Entrepreneurial Financing Based on (Dis)ability

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Abstract

The purpose of this research was to conduct a survey of entrepreneurs to gain insight into the use of financing by small businesses. The results of an initial qualitative case study of three entrepreneurs suggested that financing issues were of concern to entrepreneurs with disabilities (EWDs). The quantitative analysis determined whether differences existed in the use of funding between EWDs and entrepreneurs without disabilities (EWODs). Overall, the sample size of 251 allowed the researcher to determine normal distribution, no outliers, and that the results were reliable. The independent sample t-tests resulted in the rejection of both null hypotheses, indicating that significant differences existed in the use of funding between EWDs and entrepreneurs without disabilities (EWODs). There is a statistical difference between EWDs and EWODs relative to the receipt of alternative financing. The results showed that there is a statistical difference between EWDs and EWODs relative to the use of social capital for funding.

Keywords
Entrepreneur, Disability, Financing, Small Business, Ownership

1. Introduction

1.1. Background

Self-employment enables entrepreneurs with disabilities (EWD) to gain the opportunity to adapt their work to their needs, achieve flexibility and accommodation, which are the usual barriers to employment. Beyond general employment assistance, there is little public program support to assist EWDs in self-employment (Renko, Parker Harris, & Caldwell, 2016). The Department of Education’s Rehabilitation Services Administration funded programs to prepare people with disabilities for employment; yet, in 2012, self-employment accounted only for 2.4%
of the case closures (Drake, Bond, Goldman, Hogan, & Karakus, 2016).

Tasavori, Ghauri, and Zaeefarian (2016) studied social entrepreneurship in India, finding that various factors contributed to social enterprise success. First, success consisted of environmental factors such as product or service demand and the political arena’s expectations. Second, other factors involved marketing strategies and specific organizational characteristics, including support from management and adequate financial assistance. Third, success consisted of focused entrepreneurial discipline. Tasavori et al. concluded that these factors were critical predictors of achievement, with funding being the most relevant issue. Also, while many social entrepreneurs have sufficient private funding to start their enterprises, investment in such organizations rose (Ahaibwe & Kasirye, 2015; Kickul & Lyons, 2015; Tarilaye & Okoye, 2017).

1.2. Research Problem and Significance

Given the narrow scope of the studies on entrepreneur characteristics conducted by Antoncic, Bratkovic Kregar, Singh, and DeNoble (2015) and Rodríguez-Gutiérrez, Moreno, and Tejada (2015), the research conducted by Walter and Heinrichs (2015) provided a comprehensive understanding of the study conducted over 30 years. Walter and Heinrichs explored the relationship between personal characteristics and entrepreneurial options. The goal was to comprehend six perspectives (trait, cognitive aspects, affective attributes, goals, education, and economic issues) and how these perspectives lead an individual to become an entrepreneur. Howard (2017) found that successful EWDs’ decision-making choices depended on a high level of market and product knowledge, the formation of marketing and financial relationships, and adherence to cost-based management of operational resources. Former studies on the decision to start a company primarily focused on the trait and financial matters. Van Gelderen, Kautonen, and Fink (2015) explored the concept that an entrepreneur takes action despite uncertainty and incomplete knowledge of the present.

In addition to the factors inspiring individuals to become entrepreneurs, other factors existed that prevented making decisions. One of those was the fear factor. Cacciotti and Hayton (2015) reviewed the literature on how fear affects the decisions by entrepreneurs to start new businesses. Cacciotti and Hayton considered concern from a different perspective than the more common, one of how fear of failure influences the decision to start or not start a new business. However, another effect pertains to fear as a function of individual personality rather than as a temporary barrier to an enterprise’s initiation. Cacciotti and Hayton identified a failing in current research, which primarily focused on the fear of having a new business fail based on the personal and financial costs of business failure.

