

CALIFORNIA BAPTIST UNIVERSITY

Riverside, California

**The Influence of Pandemic Financial Relief on  
Organizational Development  
and Business Continuity**

A Dissertation Submitted in partial fulfillment of the  
Requirements for the degree  
Doctor of Education in Organizational Change and Administration

Paul M. Saldana

Dr. Robert J. Jabs School of Business

June 2024

The Influence of Pandemic Financial Relief on  
Organizational Development

and Business Continuity

Copyright © 2024

by Paul M. Saldana

The Influence of Pandemic Financial Relief on Organizational Development and Business  
Continuity

by

Paul M. Saldana

has been approved by the Dr. Robert K Jabs School of Business in partial fulfillment of the  
requirements for the degree Doctor of Education

July 2024

DocuSigned by:

Andrew Alexson

283EBE8B423249F...

---

Andrew Alexson , Committee Chair

Signed by:

Grey C Hoff, Jr.

639D555957AE4A5...

---

Grey Hoff , Committee Member

DocuSigned by:

Courtney Haun

AD2B978C01C4433...

---

Courtney Haun , Committee Member

DocuSigned by:

Tim Gramling

CA2DA3A6550845F...

---

Tim Gramling, LPD., FACHE, Dean, Jabs School of Business

## ABSTRACT

This study examines the impact of financial assistance, specifically through the Paycheck Protection Program (PPP), on business organizational development and average business lifespan during the pandemic. The study employs an inductive thematic analysis approach to understand the influence of financial assistance on a business's organizational development and continuity during and after the pandemic. The research provides a basic understanding of the factors influencing business failure under normal economic conditions and business cycles, and how the pandemic may have interrupted the normal life cycle. The research is based on the theoretical foundation of Lippitt and Schmidt's organizational life cycle model. This model outlines three stages: birth, youth, and maturity. Semi-structured interviews were conducted with participants who received PPP funds. Thematic analysis was used to extract codes and themes from the interview transcripts. The data indicated that the provision of financial assistance contributed to the continued success of a business, thereby positively influencing business sustainability and organizational development. The research findings indicate that businesses that received assistance experienced positive impacts. Businesses in the birth and youth stage weathered cash flow challenges, while some businesses in the mature stage found the opportunity to expand. The implications of this study provide insight to businesses for preparing for financial challenges, how government-sponsored programs can be designed to benefit businesses in the most need, and overall programs to support business. Further research into the long-term effect on business sustainability resulting from pandemic financial assistance and including a larger geographic area of businesses is recommended.

*Keywords:* Pandemic financial assistance, Paycheck Protection Program, business continuity, organizational sustainability

## ACKNOWLEDGEMENTS

In Matthew 19:26 Jesus spoke these words: “With people this is impossible, but with God all things are possible” (NASB). The sovereignty of God through Jesus Christ in my life is a demonstration that these words are certainly true. Without him, this would not be possible.

I am most thankful to my family, my wife Leah, our children and grandchildren, who have been supportive, encouraging and understanding of the commitment this process involves.

To my dissertation committee, Dr. Alexson, Dr. Haun, Dr. Hoff: your guidance, detailed commentary and thoughtful suggestions helped bring clarity to this work. As the committee chair, Dr. Alexson’s humor, thoughtful critique and encouraging words helped the process go smoothly and made for an enjoyable experience.

To the Men’s Bible Study, who have heard more than they probably wanted to hear about my educational journey but stood by me with their prayers and their encouragement. Thank you, Harrold, Tony, Eddie, Don, Bill, Gill and Jim, who is now with the Lord but will always have a special place in my heart.

To my colleagues at Fresno Pacific University, School of Business, your experiences navigating the dissertation process, your encouragement and your prayers helped me to keep focused on completing the goal.

Christian (City of Bakersfield), Diego and Kenny (City of McFarland), and many others who I worked alongside these past 3 years, I appreciate your understanding and support, allowing me the time and space to complete this project.

Finally, to the businesses that were part of this, I appreciate your willingness to share your experiences and trusting me to share it with others.

## DEDICATION

“Many are the plans in the mind of a man, but it is the purpose of the Lord that will stand” (Proverbs 19:21, ESV). The last words my mom spoke to me before she went to be with the Lord were, “Live your life.” When I enrolled at California Baptist University, I was given a welcome gift that said, “Live your Purpose.” I now understand what my mom was saying that day, 21 years ago. God indeed has a purpose for each of us and that is what she was really saying. I just wish I had not taken so long to get there.

“An excellent wife, who can find? For her worth is far above jewels” (Proverbs 31:10). Indeed, as the verse continues, “the heart of her husband trusts in her, and he will have no lack of gain” (Proverbs 31:11). My wife’s edification, admonishment, and encouragement, during not just the dissertation process, but in life overall, is no less than the Proverbs 31 woman the Bible describes. Her support, prayers, understanding and sacrifices during this time deserve not only my gratitude and praise, but the blessings that God has for her because of her steadfast devotion to Him and, as a result, to me.

I dedicate this work to Rebecca, who left me with an instruction to accomplish in life, and to Leah, who has helped me discover that purpose, walking alongside every step of the way.

## TABLE OF CONTENTS

ABSTRACT.....	IV
ACKNOWLEDGEMENTS.....	VI
DEDICATION.....	VII
LIST OF TABLES.....	X
LIST OF FIGURES.....	XI
CHAPTER 1: INTRODUCTION.....	1
Background.....	1
Statement of the Research Problem.....	2
Purpose Statement.....	3
Research Questions.....	4
Significance of the Problem.....	4
Definitions.....	5
Organization of the Study.....	6
CHAPTER 2: REVIEW OF THE LITERATURE.....	8
Introduction and Purpose.....	8
Search Description.....	8
Theoretical Framework.....	9
Review of Research.....	10
Organizational Development in Business.....	11
Conventional Business Failure.....	15
Pandemic Impact on Business.....	20
Pandemic Relief for Businesses.....	24
CHAPTER 3: METHODOLOGY.....	32
Purpose Statement.....	32
Research Questions.....	32
Research Design.....	33
Population.....	33
Sample.....	34
Instrumentation.....	35
Data Collection.....	36



Data Analysis .....	38
Confidentiality and Protection of Data .....	40
Limitations .....	41
Trustworthiness .....	42
Summary .....	44
 CHAPTER 4: RESEARCH, DATA COLLECTION AND FINDINGS .....	 45
Overview .....	45
Purpose Statement .....	45
Research Questions .....	45
Research Methods and Data Collection Procedures .....	46
Presentation and Analysis of Data .....	46
Data Analysis Process .....	46
Theme 1: Impacts of the Pandemic on Businesses .....	51
Theme 2: Impact of PPP Financial Assistance .....	57
Theme 3: Post-pandemic Outcomes .....	61
Theme 4: Personal Characteristics .....	63
Summary .....	66
 CHAPTER 5: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS .....	 68
Major Findings .....	69
Positive Impact of PPP Funds on Sustaining Business Operations .....	69
Financial Assistance Supported Business Longevity .....	70
Personal Characteristics Contribute to Sustainability .....	71
Unexpected Findings .....	73
Conclusion .....	74
Implications for Action .....	74
The First Implication: Businesses .....	74
The Second Implication: Government-Sponsored Programs .....	75
The Third Implication: Programs that Support Businesses .....	76
Recommendations for Further Research .....	76
Concluding Remarks and Reflections .....	77
 REFERENCES .....	 79
 APPENDIX A: IRB APPROVAL .....	 92
APPENDIX B: CITI CERTIFICATION .....	93
 APPENDIX D – THEMES, CODES & DEFINITIONS .....	 97
 APPENDIX E: INTRODUCTORY LETTER & INFORMED CONSENT .....	 99
APPENDIX F – INVITATION LETTER .....	102

## LIST OF TABLES

Table 1 Alignment of Research Questions to Interview Questions .....	35
Table 2 <i>a priori</i> Codes .....	39
Table 3 Examples of Code Generation .....	48
Table 4 Theme Classification .....	49
Table 5 Organizational Life Cycle.....	50
Table 6 Impact of Pandemic .....	51
Table 7 Impact of PPE Funds .....	57
Table 8 Post-pandemic Condition of Business .....	62
Table 9 Personal Characteristics of Business Owners .....	63

## LIST OF FIGURES

Figure 1 Literature Map .....	31
-------------------------------	----

## CHAPTER 1: INTRODUCTION

American businesses did not have to demonstrate specific harm to their business to receive payments from the Paycheck Protection Program (Giunipero et al., 2022) and other pandemic-related financial assistance programs. However, companies struggled with cash flow despite the financial assistance provided during the pandemic (Bartik et al., 2020). This study examines whether providing financial assistance to businesses during the pandemic altered organizational development and the average business lifespan. A thematic analysis approach was used to understand the influence of financial assistance on a business's organizational development and continuity during and after the pandemic. Financial assistance could produce positive or negative impacts, either boosting the business to more positive outcomes or having undesirable impacts that could lead to business decline or failure. The research provides an understanding of the factors influencing business failure under normal economic conditions and business cycles as well as how the pandemic may have interrupted the normal life cycle.

### **Background**

The federal government provided \$800 billion in financial relief funding to businesses nationwide through the Paycheck Protection Program (PPP), which reduced the rate of temporary closures among companies (Autor et al., 2022). However, many businesses closed their doors temporarily or permanently (Fairlie & Fossen, 2021) while still struggling financially (Bartik et al., 2020). Katare et al. (2021) suggested that programs such as the PPP helped close cash flow gaps for businesses that would not otherwise survive such a closure. Financial challenges and overwhelming stressors acted simultaneously on businesses during the pandemic (Honan et al., 2022).

The pandemic of 2020 prompted a flurry of research related to the economic impacts it caused (Ligo et al., 2021). Recent research has devoted extensive attention to the impacts of the pandemic on business enterprises from a customer relationship perspective (Danielak, 2021) and overall economic impacts on businesses (Hamilton, 2020; Honan et al., 2022; Katare et al., 2021). However, the impact on businesses through the most prominent program, the PPP, is limited to general benefits to businesses and subpopulations of businesses (Autor et al., 2022; Fairlie & Fossen, 2021). The impact of these financial assistance programs on business viability is relatively unknown, especially given the high failure rate of small businesses (Carter, 2021). Past research has identified several reasons businesses may fail (Dias & Martens, 2019; Eisenmann, 2021; Ucbasaran et al., 2013), including contributing factors from the organizational development lifecycle (Giones et al., 2020; Nduji & Oriaku, 2021). However, the impact of financial assistance programs on businesses' organizational development life cycle is also poorly understood. The lack of best practices or historical responses to the impact of a global pandemic on the economy allowed for an uninformed government response whose investments would have unknown impacts on businesses, individuals, and the economy as a whole (Amankwah-Amoah et al., 2020). The gap in the current literature is that, given the high mortality rate (Carter, 2021; Eisenmann, 2021; McIntyre, 2020), businesses faced unprecedented shocks during the pandemic (Katare et al., 2021); however, the question remains as to how the provision of this financial assistance supported the sustainability of businesses beyond the pandemic cycle.

### **Statement of the Research Problem**

The laws of organizational development suggest that organizations transcend from a dream stage to a venture and, within that venture stage, develop according to a set of organizational development laws (Bridges & Bridges, 2016). An organization may not be fully

equipped to deal with a challenge, even if it has experienced previous successes (Bridges & Bridges, 2016). Most organizations did not plan for the unprecedented challenges posed by the pandemic. Consequently, the problem to be addressed is how the financial support provided to businesses during the pandemic contributed to their ongoing sustainability as a business operation and within their organizational development. Understanding this influence can inform future appropriations of public funds to the private sector and, more importantly, help to clarify how the assistance may have enabled businesses to absorb the impacts and challenges of the pandemic, thus contributing to their organizational development and continuity. The research could be significant, particularly if the infusion of dollars at a critical time in a business's organizational lifecycle helped stabilize the organization beyond the pandemic-related impacts. Similarly, public tax dollars could have been used for other pandemic responses if the funding did not positively impact the business.

Existing research lacks insight into typical business failure factors and the normal organizational cycle. For example, businesses with built-in flaws (van Rooij, 2015) seem to correspond with the organizational development idea that flaws embedded in the organization may have a more significant impact during difficult transitions (Bridges & Bridges, 2016). This study will bridge these areas to illuminate the impact of financial support on the normal business and organizational development cycle.

### **Purpose Statement**

The purpose of this study is to use an inductive thematic analysis to explore how pandemic financial assistance to businesses affected the sustainability of the business venture and its organizational development. Amankwah-Amoah et al. (2020) suggested that future research on what businesses may have learned from the pandemic, particularly in the area of

organizational learning, would potentially yield promising results. Buffington et al. (2021) noted that current research and datasets lack information on business failures due to the pandemic, as business owners are less likely to respond to typical business surveys. This study addresses the need for more in-depth research on the impact of financial assistance to businesses.

### **Research Questions**

How has the receipt of PPP funding affected the operational sustainability of businesses?

To further evaluate this relationship, the following additional questions were considered:

1. What impact did PPP funds have on sustaining business operations and supporting organizational development during the study period?
2. If a business did not remain in operation during the study period, what were the underlying causes of business failure?

### **Significance of the Problem**

The PPP program was one of the most significant investments in financial assistance to businesses during the pandemic, representing an unprecedented form of federal spending. Indeed, it helped maintain business operations through various closures and reopenings. Given the vast amount of public subsidy provided to these businesses, a lingering question remains: How did it help? For example, the program intended to protect payrolls, but unemployment still rose to historic levels (Chetty et al., 2023). In one region in California, approximately 10% of businesses operating in January 2020 were closed in February 2022 (Chetty et al., 2023). Future pandemics or other catastrophic events would likely trigger significant public-sector investment in private-sector operations. Supporting a viable business that is likely to continue operating is preferable to supporting a business that will ultimately fail, in which case support simply defers the inevitable.

Moreover, providing financial assistance may alter the organizational life cycle of the business. Research into the impact of such funds on business sustainability can inform the design of programs aimed at supporting businesses. Non-financial stressors are an inherent aspect of business operations. As a result, gaining an understanding of why businesses that received financial assistance failed is crucial for future policy discussions. Likewise, identifying the reasons for business closure among those who received financial assistance would aid in evaluating the necessity and impact of future business financial assistance programs. The study provides a framework for further research into other business relief programs; however, it is confined to the pandemic timeframe from January 2020 to June 2023; consequently, long-term effects will remain unknown. Likewise, the evaluation of the pandemic's effect on business in a given region would provide additional insight into the role of business assistance in promoting sustainability (Pham & Nguyen, 2022). These findings could have significant implications for future policymaking with regard to financial support for businesses, especially since statistics reveal that almost 17% of the financial support aimed at addressing the pandemic was procured by fraudulent individuals rather than businesses in actual need (Office of Inspector General, 2023).

### **Definitions**

- Continuity and sustainability are used interchangeably in the study and refer to a business's ongoing operation.
- Financial relief, financial assistance, and business relief refer to the financial assistance provided by governmental entities to businesses.
- Liquidity is the availability of assets that are cash or convertible to cash.
- Operational status describes whether a business is in operation or not.



- Business continuity is defined as a business that maintained operations through the pandemic from March 2020 to June 2024.
- Entrepreneur, business, or business venture refers to a business operation regardless of structure (corporation, proprietorship, partnership). The size of the business is determined based on the study methodology used.

### **Organization of the Study**

This study consists of five chapters. The first chapter comprises the study's introduction, including a clarification of the research's relevance in the context of existing scholarship and a theoretical framework. It outlines the purpose of the study with supporting background and the significance of the problem. Furthermore, it presents research questions and definitions of important terms used in the study.

Chapter 2 thoroughly examines the available literature on the research problem, specifically the impact of the pandemic on business continuity and organizational development. The literature offers a fundamental comprehension of traditional business failure and organizational development, giving an initial context for how the research question will address the existing gap in the literature regarding actual business failure during the pandemic era.

Chapter 3 presents the methodology related to the qualitative method and the rationale for using a thematic analysis to address the research question. This chapter also details the data collection and analysis and the confidentiality measures for managing the data. Additionally, it outlines the protection of human subjects.

Chapter 4 describes the research methods and data collection procedures, as well as the presentation and analysis of the data based on the major themes identified through the research.

Chapter 5 provides the study's significant findings, the conclusions reached with respect of the research questions, implications, and recommendations for further research. My concluding remarks and reflections are also presented.

