felt a strong sense of security in relying on family for moral support or labor. In other words, these entrepreneurs' experiences seeking family support were positive because their families' efforts were supportive.

Previous research also indicated that African American women entrepreneurs establish networks among individuals with whom they are most familiar (Yetim, 2008). Half of this study's participants supported that argument and networked via connections with business professionals and colleagues whom they knew as formal and informal

acquaintances. Contrary to previous research indicating that women entrepreneurs use networking less frequently than their male counterparts due to a lack of interest and time, and work/life balance constraints (Aaltio et al., 2008), the participants in this study demonstrated an interest in networking:

Brittany: As far as personal experiences that helped me to transition to self-employment, it was those relationships that I had established . . . while working as an employee. Relationships that I had established in networking that helped a lot.

Cheryl: I would . . . do more business networking . . . sooner . . . because that's important . . . getting out there and networking, that's part of running the business, too, because you need those relationships to get to the next level.

Martha: Meeting [and] networking with different people in reference to what programs are out there, in reference [to] starting up, that would help you start your own business, and just sitting with people and talking about your business plan.

Rita: I went to two or three different groups of business meetings, and we [business owners' colleagues] exchanged business cards, and we talked about . . . what we were offering [as services or products] in our business[es]. And I would suggest to anybody to start those types of networking *early on*, because it's just so important to put yourself out there to meet other people.

The participants noted other kinds of social capital that women and minority entrepreneurs need to seek and acquire before entering entrepreneurship, including working knowledge of owning a business and business management skills. This finding is consistent with the previous literature noting a main benefit of social capital: access to information, because entrepreneurs tend to rely on knowledge obtained from mentors, business professionals, or other business owners to facilitate venturing out and creating successful businesses (Bjerke, 2007; DeCarolis & Saporito, 2006; Dyer & Ross, 2008).

Participants related that starting businesses also requires that prospective and established entrepreneurs have attributes such as persistence and endurance to achieve results yielding profitable businesses. The participants considered these attributes as

interdependent with and potentially leading to social capital such as leveraging relationships and seeking expertise. Possessing these entrepreneurial traits can lead to access to social capital; for example, a good working business knowledge that could improve the likelihood of access to external capital availability and positively influence business outcomes. It was not surprising that these participants felt that two key attributes, persistence and endurance, were important to consider; persistence and endurance are attributes that commonly are used to describe entrepreneurs' traits.

Participants prevalently used the bridging ties of social capital to pursue entrepreneurship to initiate their own businesses, consistent with the literature (Aspaas, 2002; Blockson et al., 2007; Yetim, 2008). These participants sought social capital from family support and connections, indicating greater accessibility, than social capital via nonfamily networking and connections. However, participants networked to seek professional support and guidance underscoring the importance of other kinds of social capital, such as working knowledge, business management skills, persistence, and endurance. Likewise, this study's findings align with previous research indicating that social capital plays a major role in an entrepreneur's start-up phase (Aaltio et al., 2008; Bjerke, 2007; de Bruin et al., 2007; Dyer & Ross, 2008). Social capital is a resource these participants sought to become entrepreneurs, primarily to facilitate seeking the most critical start-up resource, financial capital.

External Capital Funding

African American women entrepreneurs compared to other groups of entrepreneurs face greater obstacles obtaining start-up capital (Lee & Rendalli, 2001; Lee & Rendalli, 2001; Mitchell & Pearce, 2005; Smith-Hunter & Boyd, 2004). All of the

participants stated that they attempted to obtain external funding, and explained that obtaining financial capital was the main business hurdle they faced, most often trying to obtain bank capital. This study's results contradict Mitchell and Pearce's (2005) finding that minority business owners traditionally elect *not* to seek any kind of bank loans. These participants explained banks' cumbersome and reiterative processes of applying for loans and trying to meet stringent lending loan criteria. These participants sought to patronize an average of five banks. Several participants attempted to get bank loans from more than 5 banks; 1 participant went to 7 banks and 1 tried patronizing 10 to 12 banks. Most of these participants' bank loan applications were rejected. They claimed that the most prevalent reason for bank loan officers denying their loan applications was because their businesses were less than 2 to 3 years of age.

Brittany: I was feeling discouraged because I felt [bank officials were] saying that I need to be in business for 2 years before they would extend [to] me any kind of financial help. I became a little frustrated.

Diane: The major hurdle was the financial hurdle because in my industry my [business type] has to operate for approximately 2 years before I could really get the funding for my [clientele type]. So there were 2 years without any funding . . . that was really difficult.

Ester: The bank did say that the reason for being turned downed was (1) you have to be in business for 3 years and . . . show a profitable margin in order for them to bank [approve] any type of loan [without exception].

These participants explained that bank loan officers rejected their loan applications and claimed that their businesses were not lucrative. It was not surprising that several of these participants' businesses are in the personal or healthcare services sector because African American women-led businesses traditionally represent the *service-oriented* sector. A couple of participants described roadblocks they encountered

trying to convince bank loan officers that they had enough collateral to support their requested loan amounts. Several participants commented that they established relationships with a bank of their choice and one of these participants commented that her personal bank account included a substantial amount of money. These participants sought other options, such as loans from nonbank sources: special programs created to help minority- and women- business owners, more frequently the SBA than any other agency or special program.

A majority of the participants sought nonbank capital, SBA funding. These participants commented on their less than positive experience seeking SBA funding. One participant noted a relentless effort to secure a SBA loan and found the experience confusing, despite the fact that entrepreneurs commonly approach this agency with the understanding that its mission is to help small-business owners.

Thus, these participants sought external funding via traditional bank capital and unconventional nonbank capital, describing their experiences as challenging and difficult. These findings support prior research conclusions that African American women-led businesses are disadvantaged starting out, and positioned to gain less than their men and women counterparts of other ethnicities (Aspaas, 2002; 2004; Blockson et al., 2007; Harvey, 2005). These entrepreneurs continued to seek less challenging capital funding options, including an alternate source of funding: internal funding.

Internal Capital Funding

Minority women approach their business ventures differently than male counterparts (Harvey, 2005; Smith-Hunter & Boyd, 2004), and African American women most often used different business financing strategies than their White and

minority women counterparts (Aspaas, 2002; Harvey, 2005). A common business financing strategy minority women employ is use of their personal funds (Harvey, 2005; Smith-Hunter & Boyd, 2004). Most of these participants used internal instead of external financing debt structure. Not surprisingly, more than half of these participants considered and used their personal savings or retirement funds and openly shared that they depleted their accounts, feeling pain and fear in doing so.

These participants also borrowed funds from families and/or friends, using a different kind of debt structure to finance their businesses. When they used their own personal funds, their initiatives added emotional distress and complicated their transition phases from employment to business ownership. Yet these participants noted that their experiences using families' and friends' resources were positive and supportive after they decided to seek other options and use internal funds as a way to finance their businesses. Their families' and friends' decisions to use promissory notes to ensure that the loans were repaid also influenced whether these participants obtained access to this kind of capital. Repaying the borrowed family- and friends' funds added to the challenge of using their personal resources, which in most examples, showed that their accounts were depleted.

This study's findings are consistent with the literature that, as an ethnic group, African American women use a different business financial tactic, internal funding: employing their personal funds and obtaining loans from families and friends for start-up capital (Aspaas, 2002; Harvey, 2005; Smith-Boyd, 2004). It is not that these participants did so not by preference for internal funds, but after applying for and being denied traditional bank loans. Financial capital is the most crucial resource identified in the

literature (Coleman, 2000; Orser, Riding & Manley, 2006), and by these participants to start their businesses, yet certain constraints compounded their challenging experiences, as recapped next.

Constraints

These entrepreneurs recounted specific constraints that further compounded the challenges they experience in business start-up. They recounted constraints related to gender, ethnicity, and work/life balance, as detailed below.

Gender. Recent literature indicates that entry into entrepreneurship is gender neutral (Bjerke, 2007; Elam, 2008). The participants described various examples of gender constraints starting their businesses. Their responses concerning gender constraints indicated that they sensed discrimination during various steps of their start-up stages such as applying for loans, bidding on work contracts, applying for certifications, and attending industry trade association meetings. Given the business and entrepreneur dynamics integrated in the tasks of starting a business venture, clear influences of gender discrimination on their experiences procuring financial capital are not readily discernable. This study's findings align with previous research showing that the influence of gender on women's attempt to obtain financial capital revealed alleged gender-based barriers applying for bank loans (Ahl, 2006; Coleman, 2000; 2002). Ethnicity as a constraint is addressed next.

Ethnicity. Recent research reveals that minority women-led businesses encounter greater obstacles than their White women counterparts experience (Boyd, 2000; Smith-Hunter & Boyd, 2004). The majority of the participants described examples of ethnicity

constraints which indicated that they sensed racial discrimination in initiating their own businesses. They explained ethnicity as a constraint in applying for bank and agency loans, negotiating contracts, participating in formal business meetings, attending industry conferences, and providing professional services to clients. Most participants felt that ethnicity is recognized as a barrier and suggested that it may partially explain why they experienced greater hurdles accessing financial capital. Influences of racial discrimination on their experiences seeking financial capital are not clear. This study's findings augment previous research that presents mixed results regarding the influence of ethnicity on the transitions and barriers minority entrepreneurs face in the funding area (Mitchell & Pearce, 2005; Rasheed, 2004; Rhodes & Butler, 2004). Another constraint these participants faced was trying to balance their business entrepreneurial responsibilities and life agendas.

Work/life balance. Women entrepreneurs express an interest in entrepreneurial activities such as networking but claim that balancing work and life responsibilities impedes their efforts (Aaltio et al., 2007; Gundry et al., 2002). African American women traditionally engage in achieving and maintaining a sense of balance as entrepreneurs within their businesses, families, and social and community circles (Aspaas, 2002, 2004; Blockson et al., 2007). These participants expressed their desires to balance work and life priorities, fulfilling their personal visions to be entrepreneurs. The majority of participants in this study voiced work/life balance as a personal hurdle and constraint in starting their businesses. They tried to attain balance in their roles as parents, life-partners, caretakers, friends, guardians, or relatives and entrepreneurs.