Renko et al. (2016) found that the ratio for those with disabilities is 1:10; however, there is little literature regarding the contributions of this population, which is surprising due to the tendency of this population to be self-employed. There is also a limited understanding of the barriers faced by this population in
their self-employment, including lack of business knowledge and training, lack of organizational support and advice beyond the first year, lack of information on how entrepreneurship affects their disability benefits and policies, and, most importantly, a lack of access to financing (Hsu, 2016).

1.3. Research Questions and Hypotheses

The quantitative research questions and their associated hypotheses for this aspect of the mixed-methods study are:

RQ1: What strategies are used by EWD, and what barriers to financing, regardless of type (traditional or alternative), are faced, as compared to EWOD?

RQ2: Is there a difference in EWDs and EWODs in the receipt of traditional financing?

H20: There is no statistically significant difference in EWDs and EWODs in the receipt of traditional financing.

H21: There is a statistically significant difference in EWDs and EWODs in the receipt of traditional financing.

RQ3: Is there a difference in EWDs and EWODs in the receipt of alternative financing?

H30: There is no statistically significant difference in EWDs and EWODs in the receipt of alternative financing.

H31: There is a statistically significant difference in EWDs and EWODs in the receipt of alternative financing.

This study consists of four parts: the literature review will contain information regarding entrepreneurship and financing; the research methodology will provide information regarding the completion of the study; the findings and analysis will contain the outcome of the research, and; the conclusions will include a discussion of the results.

2. Literature Review

2.1. Influences to Entrepreneurship

The literature contained research on both disability and entrepreneurship. Tipu (2016) developed a conceptual framework that provided a sound basis for this investigation, the model of necessity-driven entrepreneurship. Tipu compared the behaviors of necessity-driven entrepreneurs (NDEs) and opportunity-driven entrepreneurs (ODEs). Using a case study approach, Tipu identified differences in these two types of entrepreneurs during their companies’ start-up phases and their overall perspectives toward their businesses. Tipu developed a framework based on how the two categories of entrepreneurs thought, or entrepreneurial cognition about the critical success factors of start-up companies (i.e., planning, risk management, networking, financial management), which influenced what these individuals did to start their businesses or their entrepreneurial action.
Tipu found that entrepreneurial cognition affected business activities in this framework. Tipu also defined ODEs as driven by the need for achievement, freedom, or independence. At the same time, NDEs were self-employed as a last resort to survive when different employment opportunities were not available. Using a multiple case approach of four entrepreneurs, two identified as ODEs and two as NDEs, Tipu used various surveys, interviews, and other data collection on entrepreneurs whose businesses had survived for at least three years. Tipu found that many of the behavioral patterns of NDEs and ODEs were similar, with none preparing a business plan or going for external financing. They all had realistic assessments of their skills and available resources. However, Tipu also found that ODEs relied on availability heuristics during start-up, relied heavily on readily available information and conducting counterfactual thinking, and tried to learn from past mistakes and failures. In contrast, NDEs tended not to imagine anything except actual outcomes and were more tightly bound to a realistic assessment of circumstances without believing anything other than what was real. For NDEs, entrepreneurship was a desperation move rather than a free choice, and this influenced their behaviors toward their companies (Tipu, 2016).

In a qualitative study, Howard (2017) found that entrepreneur characteristics included passion, values, support, dedication, and background, while managerial characteristics included market and product knowledge, marketing and financial relationships, operational ability, and leadership. Howard, Peterson, & Ulferts (2017) noted the challenges created by the changing labor market, the consumer base, and the competition, representing both challenges and opportunities.

Freeland and Keister (2016) investigated how race and ethnicity affected the persistence of new ventures after two years, exploring the African American population as opposed to the Hispanic community. Freeland and Keister hypothesized that African Americans have less access to formal credit sources than either White or Latino entrepreneurs and that they invested more of their funds in their ventures. Freeland and Keister found that African Americans indeed had only 20% of the likelihood of getting credit from an outside source as Whites or Hispanics. According to Freeland and Keister, the reasons for this varied, including the reduced social capital in the high-poverty, racially segregated inner-city neighborhoods and the fact that African Americans were only half as likely as Hispanics to be able to get funding from local area firms. Also, while Hispanic suppliers often are expected to offer credit to Hispanic entrepreneurs, no such relationship existed for African American vendors and African American-owned businesses. Overall, Freeland and Keister found that race and ethnicity were not significant in the determination to create a new company. For start-ups that did not achieve success after two years, African Americans were more likely to persist while Hispanics were more likely to drop the business (Freeland & Keister, 2016; Ortiz-Walters, Gavino, & Williams, 2015).