## CHAPTER 2: REVIEW OF THE LITERATURE

### **Introduction and Purpose**

The global pandemic disrupted the normal economic cycle and affected organizations' typical business continuity pattern (Bartik et al., 2020; Eslahchi, 2022). It is also evident that government influences, both policy and financial, have played a significant role in shaping the situation (Bostan, 2021; Buffington et al., 2021; Ligo et al., 2021). This literature review assesses the pandemic's impacts on organizational development and business continuity. Organizational development theories necessitate appraisal to comprehensively grasp the influences, specifically stressing organizational lifecycle, effectiveness, organizational change, and financial effects (Braun & Clarke, 2022; Bridges & Bridges, 2016; Jirásek & Bilek, 2018; Lippitt & Schmidt, 1967; Mosca et al., 2021, Nduji & Oriaku, 2021; Primc & Čater, 2016). The other primary concentration is traditional business failure, encompassing contributing factors and adaptation. Lastly, the literature analysis centers on the pandemic-induced changes in businesses. These incorporate the impact of financial programs on operational and financial areas, focusing on the largest of these programs, the Paycheck Protection Program.

### **Search Description**

The search protocol was developed using initial keywords, including "organizational development," "business failure," "business continuity," and "pandemic impact on business." The initial articles identified served as the foundation to expand the keywords, such as utilizing Boolean terms for "business failure" AND "pandemic" and "organizational development" AND "pandemic." These combinations ultimately yielded satisfactory research results. I utilized the online libraries of California Baptist University and Fresno Pacific University to conduct searches. The libraries have global access to EBSCO, ProQuest, and JSTOR databases. To

ensure relevance and accuracy, academic and peer-reviewed journals were filtered, and research was limited to sources published through 2017, with exceptions made for older sources where there were no newer alternatives. The preliminary search yielded about 40 articles indexed using EndNote and each article's corresponding portable document format (PDF). The articles were read and sorted by theme, and additional articles were identified from the references of selected articles. As a result, the database nearly doubled to 89 articles, which were examined, and important themes and concepts were extracted and recorded using folders within EndNote. The review utilizes the most pertinent literature.

### **Theoretical Framework**

Businesses and organizations experience life cycles, stages that demand a shift to move to the next cycle (Jirásek & Bilek, 2018). Successful navigation of this transformation requires a change-oriented mindset. Life cycle models range from three to five stages (Mosca et al., 2021). This research is based on the theoretical foundation grounded in Lippitt and Schmidt's (1967) organizational life cycle model. This model outlines three stages: birth, youth, and maturity (Lippitt & Schmidt, 1967). This model serves as the base for all subsequent life cycle theories that have been developed (Mosca et al., 2021), with some adding intermediary and death stages (Mosca et al., 2021). However, the critical components for assessing business success or failure are the necessary adjustments for navigating each developmental stage and the effects of internal and external influences on organizational change (Mosca et al., 2021).

Various aspects of leadership, organizational development, and management impact an organization's life cycle. Systemic thinking drives individuals to make decisions either quickly and emotionally or more slowly and deliberatively (Kahneman, 2011). This type of thinking among leaders can have a significant impact during a lifecycle transition if decisions are made

too hastily without adequately evaluating the decision's complexities (Kahneman, 2011). These judgments and decisions can affect the ability to progress to the next lifecycle stage. For example, when making decisions during the pandemic, emotional reactions (or System 1 thinking) may influence choices without considering the long-term impacts on the organization's future stage (Bazerman & Moore, 2012). The differences in this type of thinking and approach in decision-making during the pandemic may impact the success rates of businesses (Mishra et al., 2018).

The 2020 global pandemic disrupted the life cycles of most organizations and businesses. It not only triggered change but in some cases also forced change. Lippitt and Schmidt (1967) observed that an organization's stability and survivability require faith in the future, trust in the team, and strong organizational communication skills to progress to the next stage of the lifecycle and continue to grow. The pandemic accelerated the lifecycle stages for some, causing them to move from birth to youth or maturity stages. While some businesses thrived, others failed. The organizational life cycle model offers a means to determine a business's pre- and post-pandemic stages and assess the influence that pandemic-related modifications may have exerted on organizational development (Mosca et al., 2021).

### **Review of Research**

Scholarship on the impacts of COVID-19 on businesses is only currently making its way to publication (Amankwah et al., 2020; Bartik et al., 2020; Bi & Gulati, 2021; Bostan, 2021; Chetty, 2023; Dörr et al., 2022; Fairlie et al., 2022; Fournaris et al., 2022; Gourinchas et al., 2021; Marcazzan et al., 2022; Zhai & Yeu, 2022). However, ample literature documents the effect of the pandemic on the economy and businesses. To compare with usual recessionary impacts, it is crucial to comprehend the common causes and rates of business failure.

Additionally, it is equally important to understand the diverse impact that the pandemic had on businesses. Understanding the impact can support how future financial assistance programs are designed and identify financial options that businesses might consider in normal economic conditions. Finally, analyzing the scholarly research on the federal government's pandemic relief, specifically the PPP funding, and its effects will provide insight into the results of this study.

### **Organizational Development in Business**

Organizational development refers to the effectiveness of a business in generating wealth, adapting to changes, and behaving, especially during a crisis (Nduji & Oriaku, 2021). Workflow automation, resource development innovation, and operation scaling facilitated organizational development during the pandemic (Nduji & Oriaku, 2021). It is crucial to analyze the context of organizational development and its mediating roles in business continuity and response to events such as the global pandemic (Nduji & Oriaku, 2021).

### ***Organizational Life Cycle***

Organization development follows a distinct cycle. When establishing a new business, the birth phase requires significant effort and sacrifice to create a viable organization (Lippitt & Schmidt, 1967). During the birth phase, the organization or business struggles to survive while finances and financial resources are at their lowest point (Jirásek & Bilek, 2018). Next is the youth stage, characterized by a stronger financial position and increased employee growth (Mosca et al., 2021). Finally, the organization reaches maturity, achieving a unique position in the market and becoming more adaptable to change (Lippitt & Schmidt, 1967; see also Alas & Gao, 2012; Mosca et al., 2021). The life cycle of an organization can ultimately result in the decline stage, as Mosca et al. (2021) noted. However, implying that all organizations reach this

stage is misguided, as many can persist for decades or even generations (Lippitt & Schmidt, 1967). The environment influences the sustainability or eventual demise of an organization within the cycle in which it is currently engaged (Jirásek & Bilek, 2018).

The behavior of a business can be predicted based on its place in the organizational life cycle (Primc & Čater, 2016). Businesses in the birth and youth stages attract more interest in pursuing innovation than those in the maturity stage (Primc & Čater, 2016). There is also a correlation between years of operation and profitability (Widanti & Sumrahadi, 2020). Profitability is a critical objective for most businesses; hence, investing in organizational development aspects, including employees, values, and culture, can lead to increased profits for the organization (Widanti & Sumrahadi, 2020). Moreover, a greater level of fixed capital at the early stages of a business usually leads to a higher success rate (Mishra et al., 2018). Evaluating the life cycle stage for businesses during the pandemic will help determine the impact of pandemic assistance on their sustainability.

### ***Organizational Effectiveness***

Organizational effectiveness comprises organizational leadership success and financial worth (Dhoopar et al., 2023). The assessment of organizational effectiveness varies across organizations. In the case of businesses, organizational effectiveness evaluation is likely to focus on productivity, net profit, and effective leadership (Mishra et al., 2018). Success in small business ventures correlates with the initial capital entrepreneurs obtain, since financial problems are responsible for over 30% of closure incidents (Mishra et al., 2018). The success rate was nearly 60% when entrepreneurs contributed 40% to 50% of their initial start-up funds (Mishra et al., 2018). In terms of organizational effectiveness, financial support is a positive indicator (Mishra & Mishra, 2017). There are similar observations about the leadership aspect. The

leadership traits of discovery and creativity positively influence organizational effectiveness (Mishra & Mishra, 2017). Entrepreneurially speaking, leaders who exhibit higher degrees of creativity are more influential in staying goal-oriented and responding to changes and challenges (Mishra & Mishra, 2017).

### ***Organizational Change***

Managing change typically involves concepts such as ending or letting go of the past, transitioning through a neutral zone, and finally embarking on a new beginning (Bridges & Bridges, 2016). The most commonly used methodology involves creating a sense of urgency for change, forming coalitions to address the change, establishing a vision and securing buy-in from those involved, and then facilitating the change through action, achieving short-term wins, and embedding the change into the organizational culture (Kotter, 2012). These change patterns aid in avoiding failure during a regular economic cycle (Heckelman, 2017). The shared traits of these models suggest the necessity for a purposeful and well-executed implementation of the change (Heckelman, 2017). However, the 2020 global pandemic presented an unpredictable and rare exogenous shock (Giones et al., 2020). The use of this change response mechanism becomes more critical during experiences of these shocks.

In the initial months of the pandemic, 30% of businesses foresaw a slight negative effect, while 17% anticipated a negative impact but planned to take no immediate corrective action (Thorgren & Williams, 2020). A majority (53%) of businesses indicated that the pandemic would have a significant negative impact and that the business owners planned to take immediate action (Thorgren & Williams, 2020). To deal with the shock caused by the pandemic, many companies evaluated their resources to conserve them and planned to acquire additional resources as needed (Giones et al., 2020). Likewise, the provision of emotional support for



businesses changed with the shift towards virtual connectivity. This incorporated the theory of social support that encourages creativity and innovation (Giones et al., 2020).

When addressing employee concerns about change (Tang & Gao, 2012), it is essential to communicate objectively and clearly. Effective communication can alleviate uncertainty and address any fear or frustration an employee may experience (Tang & Gao, 2012). However, the rapid and uncontrolled organizational changes during the pandemic disrupted the normal process of communicating change within the organization, potentially causing added stress for employees and possibly causing employees to seek more stable opportunities.

### ***Systems Thinking***

One's capacity for making unbiased judgments and decisions can be described by what Kahneman (2011) calls System 1 and System 2 thinking. System 1 thinking is characterized by intuition-based, rapid decision-making, sometimes influenced by emotional responses (Bazerman & Moore, 2012). In contrast, System 2 thinking is typically utilized during important decision-making processes (Bazerman & Moore, 2012) and follows a logical path that requires more significant effort and a more deliberative process (Kahneman, 2011). However, despite repeated or extended deliberations (System 2) regarding a problem, the accuracy of decisions does not improve compared to intuitive decision-making (System 1). This insight indicates that system thinking encompasses more than decision-making alone (Raoelison et al., 2021). Research shows that deliberative decision-making often results in more ethical choices (Bazerman, 2020). When making decisions, people tend to spend more time when the risk of failure is higher (Kahneman, 2011).

Consider the decision that businesses must make when reopening. After the initial round of closures, many states permitted businesses to reopen (Ligo et al., 2021). Therefore, it was up

to each business to decide whether or not to reopen. The factors a business used to make that determination are not readily available. However, the most crucial information—whether customers would return—remained unknown (Ligo et al., 2021). These decisions were challenging, but if a business had effectively evaluated this important piece of information, it could have made more informed choices.

### **Conventional Business Failure**

Failure is commonplace during a regular economic cycle in the business world. Businesses experience a 20% failure rate in their initial year of operation. By their 5<sup>th</sup> year, this ratio increases to 50% (Bureau of Labor Statistics, 2023). Among the businesses commencing operations in 2012, merely 35% were operational 10 years later (Bureau of Labor Statistics, 2023). Industry-specific analysis indicates that healthcare and social services businesses have higher survival rates than those in the construction and transportation industry (Bureau of Labor Statistics, 2023). While the statistical data serves as a reference point, the Bureau does not explicitly address the underlying causes behind the varying rates of business failures. The impact of business failure on the economy is substantial, considering that small businesses make up 81% of establishments and 47% of the workforce (Buffington et al., 2021).

### ***Defining Failure***

There is no generally accepted definition of business or organizational failure, with differing conceptions prevalent in various fields of study (Ropega, 2011). The broad concept of discontinued business ownership encompasses situations where owners depart from their enterprise not only due to failure but also success (Ucbasaran et al., 2013). Similarly, bankruptcy suggests below-average economic performance. Insolvency is associated with a significant imbalance between expenses and revenues, which are also major precursors to business collapse

(Ucbasaran et al., 2013). Some business owners discontinue their ventures due to economic performance falling below the minimum threshold they set for themselves (Ucbasaran et al., 2013). The definition of business failure therefore varies among studies; however, in this study, it is defined as “the cessation of involvement in a venture because it has not met a minimum threshold for economic viability as stipulated by the entrepreneur” (Ucbasaran et al., 2013, p. 175). This definition is crucial in analyzing the distinctions between different forms of business failure.

The definition of business failure can be either objective or subjective, depending on the individual and the circumstances surrounding the failure (Jenkins & McKelvie, 2016). Some individuals may choose to exit their businesses to recoup their investments, retire, or pursue other opportunities (Jenkins & McKelvie, 2016). These outcomes are similar to positive business failures, resulting in a favorable outcome. However, significant business failure often results from negative factors (Jenkins & McKelvie, 2016). In typical cases, failure can damage an entrepreneur’s social standing and the perception of their ability to succeed, and the pandemic has presented an opportunity to challenge this perspective (Amankwah-Amoah et al., 2020). Therefore, it is crucial to recognize that business failure can have positive or negative outcomes.

### ***Causes of Business Failure***

The causes of business failure are varied and diverse, as highlighted in the extensive scholarship on the subject (Franco & Haase, 2010). Success and failure factors are numerous and classified into three main types of businesses based on a case study of three failed firms: Icari, Rogues, and Fools (van Rooij, 2015). The first group, Icari, acknowledges that some businesses are susceptible to fallibility and uncontrollable circumstances (van Rooij, 2015) and fail due to competition. The Rogues are businesses with inherent defects or imperfections that gradually

worsen and affect their previously effective strategic approach (van Rooij, 2015). The Fools category consists of companies that experience a decline due to flawed decision-making processes (van Rooij, 2015). This decline entails the loss of strategic capabilities. It extends beyond commonly cited factors such as bankruptcy or exit as indicators of business failure. However, there is no universally accepted framework for identifying organizational failure. Nonetheless, mortality, collapse, and decline are optional descriptors of business failure from an organizational perspective (Roepga, 2011).

There is merit to the notion that business failure stems from flawed processes and decision-making. Roepga (2011) identified five typical paths to failure based on processes. Start-ups that fail lack the ability to survive due to early missteps committed during the initial phase (Roepga, 2011). Companies that experience rapid growth are sometimes led astray by excessive optimism, causing them to overleverage their financial position (Roepga, 2011). The initially strong established company becomes apathetic over time, according to Roepga's (2011) research. Meanwhile, an company with ambitious growth targets tries to define its place in the industry but often overestimates its market position or size, leading to failure when the entrepreneur consumes too much of the profits to maintain sustainability (Roepga, 2011).

It is essential to analyze business failures by determining the underlying factors that can affect business success. Founders are primarily responsible, often citing their lack of experience, commitment, or competence (Eisenmann, 2021). One critical aspect of concern is partnering with the wrong individuals, including founders, resource providers, manufacturing partners, and investors (Eisenmann, 2021). These actors must collaborate for the success of the businesses; the businesses suffer when these actors work in opposition to each other. Companies that fail to conduct primary market research or execute proper product development before launch are guilty

of false starts. False starts lead to later changes and adjustments, which in turn cause frustration among customers and investors (Eisenmann, 2021). Business failure impacts the community and economy by tying up financial resources that businesses could better utilize with a viable product or service ready to enter the market (Eisenmann, 2021).

Anticipating business failure is not always straightforward. For example, examining a company's audit reports can reveal the reasons behind business failure in 80% of cases (Muñoz-Izquierdo et al., 2019). Financial information typically defines business failure; thus, audit reports can divulge specific indicators (Muñoz-Izquierdo et al., 2019). Internal indicators identifiable on audit reports highlighted valuation, depreciation, cancellation of liabilities, contingencies for debts, revenue problems, expense accruals, and accumulated losses (Muñoz-Izquierdo et al., 2019). Audit reports that mentioned the initiation of legal proceedings or references to a going concern for the business were also important indicators (Muñoz-Izquierdo et al., 2019). Likewise, liquidity constraints identifiable in financial reports and trends are significant contributors to failure rates (Franco & Haase, 2010). While the Franco and Haase (2010) study presents essential indicators, it only focuses on companies with audited annual financial statements. Nevertheless, the conclusions are noteworthy, given the substantial cash infusion into businesses during the pandemic and the positive impact expected (Autor et al., 2022).

The financial investments made at the start of a business venture can significantly affect its success or failure (Keogh & Johnson, 2021). Firms receiving financial aid from the government are 3.6 times more likely to fail than those funded by other sources (Keogh & Johnson, 2021). Businesses backed by equity firms or angel investors are less likely to fail, possibly because equity and angel investors analyze the business plan, financial capabilities, and

other resources more extensively than government entities (Keogh & Johnson, 2021). This observation supports the personal reflection that government investments during the pandemic may not have achieved the intended impact.

It is crucial to consider alternative causes for business failure as well. Experiments conducted by Zunino et al. (2022) tested the failure aversion of entrepreneurs in the crowdfunding industry and revealed key observations. Some businesses fail due to a lack of skill, resulting in mistakes, misfortune, or bad luck. The COVID-19 pandemic was an uncontrollable misfortune because it was an external factor with adverse effects on the business beyond the control of the business owners (Zunino et al., 2022). Zunino et al. (2022) do not precisely identify the causes or attributes of business failure.

