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Credit Strategies for Small and Medium-Sized Enterprises Within a Changing Environment

James Edward Wilkinson
Walden University

<u>Walden University</u>

College of Management and Technology

This is to certify that the doctoral study by

James Wilkinson

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Review Committee
Dr. Chad Sines, Committee Chairperson, Doctor of Business Administration Faculty

Dr. Kevin Davies, Committee Member, Doctor of Business Administration Faculty

Dr. Neil Mathur, University Reviewer, Doctor of Business Administration Faculty

Chief Academic Officer
Eric Riedel, Ph.D.

Walden University
2016

Abstract

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MBA, University of Arkansas, 1987

BSBA, University of Arkansas, 1983

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

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Abstract

Access to credit in the changing environment is the primary challenge to survival for many small and medium-sized enterprise (SME) owners. The purpose of this multicase study was to understand how seasoned small business leaders in wholesaling and manufacturing in Northwest Arkansas strategically adapted to obtaining access to credit in an environment of bank mergers and acquisitions, disruptive information technology, federal and state regulations, and globalization. The conceptual framework that grounded this study was adaptive leadership and change management. Although, small business leaders prefer to obtain credit from community banks through relationship financing, leaders of SMEs can adapt to the challenges of the changing environment. The data collection process involved face-to-face, onsite, semistructured interviews of 5 participant SME owners selected via purposive sampling throughout the Northwest Arkansas region. Analysis of the transcripts involved coding data into groups using keyword identification and regrouping the data into themes. Themes that emerged from the study included the importance of formalizing a capital strategy, utilizing alternative forms of financing, and responding and adapting to change. Also, small business owners use financial software to provide technical, financial reports, and pro forma statements with variance analysis. Positive social change from the findings of this study may develop through SMEs' potential to increase job provision thereby benefiting workers' families with better employment opportunities, enhancing public infrastructure through greater tax revenues, and generating a long-term, viable, sustainable future to the region's public education through an increased tax base.

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Dedication

I dedicate my research to my extraordinary family. To my wife and best friend, LaDonna, my strongest supporter, for encouraging my thirst for knowledge and adding humor during stressful times along the way. To my son, Daniel, also a seeker of knowledge and now a graduate student at Vanderbilt University. To my brothers, Norman and Stanhope, with whom I work and play. Thank you for taking up the slack at the bank while I was completing my research. To my sister, Susan, who dedicated her life to adult education. To my mother, Elizabeth "Betty" Wilkinson, a great business and banking mind, a mentor, and a person of highest compassion and integrity. To the memory of my late father, Means Wilkinson, a community banker, lawyer, scholar, legislator, military hero, and my mentor extraordinaire! My parents served as the role models igniting my passion to succeed. The inspiration derived from my family was second only to the divine inspiration I subtly rely on from above.

Acknowledgments

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I appreciate all of my excellent instructors, especially Dr. Munkeby and Dr. Witchel. I thank my doctoral colleagues and classmates with whom I shared this extraordinary journey. I particularly appreciate my classmates in the doctoral study completion courses for their advice, counsel, and motivational words of encouragement throughout the journey together.

Small business owners are a national treasure. I gratefully acknowledge the participating small business owners who work tirelessly to improve their lives, the lives of their families, and the communities they serve. I am grateful that my life's work involves assisting small businesses find solutions for their credit needs.

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Section 1: Foundation of the Study

Small and medium-sized enterprises (SMEs) depend on community bank financing for sustenance and growth (Rad, Wahlberg, & Ohman, 2013). The basis of this doctoral study was the economic significance of SME leaders' credit strategies within a changing environment. The effects of disruptive information technology forced SMEs to compete without the benefit of economies of scale (Holod & Peek, 2013). Government banking regulations, designed to protect borrowers, created negative side effects to SME leaders needing to borrow for growth and sustainability (Carruthers, Guinnane, & Lee, 2012). Increased concentration in banking through mergers and acquisitions restricts access to credit for small businesses (Banerjee & Duflo, 2014). Since leaders of SMEs are so strongly dependent on community banks for external credit, any change in this sector has a direct effect on their finances (Bouslama & Bouteiller, 2014). After more than 30 years of community banking consolidation and mounting regulatory burdens, SME leaders must adapt and develop alternative credit strategies to adjust to relentless change (Rad et al. 2013). Holton and McCann (2013) confirmed that SME leaders, facing credit constraints without alternative credit strategies, are not likely to participate in growth-enhancing activities (e.g., investment, marketing, hiring, exporting, and importing). Alternative sources of credit for SME leaders exist through individuals or corporate shareholders, venture capitalists, large banks, suppliers, customers, equity, debt, or hybrid financing mechanisms (Mina, Lahr, & Hughesy, 2013).The changing environment forces SME leaders to consider alternatives to community banks for credit.

Background of the Problem

The 28 million SMEs accounted for 54% of all domestic sales and created 66% of the new job growth over the past 15 years (U. S. Small Business Administration [SBA], 2015). SME owners prefer small community banks via *relationship financing* (Holod & Peek, 2013). The proliferation of large bank takeovers of small lenders resulted in the replacement of relationship financing to *transactional lending,* e.g., *hard credit analysis* replaced *soft analysis* (Holod & Peek, 2013). Laderman (2012) confirmed that small business owners favored borrowing from community banks to avoid the plethora of financial analysis. Rad et al. (2013) determined that new regulations (i.e., Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; Dodd-Frank Act) meant SMEs needed alternative credit strategies in a changing environment.

All qualitative research approaches share a similar goal in seeking to understand a particular problem from the perspective of those experiencing it (Vaismoradi, Turunen, & Bondas, 2013). Through decades of bank mergers and acquisitions, community banks' holdings of total deposits dwindled to 14%, while continuing to hold 46% of the loans to SMEs (Federal Deposit Insurance Corporation [FDIC], 2012, December). Substantial reductions in SMEs' net worth, caused by the Great Recession, created an increase in the dependency of community banks' relationship financing (Kennickell, Kwast, & Pogach, 2015). Although the FDIC provides exhaustive quantitative studies, regarding trends in commercial credit approvals, research of SME leaders' strategies, regarding credit accessibility, scarcely exists (Mallet, 2012).

Problem Statement

SMEs accounted for 66% of the new job growth in the United States (U.S.) over the past 15 years (SBA, 2014, 2015). Eighteen percent of the SMEs in the U.S. identified lack of credit availability through bank mergers and acquisitions as their greatest threat to survival (Federal Reserve Bank [FRB], 2014). The general business problem is that leaders of small organizations do not always possess strategies for accessing credit within a changing business environment. The specific business problem is that some SME leaders lack strategies to obtain external credit within a changing business environment.

Purpose Statement

The purpose of this qualitative multicase study was to explore SME leaders' strategies to obtain external credit within a changing business environment. The participants included five SME leaders from different companies employing fewer than 500 people. Through semistructured, face-to-face interviews with SME leaders, I identified and explored strategies for acquiring credit within a changing business environment. Participants consisted of SME leaders who have worked in the manufacturing and wholesale industry in Northwest Arkansas for over 5 years. An enriched understanding of the strategies SME leaders use for obtaining credit might assist businesses to compete more effectively. The information from this case study might lead to social change for small businesses and communities by helping SME leaders create credit strategies for growth and sustainability to increase jobs, sales revenue, and tax revenue.

Nature of the Study

Qualitative researchers share similar goals in seeking to arrive at an understanding of a particular occurrence from the perspective of those experiencing the event (Vaismoradi et al., 2013). Conversely, researchers, employing quantitative methodology, seek to examine and explain relationships or differences among variables (Ritchie & Ormston, 2014). Because of the explorative nature of my proposed study, a quantitative approach testing null and alternate hypotheses would not provide a meaningful understanding for addressing the research question (Wingwon, 2012). Therefore, a quantitative method was not appropriate for addressing the research question of my proposed study. Although integrating qualitative and quantitative methods (i.e., mixed methods research) could maximize the strengths and minimized the weaknesses of each method, mixed methods' additional cost and complexity did not justify its use in this study (Molina-Azorin, 2012).

The nature of the investigation of SME leaders' strategies for acquiring credit within a changing business environment supported using a qualitative approach and case study design. The purpose of a descriptive case study is to describe an event (i.e., a case, in a real-world context) (Yin, 2014). A descriptive case study research design fits the form of my proposed study's research question, the extent of control over the behavioral events, and focus on contemporary events (Yin, 2014). I selected a case study design over ethnographic, grounded theory, phenomenological, participatory, and narrative designs (Onwuegbuzie et al., 2012). The time and costs involved in ethnography and grounded theory made those designs unsuitable for my proposed study (Boet, Sharma, Goldman, &

Reeves, 2012; Vesa & Vaara, 2014). Exploring the unique essence of a participant's knowledge through a phenomenological design did not fit the form of my study's research question (Kafle, 2013). A participatory design remained unsuitable because it encompasses the premise of a researcher and participant as participants to explore the problem (Bergold & Thomas, 2012). In addition, I did not use grounded theory because of the depth that the participant relationship requires (Venkatesh, Brown, & Bala, 2013).

Research Question

The following was the overarching question of the study: How are SME leaders strategically responding to accessing credit within a changing business environment?

Interview Questions

1. What strategies have you successfully operationalized for obtaining credit for your SME within a changing business environment?
2. What barriers have you encountered while implementing your credit strategies?
3. How did you address the barriers to implementing your credit access strategies?
4. What alternative credit solutions are in your credit strategy?
5. What credit alternative strategies did you use?
6. How have changes in information technology affected your credit strategy?
7. How have changes within the financial industry influenced your credit strategy?
8. How do you measure the success of your credit strategies?

9. Can you share any other information, not asked, with SME owners regarding your strategic response to accessing credit within a changing business environment?

Conceptual Framework

Strategic and adaptive leadership for addressing credit strategies in changing business environments were the principle components included in my conceptual framework that ground this case study. Acceleration of new technologies, complex developments, volatile disruptions, ambiguous change, and transformation cause chaos and conflict within the strategic environment of the 21st century (Heifetz & Linsky, 2002). Maintaining the status quo concerning access to credit has not been an option for SME leaders (Wolf, 2011). SME leaders must keep pace with environmental change to ensure a competitive advantage. Contemporary business leaders face challenges when success is a function of their ability to develop and deploy unique strategies in innovative ways (Dibrell, Craig, & Neubaum, 2014). In complex adaptive systems, any agent of adaptive change within the organization will recognize the need to adjust their behavior to new information (Lichtenstein & Plowman, 2009). Hence, strategic and adaptive leadership provides SME leaders a framework for addressing credit strategies in a changing environment.

Early researchers, including Homans in 1950 and Lewin in 1952, created the groundwork for complex adaptive leadership theories (Uhl-Bien, Marion, & McKelvey, 2007). SME leaders, who often operate as both operational and strategic leaders, tend to address challenges based on instinctual inventiveness, rather than on a structured problem-solving process (Giroux, 2009). Therefore, leaders who understand the process of change create sources of competitive advantage for their organizations (Marta-Dominguez, Galán-González, & Barroso, 2015). Since conventional notions of leadership did not fully explain how transformations occur (Lichtenstein & Plowman, 2009), effective leaders of change exercise *strategic orientation* (e.g., balancing the amount of time required and the desired degree of change) (O'Kane & Cunningham, 2014). Small business leaders must adjust to new information to expand their leadership repertoire to acquire credit within a changing environment (Lichtenstein & Plowman, 2009). Adaptive leadership framework offers SME leaders a means to respond to alternative sources of credit in a changing environment.

Operational Definitions

Adaptive leadership. Heifetz (1994) used the term, adaptive leadership, to distinguish leadership orientation toward the engagement of complex challenges. Adaptive challenges require unlearning old assumptions and attitudes and learning new ways of knowing, doing, and being (Nicolaides & McCallum, 2014).

Alternative sources of credit. Alternative sources of credit include outside capital from an individual or corporate shareholders, venture capitalists, banks, suppliers, customers, and or others, through equity, debt, or hybrid financing mechanisms (Mina et al., 2013).

Change management. Change management is a process of promoting change by creating a vision through a clear understanding of an organization's strategic objectives via an analysis of the existing ideologies and identifying the necessary actions to reach those objectives (Belias & Koustelios, 2014).

Changing environment. The availability of credit, technological advances, patterns of demand, competitive pressures, organizational boundaries, new organizational forms, regulatory reforms, and globalization created opportunities, and threats that organizations must address to survive and prosper (Lin et al., 2014).

Community bank. The standard method most bank analysts used to define a community bank is the size of the bank in total assets (i.e., less than $1 billion) (FDIC, 2012). Therefore, for this study, a community bank is any bank (or bank holding company) with less than $1 billion in total assets.

Personal banking relationship. Credit underwriting decisions utilize qualitative information (i.e., soft analysis, such as the competence, enthusiasm, morale, or skills of an SME owner) (Ogura & Uchida, 2014).

Small and medium-sized enterprises (SME). The SBA (2014, 2015) established two widely used standards to define an SME (i.e., up to a maximum of 500 employees for manufacturing and mining industries and up to $7.5 million in average annual revenue for non-manufacturing industries).

Strategic change initiative. Leading change necessitates knowing when and to what extent to be assertive (O'Kane & Cunningham, 2014). Initiation of strategic change subsumes an initial activity that builds knowledge of the need to change (Herrmann & Nadkarni, 2013).

Traditional source of credit. Community banks are the traditional credit source for SME owners and leaders (Holod & Peek, 2013). Community banks' traditional loan underwriting decisions utilize qualitative information (i.e., soft analysis), such as the competence, enthusiasm, morale, or skills of an SME owner (Ogura & Uchida, 2014).

Assumptions, Limitations, and Delimitations

Qualitative research begins with ontology (i.e., a philosophical assumption about reality or the current state of existence). Such a philosophical assumption involves epistemology (understanding the problem), axiology (the basis of research), and methodology (the emergent conceptual framework) (Teddlie & Tashakkori, 2012). Ontological, epistemological, axiological, and methodological approaches to inquiry provided the occasion to explore assumptions, limitations, and delimitations about the choices available to SME leaders within a changing credit environment (Biddle & Shafft, 2014). Assumptions, limitations, and delimitations enabled the focus of this study to remain on participants' essence and experience of the problem as lived (Kafle, 2013).

Assumptions

Assumptions are facts considered true, but not verified. Assumptions support a clear, logical rationale for the study (Marshall & Rossman, 2014). A principal assumption in this study entailed that the design of the interview questions was appropriate for the purpose of the study. A second assumption included that the interview questions would produce thoughtful responses from the participants and that the SME leaders would provide thoughtful and honest feedback during the interviews. A third assumption entailed that the sample of participants represented the small-business population under study. Finally, since my assumptions carry risks (e.g., possible researcher-participant familiarity and inaccurate or unsystematic research questions presented to participants), validation mitigated associated risks (Metzger & Flanagin, 2013).

Limitations

Limitations represent the potential shortcomings of a study that could disrupt the findings' trustworthiness (Rubin & Rubin, 2012). One limitation of the research included the industry specificity of the study. Small manufacturing businesses' credit strategies are unique; therefore, their credit strategies may not apply to businesses operating in other industries. Another potential limitation entailed the sample size, which might not prove to be representative of the small manufacturing population throughout the region. Finally, the geographical area of the study might not apply to other regions with different economic challenges, levels of employment, and opportunities.

Conducting interviews in a brief, specified period also presented a limitation. A study over more extensive periods, under varying interest rates and economic growth conditions, could yield a more thorough analysis. Finally, the unwillingness of participants to share the full extent of their credit strategies and initiatives could pose a limitation.

Delimitations

Delimitations help define a study's boundaries and propositions (Yin, 2014). Small manufacturers, active in Northwest Arkansas for over 5 years with fewer than 500 employees, narrowed the study's boundaries. Further, the scope of this study (i.e., credit strategies in a changing business environment) did not include sustainability plans beyond credit strategies. Strategic growth objectives, marketing initiatives, and profitability plans remained outside the scope of this study.

Significance of the Study

U.S. small business survival depends on reliable access to credit (Canales & Nanda, 2012). My case study involved understanding SME leaders' strategies for accessing credit in a changing environment. Before the 2008 recession commenced, small businesses accounted for nearly 80% of net job growth (McNulty, Murdock, Richie, 2013). An increased understanding of SME leaders' strategies for accessing credit is important for small business' sustainability and new job creation. Berger, Cerqueiro, and Penas (2014) determined that 57% of SME debt funding was from community banks.

Small business leaders are so dependent upon their relationship with community banks for their external credit that any change in the environment will have a direct effect on their access to credit (Bouslama & Bouteiller, 2014). An inverse relationship exists between the growth in the size of banks through mergers and acquisitions and the volume of loans granted to SMEs (Bouslama & Bouteiller, 2014). Most researchers focused on the lending criteria required for approved credit requests through large financial institutions (FRB, 2014; Mallet, 2012). Actual data from SME leaders identifying specific actions taken on modified, denied, or withdrawn business credit applications is virtually nonexistent. Unlike large firms, SME leaders do not have access to the capital markets; thus, they have a limited menu of alternative sources of external finance (Carbó-Valverde, Rodríguez-Fernández, & Udell, 2013). Despite this vulnerability, virtually no research exists on how SMEs could change their dependence on community banks to alternative sources of external financing (Carbó-Valverde et al., 2013). Consequently, the results of this study could reduce SMEs' reliance on a single source of credit by expanding financial strategies with alternative sources of credit.

Successful SMEs in the fast-paced world have a vision for change necessary to achieve sustainability and growth (Chiloane-Tsoka, 2013). A qualitative multicase study may fill a gap in the related literature by providing insight into the adaptive strategic capital management decisions SME leaders make in response accessing credit in a changing business environment. Exploring SME leaders' strategies to obtain external credit may contribute to an individual business' sustainability and stakeholders' social responsibilities.

Contribution to Business Practice

One characteristic of a Doctor of Business Administration (DBA) doctoral study includes a focus toward enhancing business practice (Gill, 2014). SME leaders must gain an understanding of the strategies and processes for obtaining credit changes due to mergers and acquisitions, swings in the economy, disruptive technology, and regulations. Understanding how SME leaders develop and deploy credit acquisition strategies within a changing credit environment is important because small businesses' success depends on their leaders' ability to develop and deploy capital strategies in unique ways (Dibrell et al., 2014). SMEs have long been heavily reliant on traditional community bank financing; however, the *Great Recession* showed the necessity to broaden the range of alternative financing instruments to improve credit alternatives (Wehinger, 2014). The results of this study may encourage SME leaders to expand beyond traditional sources of credit to alternative sources of credit.

Implications for Social Change

The goal of positive social change begins with SME leaders establishing, shaping, synchronizing, and supporting sustainability efforts for which new opportunities may emerge (Abdelgawad, Zahra, Svejenova, & Sapienza, 2013). The social change that takes place on the macro level of society could also result in social change on the micro level to local communities and individuals (Silbereisen & Tomasik, 2010). Micro level social change implications, derived from exploring credit strategies in a changing environment, might not just benefit SME owners, but might also promote social change among SME stakeholders, particularly consumers, employees, suppliers, and communities through job provision. An increase in job provision might result in the employment of the unemployed and the full employment of underemployed individuals. Maximizing the workforce's capabilities might increase tax revenues to support local and state governments. Increased tax revenues through greater employment might also influence the nation's fiscal policy and deficit financing. From a macro perspective, the results of my proposed study might fuel social change via an increase in innovation (Spence, 2014). SMEs drove advancements in innovation with 13 times the number of patents per employee compared to large organizations (Spence, 2014). The synergistic effects of advances in the return on innovation and research and development (R&D) could create superior capabilities for global competitive advantages.

A Review of the Professional and Academic Literature

A philosophical worldview challenges the conventional wisdom of pragmatically accepting the current situation by identifying a new problem and then proving that a new approach could provide a different solution (Kieser, Nicolai, & Seidl, 2015). A comprehensive literature review involves identifying, synthesizing, and summarizing studies within a large body of research on a specific topic (Rycroft, Heyes, Lanza, & Becker, 2012). Buttitta, Iliescu, Rousseau, and Guerrien (2014) noted that a literature review provides a new interpretation of existing research strategies to obtain external credit within a changing business environment. I conducted an interpretive inquiry to examine relevant literature.

The review of literature included an in-depth exploration, analysis, and discussion of information about the research question: How are SME leaders strategically responding to accessing credit within a changing business environment? I searched numerous sources, including scholarly, peer-reviewed articles, publications pertinent to the research topic, industry reports, articles, and government reports and data.

The databases used in the literature search included Google Scholar, EBSCOhost, ProQuest, ScienceDirect, Emerald Management Journals, Management and Organizational Studies, LexisNexis Academic, and Government websites. The literature remained both scholarly and timely. Over 86% of the total sources contained in the literary review were peer-reviewed. *Ulrich's Periodical Directory* served as the tool to verify that articles were from recognized peer-reviewed journals. Nearly 92% of all sources in this review of the academic literature have a publication date less than 5 years old. Table 1 displays the summary of the frequencies and age of all of the various sources of this in-depth inquiry. Further, over 90% of the total 297 references cited in this doctoral study have a publication date less than 5 years old.

Table 1

Details of Literature Review by Year of Publication

	Older than 5 years	2012	2013	2014	2015	2016	Total
Books	4	0	0	2	0	0	6
Peer-reviewed sources	7	15	37	47	36	1	143
Conferences	0	0	2	1	0	0	3
Other	3	1	3	3	3	1	14
Total	14	16	42	53	39	2	166

The existing body of literature, relating to SMEs' access to credit, is both dissimilar and inconsistent. The research presented in this study often leads to conflicting data, divergent findings, and supplementary information relevant to this study. For example, although SMEs accounted for 66% of the new job growth in the U.S. from 2000 to 2014 (SBA, 2015), Moscarini and Postel-Vinay (2012) presented contrary evidence that large companies grew faster than SMEs during some economic cycles. Much of the qualitative research regarding small business credit focused on the lending criteria required for approved credit requests through large financial institutions (Mallet, 2012). Although FRB (2014) analysts conducted annual lender surveys regarding particular actions taken on loan applications, actual data from SME leaders' credit strategies is virtually nonexistent. Further, Hudon and Sandberg (2013) presented the notion that instead of denying or limiting access to credit, credit is a basic human right for all since credit facilitates self-employment and entrepreneurship.

The subsequent review of the literature leads to the identification of six components that influenced the strategic decisions of SME leaders' adapting to changes in access to credit. I reviewed the research question through the lens of each of the components, which includes an SME's (a) historical access to credit, (b) access to credit via community banks versus large banks, (c) alternative forms of available credit available, (d) approach to managing change, (e) adaptive leadership, and (f) strategic initiative. I conducted an analysis and synthesis of the previously mentioned components. This literature review commences with a historical overview of SME's access to credit.

Small and Medium-Sized Enterprises' Historical Access to Credit

This literature review provides a comprehensive and up-to-date chronological review of SMEs' historical access to credit. The details of this literature review arrive at an understanding of SMEs' access to credit from the perspective of those experiencing it (Vaismoradi et al., 2013). A study of the history of SME credit strategies, spanning from Columbus' new land discovery in 1492 to today's dynamic challenges and opportunities, reveals a resiliency to credit constraints. Primary data involves how SME leaders are strategically adapting to changes in access to credit.

The SME credit strategy problem represents one of the oldest economic challenges in the U.S. (Carruthers et al., 2012). Since the discovery of the new world, credit extended to small business leaders and entrepreneurs was integral to the cultural, political, and economic evolutions of the nation. Banks are among the oldest businesses in American history as the Bank of New York was founded in 1784 (Sylla, 2015). SME leaders continue to rely on community bank financing for sustenance and growth (Rad et al., 2013). The importance of SMEs in the development of the U.S., its varied significance throughout history, and the current role of SMEs demonstrates the significance of an SME leader's ability to obtain access to credit for growth and sustainability in a changing environment.