Jensen (2015) conducted surveys of entrepreneurs in North Dakota at start-up and again five years later to determine the types of challenges faced in building a
small business. Not all the companies survived the full five years, and Jensen analyzed the data collected to determine characteristics that differed between those that survived and those that did not. Furthermore, Jensen identified differences in problems during the start-up period and five years of operation. Like Ponzio, Brichetto, Zaratin, Battaglia (2015), Jensen did not explore concerns associated with the loss of benefits during the start-up period. Overall, Jensen found that regulations and taxes were more of an issue in later stages and less so in the early stages. The most significant tax burden was in property taxes, especially for those with substantial growth. Critical issues for survivor companies were licensing problems, while start-ups faced more difficulties in financing.

2.2. Access to Funding

The availability of funds influenced the success or failure of new enterprises. Bewaji, Yang, and Han (2015) probed whether minority entrepreneurs obtained institutional funding to establish their businesses to the same degree as non-minority entrepreneurs. In earlier research, Bewaji et al. found that minority entrepreneurs tended to be from lower- or middle-class family backgrounds were younger, more likely married, and often entrepreneurially experienced. Also, minority entrepreneurs managed to have college degrees with primary motivators of job satisfaction and a desire for achievement. Despite these factors, which indicated inherent success, previous research found that minority entrepreneurs had a higher failure rate than non-minority entrepreneurs. Bewaji et al. hypothesized that an older, educated minority entrepreneur with prior experience in industry and entrepreneurship was more likely to receive funding from known financial institutions than other minority applicants. The youth had a marginally negative impact on access to financing, but education and antecedent experience in the industry determined markers for funding access (Bewaji et al., 2015). The primary constraints included minority status, lack of industry experience, and lack of education, with minority status being the single most significant factor.

2.3. Fresh Funding Sources

New sources of funding affected the ability of entrepreneurs with disabilities to get needed resources for their enterprises. Crowdfunding was one of the innovations in financing start-up companies. Some entrepreneurs were highly resistant to taking advantage of this source of funding. Using impression management, Gleasure (2015) suggested that individuals present themselves in service to goals and encouragement of esteem from others. In doing interviews with participants, Gleasure found three principal themes developed. First, some entrepreneurs believed that crowdfunding offered little strategic value to their business because they ran business-to-business (B2B) businesses or felt they had a niche market. Second, some entrepreneurs expressed passive acceptance of crowdfunding but a refusal to take impelling steps to achieve such funding. A third theme was that some business owners said crowdfunding might be viable, but
they lacked time and resources to explore it. Underlying these issues were several fears, including fear of projecting desperation instead of success; fear of visibly failing; a fear of disclosing confidential information; and the perceived costs/benefits of switching to a crowdfunding model (Cacciotti & Hayton, 2015; Gleasure, 2015; Xu, Zheng, Xu, & Wang, 2016).

2.4. Barriers to Funding

For entrepreneurs such as entrepreneurs with disabilities, who experienced high barriers to receiving significant outside financing, the use of crowdfunding was an underutilized resource. While most of the research on crowdfunding focused on strategies for raising sufficient money to start a business or a project, Xu et al. (2016) explored the satisfaction of sponsors in crowdfunded financing of new enterprises to understand how best to maximize that satisfaction. Noting that most crowdfunding research focused on improving the amount of money achieved through this avenue, Xu et al. focused on what attributes of the start-up maximized the funders’ satisfaction with their decision to give money to this organization. Xu et al. found that keys to that satisfaction included timely delivery, product quality, project novelty, sponsor participation, and entrepreneur activeness.