Pamela: During the start-up phase of my business a few other crises and barriers I had to overcome was explaining to close friends that I just didn't have time to talk or I couldn't go on a vacation [with them] like I used to do, prior to starting my business, and just a lot of things that I had to stop doing.

This study's findings align with previous research indicating that women entrepreneurs declare work/life balance poses a difficult challenge for their families (Aaltio et al., 2007; Aspaas, 2004; Blockson et al., 2007). The work/life balance issue may explain why women entrepreneurs may not engage in or take advantage of diverse networking opportunities. These participants recognized that employing certain coping tactics is an ideal way to deal with the underlying challenges that were experienced obtaining financial capital.

Collectively, the study's findings suggest that the impact of gender and ethnicity on their experiences seeking financial capital is not clear. African American women entrepreneurs' gender and ethnic constraints add to their challenges transitioning to the entrepreneurship arena. As respects work/life balance, these participants acknowledged that entrepreneurship brings on a lot of responsibility and they viewed being business owners and playing other roles as a hindrance. These participants recognized that specific coping tactics helped to diminish the less positive effects they felt compounded their challenging endeavors, as summarized next.

Coping Tactics

The participants described two unique coping tactics they viewed as optimal for future entrepreneurs to consider using to handle diverse challenges they may face completing steps in the businesses start-up stage. The coping tactics, self-empowerment and spirituality, are recapped next.

Self-empowerment. The participants provided advice to prospective women and minority entrepreneurs based on their experiences accessing financial capital to pursue their entrepreneurial goals. The majority of these participants indicated that to rely on self-empowerment is an optimum avenue to help accomplish tasks and manage hurdles, crises, and constraints associated with business ownership start-up.

This unique finding augments previous literature, which did not point out the role of self-empowerment in African American's entrepreneurs' lives as a way to handle challenges associated with entrepreneurship. Spirituality is another way to cope, as recapped next.

Spirituality. Many of the participants indicated that they embraced spirituality as a way to help focus on and persevere in their goals. The participants explained how spiritual-based thoughts helped them to stay on course.

Again, this finding augments previous literature, which did not address the part that spirituality, if at all, plays in women and minority entrepreneurs' start-up intentions. It was remarkable that these participants claimed spirituality as a means to contend with constraints and the pride that comes from deciding to undertake entrepreneurship.

The participants shared advice and provided suggestions they felt would help women and minority entrepreneurs enhance the possibilities to successfully undertake the financial capital procurement step in the start-up stage. The participants embraced their ideas about how to handle various obstacles that they encountered. These participants indicated that relying on spirituality is an ideal method for women and minority entrepreneurs to minimize the negative effects of challenges.

Summation on coping tactics. These participants considered and used two resources, self-empowerment and spirituality, to help maneuver hurdles and transitions. Embracing self-empowerment and spirituality as coping mechanisms also enabled the participants to declare a sense of victory in the midst of the adverse situations they encountered. The participants' views on these two unique coping tactics augments previous literature that did not focus on the role that self-empowerment and spirituality played in African American women's experiences seeking financial capital.

Analysis of Results Informing the Research Questions

This exploratory study sought answers to the central research question,

What is the experience of African American women entrepreneurs (as defined herein) in attempting to procure capital for their small-business start-up phase?

and subquestions,

What are African American women entrepreneurs' experiences with and perspectives on the use of

- networking and other forms of social capital
- internal financing (as defined herein)
- external financing (as defined herein)

to procure capital for their small-business start-up phase?

Analysis of participants' reported experiences as they inform each question follow.

Experiences With and Perspectives on Procuring External Capital

The popular avenue that entrepreneurs use to fund the business start-up phase is to seek traditional bank loans exclusively. African American women entrepreneurs attempt to procure capital to fund their small-business start-up phase by various means. Similar to

previous research, the most prevalent ways in which these participants sought capital were via application for bank loans and application for agency (nonbank) loans.

These participants also found it necessary to seek funding via unconventional means. They sought SBA loans because bank loan officers often rejected their loan applications. These participants emphasized the importance of seeking nonconventional loans to satisfy meeting the most crucial step of the business start-up phase, obtaining financial capital.

The outcomes of the participants' loan application to banks and the SBA agency were consistent with the literature. Bank and agency loan officials tend to decline African American women entrepreneurs' applications based on business characteristics such as age, type, location, or size relative to collateral (Martin et al., 2006; Rasheed, 2004), thus not enabling the entrepreneurs to procure the most important source to initiate their businesses.

The participants felt that seeking external financing was an optimum way to fund their business start-up phases, but they asserted that they had limited to nil access to funding.

Connie: My credit was good and everything checked out but And then, they [bank loan officers] went on [considered as a lending criterion] the area I [business location] was in, too. I didn't know that played a part too whether they would give a loan or not.

Naomi: Well, the lesson that I learned trying to open up your own business, especially being Black, [is] you need to make sure that you got some access to money, because you can not depend on the SBA or the banks to get money. You got to be able to have some access to money; if you don't, [you will be] *sad* and disappointed. . . I had this [my business facility] as collateral, but they did not look at that.

In answering the central research question—What is the experience of African American women entrepreneur’s (as defined herein) in attempting to procure capital for their small-business start-up phase?—participants described difficulty trying to access capital from the banks and agencies. Their feelings of disappointment also impacted how participants positioned their viewpoints on the financial services industry. This finding aligns with the literature on the intersectionality of gender, ethnicity, and entrepreneurship.

It is uncertain, and clearly beyond the scope of this study, whether, collectively, the participants’ education and business experience may impact bank and SBA loan officers’ assessments of the businesses’ potentialities. This finding augments the previous literature that shows inconsistent and unclear results about the impact of education and entrepreneurial business experience on African American women’s likelihood of undertaking entrepreneurship. The participants reported that loan denials obtained from lending institutions and agencies were a key factor in their decisions to consider an alternative source, internal funds.

Experiences With and Perspectives on Using Internal Capital

These African American women business owners used internal funds to enter entrepreneurship. The majority of the participants reported use of internal funds and indicated that they would not have been successful in starting up their businesses without the use of personal and/or families’ and friends’ resources. The participants’ concern about the use of their personal funds is consistent with the literature on African American women’s decision to use a different financial strategy to start-up (Aspaas, 2002; Mitchell & Pearce, 2005; Smith-Hunter, 2004).

Participants noted that the use of internal funds is essential to improve one's chances of initiating a successful business venture. All of the participants described their experiences of having to use personal funds as dissatisfying. Yet, all of the participants indicated that asking their families and friends to help provide funds was an invaluable experience.

In addition to using personal funds and borrowing funds from families, the participants sought options to ease the burden of their start-up initiatives. Social capital was sought for the participants' entrepreneurial initiatives.

Experiences With and Perspectives on Using Social Capital

These African American women entrepreneurs commonly used the *bridging* form of social capital: *bridging ties* that facilitated smooth transitions from employment to business ownership, a finding consistent with previous research (Boyd, 2000; Blockson, Robinson & Robinson, 2007). Only two participants reported using the *bonding ties* form of social capital, although this finding should not be taken to imply that African American women are not familiar with the use of *bonding ties*.

Examples of the kinds of social capital were family support and connections and *nonfamily networking, mentoring, and connections*. Leveraging relationships by networking led to other kinds of capital such as *technological, information, and physical*.

Cheryl: An African American woman who had worked in the same industry taught me how to get contracts and bid on them.

Ester: My father was my support system. He just helped me through it all.

This study was informed by research into the theoretical constructs of social capital intersecting gender and entrepreneurship. Several previous studies (Aaltio et al.,

2008; Aspaas, 2004; Blockson & Robinson, 2007) examined social capital and entrepreneurship from a gender perspective to understand the challenges commonly noted in women's entrepreneurship. Aaltio's et al.'s (2008) and Elam's (2008) works were particularly important because they addressed social capital and entrepreneurship from a gender perspective. The studies revealed few gender differences for the more recent research and unveiled discrimination in the earlier literature. In answering the research subquestion—What are African American women's experiences with and perspectives on the use of networking and other forms of social capital?—this study sought to identify the African American women entrepreneurs' experiences with and their perspectives on various forms of social capital. The findings reveal that seeking and using social capital is very positive and beneficial. Although those studies chose not to focus exclusively on African American women entrepreneurs the findings in this study contribute to current research on social capital, nonminority and nonminority women entrepreneurs, and entrepreneurship.

Overall Address of Research Questions

This research was designed to gain understanding of African American women entrepreneurs' experiences procuring capital, spanning social capital, internal financing, and external financing. In answering the central research question—What is the experience of African American women entrepreneur's (as defined herein) in attempting to procure capital for their small-business start-up phase?— the participants revealed that various hurdles, transitions, obstacles, and constraints impeded their efforts to access and procure external financial capital, if at all. The findings of this study with respect to the research questions aligned with the literature pertaining to African American women

entrepreneurs' experiences in attempting to procure external capital for their small-business start-up phase. Thus, typically, the participants' perspectives on the use of external financing were clear, to persevere to obtain get loan applications approved for external funding. In addition, the participants' viewpoints include obtaining not only the appropriate kind of capital but an adequate amount to fund a business start-up phase.

Although the primary source of funding fueling business start-up is traditionally external funding (Haynes, 1999; Orser et al., 2006; Verheul & Thurik, 2001), the primary source for these African American women entrepreneurs was internal funds. Their start-up funding responsibilities began with applying for conventional bank loans and agency funding. Their processes of seeking capital progressed to using internal funds supplied by various personal resources and families' and friends' funds.

The participants' experiences on the use of internal funds varied: less positive when using their own personal funds, yet, in contrast, more positive when seeking internal capital whether in the form of borrowed funds or gifts from family and/or friends. The participants' outlook on the use of internal funds was to not use them and seek alternate kinds of financial capital. The participants' perspectives on the use of the optimum form of financial capital are consistent to the entrepreneurship, business, and economics literature.

A major means of support for the start-up initiative was social capital. The main form of social capital, *bridging ties*, and its use led to a variety of other kinds of social capital. Via networking, to seek professional expertise, a main benefit of seeking social capital was access to physical, human, information, and technological capital. Participants reported that the support received from their families, friends, colleagues,

mentors, and business professionals was essential to securing the necessary resources to move forward with their business start-up initiatives.