History often repeats itself. While the American industrial age of the 19th century saw a period of economic expansion with consumers heavily favoring small businesses, the 1890s favored big companies to a degree that challenged SME owners' sustainability (Russell, 2014). SME owners depended on banks with growing regulatory oversight (Carruthers et al., 2012). Consequently, before the 1930s, predatory lenders and loan sharks abound to provide an alternative source of credit to SMEs (Carruthers et al., 2012). Later, in the wake of the Great Depression, fair lending requirements became law, followed again by deregulation enabling predatory lenders to reappear (Carruthers et al., 2012). Finally, the SBA (2014, 2015), founded in 1953, added to SME owners' strategic options with loan guarantee programs. The SBA (2015) Act mandated awarding a specified proportion of government contracts to SME owners. The effects of the early 21st century recession tapered SME's borrowing capacity (Kennickell et al., 2015). Mergers and acquisitions of small banks limited the borrowing options available to SMEs (Dolar, 2014) and the Dodd-Frank Act heralded a new era of regulatory oversight (Lux & Greene, 2015).

Change in the 21st Century has been relentless and continuous (Chiloane-Tsoka, 2013). Change is inevitable in almost every sphere of business, as disruptive technology became an integral part of every aspect of business (Chiloane-Tsoka, 2013). Bank credit is the most important source of funds for new and existing companies' growth and survival (Canales & Nanda, 2012). Community banks are critical to SME owners' success through relationship banking and decentralized lending structures (Canales & Nanda, 2012). The result of relentless change is that SME owners' preferred lending source (Holod & Peek, 2013), is in decline (FDIC, 2012).

Community banks represent relationship banking (e.g., the preferred method of small business owners) (Holod & Peek, 2013). Meaning, their competitive advantage derives from knowledge of and history with borrowers and a willingness to be flexible (Lux & Greene, 2015). Lux and Greene's (2015) analysis of regulatory compliance's effect on lending market data revealed that community banks' loss of market share (e.g., share of lending declined by 50%) caused credit constraints to SMEs. Zywicki (2015) recognized that the Dodd-Frank Act forced community banks, which comparatively lacked the resources to comply with the Dodd-Frank Act's regulatory costs, into mergers and acquisitions.

The Dodd-Frank Act caused a 32% increase in all banks' total financial regulatory restrictions (Lux & Greene, 2015). Community banks are less able to bear those costs than large banks (Zywicki, 2015). As a result, the reduced number of community banks force SMEs to search elsewhere for credit. As with previous sweeping regulatory initiatives, Nwogugu (2015) determined that the Dodd-Frank Act was inefficient and inadequate as a response to the global financial crisis. The Dodd-Frank Act did not result in significant economic growth, but increased transaction costs and compliance costs for both government agencies and financial institutions (Nwogugu, 2015). Increased costs and regulations associated with traditional sources of credit created the proliferation of alternative credit sources for SMEs (Bruton, Khavul, Siegel, & Wright, 2015).

Disruptive information technologies in the 21st Century forced SME leaders to compete without the benefit of economies of scale (Holod & Peek, 2013). The Great Recession caused a substantial reduction in SMEs' net worth (i.e., borrowing capacity) (Kennickell et al., 2015). New government regulations, enacted to protect borrowers, created negative side effects to SME leaders' seeking bank credit for growth and sustainability (Carruthers et al., 2012). Accordingly, far-reaching credit restrictions caused some business scholars to recommend that the government should streamline, not restrict, the financing process according to the needs of individual SMEs (Khan, 2015). The unlikelihood of streamlined credit regulations caused Holton and McCann (2013) to advocate SMEs to expand beyond traditional community bank sources of credit to alternative sources of credit, including large commercial banks.

Access to Credit via Community Banks versus Large Banks

The study of capital structure choices is one of the most complicated and prolific research areas within finance (Palacın-Sanchez, Ramırez-Herrera, & di Pietro, 2013). In a theoretical world with perfect capital markets, a firm can always obtain the necessary funds at a fair price. However, the real world is imperfect and some of these imperfections, such as adverse selection, moral hazard, and agency conflicts, may restrict access to external finance (Vermoesen, Deloof, & Laveren, 2013). As a result, corporate investment decisions may be constrained by the availability of external finance (Vermoesen et al., 2013). Further, Vermoesen et al. (2013) found that financing constraints likely affect privately held SMEs more than large, listed firms, since adverse selection, moral hazard, and credit rationing problems impact private SMEs more than large, listed firms.

A continuing scholarly debate exists around small business loan securitization and the sharing of interest rates' effect on the dispersal of credit risk to enhance financial stability (Liu & Shao, 2013). Former Federal Reserve System Chair Alan Greenspan advocated that credit derivatives were the most important financial development in the past decade to help stabilize the banking system (Liu & Shao, 2013). Conversely, many scholars ascribed securitization of small business loans as the primary cause of the 2008 financial crisis (Liu & Shao, 2013).

The main goals of banking regulation are to affect banks' operations and performance (i.e., terms of balance sheets and efficiency), to shape the structure of the banking market, and to stabilize the banking sector and, indirectly, the real economy (Jakovljevic, Degryse, & Ongena, 2015). Historically, during a financial crisis, denials of SME new credit applications happened with more frequency than denials of new credit to larger firms (Ardic, Mylenko, & Saltane, 2012). Although regulations increase bank stability and reduce the likelihood of banking crises (Jakovljevic et al., 2015), regulatory easing measures are necessary to allow SMEs access to formal financial services (Ardic et al., 2012).

Regulatory policies could be important in moving the banking system towards the frontier of SME lending or could prevent the banking systems from moving to the frontier (Beck, 2013). Despite the importance of SMEs for job creation and production, Ardic et al. (2012) discovered that most of the academic literature on SMEs pointed to the fact that small and medium firms faced higher barriers to external financing compared to large firms that, in turn, limited their growth and development. Jakovljevic et al. (2015) advocated an optimal level of regulation to provide economic stability and consumer safeguards.

No universal theory exists on corporate financing decisions, and, what is more, there is no reason at all to expect one (Palacın-Sanchez et al., 2013). The supply of credit significantly affects the corporate behavior of privately held SMEs (Vermoesen et al., 2013). A negative credit supply shock such as the Global Financial Crisis seriously hampered the ability of SMEs to finance new investments, because it reduced their access to external bank credit (Vermoesen et al., 2013). In response to a restricted credit supply, Liu and Shao (2013) found that banks' securitization not only provided banks with a vehicle to diversify their loan portfolio and to achieve risk reduction, but it also benefited small business borrowers by smoothing their personal income.

Following the Great Recession (2008 to 2014), practitioners, researchers, and policymakers increased their attention toward issues involving access to finance, particularly for SMEs (Mudd, 2013). Since SMEs accounted for 79.5% of net job creation in the U.S. from 1990 to 2003, a study to understand SME access to credit in a changing environment is timely (McNulty et al., 2013). Pederzoli, Thoma, and Torricelli

(2013) established that financial constraints are particularly severe for innovative SMEs since SME owners gain greater credit availability from community banks through personal relationship banking (Holod & Peek, 2013). Beck, Demirgüc-Kunt, and Singer (2013) discovered that community banks serve lower-end customers through local market knowledge and flatter hierarchies. While mergers of community banks have a negative impact on SMEs' access to credit, mergers of large banks have no impact on SMEs' credit availability (Ogura & Uchida, 2014).

The standard method most banking analysts use to define a community bank is the size of the bank in total assets (i.e., less than $1 billion; FDIC, 2012). However, the precise definition of a community bank evolved in the changing environment. Table 2 shows the FDIC's (2012) process of defining a community bank.

Table 2

Summary of FDIC Definition of Community Banking Organization

Exclude organizations with:	Include all remaining banking organizations with:
No loans or no core deposits Foreign Assets > 10% of total assets More than 50% of assets in certain specialty banks, including credit card specialists, consumer nonbank banks[1], industrial loan companies, trust companies, and bankers' banks	Total assets < indexed size threshold[2] Total assets > indexed size threshold More than one office, but no more than the indexed maximum number of offices[3]
	Loan to assets > 33%, core deposits to assets > 50% number of large MSAs with offices < 2 number of states with offices < 3 no single office with deposits > indexed maximum branch deposit size[4]

NOTE. [a] Designate community banks at the level of the banking organization. [b] Considers all charters under designated holding companies as community banking charters.
[1] Consumer nonbank banks are financial institutions with limited charters that can make commercial loans or take deposits, but not both. [2] Asset size threshold indexed to equal $250 million in 1985 and $1 billion in 2010. [3] Maximum number of offices indexed to equal 40 in 1985 and 75 in 2010. [4] Maximum branch deposit size indexed to equal $1.25 billion in 1985 and $5 billion in 2010.

Community banks historically represent SME leaders' top choice for credit (Holod & Peek, 2013), primarily since small community banks' loan underwriting decisions utilize qualitative information (i.e., soft analysis), such as the competence, enthusiasm, morale, or skills of an SME owner (Ogura & Uchida, 2014). Accordingly, a negative link exists between growth in the size of banks through mergers and acquisitions and the volume of loans granted to SMEs (Bouslama & Bouteiller, 2014). Banerjee and Duflo (2014) confirmed that increasing banking concentration through mergers and acquisitions restricts access to credit to small businesses. Moreover, Bouslama and Bouteiller (2014) discovered that since SMEs were so strongly dependent on community banks for external credit, any change in this sector would have a direct negative effect. However, Berger, Goulding, and Rice (2014) confirmed that the changing environment, particularly technology and deregulation, enabled large megabanks to serve small, opaque firms. Further, in the changing environment, investors value relationships with more competitive and skilled banks rather than banks that have easier access to private information about the firms (Ongena & Roscovan, 2013).

The post-recession crisis period sparked renewed debate regarding the future pace of the banking industry's consolidation (Backup & Brown, 2014). McNulty et al. (2013) concluded from data taken from FDIC call reports (i.e., 5,537 banks between 1993-2006) that the supply curve for small business loans not only had an inverse relationship between the ratio of small business loans to total loans and bank size, but also that the relationship holds after controlling for demand shifts, capital, and liquidity. Likewise, Backup and Brown (2014) studied FDIC call report data and determined that while community banking's share of industry assets declined through mergers and acquisitions, community banks are disproportionately important providers of credit to small businesses. Furthermore, community banks serve hundreds of counties and thousands of communities that large banks overlook (Backup & Brown, 2014).

Banking relationships are principally important to small businesses, who lack access to the broader capital markets, and for whom credit extension depends on private information acquired through repeated banking transactions over time (Amel & Prager, 2013). Similarly, lender-borrower relationships are the primary determinants of credit approval from small banks (Amel & Prager, 2013). Berger and Udell (as cited in

Bouslama & Bouteiller, 2014) confirmed Amel and Prager’s (2013) finding by concluding that the nature of a long-term relationship between SME leaders and community banks facilitates the collection of soft information for credit underwriting.

The expectations of the relationship between an SME owner and a small bank lender are mutual (i.e., banks provide soft credit analysis while SMEs cultivate the relationship with timely loan repayments; Bouslama & Bouteiller, 2014). As a result, small banks that maintain a large percentage of SME loans in their portfolios are more profitable than banks that do not (Amel & Prager, 2013). Conversely, large banks, characterized by greater organizational complexity, produce a greater percentage of non-performing SME loans (NPL) than their smaller community bank counterparts (Cotugno, Stefanelli, & Torluccio, 2013).

Cotugno et al. (2013) posited that the size of a bank’s structure (i.e., the breadth of the hierarchy) is a competitive disadvantage for the quality of a bank’s loan portfolio. Malafronte, Monferrà, Porzio, and Sampagnaro (2014) agreed with Cotugno et al.’s study by revealing that a strong personal relationship between an SME owner and a community bank lender encourages loan workout agreements during times of distress. Furthermore, Knyazeva and Knyazeva (2012) discovered that the impersonal nature of large banks disallows personal relationships with SME owners. Therefore, small bank’s relationship lending produces lower degrees of risk (e.g., lower doubtful loan rates [DLR] and past due loan rates [PDLR]; Cotugno et al., 2013).

Community banks’ share of total business lending has a positive effect on small firms’ access to financing (Mudd, 2013), although the impact of bank competition and loan concentration depends on the operating environment (Love & Peria, 2014). Amel and Prager (2013) confirmed that large banks allocate a smaller portion of their total assets to small business lending than do community banks (Rad et al., 2013). However, Beck et al. (2013) did not find evidence to support that smaller institutions were better in providing access to finance for businesses.

Berger, Saunders, Scalise, and Udell (as cited in Amel & Prager, 2013) found that the ratio of small business loans to assets declines following bank mergers and acquisitions. SMEs differ from large business enterprises because SMEs tend to be opaque regarding information (Mudd, 2013). Consequently, small firms' activities are more informal, have limited business planning, and generate less information for analysis of their prospects and performance (Mudd, 2013). Citing a Survey of Small Business Finance (SSBF), Berger et al. (2014) discovered that 57% of SME debt funding came from community banks. Additionally, Robb and Robinson (as cited in Berger et al., 2014) documented that bank financing is the most important source of external funding for start-up SMEs.

Gambini and Zazzaro (2013) recognized a negative effect of an SME attaining credit from a community bank. A community bank could acquire proprietary information on SME borrowers, which has both positive and negative effects on growth via the *capture effect* (i.e., restricting an SME's growth by limiting borrowing; Gambini & Zazzaro, 2013). Altomonte, Gamba, Mancusi, and Vezzulli (2015) confirmed that the capture effect could thwart an SME's innovativeness by reducing incentives to innovate. By encouraging an SME to maintain minable levels of risk, a community banker may convince an SME owner not to increase debt for innovations (Altomonte et al., 2015). Such credit restrictions will reduce an SME’s investment in innovative activities and limit its growth prospects (Mancusi & Vezzulli, 2014). Further, Fredriksson and Moro (2014) discovered that small banks could exploit the high levels of opaqueness associated with small businesses to increase bank profitability. Fredriksson and Moro demonstrated the difficulty small businesses have attempting to switch to competing banks. Smaller SMEs possess even greater information asymmetry, which causes a locked relationship between an SME and a community bank; thus simplifying a community bank’s extraction of extra net interest margins (NIM) from the relationship (Fredriksson & Moro, 2014).

Mudd (2013) countered the impact of the capture effect. Lending to small businesses depends on relationships of mutual trust, which evolve over time through contact with the firm, its owners, management, and the local community via *relationship lending* versus *procedural lending* (i.e., soft versus hard credit analysis, including underwriting requirements; Mudd, 2013). In such a framework, lenders assess a small business’ credit worthiness subjectively, though little research exists (Mallet, 2012). SMEs pay a relatively higher interest rate on their debt to large banking institutions than their large business enterprise counterparts (Valadkhani, Chen, & Kotey, 2014). Coincidentally, approximately 83% of all bankruptcies occur in plants with no more than ten employees, and 61% of all bankrupt plants are 5 years old or less (Mueller & Stegmaier, 2014). While credit can take many forms, SMEs are reliant on banks for external financing (Kelly, Brien, & Stuart, 2014). Kelly et al. (2014) surmised that a build-up of stress in the macro economy affected bank credit standards and availability throughout the cycle, which were determinants of a firm's survival.

Mueller and Stegmaier (2014) found that the risk of bankruptcy declined sharply by plant age (i.e., younger plants showed a hump-shaped relationship between plant size and failure risk). Further, a higher closure propensity for young plants existed if the plants were also small (i.e., no more than 10 workers and no more than 5 years old; Mueller & Stegmaier, 2014). Kelly et al. (2014) supported Mueller and Stegmaier's conclusion with their determination that an SME owners' access to bank credit was pro-cyclical with alternative sources of financing becoming increasingly important during stressed periods.

Most of the research conducted on SME credit focuses on the lending criteria required by large financial institutions (Laderman, 2012). Laderman (2012) confirmed that small business leaders borrow from community banks to avoid the plethora of financial ratio and pro forma analysis. Rad et al. (2013) warned that because of new federal regulations (i.e., the Dodd-Frank Wall Street Reform and Consumer Protection Act; Dodd-Frank, 2010), community banks could no longer cultivate access to credit via personal relationship lending. Furthermore, lending officers at community banks are predominantly replacing *gut feel* credit analysis with a sophisticated financial analysis in credit decision-making (Trönnberg & Hemlin, 2014). Although community banks remain the vital source of credit for small businesses, decades of industry consolidation and additional regulations force SME owners to develop alternative credit strategies to adapt to relentless environmental change (Rad et al., 2013).

Alternative Access to Credit

Alternative forms of entrepreneurial finance are proliferating, yet SME owners' understanding of bank financing alternatives remains in its infancy (Bruton et al., 2015). Alternatives to bank credit include informal loans with higher interest rates such as microfinance, crowdfunding, and peer-to-peer innovations to exploit opportunities for which more traditional financing is not readily available (Bruton et al., 2015). Bruton et al. (2015) confirmed that SME owners only prefer alternative sources of finance that do not require giving up control of the SME and require lower servicing costs. The availability of finance is a major factor in the development, growth, and successfulness of SMEs (Abdulsaleh & Worthington, 2013). SMEs significantly differ from large firms regarding their financial decisions and behavior. Abdulsaleh and Worthington (2013) recognized that SME characteristics, such as age, size, ownership type, location, industry sector, and asset structure, influence the financing methods chosen and employed by SMEs (Abdulsaleh & Worthington, 2013). Sources of SME's financing include equity, venture capital (VC), business angles, debt, trade credit, nonbank financial institution debt, government assistance, Islamic financing, and traditional banks (Abdulsaleh & Worthington, 2013).

Bruton et al. (2015) discovered common features associated with alternative approaches to bank finance. First, new innovative financing alternatives may originate in one part of the world but quickly diffuse across the globe (Bruton et al., 2015). For instance, microfinance emerged as a solution to a lack of capital for those living in poverty in developing economies, yet has spread to developed economies where SMEs also find loans difficult to secure (Freedman, 2000). Second, new financial alternatives use platform-mediated approaches to aggregate many, often small, individual transactions (Bruton et al., 2015).Third, SME owners who have been discouraged from accessing conventional forms of finance turn to alternative finance providers (Bruton et al., 2015). However, the relationship between discouragement and choice of alternative financing mechanisms could vary by level of development across debt and equity providers; and across developed, emerging, and midrange economies (Hoskisson, Wright, Filatotchev, & Peng, 2013). Finally, intrinsic rewards, including satisfying altruistic urges, drive micro lending and other alternative forms of finance (Bruton et al., 2015).

SMEs have long been heavily reliant on traditional bank finance, but the recession revealed the necessity to broaden the range of alternative financing instruments to improve financing alternatives (Wehinger, 2014). SME owners have difficulty accessing credit because of their opacity (i.e., lack of a credit agency rating, unavailability of relevant financial information, reliance on local markets, narrower range, a lower amount of real collateral, and greater ambiguity concerning future cash flows; Holton & McCann, 2013). Unlike large firms, SME leaders do not have access to the capital markets and thus have a limited menu of alternative sources of external finance (Carbó-Valverde et al., 2013). Despite this vulnerability, virtually no research exists on how SMEs could change their dependence on community banks to alternative sources of external finance (Carbó-Valverde et al., 2013).

The global financial crisis and associated curtailment of bank lending caused Holton and McCann (2013) to advocate SMEs to expand beyond traditional sources of credit to alternative sources of credit. The alternative sources of SME credit advocated by Holton and McCann included direct lending to firms, loan guarantees, credit mediation bodies, guarantees on exporting activity, the development of securitization markets, provision of low-cost funding to financial institutions, information dissemination through credit registries, and the development of non-bank alternatives, such as peer-to-peer lenders and retail bond markets. If bank lending dries up, alternative sources of funding may provide relief to SMEs in need of financing (Wehinger, 2014). Wehinger (2014) suggested that SMEs could also consider using new financing alternatives, such as crowd funding, peer-to-peer lending, and securitization. Wehinger stressed that bonds and private placements could provide useful credit alternatives for mid-sized enterprises.

Holton and McCann (2013) found that SME owners facing credit constraints are less likely to participate in growth-enhancing activities, such as investment, marketing, hiring, exporting, and importing. Consequently, Véron (as cited in Wehinger, 2014) stressed that the evidence points toward a correlation between the development of non-bank credit and higher resilience against a funding gap. A complex *funding gap* developed during the recession that limited growth and constrained the economic recovery (Fraser, Bhaunik, & Wright, 2015). SMEs' life cycles, growth objectives, and perceptions influences credit strategies (Fraser et al., 2015). Further, the formulation of a complete understanding under differing reserve, equity capital bases, and treatment of loan defaults does not exist (Mallet, 2012). Rather, each period of the reserve banking system's revolution over time had partial understandings of the system's behaviors (Mallet, 2012). Therefore, Mallet (2012) posited that succession attempts to correct problems failed to account for the system's long-term behaviors. As a result, an SME owner's access to external finance could improve with the organization's size and age to support the financial growth lifecycle (Fraser et al., 2015).

A SME can obtain outside capital from individual or corporate shareholders, venture capitalists, banks, suppliers or customers, and others, through equity, debt, or hybrid financing mechanisms (Mina, Lahr, & Hughesy, 2013). Small businesses have limited internal financial resources (e.g., retained earnings) and little or no direct access to capital markets (Lawless, O'Connell, and O'Toole, 2015). Mina et al. (2013) opined that an SME's hierarchy to finance new projects included (a) internal cash flows, (b) external finance (external equity least preferred), (c) retained earnings, and (d) the SME owner's private wealth. Ryan, O'Toole, and McCann (2014) recognized that SME leaders need diversified credit strategies.

Limited availability of sophisticated financial products exists for SMEs (e.g., only a small percentage of SMEs used debt securities, subordinated debt, or external equity; Lawless et al., 2015). Innovative SMEs (i.e., those introducing new products or services) have a higher probability of applying for bank credit and a higher probability of credit denial (Lee, Sameen, & Cowling, 2014). Because small businesses typically obtained many of their financial services from community banks, they have few alternatives available if their existing banking relationship disappeared (Amel & Prager, 2013). Alternative liquid credit sources could ensure that SME leaders have a stable financing environment by alleviating credit constraints (Ryan et al., 2014). In addition, access to credit stimulates SMEs' corporate social responsibility (CSR; Spence, 2014).

Nassr and Wehinger (2014) recognized that the current economic and financial crisis has reduced bank lending and affected SMEs' access to credit in particular. The changing environment prompted Zhang, Song, and Zhong (2015) to test the hypothesis that community banks have a comparative advantage in granting relationship lending to SMEs. Contrary to widely held beliefs, when compared with large banks, small banks are only superior in offering SMEs relationship lending through a pre-existing relationship, regardless of the financial crisis (Zhang, Song et al., 2015). Zhang et al. found that without pre-existing relationships, small and large banks have no advantage in providing loans to SMEs. Whittam, Talbot, and Mac an Bhaird (2015) confirmed that SMEs experience difficulty accessing adequate finance from formal external sources, but their underpinning research indicated that information asymmetry, vs. bank size, is the principal reason for the finance gap. Information asymmetry could present credit unions with the opportunity to lend to the SME sector, increasing the financing options for small firms unable to access external finance (Whittam et al., 2015).

Heavy reliance on traditional bank lending forced SMEs to face important financing constraints in an environment characterized by widespread bank deleveraging (Nassr & Wehinger, 2014). Since credit sources tend to dry up more rapidly for small firms than for large companies during economic downturns, broadening the range of non-bank debt financing instruments for SMEs should help make them more resilient to financial shocks (Nassr & Wehinger, 2014). Given SMEs' importance in all economies, SMEs' resiliency is essential for economic recovery from the current economic and financial crisis (Nassr & Wehinger, 2014). While Zhang, Song et al. (2015) and Whittam et al. (2015) suggested SMEs use large commercial banks or credit unions as an alternative source of credit, Nassr and Wehinger (2014) advocated unlocking SME finance through market placed debt.