3. Research Methodology

This mixed-methods study aimed to explore the strategies used for and barriers to financing faced by EWDs. This study’s findings can help EWD leaders develop strategies for increasing profitability, benefiting their employees, families, and communities. These leaders can create a social change from dependency to independence through successful self-employment. The purpose of the discussion in this section is to outline the study.

3.1. Research Design

A multiple case study approach required completing in-depth analyses of participants (Dasgupta, 2015; Lewis, 2015; Rule & John, 2015; Wilson, 2016). The qualitative research consisted of a case study approach using various data sources, including interviews of the entrepreneurs with disabilities, interviews with sources of funding, business financial information, interviews with agencies, business mentors, or advisors, and direct observation of how the company operates. By implementing various data collection techniques, the researcher was able to develop a comprehensive understanding of the strategies used to achieve business profitability while simultaneously providing methodological triangulation for data analysis, ensuring saturation of information for each of the three different EWDs for the qualitative study.

To compare EWDs and EWODs, a researcher-developed survey collected data to test differences. The field-testing determined if the questions were unbiased and measured the intended differences in variables. Three subject-matter experts with terminal degrees received the field study survey to review for clarity and va-
The responses included expanding the demographic section to include gender and age. Also, there was a suggestion to define alternative financing terms because the respondent might not be familiar with the words. The field study experts found other minor adjustments but did not find any concerns with the content of the survey for clarity and purpose.

3.2. Population and Sampling

The qualitative study population consisted of Michigan EWDs, which had profitable operations for at least three years in the past or present (Howard, 2017). Following the research suggestions of Dasgupta (2015), Lewis (2015), Rule and John (2015), and Wilson (2016), the recruitment of participants involved using a convenience approach via a local organization supporting individuals with disabilities and other local business groups. The intent was to determine potential participants by recruiting through local business support groups. Using a partial snowball effect, participants helped in referring to other potential members. Participants did not receive any financial aid or other incentives. There was appropriate care to ensure that the participants had the necessary information to decide if they wanted to participate. Specific procedures assured members of the protection of their privacy, identity, and similar ethical issues.

For the quantitative study, the sample framing was a non-random sample; however, generalizing the results will determine the relationship between the sample and the research questions. The distribution of the survey occurred electronically. The sampling continued until reaching the targeted level of respondents. The sample size required came from using G*Power software. The minimum sample size required 220 respondents to test the hypotheses adequately.

3.3. Data Collection

3.3.1. Qualitative

All interviews conducted with the participants were audio-recorded with no one else hearing and transcribing that data, assigning a numerical value to each interview and tape. Transcriptions occurred within 72 hours of each meeting. Once transcribed, member checks occurred. In this process, the participant reviewed the transcribed interview in its analyzed form. As recommended in the research by Resnick (2015); Simpson and Quigley (2016), interviewees examined the information to confirm the accuracy and verify that the underlying message that he or she was attempting to get across was still present within the interview text and analyzed data. The researcher noted any qualifications or adjustments needed. Once the participants confirmed that the information was accurate, removal of the names from the members' records occurred for confidentiality purposes, replacing them with pseudonyms. Direct observations occurred at predetermined days and times and with the agreement of the researcher and the participant. The views lasted for at least two weeks at each location, and setup based on the best schedule for the member, recording the implementation of
strategies discussed, and those not mentioned during the interview process.

3.3.2. Quantitative
Data collection occurred by sampling a set number of respondents through a survey. The data collection was obtained through emails from the small business database and entered the information into the survey software. The survey administrator issued a notice to the population that contained a link to the questionnaire. The link directed the respondents to a hosting site for the survey to ensure the survey integrity remained intact. The hosting site maintained the study’s integrity because it only allowed the respondents to complete the questionnaire once. An informed consent form came before the survey to ensure they are aware of and acknowledged their rights before completing the study. The survey administrator gathered the information from the sampling frame. The sampling frame encompassed small business owners included in the database for Michigan.