### ***Learning from Failure***

It is essential to understand how organizational learning and the learning levels of business owners contribute to business failure. Some entrepreneurs have quickly learned from failure and opened new businesses (Dias & Martens, 2019). Contributing to this learning experience, the entrepreneurs gained insights into themselves, business management, and relationships that shaped their ability to endure a new venture (Dias & Martens, 2019). Additionally, the entrepreneurs identified the reasons for their failure, such as inadequate management skills and insufficient financial capital to remain sustainable over the long term (Dias & Martens, 2019). This approach, although utilizing a limited sample group, endorses the methodology used in this research because it shows that interviewing companies results in more specific causes and facilitates a more precise assessment of information. Furthermore, it aligns with the perspective that sees failure as a process (Ropega, 2011) and helps clarify how corrective actions may reduce the likelihood of failure in real-time.

Successful entrepreneurs tend to pursue a new business venture following a failure, according to Uriarte et al. (2023). Entrepreneurs who have previously experienced business failure possess a higher level of resilience, motivating their determination to assess past shortcomings and improve them in their subsequent ventures (Uriarte et al., 2023). To a certain extent, the knowledge acquired from failure can increase confidence when embarking on a new endeavor and counteract a tendency toward pessimism that may discourage one from trying again (Uriarte et al., 2023). The result is resilience, the capacity to anticipate what may happen in an uncertain setting (Marcazzan et al., 2022).

Starting a new business is a high-risk endeavor. Therefore, the impact of failure on motivation and confidence to launch a new venture is not underestimated (Pan et al., 2022). Personality traits such as self-efficacy and resilience, and factors such as age contribute to the motivation for a new start-up (Pan et al., 2022). By interviewing entrepreneurs who have succeeded and failed, it is possible to learn from both experiences and evaluate the implications of offering support for entrepreneurial success (Pan et al., 2022).

The business anticipation strategies implemented mitigate the economic impacts (Kurniaty et al., 2022). Even prosperous businesses faced the threat of bankruptcy during the pandemic, prompting the development of these strategies (Kurniaty et al., 2022). Resilience to the pandemic and its aftermath was provided by past experiences with adverse conditions, including previous economic crises (Marcazzan et al., 2022).

### **Pandemic Impact on Business**

The COVID-19 pandemic significantly impacted global business operations, especially in the way governmental entities mandated businesses to halt operations (Ligo et al., 2021). According to Bartik et al. (2020), 43% of small businesses temporarily closed during the

pandemic. The literature concentrates on the immediate effects on businesses, as real-time data was insufficient for accurate determinations regarding long-term sustainability (Honan et al., 2022). The current body of research offers insights into the impact of the pandemic on businesses. However, there is a scarcity of long-term studies that can provide a comprehensive understanding of the pandemic's long-term impacts.

COVID-19 presented an unparalleled challenge to business operations, being an unforeseen and unanticipated event unmatched by the natural disasters for which many businesses had contingency plans (Fournaris & Burstein, 2022). The pandemic presented different challenges to beauty and automotive shops, for example, which faced distinctive difficulties resulting from alterations in operational procedures (Honan et al., 2022). These businesses had varying degrees of contact with consumers and different levels of exposure to the potential for viral spread, resulting in varied impacts of closures (Honan et al., 2022). In Arizona, auto shops were classified as essential businesses and were permitted to remain open, whereas beauty shops were required to close due to their proximity to clients during services (Honan et al., 2022). The study revealed that 40% of auto repair shops closed, whereas 88% of beauty shops shut down due to the pandemic (Honan et al., 2022). As a result, beauty shops experienced more significant financial and health-related impacts than auto repair shops (Honan et al., 2022).

The impact of the pandemic on franchise operations, which involve fee payments and profit sharing to franchise owners, had similar effects (Fournaris & Burstein, 2022). The temporary closures drastically impacted franchise operations, resulting in lower fees and a reduction in new franchise establishments (Fournaris & Burstein, 2022). The most significant effect of the closures was the difficulty franchise operators faced in making a lost profit claim in franchise litigation (Fournaris & Burstein, 2022). The pandemic has raised questions about



potential impacts and how these impacts may have resulted from insufficient management by business owners to maintain profit levels (Fournaris & Burstein, 2022). Litigation costs for franchise owners and their operators became an unintended consequence for both parties.

The COVID-19 pandemic had profound and unforeseen impacts on society; researchers have yet to analyze them thoroughly. Due to employee shortages and difficulty meeting payment obligations, businesses reported reduced sales activity as the most common impact (Bostan, 2021). Businesses responded by increasing staff or modifying services to adapt to pandemic conditions. The interviews revealed that the most important factor for business owners was flexibility, i.e., adapting during the pandemic (Bostan, 2021). The primary concern of businesses navigating the pandemic was the unpredictability of returning to normal operating conditions (Bostan, 2021). The research carried out by Bostan (2021) demonstrated that Romanian businesses experienced similar issues to those in the United States.

Kryeziu et al. (2022) analyzed survey data collected from small- and medium-sized businesses during the pandemic to evaluate response strategies to survive the crisis. A common thread among the businesses was the need to increase efficiency and adapt to changing customer needs (Kryeziu et al., 2022). The study of Kryeziu et al. underscores the substantial influence of supplier relationships, not only on current business operations but also on their lasting effects. This finding emphasizes the interconnectedness of industries and firms, and the potential for impacts to ripple across them. The research could reveal additional businesses or industries impacted beyond the sample group and warrant further investigation.

Despite not being classified as small businesses, nonprofit organizations still experienced economic consequences that were occasionally irreparable (Eslahchi, 2023). Deficient organizational adaptation is a significant impediment to the success of nonprofit organizations

(Eslahchi, 2023). The impact of the organization's financial future on employee relationships is evident from the organizational structure, communication, and team dynamics changes in the nonprofits interviewed (Eslahchi, 2023).

Financial fragility was measured in the early weeks of the pandemic (Bartik et al., 2020). Several businesses entered the pandemic with limited cash reserves and had to lay off significant numbers of employees to maintain reserves (Bartik et al., 2020). After learning about the forthcoming federal financial assistance program, surveyed businesses' likelihood of reopening by the year's end increased by 20% (Bartik et al., 2020). While the insights above shed light on prospects, real-time data offers insight into firms' nationwide experiences. Notably, the decline in revenue for small- and medium-sized enterprises was significantly steeper than that for corporate entities (Kurniaty et al., 2022).

An extensive study conducted by the U.S. Census Bureau, titled the "Small Business Pulse Survey" (SBPS), surveyed firms for over 10 months during the pandemic, generating critical insights (Buffington et al., 2021). The survey data indicates a sharp decline in economic activity among small businesses and a notable decrease in new business start-ups nationally (Buffington et al., 2021). The data provides a sectoral perspective that is not readily accessible in other sources. This study allows for differentiation between sectors that continued due to their classification as "essential" businesses and those that closed because of state mandates. The data collection occurred before federally directed financial aid to businesses began. The study considered any variable that could have influenced improved operations or optimism for the future due to financial aid. These observations were customized by business owners affected by the pandemic (Hadjielias et al., 2022). With a primary focus on personal resilience, optimism,

and resource mobilization, traits contributed to a certain degree of business resilience despite the financial impacts (Hadjielias et al., 2022).

### **Pandemic Relief for Businesses**

Federal, state, and local governments offered diverse financial relief options to businesses of all sizes. The federal government administered several economic relief initiatives, including the Paycheck Protection Program, the Economic Injury Disaster Loan program, and a smaller selection of loan forgiveness and specialty grants (Bi & Gulati, 2021). The State of California distributed funding received from the federal government via grants and loans to offer economic relief to businesses. Similarly, the City of Bakersfield issued direct grants to businesses. The research selected the PPP program for evaluation as it is the most ambitious and innovative financial program (Hubbard & Strain, 2020). Additionally, the PPP program has the most academic literature to inform the research study.

#### ***Paycheck Protection Program***

The federal government promptly responded to the widespread business shutdowns and layoffs at the pandemic's start by establishing the Paycheck Protection Program, which allocated \$800 billion in forgivable business loans (Autor et al., 2022). In 2020, 61.7% of businesses requested financial assistance from the PPP, with 58.3% receiving it (United States Census Bureau, 2022). Estimates suggest that the Paycheck Protection Program (PPP) saved between 2 and 3 million jobs, costing up to \$258,000 per job saved (Autor et al., 2022). A preliminary analysis of the program's effects indicates that most funds ended up benefiting business owners and shareholders rather than bolstering employee wages (Autor et al., 2022). Certain studies suggest that the preservation of jobs was not the principal goal of the PPP and that providing liquidity to companies was likely its most important benefit (Autor et al., 2022). The significant

flow of dollars into the business community enhances a business's sustainability, making comprehending the research's context crucial.

The Paycheck Protection Program (PPP) was attentive to providing loans in minority communities, with research showing that such communities received a considerable portion of the loans, indicating the tie between loan receipts per business and minority population (Fairlie & Fossen, 2021). However, the unequal allocation of funds during the first round was rectified in the second round of PPP funding (Fairlie & Fossen, 2021). The study did not identify the unmet demands for funds among minority businesses and communities (Fairlie & Fossen, 2021). These results are crucial for equal distribution to minority communities like the Metro Bakersfield.

The PPP distribution served as a distinct approach from traditional recessions. In ordinary recessions, cash stimulus has a widespread and favorable effect (Hamilton, 2020), reaching businesses and employees and, in turn, mitigating the recessionary influence. However, the closures brought about by the COVID-19 pandemic caused many businesses, particularly those oriented toward consumers, such as restaurants and retail stores, to lose employees and customers. Therefore, the PPP program aimed to provide direct assistance to businesses to achieve an effective cash stimulus (Hamilton, 2020). The PPP program was one of numerous business support programs and provided extra financial assistance to the general population's direct stimulus payments (Hamilton, 2020). The federal government began distributing funds just one week after the enactment of the legislation, and the initial \$349 billion was available in only 13 days (Hamilton, 2020). It took a few additional weeks for Congress to pass a second round of funding, which brought the program's total allocation to \$800 billion (Hamilton, 2020).

The PPP program aimed to ease the burden of closures on businesses, yet it suffered from exceptionally high levels of fraud (Office of Inspector General, 2022). The Inspector General

reported in August 2020 that fraudulent PPP loans totaling around \$4.6 billion arose primarily due to a lack of fraud guidelines for financial institutions when reviewing PPP applications (Office of Inspector General, 2022). A subsequent report showed that the PPP program's potential fraud may amount to as much as \$64 billion, almost 10% of the funding allotted to businesses (Office of Inspector General, 2023). Companies not granted PPP funds could have obtained aid if improved fraud controls existed, although this research does not address this matter. However, the limitation of fraudulent activity does not affect the ability to assess the effects of the PPP program overall.

### ***PPP Impacts***

The design of the PPP funds enabled businesses to retain and pay their workers; however, the first phase saw a rejection rate of 12% to 25% due to confusion about the program (Bartik et al., 2020). According to predictions, businesses that receive PPP funds will have an 85% survival rate; without the funds, many of these businesses would have faced cash liquidity issues and relied on smaller amounts from other programs (Bartik et al., 2020). The economic crisis depleted businesses' financial resources and reduced insolvency, prompting them to seek programs such as PPP to remain viable (Amankwah-Amoah et al., 2020). The program's effectiveness lacked a clear comparison metric and could have positive and negative impacts (Amankwah-Amoah et al., 2020).

PPP did not stabilize employment among businesses that received PPP funds (Chetty et al., 2023). Nevertheless, there were some signs of positive effects of the PPP program. A study of the survival rates of companies in the City of Oakland revealed that PPP was sufficient for the short- to medium-term for very small businesses but did not positively impact job retention within the broader business community (Bartlett & Morse, 2021). While Bartlett and Morse

(2021) evaluated the potential impact positively, their research relied on data collected only a few months after the pandemic began, raising questions about the validity of the stated impact rate. Meanwhile, Zhai and Yue (2022) utilized point-of-interest data to demonstrate that densely populated areas were more susceptible to business closures than less crowded areas. Only half of the businesses returned to operation after using financial resources (Zhai & Yue, 2022). This city-level data supports the research's approach and helps confirm or disprove these trends. Additionally, the businesses in the city-level study self-reported their PPP fund application, while this research only includes businesses that received the PPP funds.

The impartial approach of the PPP program leads some scholars to propose that the funds reached the least distressed and most distressed businesses in equal proportions (Hubbard & Strain, 2020). This viewpoint mirrors the varied responses to the PPP program's effects during the initial months of the pandemic. For example, Tremper and Praghuram (2021) reported that the assistance significantly boosted business cash flows but only to help cover expenses that the business would not have had to incur during closures. However, Fairlie et al. (2022) found extensive business closures at the pandemic's beginning but a robust rebound in the following quarters. Although this timing coincided with the release of PPP funds, it is not easy to establish a correlation between the two. However, the researchers propose that further investigation is required to establish the hurdles encountered and how enterprises have surmounted them (Bartlett & Morse, 2021; Fairlie et al., 2022).

Employment reductions ranged from 14% to 38%, depending on income levels, and began to recover in the summer for higher wage earners (Chetty et al., 2023). However, PPP accounted for only approximately 2% of the employment increase (Chetty et al., 2023). Based on this finding, PPP's estimated cost per job saved is \$377,000 (Chetty et al., 2023). At the industry

level, some businesses performed better than others. The trucking industry in the United States contributes significantly to the economy and the transportation of goods throughout the country (Giunipero et al., 2022). According to the researchers, almost 40% of companies reported a 39% decrease in freight volumes, with the majority occurring in the initial stages of the pandemic. This shift resulted in the transfer of truckload revenue from drivers to brokers. While the companies utilized PPP funds to keep essential employees, the enduring effects of supply chain challenges lasted longer than in other industries (Giunipero et al., 2022).

The United States Census Bureau (2022) reported that 45.3% of businesses indicated that the pandemic impacted their payroll, although a significant number also reduced employee hours, benefits, or pay after receiving PPP. Additionally, businesses reported a 24% cancellation, postponement, or decrease in capital expenditures in 2022 (United States Census Bureau, 2022). Of the businesses that made capital expenditures, 9.8% invested in projects related to social distancing and safety protocols (United States Census Bureau, 2022). Despite establishing a direct correlation between federal financial assistance and business operations, this research only collected data through an Internet-self-administered questionnaire from 20,000 businesses across the country, thereby limiting the scope of the collected information. Likewise, there is no guarantee that the decision-maker completed the survey or that the business would still be in operation after the 2020 data collection period.

The government's financial aid packages to sustain businesses during the pandemic could lead to a higher-than-usual business closure rate in the aftermath (Gourinchas et al., 2021). Although the evidence suggests that the repayment of pandemic-related loans may have instigated business failures, the timing of the study occurred during the second phase of pandemic-related governmental actions, which included the introduction of more loan

forgiveness criteria, making the findings inconclusive. As a program designed to replace revenue (Hubbard & Strain, 2020), it aimed to support business continuity and minimize losses caused by the pandemic rather than from a general perspective.

### ***Global Responses***

While the United States provided some relief and scholarship funds that address some of the impacts and opportunities resulting from the relief, it is necessary to examine similar programs internationally to distinguish pandemic-related impacts from typical recessionary impacts. In Germany, for example, the government provided direct liquidity subsidies to support cash flow in small- and medium-sized businesses (Dörr et al., 2022). The programs aimed to shield German companies from insolvency, and the study revealed a slight decrease in the average pressure on business insolvency (Dörr et al., 2022). A specific discovery concerning the suggested research indicates that government investment might have extended business insolvency and sustainably boosted subpar firms, mainly due to the absence of thorough screening of the recipient entities (Dörr et al., 2022).

The economic impacts, when considered in comparison to the lives saved from business closures, offer a distinct viewpoint (Bongaerts et al., 2021). Closing businesses had a significant detrimental impact on businesses. However, this action also considerably reduced the mortality rate for the overall population (Bongaerts et al., 2021). The fundamental notion is that this strategy was successful in response to the pandemic, irrespective of any economic or business consequences (Bongaerts et al., 2021). Likewise, closing physical locations has a limited economic impact as consumers can shift to online retailing. However, the research analysis fails to consider the effects of business closures and employment loss (Bongaerts et al., 2021).