All of the participants reported various kinds of challenges in securing funding, such as gender and/or ethnic constraints and balancing work and life responsibilities. Several indicated that the challenges rose to the level of potentially derailing their start-up efforts. The participants explained that starting a business may be less challenging if a potential business owner aspires and becomes entrepreneurially astute before the start-up phase. The participants reported a valuable lesson learned: that there are very few situations that a new entrepreneur could encounter that an established entrepreneur has not previously encountered. By studying entrepreneurship and business management from a training perspective, the participants reported that women and minority entrepreneurs can learn from the hard experience and lessons learned by others.

The central research and subquestions, based on the participants' descriptions, interpretations, and explanations of their experiences and perspectives, were answered well. What remains unanswered in more detail are what advantages African American women entrepreneurs recognize are present to procure capital and open the door to small-business ownerships. Three participants alluded to an advantage of a women-minority owned business in the light of the current economy and federal, state, and local resources and programs designed to focus on helping small-businesses and, in particular, women- and minority-owned. The study's findings contribute meaningfully to the literature.

Reflections on Study Methods

This study was designed to permit the participants to respond to questions that explained and provided an understanding of the participants' experiences (Denzin &

Lincoln, 2005; Silverman, 2005). As proposed, data for this study resulted from three-phase interviews with African American women entrepreneurs from various business sectors in a specific region of the U.S. The research design was exploratory and qualitative in nature, selected as most appropriate to explore the intersectionality of ethnicity, gender, age, and class, and to capture rich descriptions of African American women entrepreneurs' experiences of a social issue in their own voices (Cope, 2005; Creswell, 2007).

Participant Recruitment

Candidate recruitment employed a variety of resources. Using a variety of resources, 9 qualified participants were located from snowball sampling, 4 from networks, 3 from the Chamber of Commerce roster, 2 from business advertisements, 1 from a business listing, and 1 from a newspaper article. Surprisingly, at least one qualified participant resulted from each of the sources identified and proposed. The *snowball or chain sampling* method enhanced location of new and information-rich key contacts (Patton 2002; Seidman, 2006). Yet, snowball sampling has associated disadvantages and advantages.

Snowball sampling can introduce bias and minimize the chances of reaching a cross-section of a population (Miles & Huberman, 1994). Collecting information about an entire population is costly, practically impossible, and no definitive rule to define a correct participant count exists and this indicates that using the snowball sampling method to locate potential participants is appropriate to study small samples of people and present the experience of the people in depth (Patton, 2002; Tuckett, 2004). An ethical issue using snowball sampling that may potentially arise is assurance of

confidentiality (Eland-Gooossensen, Van De Boor, Vollemans, Hendricks & Garretsen, 1997). The potential candidates in this study were assured of sufficient protection about the information they shared about themselves or other potential candidates. In the initial phone contact screening call (Appendix C), the reasons why the prospective candidate was identified were shared. The screening interview questions and protocol (Appendix C) was designed to provide adequate information and ensure that the process did not disclose highly confidential information such as for example revenue. This potential ethical issue, invasion of prospective participants' privacy, confidentiality, and anonymity did not pose any challenges in this study. The snowball sampling method worked well in this study.

Qualitative research normally deals with small numbers of participants, and the researcher's task is to present the experiences of the people in depth and detail (Miles & Huberman, 1994; Seidman, 2006). Snowball sampling is useful when the desired characteristic is rare and locating potential participants may be very difficult and costly (Miles & Huberman, 1994). This study's design used a small number (20) of participants with rare selection criteria: African American women entrepreneurs doing business in a specific region who had attempted to procure external financial capital for their start-up phases. Thus, snowball sampling proved to be an effective and beneficial method for recruiting the participants.

Rapport Building

Once I reached the potential candidates via phone to conduct the screening and verify qualification, I sensed that some were suspicious, from a competitive standpoint, regarding entrepreneurship. To lessen the potential candidates' suspicion, I reiterated that

they were not obligated to participate in the study, even if they qualified to participate. Additionally, the three-phase interview process helped to build an appropriate participant-researcher rapport (Seidman, 2006). Only one potential candidate decided not to follow through, after the primary contact who made the referral confirmed that no participation incentives were involved.

The methods literature and the description of the design of this study indicate the sampling method and selection of inquiry methods work well. Seidman (2006) advised interviewers to “present the nature of the study in as broad a context as possible and to be explicit about what will be expected of a participant” (p. 47).

Interview Locations

One concern noted herein centers on an interview logistical consideration and the place of the interview location familiar to the participant (Seidman, 2006). As outlined in the study design and literature, and confirmed with the two exceptions I made for specific participants, certain public places such as a café are not amenable to in-depth interviewing.

Three-Phase Interview Process

The study employed a three-phase series (Seidman, 2006) of interviews, including semistructured, in-depth, face-to-face interviews, which facilitated the sought-after, in-depth responses and understanding of the participants’ social experiences. The qualitative, semistructured, in-depth interviewing placed the researcher and the participants in equal positions, permitting the participants to tell their stories in an adaptable, limitless fashion, hence developing credible accounts of their experience

(Creswell, 2007). The semistructured interview protocol permitted follow-up questions that facilitated further clarification, explanation, and insight into these women's perspectives and experiences (Seidman, 2006).

Assumptions Revisited

This study assumed that the information collected integrates entrepreneurship, economics, education, and leadership literatures (Kwolek-Folland, 2007; Orser et al., 2006; Singh & Crump, 2007). The participants' viewpoints about women- and minority-led businesses indicate that their experiences may help aspiring entrepreneurs, economists and financial institution leaders, and educators by studying examples of entrepreneurs who transitioned to successful business ownership.

Additionally, it was assumed that participants' sharing and communication of their experiences would be straightforward and accurate. These African American women small-business owners were ensured of the confidentiality, privacy, and anonymity of their responses. The findings suggest that the participants provided sincere and truthful responses.

Lastly, this study assumed that African American women entrepreneurs' financial business experiences procuring financial capital would enhance the entrepreneurship knowledge base (Buttner & Rosen, 1992; Smith-Hunter, 2004). The participants gave the impression that they were comfortable enough to provide honest and accurate information with respect to their experiences attempting to obtain capital.

Acknowledgement of a distinct financial skill set as an entrepreneurial attribute was absent from participant discussions, but several participants talked at length about

networking with business professionals such as accountants, attorneys, and bank managers to understand funding options.

Limitations Revisited

A potential limitation identified prior to conducting this study focused on participant selection in one locale (Seidman, 2006). If the experience of one group in a number of locales is unmanageable, the experience of the full range of the members of a minority group representing one locale is justified (Seidman, 2006). The participants represented one locale, in and around a mid-Atlantic state metropolitan region of the US. Only 3 participants agreed to interview locations other than their business locations/offices; due to the nature of the study design, which involved face-face interviews, it was impractical to include participants outside the perimeter of the researcher's area, so this study was limited to participants within a 240-mile radius of that region. Although the region encompassed a limited range, the participants' information collected during the initial phone contact screening indicated that their entrepreneurial characteristics represented a wide range of sector types, business types, business ages, business locales, and individual ages.

Another limitation of the generalizability of the study's results is the accuracy and detail of the interviewees' recollections of what occurred during a certain time frame (Bowen, 2005; Creswell & Miler, 2000). Yet participants' detailed accounts of their experiences in the in-depth interviews, frequently prefaced with phrases like, "Sure, I can recall that," or "Yes, I remember what happened." As warranted, they asked me to repeat the questions to ensure that they accurately heard and understood the questions. I also followed up with clarifying questions to ensure full reflection of their stories.

The shared gender and/or ethnicity of the researcher and participants is a potential limitation that may present problems with credibility and impact the way a participant responded (Egharevba, 2001; Rhodes, 2001). A final potential limitation is the potential for researcher bias, which may present a threat to trustworthiness of the study's conduct and proposed outcomes (Groenewald, 2004; LeVesseur, 2003). This researcher addressed this potential limitation by conducting a bracketing exercise (Appendix A) to disclose preconceptions about African American women business owners prior to the interviews, and to augment this researcher's ability to hear what the participants said in their own voices about their life-world experiences.

The detailed interview, transcription, and data analysis processes were followed to ensure that the participants' stories reflected precisely what they said about what happened during their experiences procuring capital to fund their business start-ups. Credibility in these processes was augmented via *member checking* and *bracketing* (Appendix A; Ashworth, 1999; Cho & Trent, 2006; Creswell & Miller, 2000; Jacelon & O'Dell, 2005). The member checking, bracketing, and three-phase in-depth interview method (Seidman, 2006) improve the generalizability of this study's findings across other populations of entrepreneurs (Creswell & Miller, 2000; Paynes & Williams, 2009; Seidman, 2006) until other research augments it, as recommended below. This study's findings can inform various stakeholders to consider its implications for theory, practice, and future research on entrepreneurs' experiences obtaining capital for start-ups, as recapped next.

Implications for Theory, Practice, and Future Research

This study provides insights that women and minority entrepreneurs, banks and their loan officers, agency (SBA) loan administrators, and policy makers can use to understand some of the common themes that underpin the challenges small-business owners experience trying to get financial capital to start their own businesses.

Implications for theory and practice noted below are followed by recommendations for future research, to build upon this study's contributions to the literature.

Implications for the Social Capital Theory

The most important step in starting a business—seeking and obtaining financial capital—is essential to start-up (Coleman, 2002; Orser, Riding & Manley, 2006). The participants felt that their internal motivations to take an interest in small-business ownership are enough to sustain unforeseen obstacles and hurdles. They also felt that the process will be less eventful if prospective entrepreneurs learn to embrace the *bridging ties* and the *bonding ties* forms of social capital. Entrepreneurs who take responsibility to use *bonding ties* more frequently will experience fewer, if any, challenges; and this form of social capital can help entrepreneurs engage in relationships that lead to other kinds of capital such as human, information, technological, and physical. The following sections provide ways in which the study's findings can be used by the various stakeholders involved in business start-ups, beginning with women and minority entrepreneurs contemplating starting their own businesses.