3.4. Data Analysis
3.4.1. Qualitative
The analysis process used in this study followed the suggestions from Dasgupta (2015), Lewis (2015), Nelson, London, & Stroble (2015), Rule and John (2015), and Wilson (2016). A researcher’s understanding of a problem increases by triangulating multiple sources and methods (Shabani Varaki, Floden, & Kalatehjafarabadi, 2015). The review of the interview transcripts, notes from observations, and other relevant documents, resulted in the development of initial categories, themes, and relationships. Through an iterative process, different coding and analysis levels occurred, leading to the identification of the main themes. Maintaining consistency with the research question and the conceptual framework was essential. After undertaking these steps, the researcher considered the data in determining the universals of the various interviews and other collected data to present an overall set of conclusions. Finally, where possible, these findings were tested and formulated into recommendations that could guide programs and services directed at the EWD population.

3.4.2. Quantitative
The independent variable in the quantitative study was the status variables of disability. The dependent variable changes in each research question to reinforce the argument that a gap in the supply of capital exists between the independent variables. The evaluation, based on information gathered, related to traditional financing and alternative financing. The data compared traditional financing and alternate financing to determine if a significant difference exists between EWDs and EWODs. The process required the use of collected empirical evidence to identify the relationship between the independent and dependent variables.

The data analyses led to determining if differences exist for each research
question at a 95% confidence level. The survey administrator translated the survey responses into a format suitable for SPSS software. However, before loading the information into the software, a review of the descriptive data took place. Doherty (2010) identified that quantitative research requires that the data collection process test for normalcy before testing it. The t-test required distributional assumptions to determine the normality of the data and ensure that homogeneity exists within the population. Doherty (2010) identified that data sets must be central to the clusters around the mean/variance and capable of identifying independent and dependent variables fundamental to the mean/variance to be normally distributed. The review of the descriptive data allowed for the removal of missing data and the evaluation of univariate outliers to ensure the test is valid. Therefore, any univariate outliers underwent conversion and evaluated through z score testing. Z score testing allowed the deletion of any values not within acceptable levels from the mean. The numbers of standard deviations that were acceptable were dependent on the information received from the data.

The study required a t-test to test the hypotheses associated with the research questions, requiring distributional assumptions to determine the normality of the data and to ensure homogeneity exists within the population. In this study, there are three dependent variables and one independent variable with two levels for each research question. The calculated scores of each research question combined the scores for each dependent variables section within the survey. The t-test design required one independent variable and multiple groups, making it an ideal statistical technique for the study. Therefore, the t-test provided information verifying a significant mean difference in the dependent variables.

4. Findings and Analysis

4.1. Demographic Summary

Over half of the 251 small business owners or 131 (52.2%) were Caucasians, 73 (29.1%) were African American, 18 (7.2%) were Asian, 19 (7.6%) were Hispanic, and 10 were other (3.9%). Among these 251 small business owners, 120 (47.8%) were EWODs, and 131 (52.2%) were EWDs. Regarding the socio-economic class of the business location of the 251 small business owners, almost half or 125 (49.8%) of the business location were in the middle class, 71 (28.3%) were in the upper class, 55 (21.9%) were in the lower class. These results were measured by asking the participants to answer the demographic question “what is the socio-economic class of the business location.” The duration aspect of the small business owners in business revealed that a majority or 207 (82.5%) out of the 251 small business owners were in the industry for at least five years, reflecting stable businesses. Start-up firms may have different forms of financing than discussed in this study. Of the 251 respondents, there were 151 males (60.2%) and 100 female (39.8%) small business owners. Finally, 43 (17.1%) out of the 251 respondents were under the age of 35, 35 to 44 years old numbered 133 (53.0%), 45 to 60 years old numbered 35 (13.9%), and aged over 60 years old numbered
40 (15.9%). The distribution of ages suggests a level of stability exists.