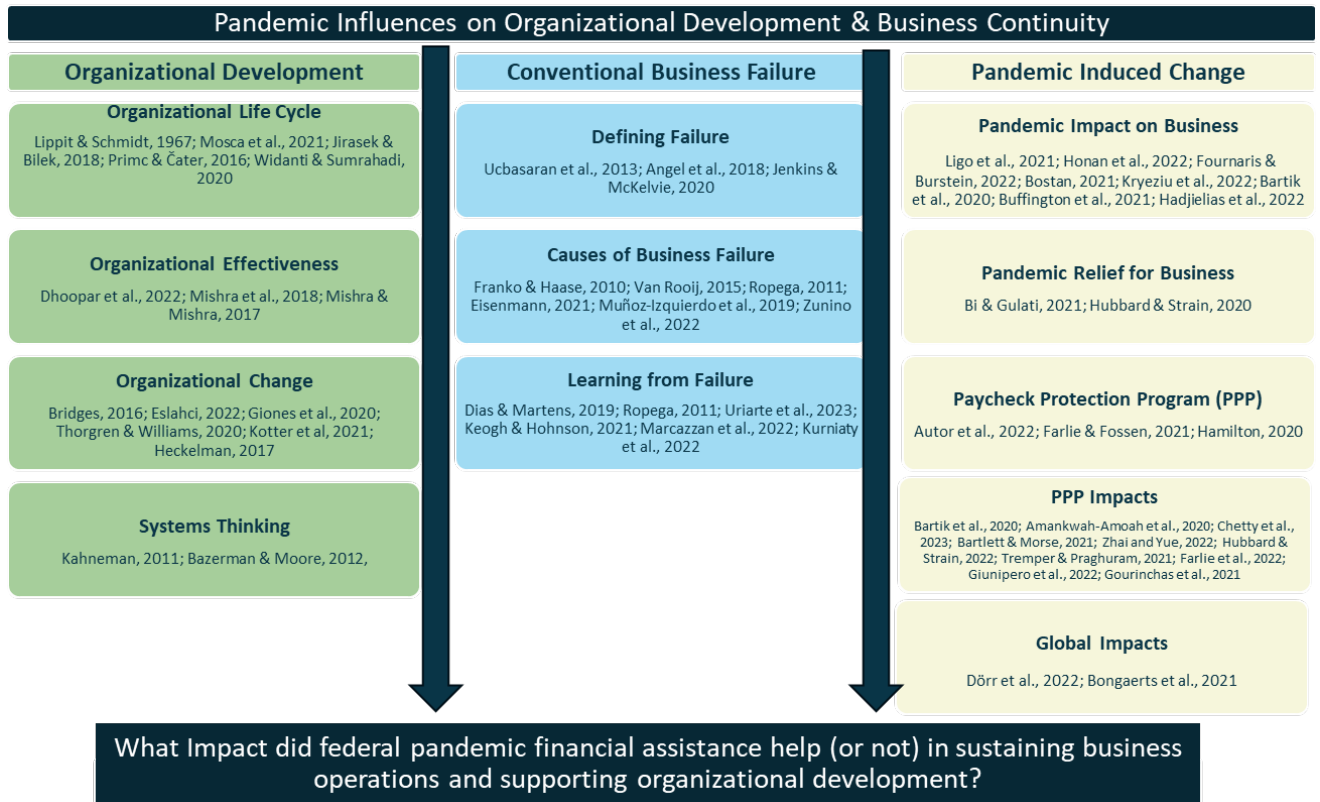
## *Summary*

Significant literature on business failure and its causes includes specific predictors that can affect businesses. Additionally, the organizational development lifecycle of businesses demonstrates the fundamental characteristics necessary for achieving business success. This process involves the ability to respond to changes and challenges. The research aims to understand the usual causes of organizational development and business continuity to assess why businesses are no longer functioning during the post-pandemic years. While case studies and analyses of business records and operations fail to provide a definitive set of causes of business failure, specific themes emerge for future research, including financial viability, decision-making, and external influences. Likewise, researchers have employed several methods to assess the economic consequences of the COVID-19 pandemic on businesses. Such approaches embrace efforts to identify businesses that may thrive or struggle based on financial trends. The research must verify these factors due to their prevalence in the post-pandemic economic landscape.

The federal, state, and local financial response to ensure businesses' liquidity and solvency lacks extensive research. Though studies have shown positive impacts on the economy, there have been mixed assessment of its impact on job preservation and, crucially for this research, concerns about operational sustainability. The approach of providing equal financial aid to all businesses while presenting a positive altruistic response lacks clarity in terms of its long-term economic impact. The research aims to contribute to the ongoing discussion and explore further avenues for evaluating how these investments affect business sustainability.

**Figure 1**

*Literature Map*



## CHAPTER 3: METHODOLOGY

This chapter outlines the research method for data collection and the analysis process. The selection of the population and sample are delineated. The instruments used to collect the data are detailed, and the procedure for data analysis is explained. Confidentiality and data protection, as well as the trustworthiness of the research, are discussed.

### **Purpose Statement**

The purpose of this study is to use an inductive thematic analysis to explore how pandemic financial assistance to businesses affected the sustainability of the business venture and its organizational development. Amankwah-Amoah et al. (2020) suggested that future research on what businesses may have learned from the pandemic, particularly in the area of organizational learning, would potentially yield promising results. Buffington et al. (2021) noted that current research and datasets lack information on business failures due to the pandemic, as business owners are more likely to not respond to typical business surveys. This study contributes to the need for more in-depth research on the impacts of financial assistance to businesses.

### **Research Questions**

How has the receipt of PPP funding affected the operational sustainability of businesses?

To further evaluate this relationship, the following additional questions were considered:

1. What impact did PPP funds have on sustaining business operations and supporting organizational development during the study period?
2. If a business did not remain in operation during the study period, what were the underlying causes of business failure?

## **Research Design**

Qualitative methods are suitable for researching and comprehending complex social issues (Bansal et al., 2018). Utilizing these methods offers an opportunity to tackle some of the more challenging “management and organizational challenges” (Bansal et al., 2018, p. 1189). Qualitative research approaches the underlying reasons behind questions and allows one to comprehend local contexts (Kaae & Traulsen, 2015). Likewise, qualitative methods are commonly used for pandemic and business-related research (Bostan, 2021; Giunipero et al., 2022; Honan et al., 2022). Thematic analysis is the primary approach to engaging research data in the qualitative method (Terry & Hayfield, 2021), based on the grounded theory approach.

Interviews are the preferred research method, as interviews provide the opportunity to obtain detailed insight into the participants’ experiences, opinions, feelings, and knowledge (Rosenthal, 2016). Prior research has demonstrated the efficacy of employing interviews as a research method in investigating entrepreneurship (Angel et al., 2018). The process will employ open-ended questions and inductive probing to gain insight into the topic. The interview is designed to facilitate a conversation (Guest et al., 2013).

## **Population**

Population is a crucial aspect of any thematic analysis, and it begins with selecting the population for the study (Braun & Clarke, 2022). For this research, the selected population is business owners in Metropolitan Bakersfield who operated during 2020 and received grants from the Paycheck Protection Program. Publicly accessible data from the U.S. Small Business Administration shows that 6,447 businesses with a Metropolitan Bakersfield zip code received PPP grants of up to \$150,000 (Office of Capital Access, 2022). Following the removal of duplicate businesses that may have received more than one PPP loan, a total of 5,643 businesses

remained. The population was limited to businesses operating within the Metropolitan Bakersfield area, determined by the business having a business license issued by the city. In 2020, 2,689 businesses held active business licenses in the City of Bakersfield, serving as the target population's basis. Business license data from 2022 shows that 3,674 businesses held business licenses. This methodology aligns with the research type and enhances the generalizability of outcomes and samples for application in other domains (Braun & Clarke, 2022).

### **Sample**

The interview approach utilizes saturation theory. While there are no specific guidelines to determine the saturation approach (Aguboshim, 2021), the sample size required to reach saturation in qualitative studies typically ranges from 9 to 17 (Hennink & Kaiser, 2022). Saturation will enable data gathering until categories or themes no longer produce novel ideas or properties for assessment (Creswell & Creswell, 2018). Likewise, to obtain sufficient themes in the thematic analysis, the sample size must be large enough to support the identified themes (Braun & Clarke, 2022). Consequently, the established starting sample size was 15. This sample size was judged sufficient to provide comprehensive information to determine if additional interviews were required to reach saturation (Hennink & Kaiser, 2022). This determination method adheres to theoretical sampling, ensuring a narrowly defined group that meets theoretical saturation consistent with thematic analysis (Braun & Clarke, 2022). Stratified sampling (Robinson, 2014) was used to ensure a broader representation of businesses were included. The strata used were based on industry sector to ensure that random selection did not overly bias toward one industry over another.

The data demonstrating the receipt of PPP funds were gathered from a publicly available database. The City of Bakersfield provided a list of businesses with a business license in 2020, 2021, and 2022, omitting information protected by the California Public Records Act. The list of businesses was reduced to those that provided an email addresses and were categorized by industry sector. The stratified sampling approach using industry sector supported representative sampling and avoided sampling bias (Robinson, 2014) as well as providing the most relevant data for the topic (Yin, 2011).

### **Instrumentation**

The primary research instrumentation for such a study is the researcher (Creswell & Creswell, 2018). The researcher utilizes the other instrumentation methods to secure the data necessary for analysis (Ranney et al., 2015). The researcher is responsible for the proper implementation of the interviews, the handling of the data, the analysis of the data, and the outcomes in this qualitative research method (Creswell & Creswell, 2018). The interviews lasted 45 to 60 minutes and followed the protocol shown in Appendix A.

The in-depth interview offered an open and direct approach to obtaining detailed information and narratives for analysis (DiCicco-Bloom & Crabtree, 2006). The questions used a combination of approaches, including a primary protocol outlined in Creswell and Creswell (2018). Table 1 provides the alignment of the research questions and the interview questions.

**Table 1**

*Alignment of Research Questions to Interview Questions*

Research Questions	Interview Questions
RQ: How has the receipt of PPP funding affected the operational sustainability of businesses?	1, 2, 3, 4, 5, 6, 7, 8, 17

S1: What impact did PPP funds have on sustaining business operations and supporting organizational development during the study period?	13, 14, 15, 16, 17
S2: If a business did not remain in operation during the study period, what were the underlying causes of business failure?	9, 10, 11, 12, 17

---

An interview guide ensures that the main questions are addressed. I utilized an audio recording device and transcribed the interviews when they were completed.

### **Data Collection**

Data collection commenced with an introductory email sent to potential participants. A follow-up phone call confirmed the study's legitimacy and the invitation to participate. Following this initial introductory process, a confirmation email, the informed consent form, and a link to my contact information, where the participant could view the appointment availability and schedule the interview, were sent. When the participant returned the informed consent form, I confirmed an appointment via Microsoft Outlook.

On the scheduled interview day, I reviewed the study introduction and the informed consent form and reconfirmed participation. I requested permission to record the interview. The interview proceeded with me recording the responses on the digital recorder and taking notes of responses to each question. After the interview, I asked the participant if there were any follow-up questions and thanked them for participating in the research.

The questions were semi-structured to capture the experiences and meanings of the participants (Angel et al., 2018). The process began by gathering fundamental data about the interview and providing an introduction to establish comfort, rapport and shared comprehension (Creswell & Creswell, 2018; Locke et al., 2007). The interview then progressed to general open questions and employed some Likert-style scale response anchors for content questions,

encompassing importance and agreement levels (Vagias, 2006). Additionally, probing encouraged interviewees to provide more information (Creswell & Creswell, 2018; Guest et al., 2013). A concluding inquiry enabling the interviewee to ask about the findings or other relevant topics concluded the interview procedure (Creswell & Creswell, 2018; Chakrabarty, 2014).

The interview questions followed a domain-organized sequential guide, which allowed skipping required questions to follow the interviewee's train of thought (Guest et al., 2013). The semi-structured interview design enabled participants to share a broader range of experiences (DiCicco-Bloom & Crabtree, 2006). Nonetheless, given the link between data quality and the interview questions, the questions primarily focused on the experiences and opinions of business owners (Rosenthal, 2016). These questions facilitated a deeper understanding of the interviewees' unique experiences and perspectives (Rosenthal, 2016).

The interview process continued until saturation was achieved. Theoretical saturation ensured my confidence in developing emerging theories (Saunders et al., 2018), supporting the grounded theory underlying the thematic analysis approach. Some questions involved Likert-type response anchors to measure importance and agreement (Vagias, 2006) and promoted trustworthiness.

The interviews were recorded using a digital audio recorder, the preferred method to ensure interview data accuracy (Guest et al., 2013), and the audio record feature on Zoom as a backup. The information was transcribed following the interview (DiCicco-Bloom & Crabtree, 2006). The transcription was verbatim, including repetitions, speech errors, filler words, stutters, and other verbal anomalies (Saunders et al., 2015). Upon completing the transcription, the software program Atlas.ti assisted in analyzing the interviews by providing preliminary coding information for data management and analysis (Friese, 2012).



## **Data Analysis**

Data analysis utilized a qualitative approach designed to qualify and verify the themes associated with the thematic analysis approach. Likewise, the data from the transcripts unveiled the presence of answers to the research questions through accompanying themes.

### **Data Familiarization**

The interviews yielded a significant amount of data that required evaluation. A transcription of each interview was prepared using Otter.ai, a software designed to transcribe audio files. The transcription was compared with the field notes and uploaded to the qualitative data analysis software (QDAS) Atlas.ti, which identified additional pertinent evidence and themes. The QDAS generated a word list confirming or identifying additional codes for organizing the data (Creswell & Creswell, 2016). The verbatim transcriptions were read several times and compared to the data in the QDAS to increase familiarity with the data. Similarly, the interview audio files were listened to with the transcription to ensure familiarity with the data.

### **Generating Codes**

The development of *a priori* codes was initially conducted based on the literature, which indicates the positive impacts of organizational sustainability and the typical causes of business failure. The *a priori* codes provided a starting point for data analysis (Johnson & Christensen, 2016). Preliminary *a priori* codes derived from the literature review are presented in Table 2. Additional analysis ensured that confirmation bias (Creswell & Creswell, 2016) did not occur when using predetermined codes. The QDAS was used to identify additional pertinent evidence and themes.

**Table 2***A Priori Codes*

Interview Questions	<i>A Priori</i> Codes
IQ 5: Initial impacts of pandemic	Revenue/sales decrease Customer loss Employee loss
IQ 7: Impact of PPP Funds	Absorbed financial shock Employee retention Acquire PPE
IQ 9: Business ending cause	Cash flow Customer loss Employee loss Facility loss
IQ 12: What would be done differently	Increase marketing Better cash flow management Less employees Less overhead
IQ 15: Characteristics that sustained business	Innovation Motivation Stubbornness Self-confidence

**Identification of Themes**

The interview information was analyzed to identify themes (Sutton & Austin, 2015). Thematic analysis, the underlying research methodology, identified four themes that told a story about the data (Braun & Clarke, 2022). This process allowed for identifying and confirming common threads (Ranney et al., 2015) that were necessary to support the theme analysis. The themes were reviewed and developed into a summary of the findings.

The probability of the themes aligning with the literature was reasonably high, given the amount of research into general business failure that has previously been conducted (van Rooij, 2015). However, the emergence of a new factor, namely the global pandemic, increased the

probability of new failure factors occurring. Consequently, the combination of analysis tools resulted in a strong outcome for the themes and supported the credibility of the research by eliminating bias in the process. Appendix D shows the preliminary themes informed by the literature review and research questions, the associated codes, and a description of the codes.

### **Confidentiality and Protection of Data**

This research entailed individuals involved in a business operation and thus necessitated approval by the Institutional Review Board (IRB) of California Baptist University before the research commenced. The research study complied with the requirements outlined in the IRB Handbook (Institutional Review Board, 2018). The research conducted personal interviews with the sample group. All participants signed an informed consent form containing vital information, such as voluntary participation, research goals and procedures, potential risks or discomfort, research benefits, and available research alternatives (Institutional Review Board, 2018). Likewise, every participant received the Bill of Rights for Research Participants per Health & Safety Code §24172 (Institutional Review Board, 2018).

The participants were informed that issues related to business operations were a topic of the interview process. Due to the possible psychological risks associated with asking questions regarding their business successes or failures, research subjects received appropriate guidance. Research participants could withdraw from the study at any point. Data was obtained from publicly available sources to select participants. Participants received guidance on the methods used to identify them for the study. Queries focused on verifying the amount of PPP or other government-source funds received, and how the receipt of those funds affected their business operations. Additionally, the research subjects were questioned about the impact the funds had on their business sustainability. Each research participant received a unique identifier code to

present their comments without revealing their identity. Any participants who were outliers in the data collection process or compromised the business's confidentiality were not included. Additionally, any participants personally known to me were excluded from the list to prevent bias and conflicts of interest. The identities of the businesses and individuals were kept confidential and only referred to by their identification numbers in any final reports.

### **Limitations**

The methodology used for this study is qualitative research, which imposes certain limitations; however, it is preferable to a quantitative methodology. Replicability of a quantitative study allows a researcher to use similar sample sizes and identical variables to replicate a study. In contrast, a qualitative study is based on a context and variables that are not perfectly replicable due to changing environment and conditions (Aguinis & Solarino, 2019; Guttinger, 2020). The sample size for a qualitative study is often smaller than for a quantitative study, consequently limiting the total number of respondents due to saturation. A longitudinal study over the years may provide more information on the long-term change in business conditions; this research focuses on a specific influence on the business operation and consequently warrants a short interview to gather the necessary data. The research is limited to businesses in Metro Bakersfield, California. Accordingly, the results are limited to the economic and market conditions specific to the area, which may not be the same conditions found in other communities.