Implications for Women and Minority Entrepreneurs

Women and minority entrepreneurs encounter various hurdles trying to start their own businesses (Chaganti & Greene, 2002; Elam, 2008; Smith-Hunter & Boyd, 2004).

Participants indicated that seeking external funding is a major challenge and addressing it requires a certain kind of business acumen to mitigate the impact of the challenge.

Prospective women and minority entrepreneurs' success depends on business astuteness in the areas of entrepreneurship and business management skills. Women and minority entrepreneurs who take responsibility to fulfill their desires to own their own businesses will improve their chances of owning successful businesses from inception if they

- acquire a knowledge of entrepreneurship and business management skills;
- write and present effective business plans;
- select the most appropriate business financing strategies (e.g., external versus internal funding);
- access various kinds of capital (e.g., technological, physical, information, financial, and social);
- participate in formal, diverse networks;
- seek feedback from a mentor who shares similar interests;
- seek membership with industry trade associations; and
- seek professional expertise as required (legal, financial, and technological).

The next section addresses how banks and their loan officers can better understand and address the challenges women and minorities face pursuing entrepreneurship.

Implications for Banks and Their Loan Officers

Banks and their loan officers report conflicting information about allegations of gender and ethnic discrimination made by women- and minority- business owners (Coleman, 2002; Hisrich & Brush, 1986; Loscocco & Robinson, 1991; Mitchell & Pearce, 2005; Orser et al., 2006). The following suggestions for banks and their loan officers to consider are based on the participants' experiences trying to get their bank loans approved:

- Examine the processes for lending criteria inconsistencies bank loan officers use to evaluate loan applications.
- Evaluate the processes that male and female loan officers use to understand if gender differences exist in criteria such as ethnicity, business sector, and business location employed in men and women's entrepreneurial profiles.
- Ensure that lending institutions develop lender-client rapport in the process of loan application and evaluation, regardless of gender, ethnicity, or business sector.

These suggestions are based mainly on the participants' advice offered to other women and minority entrepreneurs contemplating becoming business owners.

Contributions to the literature include implications for banks and their loans officers. The next section addresses how the SBA and their loan administrators can better comprehend and address the challenges women and minorities encounter undertaking entrepreneurship.

Implications for Agency (SBA) Loan Administrators

Entrepreneurs are aware that agencies are a start-up funding resource (Buttner & Rosen, 1992; Gundry, Ben-Yoseph & Posing, 2002). This study's findings suggest that understanding the hurdles minority women-led businesses encounter is one such effort

that requires the support of SBA loan administrators. Participants attributed their denied loan applications to the complicated process of applying for the funding offered by the SBA to help small-business owners.

Mary: The whole thing [the SBA loan application process was demanding;]—everything, basically, because you have to—a lot of stuff is so confidential . . . the websites are so convoluted; getting in touch with them [SBA administrator]; getting them to call you back; extensive applications; running copies of all of the rules and regulations. So the business plan was really *difficult*, because you do have to make the projections, and if you do not have your clientele *yet*, you do not know what the projections are.

The SBA's mission is to help counsel and train prospective business owners to start a successful business. The SBA administrators can learn more about the hurdles that the new entrepreneurs encounter to position agency staff to provide effective coaching that will help increase woman- and minority-led businesses' likelihood of getting approved funding. The following suggestions for SBA loan administrators to consider are based on the participants' experiences attempting to get a SBA loan:

- Evaluate the processes loan administrators employ to understand the needs of entrepreneurs starting businesses, regardless of gender, ethnicity, or business sector.
- Promote the development of user-friendly website components to improve potential loan applicants' visiting experience.
- Examine the lending criteria to ascertain whether the small-business owners understand what to expect from a lender and their responsibilities to a lender.
- Assess and design the entrepreneurial training courses and workshops to ensure that entrepreneurs will have opportunities to develop the necessary knowledge and skills to start and manage a business.
- Ensure that business counselors work face-to-face with prospective business owners to foster the development of improved supportive mentor (business counselor)-protégé (new entrepreneur) relationships.

These suggestions are based mainly on the participants' advice offered to other women and minority entrepreneurs contemplating entering entrepreneurship.

Contributions to the literature include implications for SBA loan administrators. The next section addresses how policy makers can better understand and address the challenges women and minorities encounter undertaking small-business ownership.

Implications for Policy Makers

Policy makers at the national and state levels will understand that women and minority entrepreneurs have to contend with dealing with hurdles more than their counterparts attempting to obtain financial capital to fund their business start-up phases. In addition, policy makers will be enlightened that African American women are experiencing difficulty more than all other groups of entrepreneurs. Women and minority entrepreneurs traditionally select different debt structures to start their own businesses; women and minorities conventionally use internal funds.

Policy makers will seek to further understand the disparity noticed in business traits among women- and men-owned businesses and nonminority and minority-owned businesses and determine the root cause (Center for Women's Business Research, 2007; 2009; Martin et al., 2006).

Suggestions for policy makers at the national and state level pivot from this study's findings:

- Support the outlook on small-business management training programs that foster a means of developing effective business financial strategy skills.
- Advocate the support of more research about women and minority entrepreneurship to address alleged disparities procuring financial capital in order to explore in more detail the issues centered on financial capital as a resource.

- Implement the development of policies that will support equitable evaluations of loan applications conducted by banks and their loan officers and agency loan administrators in particular the SBA.
- Implement educating the entrepreneurs on the constraints they face and how to effectively maneuver these constraints.
- Prescribe regulations that will permit law enforcement officials to audit lending institutions' lending criteria with government policy.
- Develop programs that will incorporate incentives to facilitate public- and private- sector organizations' efforts to award small-business contracts.

Policy makers can consider instituting programs to help women and minority entrepreneurs, in particular African American women, become successful entrepreneurs and increase the survivability of their businesses. Contributions to the literature include implications for policy makers at various levels, national, state, and local.

Personal Reflections and Learnings

Although the literature informed me about gatekeepers, I was still surprised when I encountered several gatekeepers during the course of two scheduled interviews. Seidman (2006) warned that “when [researchers] try to contact potential participants whom they do not know, they often face gatekeepers who control access to those people” (p. 43). Two gatekeepers were the participants' life partners and the other was the participant's employee. I assumed that one of the interviews was canceled, because a qualified participant did not follow-up to initiate a rescheduled appointment, after an employee politely communicated that the qualified participant had a medical appointment and the gatekeeper confirmed the employee's communication after I reiterated the purpose of the research.

I assumed that the participant decided not to participate and desired not to communicate the decision to me. I should have not assumed that the participant did not want to participate and permitted the encounter with the gatekeepers to isolate me from the participant but instead I should have initiated the rescheduled appointment although two other participants initiated their rescheduled interviews. The other gatekeeper was very cooperative after the purpose of the research was reiterated as presented on the voluntary participant informed consent form (Appendix F).

Just as qualitative methods resources (Robson, 2002; Seidman, 2006) commonly predict that the data analysis portion would initially appear overwhelming, it was. I kept asking myself, after looking at the enormous piles of data, “Now what?” However, once again, my mentor provided very inspiring advice that helped me as a researcher to get started and complete the data analysis in an accurate and timely manner. Overall, the dissertation was a very lengthy process, and throughout the process, I cycled through moments of doubt, and certainty, that the goal was achievable.

In summation this study’s findings were consistent with previous findings that indicated that business owners like women and minorities experience more challenges acquiring capital than their majority counterparts (Boyd, 2000; Martin, et al., 2006; Smith-Hunter & Boyd, 2004). Further, this study’s findings answered the research questions explained in the overall address of research section above. Contributions to the literature include implications for the stakeholders such as social capital theorists, women entrepreneurs, minority entrepreneurs, banks and their loan officers, agency (SBA) loan administrators, and policy makers. An additional contribution is recommendations for future research.

Recommendations for Future Research

This study focused on the experiences of African American women entrepreneurs located in a specific U.S. geographic region. In addition, the aim of this study was to understand African American women entrepreneurs' experiences procuring financial capital at the start-up phase of initiating their own businesses. Participants clearly indicated that women and minorities contemplating starting their own businesses should consider and seek options and obtain external funding that may increase the likelihood their businesses begin on a good track. Lending institutions and agencies commonly do not approve their loan applications suggesting that communication is essential to inform women and minority entrepreneurs about alternate funding options and effective counseling and training programs required to ensure that their businesses have an opportunity to succeed. This study provides some suggestions that would be helpful for stakeholders to utilize regarding how to evaluate the issues and ascertain the root cause of the underlying factors that influence women- and minority-led business initiatives outcomes. This study suggests that banks and their loan officers collaborate with policy makers to understand the hurdles and constraints that women and minority business owners encounter and spawn heightened awareness initiatives to help address the issues.

Based on the this study's findings recommendations are centered on further research on women- and minority- led businesses and in particular African American women-led businesses and how organizations at the national or state level can create policies, orchestrate programs, and endorse regulations to improve women's and minority's business establishment rates. Further research could help banks and their loan officers, SBA loan administrators, and policy makers comprehend new women and

minority business owners' experiences to help improve the lender-client rapport. The following questions focus on these issues and can further research initiated with this study:

- Research question to pose to public policy makers: What problems do women and minority business owners experience in the establishment and viability of their businesses?
- How would women and minorities be empowered to learn more about the criteria used by banks and their loan officers and SBA loan administrators?
- How would state-level chambers of commerce position offer improved networking and matchmaking opportunities to link entrepreneurs with larger companies as business partners?
- How do lending institutions' and agencies' loan officers and loan administrators incorporate learning in analysis of their lending procedures, particularly considering women and minority entrepreneurs, into their lending decision-making processes to reject or approve loans?
- How do minority business owners perceive and consider recommendations and implications for future research, financial institution and agency lending practices, and government formulation of policies to facilitate improving the success rates of women and minority small-business ownership?

Going forward with this research, it would be beneficial for researchers to direct their attention on understanding why African Americans women trail White and all other ethnic groups in business ownership. Additionally, it is necessary to investigate the influence of nonminority and minority's entrepreneurs' ages when pursuing business ownership because studying this entrepreneurial trait may facilitate shedding light on African American women's experience obtaining start-up capital. The influence of an entrepreneur's age and education level on business start-up is addressed as broad scope and is not clear. The results of this kind of proposed research concentrate on obtaining more specific information relevant to each of the defined groups.