As banks deleverage from problems created by the recession, capital markets can finance long-term investment, including in SME infrastructure and knowledge-based capital, which are key contributors to economic growth and job creation (Nassr & Wehinger, 2014). The spectrum of alternative capital market non-debt market-based instruments SMEs may use includes off-balance sheet securitization, covered bonds, and private placement corporate bonds (Nassr & Wehinger, 2014). Policymakers widely agree upon the benefits of alternative, non-bank debt financing for SMEs, particularly a widening participation in the financial system (Nassr & Wehinger, 2014).

Fraser et al. (2015) discovered recent financial alternatives, including *leasing*, *supply chain finance*, *peer-to-peer* lending, *venture capitalists*, and *crowd funding*, may fill the gap in the supply of funding. Additionally, financing sources, such as *bootstrap finance*, *bricolage*, and crowd funding, could provide start-up financing for a small business (Fraser et al., 2015). An understanding of the link between alternative sources of finance and sustained growth could inform policy makers about which mode of financing will thrive (Fraser et al., 2015). Although not all of the alternate sources of financing, such as angel investors, credit guarantee funds, and VC companies, are accessible or sufficient to meet the credit needs of SMEs (Karadag, 2015).

Restricted access to community bank financing caused SMEs to consider leasing as a viable credit alternative. Leasing is an instrument of finance through which the legal ownership of the good is separate from its economic ownership (Neuberger & Räthke-Döppner, 2013). Contrary to a classic bank loan, the lessor remains the owner of the asset involved (Neuberger & Räthke-Döppner, 2013). Leasing provides an SME with a higher debt capacity than secured lending, which makes leasing valuable to financially constrained small businesses. Since leasing generates liquidity, releases equity capital, and improves accounting ratios, it is the most important source of external finance in many economies. (Neuberger & Räthke-Döppner, 2013).

Business borrowers in need of the alternative *microfinancing* credit need capital in greater amounts than small businesses in need of *microcredit* (Bauchet & Morduch, 2013). Lending to poor SMEs reduces poverty through increased employment (Bauchet & Morduch, 2013). Bauchet and Morduch (2013) provided that reducing poverty by growing the economy via microfinancing to larger SMEs is effective in distressed communities.

Trade credits (i.e., buy now and pay later) and informal sources of finance are a prevalent alternative source of credit for SMEs across all countries (Lawless et al., 2015). Financially constrained SMEs are 9% more likely to use trade credit than non-constrained firms are (Casey & O'Toole, 2014). Casey and O'Toole (2014) highlighted the substitutability of trade credit for bank credit, especially for SMEs denied additional bank credit. Carbó-Valverde et al. (2013) posited that the two economically important alternatives for SMEs across most of the world are bank financing and trade credit. Berger and Udell concluded (as cited in Carbó-Valverde et al., 2013) that in the U.S., trade credit provides almost as much debt financing to SMEs as bank loans, viz., 31.3%

of total debt financing vs. 37.2%. Garcia-Appendini and Montoriol-Garriga (as cited in Carbó-Valverde et al., 2013) posited that the evidence suggested that in the U.S. stronger larger firms extend more trade credit, and weaker larger firms receive more trade credit.

The effects of financial constraints on a firm's growth are sizeable and operate through different mechanisms (Bottazzi, Secchi, & Tamagni, 2014). Trade credit and bank loans are, from the perspective of the receiving SME, imperfect substitute channels of funding (i.e., the substitution hypothesis; Agostino & Trivieri, 2014). Bottazzi et al. (2014) discovered that financial constraints magnify the negative relationship between average growth and size (e.g., lower growth rates that characterize large firms become even lower among constrained firms). In addition, financial constraints reduce the ability of larger firms to exploit their diversified structure: the negative relationship between growth volatility and size is weaker for more severely constrained firms than for unconstrained firms (Bottazzi et al., 2014). Consequently, an SME's reliance on the imperfect substitute, trade credit, increases during periods of financial constraints (Agostino & Trivieri, 2014).

Credit ratings provide an attractive alternative to measuring access to external resources (Bottazzi et al., 2014). Credit ratings summarize several dimensions of a firm's financial conditions and capture a graduation of the severity of an SME's credit problems. Credit ratings are a key ingredient in bank and investor lending decisions (Bottazzi et al., 2014). Slow paying accounts receivables could cause severe credit problems for SMEs (Martínez-Sola, García-Teruel, & Martínez-Solano, 2014). Trade credit management is particularly important in the case of SMEs holding accounts receivables (Martínez-Sola et al., 2014). Consequently, efficient trade credit management could improve firm profitability significantly (Martínez-Sola et al., 2014).

Since SMEs are the backbone of all economies, scholarly focus on their credit risk assessment has increased. SMEs face many financial constraints to access the credit market. Moreover, if an SME is a newly created innovative company, constraints have a higher impact (Angilella & Mazzù, 2015). Consequently, a finance gap exists within the SME's sector (Angilella & Mazzù, 2015). The finance gap worsens when SMEs request credit from commercial banks (Angilella & Mazzù, 2015). Moro and Fink (2013) provided that banks typically adopt different lending approaches into four categories: (a) financial statement lending (i.e., the evaluation of information from balance-sheet data), (b) asset-based lending (i.e., the provision of collateral), (c) credit scoring models (i.e., hard information), and (d) relationship lending. Further, credit-scoring models evaluating the worthiness of an SME's credit are in four families: statistical, operational research and intelligent techniques (Angilella & Mazzù, 2015). In the case of financing SMEs, a recent research debate offers the best type of lending technique.

Moro and Fink (2013) support the idea that banks prefer to finance SMEs adopting intense relationship banking, a type of lending mainly based on non-financial information (e.g., soft information). Angilella and Mazzù (2015) recognized a recent stream of research that asserts that big banks lend more easily to SMEs if lending techniques utilize the application of hard information. However, Angilella and Mazzù advocated that due to SMEs' lack of sufficient or reliable records of accomplishment, the most useful approach for evaluating SMEs' creditworthiness is a rating based on experts' judgment, viz., judgmental rating. Judgmental ratings support the hottest SME source of finance (i.e., supply chain finance [SCF]; Zhang, Hu, & Zhang, 2015). With a judgmental rating, the SCF credit risk assessment could solve the problem of banks incorrectly labeling a creditworthy enterprise as a default enterprise, and thereby improve the credit rating status in the process of SME financing.

To help innovative enterprises, Angilella and Mazzù (2015) posited that financial institutions could reduce informative asymmetries derived via soft information. Presently, commercial banks assess the credit risk of SMEs by evaluating their business plans and considering some non-financial information, such as the market trend and the quality of the management team (Angilella & Mazzù, 2015). In contract, through alternative SCF financing, Zhang, Hu et al. (2015) suggested that the financier would not only focus on the credit status of the fund requester (SMEs), but also the credit status of the main trading counterpart of SMEs which is usually a leading enterprise with large scale and stable profitability.

Although financing innovation SMEs is not an easy task due to the lack of records of accomplishment, Angilella and Mazzù (2015) stressed that a rating model based upon experts' judgments could improve SMEs' access to credit. In financing innovative SMEs, the experts could assist credit providers to select the proper criteria, particularly in detecting risks (Angilella & Mazzù, 2015). Zhang, Hu et al. (2015) advanced that combining the SCF credit risk assessment would lead to a higher accuracy in predicting credit risk. Therefore, Zhang, Hu et al. suggested that a combination of assessment methods is a better choice for commercial banks in addressing SCF credit risk management.

Another alternative source of credit is VC (Bayraktar & Arif, 2013). Bayraktar and Arif (2013) focused on VC's evolution into a viable financing source for high-risk companies and entrepreneurs dedicated to the development of new technologies, such as green building construction. Since start-up SMEs are risky endeavors with no proven record of success, VC firms represent a viable financier (Bayraktar & Arif, 2013).

Most VC firms are in either Massachusetts or California (Bayraktar & Arif, 2013). Rejection rates and the proportion of refused finance applicants are widely used measures of gaps between finance demand and supply (Fraser et al., 2015). Fraser et al. (2015) recognized that monitoring dimensions of governance did not confine venture capitalists. Fraser et al. opined that VCs were also active in providing beneficial services that are especially important to facilitate SME growth. Consequently, commercial banks create subsidiary VC firms to promote external SME financing in Japan (Takahashi, 2015).

Belleflamme, Lambert, and Schwienbacher (2014) recognized that new firms face difficulties attracting external finance during their initial phase, through either bank loans or equity capital. Many entrepreneurial ventures remain unfunded, either because of a lack of sufficient collateral value to pledge to financial investors or because of unsuccessful attempts to convince investors (Belleflamme et al., 2014). In response to inadequate collateral, crowd funding emerged as an alternative source of funding via the internet for entrepreneurs seeking external financing. Belleflamme et al. posited that crowd funding allows entrepreneurs to raise funds through an open call on the Internet using private funders (i.e., *crowd funders*) via two different processes: pre-ordering and profit sharing. Building a community that supports an entrepreneur is a critical ingredient to making crowd funding more profitable than traditional funding (Belleflamme et al., 2014).

Neely and Van Auken (2012) confirmed that inadequate capitalization is the leading cause of a small firm's failure. Capital constraints result in firms being unable to compete and often lead to difficulties in obtaining financing. Firms, unable to attract the traditional forms of capital (e.g., personal savings and borrowing from financial institutions), commonly rely on *bootstrap financing* (i.e., highly creative ways of acquiring capital without increasing debt or raising equity capital from traditional sources). Bootstrap capital provides financing alternatives to small firms confronted with a lack of access to traditional sources of capital.

Aggregate bank lending is an important influence on the economy and a key part of the monetary transmission mechanism (Craig & Haubrich, 2013). The financial crisis led to a reconsideration of the nature of finance in the economy (Cecchetti, 2014). Cecchetti (2014) envisioned bank regulatory adjustments to lending compliance into the indefinite future. Dell'Ariccia and Garibaldi (as cited in Craig & Haubrich, 2013) connection job growth and business loan flows. Heretofore, academic research on commercial lending was abstract (Udell, 2015).

Udell (2015) emphasized that commercial banks lend to SMEs using a variety of lending technologies. Consequently, I separated lending types by lender-borrower interactions and required information from each type based on my review of the literature of the credit alternatives available to SMEs (see Table 3). Table 3 shows that peer-to-peer financing and microfinancing possess the most similar characteristics to community banks. In addition, Table 3 shows that soft credit analysis characterize trade credits and bootstrap financing (Lawless et al., 2015; Neely & Van Auken, 2012), SME preferred credit source (Bouslama & Bouteiller, 2014). Therefore, from Table 3, the least attractive alternative SME credit providers could be large commercial banks and VC (Bouslama & Bouteiller, 2014). Udell found that trade credits, leasing, and SCF provide viable credit alternatives for SMEs preferring a personal relationship (see Table 3).

Table 3

Summary of External Credit Alternatives

Credit Alternative	Type	Borrower	Information
Community bank	Relationship	Opaque	Soft
Large commercial bank	Transactional	Transparent	Hard
Trade credits	Relationship	Transparent	Soft
Leasing	Relationship	Transparent	Hard
Supply chain finance	Relationship	Opaque	Hard
Venture capital	Transactional	Transparent	Hard
Peer-to-peer	Relationship	Opaque	Soft
Microfinancing	Relationship	Opaque	Soft
Credit collaboration	Transactional	Opaque	Hard
Bootstrap financing	Transactional	Opaque	Soft

The academic literature about loan types and methods no longer focused on individual loan contract features (i.e., collateral or covenants) and moved beyond an emphasis on relationship lending being the preferred source of credit (Udell, 2015). More viable credit alternatives are available to SMEs (Udell, 2015). The financial system will continue to evolve and change via a risk transformation (Cecchetti, 2014). SME owners must continue developing effective credit strategies within the changing business environment.

A *discouraged finance seeker* ceased seeking external financing, even if needed, because the finance seeker believes that their application or request for financing would be unsuccessful, given their experience (Xiang, Worthington, & Higgs, 2014). Thirty percent of the SMEs in the U.S. are discouraged (Cole, 2013). An SME owner rejected for debt is over 25% less likely to re-apply again in the following years (Xiang, 2014). Given the constrained access to external finance, a growing percentage of small business owners draw upon internal sources of funds to finance their growth, such as retained earnings and accruals (Xiang et al., 2014). Cerqueiro et al. (2014) found that pledging high-quality collateral enables discouraged borrowers to obtain external credit with lower interest rates. Cole (2013) advocated policies to foster credit access. Gerlach-Kristen and Connell (2015) found a negative and statistically significant effect of discouragement on employment growth. Like Cole, Gerlach-Kristen and Connell advocated policy measures to encourage discouraged borrowers to gain access to credit to increase employment.

To address the financial needs of some SME owners, another source of short-term credit is the new breed of a loan shark (Mayer, 2012). Mayer (2012) reported that in the U.S., new loan sharks primarily exist the in the form of payday lenders (Mayer, 2012). Mayer recognized that the main difference between salary loan sharking a century ago and contemporary payday lenders is the note that binds the debtor. Payday lenders create a debt trap for borrowers (Mayer, 2012).

Grady (2013) showed a unique alternative for SME (i.e., public and private) *credit collaborations*. Due to commercial banks' stringent underwriting requirements and federal and state regulatory standards, particularly regarding small business loans, public and private collaborations created SME credit models that generate economic expansion throughout the nation (Grady, 2013). SMEs use information technology as the means to reach potential collaborators (Grady, 2013).

Jones-Evan's (2015) findings of public finance in the United Kingdom (England) confirmed that the private sector, not the public sector, is more effective in job provision. Even after the financial crisis, Jones-Evans provided evidence of ongoing tight credit supply conditions in the England with banks rejecting applications for low and average risk firms suggesting a partial withdrawal from SME lending as an asset class. Jones-Evans determined that the availability of loans in the England was not the only issue SMEs faced, but also an increasing cost of acquiring loans, despite a decline in the level of interest rates. Jones-Evans concluded that the Finance Wales project did not support business to create jobs during economic hardship in the England.

Change and Change Management

De Clercq, Thongpapanl, and Dimov (2014) recognized that SMEs exposure to dynamic and changing environments leads to managing the tension between streamlining current activities and developing new lines of business. As economies continue to change and advance, so should the leading sub-branches of the economy change and advance (Hilmola, Lorentz, Hilletofth, & Malmsten, 2015). Further, SME owner are motivated to become successful in their innovation efforts (De Clercq et al., 2014). As a result, a strong emphasis on innovation and change at an SME's top management level and the willingness to devote significant effort to seek out the necessary knowledge could lead to new solutions in response to a changing environment (Lanza & Passarelli, 2014). SMEs are the innovative engines that represent the future growth of any economy, so leading change must be present among them (Hilmola et al., 2015). Change is the only valid constant (Marta-Dominguez et al., 2015) and managing change is a *process,* not an event (Lawrence, 2014).

Bareil (2013) presented opposing paradigms to the process of change, viz., the process of change as threat or resource that serves distinct purposes for leaders of change. SME managers must adapt to uncertainty and lead change (Umble & Umble, 2014). Wolf (2011) posited that since change is occurring with greater speed, models of planned change could no longer adequately address an organization's needs. Similarly, Pfeffer (2013) stressed the need for new management theories about power and influence while arguing that the fundamental theoretical management processes remained largely unchanged in their explanatory power, in spite of relentless change.

SME leaders, who simultaneously function as an organization's operational and strategic spearhead, address encounters based on their resourcefulness, rather than on a planned problem-solving process (Mendes & Lourenço, 2014). Wolf (2011) proposed a *rapid transformation model* to keep pace with change through a planned process. Leaders who understand the change process accelerate its implementation and create a source of competitive advantage for firms in turbulent environments (Marta-Dominguez et al., 2015). Maintaining the status quo is no option for an organization's sustainability (Wolf, 2011).

Umble and Umble (2014) attributed the fear of uncertainty as the primary reason change initiatives fail. Umble and Umble opined that resistance to change comes in waves or layers, which necessitates overcoming each sequentially. The three broad layers of resistance to buy-in include (a) disagreement about the problem, (b) disagreement about the solution, and (c) disagreement about the implementation. Considering Umble and Umble's broad perspective of resistance to change from fear of uncertainty, the fear of uncertainty derives from the perceived loss employees felt due to the change (Nicolaides & McCallum, 2013).

Turbulence, stiff competition, and uncertainty in business constantly test SME leaders, especially those embedded in interdependent networks of relations (e.g., SME leaders and a community bank lender; Yilmaz-Borekci, Rofcanin, & Gürbüz, 2014). All levels of an organization's leaders must help their constituencies unlearn outdated or comfortable ways of interpreting opportunities or challenges, and at times, help them toward innovation by pushing against beliefs or culturally embedded assumptions (Nicolaides & McCallum, 2013). Consequently, leaders throughout an organization can be an agent for change.

Financial frictions represent a severe obstacle to firm innovativeness and growth (Brancati, 2014). Mazzucato and Parris (2015) found that the fastest growing firms increased their growth performance from investing more intensely in R&D, but could also gain additional growth from achieving a scale of R&D expenditure above the industry average. Brancati (2014) discovered that new insights on the role of relationship lending to SMEs to finance growth and innovations. Not only did SMEs have a lower probability to innovate and a higher likelihood to face financial constraints, but also their innovative propensity was more sensitive to firm financial condition (Brancati, 2014).

Croce, D'Adda, and Ughetto (2015) determined via an econometric analysis that an SME's financial risk profile was of most interest to banks. Although the establishment of close ties with a bank lender via relationship lending could help overcome financial barriers to innovation (Brancati, 2014), Croce et al. found that before the first round of financing, a bank backed SMEs showed a low risk of financial risk. However, after the initial bank investment, SMEs received an increase in debt exposure (Croce et al., 2015). By exploiting firm-specific proxies of relationship lending, Brancati (2014) documented a highly nonlinear effect that was decreasing with the size of the firm, which suggested that SMEs could gain disproportional benefits from banks' accumulation of soft information, especially for the introduction of new products and processes. Further, Neuberger and Räthke-Döppner (2014) found that lending relationships play a larger role for loan prices than demographics. Loan rates decreased with soft information gained through longer loan processing time and a larger number of accounts at the same bank (Neuberger & Räthke-Döppner, 2014). Interest rates increased with hard information about repayment arrears and reminders. Late payments have the largest influence on loan prices (Neuberger & Räthke-Döppner, 2014).

The rapidly changing market, competition, and customers' needs are variables that force managers to adapt, be flexible, and hasten the decision-making process concerning change (Predişcan & Roiban, 2014). Fink, Frank, Gundolf, and Kailer (2014) recognized that SMEs are well suited for the requisite flexibility and adaptability to qualitative change. Further, SME leaders' requisite ability to recognize the need for change precedes their knowledge of all internal and external forces that drive change (Predişcan & Roiban, 2014). Since most businesses originate as SMEs, qualitative change is probable for small organizations (Fink et al., 2014).

Helfat and Martin (2015) introduced *dynamic managerial capabilities* (i.e., the capabilities with which SME leaders create, extend, and modify the ways in which organizations derive revenue). Dynamic managerial capabilities are the capacity of business leaders to create, extend, or modify the resource base of organizations (Helfat & Martin, 2015). Leaders with superior dynamic managerial capabilities adapt and change more successfully than leaders with no dynamic managerial capabilities (Helfat & Martin, 2015). The external forces of change in which leaders adapt fall into the following seven different frameworks: (a) economic forces, (b) technical and technological forces, (c) political forces, (d) legal forces, (e) demographic forces, (f) socio-cultural forces, and (g) natural forces (Predişcan & Roiban, 2014). The internal forces that drive change are employees, managers, and the organization's particularities, (i.e., strategy, organizational structure, information system, and the organizational culture; Predişcan & Roiban, 2014).

Change can happen only if managers acknowledge the importance of the change forces and the success of the change process depends on how employees support and understand the need for change (Predişcan & Roiban, 2014). Quantitative change leads to more prominent qualitative change in SMEs due to greater amplitude in larger firms (Fink et al., 2014). However, unlike large enterprises, SMEs lack the capacity needed to reflect on their change experiences, limiting the potential of learning from change experiences (Fink et al., 2014). Predişcan and Roiban (2014) concluded that the first step for change management of any organization is to know what drives change, followed by the steps needed to implement change.

Adaptation Leadership

Early researchers, including Homans in 1950 and Lewin in 1952, created the groundwork for the potential for complex adaptive leadership theories (Uhl-Bien et al., 2007). Over the decades, 66 different leadership theories emerged (Dinh et al., 2014). Lichtenstein and Plowman (2009) recounted that traditional views of leadership assume that people at the top of the organization fill the leadership role, including the CEO, the top management team (TMT), and the individuals with the authority to command and control the actions of others. In contrast to traditional views of leadership, Dinh et al. (2014) maintained that a crucial facet of leadership is to structure the way that the inputs of others could combine to produce organizational outputs.

Volatile, uncertain, complex, and ambiguous conditions exempt any sector of society from the need for increased developmental capacity, transformational learning, and adaptive leadership (Nicolaides & McCallum, 2013). Akgün, Keskin, and Byrne (2014) posited that a conceptual crisis entrenches the field of leadership studies causing a limited understanding of leadership in contemporary organizations. To gain a clear perspective, Heifetz (1994) used the analogy of moving from the dance floor to the balcony to describe how leaders need to balance intense action with the practice of constant perspective taking and reflection.

Reiman, Rollenhagen, Pietikäinen, and Heikkilä (2015) opined that leadership theories portray leadership as overly individualistic, hierarchical, one-directional, and decontextualized. Correspondingly, Lichtenstein and Plowman (2009) recognized that since the vast number of total interactions in an organization occurs between peers rather than between formal leaders and their *followers*, much of the influence in the system likely amasses beyond the customary manager–follower roles. In complex systems, mutual influence across peers is necessary for survival (Lichtenstein & Plowman, 2009). Adaptive leadership theory conceptualizes the influence of leadership as socially complex and adaptive process at all organizational levels (Reiman et al., 2015).

Adaptation is a process of achieving a fit between an individual's behaviors and new demands produced by unique problems resulting from change (Hannah, Balthazard, Waldman, Jennings, & Thatcher, 2013). Heifetz (1994) posited that a common error in the unsuccessful implementation of change management efforts is not empowering others to act. Adaptive decision-making consists of high levels of situational awareness that causes underlying knowledge, skills, abilities, and other characteristics (KSAO) to vary in their necessity (Hannah et al., 2013). This common error voiced by Heifetz relates directly to *adaptive leadership* (i.e. leadership that transforms rather than provides a technical fix; Lichtenstein & Plowman, 2009). Lichtenstein and Plowman (2009) complied with Heifetz's position that without a climate of urgency (i.e., the feeling that something must change), an organization (system) would do nothing until it was too late.

Lichtenstein and Plowman (2009) presented the *Complex Adaptive Systems Theory* (CAST) framework, bearing attention to Heifetz' (1994) adaptive leadership framework, that the capacity to influence others happens with every interaction between members of the system. From this perspective, leadership is more than *coaching*. Drawing from CAST, *Complexity Leadership Theory* offered a new way of perceiving leadership (i.e., a theoretical framework for addressing the study of leadership that passes the managerial rationalities of the Industrial Age to meet the new leadership requirements of the Knowledge Era; Uhl-Bien et al., 2007).