Several limitations are specific to the interview process. The first limitation here is the interpretation of the interviews, a common limitation within in-depth interviews (Guest et al., 2013). The limitation is addressed by listening to the audio recording while reading a verbatim transcription, as the transcripts may not accurately reflect the tone or confusing content

(DiCicco-Bloom & Crabtree, 2006; Rosenthal, 2016). The second limitation is interruptions or the inclusion of inappropriate participants as information resources. These limitations are mitigated through effective planning, such as confirming the suitability of the interviewee (Guest et al., 2013). The interview location can also be a limitation in terms of both convenience and interruptions. While the use of virtual platforms is not ideal (Roberts et al., 2021), it was provided at the participant's request if a suitable location is unavailable. Access to reliable internet connections can also limit the use of virtual interviews (Sah et al., 2020). The final limitation of scheduling the interview time was addressed by providing the participants access to my scheduling options, allowing the participant to pick the date, time, and even location of the interview.

Personal biases in this research include experience helping businesses apply for PPP funding, prior knowledge of why businesses fail, and a general perception that some businesses may not have needed the funding. The interview design mitigated these biases by using a robust interview protocol that employs content questions to gather information without biasing the interview (Creswell & Creswell, 2016). Similarly, coding responses in the data analysis process ensured that unbiased themes were developed to analyze the interviews and data consistently.

### **Trustworthiness**

Qualitative research and analysis are designed to connect the data from participants with observed events (Ranney et al., 2015). While several techniques are available to ensure trustworthiness (Ranney et al., 2015), Lincoln and Guba (Cohen & Crabtree, 2006) provide four essential criteria for establishing trustworthiness: credibility, transferability, dependability, and confirmability.

Credibility was established using triangulation (Cohen & Crabtree, 2006) by utilizing different data collected from the interviews. Likert-style questions were intermingled in the interview to confirm the narrative data collected. For example, the response to the question “How did the receipt of PPP funds impact the business operation?” warranted an interpretation of whether it played an important role or not in the operation of the business. The next question, “How important was financial assistance during the pandemic to your business?” had a scaled response from very important to not important. This allowed me to identify consistencies within the data and ensure congruence (Stahl & King, 2020).

Transferability was established by applying a thick description that allowed for sufficient detail so others could put the findings into a new context (Cohen & Crabtree, 2006; Stahl & King, 2020). The research findings were reported with detailed descriptions of data, including the collection and analysis, so they might be helpful in other research settings.

Dependability was established through reflexive auditing, which made it possible to evaluate the decision-making process within the research (Stahl & King, 2020). Dependability was accomplished by providing an audit trail where the reader could follow my decisions, influences, and actions and find that the results were based on data and the corresponding process (Carcary, 2009).

Confirmability was established by providing the applicable research details, including methodology, data collection, and other information demonstrating the results generated from the information gathered by the participants’ interviews. This met the confirmability requirement by providing the element of neutrality on my part, with a demonstration that the resulting research was based on the data rather than bias or personal motivation (Cohen & Crabtree, 2006).

## **Summary**

Businesses faced unprecedented challenges during the COVID-19 pandemic. Business owners had to navigate opening and closing protocols and other government-mandated operational requirements. The impact of these restrictions on businesses is now the subject of research. Assessing how government financial assistance affects the operational sustainability of businesses is crucial in understanding future economic conditions that could impact their organizational life cycle and sustainability. Using a thematic approach incorporating interviews enabled this study to delve deeper into the question and permit businesses to share their experiences with confidence regarding the unprecedented response of government financial assistance to businesses during times of economic crisis. In Chapter 4, the research results are presented, including the data analysis and associated findings.

## CHAPTER 4: RESEARCH, DATA COLLECTION AND FINDINGS

### **Overview**

This inductive thematic analysis aimed to study the impact of pandemic financial assistance on business sustainability. This chapter presents the results of the semi-structured interviews and subsequent analysis. The results show the extent to which the pandemic affected the businesses interviewed. Overall, resilience and determination helped the businesses navigate through the unknown. The infusion of financial support helped businesses that were struggling to make it through the duration of the pandemic. In contrast, businesses with stronger financial positions weathered the pandemic while maintaining their financial strength. This chapter includes a restatement of the purpose and research questions, the research methods and data collection procedures, and the analysis of the data.

### **Purpose Statement**

The purpose of this study is to use an inductive thematic analysis to explore how pandemic financial assistance to businesses affected the sustainability of the business venture and its organizational development. Amankwah-Amoah et al. (2020) suggested that future research on what businesses may have learned from the pandemic, particularly in the area of organizational learning, would potentially yield promising results. Buffington et al. (2021) noted that current research and datasets lack information on business failures due to the pandemic, as business owners are more likely to not respond to typical business surveys. This study addresses the need for more in-depth research on the impacts of financial assistance to businesses.

### **Research Questions**

How has the receipt of PPP funding affected the operational sustainability of businesses?  
To further evaluate this relationship, the following additional questions were considered:



1. What impact did PPP funds have on sustaining business operations and supporting organizational development during the study period?
2. If a business did not remain in operation during the study period, what were the underlying causes of business failure?

### **Research Methods and Data Collection Procedures**

Data were collected from interviews with businesses as described in Chapter 3 and conducted from February 2024 to June 2024. Thirteen one-on-one interviews were conducted in person or via Zoom, each lasting approximately 30 minutes. Recording devices were activated after the interviewee consented to the recording, and consent was obtained again during the recording's initial introduction, as outlined in the interview protocol. For the Zoom interviews, cameras were not active during the recorded interview portion, to maintain the confidentiality of the responses. Data saturation occurred at the 10<sup>th</sup> interview; however, additional interviews were conducted to confirm saturation. A copy of the informed consent form was provided to each participant. Upon completion of the interview, the audio file was uploaded to Otter.ai so that the audio recordings could be transcribed. The Zoom audio file was uploaded to Otter.ai for interviews that occurred via Zoom. The transcriptions were compared with the audio, and corrections were made to clarify the spoken words. In some cases, inaudible responses were indicated as inaudible. The transcriptions were then loaded into Atlas.ti to process additional theme identification.

### **Presentation and Analysis of Data**

#### **Data Analysis Process**

The business owners interviewed were asked 13 questions during the interview process, with five of the questions having a Likert-style response to anchor and verify the semi-structured

questions asked during the interview. The inductive thematic process analyzed the interview responses in a way consistent with Braun and Clarke's (2006) thematic analysis process. This process provided the foundation for data analysis and is outlined based on the thematic analysis process (Braun & Clarke, 2006).

### ***Data Familiarization***

The initial phase of the thematic analysis is to become familiar with the data. The data was collected through personal interviews, which provided the opportunity to compare detailed notes taken during each interview, as well as to read the transcript and listen to each interview. This process was repeated for each interview. Utilizing both the transcripts and notes allowed for the data to be viewed from a "big picture" perspective, for example, having a broad understanding of the impact of the pandemic on businesses. Similarly, it allowed the themes to emerge as the analysis continued. The familiarization process also enabled key interview quotes to emerge for the presentation of the analysis of the data.

### ***Coding***

The literature review provided the opportunity to identify *a priori* codes of the impacts of organizational sustainability and the typical causes of business failure (see Table 2). While the *a priori* codes were helpful in the design of the interview questions, the interviews provided the opportunity to code the data to identify particular data features that may produce additional themes and patterns (Braun & Clarke, 2006). The additional coding used data extracted from my notes on the transcripts and data identified by Atlas.ti. Table 3 provides examples of data transcript evidence and codes. In many cases, the data coding matched previously developed *a priori* codes. When new codes were identified, such as the personal characteristic of faith, the *a priori* codes were modified accordingly.

**Table 3**

*Examples of Code Generation*

Data Transcript Evidence	<i>a Priori</i>
“We’re going to be estimated our organization we’re going to lose 30% of our base membership.”	Revenue/sales decrease
“So that basically, with the \$48,000 that we receive, we were able to, you know, not to let go.”	Employee retention
“There was no option to fail. I mean, I couldn’t sell my employees. I couldn’t sell the farm. It was just it was just our drive, and we weren’t going to let this take us down.”	Drive Persistence Motivation

The data established patterns and relationships between the patterns, which fell into one or more themes.

***Theme Classification***

Thematic analysis, the underlying research methodology, identifies up to six themes that tell a story about the data (Braun & Clarke, 2022). The literature review identified several potential themes that would address the underlying research questions by identifying how the receipt of PPP funding has affected the operational sustainability of the business and its impact on the sustainability of business operations and organizational development. The themes are the central factor for addressing the research question; therefore, the candidate themes identified in the initial research must be refined, separated, or removed. The process ensures that the themes can stand independently, meaning the scope and content within the themes are easily described (Braun & Clarke, 2006). Therefore, the themes were classified based on the topic areas within

the interview questions, as shown in Table 4. The identified themes provide the relevant data to address the research questions.

**Table 4**

*Theme Classification*

Themes	Codes
Impact of Pandemic	Revenue/sales decrease Customer loss Employee loss No reported impact
Impact of PPP Financial Assistance	Expansion Opportunities Absorbed financial shock Employee retention Cash flow stability Expanding employment
Post-Pandemic Outcomes	Business better Business the same Business worse No longer in business
Personal Characteristics	Innovation Motivation Stubbornness Self-confidence Optimism Faith Change adaptation

**Results**

The businesses were classified according to their organizational life cycle stage, which was determined by the respondents. Jirásek and Bilek (2018) showed that the most vulnerable point in the survival of an organization is when the organization is in the birth stage, while those in the decline stage are also vulnerable to the negative effects of change (Mosca et al., 2021). It is instrumental in understanding the organizational life cycle of the businesses to address the

question of how the PPP funds impact the organizational development of the business. The interview protocol, provided in Appendix A, provided the respondent with the definitions to determine the life cycle they indicated. Table 5 shows the self-identified life cycle stage at the start of the pandemic. The respondent group included businesses in each of the life cycle stages.

**Table 5**

*Organizational Life Cycle*

Life Cycle Stage	Percent of Respondents
Birth	14%
Youth	14%
Maturity	57%
Decline	14%

The businesses in the maturity organizational life cycle demonstrated a greater understanding of the actions necessary to take in the face of the pandemic. For instance, some businesses promptly established an online presence, which enabled them to navigate the challenges swiftly and maintain operational continuity. Conversely, those in the nascent and formative stages had less experience navigating change and thus took longer to respond. The majority of respondents indicated a level of uncertainty regarding the potential outcomes of the situation, though this primarily manifested as a concern about the duration of time required to respond rather than a direct impact on the process itself.

The business condition at the time of the pandemic’s onset was also consistent with the findings of the literature. Business profitability is typically low when a business is in the birth and youth stages (Widanti & Sumrahadi, 2020), particularly since business owners tend to

pursue innovation and investment in the business during these stages (Primc & Čater, 2016). The businesses in these stages indicated that it was challenging to achieve rapid growth during that period. One respondent that had been in operation for just over a year when the pandemic hit indicated that business was “better than we actually planned,” with more projects than the business expected. However, cash margins and profitability remained low. A business that was in decline and is now realizing a resurgence post-pandemic indicated that “it could not have happened at a better time, financially speaking.” Overall, the respondents’ state was consistent with the expected state before the pandemic based on their organizational lifecycle stage

**Theme 1: Impacts of the Pandemic on Businesses**

The respondents reported a range of immediate impacts of the pandemic. These impacts partially aligned with research indicating that sales, customer, and employee losses were immediate (Bostan, 2021). However, the respondent group indicated some additional impacts, including no impacts to their business. In some cases, businesses reported more than one area of impact. Table 6 indicates the immediate impacts of the pandemic reported by the respondents.

**Table 6**

*Impact of Pandemic*

Area of Impact	Percent of Respondents Reporting Impact
Revenue/sales decrease	57%
Customer loss	43%
Employee loss	0%
No impact	29%
Opportunity to Expand	14%

### ***Revenue/Sales Decrease***

Most businesses indicated that sales were good before the pandemic, and none of the respondents indicated that revenue or sales were decreased or low. Businesses reported “we were growing” and “it was pretty consistent” before the pandemic. Respondent G noted:

I would say that our industry was probably an all-time high, and for our individual office, the only thing that was keeping us from being at our all-time highs was some headwinds, and you know, the oil industry here in Kern County, which has historically been a good corporate base for us.

Another company indicated, “It was pretty consistent...the demand was stronger prior to the pandemic.” A company in decline and another in the birth stage reported that revenues were underperforming and were anticipated mainly due to their current state of operations. This observation is consistent with fluctuations that typically occur with start-up operations (Ropega, 2011).

The immediate impact of the loss of revenues and sales was consistent with pandemic-era research, where the most common impact was loss of sales or decreased revenues (Bostan, 2021). The initial impact of the loss of revenues was based primarily on the uncertainty of what would happen. As one respondent described, “Uncertainty has to be at the forefront; didn’t know what we didn’t know.” There was some initial confusion about which work businesses were permitted to continue operating. It took several weeks for the stay-at-home order issued by the State of California to become more explicit about who could work and what businesses could open. One respondent described the initial impacts as catastrophic, indicating

We didn’t, just, you know, lose some sales. We lost all sales and refunded everything we had on the books. I never had planned for, and I don’t know of any businesses than I

never contingency to not just have revenues completely go away. But we had negative revenue. We refunded monies, so you know, gave back commissions to our suppliers. It's not like I had all my expenses; it would be nice if I had all of my expenses at 0. It was worse than that.

While businesses in the retail, restaurant, personal service, and travel industries came to a complete stop, others quickly returned to a pre-pandemic operation, albeit slower in sales. In most cases, the revenue losses were offset by expenditure reductions in supplies, the cost of goods, and other variable costs that would have occurred had sales remained constant. One business reported that moving an event from in-person to virtual saved approximately \$40,000 in expenses. Even with the decrease in revenue from sponsorships, this business only saw a slight reduction in revenue.

One identified dynamic is that some businesses interviewed reported that a few customers did not pay their bills for work completed before the start of the pandemic and retained their funds. These businesses indicated that the lack of income was partly due to the uncertainty surrounding the future of their businesses. This created a cascading effect of revenue loss. One business in the birth stage reported contacting suppliers and negotiating payment arrangements due to reduced cash flow.

Businesses in the maturity life cycle stage experienced revenue losses during the Great Recession. Consequently, these mature businesses had savings that reduced the impact on cash flow. Regardless of the stage, most businesses indicated that the news of government financial assistance was anticipated and provided some hope for the longer term.



### ***Customer Loss***

The data revealed that 43% of respondents reported a loss of customers. However, this was more of an immediate than long-term issue. Cancelled service contracts by customers had an immediate impact since customers who experienced an income reduction also saw reduced expenditures. Furthermore, businesses that provided goods or services to non-essential businesses experienced a long-term decline due to their inability to reopen for an extended period. Once they implemented the relevant protocols or adapted their business practices to accommodate the new circumstances, most businesses (85%) reported that their customers returned. The exception was businesses that had customers overseas, as one stated referring to export business:

You had that bad year and then the next year was still bad, and export hasn't really come back the same as it was before...you know there was just no demand.

### ***Employee Loss***

The respondents demonstrated a clear commitment to employee retention during the pandemic. Businesses indicated that, without PPP financial assistance, they were working with their employees to help them maintain their livelihoods. One business stated, "We have a commitment to our employees," while another described their approach as a "commitment to the team."

In one example, a company that was only about 8 months old when the pandemic hit indicated that owners had only one employee at the time of their start-up and did everything possible to ensure employee retention. Others who could not open or operate as normal used their employees to do plant improvements, facility maintenance, or other related work that had either been deferred or were necessary pandemic-related protocols and safety measures.

Companies experienced losses primarily from employees who decided to quit and collect pandemic-related unemployment benefits. Although the number of resulting resignations within the workforce was not significant, respondent businesses did not immediately fill these positions, thereby reducing their operating expenses. One respondent hoped to capitalize on companies laying off people to build their workforce. Moreover, the downsizing this business respondent was waiting for did not occur in their industry. However, another respondent business hired several people due to changes in the local workforce, expanding from a pre-pandemic employment level of eight to currently 65 employees.

One illustrative example is that of a company that was only 8 months old when the pandemic struck. Its owners had only one employee at the time of their start-up, and they did everything in their power to ensure employee retention. In contrast, other businesses that could not operate as usual employed their employees to perform tasks related to plant improvements, facility maintenance, or other activities that had either been postponed or were necessary for pandemic-related protocols and safety measures. Some companies experienced a loss of employees due to employees choosing to resign and collect unemployment benefits related to the pandemic. Although the number of resignations was relatively small within the workforce, the resulting vacancies were not immediately filled, reducing businesses' operating expenses. One respondent expressed the hope of capitalizing on the layoffs of employees by building up their workforce. Moreover, the anticipated downsizing did not occur in the respondent's industry. However, another business respondent indicated that they had hired several employees due to changes in the local workforce, with the number of employees increasing from 8 to 65.