In summation, this study examined the experiences of a sample of African American women entrepreneurs with businesses located in a mid-Atlantic state metropolitan region of the U.S. This study found that this group of women small-business owners prevalently attempt to procure external financial capital, but not without difficulty. In contrast, when they obtained internal funds using families' and friends' funds as well as their own personal accounts as resources their experience was different than their seeking of external financing. They decided to seek social capital to help fulfill their desires to become entrepreneurs. This study found that African American women realized the benefit of social capital that led to a variety of other kinds of capital. In addition, this study revealed that this group of women entrepreneurs relied on unique coping tactics that helped maneuver the challenges. It would be valuable to initiate further research to examine the influence of entrepreneur age, entrepreneur education, gender, and ethnicity on the start-up of a business as the influence is not clear. Lastly, further research should expand the scope to the experience of entrepreneurs, women, and minorities, from other U.S. and/or international regions.

REFERENCES

- Aalito, I., Kyrö, P., & Sundin, E. (2008). *Women entrepreneurship and social capital*. Kge, Denmark: Copenhagen Business School Press.
- Ahl, H. (2006). Why research on women entrepreneurs needs new directions. *Entrepreneurship: Theory & Practice*, 30(5), 595-621.
- Ashworth, P. (1999). Bracketing in phenomenology: Renouncing assumptions in hearing about student cheating. *International Journal of Qualitative Studies in Education* 12(6), 707.
- Aspaas, H. R. (2002). Rural Virginia women's small businesses: ethnicity and linkages. *Southeastern Geographer*, 42(2), 183-210.
- Aspaas, H. R. (2004). Minority women's microenterprises in rural areas of the United States of America: African American, Hispanic American and Native American case studies. *GeoJournal*, 61, 281-289.
- Bjerke, B. (2007). *Understanding entrepreneurship*. Northampton, MA: Edward Elgar.
- Blake, M. K. (2006). Gendered lending: gender, context, and the rules of business lending. *Venture Capital*, 8(2), 183-201.
- Bledsoe, M. T., & Oatsvall, R. J. (2010). Entrepreneurship—Women's business. *International Business & Economics Research Journal*, 9, 47-55.
- Blockson, L., Robinson, J., & Robinson, S. (2007). Alleviating poverty through business ownership: personal and professional success experienced by African American women entrepreneurs. *Journal of the Center for Research on African American Women*, 2(1), 28-33.
- Bourdieu, P. (1986). The forms of capital. In J. G. Richardson (Ed.), *Handbook of theory and research for the sociology of education* (pp. 241-258). New York, NY: Greenwood Press.
- Bowen, G. A. (2005). Preparing a qualitative research-based dissertation: Lessons learned. *The Qualitative Report*, 10(2), 208-222. Retrieved from Nova Southeastern University, website: <http://www.nova.edu/ssss/QR/QR10-2/bowen.pdf>

- Boyd, R. L. (2000). Race, labor market disadvantage, and survivalist entrepreneurship: Black women in the urban north during the great depression. *Sociological Forum*, 15(4), 647-670.
- Boyett, I. (1997). The public sector entrepreneur—a definition. *International Journal of Entrepreneurial Behaviour & Research*, 3(2), 77-88.
- Brush, C. G. (1992). Research on women business owners: Past trends, a new perspective and future directions. *Entrepreneurship: Theory & Practice*, 16(4), 5-30.
- Brush, C. G., Carter, N. M., Gatewood, E. J., Greene, P. G., & Hart, M. M. (2006a). The use of bootstrapping by women entrepreneurs in positioning for growth. *Venture Capital*, 8(1), 15-31.
- Brush, C. G., Carter, N. M., Gatewood, E. J., Greene, P. G., & Hart, M. M. (2006b). Women's entrepreneurship in the United States. In N. M. C. Candida G. Brush *et al.* (Ed.), *Growth-oriented women entrepreneurs and their businesses: A global research perspective* (Series ed., Vol. 2, pp. 185-202). Northampton, MA: Edward Elgar.
- Burman, E. (2004). From difference to intersectionality: Challenges and resources. *The European Journal of Psychotherapy, Counseling & Health*, 6(4), 293-308
- Buttner, E. H., & Rosen, B. (1992). Rejection in the loan application process: Male and female entrepreneurs' perceptions and subsequent intentions. *Journal of Small Business Management*, 30(1), 58-65.
- Buttner, E. H., & Moore, D. P. (1997). Women's organizational exodus to entrepreneurship: Self-reported motivations and correlates with success. *Journal of Small Business Management*, 35(1), 34-47.
- Bryman, A., & Cassell, C. (2006). The researcher interview: A reflexive perspective. *Qualitative Research in Organizations and Management: An International Journal*, 1(1), 41-55.
- Catley, S., & Hamilton, R. T. (1998). Small business development and gender of owner. *Journal of Management Development* 17(1), 75-82.
- Carter, S., Shaw, E., Lam, W., & Wilson, F. (2007). Gender, entrepreneurship, and bank lending: The criteria and processes used by bank loan officers in assessing applications. *Entrepreneurship: Theory & Practice*, 31(3), 427-444.
- Center for Women's Business Research. (2007). Accelerating the growth of businesses owned by women of color: Opportunities and possibilities. Retrieved from

<http://www.womensbusinessresearchcenter.org/newsroom/pressreleases/2007pressreleases/barrierstogrowthin>

- Center for Women's Business Research. (2008). Businesses owned by women of color growing faster than all U.S. Firms, 2008: [News Release]. Retrieved from http://www.nfwbo.org/assets/1058_biennialupdatewoc111808.doc
- Center for Women's Business Research. (2009). Key facts about women-owned businesses: The overall picture 2008-2009. Retrieved from <http://www.womensbusinessresearchcenter.org/research/keyfacts>
- Chaganti, R., & Greene, P. G. (2002). Who are ethnic entrepreneurs? A study of entrepreneurs' ethnic involvement and business characteristics. *Journal of Small Business Management*, 40(2), 126.
- Christopher, J. (1998). Minority business formation and survival: Evidence on business performance and viability. *Review of Black Political Economy*, 26(1), 37-76.
- Cho, J., & Trent, A. (2006). Validity in qualitative research revisited *Qualitative Research*, 6, 319-340. doi:10.1177/14687941060655006
- Coleman, J. S. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94, 95-120.
- Coleman, S. (2000). Access to capital and terms of credit: A comparison of men- and women-owned small businesses. *Journal of Small Business Management*, 38(3), 37-52.
- Coleman, S. (2002). Constraints faced by women small business owners: evidence from data. *Journal of developmental entrepreneurship*, 7(2), 151-174.
- Coleman, S. (2007). The role of human and financial capital in the profitability and growth of women-owned small firms. *Journal of Small Business Management*, 45, 303-319.
- Corbin, J., & Strauss, A. (1990). Grounded theory research: Procedures, canons, and evaluative criteria. *Qualitative Sociology*, 13, 3.
- Cunningham, J. B., & Lischeron, J. (1991). Defining entrepreneurship. *Journal of Small Business Management*, 29(1), 45-61.
- Creswell, J. W. (2007). *Qualitative inquiry and research design: Choosing among five approaches*. Thousand Oaks, CA: Sage.

- Creswell, J. W., & Miller, D. L. (2000). Determining validity in qualitative inquiry. *Theory Into Practice*, 39(3), 124-130.
- Davidsson, P. (2008). *The entrepreneurship research challenge*. Northampton, MA: Edward Elgar.
- de Bruin, A., Brush, C. G., & Welter, F. (2007). Advancing a framework for coherent research on women's entrepreneurship. *Entrepreneurship: Theory & Practice*, 31(3), 323-339.
- De Carolis, D. M., & Saporito, P. (2006). Social capital, cognition, and entrepreneurial opportunities: A theoretical framework. *Entrepreneurship: Theory & Practice*, 30(1), 41-56.
- Decker, V., & Copeland, K. (2008). How to start your own business: A recipe for obtaining capital. Retrieved from <http://www.dba.virginia.gov/Web%20Link%20Docs/Microsoft%20Word%20-%20library.pdf>
- Denzin, N. K., & Lincoln, Y. S. (2005). *The Sage handbook of qualitative research*. Thousand Oaks, CA: Sage.
- Dumas, C. (2001). Micro enterprise training for low-income women: The case of the community entrepreneurs programme. *Journal of Entrepreneurship*, 10(1), 17-42. Retrieved from <http://joe.sagepub.com/cgi/content/abstract/10/1/17>. doi:10.1177/097135570101000102
- Dyer, L. M., & Ross, C. A. (2008). Ethnic business owners and their advisors: the effects of common ethnicity. In L.-P. Dana (Ed.), *Handbook of research on ethnic minority entrepreneurship: A co-evolutionary view on resource management* (pp. 117-131). Northampton, MA: Edward Elgar.
- Edelman, L., Brush, C., Manolova, T., & Greene, P. (2010). Start-up motivations and growth intentions of minority nascent entrepreneurs. *Journal of Small Business Management*, 48(2), 174-196.
- Egharevba, I. (2001). Researching an—"other" minority ethnic community: Reflections of a black female researcher on the intersections of race, gender and other power positions on the research process. *International Journal of Social Research Methodology*, 4, 225-241.
- Elam, A. B. (2008). *Gender and entrepreneurship: A multilevel theory and analysis*. Northampton, MA: Edward Elgar.