Puranam, Alexy, and Reitzig (2014) advocated a leadership approach focused toward organizational problem solving in *novel* ways. Puranam et al. advocated organizing solutions to universal problems, vs. comparing solutions with comparable goals. Puranam et al.'s leadership change model complements Heifetz (1994) adaptive leadership theory by providing small business leaders diverse solutions to the adaptive problems of entrepreneurship, engineering, and administration (Puranam et al., 2014). Similar to Puranam et al.'s leadership change model, Michela and Vena's (2012) leadership change model provides employees' contextually embedded experience with emotional change. Michela and Vena posited that the general *recipe-based* models, or simple explanations, which are typical in the managerial and change literature, are not applicable to the understanding of employees' emotional change-experiences before and throughout a change process. New management development could create new patterns, styles, strategies, and environments that support and celebrate creativity, inspiration, and spiritual growth (Guillén, Ferrero, & Hoffman, 2014)

Society and organizations, through their increasing complexity and diversity, provoke either a general sense of confusion and uncertainty or a situation whereby individuals are typically unable to tell whether something is this or that (i.e., ambiguity) and experience mixed feelings (i.e., ambivalence; Michela & Vena, 2012). The fear of ambiguity comes from the perceived loss employees feel due to the change (Nicolaides & McCallum, 2013). Ambiguity and ambivalence could cause SME leaders not to formulate credit strategies.

To counter ambiguity and ambivalence, Guillén et al. (2014) presented innovative paradigms for organizational leaders to consider new roles in organizational interventions for broader impact and enhanced performance. Since the world is knowledge intensive, global, fast-paced, dynamic, and organic, organizations constantly functioned in fluctuation with the swift speed of technological innovations, globalization, financial shifts, reengineering, mergers, and acquisitions (Guillén et al., 2014). Guillén et al. stressed that the dynamic and chaotic nature of the 21st Century demanded adaptive and flexible organization leadership. Further, Guillén et al. explained that the knowledge economy requires agility and adaptive skills to recognize new opportunities and to take fast action. Guillén et al. posited that the 21st Century economy was a century of networks and interdependence.

Barely any sector of society that is entirely exempt from the powerful, dynamic, and systemic nature of the evolutionary environmental changes (Nicolaides & McCallum, 2013). The need for increased developmental capacity, transformational learning, and adaptive leadership is felt globally and across life and work domains (Nicolaides &

McCallum, 2013). Adaptive leadership is, by design, unpredictable, and its emergent activities can evolve in directions that are contrary to the strategic mission of the organization (Uhl-Bien et al., 2007). Consequently, Heifetz, Grashow, and Linsky (2009) advanced that the heart of adaptive leadership practice is the idea that adaptive leaders provoke change by diagnosing and remedying broken systems and taking risks to challenge the status quo to provoke change. An adaptive leader focuses on the need for change within organizations and encourages actions that disrupt the status quo to incite forward momentum (Heifetz et al., 2009).

Adaptive leadership is an essential tool-kit item for leaders guiding key decision-making and formal chains of authority that contribute to an enterprise’s growth and sustainability (Akhtar, Kei, Khan, & Rao-Nicholson, 2015). As the environment changes, leaders and their organizations must adeptly sense environmental vicissitudes and be aware of changes that might influence their actions, behaviors, plans, strategies and investments (Akhtar et al., 2015). An ingrained awareness in leaders’ minds and within the organization’s complex adaptive system provides an ability to react effectively and efficiently to stay ahead of environmental changes (Akhtar et al., 2015). Therefore, SME leaders and their organizations must remain agile, flexible, and adaptive concerning credit strategies in a changing environment (Akhtar et al., 2015).

Adaptation is not only about processes and mindset, but also execution (Heifetz & Linsky, 2002). An SME leader’s speed of adaptation is critical since the faster adaptation of environmental changes occurs; the better the organization can exploit a new opportunity (Verreynne & Meyer, 2010). Heifetz and Linsky (2002) offered the benefit of

SME leaders to develop an organizational structure to support continual adaptation to change, but could not discern whether small business leaders were adapting as the adaptive leadership model proposed.

Comparatively, in large bureaucratic organizations, with rigid processes, guidelines, and workflows, adaptability is difficult and can be an organizational constraint in the fast-paced, competitive environment (Lichtenstein & Plowman, 2009). Small enterprise leaders can leverage opportunities associated with their small size through interaction with the external environment and collaboration with stakeholders (Verreynne & Meyer, 2010). In complex adaptive systems, any agent of adaptive change within the organization could recognize the need to adapt to new information or potential opportunities (Lichtenstein & Plowman, 2009). Further, Verreynne and Meyer (2010) stressed that structured planning may be suitable for SMEs, while Aldehyyat, Twaissi, and Jordan (2011) questioned the viability of structured planning because of limited resources.

Numerous models and theories exist in the extant academic literature concerning how internal and external environmental elements influence an organization’s ability to adapt to change (Bordum, 2010). Bordum’s (2010) adaptation model offered that adaptation to be an externally focused concept (i.e., organizations adapt to changing conditions to maintain status as viable, effective, and efficient entities. Conversely, Hogan’s (2008) model consisted of four elements: cultural trap, natural selection, serendipity, and adaptation. Hogan proposed that a culture trap exists in organizational cultures that disrupt leaders seeing a need for change. Further, Hogan suggested that natural selection implies that although information exists, leaders and agents within the organization do not incorporate existing information into strategies and plans, while serendipity implies that leaders develop strategies without understanding the concept. Finally, Hogan stressed that adaptation is a desirable condition since leaders solicit new information (e.g., changing credit environment) for use in the development of strategic plans and initiatives.

Strategic Initiative

Although SMEs are vital economic units in national development, over 92% of all SMEs have funding gaps in varying degrees (Liu, 2015). A lack of proper access to information and external resources causes SMEs' average life span to be fewer than 3 years (Liu, 2015). Liu revealed that over 66% of SMEs could not survive due to capital chain ruptures or difficulties. Contemporary business leaders face extraordinary trials where victory is a function of their ability to develop and deploy unique strategies in innovative ways (Dibrell et al., 2014). Rapid changes in business environment force SMEs to revise strategies for business survival (Wingwon, 2012). Major shifts in technology and business and the economic environment present opportunities (Zdanyte & Neverauskas, 2014). In response to changes, SME leaders establish, shape, synchronize, and support sustainability efforts for new emerging opportunities (Abdelgawad et al., 2013).

Since SMEs have a particularly high rejection rate when seeking external financing for innovation and export development, many small firms adopt the strategic initiative of internal financing (Love & Roper, 2015). Collaborative financing arrangements (i.e., openness) can ease external barriers to credit SMEs face (Love & Roper, 2015). In addition, Foreman-Peck (2013) postulated that the government could provide targeted financial support for individual projects, through public sector grants or loans. The results of Jones-Evans' (2015) study of the United Kingdom's public sector financing initiative, Finance Wales, provides insight about the effect of government financing alternatives for SMEs.

Worldwide, 600 million new jobs over the next 15 years will keep employment rates at their current level (Grimm & Paffhausen, 2015). Many economists and business representatives view the North American Free Trade Act of 1993 (NAFTA) as a successful effort to fuel unprecedented North American trade and create job growth in the U.S. (Villareal & Fergusson, 2015). Conversely, many labor groups and some consumer-advocacy groups blame NAFTA as the cause of outsourcing jobs and lower wages in the U. S. via dislocations to Mexico (Villareal & Fergusson, 2015).

Villareal and Fergusson (2015) posited that future trade policies and the ongoing Trans-Pacific Partnership (TPP) would cause NAFTA to lose relevance. The TPP causes employment shifts between sectors in the U. S. (Petri & Plummer, 2016). Petri and Plummer (2016) suggested that although employment in manufacturing would continue to grow irrespective of the TPP, the agreement dampens the rate of growth in manufacturing employment by 20%. In other words, the lower trajectory of employment growth in manufacturing equals increases in employment in the service and primary goods sectors (Petri & Plummer, 2016). In addition to financial constraints, expansion strategies that could create and enhance employment in the changing environment pose complex challenges for small businesses regarding global and regional trade policy considerations (Grimm & Paffhausen, 2015).

Initiation of strategic change (i.e., discrete changes in the content and scope of a firm's existing strategies in response to environmental changes) subsumes initial activities, which build the knowledge of the need to change, and a decision to make a change (Herrmann & Nadkarni, 2013). Nevertheless, Karadag (2015) posited that 86% of business failures was due to financial reasons caused primarily by disruptive technologies, lack of business related training, inadequate managerial capabilities, high rate of taxes, and other bureaucratic problems. Marta-Dominguez et al. (2015) posited that leading strategic change necessitates changes in the composition of an organization's board of directors and management. Further, Porter's (as cited in Wingwon, 2012) advancement of competitive advantage force SMEs to focus on organizational capability and human resource management to promote staff value. Lack of financial management knowledge and strategies, combined with the uncertain business environment, causes business leaders to face serious financial crises that threaten the survival of their enterprise (Karadag, 2015).

Higher quality financial reporting could provide an important economic benefit to SME leaders by reducing information asymmetry between SMEs and their creditors and make alternative sources of working capital more attractive (Vander Bauwhedge, De Meyere, & Van Cauwenberge, 2015). Although efficient working capital management strategies could be vital for SMEs (Pais & Gama, 2015), SMEs often lack the market power and resources to manage their trade creditors effectively, which increases the risk of late payment and default (Pais & Gama, 2015). Pais and Gama (2015) found a negative relationship between profitability and the number of days SMEs hold accounts receivable, the number of days of inventory turnover, and the number of days holding accounts payable. Therefore, asymmetrical (i.e., soft) financial requirements limit the attractiveness of alternative forms of working capital; consequently, SMEs must rely on their intense relationships with banks to maintain financial control (Burgstaller & Wagner, 2015).

A balance between economic progress, social responsibility, and environmental protection (i.e., the triple bottom line) can maximize the impact of CSR (Epstein & Buhovac, 2014). King (2008) stressed that the failure to meet any one aim of the triple bottom line meant a failure in all three. G. Bennett Stewart (as cited in O'Brien, David, Yoshikawa, & Delios, 2014) admonished that equity is soft, and debt is hard; equity is forgiving, and debt is insistent; equity is a pillow, and debt is a dagger. Equity lulls a company’s management to sleep, forgiving its sins more readily than a deathbed priest does (O’Brien et al., 2014). In response to Stewart’s assessment of debt (as cited in O’Brien et al.), Julian and Ofori-dankwa (2013) found that where institutional development undergirding is weak concerning CSR, financial resource availability will not have a positive effect but perhaps even have the reverse. SMEs could gain greater access to financing by focusing purely on the bottom line vs. the triple bottom line (Julian & Ofori-dankwa, 2013). Conversely, Cheng, Ioannou, and Serafeim (2014) discovered that an SME’s inability to obtain financing might be due to credit constraints or inability to borrow, inability to issue equity, dependence on bank loans, or illiquidity of assets.

Cheng et al. (2014) concluded that SMEs with strategic initiatives aimed at better CSR performance face lower capital and credit constraints than firms that do not.

The emerging integrative view on corporate sustainability posits that firms should address the triple bottom line, even at the risk of entailing tension and conflict (Hahn, Pinkse, Preuss, & Figge, 2015). An organization's culture influences its organizational outcomes, particularly the achievement of organizational innovations (Riivari & Lämsä, 2013). Further, Riivari and Lämsä (2013) determined that ethical behavior of top management and supervisors was an important factor of organizational innovativeness. Therefore, Riivari and Lämsä concluded that an ethical organizational culture could positively affect an SME's profitability. For instance, when an organization's leaders aim to achieve specific outcomes, such as an improved triple bottom line, managerial awareness of the dimensions of culture could contribute to effective and focused sustainability efforts (Riivari & Lämsä, 2013). The Bank of America, one of the largest banks in the U.S., committed $18 billion in lending advice and market creation to assist business borrowers with environmental concerns and sustainability issues (Epstein & Buhovac, 2014). Accordingly, as cultural changes force SME leaders' to focus on the triple bottom to improve profitability and opacity (Hahn et al., 2015), a greater number of credit alternatives become available (DeYoung, Gron, Torna, & Winton, 2015).

Leading change requires knowing when and to what extent to be assertive (O'Kane & Cunningham, 2014). Strategic change initiation involves noticing, interpreting and selecting the right option, whereas implementation involves mobilizing resources and overcoming challenges to achieve strategic change goals (Wales, Parida, &

Patel, 2013). Although a formal strategic planning process positively relates to a firm's performance, evidence suggested that the success of strategic planning declines as environmental uncertainty increases (Dibrell et al., 2014). Because capital markets and public equity are often no options for such SMEs due to financial reporting, community bank debt plays a more important role in their capital structure (Burgstaller & Wagner, 2015). Degryse, de Goeij, and Kappert (2012) confirmed through the SME literature that small firms seek to reduce debt as profits increase, but seek bank credit to finance growth. Therefore, equity instrument alternatives must suit SMEs' needs, financial reporting, and motives (i.e., the maintenance of decisional control), while cultivating the SME community's ability to pursue growth activities with low levels of debt (Burgstaller & Wagner, 2015).

A competitive setting driven by globalization, technology, deregulation, and democratization exemplifies the *Knowledge Era* (Uhl-Bien et al., 2007). Effective leaders of change in the knowledge era exercise *strategic orientation* (i.e., balancing to what degree and for how long they would implement operating-oriented moves at the expense of strategic changes; O'Kane & Cunningham, 2014). Although knowledge management (KM) practices are imperative for innovation purposes, Donate and Sánchez de Pablo (2015) posited that the existence of KM leadership encourages the development and use of KM exploration (i.e., creation) and exploitation (i.e., storage, transfer, and application) practices. A major implication of the use of KM practices is that an SME can improve its performance in product innovation (Donate & Sánchez de Pablo, 2015).

Conventional notions of leadership do not explain how transformations occur (Lichtenstein & Plowman, 2009). SMEs' capital structures differ from large firms by (a) having large informational opacity causing a reliance on internal funds, (b) being less diversified causing a higher risk of bankruptcy due to reliance on short-term debt, and (c) being required greater amounts of collateral to obtain financing (Jõeveer, 2013). SME leaders could enhance their organization's financial performance by implementing knowledge management (Cerchione, Esposito, & Spadaro, 2015).

Innovation management is an important and intricate part of a company's strategy, but innovative thinking is not enough (Cristina, 2013). Innovative small business leaders are comfortable with uncertainty (Cristina, 2013). Having opened minds, and being receptive to ideas from various disciplines, could enable SME owners to consider alternative external financing. The difference between successful and unsuccessful small businesses is that in successful small businesses innovative leaders open new opportunities for growth and profit while others dangle on the edge of survival (Cristina, 2013).

The millennial generation, the fastest growing generation, values strong leadership (Gursoy, Chi, & Karadag, 2013). Since the millennial generation grew up with technology, their collaborating skills add to their flexibility and receptiveness to considering new ideas and innovative financial solutions (Gursoy et al., 2013). The role of innovation leaders is to mobilize necessary financial resources for innovation and to promote innovation within the organization through a healthy risk-taking culture (Cristina, 2013). Organizations can create an innovative culture through critical systems thinking (CST; Kogetsisis, 2012). CST's three main commitments (i.e., a commitment to critical awareness, a commitment to improvement, and a commitment to methodological pluralism focus organizations' leaders on new opportunities; Kogetsisis, 2012). These commitments enable CST to be simultaneously holistic and creative. CST aids organizations to embrace change and make a significant contribution to improving its performance. Prammer and Neugebauer (2012) suggested that innovative organizations are increasingly seeking cooperation with other organizations and players to deal with pertinent issues and complex societal problems, such as gaining access to external financing for mutual sustainability and growth.

Transition

Section 1 is an introduction to the important points of the study. The purpose of the qualitative case study is to develop an understanding of SME leaders' strategies to obtain external credit within a changing business environment. A sample of five small manufacturers or wholesalers, which have been operating for over 5 years, will respond to open-ended, semistructured interview questions. The research problem, research questions, and conceptual framework contribute to developing an understanding of the strategies small businesses make to access credit is a changing environment. In this study, the effects of mergers and acquisitions of community banks are the cause of the changing business environment. Strategic leadership and adaptation in changing contexts are the conceptual frameworks that ground this case study.

The literature review provides a chronological history of SMEs' access to credit in changing environments, particularly differences in access to credit from community banks versus large banks. My review of the academic and professional literature includes an analysis of alternative sources of credit available to SMEs. The review of the literature also includes theories that influence small business leaders’ credit strategies (i.e., change and change management, adaptive leadership, and strategic change initiatives). The study scope is limited in breadth and design to understanding small wholesalers and manufacturers’ credit strategies in a changing business environment in Northwest Arkansas.

The specifics of the overview of qualitative case study described in Section 1 develop in Section 2. In Section 2, I provide my role as the research instrument, details of the participants, ethical considerations, expansion of the study’s research method and design and data analysis, and reliability and validity. In Section 3 of the study, I provide my presentations of the findings with a description of the finding’s application to professional practice and implications for social change.

Section 2: The Project

The purpose of this project was to develop and present an enhanced understanding of how SME leaders are strategically responding to accessing credit within a changing business environment. A qualitative multicase study enabled me to address the central research question from a broad perspective and various realities. I interviewed leaders of SME manufacturers or wholesalers in Northwest Arkansas to arrive at an understanding of the occurrence from the perspective of those experiencing it.

Purpose Statement

The purpose of this qualitative multicase study was to explore SME leaders' strategies to obtain external credit within a changing business environment. The participants included five SME leaders from different companies employing fewer than 500 people. Through semistructured, face-to-face interviews with SME leaders, I identified and explored strategies for acquiring credit within a changing business environment. Participants consisted of SME leaders who have worked in the manufacturing and wholesale industry in Northwest Arkansas for over 5 years. An enriched understanding of the strategies SME leaders used for obtaining credit might assist businesses to compete more effectively. The information from this case study might lead to social change for small businesses and communities by helping SME leaders create credit strategies for growth and sustainability to increase jobs, sales revenue, and tax revenue.

Role of the Researcher

In a qualitative study, the researcher assumes the role of the data collection instrument (Leedy & Ormrod, 2013). My role as the researcher was to complete an interpretive case study to gain a better understanding of the difficulties small business leaders encounter acquiring credit. The data collection process involved interviews with small-business leaders in Northwest Arkansas. My role as researcher included defining the research concept, designing, interviewing, transcribing, analyzing, authenticating, and recording the study's data to develop themes (Sanjari, Bahramnezhad, Fomani, Sho-ghi, & Cheraghi, 2014).

Henriques (2014) advocated that research required recognizing bias and subjectivity to avoid ignoring perceptions or preconceived notions of the problem. Mitigating bias and subjectivity encompasses using bracketing, or epoché, as part of the data collection, interpretation, and presentation process (Moustakas, 1994). Epoché, as a transcendental approach, represents a Greek word that means to refrain or set aside preconceptions or judgments of experience, knowledge, beliefs, or meanings to ensure unbiased results (Onwuegbuzie et al., 2012). Perry (2013) stressed that a transcendental approach involved achieving a cognitive, self-reflective understanding of each participant's experiences that transcend individual preconceptions.

This study involved a sustained and intensive relationship with participants; therefore, I disclosed my personal experience as a 33-year career community banker underwriting small business loans in the region of interest. To enable the reader to understand my contextual perspective of the study, I provided my banking and business associations and affiliations (Marshall & Rossman, 2014). To avoid backyard research i.e., my life's role spilling over to the role of a researcher, (Glesne, 2006), I safeguarded my openness to contrary evidence and mitigate bias (Yin, 2014). Hence, I did not interview participants with whom I have had a direct role in providing credit for their small businesses (Yin, 2014). Excluding small business leaders with a perceived or acknowledged relationship mitigated any undue influence. As part of the bracketing process, I asked each participant the same open-ended questions in the same order. I bracketed my personal bias by writing memos during data collection and analysis and maintaining a journal for reflection during the data collection process (Tufford & Newman, 2010).

My role was to take steps to maintain the highest credibility of my research and test my tolerance for contrary findings. To enhance my study's credibility, I had prolonged engagements and persistent observations with the participants (Houghton, Casey, Shaw, & Murphy, 2013). I allowed participants to check their responses to clarify, confirm, and provide additional data (Yin, 2014). I reported my preliminary findings to two critical external colleagues to seek suggestions for alternatives in data collection and confirmed that the depth of the interviews provided data saturation (Yin, 2014). Further, I triangulated data . In addition to deploying multiple strategies of validity, I strived for the highest ethical standard in my research. Under the Belmont Report protocol, an appropriate composition of the Institutional Review Board (IRB) membership, I ensured the review of this research study in support of protecting the rights and welfare of the participants (Yin, 2014). The sensitive nature of the information obtained from participants necessitated the masking of names, people, places, and activities.

A case study's reliability is concerned with demonstrating that the same results are obtainable by repeating the data collection procedure (Baškarada, 2014). A strategy to ensure the reliability of case studies is the creation of the case study protocol. The case study protocol contributes to the reliability by standardizing the investigation (Baškarada, 2014). Yazan (2015) proposed that the use of a data collection protocol in case studies constitutes the efforts that go beyond the simple repetition of data gathering to a deliberative effort to find the validity of data observed. Further, case study researchers prefer a unified and standard data analysis protocol since different protocols could produce different results of the data (Vaismoradi, Turunen, & Bondas, 2013). Having collected data via observations and open-ended interviews with small business leaders in their everyday working environment, my interview protocol with data collection guidelines ensured the generalizability of the results to other cases.

Participants

Providing precise details of the sampling method and participants' descriptions verified the trustworthiness of a study's data collection (Elo et al., 2014). Thoroughness, as a criterion of research validity, refers to the adequacy of the data and depends on sound sampling and data saturation (Yin, 2014). Sampling types include convenience, purposive, theoretical, selective, within a case, and snowballing (Elo et al., 2014). Purposive sampling is suitable for qualitative studies in which a participant's knowledge is essential to gaining an in-depth understanding of the question under study (Elo et al., 2014).

My first strategy for gaining access to potential SME participants for this study was to contact chambers of commerce and manufacturing associations in Northwest Arkansas for manufacturing and wholesale business owners and leaders. Northwest Arkansas is not only my home; it is the nation’s seventh fastest-growing economy among large metropolitan areas (Northwest Arkansas [NWA] Council, 2014). Analysts at Information Handling Services (IHS) Global Insight forecasted Northwest Arkansas’s economy to grow by 4.20% annually through 2020. Northwest Arkansas’s forecasted growth would be the third-fastest growing economy in the U.S. amid large metropolitan areas (NWA Council, 2014).

I solicited and secured interviewees via purposive sampling from five industrially diverse SME manufacturers from Northwest Arkansas that align with the overarching research questions regarding strategies to adapt to changes in access to credit. Since approximately 50% of all new business ventures do not survive beyond the first 5 years of operation (SBA, 2015), my sample included only leaders or owners of SMEs in businesses for over 5 years. Furthermore, I limited the eligibility criteria to small business leaders or owners employing 500 or fewer people who make capital and financial decisions.

Interview research that has an idiographic aim necessitates a sufficiently small sample size for individual cases to have a locatable voice within the study and for conducting an intensive analysis of each case (Robinson, 2014). Although case study researchers use a guideline of three to 16 participants for a single study, various reasons exist for choosing a sample size of only one (Robinson, 2014). Elo et al. (2014) posited that no commonly accepted sample size for qualitative studies exists because the optimal sample depends on the purpose of the study, research questions, and richness of the data. A case study qualitative researcher should interview three to five participants (Marshall, Cardon, Poddar, & Fontenot, 2013). Roy, Zvonkovic, Goldberg, Sharp, and LaRossa (2015) agreed by acknowledging that three to five cases were appropriate for case study research.

My first contact with each potential participant was via telephone requesting a face-to-face meeting to establish a working relationship and seek an interest in participation. If the participant was amicable, we mutually set a place, time, and date for an interview. During the telephone conversation, I informed the participant of the general purpose of the study. I followed the telephone conversation with a text message or email reminder to the participant. I did not use incentives or entice the individual to participant in the study, which is preferable (Robinson, 2014).

Research Method and Design

A researcher's worldview may influence the approach to a study. My philosophical perspective is ontological, which Roy (2014) characterized as beliefs about the nature of reality. I employed a qualitative case study approach. My worldview influenced the topic selection, research questions, and research strategies. The research design and method are the blueprints that connect the elements of research into the process of exploring questions and drawing conclusions from a study (Leedy & Ormrod, 2013). The research design serves as a logical plan in the process of collecting and analyzing data relevant to the research question by strengthening the study's accuracy and validity (Leedy & Ormrod, 2013).