### ***Opportunity to Expand***

Some businesses reported that the initial impact on their business was an opportunity to expand their operations. By taking over services from businesses that may have lost employees and were seeking alternatives, they were able to create new business opportunities and expand their business during the pandemic. Respondent C indicated, “It was a confidence in maintaining staff and actually adding some additional people. So, we were happy to have been able to extend employment to people during that timeframe.”

The expansion was prevalent in businesses providing business-to-business services, for which their customers favored contracting out services over investing in in-house services. Similarly, businesses providing products that supported remote work and education found additional opportunities to expand their business. As Respondent F noted,

We’ve been very focused for several years now on creating more of a service environment rather than a product centric environment. During this event, we had to switch to products because that is what people wanted. Now, that is kind of done, and the wave is over.

Thus, the immediate impact on the respondent businesses was to figure out how to expand with much still unknown about the future.

### ***No Impact***

Thirty percent of the businesses interviewed indicated no impact on their operations when the pandemic started. Most operations continued as usual, and their adjustments to the business were marginal compared to the overall operations. For example, one business reported that providing personal protection equipment (PPE) was the only difference in their operation. The respondent businesses in this group predominately provided products consumed daily by

consumers or other businesses, thus necessitating a steady and consistent operation. The respondents who indicated no impact reported that some modifications were necessary to accommodate their business, such as expanding their facility to accommodate social distancing; however, the strategy also worked to help the business expand operations. One business responded, “You just keep on going as if there was a pandemic or not...we didn’t have that choice to not do any of those things.” While no impact was reported concerning business operations, there were some indications that some impacts were likely. The impacts were just absorbed as other changes or challenges in the business and, consequently, not directly mentioned in response to the question of the initial impacts on the business as a result of the pandemic.

**Theme 2: Impact of PPP Financial Assistance**

The impact of the PPP financial assistance was described as a “level of comfort,” “confidence,” and “level of assurance,” and it “definitely helped” businesses navigate the pandemic. The impact of the receipt of PPP funds depended on the state the business was in prior to the pandemic. Three codes were classified from the analysis of the impact of financial assistance: absorption of initial shock, employee retention, and cash flow stability. In some cases, respondents may have reported more than one impact area. Table 7 displays the impacts PPP funds had on their business.

**Table 7**

*Impact of PPP Funds*

Area of Impact	Percent of Respondents Impact Area(s)
Absorbed financial shock	43%
Employee retention	29%

Cash flow stability	43%
Business Expansion	14%

---

### ***Absorbed Financial Shock***

Most respondents agreed that their business was financially strong prior to the pandemic. The degree of financial strength the businesses indicated depended on the business's lifecycle stage. A business in the decline lifecycle stage stated

The year started with a loss of revenue from the prior year, and the pandemic accelerated the decreases. There were limited options available to the organization to increase revenue, and once the closures started, the options seemed limited.

The financial assistance helped absorb the shock caused by the immediate loss of revenue as some customers held payments until they figured out what would happen. "It was a trickle-down effect," one respondent indicated. The respondents indicated that the economic situation from the pandemic was a shock, and the outcome was relatively unknown. Some immediately had to use reserves or personal funds to keep the business going, as one stated

I knew what I was going to do, and it (PPP funds) just kept me from dipping into more of my own personal funds. So, it was great. It didn't change my operation because I made the decision. I knew what I was gonna do, but it kept me from using more of my own money.

The PPP provided some comfort margin for their overall outlook, reducing or eliminating the initial financial shock caused by the shutdown of the economy. "We were in survival mode, and this helped our attitude" about the company's future, one respondent reported. The PPP

assistance was viewed as a way to stabilize the initial shock, allowing the businesses to plan for what might occur if the pandemic persisted.

### ***Employee Retention***

The PPP program was designed for employee retention, with initial estimates of 2 to 3 million jobs saved (Autor et al., 2022). The program was designed to preserve employment, which is the primary reason businesses sought funding. This attitude was appropriate for businesses in the early organizational life cycle phases. In one case, the business was only in operation for 8 months. Therefore, as a start-up, the owners were motivated to keep their employees and continue to grow their business. “Every single dollar was used for payroll in both tranches” one business reported, while another one indicated:

We have loyalty to our employees, they were willing to come to work, they needed the work, we couldn't stop... the work needed to be done. And it's just my loyalty to my employees. It was we did the best we could to keep everybody employed, regardless of whether they were there or not. I was still paying their insurance; I would still pay their (workers') comp.

On the other end of the life cycle spectrum, businesses in the decline stage shed some employment before the pandemic. Consequently, the goal was to maintain the employees that remained from the pre-pandemic downsizing. The sentiment about employee retention is best illustrated in this business response:

I was ready to make this work and add a plan, and you know, the math was easy to figure no revenue and keep my team.

None of the businesses interviewed reported the loss of employees due to the pandemic other than voluntary resignations, which were replaced by new employees.

### *Cash Flow Stability*

The absorption of the financial shock and employee retention, particularly among more mature entities, provided an additional impact, such as cash flow stability. Some respondents noted that they were managing the pandemic well financially. These businesses had cash on hand to continue to operate and make changes to navigate the initial financial shock. As normal operations resumed, the capital infusion maintained its cash flow reserves, contributing to long-term stability. Less mature businesses, without the benefit of healthy reserves, continued to move forward with the same degree of caution in managing their monthly cash flow. The less mature businesses, and to some extent those in decline, indicated that the influx of PPP funds and other financial assistance came at an optimal time. One respondent noted

The pandemic started like in March, and we were just trying to figure things out when the PPP came along a couple months later, which was the perfect time, as our cash was low. I think the next round came a few months later, and the timing was good going into the end of the year.

Businesses noted a positive impact on cash flow in all life cycle stages. The infusion of PPP funds helped to maintain cash flow, but not necessarily at the same level as pre-pandemic. However, as one respondent indicated, “It got us by.” Another added:

It kept us alive, helped us with cash flow, which was strained and along with other assistance programs, helped maintain the workforce.

A business in the mature lifecycle stage indicated that the PPP funds did “not cover the hits we took,” but everything helped.

### ***Business Expansion***

Financially strong businesses had little to no impact from the onset of the pandemic, indicating that the PPP funds served as an opportunity to expand their businesses. The funding covered the payroll and benefits costs, allowing the business to invest in expansion opportunities. Bostan (2021) indicated that some businesses responded by increasing staff and that some even experienced employee shortages. That was the case for one respondent business, which found new office space and tripled their staffing levels to respond to increased business opportunities resulting from changes in the industry. Respondent C shared:

You know it was one of a confidence in maintaining staff and actually adding some additional people. So we were happy to have been able to extend employment to people during that timeframe, and that those funds gave us the confidence to do that.

The business could locate the space at a better-than-market rate and find employees who had lost jobs in other industries. Another respondent business indicated that the plan was to expand its workforce. However, it was surprising that fewer people were looking for work in their industry. They expanded nonetheless, mainly resulting from the increased need for technology services and products. Both businesses credited the PPP funds as serving as a stimulus to move forward with the business expansion opportunities.

### **Theme 3: Post-pandemic Outcomes**

The respondent businesses remain operational to this day regardless of the lifecycle stage they were at before the pandemic. No businesses indicated that receiving PPP funds kept their business from failing. However, some businesses indicated that it is “likely” that the PPP funds keep them from failing. When asked if the financial assistance helped keep their business from failing, the responses varied. Some expressed views such as, “No, I think I could have done it. I’m



glad I didn't have to try, but I think I could have done it," referring to operating without PPP funds. Another indicated that they had built up reserves for 15 years and were thus able to withstand the losses.

The business respondents who reported that PPP funds likely kept them from failure also reported their post-pandemic condition as "below average" or "poor." As illustrated in Table 8, these also represent businesses in the "birth" or "decline" lifecycle stage at the pandemic's start. Zunino et al. (2022) indicated that uncontrollable bad luck or misfortune, such as the pandemic, contributes to business failure. Moreover, Mishra et al. (2018) found that greater capital at the early stages typically results in increased success. This concept would be evident in the businesses in the "youth" lifecycle who exhibited above-average conditions post-pandemic.

**Table 8**

*Post-Pandemic Condition of Business*

Post-Pandemic Condition	Lifecycle Stage			
	Birth	Youth	Mature	Decline
Excellent		X	XXXX	
Above Average	X	X	XXX	
Average				
Below Average				X
Poor	X			

Businesses in the mature organizational life cycle stage reported the mildest impact of the pandemic and financial stability going in and coming out of the pandemic. Mature businesses reported their business as currently operating above average or excellent. Conversely, businesses

reporting in the birth and decline stages shared a similar impact of financial assistance being a positive indicator, while their current assessment of their business is below average or poor.

#### **Theme 4: Personal Characteristics**

Organizational effectiveness and the system used to make decisions are elements of how effective the response to organizational change is. Mishra and Mishra (2017) suggested that owners with a higher degree of creativity can better navigate change and challenges, while those with past experiences with adverse conditions, notably economic conditions, were more prepared to succeed (Marcazzan et al., 2022). The personal characteristics of the business owners show a wide range of attributes that were activated during the pandemic. Table 9 indicates the respondents' primary characteristics when asked what personal characteristics helped them sustain business operations during the pandemic.

**Table 9**

*Personal Characteristics of Business Owners*

Characteristics	Percent of Respondents
Motivation	29%
Optimism	14%
Faith	43%
Change adaptation	14%

#### ***Motivation***

Motivation, drive, and persistence were the most notable characteristics reported by the businesses interviewed. Some of the businesses indicate that they have been motivated and driven to succeed in business as entrepreneurs. As one observed:

I'll just say like my drive, like we didn't have really good option. There was no option to fail. I mean, I couldn't sell my employees. I couldn't sell the farm. It was just our drive, and we weren't going to let this take us down. It was persistence.

As such, they revealed that the pandemic was just another obstacle to overcome to succeed in business. As one business indicated, "there was no option to fail," drive and persistence influenced the process. One business described it as an obligation, that they "had a personal responsibility to customers, family, employees" to keep pressing forward. At the same time, another described it as a "commitment to the team and clients."

### ***Optimism***

Optimism was a trait identified as an early influencer of business during the pandemic that contributed to resilience (Hadjielias et al., 2022). One respondent commented that:

Being optimistic or being, you know, just like believing in our mission. Personally, I think just having that assurance that we were going to be you know we were going to be fine. And you know, pivot, which we did so.

Displaying optimism at the top level also helped businesses influence employees, customers, and others so that everyone would "get through it." Some businesses provided a definitive source of optimism and hope for the future. "Just as for the last 46 years, it sure would have been easy to just fail," but this respondent indicated that it was the confidence and commitment to pressing forward.

### ***Faith***

Several of the businesses interviewed indicated that their "faith" contributed to helping them sustain their business. One noted that attending church throughout the pandemic gave them "the hope that things are going to get better" and increased their faith in those around them. This

characteristic was particularly true of a business in the birth lifecycle stage, as there was anxiety and concern for the future. As business owners, they leaned into their faith to maintain hope for the future and a positive outlook, stating,

You know on the faith increased in some of the some of us. You know that basically help us move on and continue and say hey you know there's life ahead of us. God only knows what's going to happen in the future.

It has been observed that, in addition to their ethical obligations, businesses may have the potential to pursue a higher noble calling in their operations (Van Duzer, 2010). This was evident as businesses were open to sharing their faith, as another business stated

I think, keeping in perspective, that we are at the hands of forces that are greater than man's, I'll put it that way, I think, having an eternal perspective help to all of us, keep things from getting too dramatic and emotional.

The common characteristic of businesses mentioning faith was that they were in the lifecycle stages other than mature, representing businesses in the birth, youth, and decline stages. This finding would not suggest that mature businesses are not faith-inspired but that business leaders tend to lean into their faith more when pressed with challenges, as they might not have the experiences of facing challenges that they may have encountered if they were at another lifecycle phase.

### ***Adaptation to Change***

The organizational change process involves moving from the past to a new beginning with an intermediary place where the transition occurs (Bridges & Bridges, 2016; Kotter, 2012). Business interviewees indicated that adaptation to change was inherent within the organization and that it was a matter of navigating the change quickly. As one respondent stated:

Our organization has existed for over 30 years and has weathered a number of dramatic changes, both organizationally and economically. We approached the pandemic as just another opportunity to change scope while preserving our mission.

The changes reported include moving some delivery of services to virtual, including conducting virtual meetings. In some cases, the meetings have remained as virtual events to this day. Another business opted to accept the temporary remote office challenge as a permanent change, reducing overhead while remaining relevant.

### **Summary**

This chapter has provided the essential information necessary to address the research question of how the receipt of PPP funding affected the operational sustainability of businesses and how it supported the organizational development of these businesses. In general, businesses demonstrated high levels of resilience in response to the pandemic. The respondents focused on overcoming and navigating their challenges during the pandemic. Failure, while possible, was not an option for the respondents, and while some fared better than others, the entirety of the respondent population remained in business 4 years out from the pandemic and the receipt of PPP funds.

The themes that emerged from the interviews provide a framework for understanding how the PPP program influenced the sustainability of business operations, particularly in relation to the organizational lifecycle stage the business was in before the pandemic.

- Theme 1: Impacts of the Pandemic on Business encompassed both positive and negative effects, including revenue and sales decreases, customer loss, and business expansion. A large share of businesses interviewed reported no measurable impact.

- Theme 2: The Impact of PPP Financial Assistance describes how PPP helped businesses absorb the financial shock caused by the unknown, supported employee retention, stabilized cash flow, and supported business expansion.
- Theme 3: Post-pandemic Outcomes showed that mature and growing businesses had better outcomes than those in their early years, which are still at a marginal operating level.
- Theme 4: Personal Characteristics describes how the business owners and leaders used motivation, drive, persistence, optimism, faith, and the capacity to adapt to change to support their transition through the pandemic.

Chapter 5 presents the findings related to the research question of how the PPP funds impacted the operational sustainability of the business. It will also provide critical insights into how the funds supported organizational development during and following the pandemic. The chapter will also examine the implications and recommendations for future business funding programs, as well as how these programs can positively influence business sustainability.

## CHAPTER 5: FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The study is based on data gathered from 13 semi-structured interviews with businesses that received funding from the Paycheck Protection Program (PPP). The objective was to ascertain how the receipt of the PPP funding impacted the operational sustainability of their business. The study utilized Lippitt and Schmidt's (1967) model for organizational life cycle phases to analyze the impact of PPP funding on business operations, particularly considering that research indicates that business success is heavily influenced by financial investment and liquidity (Dhopper et al., 2022; Mishra et al., 2018; Ropega, 2011). The research question was "How has the receipt of PPP funding affected the operational sustainability of businesses?" with sub-questions:

1. What impact did PPP funds have on sustaining business operations and supporting organizational development during the study period?
2. If a business did not remain in operation during the study period, what were the underlying causes of business failure?

The participants were identified from a publicly accessible register of businesses that had received funding through the Paycheck Protection Program and were situated in the Bakersfield Metropolitan area. The businesses were invited to participate via email, and those who responded positively to the invitation were sent the Informed Consent Form (Appendix E) and were required to return the signed form before the interview. The interviews were conducted either in person or via Zoom. The data were gathered through the use of a semi-structured interview protocol, which included Likert-style questions designed to verify the participant's responses to the semi-structured questions. Upon completion of the interview, the audio recordings and

transcriptions of the audio recordings were analyzed using the thematic analysis approach to engage with the research data using the qualitative method (Terry & Hayfield, 2021).

The literature review provided the ability to identify *a priori* codes to analyze the data and create the themes. This chapter summarizes the findings based on the analysis and provides conclusions resulting from the analysis. As a result of the findings, the chapter provides implications for actions. Lastly, the study's limitations and recommendations that may facilitate future research into the topic area are considered.

### **Major Findings**

The results demonstrate a varied impact on businesses due to the pandemic, some positive and some negative. Overall, the businesses participating in the study confirmed, according to Fournaris and Burstein (2022), that the pandemic shocked businesses. Likewise, Bartik et al. (2020) found that businesses had some confidence that federal financial assistance would be helpful. The use of PPP funds did preserve jobs, as found in Chetty et al. (2023). However, given that none of the respondent businesses have yet to close their businesses permanently, this contradicts Gourinchas et al. (2021) that pandemic financial assistance would result in larger than normal failure rates.