4.2. Entrepreneurship Financing and Barriers

Table 1 summarized the data on the use of the two financing options. These statistics showed how many small business owners received financing for their business. The frequency and percentages revealed that the majority of 197 (78.5%) out of the 251 small business owners used traditional funding, while 105 (41.8%) used funds from family, friends, or community organizations.

The participants in this study had confidence in self, determination, perseverance, leadership, and were results-oriented. Within this study, participants enjoyed support from family and friends in the development of businesses, leading to an increased capacity to gather resources and resolve problems. Personal values, passion for the firm, and a positive attitude about abilities were essential for the success of the organization and the well-being of the participant. Therefore, there were different influences on the decision for the participant to establish a business. However, these individuals’ characteristics varied due to their demographics, which also affected internal motivation. Tipu (2016) identified differences in the behaviors between necessity-driven entrepreneurs and opportunity-driven entrepreneurs during the start-up phases of their companies and their overall perspectives toward their businesses.

This study’s qualitative results validated the differences between one participant motivated to become an entrepreneur due to prior experience with an employer, and two members are driven by necessity. Based on the participants’ evidence, it was noted that there were different experiences by each and often based on the differences in entrepreneurship education. Of particular importance in this model was that entrepreneurs with disabilities were more likely to start a business but less liable to sustain it for extended periods. This result often attributed to a lack of understanding of the long-term requirements of sustainability, lack of funding, lack of support, and lack of education. Therefore, it is essential for entrepreneurs of all types, but especially those with disabilities, have additional support systems designed to assist them with their specific needs.

On the other hand, many of these systems are ineffective for the needs of entrepreneurs with disabilities because they cannot meet all requirements, including capital provision. Renko et al. (2016) identified key variables, including start-up capital, and training or education tailored for the entrepreneur with disabilities. For Participant 3, the training programs added support to developing the entrepreneur with disabilities’ talent and future business. In all cases, the

| Type of Financing                                | Frequency | Percent |
|-------------------------------------------------|-----------|---------|
| Traditional (bank loan, revolving credit, trade credit) | 197       | 78.5    |
| Alternative (family/friends, community organizations)  | 105       | 41.9    |
companies emerged from limited start-up capital. The prelaunch phase included finding opportunities, evaluating them, collecting resources needed, and doing research. In all cases, similar prelaunch activities occurred. The launch phase involved setting up the legal entity, protecting intellectual property, and developing a business model. Participant 1 and 2 created legal entities, while Participant 3 copyrighted materials. The post-launch phase included building a customer base, hiring key employees, negotiating, and improving product design. These activities required experience and knowledge. The active involvement of mentors offset the lack of expertise by Participants 2 and 3. The key factors identified as contributing to entrepreneurial success and competitiveness were the features of the individual, elements of the enterprise, and the business’s managerial attributes; all were significant in determining the business success (Rodríguez-Gutiérrez et al., 2015). Personal characteristics of the entrepreneur were an essential factor in the success or failure of a start-up. All three participants displayed personal characteristics that contributed to their accomplishments.

Matthew Scott et al. (2014) found that family support was essential to entrepreneurs, especially for women and especially those women in cultures, considering men as being superior. Of particular note in this study, however, was the importance of all three participants having mentors available who assisted the entrepreneurs with disabilities to develop business skills and offering key contacts and support to overcome barriers. The barriers included lack of business knowledge and training, lack of organizational support and advice beyond the first year, lack of information on how entrepreneurship affected their disability benefits and policies, and, most importantly, a lack of access to financing (Hsu, 2016). These barriers were significant because they impact the sustainability of the business in the long-term and impact the entrepreneur’s short-term ability to establish decisive business operations. Howard, Ulferts, & Hannon, (2019) noted small business owners need to recognize the importance of innovative technologies plus other innovations as critical components of maintaining a relevant business.