Research Method

A qualitative method enables a researcher to seek to arrive at an understanding of a particular occurrence from the perspective of those experiencing it (Vaismoradi et al., 2013). Walker and Taylor (2014) posited that exhaustive qualitative research involved exploring participants' experiences descriptively through self-awareness or interactive interpretation to frame a need for change or reform. A qualitative case study is an optimal approach since the feedback of five SME leaders' strategic adaptation to changes in access to credit forms the basis for data collection. Bahari (2012) maintained that the basis of qualitative research, versus quantitative research, includes comparing and contrasting participants' views under different realities.

Research Design

The nature of the investigation of SME leaders' ability to adapt to changes in acquiring credit necessitated a qualitative approach and multicase study design. Case study design enables a researcher to frame and debate one or more cases in real-life settings to holistically and deeply explore a problem (Yin, 2014). Furthermore, a case study design permits a researcher to explore or examine a problem within a realistic setting (Hoon, 2013). A case study design allows a researcher to explore, examine, and contextualize varied participants' knowledge and experience into a single problem

(Morse & McEvoy, 2014). A multicase design made my study more robust that a single-case study (Yin, 2014).

A researcher may conduct a case study using a holistic approach or an embedded approach (Yin, 2014). A holistic review involves an analysis of the entire study versus and embedded method where the researcher focuses on a particular component of the study (Yin, 2014). A case study is an appropriate research method since it does not require control of behavioral actions and focuses on a contemporary event (Yin, 2014). The justification for utilizing a case study qualitative research method over other research methods involves addressing the study's central research question from a broad perspective and various realities (Bahari, 2012). Utilizing a deductive, generalized quantitative method, a researcher addresses the study from a narrow, single reality (Bahari, 2012). Although integrating qualitative and quantitative methods, viz., mixed methods research, could maximize the strengths and minimized the weaknesses of each method, its additional cost and complexity did not justify its use in this study (Molina-Azorin, 2012).

The choice of the ideal research design was between ethnographic, case study, phenomenological, participatory, and narrative designs (Onwuegbuzie et al., 2012). Ethnographic researchers explore and analyze a problem, contextualized through observations and interviews within a historical and cultural setting (Vesa & Vaara, 2014). Ethnographic is a prolonged, extensive field research design through which research can obtain values, language, and beliefs of culture, group, or individual through interviews and observations (Robinson, 2014). As an extraordinarily expensive design, ethnographic research requires prolonged negotiated access to a research site and participants (Onwuegbuzie et al., 2012). Therefore, the ethnographic design did not suit the needs of this study.

Phenomenological research commences with participants describing personal lived experiences, perspectives, or knowledge of a problem concretely without abstract generalization (Walker, 2012). Phenomenology encompasses exploring the essence of a participant's knowledge via interviews and observations (Kafle, 2013). Interpretively embracing the complex and dynamic aspects of a problem, while learning, interpreting, and preserving a participant's descriptive perception of the event, did not suit the need of this study (Bahari, 2012).

Participatory action research encompasses a researcher and participant exploring a problem collaboratively to generate knowledge (Bergold & Thomas, 2012). Consequently, this research design supports the premise of researcher and participant as coresearchers to share analysis and solutions via collaborative research (Belone et al., 2014). Potential ethical challenges and conflicts could exist with participatory action research (Cross, Pickering, & Hickey, 2014). The existence of potential ethical challenges caused participatory action research not to suit the needs of this study.

Narrative design researchers collect data through observation, documentation, questionnaires, interviews, photos, or artifacts to contextualize a participant's experience (Petty, Thompson, & Stew, 2012). The narrative research design causes a researcher to delve deep into a participant's life experiences to contextualize understanding of the problem under study (Venkatesh et al., 2013). However, the idiosyncratic interaction between a participant and the researcher could cause negative perceptions of trust (Loh, 2013). A narrative design did not suit the needs of this study.

Population and Sampling

My aim in using a multicase study design was to provide *analytic generalization* (i.e., going beyond the setting for a specific case or experiment; Yin, 2014). This multicase study parallels experimental research to achieve analytic generalization (Yin, 2014). Therefore, the purposive sampling description of this case study is not to imply that the cases come from a larger universe or population of similar cases to create statistical generalizations. Purposive sampling allows a researcher to maximize the depth of the collected data for the research (Marais & Van Wyk, 2014). I chose purposive sampling over other non-probabilistic sampling methods including convenience sampling and snowballing (i.e., network sampling).

Purposive sampling is a method of understanding unseen populations with a long history (Barratt, Ferris, & Lenton, 2015). Petty et al. (2012) recognized that researchers select purposive sampling based on relevance to the study. A purposive sampling approach offers the best way to explore SME leaders' strategies to obtain external credit within a changing business environment. Purposive sampling in qualitative research to solicit or elicit participant responses depends on having knowledge of and rapport with the target population (Barratt et al., 2015). In contrast, Petty et al. recognized that convenience sampling involved an ease of contact, but this procedure may not lead to a sample representative of the population under study (Daniel, 2012). Snowball sampling builds upon a convenience sample by asking participants to suggest others participate

(Siciliano, Yenigun, & Ertan, 2012). Nevertheless, snowball sampling may lead to potential participants who do not meet the study requirements (Hyysalo et al., 2015).

Sampling should reflect a pragmatic or flexible process of choosing a sufficient sample size in response to the research question (O'Reilly & Parker, 2013). Views regarding adequate sample size vary among scholars. Binks, Isa, and Tyowua (2013) posited that the optimum sample size for exploring unique, in-depth, complex situations is case study research is up to 10 cases. Marshall et al. (2013) proffered that a range of 6 to 10 participants is a sufficient sample size for conducting a qualitative study. Baker, Edwards, and Doidge (2012) noted that a qualitative study should result in a minimum of 20 to 30 interviews. Hikari et al. (2013; as cited in O'Reilly & Parker, 2013) concluded that no systemic qualitatively or quantitatively correct method exists that guarantees sample size legitimacy. O'Reilly and Parker (2013) stressed that increased sampling does not necessarily lead to greater data saturation. O'Reilly and Parker found that recruiting further participants to a study and not making full use of the data collected was potentially unethical. In qualitative inquiry, the aim is not to acquire a fixed number of participants, but rather to gather sufficient depth of information as a way of fully describing the phenomenon (O'Reilly & Parker, 2013). Consequently, scholarly researchers provided that the data saturation for my qualitative multicase study might be achievable through interviews with five SME participants (Dworkin, 2012). I did not conduct additional interviews since additional data was not necessary to achieve data saturation.

The two key considerations that guide sampling in qualitative research are appropriateness and adequacy (O'Reilly & Parker, 2013). Achievement of data saturation occurs when continuing data collection generates nothing new (O'Reilly & Parker, 2013). O'Reilly and Parker (2013) noted that sampling should reflect a pragmatic or flexible process of choosing a sufficient sample size in response to the research question. Duxbury (2012) posited that an optimum sample for exploring unique, in-depth, complex situations in case study research ranges from four to ten cases. The quality of a participant is more important than the quantity of participants (Dworkin, 2012). Accordingly, I determined that for the initial minimum data saturation point (i.e., the point at which additional data collection offers no additional benefit; Dworkin, 2012), five participants should guarantee the quality needed to support the purpose of the study.

Estimating the adequate number of participants to achieve data saturation depends on factors, such as the participants' eligibility criteria, the background of the problem, research method, design, nature of the study, and the study's conceptual framework (Marshall et al., 2013). Sandelowski (1997) provided that saturation of data could indicate the optimal sample size. Saturated data ensured replication in categories, thereby verifying and ensuring the study's comprehension and completeness (Elo et al., 2014). If the saturation of data were incomplete, it could cause problems in data analysis (Elo et al., 2014). Elo et al. (2014) recommended that researchers start their preliminary analysis of the data after a few interviews. Robinson (2014) affirmed that the practical reality of research was that most studies required a provisional decision on sample size at the initial design stage. Without a provisional number to sample at the design stage, the ascertainment of the duration and required resource-allocation of the project is impossible, which could make research planning impossible (Robinson, 2014). Therefore, this study's initial minimum data saturation point (i.e., the point at which additional data collection offers no additional benefit; Dworkin, 2012), was five participants.

Ethical Research

Ethical practices ensure respect, beneficence, and justice (Manasanch et al., 2104). I ensured that the research design and implementation of this study maintained the highest ethical standards with particular emphasis on ensuring the participants' protection. Before commencing my proposal, I completed the National Institute of Health (NIH) Protecting Human Research Participants course (see Appendix A). Voluntary participant consent was an essential principle of ethical research (Won Oak, 2012). Since voluntarism embodies respect, I made an informed consent document (see Appendix B) clear to the participants (Enama et al., 2012). The informed consent document explained data collection, storage, and utilization to each participant (Griffith, 2014). An IRB examination is imperative for approved research involving human participants (Tsan & Tsan, 2015). This manuscript includes the Walden University IRB approval notification and approval number (see Appendix E). Participant recruitment for my study did not launch before IRB approval.

Before commencing the interview, the participant and I signed the informed consent form with a detailed explanation of the extent, nature, purpose of the study, and the benefits of the research results to society and SMEs. The participant received an assurance of anonymity within the consent form that names would remain confidential. I maintained honesty in all my dealings with participants and expected each participant to behave likewise.

I adhered to the utmost principled values in academic research regarding the ethical protection of the participants in my study. Rubin and Rubin (2012) stressed displaying respect, following through on commitments (i.e., starting interview on time), and ensuring no stress or harm to the participants by strictly complying with the protocol and consent plans. I reiterated that participants could withdraw from the study at any time for any reason. None of the participants received compensation. To protect participants' identities, I did not use actual names in the transcripts or doctoral study.

Corti (2012) defined data archiving as a process of securing, preserving, and storing research data and resources for future audits to verify research findings or future exploitations to advance research. All data, including the informed consent form, electronic data, and hard copies of the research data and transcript, related to individuals and organizations participating in the study were password protected on a thumb drive and stored in a secure, fireproof vault for 5 years. After 5 five years, I will destroy the information by shredding the paper documents and erasing the e-data from the thumb drive.

Data Collection Instruments

One of the most important sources of case study evidence is an interview (Yin, 2014). Interviews can be face-to-face (i.e., questionnaires or asking questions), over the telephone, or via group interview (Brayda & Boyce, 2014). Bassey (as cited in Brayda &

Boyce, 2014) stressed that interviews have a sense of formality. Face-to-face social interaction is the most regularly experienced social reality (Collins & Cooper, 2014). Qualitative inquiry is unique because it requires both emotional maturity and strong interpersonal skills to collect data (i.e., hear the stories of others and use their words to describe phenomena; Collins & Cooper, 2014). Face-to-face interviews provide the advantage of inserting the researcher into the interviewee's contextual environment (Neuman, 2011). Because these interpretive abilities are difficult to assess, qualitative research has done much to encourage full descriptions of the role of the researcher as the primary data collection instrument (Collins & Cooper, 2014). An imperative in face-to-face interviews is for a researcher to make the interviewees feel comfortable (Brayda & Boyce, 2014).

All interviews are unique (Parker, 2014). Structured interviews include a list of established questions asked in a specific order with a limited number of common responses provided (Parker, 2014). Unstructured interviews comprise informal discussions with participants (Parker, 2014). Semistructured interviews include questions prepared in advance but provide the investigator with the flexibility to probe based on participants' responses (Parker, 2014). Semistructured interviews allow researchers to ask open-ended questions without predetermined answers (Panagiotakopoulos, 2014). I used semistructured face-to-face interview questions to gain an understanding of SME leaders' strategies for accessing credit in a changing environment. Yin (2011) identified best practice for semistructured qualitative interviews as (a) not dominating the conversation, (b) not guiding the interviewee, (c) maintaining impartiality, (d) following protocol, and

(e) developing follow-up questions during the interview. I followed Yin's (2011) best interview best practices.

A semistructured interview comprises prepared questions guided by identified themes in a consistent and systematic manner interposed with probes designed to elicit elaborate responses (Qu & Dumay, 2011). Rubin and Rubin (2012) recommended defining a protocol to ensure a common approach before commencing the interviews in a qualitative study. Following a protocol will keep a researcher targeted on the topic and force a researcher to anticipate problems (Rubin & Rubin, 2012). To increase the reliability of my case study and guide my research, I used Yin's (2014) protocol framework. The protocol (see Appendix C) has four sections, which include an overview, data collection procedures, data collection questions, and a guide for the case study report (Yin, 2014). Before any interview commenced at the participant's work site, I reiterated that (a) participation in the study was strictly voluntary, (b) the participant could withdraw at any time, and (c) the participant's identity would remain confidential.

To achieve an emergent understanding of participant responses, researchers use member checking to allow participants to clarify responses or provide additional data to confirm the accuracy of the data collected or affirm the accuracy of the study findings (Harvey, 2015). Offering interview participants the opportunity to confirm the validity of codes, themes, and study findings interpretively through member checking enhanced research creditability and dependability (Cope, 2014). Member checking is a quality control technique used to enhance the accuracy, credibility, and validity of participants' responses and qualitative research findings (Harper & Cole, 2012). I conducted member checking, vs. an intrusive transcript review, to enhance the reliability and validity of the study's data collection instruments.

Data Collection Technique

Relentless change within the business environment causing SME strategic leaders to adapt to gaining access to credit merits further research and debate. Exploring rich, in-depth SME participants' viewpoints and their experiences was the objective of my proposed study (Dangal, 2012). Qualitative researchers select from a range of data collection techniques including telephone and face-to-face interviews; focus groups; non-participant observation; paper, audio, video, or diaries; case notes; and discussions in online chat rooms and social media (O'Cathain et al., 2015).

The data collection decisions and analysis methods depend on the research questions posed and the context in which data collection will take place (O'Cathain et al., 2015). Snowball sampling is one sampling technique qualitative researchers use to sample difficult-to-reach participants spread across a large geographical area (Balter & Ignasi, 2012). Snowballing increases the potential threat of expert bias (Suri, 2011) Purposeful sampling will enrich the understanding of the problem through participants' knowledge and experience (Omona, 2013). Both the snowball and purposeful sampling techniques contribute to the search for information from participants and provide insight into understanding the problem under study (Omona, 2013). Therefore, the concepts, principals, and applications of my study included selecting participants via purposeful sampling. A disadvantage of purposeful sampling is investigator bias (e.g., double hermeneutics) that may result from personal values and assumptions, which can unduly influence data collection and analysis (Baškarada, 2014).

Yin (2014) stressed that in-depth interviews require the researcher to maintain two separate functions throughout the interview process. One function of the interview is to follow the line of inquiry under the case study protocol (Yin, 2014). The other function of an in-depth interview is to ask conversational questions in an unbiased manner that follows the line of inquiry (Yin, 2014). An open-ended interview, which focuses on the research question, will guide participants to reflect on their experiences of the problem under study (Miner-Romanoff, 2012).

Onsite face-to-face, semistructured interviews have the advantages of allowing researchers to keep an open mind to enable concepts and theories to emerge out of the data (i.e., an inductive approach; Bryman & Bell, 2015). Interviews offer the added advantage of enabling researchers to witness the interviewees' facial expressions and gestures, which can add meaning to the responses (Babbie, 2015). Semistructured interviews or focused interviews can remain more flexible and allow a researcher to understand the perspective of the interviewees (Baškarada, 2014). In semistructured interviews, a researcher can refocus the questions, or prompt for more information, if something interesting or novel emerges (Baškarada, 2014).

Though a disadvantage of semistructured interviews is the potential lack of discovery of unexpected or surprising evidence (Baškarada, 2014), Rubin and Rubin (2012) advocated open-ended questions so participants could have sole discretion regarding how to address the question. An inductive approach to theorizing and conceptualizing allows researchers to target toward participants answering research questions less explicitly than in more structured research (Bryman & Bell, 2015). A researcher must become aware of the common pitfalls that can threaten an effective interview (Baškarada, 2014). Interview pitfalls include: (a) misinterpretation or misunderstanding of questions and answers (e.g., due to personal prejudices or convictions); (b) asking leading or loaded questions; (c) interjecting comments that could bias the response; (d) listening only to what is easy to understand; and (e) making assumptions about what the interviewee may answer based on prior responses (Baškarada, 2014). Furthermore, Baškarada (2014) observed that the asking of *why* questions could create defensiveness on the part of the interviewees, and that *how* questions are usually a better choice.

Open-ended, semistructured interviews best suited the research question posed and the data collection context of my qualitative multicase study. I used commonplace, conversational language and specific jargon, customary to the participant’s business, to support follow-up questions and create a relaxed environment (Rubin & Rubin, 2012). Most interview methodologists do not advocate using a mechanized recording devise due to a participant’s discomfort and transcription and analysis related complications (Baškarada, 2014). Nevertheless, I recorded and transcribed the interview verbatim, and I did not rely solely on my recorded notes on pen and paper.

While most case studies published fail to mention pilots, a pilot case study could refine the data collection plans on the content of the data and the procedures to follow (Baškarada, 2014). Pilot reports should reflect on the lessons identified and provide avenues for the implementation of lessons into the next iteration (Baškarada, 2014). A pilot study allows a researcher to investigate a proposed study's research methods and data collection processes (Kulnik et al., 2014). A pilot study sample must represent a homogeneous, target population sufficient to determine the validity, reliability, feasibility, confirmability, and transferability of a study (Burmeister & Aitken, 2012). A pilot study solicitation must denote the background, purpose, risks and benefits, assurances of privacy, and confidentiality (Cook & Hoas, 2013). Although advocated by Yin (2014), qualitative methodologists, Stake (1995) and Merriam (1998), did not underline the crucially important function of pilot case study (Yazan, 2015). Instead, Stake (1995) and Merriam (1998) concentrated on the piloting of each data collection instrument (Yazan, 2015).

Researchers conduct a pilot study to evaluate the feasibility and applicability of the main study design and methodology (Whitehead, Sully, & Campbell, 2014). A pilot case study will help refine the data collection plan on the content of the data and the procedures to follow (Yin, 2014). A pilot study improves the validity of the research questions and the accuracy and reliability of the data collection methods (Kulnik, Rafferty, Birring, Moxham, & Kalra, 2014). To enhance reliability and validity of the data collection process, I conducted an in-depth pilot study before the actual interviews commenced to ensure the research was clear and not confusing. The pilot study will involve one interview with a small business leader in Northwest Arkansas.

Examining research through a pilot study enhances the validity of a study's research questions and improves the reliability of the data collection processes (Yin, 2014). Therefore, after receiving IRB approval (see Appendix E) and before the main study's interviews, I conducted a pilot study involving an in-depth interview. The pilot study involved one onsite semistructured interview with a SME manufacturer in Northwest Arkansas, which served as a rehearsal to inform actual field research (Yin, 2014). To avoid bias, I employed purposive sampling to select a pilot participant. During the field test pilot study, I practiced the interview questions and audio recording onsite. Further, through the pilot study, I gained feedback from the pilot study participant about potential interview logistics, approach, and content regarding the initial interview and follow-up questions (Yin, 2011).

Triangulating multiple primary and secondary sources concurrently enhances a researcher's understanding of the problem under study (Varaki, Floden, & Kalatehjafarabadi, 2015). Triangulation of primary sources involves sources produced by an eyewitness (Munday, 2014). Triangulation of secondary sources involves sources not immediately present (Munday, 2014). I maximized the benefits of my chosen data collection techniques by using multiple sources of evidence via triangulation to strengthen the construct validity by proving multiple measures of the same occurrence (Yin, 2014).

Triangulation involves collecting, exploring, and examining multiple perspectives, data sources, theoretical frameworks, and methodological paradigms comparatively to develop an affirmed or confirmed understanding of the researcher's findings (Azulai & Rankin, 2012). Yin (2014) presented four different types of triangulation to strengthen the validity of case study research: (a) investigator, (b) method, (c) data, and (e) theoretical. Investigator triangulation includes a collaborative process of using multiple researchers (Archibald, 2015). Due to the time, distance, access, and cost of using multiple researchers, investigator triangulation was not suitable for the needs of this study. Methodological triangulation is the process in which researchers use multiple methods to increase a study's validity by gaining a greater understanding of a problem through the comprehensive exploration and examination of the findings (Bekhet & Zauzniewski, 2012).

Triangulation refers to collecting, exploring, and examining multiple perspectives, data sources, theoretical frameworks, and methodological paradigms comparatively to develop an affirmed or confirmed understanding of study findings (Azulai & Rankin, 2012). The use of multiple methods, or triangulation, reflects an attempt to secure an in-depth understanding of the phenomenon in question (Denzin, 2012). Denzin (2012) stressed that researchers cannot capture objective reality (e.g., scholars only know what they know through representations) (Denzin, 2012).

The combination of multiple methods, empirical stands, perspectives, and observers in a single study is a strategy that adds rigor, breadth, and depth to any investigation (Flick, 2015). The benefit of member checking is to decrease the chance of incorrect data interpretation through participant verification (Azulia & Rankin, 2012). The benefit of triangulation is the use of multiple data sources to enhance the accuracy, validity, and confirmability of the study's findings (Azulia & Rankin, 2012). Both member checking and methodological triangulation suited the needs of instilling and ensuring rigor in exploring the problem under study. Consequently, I corroborated the analyzed data obtained through semistructured face-to-face interviews with multiple data sources including personal observations, participant websites, participants' past performance versus operational budgets, and copies of credit solicitations delivered to participants from alternative sources. Further, I developed and utilized extensive field notes, a research journal, and an exhaustive review of the academic literature.

Data triangulation includes an in-depth comparative analysis of examining data collected during different occasions from multiple participants dispersed geographically (Denzin & Lincoln, 2011). Data triangulation involves using multiple techniques to enhance validity and creditability of a problem under study by comparatively exploring and analyzing research finding with data from other sources (Kaczynski, Salmona, & Smith, 2013). Researchers use theoretical triangulation as a technique to examine various theoretical paradigms concurrently and comparatively about the research problem, method, and design under study (Hoque, Covaleski, & Gooneratne, 2013). Since theoretical triangulation involves a comparative, analytic convergence of multiple participants perspectives with theoretical constructs as a means of validating the study's findings (Wijnhoven, 2012), theoretical triangulation also suited the needs of my study. I triangulated multiple data sources to establish the validity and reliability of my study's emergent themes by crosschecking, comparing, and contrasting current peer-reviewed journal articles, previous study findings, and seminal literature (Goldberg & Allen, 2015).

Member checking represents a quality control process in which I solicited each participant's review of the transcript to affirm the accuracy, credibility, and validity of the study (Harper & Cole, 2012). I sought to confirm or clarify each participant's responses through member checking. Assuring research creditability and dependability occurred by allowing participants to confirm the validity of codes, themes, and study findings interpretively through member checking (Cope, 2014). I employed member checking as a technique to confirm the accuracy of participant interview responses and study findings (Thomas & Magilvy, 2011).

Data Organization Technique

Data organization, handling, selection, and de-selection depend on changing scientific paradigms and tools of information management (Löfgren, 2013). Data organization remains unique to qualitative research because developing a system or process to organize and manage the large amounts of data could be overwhelming (Watkins, 2012). Qualitative methodologists transform data artifacts into academic knowledge through a kind of scientific magic (Löfgren, 2013). For example, Löfgren (2013) described a card index as a quintessential structural tool, which simultaneously combined the paradigmatic (i.e., selection) with the syntagmatic (i.e., combination) in one mechanism. Walby (2013) suggested that the listening guide could help qualitative researchers focus on reflexivity, (i.e., a researcher's relationship to the text). Accordingly, a separate and orderly case study database (e.g., a compilation of all the data, research logs, reflective journal, and field documents from the case study) could provide for the inspection of raw data that lead to a researcher's conclusions (Yin, 2014).