#### **Positive Impact of PPP Funds on Sustaining Business Operations**

The data supported the primary research question about the effect of PPP funds on sustaining business operations. The influx of PPP funding positively impacted operational sustainability, particularly for businesses in the birth and youth organizational life cycle stages, as these businesses were vulnerable, particularly financially. For more mature businesses, the funding provided comfort while contributing to an already successful operation. While each business suffered some financial harm due to the pandemic, the influx of PPP financial



assistance offset the loss of liquidity, a common cause of business failure (Franco & Haase, 2010). Likewise, those businesses that accepted financial assistance are, for the most part, in a better state today than before the pandemic. Businesses in the birth or youth lifecycle stage found financial assistance to be a boost when they needed it. For businesses in the decline stage, the PPP funding provided a financial lifeline to stabilize operations. While no businesses interviewed indicated they had failed, two indicated that if not for the PPP funding, they likely would have shut down permanently, which would be consistent with the conventional business failure timeframe (Bureau of Labor Statistics, 2023).

The PPP funding was designed to preserve jobs, with initial research suggesting that 2 to 3 million jobs would be saved (Autor et al., 2022). This finding would also be confirmed by the respondent group, since no businesses reported job losses other than the voluntary resignation of employees. Similarly, Autor et al. (2022) found that providing liquidity to companies was more likely to be the most crucial benefit. The respondent group corroborated this observation. Most indicated that the influx of cash, particularly at the beginning of the pandemic when there were many unknowns, was beneficial. Bartik et al. (2020) forecast that businesses that receive PPP funds would have an 85% survival rate. This research confirms a high survival rate among those receiving PPP funds, and indeed, among those that were facing liquidity issues, it provided some footing from which to work.

### **Financial Assistance Supported Business Longevity**

The financial assistance through PPP directly sustained businesses through the pandemic; however, the research confirms theories on conventional business failure in the broader context of business longevity. The Bureau of Labor Statistics (2023) reported a 20% failure rate in their initial year of operation and a 50% failure rate by the fifth year. While there is no widely

accepted framework for business failure (Ropega, 2011), financial issues tend to be the most widely cited (Eisenmann, 2021; Franco & Haase, 2010; Ropega, 2011). In the case of the respondent businesses, while some may have failed under normal conditions, the current condition of the businesses suggests that they have passed both their initial year and the fifth-year mark. This finding confirms that financial assistance is helpful in these formative stages of the business. However, to generate longevity, long-term performance needs to be evaluated.

Giones et al. (2020) posited that investing idle financial resources into innovation opportunities can influence the long-term performance of the business. This suggests that the objective is not merely to survive a crisis but to create resilience in the business for the future. Several businesses noted that the PPP funds covered personnel costs and opened up resources for expansion. One company reported hiring 20 employees and expanding their services into other industries. Another reported buying back leased equipment to provide it to customers because of the shortage of new equipment available. These investments positioned the businesses for enhanced performance in the long term. This type of decision-making is consistent with System 2 thinking, which is predicated on spending more time on decision-making, particularly when the risk of failure is higher (Kahneman, 2011). The consumption of too much profit to maintain sustainability frequently leads to business failure (Ropega, 2011). The respondent businesses that invested the unanticipated cash held the view that it was not profit, per se, but instead, cash that would have otherwise sat idle without any demonstrative return.

### **Personal Characteristics Contribute to Sustainability**

Business leaders typically exhibit higher creativity in responding to changes and challenges (Mishra & Mishra, 2017). The pandemic constituted an exogenous shock to businesses of a type compared to a natural disaster (Giones et al., 2020). Determining a

business's response to such an event gives rise to a conflict between identifying a rational response and identifying impulse actions (Giones et al., 2020). Consequently, the respondents did not report a tendency to focus on creativity, innovation, or other characteristics typically observed in such circumstances. Indeed, some innovation and creativity were applied, particularly among mature businesses looking to expand their services further. However, the businesses in question exhibited two primary characteristics: motivation and personal faith. Many businesses have previously experienced economic downturns and even natural disasters. However, the pandemic was an exogenous shock, and business owners had no prior experience in responding. Motivation and faith are personal characteristics that are more deeply rooted in the individual than in standard business practices, particularly during times of crisis.

One respondent indicated their rationale for responding to the pandemic was that "failure was not an option." The business respondents, driven by motivation and a determination to succeed, demonstrated resilience and an optimistic outlook for the future, as exemplified by this statement. These individuals proceed with assurance, assuming personal accountability for the welfare of the enterprise, its personnel, and its constituents, which inspired their strategic planning and response to the pandemic. As Hadjielias et al. (2022) observed, optimism was evident among some businesses at the onset of the pandemic. This sentiment was expressed by the respondent businesses in a similar way.

Several respondents also identified personal faith as a critical factor in their approach to the situation. One respondent described the situation as being "at the hands of forces greater than man" and maintained that a focus on the eternal timeframe, rather than the present, enabled them to persevere, particularly given that they were in the nascent stages of their business. A respondent indicated that when he drew upon his personal faith to provide hope that everything

would be okay, other leaders in the business did the same. This characteristic was particularly reassuring, given that the business had only been operational for 13 months when the pandemic began.

The respondent businesses reported high confidence and used that confidence to navigate through the pandemic. The businesses that indicated they were adaptable to change over the years also reported that they were not financially strong before and after the pandemic. This finding would suggest that while they deployed techniques to adapt to the change, they seemingly lacked the intrinsic motivation or faith that most other businesses displayed. Adaptability to change can undoubtedly result in uncertainty (Kotter et al., 2021). However, having an inner force to stimulate and support positive action is a significant factor in responding to unknown threats.

### **Unexpected Findings**

The research yielded two unexpected findings. First, all the business respondents interviewed were still operating their businesses. Comparing business license data with PPP data was inconclusive in determining whether a business was still operating. This observation was partly due to businesses not paying for their business license renewal or the local business license renewal entity granting waivers to businesses.

The second unexpected finding was that some businesses expanded their operations due to the PPP funding. The utilization of PPP funds, or the savings resulting from receiving the funds, deviated from the established parameters unexpectedly. Nevertheless, the funds typically allocated to payroll and employee expenses covered by PPP were set aside and, in some cases, invested in increased office space and additional employees or other expansion needs. This observation was unexpected, as the research indicated that businesses were in dire condition

during the pandemic and consequently needed this financial boost to get them through the timeframe.

### **Conclusion**

The research aimed to ascertain the impact of financial assistance on the operational sustainability of businesses. According to the research findings, financial assistance has a positive impact on business sustainability, as evidenced by the fact that businesses that received financial assistance have remained operational and, in some cases, have even improved their performance compared to the pre-pandemic period. This observation does not imply that businesses that received financial assistance would have failed in the absence of such support. However, it does provide some evidence that the assistance contributed to the sustainability of their operations.

The findings indicated that providing financial assistance contributed to a business's continued success, positively influencing business sustainability and organizational development. The research findings suggest that businesses that received assistance experienced positive impacts. Businesses at the most vulnerable stages of the lifecycle, namely birth and decline, demonstrated positive influences and were "likely" to fail. However, they have survived and continue to report above-average business compared to before the pandemic.

### **Implications for Action**

This analysis and findings provide implications for consideration for businesses and financial assistance programs, particularly government-sponsored programs.

#### **The First Implication: Businesses**

Businesses with financial reserves, including personal savings, were better prepared to navigate the economic challenges they faced. The PPP financial assistance greatly benefited

businesses that lacked reserves or savings. In order to remain resilient in the event of future economic downturns and to maintain competitiveness in their respective industries, businesses must develop financial goals that include the establishment of operational reserves.

Notwithstanding the negative cash flow experienced by some businesses during the pandemic, the influx of assistance enabled them to meet their cash requirements, with the timing of the funding aligning with their needs. Businesses should create a goal to have a minimum of 6 months of their operating expenses available in cash or cash equivalents for the purpose of covering operating costs during significant economic event such as brought on by the pandemic, recessions, natural disaster or other event.

### **The Second Implication: Government-Sponsored Programs**

Launching programs to assist businesses and reinforce the economy during the pandemic was a worthy cause. The assistance was well-received by businesses, and the respondents in this research found it to be a valuable resource for maintaining their employment levels and even expanding their operations. Notably, some businesses demonstrated a greater necessity for assistance than others, while some did not require it at all. It is recommended that future programs be funded on the basis of financial need and economic impact. For instance, businesses in the travel, retail, and personal service sectors were forced to close for an extended period. However, these businesses were required to compete for financial assistance on the same level as other businesses that did not have to shut down or continue business as usual. Government should evaluate the consequences of the actions, for example, shutting down event venues. These were the last to return to full operation and were also the last to receive government financial support. Gyms and other personal service firms also had extended closures. The PPP program funded 8 weeks of payroll costs, and given the extended closure, these types of businesses might

have received 16 or 24 weeks of payroll costs due to their extended closure. The PPP and other programs did not prioritize funding based on impact. Consequently, the design of new programs should consider the most impacted businesses first and then other businesses as a priority approach.

### **The Third Implication: Programs That Support Businesses**

The research indicates that businesses that received the PPP financial assistance were positively impacted, particularly those at the most vulnerable phases of the organizational lifecycle. Businesses at the birth, youth, and decline stages are more susceptible to failure than those at the mature stage. Consequently, financial and otherwise programs that assist businesses should prioritize these businesses over others who may otherwise be operating sufficiently. For example, the respondent businesses in the birth and decline organizational lifecycle stages found that the financial assistance helped them survive the economic challenges faced by the pandemic. Those businesses that were more mature did not necessarily need funding and in some cases were able to actually expand their operations. Consequently, funding programs of this type, or other types of business assistance programs, could be designed to prioritize those most in need, namely businesses in their birth/youth phase and those in decline. This approach may enhance the long-term viability of businesses that prior to the pandemic had high failure rates.

### **Recommendations for Further Research**

The study did not identify any businesses that received PPP funds and subsequently ceased operations. Consequently, this study could not ascertain the underlying cause of business failure. Consequently, the first recommendation for future research on this topic should incorporate some businesses that were operational before the pandemic, received financial assistance, and subsequently failed. Some businesses interviewed for this study have been in

operation for 5 to 7 years, longer than the typical 5-year period commonly associated with business failure. Nevertheless, as the financial assistance provided through PPP helped to bridge the financial gap, there is an opportunity to study those businesses in the nascent and formative stages at the outset of the pandemic and evaluate them over time to determine the long-term impact of the PPP program.

The research included a sample of businesses that received PPP funding in a small geographic area in a region with an economy driven by essential services that were mildly impacted during the pandemic, such as agriculture and oil and gas production. The second recommendation for further research is to conduct the study on a broader region with a more diverse economy, which may provide a different perspective on the impact of PPP funding on business sustainability. It would offer additional insight into these findings.

### **Concluding Remarks and Reflections**

The experiences of the interviewed business owners differed significantly from those of business owners with whom I had previously interacted. These experiences included working with businesses through natural disasters, challenging economic times, and day-to-day operations. These experiences ignited the essence of the American Dream: the entrepreneurial spirit propelling our economy, inspiring success stories, overcoming challenges, and learning from mistakes. However, the experiences of the interviewed businesses were unique in that they included the shared learning experience of the COVID-19 pandemic. This experience was characterized by uncertainty and a lack of knowledge about what to expect and how to respond. The literature review revealed uncertainty, unknown challenges, and some tragedies businesses faced during the pandemic.



However, the resilience of the American entrepreneurial spirit was on full display by the businesses interviewed. They revealed resilience, a spirit of faith and hope, and a commitment to success despite an unknown challenge. They all came through the other side of the pandemic and provided encouragement and inspiration for future challenges. These businesses added a pandemic to the trials they had already overcome, a once-in-a-lifetime event without equal or comparison, one that did not distinguish winners and losers, but one in which each of these specific businesses pushed forward. We can debate if the level of public investment in private enterprises was worth the cost. One could possibly argue that waste and fraud were indicators that it was not. However, for these businesses, it made a difference for the business owners, their employees, and their families. It is gratifying to have the opportunity to share their experiences.

## REFERENCES

- Aguboshim, F. C. (2021). Adequacy of sample size in a qualitative case study and the dilemma of data saturation: A narrative review. *World Journal of Advanced Research and Reviews*, *10*(3), 180–187. <https://doi.org/10.30574/wjarr.2021.10.3.0277>
- Aguinis, H., & Solarino, A. M. (2019). Transparency and replicability in qualitative research: The case of interviews with elite informants. *Strategic Management Journal*, *40*(8), 1291–1315. <https://doi.org/10.1002/smj.3015>
- Amankwah-Amoah, J., Khan, Z., & Wood, G. (2020). COVID-19 and business failures: The paradoxes of experience, scale, and scope for theory and practice. *European Management Journal*, *39*(2), 179-184. <https://doi.org/10.1016/j.emj.2020.09.002>
- Angel, P., Jenkins, A., & Stephens, A. (2018). Understanding entrepreneurial success: A phenomenographic approach. *International Small Business Journal: Researching Entrepreneurship*, *36*(6), 611–636. <https://doi.org/10.1177/0266242618768662>
- Autor, D., Cho, D., Crane, L. D., Goldar, M., Lutz, B., Montes, J., Peterman, W. B., Ratner, D., Villar, D., & Yildirmaz, A. (2022). The \$800 billion Paycheck Protection Program: Where did the money go and why did it go there? *The Journal of Economic Perspectives*, *36*(2), 55–80.
- Bansal, P., Smith, W. K., & Vaara, E. (2018). New ways of seeing through qualitative research. *Academy of Management Journal*, *61*(4), 1189–1195. <https://doi.org/10.5465/amj.2018.4004>
- Bartik, A. W., Bertrand, M., Cullen, Z., Glaeser, E. L., Luca, M., & Stanton, C. (2020). The impact of COVID-19 on small business outcomes and expectations. *Proceedings of the*

- National Academy of Sciences*, 117(30), 17656–17666.  
<https://doi.org/doi:10.1073/pnas.2006991117>
- Bartlett, R. P., & Morse, A. (2021). Small-business survival capabilities and fiscal programs: Evidence from Oakland. *Journal of Financial & Quantitative Analysis*, 56, 2500–2544.  
<https://doi.org/10.1017/S0022109021000478>
- Bazerman, M. H. (2020). A new model for ethical leadership. *Harvard Business Review*, 98(5), 90–97.
- Bazerman, M. H., & Moore, D. A. (2012). *Judgment in managerial decision making* (8th ed.). Wiley.
- Bi, H., & Gulati, C. (2021). Fiscal relief during the COVID-19 Pandemic. *Federal Reserve Bank of Kansas City Economic Review*, 106(2), 5–24.
- Bongaerts, D., Mazzola, F., & Wagner, W. (2021). Closed for business: The mortality impact of business closures during the Covid-19 pandemic. *PLoS ONE*, 16(5), 1–17.  
<https://doi.org/10.1371/journal.pone.0251373>
- Bostan, N. G. (2021). Evidence from the impact of COVID-19 on small business. *Bulletin of the Transilvania University of Brasov. Series V: Economic Sciences*, 14(1), 103–110.  
<https://doi.org/10.31926/but.es.2021.14.63.1.10>
- Braun, V., & Clarke, V. (2022). Conceptual and design thinking for thematic analysis. *Qualitative Psychology*, 9(1), 3–26. <https://doi.org/https://doi.org/10.1037/qup0000196>
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3, 77–101. <https://doi.org/10.1191/1478088706qp063oa>

- Bridges, W., & Bridges, S. M. (2016). *Managing transitions: making the most of change* (4th ed.). Da Capo Lifelong Books.
- Buffington, C., Chapman, D., Dinlersoz, E., Foster, L., & Haltiwanger, J. (2021). High-frequency data from the U.S. Census Bureau during the COVID-19 pandemic: Small vs. new businesses. *Bus Econ*, *56*(3), 155–167. <https://doi.org/10.1057/s11369-021-00229-0>
- Bureau of Labor Statistics. (2023). *Establishment survival*. Washington, D.C.: United States Department of Labor Retrieved from <https://www.bls.gov/bdm/entrepreneurship/entrepreneurship.htm>
- Carcary, M. (2009). The research audit trial: Enhancing trustworthiness in qualitative inquiry. *The Electronic Journal of Business Research Methods*, *7*(1), 11–24.
- Carter, T. (2021). *The true failure rate of small businesses*. Entrepreneur. <https://www.entrepreneur.com/starting-a-business/the-true-failure-rate-of-small-businesses/361350>
- Chakrabartty, S. N. (2014). Scoring and analysis of Likert Scale: Few approaches. *Journal of Knowledge Management & Information Technology*, *1*.
- Chetty, R., Friedman, J. N., Hendren, N., & Stepner, M. (2023). The economic impacts of COVID-19: Evidence from a new public database built using private sector data. *National Bureau of Economic Research Working Paper Series*, 27431. <https://doi.org/10.3386/w27431>
- Cohen, D. S., & Crabtree, B. F. (2006). *Qualitative Research Guidelines Project*. <http://www.qualres.org/HomeLinc-3684.html>
- Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (Fifth ed.). SAGE.