- Eland-Goossensen, M. A., Van De Goor, L. A. M., Vollemans, E. C., Hendriks, V. M., & Garretsen, H. E. L. (1997). Snowball sampling applied to opiate addicts outside the treatment system. *Addiction Research*, 5(4), 317.
- Fairlie, R. W. (1999). The absence of the African American owned business: An analysis of the dynamics of self-employment. *Journal of Labor Economics*, 17(1), 80-108.
- Fairlie, R. W., & Meyer, B. D. (2000). Trends in self-employment among White and Black during the twentieth century. *The Journal of Human Resources*, 35(4), 643-669.
- Fairlie, R. W. (2004). Recent trends in ethnic and racial business ownership. *Small Business Economics*, 23(3), 203-217.
- Galbraith, C. S., Rodriguez, C. L., & Stiles, C. H. (2007). Ethnic economies, social capital and the economic theory of clubs. In L.-P. Dana (Ed.), *Handbook of research on ethnic minority entrepreneurship: A co-evolutionary view on resource management* (pp. 16-29). Northampton: Edward Elgar Publishing, Inc.
- Gartner, W. B. (1988). Who is an entrepreneur? Is the wrong question. *American Journal of Small Business*, 11-32.
- Gartner, W. B., & Birley, S. (2002). Introduction to the special issue on qualitative methods in entrepreneurship research. *Journal of Business Venturing*, 17, 387-395. Retrieved from <http://www.sciencedirect.com.library.capella.edu/science/journal/08839026>
- Gerdes, D., & Conn, J. (2001). A User-friendly look at qualitative research methods. *Physical Educator*, 58(4), 183.
- Gearing, R. E. (2004). Bracketing in Research: A Typology. *Qualitative Health Research*, 14(10), 1429-1452. doi:10.1177/1049732304270394
- Giorgi, A. (1997). The theory, practice, and evaluation of the phenomenological method as a qualitative research procedure. *Journal of Phenomenological Psychology*, 28, 235.
- Gittell, R., & Sohl, J. (1996). Investing in neighborhood entrepreneurs: Private foundations as community development venture. *Journal of Entrepreneurial & Small Business Finance*, 5, 175.
- Groenewald, T. (2004). A phenomenological research design illustrated. *E-International Journal of Qualitative Methods*, 3(1), 2-26. Retrieved from http://www.ualberta.ca/~iiqm/backissues/3_1/pdf/groenewald.pdf

- Gundry, L. K., Ben-Yoseph, M., & Posig, M. (2002). The status of women's entrepreneurship: Pathways to future entrepreneurship development and education. *New England Journal of Entrepreneurship*, 5(1), 39-50.
- Haines, G. H., Orser, B. J., & Riding, A. L. (1999). Myths and realities: An empirical study of banks and the gender of small business clients. *Canadian Journal of Administrative Sciences*, 16, 291.
- Harvey, A. M. (2005). Becoming entrepreneurs intersections of race, class, and gender at the black beauty salon. *Gender & Society*, 19(6).
- Haynes, G. W., & Haynes, D. C. (1999). The debt structure of small businesses owned by women in 1987 and 1993. *Journal of Small Business Management*, 37(2), 1-19.
- Heidrick, T., & Johnson, S. (2002). *Financing SMEs in Canada: Barriers faced by women, youth, aboriginal and minority entrepreneurs in accessing capital: Phase 2: Gap analysis and recommendations for further research*. Ottawa, ONT, Canada: Retrieved from http://www.sme-fdi.gc.ca/eic/site/sme_fdi-prf_pme.nsf/eng/01279.html
- Higginbottom, G. M. A. (2004). Sampling issues in qualitative research. *Nurse Researcher*, 12(1), 7-20.
- Hisrich, R. D., & Brush, C. (1986). Characteristics of the minority entrepreneur. *Journal of Small Business Management*, 24(4), 1-8.
- Howorth, C., Tempest, S., & Coupland, C. (2005). Rethinking entrepreneurship methodology and definitions of the entrepreneur. *Journal of Small Business and Enterprise Development*, 12(1), 24-40.
- Inman, K. (1997). Women's resources in business start-up: A study of Black and White women entrepreneurs. *Dissertation Abstracts International*, 58, 4836.
- Jacelon, C. S., & O'Dell, K. K. (2005). Case and grounded theory as qualitative research methods. *Urologic Nursing*, 25, 49-52.
- Kauanui, S., Thomas, K., Rubens, A., & Sherman, C. (2010). Entrepreneurship and spirituality: A comparative analysis of entrepreneurs' motivation. *Journal of Small Business and Entrepreneurship*, 23, 621-650.
- Köllinger, P., & Minniti, M. (2006). Not for lack of trying: American entrepreneurship in black and white. *Small Business Economics*, 27, 59-79.
- Kwolek-Folland, A. (2007). Gender, the service sector, and U.S. business history. *Business History Review*, 81(3), 429-450.

- Lazear, E. P. (2005). Entrepreneurship. *Journal of Labor Economics*, 23(4), 649-680.
- Lee, M. A., & Rendalli, M. S. (2001). Self-employment disadvantage in the working lives of blacks and females. *Population Research and Policy Review*, 20(4), 291-320.
- LeVasseur, J. J. (2003). The problem of bracketing in phenomenology. *Qualitative Health Research*, 13(3), 408-420. doi:10.1177/1049732302250337
- Lewis, K. M. (1999). African American female adult development: The journey from employee to business owner. *Dissertation Abstracts International*, 60(4), 1897.
- Loscocco, K. A., & Robinson, J. (1991). Barriers to women's small-business success in the United States. *Gender Society*, 5(4), 511-532.
- Lowrey, Y. (2006). Women in business: A demographic review of women's business ownership. Retrieved from Office of Advocacy U.S. Small Business Administration website: <http://www.sba.gov/advo>
- Lux, S. (2005). *Entrepreneur social competence and capital: The social networks of politically skilled entrepreneurs*. Paper presented at the Academy of Management, Best Conference Paper, Tallahassee, FL.
- Marlow, S. (1992). The take-up of business growth training schemes by ethnic minorities. *International Small Business Journal*, 10(4), 34-45.
- Martin, W., Wech, B. A., Sandefur, J., & Pan, R. (2006). African American small business owners' attitudes toward business training. *Journal of Small Business Management*, 44(4), 577-591.
- Mattis, M. C. (2004). Women entrepreneurs: Out from under the glass ceiling. *Women in Management Review*, 19(3), 154-162.
- McCall, L. (2005). The complexity of intersectionality. *Journal of Women in Culture and Society*, 30(31), 1771-1800.
- McGuire, G. M. (2002). Gender, race, and the shadow structure: A study of informal networks and inequality in a work organization. *Gender and Society*, 16, 303-322. doi:10.1177/0891243202016003003
- Menzies, T. V., Filion, L. J., Brenner, G. A., & Elgie, S. (2007). Measuring ethnic community involvement: development and initial testing of an index. *Journal of Small Business Management*, 45(2), 267-282.

- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis*. Thousand Oaks, CA: Sage.
- Mitchell, K., & Pearce, D. K. (2005). *Availability of financing to small firms using the survey of small business finances*. Retrieved from Office of Advocacy U.S. Small Business Administration website: <http://www.sba.gov/advo>
- Muravyev, A., Talavera, O., & Schäfer, D. (2009). Entrepreneurs' gender and financial constraints: Evidence from international data. *Journal of Competitive Economics*, 37(2), 270-286. doi:10.1016/j.jce.2008.12.2001
- National Women's Business Council. (2006). African American women and entrepreneurship, 2006: A fact sheet. Retrieved from http://www.nwbc.gov/idc/groups/public/documents/nwbc/african_american_factsheet.pdf
- Neergaard, H., & Ulhoi, J. P. (2007). *Handbook of qualitative research methods in entrepreneurship*. Northampton, MA: Edward Elgar.
- Norwood, S. L. (2000). *Research strategies for advanced practice nurses*. Upper Saddle River, NJ: Prentice-Hall Health.
- Nuance Communications. (2011). *Dragon™ Naturally Speaking® solutions*. Retrieved from <http://www.nuance.com/for-individuals/by-industry/education-solutions/index.htm>
- Orser, B. J., Riding, A. L., & Manley, K. (2006). Women entrepreneurs and financial capital. *Entrepreneurship: Theory & Practice*, 30(5), 643-665.
- Patton, M. Q. (3rd Ed.). (2002). *Qualitative research and evaluation methods*. Thousand Oaks, CA: Sage.
- Payne, G., & Williams, M. (2005). Generalization in qualitative research. *Sociology*, 39(2), 295-314. Retrieved from <http://soc.sagepub.com/cgi/content/abstract/39/2/295>. doi:10.1177/0038038505050540
- Petrakis, P. E. (2005). Growth, entrepreneurship, structural change, time, and risk. *The Journal of American Academy of Business Cambridge*, 7(1), 243-250.
- Pio, E. (2010). Islamic sisters: Spirituality and ethnic entrepreneurship in Sweden. *Equality, Diversity and Inclusion*, 29(1), 113-130.
- Portes, A. (1998). Social capital: Its origin and applications in modern sociology. *Annual Review of Sociology*, 24(1), 1-24.

- Price, J. D. (2006). *The CompanyCrafters entrepreneur's dictionary: A guide to start-up business terms for non-MBAs*, 1-46. Retrieved from <http://www.companycrafters.com/resources.htm>
- Putnam, R. D. (1993). The prosperous community: Social capital and public life. *The American Prospect*, 13, 35-42.
- Putnam, R. D. (1995). Bowling alone: America's declining social capital. *Journal of Democracy*, 6.1, 65-78.
- Rasheed, H. S. (2004). Capital access barriers to government procurement performance: Moderating effects of ethnicity, gender and education. *Journal of Developmental Entrepreneurship*, 9, 109-126.
- Rhodes, C., & Butler, J. S. (2004). Understanding self-perceptions of business performance: An examination of Black American entrepreneurs. *Journal of Developmental Entrepreneurship*, 9, 55-71.
- Rhodes, P. J. (1994). Race-of-interviewer effects: A brief comment. *Sociology*, 28, 547-558. doi:10.1177/0038038594028002011
- Richardson, N. M. (2009, May). Be your own boss: Why your future might be in franchising. *Essence*, 40, 69-72.
- Rolls, L., & Relf, M. (2006). Bracketing interviews: Addressing methodological challenges in qualitative interviewing in bereavement and palliative care. *Mortality*, 11, 286-305.
- Robinson, J., Blockson, L., & Robinson, S. (2006). Exploring stratification and entrepreneurship: African American women entrepreneurs redefine success in growth ventures. *The ANNALS of the American Academy of Political and Social Science*, 613(1), 131-154.
- Robinson, S., & Finley, J. T. (2007). Small business owners and credit cards: An analysis by gender and location. *Academy of Entrepreneurship Journal*, 13, 97-107.
- Robson, C. (2nd Ed.). (2002). *Real world research: A resource for social scientists and practitioner-researchers*. Malden, MA: Blackwell.
- Seidman, I. (3rd Ed.). (2006). *Interviewing as qualitative research: A guide for researchers in education and the social sciences*. New York, NY: Teachers College Press.
- Silverman, D. (2005). *Doing qualitative research*. Thousand Oaks, CA: Sage.