According to Participant 1, “One thing I learned very early, or maybe back when I was a kid when you want something you need to save for it … You put money in the bank, and you save because someday you’re going to need it for something that you want. When you have your own business, I believe that every cent should go back into the business … I had my business checking account and paid for things like that, all of my equipment, out of my business account. Did that way for almost 10 years. About eight years at this point that I would have been doing it this way, basically working out of my home. My office was in my home … Like I said, I never talked to anybody at a bank, I never needed a loan or anything like that.” Participant 2 stated, “You can’t get a loan from the banks … I tried. I had the banks out … And you’d be begging, they’d want pintouts and this and that, and that and this. Your accounts, you know, they wanted
everything but the sun. And being small, you just can’t get it, otherwise you got
ta put up collateral. Your first, last, middle born, your house. It’s not that easy …
I have a line of credit now with the bank and the only reason why I have a line of
credit … It’s funny, with all these years of being self-employed, the more money
you have, the more they’re willing to give you without strings attached. So, the
more money you have, it’s easier to get money. I’ve learned that over my time
being in business … And the banks see that and, boy, they were all over me, like
glue. That’s why they wrote me a note to buy this building with no questions
asked. Gave me a line of credit, no questions asked.”

4.3. Significance in Financing

The independent sample t-tests determined whether significant differences ex-
isted between EWDs and EWODs use of traditional financing and alternative
financing. The independent sample t-tests compared the means of the receipt of
traditional financing and alternative financing between EWDs and EWODs. The
t-test analysis utilized required a 95% level of significance. The results of these
statistical analyses addressed each research question. Each financial option in-
volved two different t-tests.

The t-tests results of the differences existed in the use of traditional financing
and alternative financing between those EWDs and EWODs. The Levine’s test
for equality of variances showed that the variances in the use of traditional fi-
nancing (F = 9.81, p = 0.01) and alternative financing (F = 12.13, p < 0.001) were
not equal across the two population groups of EWDs and EWODs. The var-
iances were unequal since the p-values were less than the level of significance of
0.05, implying inequality of variance.

Analysis of the independent sample t-tests revealed that the use of traditional
financing (t (218.53) = 4.31; p = 0.04) and alternate financing (t (235.21) = 6.77;
p = 0.02) were statistically significantly different between the two population
groups of EWDs and EWODs. This result was because all the p-values were all
greater than the level of significance value of .05. The results showed a statisti-
cally significant difference between EWDs and EWODs relative to the receipt of
traditional financing. There is a statistically significant difference between EWDs
and EWODs relative to alternate funding.

The literature reviewed provided views associated with the gap in the capital
between EWDs and EWODs. Servon (2011) identified a difference in the supply
of money within the small business community. Small business capital con-
straints negatively influence the firm’s ability to mature. The capital gap that ex-
ists for disability-owned small businesses requires the incorporation of financial
initiatives such as alternative financing to mediate the capital gap and barriers
that exist (Servon, 2011). EWDs experience barriers when attempting to accu-
mulate capital, such as low personal wealth, credit history, family influence, fear
of rejection, size of the business, age, and minima experience. Since these restric-
tions influence EWDs’ ability to gain traditional financing, business owners turn
to personal loans, retirement funds, friends and family, and credit cards to finance operations, reducing the likelihood of success (Servon, 2011). Therefore, EWD owners have to offset the unequal access to capital by using alternative methods.

5. Conclusion

The findings of the study do not draw a parallel conclusion with previous research. Previous research highlighted the capital gap between EWDs and EWODs because of the difference in receipt of financing. The results indicate that EWDs and EWODs experience different rates of use of the present financing options. Therefore, the research does support the majority of prior research that supports the idea that EWDs do not have equal access to financing as EWODs. Research such as that conducted by Bates and Robb (2013) found a discrepancy in access to funding because of the difference in the credit market.

Additionally, Gaines (2011) introduced several barriers (size, age, location, education level, human capital) that influence decision making regarding capital procurement. Therefore, studies may differentiate from how disability influences access to capital, but the central theme continues to point towards barriers that commonly impact EWDs instead of EWODs. Nevertheless, this study’s results support the alternative position that disability does influence the use of traditional financing.

