

## **A Study of Small Business Failure: Impact of Leadership and the Leadership Process**

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**Abstract :** Small businesses are important to the United States economy, yet the majority struggle to remain relevant and close before their fifth year. This qualitative study explored small business failure by comparing the experiences of small-business owners to understand their involvement with leadership during the early stages of the business, and the impact of this on the firms' ability to survive. Participants' experiences from two groups were compared to glean an understanding of the leadership process, how leadership differs between the groups, and to see what themes or constructs emerged that could help to explain the high failure rate. Leadership was perceived to be important when envisioning a path for the future and when providing a platform for employees to succeed. Those who embraced leadership as a skillset were more likely to get through the challenges of the early developmental years while those ignoring the importance of leadership were more likely to close prematurely. These findings suggest a disconnect with regards to the understanding, role, and benefits of leadership in small organizations, particularly young organizations in the early stages of development.

**Keywords :** leadership, small business, entrepreneurship, success, failure

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