- Singh, R., & Crump, M. (2007). Educational attainment: A key factor for improving the lagging rate of black entrepreneurship. *Review of Black Political Economy*, 34, 217-229.
- Smith, C. A. (1999). *Market women: Learning strategies of successful Black women entrepreneurs in New York State*. (Unpublished doctoral dissertation). Columbia University Teachers College, New York: NY.
- Smith, K., Gannon, M., & Sapienza, H. (1989). Selecting methodologies for entrepreneurial research: Trade-offs and guidelines. *Entrepreneurship: Theory & Practice*, 14(1), 39-49.
- Smith-Hunter, A. E., & Boyd, R., L. (2004). Applying theories of entrepreneurship to a comparative analysis of white and minority women business owners. *Women in Management Review*, 19(1), 18-28. doi:10.1108/09649420410518403
- Smith-Hunter, A. E. (2006). *Women entrepreneurs across racial lines: Issues of human capital, financial capital and network structures*. Northampton, MA: Edward Elgar.
- Staunaes, D. (2003). Where have all the subjects gone? Bringing together the concepts of intersectionality and subjectification. *NORA*, 11(2), 101-110.
- Steyhart, C. (1998). A qualitative methodology for process studies of entrepreneurship: Creating local knowledge through stories. *International Studies of Management and Organization*, 3, 13-33.
- Turner, M. L. (2006, May). Finding a niche within a niche. *Black Enterprise*, 36(7), 93-100.
- Tuckett, A. (2004). Qualitative research sampling: The very real complexities. *Nurse Researcher*, 12(1), 47-62.
- United States Census Bureau. (2002). *Sector 00: Survey of business owners (SBO): geographic area series: Economy-wide estimates of business ownership by gender, Hispanic or Latino origin, and race: 2002*. Retrieved from <http://factfinder.census.gov>
- United States Census Bureau. (2007). *Sector 00: Survey of business owners (SBO): geographic area series: Economy-wide estimates of business ownership by gender, Hispanic or Latino origin, and race: 2007*. Retrieved from <http://factfinder.census.gov>
- United States Small Business Administration. (n.d.). *2009 Table of small business size standards*. Retrieved from <http://www.sba.gov/contractingopportunities/officials/>

size/SUMM_SIZE_STANDARDS_INDUSTRY.html

- van der Merwe, A. S. (1999). The power of women as nurses in South Africa. *Journal of Advanced Nursing*, 30(6), 1272-1279.
- Verheul, I., & Thurik, R. (2001). Start-up capital: Does gender matter? *Small Business Economics*, 16(4), 329.
- Volery, T. (2007). Ethnic entrepreneurship: A theoretical framework. In L-P. Dana (Ed.), *Handbook of research on ethnic minority entrepreneurship: A co-evolutionary view on resource management* (pp. 30-41). Northampton, MA: Edward Elgar.
- Vincent, C., & Warren, S. (2001). This won't take long...: interviewing, ethics and diversity. *International Journal of Qualitative Studies in Education (QSE)*, 14, 39-53.
- Wech, B., Martin, W., Martin, D., & Dolowitz, A. (2009). A comparison of attitudes toward business training between African American and Caucasian female small business owners. *Journal of Business and Entrepreneurship*, 21(2), 21-37.
- Wolcott, H. F. (1994). *Writing up qualitative research*. Thousand Oaks, CA: Sage.
- Yetim, N. (2008). Social capital in female entrepreneurship. *International Sociology*, 23(6), 864-885. doi:10.1177/0268580908095913
- Zaleski, P. A. (2011). Start-ups and external equity: The role of entrepreneurial experience. *Business Economics*, 46(1), 43-50.

APPENDIX A. BRACKETING AND REFLEXIVITY

As an African American woman, I hold an interest in women entrepreneurship for several reasons. During my first 18 years, I lived in a rural community of entrepreneurs who historically engaged in the trade of bartering skills, talents, and resources to accommodate other community members' needs to purchase goods, services, or acquire even an asset. From a social capital lens, I know about or witness women family members starting and operating their own businesses. The kinds of businesses that my close associates own(ed) and operate(d) include a diverse partnership, a franchise, a corporation, and a sole proprietorship.

One of my grandmothers built, owned, and operated a store, modeling first-generation entrepreneurship that influenced three subsequent generations of women in our family (thus far). Although my grandmother's business was a partnership, she was a key player in the innovative creation of a 1950s to 1960s business that met multiple needs for the community and society. The store supplied convenience and sundry items, provided travel lodging, and accommodated social gatherings. My grandmother and grandfather strategically placed their rural business on a major road frontage.

My grandmother's daughter took on her mother's skill set and started a similar type of business that met the needs of the community. A second-generation businesswoman, my second oldest fraternal aunt, started a partnership with her life partner: a convenience store and restaurant adjacent to their primary residence. Likewise, she strategized and placed the business on a major travel route joining two major cities and located directly across from one of two local manufacturing facilities. The manufacturing facility employees patronized the business during lunch hour.

I learned about or observed women who traditionally worked at home raising their families during the 1950s and 1960s, as the rural-area job market characteristically included more men than women. Therefore, I considered minority women pursuing small-business ownership during this time frame highly motivating and inspiring. Two of my female cousins, two generations down from my grandmother, decided to become entrepreneurs for similar reasons (family considerations, gender, and ethnicity) and start a similar type (service, retail) and legal form (partnership) of business.

One first cousin became an entrepreneur in the 1970s after leaving the elementary education-teaching arena, and operated two different fast-food franchises located on the U.S. west and east coasts. One of the franchises initially began as a partnership, but now is independently owned and operated. An African American women-oriented magazine recently published an article centered on four entrepreneurs' reasons for becoming their own bosses, and why franchising might interest other African American women seeking entrepreneurship. My cousin, the franchisee, was featured in the article, and stressed an inability to secure financing to expand a second food-service franchise in spite of a high but flat level of revenue generated in 2008 (Richardson, 2009). She attributed the current economic decline to the risk involved in securing additional financing. Information about encountering obstacles trying to get financial capital support what I assumed about African American women entrepreneurs' experience in obtaining financial capital for business start-ups. Another first cousin relative, in the late 1980s, independently and innovatively started a business from the ground up after experiencing some gender and perspectives on their experiences as African American women starting their own businesses. Further study in this area could contribute to a more prepared and empowered

domain of new women and minority entrepreneurs. Studies expanded to include how banks and their loan officers, agency loan administrators, and policy makers could enhance their effort to help women and minority entrepreneurs may benefit all of the stakeholders.

APPENDIX B. E-MAIL CONTACT

Subject: Study of African American Women's Entrepreneurship

Hello (Appropriate Title):

My name is Ola Gaines. I am doing my doctoral research in Capella University's School of Business and Technology program in organization and management, specializing in leadership. I am contacting you because you may qualify to participate in my research study on African American women entrepreneurs in [a mid-Atlantic state metropolitan] region.

The purpose of this study is to understand the experience of African American women entrepreneurs in obtaining financial capital at the start-up phase of structuring a small business. This experience is not well understood or documented, and I hope that my study will shed light on African American women small-business owners' entire experience in acquiring capital to fund their business start-ups. The study may affect policy-making at the local, state, and national levels tailored to the needs of minority women small-business ownership. Furthermore, an immediate application of this research is the planned publication of a one-stop-shop resource guide to help future women-led small-business owners maneuver the process of seeking and procuring capital to open their businesses.

I will call you to review the study's participant criteria and answer any questions. If you qualify for and agree to participate in the study, we will agree on a day, time, and place for a face-to-face interview that will last approximately 90 minutes. I will send a list of the interview questions to you in advance, and all ethical, confidentiality, and privacy concerns will also be addressed in accordance with the university's policies and practices.

I look forward to talking with you. I've provided some additional background on the study below, and thank you in advance for your consideration of participation.

Sincerely,

[researcher's private e-mail address and home and cell phone numbers]

Study Information

Participant Qualifications:

- African American women;
- business owners (as defined in Chapter 1: the one who initially established and owns a business and performs and/or manages related tasks; Cunningham & Lischeron, 1991; Lazear, 2005);
- currently operating that business for profit in [a mid-Atlantic state metropolitan region];
- at least 18 years of age; and
- who attempted to procure capital beyond the use of their own personal funds
- business age 0 or greater.

APPENDIX C. INITIAL PHONE CONTACT SCREENING SCRIPT

Hello, my name is Ola Gaines. Per the introductory e-mail contact that I sent to you on (add date), recall that I am in the process of conducting some doctoral research on African American women entrepreneurs. Is this a good time to talk for a few minutes?

[If so, proceed; if not, schedule a time to call back and proceed with the script at that time.]

[Proceed with script once potential participant candidate agrees to talk]

I am contacting you today since you may qualify to participate in my research study focused on African American women entrepreneurs. I have a few questions to confirm those qualifications:

1. What percentage of the business do you own? [at least 51%?]
2. Did you attempt and/or seek funding beyond the use of your own funds?
3. Do you also operate or manage the business?
4. Where is your business located physically?
5. Are you an African American or Black woman?
6. What is your business address?
7. What is your age?
8. How many years have you owned and operated your business?
9. What type of business do you own, specifically, and in what sector? (e.g., retail, marketing)
10. What is the business legal structure? (e.g., LLC, sole proprietorship)
11. What is your position and/or role(s)? (e.g., CEO/president, manager, operator, accountant)
12. Are you a member of any business associations or organizations? (possible referral source?)

13. Did you own another business prior to the one you currently own? [If yes, proceed to repeat asking the questions informing the potential participant that there is an interest to gather responses about the previously owned business. If no, continue with the script as follows].