In qualitative research, diaries and reflections include rich and multilayered sources of data, enabling recollections of events and the accompanying emotions in the relatively immediate aftermath of those events (Radcliffe, 2013). Solicited dairies (e.g., full and detailed commentaries or a structured tick-box), recorded over time, can provide a record of what the diarist, not the researcher, considered relevant and important (Koopman-Boyden & Richardson, 2013). Koopman-Boyden and Richardson (2013) stressed that a diary could capture the immediacy and spontaneity of a particular experience, thereby maximizing a researcher's future recall accuracy and minimizing retrospection bias. Also, data includes structured reflection questions which could have a restrictive effect on the range of issues discussed by participants but can provide more substantive replies (Olsen, McAllister, Grinnell, Walters, & Appunn, 2016).

Coding can also help researchers manage text data (Constantine, 2013). Without a case study database, commingling of the narrative in the case study with the interpretations of the data could make inspecting raw data nearly impossible (Yin, 2014). Constantine (2013) described how the computer revolution included software for text data analysis through themes. My multicase study necessitated the collection of many documents, including diary entries, research log entries, and reflective journal notations per the protocol. The use of computers for qualitative data analysis (i.e., CAQDAS) had practical advantages in comparison to more traditional methods, such as cutting quotations and sorting them into cardboard boxes (Odena, 2013). An electronic database enabled quick retrieval via an annotative bibliography, cross-references, and other classifications (Odena, 2013). Printing, highlighting and cutting text by hand was viable with tens of pages, but with hundreds of pages, the software may aided my memory, particularly as the number of categories and the relations between them developed with each additional reading of the transcripts (Odena, 2013).

During the organization process, I identified and cataloged emerging themes, patterns, trends, and dominate topics and noted conflicting participant interpretations, alternative perspectives, and critiques (Leedy & Ormrod, 2013). Codes self-emerge as researchers analyze the data for themes (Olsen et al., 2016). Initially, codes may be shallow, leading to an overwhelming number of codes, but codes may deepen throughout the process as multiple instances of concepts occurring in proximity to each other highlight connections between codes (Olsen et al., 2016). ATLAS.ti computer-assisted qualitative data analysis enables the coding process to be a meaningful and focused analysis of more significant codes per the researchers' judgment (Olsen et al., 2016). I used ATLAS.ti with coding, theme development, and data interpretation. Researchers ensure data availability for future audits or research by storing or archiving research data securely following academic or research facility institutional data retention and disposition procedures (Gibson & Gross, 2013).

Organizing hundreds of scholarly studies and references necessitated using an automated referencing system. Selecting a bibliographical organizational reference system reflected my personal preference base on the system's unique features, particularly off-line access to the documents in my saved library (Marino, 2012). EndNote, RefWorks, Mendeley, and Zotero represent examples of commercial off-the-shelf or free Web-based bibliographical reference systems (Emanuel, 2013). Each reference system, though distinctive as stand-alone software or Web-based system, has identical functions managing bibliographical references (Bouyukliev & Georgieva-

Trifronova, 2013). To organize data, I chose to use Mendeley Desktop to create off-line library files of citations and full-text scholarly articles for export into a bibliography.

A primary characteristic of multicase study documents is the requirement of large amounts of physical storage space (Corti, 2012). Ensuring the safety, security, confidentiality, and accessibility of data was the foremost objective of my data storage objective. Corti (2012) recommended data archiving as a process of ensuring the availability of data and resources for future exploitation by researchers. Goth (2012) advocated retaining research data for no less than 10 years. All paper and electronic copies of my research, including emails, interviews, journals, field notes, audio recordings, and references remain secured in a fire, water, and theft-proof safe for no less than 5 years per IRB requirements (see Appendix E). After 5 years, I will shred or delete all data. Although the length of time to store research data varies (Torrance, 2012), the Inter-University for Political and Social Research (2012) noted that the ability to store and archive data over a long-term ensures data preservation and protection from obsolescence, loss, or irreversible damage.

Data Analysis

A key challenge of qualitative data analysis is the transformation of hundreds of pages of field notes to a final report through a rigorous and high-quality research process (Rademaker, Grace, & Curda, 2012). Carlsson (2013) described qualitative analysis as both the most difficult and the least codified part of the case study process. In the context of case studies, data analysis consists of examining, categorizing, tabulating, testing, or otherwise recombining evidence to draw empirically based conclusions (Rademaker et al., 2012). Stake (1995) defined data analysis as a matter of giving meaning to first impressions as well as to final compilations. From Stake's perspective, researchers must take apart impressions and observations (Yazan, 2015). Stake admitted that researchers must find suitable forms of analysis for research and reflection. Merriam (1998) agreed with Stake's data analysis proposition that the simultaneous collection and analysis of data is a quintessential attribute of qualitative research design, which distinguishes it from the research-oriented by positivistic epistemology.

Thematic analysis is a process to conduct an analysis of qualitative data (Percy, Kostere, & Kostere, 2015). Five stages of data analysis include (a) collecting the data, (b) separating the data into groups, (c) regrouping the data into themes, (d) assessing the information, and (e) developing conclusions (Yin, 2014). After developing a general strategy for data analysis, I followed Yin's (2014) five stages while also incorporating both Stake's (1995) and Merriam's (1998) notions of gaining impressions and observations from participants. Researchers in the analysis stage of qualitative research rely on theoretical propositions (Baškarada, 2014). Ongoing data separation and regrouping (i.e., theming) ensured a thorough investigation of the data (Rademaker et al., 2012). Percy et al. (2015) identified three types of thematic analysis: inductive analysis, theoretical analysis, and thematic analysis with a constant comparison. In a theoretical analysis, a researcher has predetermined themes to examine during the data analysis but remains open to the possibilities of new themes emerging from the analysis (Percy et al., 2015). Therefore, thematic analysis was most appropriate for this case study.

The use of triangulation in social sciences originated from Campbell and Fiske's 1959 research validation work (Hussein, 2015). Patton (2005) proposed four types of triangulation in case studies: (a) data triangulation, (b) investigator triangulation, (c) theory triangulation, and (d) methodological triangulation. Per Patton's triangulation proposals, I collected information from multiple sources, viz., interviews, personal observations, websites, budgets, and copies of solicitations from alternative credit sources, to corroborate my findings with each section of the literature review. Triangulation increased the credibility of my case study by improving both internal consistency and generalizability (Hussein, 2015). The appropriate data analysis for my research design was methodological triangulation.

The constant comparative method (CCM) and theoretical sampling form the core of qualitative analysis (Baškarada, 2014). CCM, developed for the creation of theories ground in the data (Glaser & Strauss, as cited in Baškarada, 2014), works inductively to discover the latent pattern in the multiple participants' words (Baškarada, 2014). Case study researchers derive hermeneutic interpretations by iteratively changing focus between the whole and its parts (Baškarada, 2014). Hermeneutic interpretations, rooted in semiotics, deals with the relationships between representations, intended meanings, and interpretations of signs and symbols (Baškarada & Koronios, 2013). Accordingly, researchers can employ the following techniques to analyze the case study evidence: (a) pattern matching, (b) explanation building, (c) time-series analysis, (d) logic models, and (e) cross-case analysis (Baškarada, 2014).

One of the most desirable techniques (i.e., pattern matching), which involves comparing predicted patterns or effects with empirically observed effects, allows researchers to identify variances or gaps (Miles, Huberman, & Saldaña, 2014). Explanation building is a special type of pattern matching which aims to analyze the case study data by building an explanation about the case (Miles et al., 2014). Time-series analysis involves temporal patterns, and may involve statistical analysis techniques (e.g., regression analysis; Miles et al., 2014). Logic models are a cross between pattern matching and time-series analysis, whereby a researcher compares a predicted cause-effect chain of events to empirically observed evidence; while cross-case analysis, or synthesis, applies to multiple cases and can involve any of the techniques (Baškarada, 2014). Pattern matching was the most applicable technique for my case study.

An important strategy for researchers to follow is the theoretical propositions or hypotheses that led to the case study (Baškarada, 2014). Such propositions can assist an analyst in planning and focusing on the most relevant data, organizing the entire case study, and defining alternative explanations (Baškarada, 2014). At least four principles lie beneath all worthy social science research, viz., attend to all evidence, address all plausible rival interpretations, address the case's most significant aspect, and use personal expert knowledge (Hussein, 2015). Thus, I reduced the potential analytic difficulties of my case study by having a general strategy for analyzing the data. My general strategy for analyzing the data generated through my case study was theoretical propositions. Consequently, I followed the theoretical propositions that led to my case study, which shaped my research questions, review of the literature, and data collection plan. The use of computers to aid in the analysis challenge in qualitative research is replacing traditional analysis through hand coding, sorting, and memoing (Rademaker et al., 2012).

Coding represents a key step in qualitative data analysis (Beekhuyzen, Nielsen, & von Hellens, 2010). The qualitative data analysis of my research involved labeling and coding all data that arose from the participants' interviews. During the qualitative analysis, I broke data up into manageable pieces, which I reconstructed to reflect back to a view of reality (Baškarada, 2014). My initial step involved reading the interview transcripts, observational notes, and any other relevant documents, which led to the development of preliminary notes or memos. I used these to formulate initial categories, themes, and relationships. Memos entail research notes that may contain interpretations of patterns found in the data, or general comments on issues revealed during the analysis, coded similarly to the way interview transcripts are coded (Baškarada, 2014). Coding was the iterative and incremental process that I performed at differing levels of abstraction. Data coding and analysis led to the identification of dominant themes (Miles et al., 2014). Computer-assisted tools can help researchers effectively manage codes and categorize data (Rademaker et al., 2012). Although most case studies pose a serious challenge in using computer-assisted tools (Rademaker et al., 2012), the ATLAS.ti data analysis software remained suitable to my needs. Maintaining consistency with the overarching research question, underlying conceptual framework, data analysis technique, and characteristic elements was instrumental to properly analyzing participants' responses to the interview questions.

In qualitative analysis, the conjunction of multiple conceptual frameworks, prior research, and newly acquired knowledge point toward a worldview for social change (Trochim, Donnelly, & Arora, 2015). Investigating a problem, while concurrently triangulating multiple sources and methods, will enhance a researcher's understanding of the problem under study (Varaki et al., 2015). Therefore, the logical division of the sequence of my literature review comprised six distinct sections, which include (a) SMEs' historical access to credit, (b) access to credit via community banks versus large banks, (c) alternative access to credit, (d) change and change management, (e) adaptive leadership, and (f) strategic initiative. The key themes correlated with each section of the literature review. For instance, although community banks have long been SMEs' historical preference to access credit (Mallet, 2012), after more than 30 years of community banking consolidation and mounting regulatory burdens, SME leaders must develop alternative credit strategies to adapt to relentless change (Rad et al. 2013). My research question and conceptual framework focused on how SME leaders are strategically responding to accessing credit within a changing business environment.

Reliability and Validity

The concepts of validity and reliability started in the natural sciences and then appeared in quantitative research in social sciences (Yazan, 2015). Hence, Stake (1995) acknowledged that reconciling these terms with constructivist epistemology, which undergirds qualitative research, could be a difficult task for qualitative methodologists. Due to conflicting epistemological presuppositions and the complexity inherent in qualitative case-based studies, scientific rigor can be difficult to demonstrate, and any resulting findings can be difficult to justify (Baškarada, 2014). Reliability and validity are critical to ensuring researchers meet the highest standards of academic research (Noble & Smith, 2015). A comparison of this doctoral study's premise to the participants' interview responses and previous research supported the validity of data quality and reliability that ensured alignment among the research methodology, design, conceptual framework, instrumentation, and questions of the study (Newman, Lim, & Pineda, 2013). I developed and utilized extensive field notes, a research journal, and an exhaustive review of the academic literature. Further, I methodologically triangulated the data derived from semistructured face-to-face interviews, personal observations, reviews of participants' websites reviews, operational budgets, and copies of credit solicitations from alternative sources.

Reliability

Reliability refers to the consistency and transferability of the research procedures used in a case study (Yin, 2014). Using the appropriate research methodology will ensure the quality of data interpretation will not only be reliable but also consistent with the intent of the study (Akerlind, 2012). Noble and Smith (2015) acknowledged that assessing the reliability and integrity of research findings denotes a basis for validating the credibility of a study's research design and methodology. Trustworthiness and data management are vital to the success of qualitative studies (White, Oelke, & Friesen, 2012). Therefore, a researcher must have a satisfactory cultural familiarity with the participating institution and use a comfortable approach in recruiting participants so that the sampling process is random and unbiased (White et al., 2012). Moreover, participants' input must remain honest, clearly recorded, and accurately presented (White et al., 2012).

Validity

Qualitative research focuses on describing participants' experience as accurately as possible (Sandelowski, 1997), rather than using numbers to describe the phenomena of interest (White et al., 2012). Merriam (1998) viewed data validation under the assumption that the underlying qualitative research is holistic, multidimensional, and ever changing, versus a single, fixed, objective phenomenon to discover, observe, and measure as in quantitative research. Stake (1995) focused on the notion of triangulation to validate data. Consequently, I utilized the methods and strategies of Yin, Stake, and Merriam (as cited in Yazan, 2015) to validate my research. Further, I employed triangulation through both primary and secondary sources (Munday, 2014)

Prion and Adamson (2014) defined rigor in research concerning trustworthiness about creditability, transferability, dependability, and confirmability. To achieve Prion and Adamson's definition of rigor, I conducted a pilot test to enhance the reliability and validity of my case study. Further, I increased my study's rigor by bracketing (i.e., identifying, acknowledging, and minimizing personal presuppositions) before and during the exploration of the research under study (Chan, Fung, & Chien, 2013).

Dependability. Dependability and transferability relate in that both ensure the clear identification of all research design and operations (Guba, 1981). In addition to validity and reliability, *data quality* will ensure the dependability of my case study (Yazan, 2015). Research has identified a range of relevant data quality dimensions, including accuracy, objectivity, believability, reputation, interpretability, and ease of understanding, concise and consistent representation, and relevancy (Baškarada, 2014). By identifying those steps, a researcher can allow for replication of the methodology with a larger population or by future researchers. However, a researcher must differentiate between the dependability of a method in producing similar interpretations and the reliability of a method of producing identical results (White et al., 2012). To enhance the dependability of my case study, I followed Stake's (1995) four triangulations strategies: data source, investigator, theory, and methodology. Finally, to enhance the dependability of my study, I utilized Merriam's (1998) strategies for member checking and disclosure of researcher bias.

Creditability. Research validity and reliability are common concepts in quantitative research but also applicable in qualitative research since both researchers must establish creditability using either method (Olsen et al., 2016). To maintain creditability, or authenticity, White et al. (2012) recognized that researchers must adhere to methods accepted as scientifically sound in the qualitative and informational sciences. The use of methodological and data source triangulation increased the internal validity and creditability of my case study (Baškarada, 2014).

Transferability. External validity deals with ensuring the findings of my case study are generalizable to other cases. Although Halkier (2011) noted that methodological literature provides little consensus regarding ways to achieve generalization, I reduced the threats to external validity. Threats to external validity include the interaction of the causal relationship with units, the interaction of the causal relationship over treatment variations, interaction of the causal relationship with outcomes, the interaction of the causal relationship with settings, and context dependent mediation (Baškarada, 2014). To ensure other investigators could follow the same procedures and arrive at the same results, I deployed Yin's (2014) two reliability strategies. First, I created a case study protocol to standardize my investigation (Yin, 2014). Second, I developed a case study database with an overview of the project, field procedures, guiding questions, and a report outline (Yin, 2014).

Confirmability. The validity of research depends on the trustworthiness, confirmability, and data dependability of the data collected and utilized to derive valid findings or conclusions (Yin, 2014). I ensured confirmability through the creation of an audit trail, an internal audit, an external audit, and the writing of the final research report (White et al., 2012). This final research report highlighted shortcomings of the study in the research report and provide transparent links between study results and actual experiences of the participants in the study (Guba, 1981). Audit trails not only provided a solid methodological reference for other researchers, but also provided an opportunity for reflective reasoning on chosen themes or categories, interpretations, and criticism as the study progresses (Johnson & Waterfield, 2004).

The basis for coding involves collecting, analyzing, and interpreting data until data saturation derives reliable and credible themes and research findings (Onwuegbuzie et al., 2012). The quality or depth of data reflecting saturation of the data may preclude the need for justifying a large sample size. Based on the epistemological premise of the subject under study, a sample size is justifiable by achieving data saturation (Goldberg &

Allen, 2015). Therefore, I commenced my research with a sample size of five successful SME owners. The expansion of the sample size was not necessary to achieve rigor concerning the trustworthiness about creditability, transferability, dependability, and confirmability of the results of the study (Prion & Adamson, 2014).

Transition and Summary

The objective of Section 2 of this qualitative case study proposal was to provide an overview of the plan to understand how SME leaders are strategically responding to accessing credit within a changing business environment. A proposal provided for a pilot interview to confirm the study's trustworthiness and rigor. The proposal provided assurance of reliability, validity, and transferability of the current study, which entailed the calibration, and refinement of the research instrument and data collection process. The proposal detailed the protection of participant identity and confidentiality and integrity of the research. The proposal presented in Section 2 provided the process for participant sampling, guidelines to ensure ethical research, and an overview of the plans for data collection, organization plans, and analysis. This section concluded with details of the methods to ensure the study finding's reliability and validity.

In Section 3, I provided an analytical summary interpretation of the data and study findings in the context of the conceptual framework, a review of the literature, and ontological worldview. This section includes an overview of the main study (including the pilot study) and the study's findings with interpretations, reflections, and conclusions applicable to professional, business practices. In Section 3, I presented my ontological philosophical worldview perspective with implications for social change. My current study's findings, bound by reflective insights and experiences of participants, offered an application to professional practice with recommendations for further study.

Section 3: Application to Professional Practice and Implications for Change

Introduction

The purpose of this qualitative multicase study was to explore SME leaders' strategies to obtain external credit within a changing business environment. Access to credit in the changing environment is the primary challenge to survival for many SME owners (FRB, 2014). The conceptual framework that grounded this study included adaptive leadership and change management. Although small business leaders prefer to obtain credit from community banks through relationship financing (Bouslama & Bouteiller, 2014), the results of this study present how leaders of SMEs adapted to the challenges of the changing environment. Section 3 covers the following topics: (a) an overview of the pilot and main studies, (b) a detailed presentation of the findings, (c) applications to professional practice, (d) implications for social change, (e) recommendations for action, (f) recommendations for further research, (g) personal reflections of the research, and (h) a conclusion.

Pilot Study

Before initiating the main study, I conducted a pilot study. Participant recruitment for the pilot study and the main study did not launch before I received IRB approval and received a Walden University approval number (see Appendix E). To avoid bias, I precisely followed the main study's criteria, delimitations, and protocol throughout the pilot study. Therefore, I selected the pilot participant via purposive sampling of owners of established SME manufacturing or wholesale companies in Northwest Arkansas. The pilot study provided value as a field test to my study by confirming that my research was clear. At the completion of the interview with the pilot participant, I scheduled a follow-up member-checking interview to enhance the academic rigor of the data collection. During the member-checking interview, I provided the interviewee a printed synthesis to each response to seek if additional information was necessary to saturate the data. The pilot study results established that my approved IRB study plan needed no changes.

The results of the pilot study confirmed the appropriateness of my narrowed participant boundaries, overarching research questions, and nine interview questions (see Appendix D). Through coding, I reduced the amount of raw data to that which was relevant to the research question, broke the data into manageable sections, and transformed the raw data into higher-level insights or abstractions as particular themes developed (Vaismoradi, Jones, Turunen, & Snelgrove, 2016). Various types of codes, including (a) conceptual, (b) relationship, (c) participant perspective, (d) participant characteristics, and (e) setting, facilitated the coding process (Vaismoradi et al., 2016). A theme becomes the main product of data analysis that yields practical results in the field of study (Vaismoradi et al., 2016).

The data collected from the participant for the pilot study included the interview transcript, corporate brochure, and audio. I downloaded all sources of data into the ATLAS.ti computer-assisted qualitative data analysis program. Figure 1 shows the themes emerging from the pilot study included *maintaining contingency credit sources* and *formulating a capital strategy*. The emergent theme of maintaining contingency credit sources developed from the frequency of the following codes: (a) changes in the relationship between the lender and borrower, (b) alternative financing available via information technology, and (c) responding to changes in the regulatory environment (see Figure 1). The most prevalent recurring code pertained to the change in the relationship the pilot participant maintained with the lender (see Figure 1). The pilot participant stated,

> My bank has changed names three times over the past 10 years. My loan officer has changed more than that. I used to rely on my relationship with the lender, now my lender does not know me personally, nor do I know her. So, my main adjustment has been to rely more on my business' performance reports than my long-term relationship.

The capital strategy theme emerged from the frequency of the codes: conducting detailed financial analysis and creating deliberate strategic plans (see Figure 1).

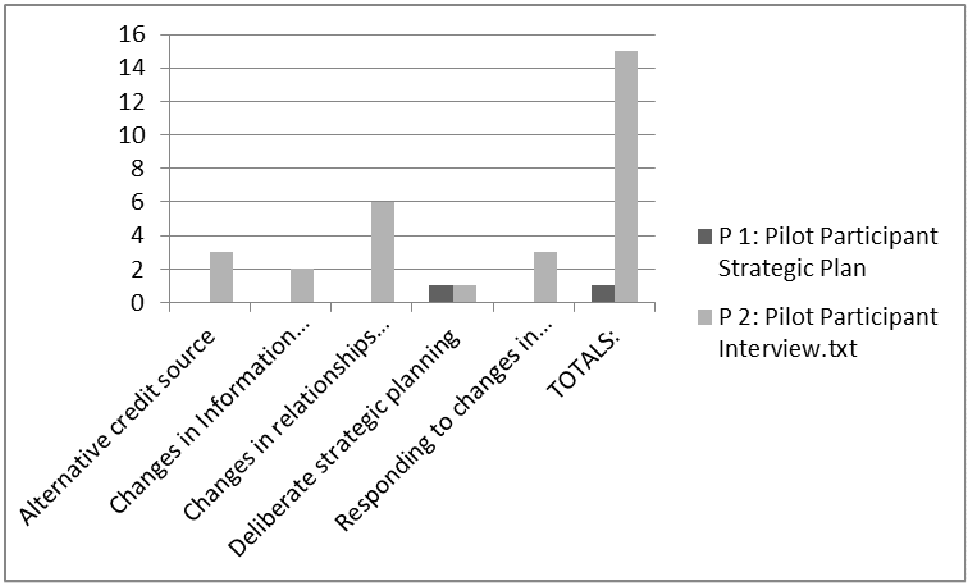

Figure 1. Pilot study code frequencies.

Main Study

Contemporary business leaders face challenges where success is a function of their ability to develop and deploy unique strategies in innovative ways (Dibrell et al., 2014). Although the FDIC provides exhaustive quantitative studies regarding trends in commercial credit approvals, research of SME leaders' strategies about credit accessibility scarcely exists (Mallet, 2012). This multicase qualitative study enabled me to seek to an understanding of credit accessibility from the perspective of those experiencing it, i.e., SME owners.

Estimating the number of participants to achieve data saturation depended on eligibility criteria, the background of the problem, research method, design, nature of the study, and conceptual framework (Marshall et al., 2013). Before estimating the number of participants in the main study, I narrowed the boundaries to include SME owners in Northwest Arkansas in operation for over 5 years in manufacturing or wholesaling with fewer than 500 employees. I boosted the rigor of the data derived via of each of the primary interviews through member-checking interviews.

To validate the dependability of the data obtained during the interviews, each interviewee received a printed synthesis of their responses to seek additional information if necessary for clarification or data saturation. Data saturation is the point at which additional data collection offers no additional benefit (Dworkin, 2012). Since participants provided enriched, reliable, valid, and replicable data (Elo et al., 2014), I achieved the data saturation point of the main study through semistructured in-depth onsite interviews of five SME participants selected via purposive sampling. My general data analysis strategy was theoretical propositions and thematic analysis.