According to the findings, there is a statistical difference between EWDs and EWODs. To support previous research, EWDs have lower usage rates because of their inability to access financing based on the barriers they face. According to Servon (2011), issues accessing capital generate a gap between the minority and the majority of small business owners. Specifically, this research focused on building on the Servon (2011). The analysis built upon the previous research because the results showed a change in social behavior. The literature identified a discrepancy between the social group’s influences on the supply of capital within traditional financing.

Alternative financing provides a platform with a direct transaction between borrowers and lenders that do not have the same barriers as traditional lending institutions. Previous literature focuses on EWODs difficulty in gaining traditional financing, which implies that EWODs would have similar problems gaining alternative financing options. Therefore, this study reviewed alternative financing measures in the form of micro-loans, peer-to-peer lending, crowdfunding, and angel lending. Alternative financing is simpler to gain, but the results indicate a significant difference between EWDs and EWODS; however, most entrepreneurs are not using the available financing mechanism. The low usage by all small businesses would suggest that alternative funding is an unexplored option by all entrepreneurs as opposed to only being a viable option for EWODs.

EWODs use social capital to overcome aspects of their inability to gain financial capital. Social capital provides trust, social support/control, participation,
and resources exchange because of the collaborative behavior and community impact (Oh, Lee, & Bush, 2014). Previous research investigated the influence of social capital on small businesses. It implied that social capital is essential to EWODs because of barriers such as personal wealth, creditworthiness, and family influence. The research results should have indicated a lower usage of social capital by EWDs because of the lower economic status of their direct ties within the community and minimal access to second-tier individuals (friends of friends) with access to wealth. In either situation, the rejection of the null hypothesis, indicating that EWDs and EWODs do not have similar social capital usage relative to financing, represents no change in social behavior that demonstrates equality between EWDs and EWODs.

EWODs increase in access to traditional financing may be a result of the change in business practices. For instance, the completion of many loan applications online reduces the potential for taste-based discrimination. Taste-based discrimination occurs when some act as if they are willing to forfeit financial gain instead of authorizing the transaction. Without the interpersonal relationship with your financial institution, the enactment of taste-based discrimination cannot occur. However, literature also identifies credit rationing and credit redlining as potential methods of discrimination.

The experience of loan denial, when all information required is indistinguishable from those who received loans, is the premise of credit rationing. The results indicated a significant difference existed in use, demonstrating an unequal use of traditional financing, which implies that credit rationing does exist in the form of receiving loans. Credit rationing would have occurred if the lending institutions applied practices that affected specific segments of the population. Nevertheless, credit redlining (a form of credit rationing) may still exist because there was no comparison between geographical areas. This result means that variance in loan amounts and interest levels may exist when controlling for location, but the use is the same when controlling for disability.

Previous research indicated that differences in the credit market, the ethnicity of the owner, size, location, age, education, and availability of human capital influence the financing received (Bates & Robb, 2013). The results of this study do indicate a difference between EWDs and EWODs because the barriers were mutually exclusive when traditional financing is the means for gaining capital. The results suggest that EWDs have difficulty accessing and using traditional financing. The alternative financing section of the survey instrument revealed 34.9% of all respondents received financing from their family and other relationships. The investigation of EWDs and EWODs revealed a significant difference existed between the two groups. Therefore, there is evidence that disability impacted the use of alternative financing as a means of financing.

Previous research indicated that disability decreases the ability of small business owners to gain traditional financing, creating a significant capital constraint among EWDs. The literature identified restricting factors such as personal
wealth, credit history, family impact, fear of rejection, size of the firm, age, and experience of the small business owner. The gap in the supply of capital between EWDs and EWODs identified by previous research does exist because the debt capital received from financial institutions appears to be different. Therefore, according to the results, the accessibility of capital is influenced by disability.

**Conflicts of Interest**

The authors declare no conflicts of interest regarding the publication of this paper.

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