[QUALIFIES] According to your responses, it sounds like you qualify to be a study participant. I will plan to contact you via a second phone call in a few weeks to schedule an interview appointment date, time, and location. Meanwhile, do you know of any other African American women entrepreneurs in the [specified] area who might also qualify for participation in the study? I really appreciate your time and any referrals, now or when I call back. [Get/take referral info.] Thanks for your time, and I will follow up with you soon.

[OR DOES NOT QUALIFY] Unfortunately, the responses to the questions you provided do not meet the selection participant criteria. Do you know of any African American women entrepreneurs in the [specified] area who might qualify for participation in the study? I really appreciate your time and any referrals. Thank you.

APPENDIX D. FOLLOW-UP PHONE CONTACT

Hello _____,

This is Ola Gaines. You'll recall that we spoke a few weeks ago and identified you as a candidate for my study on African American women entrepreneurs. As I mentioned, the purpose of this study is to understand African American women's experience obtaining capital (financial) for business start-up phase. I'm calling back as promised to set up a convenient time and place to conduct an interview, and to send you more details about the interview itself in advance. What day can you participate in an interview? What time is the best? Where do you prefer to meet? [public place where we'll both be comfortable but quiet enough to talk and record the interview] Great; to confirm, we will meet at [place name, address] at [time] on [day of week, date], and we should be done by [approximately 90 minutes later].

I'd also like to send you an advance copy of the questions, and the consent form required by my university, and I welcome any questions. Where may I e-mail those two items?

Terrific; I will call the day before our scheduled appointment to confirm the interview, and let me give you my phone and email information as well. [provide info]

Thank you!

APPENDIX E. FOLLOW UP/CONFIRMATORY E-MAIL

Hello _____,

Per our phone conversation, I am pleased to confirm that you qualify for and have agreed to participate in my doctoral research study to understand the experience of African American women entrepreneurs in obtaining financial capital at the start-up phase of structuring a small-business.

Confirming our appointment for the interview, I will meet you as follows:

Date _____

Time _____

Location _____

Address _____

As promised, I have attached the interview questions and the consent form so that you can review them in advance. If you have any questions, or need to change the appointment, please contact me by phone and/or e-mail (listed below). I look forward to talking with you.

Sincerely,

Ola M. Gaines

[contact info]

APPENDIX F. VOLUNTARY PARTICIPANT INFORMED CONSENT FORM

Capella University

225 South 6th Street, 9th Floor • Minneapolis, Minnesota 55402

The main purpose of this form is to provide information that may affect your decision regarding whether or not you want to participate in this research study. Your participation in this study will be strictly voluntary.

Study Title:

AFRICAN AMERICAN WOMEN ENTREPRENEURS' EXPERIENCE OBTAINING FINANCIAL CAPITAL FOR BUSINESS START-UP

Principal Researcher:

Ola Gaines

[contact information]

Mentor/Committee Chair:

Dr. Laura Markos

School of Business and Technology

Capella University

Phone: (888) 227-3552

Study Description

I understand that the topic of this study is *African American Women Entrepreneurs' Experience Obtaining Financial Capital for Business Start-up*. The nature of this study involves in-depth, face-to-face interviews with African American women of varying age and experience owning a business located in [the specified region]. The purpose of this study is to address what is the experience of African American women entrepreneurs in attempting to get capital for their business start-up phase.

Twenty participants will be selected for the study that have met the criteria of an African American women entrepreneur described herein the study. Your participation will include a face-to-face interview which will last about 1.5 hours. Your responses will be tape recorded. The researcher will ask you to review a copy of the recording for accuracy and completeness.

Risks

I understand that my participation in this study adds no unforeseen risks. However, the researcher will ensure that the information collected will not provide any identifiable or specific information regarding my financial profile. The information the researcher is interested in deals primarily with my experience obtaining funding. If I have any additional questions at any time after the interview, I can contact the researcher

[researcher's contact information] or the researcher's mentor [researcher's private e-mail address].

Benefits

I understand that my participation will generate no direct, individual benefit. A possible benefit of my participation may facilitate developing a heightened awareness in the public and/or private sector of employers, and government local, state, or national agencies about the experiences African American women face obtaining capital to start their businesses. If any aspect of this study about the benefits as described herein causes a concern, I can contact either the researcher or the mentor at the contact numbers provided above.

Costs and Payments

I understand that I will not incur any expense or receive any compensation from my participation in the study.

Confidentiality

I understand that my participation in this study will generate no information that identifies my business or me. In addition, I understand that my responses will be associated with a pseudonym and used in the interview and in the transcript. The consent form and hard copy transcribed responses will remain locked in a file cabinet, secured for 7 years from this study's publication date. After 7 years the data and consent form will be destroyed (Seidman, 2006, p. 70) via a high security (strip cut) shredding method and shredder. If I prefer I can request a copy of the study in summary format upon completion of the researcher's degree.

Rights to Withdraw

I understand that my participation is strictly voluntary and I have the right to withdraw from the study without any repercussions.

Voluntary Consent

By signing this form, I am saying (1) that I have read this form or have had read to me and (2) I understand this form, the research study, and its risks and benefits. The researcher will be happy to address any questions in the future about the study. A summary of the study will be provided to me per my request.

If I have any questions about my rights as a study participant or any concerns about the research process, or if I prefer to discuss an unanticipated concern related to the research, I can contact the Capella Human Research Protections Office at 1-888-227-3552, extension 4716. I understand that my identity, questions, and concerns will remain confidential.

Note: By signing below, I am communicating to the researcher "Yes," I want to participate in this study. Please keep one copy of this form for your records.

Your Name (please print)

Your Signature:

Date: _____

RESEARCHER'S STATEMENT

I certify that this form includes all information concerning the study relevant to the protection of the rights of the participants, including the nature and purpose of this research, benefits, and risks.

I have described the rights and protections afforded to human research participants and have done nothing to pressure, coerce, or falsely entice this person to participate. I am available to answer the participant's questions and have encouraged him or her to ask additional questions at any time during the course of the study.

Researcher's – Printed Name

Researcher's – Signature

Date:

APPENDIX G. INTERVIEW QUESTIONS AND PROTOCOL

[turn on recorder; make sure it's working]

Thanks for agreeing to participate in the study.

[add confirmation that the signed consent form is procured]

[I confirm that you did sign the form. I might take notes during the interview to avoid distraction while recording your responses]

As outlined in the Informed Consent Form document, I assure you that information you provide will remain anonymous in written reports and in addition your answers will be handled with a high level of security and confidentiality.

Do you have any questions before we start the interview?

As discussed in the initial phone contact, the purpose of this qualitative research study is to understand the experience of African American women entrepreneurs obtaining financial capital for the start-up phase of their businesses.

Reasons Women Become Entrepreneurs

1. What prompted or inspired your decision to start your own business?

Issues Women Entrepreneurs Face

2. What education, training, work experience, and/or personal experiences helped in your transition to self-employment?
3. What business hurdles, crises, constraints, or transitions occurred during the start-up phase of your business?
4. What personal hurdles, crises, barriers, or transitions occurred during the start-up phase your business?
5. How did you manage or circumvent the barriers?

Starting Your Own Business

6. Who helped or supported you in starting your business? Follow Up [Did you get other help? What was the help or support? Who provided the support?]
7. What financial resource(s) did you use to start your own business? Follow Up [Did you try to get any funding from (a) bank loans, (b) credit unions, (c) line of credit, (d) second mortgages or (e) special programs?]

8. If you sought access to external capital (bank loans, line of credit), what was your experience?
9. If you sought access to internal capital (personal savings, loans from friends or family, 401K), what was your experience? What was the experience like for each resource (a – e follow up questions 7 above) that you sought?
10. Looking back, what lessons did you learn from these experiences?

Wrap Up Questions: Considering your overall experience with start-up funding,

11. Knowing what you know now, if you had to do it over again, would you do anything differently?
12. What suggestions or advice regarding acquisition of start-up capital would you offer to other new minority or women entrepreneurs contemplating starting their own business?
13. Is there anything you would like to add about funding the start-up of a business that you feel would add meaning to the study to benefit others?

[after all of the questions are asked pause to determine if the participant wants to add some additional information then proceed with bringing the interview to closure]

[Cite transcript (Appendix H) for interview closure]

[do not turn off the recorder until the researcher is actually leaving and if the participant continues talking sit down and turn the recorder back on to capture the additional information]

APPENDIX H. INTERVIEW CLOSURE SCRIPT

[Before this question: *Is it okay to contact you for clarification of information you provided?* is addressed the script below leads into interview closure]

This marks the completion of this interview; however, I want to confirm the next steps.

First, thanks for taking time to participate in my research study. I will immediately transcribe your responses to the interview questions and send a copy of the transcription to you via e-mail. You will have an opportunity to review the transcript, verify its accuracy, delete or disguise anything you do not wish to include, and/or add new/additional comments. Then I will revise the transcript as necessary. I will forward a copy of the results in an executive summary format to you after the entire study is complete. Thanks for the time you afforded to participate in this study.

**APPENDIX I. SUMMARY OF SITUATIONS IN THE LITERATURE
ADDRESSED IN THE RESEARCH QUESTION, SUBQUESTION(S), AND/OR
INTERVIEW QUESTION(S)**

| Situation in the Literature | Address in Research Question (RQ)/ Subquestions (Subs) | Address in Interview Questions (Qs) in Appendix G |
|--|--|---|
| Gender discrimination contradictions | RQ & subs | Qs 3, 4 |
| Traditional entrepreneurship resource disadvantages | Social capital, networking in sub | Qs 3, 6 |
| Greater constraints than other entrepreneurs | Ethnicity in RQ | Q 4 |
| Service and preferential, protected sector focus | | Q 3 |
| Trailing revenue and size versus counterparts | | Business size in Q 4 |
| Unclear influence of age | | Q 4 |
| Variable business life span and influence on survivability | | Q 3 |
| Unclear impact of business experience | | Q 2 |
| Ambiguous impact of education | | Q 2 |
| Typically economically disadvantaged locations | | Q 3 |
| Socioeconomic impetus versus counterparts | | Motivation in Q 1 |
| Constraints to acquiring capital | Subs | Qs 3, 7, 8, 9 |