As a qualitative researcher, I assumed the role of data collection instrument. My case study database of raw data included a compilation of all the data, research logs, a reflective journal, and field documents. I triangulated multiple data sources via data and theoretical triangulation to establish the validity and reliability of my study's emergent themes by crosschecking, comparing, and contrasting current peer-reviewed journal articles, previous study findings, and seminal literature to strengthen the construct validity.

The data collection and analysis provided a basis for holistically understanding credit strategies for SMEs within a changing environment. Using the ATLAS.ti data analysis software, I categorized and themed relationships garnered from the interviews. Table 4 displays a summary of 29 codes acknowledged by the main study interview participates on 144 separate occasions. The most prevalent codes included SMEs' need for effective capital strategies, ability to make the best choices with limited information, openness to utilizing available alternative sources of financing, more stringent underwriting requirements, the recession, and satisfaction of customers' needs (see Table 4). The six most reoccurring codes represented 42% of the 144 codes identified in the analysis of the participants' interview responses (see Table 4). O'Reilly and Parker (2013) stressed that the achievement of data saturation occurs when continuing data collection generates nothing new. Data saturation for this case study occurred with five interviews. Recruiting further participants to a study and not making full use of the data collected is potentially unethical (O'Reilly & Parker, 2013).

Table 4

Summary of Codes

Code	Frequency
Bank underwriting requirements	8
Budgeting and variance analysis	4
Capital Strategy	16
Changes in financial industry	5
Commitment	6
Competition	2
Credit card	2
Discipline	5
Expense Control	6
Factoring accounts receivables	5
Financial analysis and trends	3
Increased bank regulations	6
IT redefined business	5
Leasing	1
Making choices	11
Online credit application	1
Projected financial impact	3
Readily available at fair cost	5
Recession	7
Relationship banking	4
Retained earnings	2
Satisfy customers' needs	7
Secure collateral	5
Standard financing from commercial bank	5
Stress management	1
Trade credit	2
Understand alternatives	3
Understanding financial needs	3
Use viable alternatives	1
Total Frequency	144

The most predominant codes concerned developing a capital strategy, making tough choices, and using viable credit alternative sources (see Figure 2). From the frequency of the codes, five themes emerged from the analysis of the primary and secondary sources of data. To access credit in a changing environment, successful SMEs (a) created a capital strategy, (b) utilized alternative financing, (c) adapted to changes in the environment by making tough choices, (d) stayed resilient through challenging economic downturns, and (e) conducted in-depth financial analysis (see Figure 2).

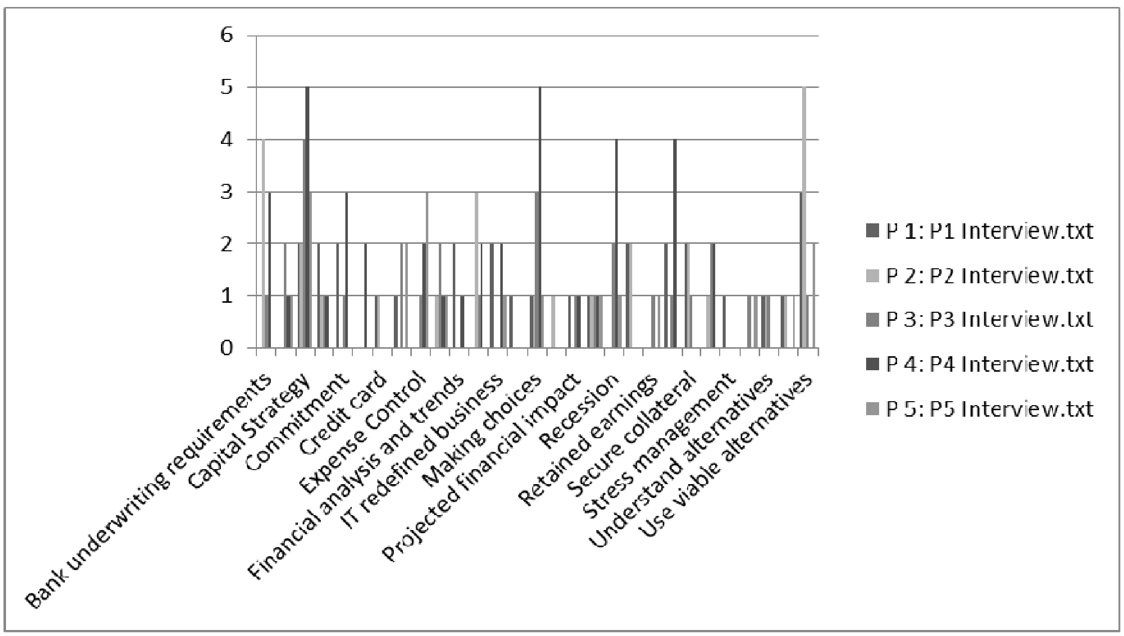

Figure 2. Emergent main study codes and themes.

To enhance the credibility of my research and test my tolerance for contrary findings, I reported my preliminary findings to two critical external colleagues to seek suggestions for alternatives in data collection and to confirm that the depth of the interviews provided data saturation. To increase my study's internal validity and creditability, I employed methodological and data source triangulation. Based on a review of the interviews with successful SME owners, the conceptual framework, and review of the academic literature, I presented details involving successful SMEs' capital planning, alternative sources of credit, adaptation to environmental changes, preparedness for economic downturns, and financial analysis.

Presentation of the Findings

In the study, I addressed the central research question: How are SME leaders strategically responding to accessing credit within a changing business environment? The interviews, consisting of nine questions (see Appendix D), focused on collecting data from SME owners in Northwest Arkansas related to the credit strategies. The following areas are a reflection of data collected from the interviews:

- Operationalized strategies and their barriers (Questions 1, 2, and 3).
- Alternative credit solution operationalized (Questions 4 and 5).
- The impact of information technology (Question 6).
- Changes within the financial industry (Question 7).
- Measures of success (Questions 8 and 9).

Data analysis is a matter of giving meaning to first impressions as well as to final compilation (Stake, 1995). Five themes emerged from the study findings. The frequency of the codes and the resulting five themes aligned with the conceptual framework of the study. Alignment occurred by comparatively analyzing the study's findings with published peer-reviewed findings advanced in previous studies. General observations derived from the interviewees provided contextual perspectives regarding change management, financial analysis, and strategic capital planning.

Five themes related to the research question materialized from the data analysis. Successful small businesses (a) adopt a capital strategy, (b) utilize alternative financing, (c) adapt to changes in the environment, (d) stayed resilient through the challenges of the economic recession, and (e) engaged in in-depth financial analysis. The individual themes were not mutually exclusive to specific participants (i.e., more than one theme could apply to an SME). Themes 1 and 2 addressed the central research question and interview questions 1, 2, 3, 4, and 5 about adapting to change. Themes 3, 4, and 5 addressed interview questions 3 and 7 about barriers to credit and changes in financial regulations. Theme 5 addressed responses to interview questions 6, 8, and 9 about how SMEs successfully adapted credit strategies in a changing environment.

Theme 1: Formalize Capital Strategies

The capital strategy theme comprised 33% of the codes derived from the interviews of the five SME participants (see Table 5). Successful SME owners develop and follow capital strategies that highlight the ratio of debt and equity to help gain access to credit in a changing environment. As Participant 1 indicated, “There’s a fine line in business between being over extended and under extended.” SME owners’ capital strategies involve making the most beneficial choice of financing for their strategic initiatives. For example, Participant 3 stated,

> Through the recession, I ceased making investments in new operational equipment and modern machinery. My reluctance to assume excessive levels of debt during the period of economic expansion before the recession enabled me to remain profitable during the recession years.

Conversely, Participant 4 found a market niche in the recession. Participant 4 said,

> After the recession hit the economy, my industry began consolidating. Then, large consolidated plants began losing interest in my niche, and I began re-investing in production equipment. My strategy to obtain a standard line of credit helped me reduce costs for materials.

All of the SME owner participants developed and followed capital strategies that support the overall strategic initiatives of their organizations.

Participant 5 stressed the use of a greater percentage of equity capital and short-term debt in their capital mix, stating, “This strategy minimizes our risks and actually increases our revenue. We use cash for our inventory and raw material, and we no longer access our line of credit through a trade association.” Owners of small manufacturing and wholesaling businesses retain access to the so-called standard secured bank loan with collateral (see Table 5). Participant 1 said, “I’ve always got the money because I have assets and income that give me the ability to borrow more.” Both participant 5 and participant 1 retained access to traditional bank credit while also utilizing alternatives sources of capital.

Though SME owners’ capital strategies included obtaining standard commercial bank financing with collateral as a predominate choice (see Table 5), they considered all available sources of capital that could meet their needs, including retained earnings and alternatives that provided capital at a fair price (see Table 5). Participant 3 said, “I used retained earnings during the recession to supplement short-term working capital solutions.” Participant 5 agreed that the type of capital must meet the needs of the business. Participant 5 keeps an unused standard line of credit available, but "realized that factoring of receivables was a better short-term capital solution for me." Participant 1 stressed that during the recession, a business owner had limited choices:

> I don't know how anybody today can start a business. You can't do without equity. But, there was a time in America that we could do that on a handshake. If the money is not in your pocket, you can't spend it. One way to overcome that barrier is to sell another asset, but that's pushing backward. Better to go to the bank or your rich uncle. I have no rich uncle.

Similarly, Participant 2 advised,

> My strategy to obtain credit is by the standard means, that is, the old-fashioned way – I borrow from a commercial bank with collateral. I always have real estate available to use as collateral, and I don't use up my line of credit at the bank. I use other short-term sources first. In my growing business, the need for new inventory exceeds cash revenue, so I focus on inventory and accounts receivables financing. I recommend that business owners maintain a close relationship with a core lender and stay with it. Those are the key to success in obtaining credit. Also, accompany that relationship with other credit alternatives. However, if it's not working out with your core lender, make a move. I know this from experience.

Akin to Participant 5's and Participant 1's strategies, Participant 2's capital strategy is to maintain access to credit through a community bank while first seeking alternative sources of credit for short-term debt.

Table 5

Capital Strategy Theme

Theme	Codes	Frequency
Capital strategy		
	Capital strategy	16
	Retained earnings	2
	Understanding financial needs	2
	Making choices	11
	Readily available at fair cost	5
	Secured collateral	5
	Standard financing from commercial bank	5
Total		47

Theme 2: Utilize Alternative Financing

Successful small business leaders, seeking credit in a changing environment, exploit alternative sources of finance, particularly via information technology (see Table 6). The theme of utilizing alternative sources of financing comprised 21% of the 144 codes (see Table 6). While all five participants maintained commercial banking relationships, all participants readily used alternative sources of credit to their benefit. The most prevalent alternative financing used by all five participants included factoring accounts receivables (see Table 6). Although most participants would consider trade credit as an alternative finance source, Participant 1 did not find trade credit as a viable option. Participant 1 stated, “Trade credit has not been a great option for me. Not all small businesses have the same needs, so the terms of the credit don’t fit.” Subsequently, Participant 1 advanced that an organization should use any viable alternative credit source.

Though lauding a personal relationship with a bank, Participant 1 used leasing, information technology, and credit cards as alternative financial sources. Participant 2 agreed, stating, “I’m factoring my receivables with an alternative on-line credit source and am considering leasing my next equipment purchase.” On the other hand, Participant 3 explained, “I steer clear of credit cards and information technology credit solutions. My alternative credit solutions primarily involve purchase order financing and factoring.” Participant 1 said,

> I use leasing. The piece of equipment down the hall costs $3 thousand per month. I don’t want to own it. It will soon be obsolete and of no value and cost a ton in maintenance. My lease allows me to replace it with a brand new one. I keep up with the newest technology and minimize the maintenance. It’s a perpetual expense, but a necessity. Leasing helps small businesses.

The attraction of alternative finance sources caused Participant 5 to reconsider the company’s approach to credit. Participant 5 stated, “I no longer borrow at my traditional commercial bank. I have an impersonal online credit provider through whom I can acquire unsecured credit. I have it available, but have never accessed it.” Both Participant 1 and 5 share similar viewpoints about remaining open to using alternative credit sources that suits their needs.

Although Participant 3 “steers clear” of credit cards, Participants 1 and 2 consider credit cards one of the most attractive alternative credit sources. Participant 1 exclaimed,

> For an alternative credit solution, my credit card has been the best thing I’ve done. I create tens of thousands of points that allow me to send a sales person off on a

> trip – essentially free. If I have to send a crew up to Jonesboro, I pay for meals and lodging with my points. Moreover, the credit card company stretches my terms. If my customer doesn't pay me for 60 days, I'm covered. I take the job, collect on my invoice, and pay the credit line. That gives me all the time I need to collect my money. Used wisely, a credit card solution for short-term debt is great. If used for payroll, credit cards are a terrible solution. You have to have discipline.

Participant 2 agreed with Participant 1's evaluation of the benefits of using a credit card. Participant 2 said, "My credit card has been a great alternative strategy for short-term credit. The points enable me to travel on business for free." Once again, the varied strategies demonstrate that the use of an alternative credit sources depends on the overall objectives of the SME.

Table 6

Alternative Financing Theme

Theme	Code	Frequency
Alternative financing		
	Information technology	5
	Leasing	1
	Factoring accounts receivables	5
	Credit cards	2
	Online card application	1
	Use viable alternatives	11
Total		30

Theme 3: Respond to Environmental Change

Successful small business leaders identify opportunities caused by environmental changes that provide access to credit. The theme of responding to myriad changes in the business environment represented 21% of the 144 codes identified via the interviews (see Table 7). Each of the SME leaders' response to environmental changes emphasized *satisfying customers' needs*. The code of satisfying customers' needs comprised 37% of the theme (see Table 7).

Small enterprise owners found a way to obtain necessary credit to satisfy customers' needs in spite of the changing environment, particularly regarding increased bank regulations (see Table 7). Participant 4 stressed, "Stringent credit underwriting and differences in regulations now for small businesses are really limiting my ability to grow with traditional bank credit." Participant 2 agreed,

> New banking restrictions made commercial banks much more difficult with which to deal. The tightened credit environment due to new regulations causes delays in obtaining credit. That made alternatives attractive to me, especially alternatives that don't require me to provide the big litany of reports and statements. The harder it is to deal with banks, the more important alternative credit solutions become for small businesses.

Participant 3 offered, "The tightened credit environment directly affected my credit strategy. It has caused me to make fewer capital investments for my business. The credit environment also affected my business through a dramatic reduction of customer orders." Participant 4 agreed, stating,

> If you want a loan these days, it’s a whole new program. The banks have been beaten up and don’t have a choice because of the new regulations. Most people don’t understand this, but small business owners are seeing it now. It’s not just the banking industry, it’s hit everywhere, including leasing. We have to get a grip on this. The main change is the volume of paperwork required for any transaction. It is a battle for small business owners.

The participants’ actions showed that their organization’s credit acquisition strategy was center on customer service.

Although Participant 1 relies on alternative sources of credit to service customers and clients, Participant 1 also recognized,

> Without my relationship with my bank and their faith in my ability, I would not be the success I am. It would scare me to death to start over in today’s environment with a large coast-to-coast bank that didn’t know me.

Relationship banking comprised 6.70% of the frequency of this theme (see Table 7). Participant 4 indirectly addressed this theme by stating,

> My credit acquisition strategy boils down to how I can take care of my employees, my vendors, and my financial partners. Doing that enables me to take care of my customers. I can’t do one without the other, or the customers pay.

Participant 4 described the employee, vender, and financial partner commitment the *three-legged stool*.

Table 7

Changing Environment Theme

Theme	Code	Frequency
Changing environment		
	Increased bank regulations	5
	Bank underwriting requirements	1
	Changes in financial industry	5
	Relationship banking	2
	Satisfy customer’s needs	11
Total		30

Theme 4: Adapt to Challenges of Economic Recession

Successful small business leaders effectively managed risks to allow them to weather the economic recession by keeping credit accessible in the changing environment. The theme of effectively responding to the recessionary economic challenges posed 15% of the total codes (see Table 8). The leading code within this theme was *commitment* (see Table 8).

Participant 4 defined commitment to the business’ future by saying, “I want to be in front of the curve, and ready when it comes back with the right equipment and staff.” Participant 4 expanded on commitment with the need for discipline in the economic recession with the statement, “Small business owners should always have credit available. Don’t max out on credit lines and keep your interest costs down.” Regarding commitment during the economic recession, Participant 1 stated,

> When you start a new business, you obviously have to meet all the basic requirements that customers expect. If you don’t have enough capital to do that, you’ve to go to the bank and secure a line of credit or a loan with equity such as a

> building, or equipment, or vehicles, or whatever, because if you can't service the customers, you won't stay in business. That means you have to do whatever it takes.

The SME participants all shared Participant 1's customer commitment. None of the participants in the study espoused solely a profit motive to obtain alternative sources of credit.

In addition to discipline, adapting to the challenges posed by the economic recession required stress management and self-control to outwit the competition. Participant 1 admonished, "Manage stress! But don't be afraid to go out on a limb if that's where the fruit is. Being timid will not get you very far. Create relationships with bankers and business partners." With the abundant availability of alternative sources of credit, Participant 1 stressed that a business owner has to possess discipline. For instance, Participate 1 said, "Used wisely, a credit card solution for short-term debt is great. If used for payroll, credit cards are a terrible solution. You have to have discipline." Participant 3 agreed, stating, "I do not abuse my access to credit and try not to spend money unwisely." Participant 5 warned, "Small business owners should always have credit available. Don't max out on credit lines and keep your interest costs down." The participants understood that a disciplined use of credit helped manage levels of stress.

Table 8

Economic Recession Theme

Theme	Code	Frequency
Economic recession		
	Stress management	1
	Discipline	5
	Commitment	6
	Competition	2
	Effects of recession	7
Total		21

Theme 5: Financial Analysis

Successful SME leaders develop effective financial strategies and take corrective actions in response to variances. Effective financial planning and budgeting enable SME leaders to continue having access to credit in a changing environment, particularly at a commercial bank. Over 11% of the 144 codes identified in the responses of the participants' addressed financial strategies and budgeting to help obtain credit in a changing environment (see Table 9). The participants identified expense control as the major component of this theme.

Participant 4 stated, "Showing a trend of profitability is the key to accessing credit in today's changing environment." To obtain a commercial bank loan, Participant 1 declared, "Financial analysis and trends go a long way." Consequently, Participant 1 continued, "I constantly review my progress and success." Participant 3 agreed, "I follow my budget and expenditure plan and examine weekly variances of actual performance to budgeted performance. Raw materials increases, especially in fuel and plywood, constantly threaten my profit margins." While Participant 5 "reduced operating expenses and minimized capital investments," Participant 4 tracked investments to cost reductions for customers, "Our investment in modern equipment enables us to perform some labor-intensive tasks and assembly work for customers, thereby increasing our revenue and reducing labor expenses for our customers." Consistent with all of the themes identified in the study, the focus of financial analysis and budgeting remained customer centered.

Table 9

Financial Analysis Theme

Theme	Code	Frequency
Financial Analysis		
	Budgeting and variance analysis	4
	Projected financial impact	3
	Financial analysis and trends	3
	Expense control	6
Total		16

Comparison of Findings with the Review of the Literature

The five themes identified in the data analysis of successful SMEs' access to credit in a changing environment include (a) capital strategy, (b) alternative source of finance, (c) response to environmental changes, (d) adaptation to the challenges presented by the recession, and (e) the need to formalize financial analysis. In addition to the previous analysis of the study's findings in relation to the themes, the findings also confirm, disconfirm, and extend the knowledge of discipline in relation to other peer-reviewed scholarly studies. The review professional and academic literature of this study included SME historical access to credit, access to credit via community banks, alternative access to credit, change and change management, adaptive leadership, and strategic initiatives.

Relentless and inevitable change in the 21st Century has been continuous in essentially every sphere of business (Chiloane-Tsoka, 2013). Historically, community bank credit was the most important source of funds for new and existing companies' growth and survival (Canales & Nanda, 2012). Participant 1 noted, "My relationship with my bank is the key to my success." Similarly, Participant 2 admonished other SME owners to "maintain a close relationship with a core lender and stay with it." Further confirming existing peer-reviewed literature was SME owners' distaste for a submitting a plethora of financial data required to obtain traditional bank credit. Participant 4 conveyed, "The main change is the volume of paperwork required for any transaction. It is a battle for small business owners." The results of this study confirm SME owners' preference for personal relationship banking.

Alternative sources of funding provide relief to SME owners in need of financing (Wehinger, 2014). The results of this study extend the knowledge that SME owners' avoid stringent bank underwriting requirements by seeking credit via alternative sources. Participant 2 stated, "New banking regulations and delays made alternatives attractive to me, especially alternatives that don't require me to provide the big litany of reports." Participant 2 continued, "The harder it becomes to deal with banks the more important alternative credit solution will become for small businesses." The results of the study further extend existing knowledge in the discipline by showing that alternative sources of credit are no longer *alternative*. Each of the participants espoused that so-called alternative sources of credit are a vital part of their credit strategies. The ease and speed of obtaining credit from alternative sources caused Participant 2 to declare, “My primary source of short-term credit does not come from a commercial bank.” The study confirmed existing scholarly reports that the most prevalent alternative sources of credit include on-line accounts receivables factoring, trade credit, open-end revolving credit from a credit card, and leasing (see Table 3).

Bareil (2013) presented opposing paradigms to the process of change, viz., the process of change as threat or resource that serves distinct purposes for leaders of change. SME managers must adapt to uncertainty and lead change (Umble & Umble, 2014). Confirming existing peer-reviewed literature, the results of this study demonstrated that successful SME owners see change as an opportunity. Participant 4 explained,

> Competition is intense with no real new business growth, so we are cannibalizing our own industry. Our market is global. Foreign countries, including China and Canada, have purchased our state’s forests to reduce costs instead of growing our country. Customers were going out of business, so we went to a strictly 30-day term to avoid losses. After the recession hit, the industry began consolidating. Then, large consolidated plants began losing interest in my niche, and I began re-investing in production equipment.

Similarly, Participant 1 saw opportunity in the disruptive change in information technology. Participant 1 said, “Information technology redefined my business. Manufacturing now accounts for 75% of my volume. Further, through information technology I now transfer from my business line of credit to my operating fund on my phone." Successful SMEs not only embrace change, but exploit change for their organization's benefit.

Heifetz (1994) defined *adaptive leadership* as leadership that transforms rather than provides a technical fix (Lichtenstein & Plowman, 2009). Puranam et al. (2014) advocated organizing solutions to universal problems, vs. comparing solutions with comparable goals. Puranam et al.'s leadership change model complements Heifetz's adaptive leadership theory by providing small business leaders diverse solutions to the adaptive problems of entrepreneurship, engineering, and administration (Puranam et al., 2014). The results of this study confirmed that owners of successful SMEs are adaptive leaders. Participant 4 explained the transformation that took place as follows,

> Our investment in modern equipment enables us to perform some labor-intensive tasks and assembly work for customers, which increases our revenue and reduces labor expenses for our customers. In my industry, information technology has wiped out our need for samples and dramatically reduced employment.

Technology has cut at least 30% of the jobs in my industry over the past 20 years. The SME owner participants did not respond to change with technical solutions, but transformed their businesses.

Leading change requires knowing when and to what extent to be assertive (O'Kane & Cunningham, 2014). Strategic change initiation involves noticing, interpreting, and selecting the right option; whereas, implementation involves mobilizing resources and overcoming challenges to achieve strategic change goals (Wales et al., 2013). Participant 1 described approaches to change as,

> I do my homework to ensure my investment will pay off. I borrow when I need to, but I always justify it through business expansion. I constantly review my progress and success. Sometimes success may mean passing by on an opportunity.

Successful SME owners deliberately respond to opportunities presented through change via whatever means available, including debt from a short-term alternative credit source, or secured credit from a community bank.

Although SMEs represent vital economic units in the nation's economic development, over 92% of all SMEs have funding gaps in varying degrees (Liu, 2015). A lack of proper access to information and external resources causes SMEs' average life span to be fewer than 3 years (Liu, 2015). Liu revealed that over 66% of SMEs could not survive due to capital chain ruptures or difficulties. The results of this study extended the scholarly knowledge, regarding SME's credit strategies, by showing that successful SME owners follow a formal capital strategy. Successful owners of SMEs follow a deliberate credit strategy. Participant 3 stated,

> My advice to small businesses is to have a deliberate capital strategy. My capital strategy includes maintaining an effective balance of debt and equity. I follow my budget and expenditure plan and examine weekly variances of actual performance to budgeted performance.

The difference between successful and unsuccessful small businesses is that in successful small businesses, innovative leaders open new opportunities for growth and profit while others dangle on the edge of survival (Cristina, 2013).

Contemporary business leaders face extraordinary trials where victory represents a function of their ability to develop and deploy unique strategies in innovative ways (Dibrell et al., 2014). Rapid changes in business environment force SMEs to revise strategies for business survival (Wingwon, 2012). Participant 4 advised other SME owners as follows,

> Know your daily break-even point. Be conservative in your cost estimates, especially contingency costs outside your control. Anticipate cost increases, particularly labor, insurance, fuel, and costs associated with regulatory compliance. Otherwise, you will see your margin squeeze.

Deliberate financial plans and budgets provide successful SMEs the ability to simultaneously respond to environmental changes and minimize their operating and strategic risks.

Linkage to Conceptual Framework and Literature on Effective Business Practice

The study's findings tie to the conceptual framework, strategic and adaptive leadership, and to the existing literature on effective business practice. The findings of this study refute the opinion that successful SME leaders, who often operate as both operational and strategic leaders, addressing challenges based on instinctual inventiveness, rather than on a structured problem-solving process (Giroux, 2009). Successful SME leaders adapt to uncertainty and change in the changing credit environment. Guillén et al. (2014) posited that the 21st Century knowledge economy was a century of networks and interdependence. The SME owners participating in this study understood that the knowledge economy requires agility and adaptive skills to recognize new alternative credit opportunities.

Maintaining the status quo in accessing credit is not an option for SME leaders in a changing environment (Wolf, 2011). Umble and Umble's (2014) assertion that the fear of uncertainty is a primary reason change initiatives fail was not prevalent in the responses or actions of the SME leaders participating in the study. The results of the study support scholarly findings that espouse the notion of leaders who understand the process of change create sources of competitive advantage for their organizations (Marta-Dominguez et al., 2015). Participant 4 reflected SME leaders' ability to adapt to a changing environment with the statement, "I want to be in front of the curve, and ready with it comes back with the right equipment and staff. That's how I'm addressing my barriers." Successful SME owners plan for success in a changing environment.

Applications to Professional Practice

The findings of this study, in conjunction with the results of the analysis of the study's conceptual framework and review of the literature, provide a rich academic groundwork to lead to improvements in the professional practice of business. Successful SME leaders interested in leveraging opportunities within the growing economy of Northwest Arkansas embraced the following professional practices: (a) follow a deliberate credit acquisition strategy with innovative solutions, (b) possess a financial preparedness to succeed in any economic environment, (c) demonstrate a financial commitment to stakeholders, and (d) manage change.

Adaptive leadership theory formed the basis for the conceptual framework. SMEs are the innovative engines that represent the future growth of any economy, so leading change must be present among them (Hilmola et al., 2015). Accordingly, leaders who adapt create a source of competitive advantage in any economic environment (Marta-Dominguez et al., 2015). Participant 3 summed up the need for the ability to adapt by reminding that “successful SMEs in a changing environment adapt to change or die.” For instance, SMEs, long reliant on traditional bank finance, broadened their range of alternative financing instruments to improve financing alternatives during the recession (Wehinger, 2014). All participants of this study conveyed that they possessed a repertoire of alternative credit sources in their credit strategy in the changing environment.

Innovative Credit Acquisition Strategy

Contrary to Bruton et al.’s (2015) notion that SME owners’ understanding of alternative credit sources is in its infancy, the successful business owners participating in this study portrayed an intimate knowledge and use of credit alternatives. SME owners, facing credit constraints, are less likely to invest in the growth of their businesses (Holton & McCann, 2013). The successful SME owners interviewed in this study avoided facing credit limitation by having an abundant arsenal of alternative credit sources could participant in growth-enhancing activities.

Though SME owners considered all viable alternative credit options, innovative credit acquisition strategies of successful SME owners encompassed deliberation and restraint. Exercising credit restraint involved choices. Participant 1 said,

> I have to choose. I can't do everything. I need $25 thousand for equipment and $30 thousand for expansion. I have $10 thousand for payroll every week and all the normal expenses, including utilities, etc. I make a decision. After deciding the investment is good, I use the most appropriate credit source. Usually, I either lease or go to the bank and get the money.

Participant 3 stated, "I liquefy my accounts receivables through factoring via an alternative credit source. I use retained earnings to supplement short-term working capital solutions." Participant 2 explained, "I always have real estate available for collateral, and I don't use up the line of credit at the bank." Successful SME owners understand the fine-line between under extending and over extending credit obligations. In the changing environment, a growing percentage of small business owners draw upon internal sources of funds to finance their growth, such as retained earnings and accruals (Xiang et al., 2014). All five participants stressed risk management, which included never maximizing their credit lines.

Financial Preparedness

Though SME leaders borrow from community banks to avoid the plethora of financial ratio and pro forma analysis (Laderman, 2012), all five participants in the study engaged in detailed financial analysis. Rad et al. (2013) warned that because of new federal regulations (i.e., the Dodd-Frank Wall Street Reform and Consumer Protection Act; Dodd-Frank, 2010), community banks could no longer cultivate access to credit via personal relationship lending. Participant 4 stressed that in today's changing environment, "a business must have positive financial trends to obtain a bank loan." The results of this study indicated that successful SME owners were already conducting thorough pro forma and budget analysis in a changing environment before the Dodd-Frank Act.

Lack of financial management knowledge and strategies, combined with the uncertain business environment, cause business leaders to face serious financial crises that threaten the survival of their enterprise (Karadag, 2015). Participant 4 recognized financial preparedness as a fundamental requirement for SME leaders facing a changing environment. Participant 4 stated, “I measure the success of my credit strategy by its ability to provide a continual availability of funds.” Participant 3 agreed, stating, “My credit strategy’s success establishes my ability to have the resources on hand to satisfy my customers’ needs.” Since no one lives forever, successful SME owners did not accept survival of their enterprises as an objective.

Stakeholders Commitment

Professional business practices of successful SME owners’ include their commitment to stakeholders. A balance between economic progress, social responsibility, and environmental protection (i.e., the triple bottom line) can maximize the impact of corporate social responsibility (Epstein & Buhovac, 2014). King (2008) stressed that the failure to meet any one aim of the triple bottom line meant a failure in all three. SMEs could gain greater access to financing by focusing purely on the bottom line vs. the triple bottom line (Julian & Ofori-dankwa, 2013).

The Bank of America, one of the largest banks in the U.S., committed $18 billion in lending advice and market creation to assist business borrowers with environmental concerns and sustainability issues (Epstein & Buhovac, 2014). Accordingly, as cultural changes force SME leaders to focus on the triple bottom to improve profitability and opacity (Hahn et al., 2015), the availability for a greater number of credit alternatives has increased (DeYoung et al., 2015). During a tour of the production plant before the interview, Participant 1 stressed the ecological (i.e., *green*) qualities of their production process. Participant 4 stated, "My strategy is to take care of my employee, take care of my vendors, and take care of my creditors. That enables me to take care of my customers." All interviewees expressed similar triple bottom line concerns regarding the success of their credit strategies.

Change Management

Leaders with superior dynamic managerial capabilities adapt and change more successfully than leaders with no dynamic managerial capabilities (Helfat & Martin, 2015). Fink et al. (2014) recognized that SMEs are well suited for the requisite flexibility and adaptability to qualitative change. SMEs are the innovative engines that represent the future growth of any economy, so leading change must be present among them (Hilmola et al., 2015).

Change is the only valid constant (Marta-Dominguez et al., 2015) and managing change is a *process,* not an event (Lawrence, 2014). For example, the economic environment presented opportunities that required Participant 1 to implement a dramatic change in the capital mix. Participant 1 explained,

> My strategy provides flexibility with my debt ratio. My debt to asset ratio is under 15% now. It was as high as 50%. However, even at 50%, I had a lot of assets to

> obtain additional lines of credit – which I did to get a $100 thousand crane. That's the key!

Participant 2 embraced alternative financing in a changing environment, stating,

> I changed from borrowing from a bank to borrowing online against my accounts receivables. I simply provided an electronic signature. It was fast and convenient. I never met them and did not even know the name of the organization. While banks have many financial information requirements, they have none and provide the money overnight. The harder it becomes to deal with banks the more important this credit solution will become for small businesses.

The professional practice of the SME owners interviewed during this study professional business practice includes an ability to thrive in a changing environment.

Implications for Social Change

SMEs are critical to the vibrancy of the U.S. economy. The 28 million SMEs accounted for 54% of all domestic sales created 66% of the new job growth over the past 15 years (SBA, 2015). This qualitative study filled a gap in the related literature by providing an additional perspective on SME leaders' credit strategies within a changing environment. Federal and state governments annually produce quantitative studies tracking approved national and regional trends in commercial credit applications. This study built on the results of existing quantitative studies by providing a greater understanding of how SME leaders operated in the recessionary and recovering economies. The results of this study showed that SME leaders utilized credit alternatives to counter the tightened underwriting requirements at commercial banks. Findings from this study could help SME leaders, throughout the U.S., strategically adapt to changes in credit availability, thereby providing tangible improvements in social change to SME's stakeholders, viz., individuals, communities, and institutions. New opportunities might emerge to individuals through SME leaders' sustainability efforts through increased job provision.

Northwest Arkansas SME owners showed resilience in a changing environment by implementing effective credit strategies with alternative credit solutions. Consequently, strong growth in real income per capita in Northwest Arkansas was hand-in-hand with the growth in population (Gascon & Varley, 2015). Per capita income in Northwest Arkansas grew about 2% annually since 1970, compared with 1.4% in the nation as a whole (Gascon & Varley, 2015). In 2013, Northwest Arkansas' regional economy, measured by real gross metropolitan product, grew by 5.6%, which equated to three times the national rate and much faster compared to the nearby Metropolitan Statistical Areas (MSA) of Little Rock, Arkansas; Tulsa, Oklahoma; and Springfield, Missouri (Gascon & Varley, 2015). In fact, only 25 of the nation's 381 MSAs experienced faster growth in 2013, placing Northwest Arkansas firmly in the top 10% of the fastest-growing MSAs in the nation (Gascon & Varley, 2015). This growth maximized the workforce's capabilities increased tax revenues to support local and state governments. Accordingly, the largest four communities in Northwest Arkansas sales tax revenue collections grew 10.65% from 2014 to 2015 (Souza, 2015). Further, Northwest Arkansas SME owners' focus on the triple bottom line helped strike a balance between economic progress, social responsibility, and environmental protection with clean air, an abundance of fresh water, recreational parks, and an expanding public education system.

Recommendations for Action

The changing business environment forced seasoned SMEs owners to address difficulties and challenges to gaining access to credit for sustainability and growth. To overcome possible credit constraints, SME leaders embraced an entrepreneurial spirit in adapting to change. The participants of this study provided a unique insight into the acquisition of credit in a changing environment. From the results of the study, I provide recommendations to SME owners, lenders, bank regulators, and policy makers with steps to useful action.

Successful SME owners followed a deliberate capital strategy with bank credit and alternative sources of credit. I recommend that strategies contain the enterprise's target capital mix with retained earnings, short-term, and long-term debt. The strategy should include sources of both short-term and long-term debt with optimum debt levels from each particular source. Further, SME leaders should itemize in the capital strategy the levels and purpose of secured and unsecured liquidity that is available from each source. The successful SME owners participating in this study did not maximize their borrowing capacity but made informed choices to maximize stakeholders' return. To disseminate the results and recommendations of this study to the business community, I will provide a one-to-two page summary to state chambers of commerce in Arkansas, Oklahoma, and Missouri and to local chambers of commerce Northwest Arkansas. I also will provide a one-to-two page summary to the Arkansas Manufacturers' Association for circulation to their members.

In addition to SME owners, commercial bank boards of directors, executive officers, and senior lenders should pay attention to the results of this study. Commercial banks, particularly community banks, are losing an enormous amount of business to alternative providers of SME credit. Community banking industry is losing its competitive niche to alternative credit providers. To increase awareness, I will provide one-to-two page summaries of the results and recommendations of this study to the American Bankers' Association, Independent Community Bankers' Association, the Arkansas Bankers' Association, and the Arkansas Community Bankers' Association. Further, I will avail myself to conferences or workshops of the state banking associations.

Federal and state bank regulators should take heed of the results of this study. The community banking industry, SME owners' preferred lending source (Holod & Peek, 2013), is in decline (FDIC, 2012). Consequently, the requisite number of community bank regulators and examiners should also decline. The results of this study could provide regulators and examiners a transformed understanding of the distinctive relationship between SMEs and community banks. Factors that determine the safety and soundness of community banks include both asset quality and earnings. Driving business from community banks damages earnings and could negatively affect a community's employment level. To disseminate the results and recommendations of this study to the regulators, I will provide a one-to-two page summary to Arkansas State Bank

Commissioner, the FDIC Region Director - Memphis, and the FRB (2014) of St. Louis via the region liaison.

Policymakers must pay attention to the results and recommendations of this study on behalf of their community and individual constituents. The American economy depends on job provision created through SMEs (Holton & McCann, 2013). The results of this study could help policymakers strike a healthier balance between imposing banking regulations that thwart SME growth and expansion and protect the interests of the society as a whole. To disseminate the results and recommendations of this study to the policymakers, I will provide a one-to-two page summary to the field offices of Arkansas' congressional delegation, including four offices of the U.S. House of Representatives and two Senators. I will also provide a one-to-two page summary to the governor's office and the director of the Arkansas Economic Development office.

Recommendations for Further Research

The topic of SMEs' adaptation of credit strategies within a changing environment merits additional research given the paucity of the information on the subject. The recommendations for further study relate to ways to improve practice in business and address identified limitations of the study delineated in Section 1. Recommendations to address the limitations of this study include

- expanding the study to include credit strategies of service industries in the changing environment,
- comparing Northwest Arkansas SME credit strategies with SME in other regions of the nation, and

- comparing the results of this study to a similar study in the same geographic at some point in the future.

Recommendations for further study to improve business practice include tracking the growth of the sources and aggregate amount of credit extended to SMEs via alternative sources. Future researchers could also seek to understand the financial impact of restricting credit to SMEs in rural communities. Beyond credit accessibility, the SME environment is constantly changing due to disruptive technology, global trade, and regulations. Therefore, strategic adaptation is an important topic given the significance of small businesses to the national and global economies.

Reflections

Scholarly research requires recognizing bias and subjectivity to avoid ignoring perceptions or preconceived notions of the problem (Henriques, 2014). Throughout my experience within the doctoral study process of data collection, interpretation, and presentation, I bracketed by personal biases by identifying, acknowledging, and mitigating personal presuppositions, before and during the exploration of credit strategies for SMEs, within a changing environment (Chan et al., 2013). To ensure unbiased results, I set aside preconceptions and judgments of experience, knowledge, beliefs, or meanings developed during my 33 years of community banking experience in Northwest Arkansas. Thus, I viewed the challenges of overcoming credit constraints from the perspective of an SME leader. Consequently, my thinking evolved from a selfish view of how restricted access to credit influenced community banks to its consequence on SME stakeholders (i.e., owners, families, employees, suppliers, and the communities in which they operate).

Through this multicase qualitative study, I arrived at an understanding of the consequence of restrained access to credit from the perspective of SME owners. Unfortunately, few scholarly, qualitative researchers have sought to understand this experience. My reflections of the findings of the study illuminate from the drive, resiliency, and spirit of SME owners. SME owners are the economic engine that drives job provision in spite of the obstacles in their way. I developed a keen sense of respect for SME owners' fortitude and determination to gain access to credit for sustainability and growth in a changing environment. I felt impressed by SME owners' breadth of knowledge and financial acumen. I felt particularly awestruck by SME owners' commitment to do whatever it took for the success of their businesses. Interacting with the small business participants involved in the study was an honor.

Conclusion

The purpose of this qualitative study was to develop an understanding of SMEs' credit strategies in a changing environment. The economic recession, new federal laws, and tight federal and state underwriting regulations, imposed on community banks, forced SMEs to seek alternative credit sources. The findings revealed that small businesses are responding to the changing environment by accessing credit via impersonal on-line lines of credit, trade credit, leasing, accounts receivables factoring, credit cards, and retained earnings.

The future direction for successful SME owners involves formalizing capital strategies, utilizing alternative financing, responding to environmental changes, adapting to challenges of the economic recovery, and financial analysis. I identified four areas of opportunity for small business owners and leaders seeking credit: innovative credit acquisition strategy, financial preparedness, stakeholder commitment, and change management. Successful SME owners avoided facing credit limitation by having an abundant arsenal of alternative credit sources, and they could participate in growth-enhancing activities. Further, SME owners tracked success through pro forma and budget analysis in a changing environment and made appropriate corrections to performance variances. Successful SME owners balanced sustainability and investment in growth with economic progress, social responsibility, and environmental protection (i.e., the triple bottom line) to maximize the impact of CSR. Finally, successful small and medium-sized business leaders possessed the capability to adapt to a changing environment.

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Appendix A: Certificate of Completion

Certificate of Completion

The National Institutes of Health (NIH) Office of Extramural Research certifies that **James Wilkinson** successfully completed the NIH Web-based training course “Protecting Human Research Participants”.

Date of completion: 05/13/2015

Certification Number: 1761541

Appendix B: Consent Form

CONSENT FORM

You are invited to take part in a research study about exploring small and medium-sized enterprise (SME) leaders' strategies to obtain external credit within a changing business environment. The researcher is inviting manufacturing leaders with over 5 years in business to be in the study. This form is part of a process called "informed consent" to allow you to understand this study before deciding whether to take part.

This study is being conducted by a researcher named James Edward Wilkinson, who is a doctoral student at Walden University.

Background Information:
The purpose of this study is to gain an enriched understanding of the strategies SME leaders with fewer than 500 employees use for obtaining credit may assist businesses to compete more effectively.

Procedures:
If you agree to be in this study, you will be asked to participate in an audio-recorded one-time semistructured face-to-face interview, which should last no more than 25 minutes, to share your SME's credit strategy and credit acquisition strategy, if available.

Here are some sample questions:

1. What strategies have you successfully operationalized for obtaining credit for your SME within a changing business environment?
2. What barriers have you encountered while implementing your credit strategies?
3. How did you address the barriers to implementing your credit access strategies?

Voluntary Nature of the Study:
This study is voluntary. Everyone will respect your decision of whether or not you choose to be in the study. No one will treat you differently if you decide not to be in the study. If you decide to join the study now, you can still change your mind later. You may stop at any time.

Risks and Benefits of Being in the Study:
Being in this type of study involves some risk of the minor discomforts that can be encountered in daily life, such as fatigue, stress or becoming upset.

An enriched understanding of the strategies SME leaders use for obtaining credit may assist businesses to compete more effectively. The information from this case study may lead to social change for small businesses and communities by helping SME leaders create credit strategies for growth and sustainability to increase jobs, sales revenue, and tax revenue.

Payment:
There will be no payment, thank you gifts, or reimbursements to participants.

Privacy:
Any information you provide will be kept confidential. The researcher will not use your personal information for any purposes outside of this research project. Also, the researcher will not include your name or anything else that could identify you in the study reports. Electronic data will be kept secure by password protected security, data encryption, use of codes in place of names (with all names discarded). All hard copy and electronic data will be secured in a vault. All data will be kept for a period of at least 5 years, as required by the university.

Contacts and Questions:
You may ask any questions you have now. Or if you have questions later, you may contact the researcher via telephone: [redacted], or email: [redacted]. If you want to talk privately about your rights as a participant, you can call [redacted]. This person is the Walden University representative who can discuss this with you. This person's phone number is [redacted]. Walden University's Institutional Review Board (IRB) approval number for this study is 06-08-16-0548366 and it expires on June 7, 2017.

The researcher will give you a copy of this form to keep.

Obtaining Your Consent

If you feel you understand the study well enough to make a decision about it, please indicate your consent by signing below.

Printed Name of Participant ____________________

Date of consent ____________________

Participant's Signature ____________________

Researcher's Signature ____________________

Appendix C: Multicase Study Protocol

Credit Strategies for Small and Medium-Sized Enterprises Within a Changing Environment

Table of Contents

A. Overview of the Case Study

1. Mission and goals of case study are the gain an understanding of how small and medium-sized enterprise (SME) leaders are strategically responding to accessing credit within a changing business environment.
2. The purpose of this qualitative case study is to explore small and medium-sized enterprise (SME) leaders' strategies to obtain external credit within a changing business environment. The participants will include five SME leaders employing fewer than 500 people. Through semistructured face-to-face interviews with SME leaders, I will identify and explore strategies for acquiring credit within a changing business environment.
3. The nature of the investigation of small and medium-sized enterprise (SME) leaders' strategies for acquiring credit within a changing business environment supports using a qualitative approach and case study design. The purpose of a descriptive case study is to describe an event (i.e., a case) in a real-world context (Yin, 2014). A descriptive case study research design fits the form of my proposed study's research question, the extent of control over the behavioral events, and focus on contemporary events (Yin, 2014).

B. Data Collection Procedures

1. Data collection will conform to the interviewees' schedules and availability.
2. Open-ended semistructured questions will allow follow-up questions.
3. Real-world observations made at the participants' place of business require field procedure coping behaviors to:
    a. Gain access to key organizations or interviewees.
    b. Have resources to conduct fieldwork, viz., recording devise and notes.
    c. Develop call for assistance.
    d. Make a clear schedule of data collection activities.
    e. Provide for unanticipated events.

C. The general orientation of the protocol questions are toward the researcher. The questions can occur at five levels, including questions asked of specific interviewees, of the individual case, of the pattern of findings across multiple cases, of an entire study, and normative questions about policy recommendations and conclusions.
    1. Define the process of obtaining credit for the SME.
    2. Collect data related to the factors involved in accessing credit.
        a. Shift from personal relationship to technical banking.
        b. Increased understanding of lenders' expectations.
    3. Cite evidence supporting (or not) the initial logic model in explaining how and why the practice led to success.

D. Guide for the Case Study Report

1. The outline and format of this case study follows Walden University's doctoral study rubric and research handbook.
2. The intended audience of this content of this case study is small business owners, financiers, regulators, state and federal policy makers, and academia.

Appendix D: Interview Questions

1. What strategies have you successfully operationalized for obtaining credit for your SME within a changing business environment?
2. What barriers have you encountered while implementing your credit strategies?
3. How did you address the barriers to implementing your credit access strategies?
4. What alternative credit solutions are in your credit strategy?
5. What credit alternative strategies did you use?
6. How have changes in information technology affected your credit strategy?
7. How have changes within the financial industry influenced your credit strategy?
8. How do you measure the success of your credit strategies?
9. Can you share any other information, not asked, with SME owners regarding your strategic response to accessing credit within a changing business environment?

Appendix E: Institutional Review Board Materials Approval

The Institutional Review Board (IRB) approved the application for the study entitled, "Credit Strategies for Small and Medium-Sized Enterprises within a Changing Environment."

Approval date: **June 8, 2016**

Approval number: **06-08-16-0548366**

IRB approval expiration: **June 7, 2017**