- Danielak, W. (2021). The impact of the COVID-19 pandemic on the activities of small enterprises on the example of business customers of a manufacturing company. *Management*, 25(1), 155–171. <https://doi.org/10.2478/manment-2019-0064>
- Dhoopar, A., Sihag, P., & Gupta, B. (2023). Antecedents and measures of organizational effectiveness: A systematic review of literature. *Human Resource Management Review*, 33(1), 1–19. <https://doi.org/10.1016/j.hrmr.2022.100915>
- Dias, V. F. R. T., & Martens, C. D. P. (2019). Business failure and the dimension of entrepreneurial learning: Study with entrepreneurs of micro and small-sized enterprises. *Brazilian Journal of Management*, 12(1), 107–124. <https://doi.org/10.5902/1983465919162>
- DiCicco-Bloom, B., & Crabtree, B. F. (2006). The qualitative research interview. *Medical Education*, 40(4), 314–321. <https://doi.org/10.1111/j.1365-2929.2006.02418.x>
- Dörr, J. O., Licht, G., & Murmann, S. (2022). Small firms and the COVID-19 insolvency gap. *Small Business Economics*, 58(2), 887–917. <https://doi.org/10.1007/s11187-021-00514-4>
- Eisenmann, T. (2021). Why start-ups fail: It's not always the horse or the jockey. *Harvard Business Review*, 99(3).
- Eslahchi, M. (2023). Adapting to the COVID-19 world: A case study of collective learning in a social entrepreneurial organization. *Journal of Workplace Learning*, 35(9), 50–65. <https://doi.org/10.1108/JWL-02-2022-0014>
- Fairlie, R., & Fossen, F. M. (2021). Did the Paycheck Protection Program and Economic Injury Disaster Loan Program get disbursed to minority communities in the early stages of COVID-19? *Small Business Economics*, 58(2), 829. <https://doi.org/10.1007/s11187-021-00501-9>

- Fairlie, R., Fossen, F. M., Johnsen, R., & Droboniku, G. (2022). Were small businesses more likely to permanently close in the pandemic? *Small Business Economics*, *60*(4), 1613–1629. <https://doi.org/10.1007/s11187-022-00662-1>
- Fournaris, C. T., & Burstein, R. S. (2022). The potential impact of COVID-19 on franchise lost profits claims. *Franchise Law Journal*, *41*(3), 309–330.
- Franco, M., & Haase, H. (2010). Failure factors in small and medium-sized enterprises: Qualitative study from an attributional perspective. *International Entrepreneurship and Management Journal*, *6*(4), 503–521. <https://doi.org/10.1007/s11365-009-0124-5>
- Friese, S. (2012). *Qualitative data analysis with ATLAS.ti*. SAGE Publications Ltd.
- Giones, F., Brem, A., Pollack, J. M., Michaelis, T. L., Klyver, K., & Brinckmann, J. (2020). Revising entrepreneurial action in response to exogenous shocks: Considering the COVID-19 pandemic. *Journal of Business Venturing Insights*, *14*. <https://doi.org/10.1016/j.jbvi.2020.e00186>
- Giunipero, L. C., Denslow, D., & Rynarzewska, A. I. (2022). Small business survival and COVID-19: An exploratory analysis of carriers. *Research in Transportation Economics*, *93*. <https://doi.org/10.1016/j.retrec.2021.101087>
- Gourinchas, P.-O., Kalemli-Özcan, Ş., Penciakova, V., & Sander, N. (2021). COVID-19 and small and medium-sized enterprises: A 2021 “time bomb”? *AEA Papers and Proceedings*, *111*, 282–286. <https://doi.org/10.1257/pandp.20211109>
- Guest, G., Namey, E. E., & Mitchell, M. L. (2013). *Collecting qualitative data: A field manual for applied research*. SAGE Publications.
- Guttinger, S. (2020). The limits of replicability. *European Journal for Philosophy of Science*, *10*(2), 10. <https://doi.org/10.1007/s13194-019-0269-1>

- Hadjielias, E., Christofi, M., & Tarba, S. (2022). Contextualizing small business resilience during the COVID-19 pandemic: Evidence from small business owner-managers. *Small Business Economics*, 59(4), 1351–1380. 10.1007/s11187-021-00588-0
- Hamilton, S. (2020). A tale of two wage subsidies: The American and Australian fiscal responses to COVID-19. *National Tax Journal*, 73(3), 829–846.  
<https://doi.org/10.17310/ntj.2020.3.09>
- Heckelman, W. (2017). Five critical principles to guide organizational change. *O.D. Practitioner*, 49(4), 13–21.
- Hennink, M., & Kaiser, B. N. (2022). Sample sizes for saturation in qualitative research: A systematic review of empirical tests. *Social Science & Medicine*, 292, 114523.  
<https://doi.org/https://doi.org/10.1016/j.socscimed.2021.114523>
- Honan, J., Ingram, M., Quijada, C., Chaires, M., Fimbres, J., Ornelas, C., Sneed, S., Stauber, L., Spitz, R., Sandoval, F., Carvajal, S., Billheimer, D., Wolf, A. M., & Beamer, P. (2022). Understanding the impacts of the COVID-19 pandemic on small businesses and workers using quantitative and qualitative methods. *Annals of Work Exposures and Health*, 67(1), 87–100. <https://doi.org/10.1093/annweh/wxac048>
- Hubbard, R. G., & Strain, M. R. (2020). Has the Paycheck Protection Program succeeded? *National Bureau of Economic Research Working Paper Series, No. 28032*.  
<https://doi.org/10.3386/w28032>
- Institutional Review Board. (2018). *California Baptist University Institutional Review Board Handbook*. California Baptist University. <https://calbaptist.edu/educational-effectiveness/institutional-review-board-irb>

- Jenkins, A., & McKelvie, A. (2016). What is entrepreneurial failure? Implications for future research. *International Small Business Journal*, 34(2).
- Jirásek, M., & Bilek, J. (2018). The organizational life cycle: Review and future agenda. *Quality Innovation Prosperity*, 22, 1–18. <https://doi.org/10.12776/QIP.V22I3.1177>
- Johnson, R. B., & Christensen, L. B. (2016). *Educational research: Quantitative, qualitative, and mixed approaches* (6th ed.). SAGE Publications, Inc.
- Kaae, S., & Traulsen, J. M. (2015). Qualitative methods in pharmacy practice research. In Z.-U.-D. Babar (Ed.), *Pharmacy practice research methods* (pp. 49–68). Springer International Publishing. [https://doi.org/10.1007/978-3-319-14672-0\\_4](https://doi.org/10.1007/978-3-319-14672-0_4)
- Kahneman, D. (2011). *Thinking, fast and slow* (1st ed.). Farrar, Straus and Giroux.
- Katare, B., Marshall, M. I., & Valdivia, C. B. (2021). Bend or break? Small business survival and strategies during the COVID-19 shock. *International Journal of Disaster Risk Reduction*, 61. <https://doi.org/10.1016/j.ijdrr.2021.102332>
- Keogh, D., & Johnson, D. K. N. (2021). Survival of the funded: Econometric analysis of start-up longevity and success. *Journal of Entrepreneurship, Management, and Innovation*, 17(4), 29. <https://doi.org/10.7341/20211742>
- Kotter, J. P. (2012). *Leading change*. Harvard Business Review Press.
- Kotter, J. P., Akhtar, V., & Gupta, G. (2021). *Change: how organizations achieve hard-to-imagine results in uncertain and volatile times*. Wiley.
- Kryeziu, L., Bağış, M., Kurutkan, M. N., Krasniqi, B. A., & Haziri, A. (2022). COVID-19 impact and firm reactions towards crisis: Evidence from a transition economy. *Journal of Entrepreneurship, Management, and Innovation (JEMI)*, 18(1), 169–196. <https://doi.org/10.7341/20221816>



Kurniaty, D., Mayasari, I., Wiadi, I., Azmy, A., Wijanarko, A., & Darkroom, R. Y. P. (2022).

The business resilience of MSME in pandemic time: A case study. *International Journal of Entrepreneurship and Sustainability Studies*, 2(1), 25–39.

Ligo, A. K., Mahoney, E., Cegan, J., Trump, B. D., Jin, A. S., Linkov, I., Kitsak, M., & Keenan,

J. (2021). Relationship among state reopening policies, health outcomes, and economic recovery through first wave of the COVID-19 pandemic in the U.S. *PLoS ONE*, 16 (11 November). <https://doi.org/10.1371/journal.pone.0260015>

Lippitt, G. L., & Schmidt, W. H. (1967). Crises in a developing organization. *Harvard Business Review*, 45(6), 102–112.

Locke, L. F., Spirduso, W. W., & Silverman, S. J. (2007). *Proposals that work: A guide for planning dissertations and grant proposals* (5th ed.). Sage Publications.

Marcazzan, E., Campagnolo, D., & Gianecchini, M. (2022). Reaction or anticipation? Resilience in small- and medium-sized enterprises. *Journal of Small Business and Enterprise Development*, 29(5), 764–788. <https://doi.org/10.1108/JSBED-07-2021-0271>

McIntyre, G. (2020). *What percentage of small businesses fail?* Fundera.

<https://www.fundera.com/blog/what-percentage-of-small-businesses-fail>

Mishra, G. P., Mishra, K. L., & Mishra, R. (2018). Leadership, organizational effectiveness, and entrepreneurship in small and medium enterprises: A study in Indian context. *Academy of Entrepreneurship Journal*, 24.

Mishra, P., & Mishra, R. K. (2017). Entrepreneurial leadership and organizational effectiveness: A comparative study of executives and non-executives. *Procedia Computer Science*, 122, 71–78. <https://doi.org/https://doi.org/10.1016/j.procs.2017.11.343>

- Mosca, L., Gianecchini, M., & Campagnolo, D. (2021). Organizational life cycle models: a design perspective. *Journal of Organization Design, 10*(1), 3–18.  
<https://doi.org/10.1186/s41469-021-00090-7>
- Muñoz-Izquierdo, N., Segovia-Vargas, M. J., Camacho-Miñano, M.d.M., & Pascual-Ezama, D. (2019). Explaining the causes of business failure using audit report disclosures. *Journal of Business Research, 98*, 403–414. <https://doi.org/10.1016/j.jbusres.2018.07.024>
- Nduji, R., & Oriaku, C. (2021). Impact of the pandemic on organizations: Unforeseen consequences of COVID-19 pandemic on organizational development in Nigeria. *Abhigyan, 39*(3).
- Office of Capital Access. (2022). *Paycheck Protection Program Freedom of Information Act*. U.S. Small Business Administration. <https://data.sba.gov/dataset/ppp-foia>
- Office of Inspector General. (2022). *SBA's handling of potentially fraudulent Paycheck Protection Program loans*. (22-13). Washington, D.C.: U.S. Small Business Administration
- Office of Inspector General. (2023). *COVID-19 pandemic EIDL and PPP loan fraud landscape*. (23-09). Washington, D.C.: U.S. Small Business Administration
- Pan, L.-Y., Tsai, I. C., Popan, S.-H., & Chang, S.-C. (2022). Entrepreneurial business start-ups and entrepreneurial failure: How to stand up after a fall? *Frontiers in Psychology, 13*, 943328. <https://doi.org/10.3389/fpsyg.2022.943328>
- Pham, T. B. D., & Nguyen, H. P. (2022). What exacerbates the probability of business closure in the private sector during the COVID-19 pandemic? Evidence from World Bank enterprise survey data. *Journal of Asian Finance, Economics, and Business, 9*(6), 69–79.

- Primc, K., & Čater, T. (2016). The influence of organizational life cycle on environmental proactivity and competitive advantage: A dynamic capabilities view. *Organization & Environment*, 29(2), 212–230.
- Ranney, M. L., Meisel, Z. F., Choo, E. K., Garro, A. C., Sasson, C., & Morrow Guthrie, K. (2015). Interview-based qualitative research in emergency care part II: Data collection, analysis, and results reporting. *Academic Emergency Medicine*, 22(9), 1103–1112. <https://doi.org/https://doi.org/10.1111/acem.12735>
- Raelison, M., Keime, M., & De Neys, W. (2021). Think slow, then fast: Does repeated deliberation boost correct intuitive responding? *Memory & Cognition*, 49(5), 873–883. <https://doi.org/10.3758/s13421-021-01140-x>
- Roberts, J. K., Pavlakis, A. E., & Richards, M. P. (2021). It's more complicated than it seems: Virtual qualitative research in the COVID-19 era. *International Journal of Qualitative Methods*, 20, 16094069211002959. <https://doi.org/10.1177/16094069211002959>
- Robinson, O. C. (2014). Sampling in interview-based qualitative research: A theoretical and practical guide. *Qualitative Research in Psychology*, 11(1), 25–41. <https://doi.org/10.1080/14780887.2013.801543>
- Ropega, J. (2011). The reasons and symptoms of failure in SME. *International Advances in Economic Research*, 17(4), 476–483. <https://doi.org/10.1007/s11294-011-9316-1>
- Rosenthal, M. (2016). Qualitative research methods: Why, when, and how to conduct interviews and focus groups in pharmacy research. *Currents in Pharmacy Teaching and Learning*, 8(4), 509–516. <https://doi.org/https://doi.org/10.1016/j.cptl.2016.03.021>
- Sah, L. K., Singh, D. R., & Sah, R. K. (2020). Conducting qualitative interviews using virtual communication tools amid COVID-19 pandemic: A learning opportunity for future

- research. *Journal of Nepal Medical Association*, 58(232), 1103–1106.  
<https://doi.org/10.31729/jnma.5738>
- Saunders, B., Sim, J., Kingstone, T., Baker, S., Waterfield, J., Bartlam, B., Burroughs, H., & Jinks, C. (2018). Saturation in qualitative research: Exploring its conceptualization and operationalization. *Qual Quant*, 52(4), 1893–1907. <https://doi.org/10.1007/s11135-017-0574-8>
- Saunders, M. N. K., Lewis, P., & Thornhill, A. (2015). *Research methods for business students* (7<sup>th</sup> ed.). Pearson Education.
- Stahl, N. A., & King, J. R. (2020). Expanding approaches for research: Understanding and using trustworthiness in qualitative research. *Journal of Developmental Education*, 44(1), 26–28. <http://www.jstor.org/stable/45381095>
- Sutton, J., & Austin, Z. (2015). Qualitative research: Data collection, analysis, and management. *Canadian Journal of Hospital Pharmacy*, 68(3), 226–231.  
<https://doi.org/10.4212/cjhp.v68i3.1456>
- Tang, C., & Gao, Y. (2012). Intra-department communication and employees' reaction to organizational change. *Journal of Chinese Human Resources Management*, 3(2), 100–117. <https://doi.org/10.1108/20408001211279210>
- Terry, G., & Hayfield, N. (2021). Conceptual foundations of thematic analysis. In *Essentials of Thematic Analysis* (pp. 3–14). <https://doi.org/10.1037/0000238-001>
- Thorgren, S., & Williams, T. A. (2020). Staying alive during an unfolding crisis: How SMEs ward off impending disaster. *Journal of Business Venturing Insights*, 14, e00187.  
<https://doi.org/https://doi.org/10.1016/j.jbvi.2020.e00187>

- Tremper, N., & Praghuram, A. (2021). *The Paycheck Protection Program: Small business balances, revenue, and expenses in the weeks after loan disbursement*. JP Morgan Chase & Company. <https://www.jpmorganchase.com/institute/research/small-business/paycheck-protection-program-small-business-balances-revenues-and-expenses-weeks-after-loan-disbursement#finding-2>
- Ucbasaran, D., Shepherd, D. A., Lockett, A., & John Lyon, S. (2013). Life after business failure: The process and consequences of business failure for entrepreneurs. *Journal of Management*, 39(1), 163–202. <https://doi.org/10.1177/0149206312457823>
- United States Census Bureau. (2022). *Impacts of the COVID-19 pandemic on business operations*. Washington, DC: United States Census Bureau. <https://www.census.gov/library/publications/2022/econ/2020-aces-covid-impact.html#netop>
- Uriarte, S., Espinoza-Benavides, J., & Ribeiro-Soriano, D. (2023). Engagement in entrepreneurship after business failure. Do formal institutions and culture matter? *International Entrepreneurship and Management Journal*, 19(2), 941-973 <https://doi.org/10.1007/s11365-023-00829-6>
- Vagias, W. M. (2006). *Likert-Type scale response anchors*. Clemson International Institute for Tourism & Research Development, Department of Parks, Recreation and Tourism Management: Clemson University.
- Van Duzer, J. (2010). *Why business matters to God (and what still needs to be fixed)*. InterVarsity Press.
- van Rooij, A. (2015). Sisyphus in business: Success, failure and the different types of failure. *Business History*, 57(2), 203–223. <https://doi.org/10.1080/00076791.2014.909808>

Widanti, N. P. T., & Sumrahadi, A. (2020). Leadership, organizational culture, empowerment, and human relational and values as antecedents of profitability of the firm. *Journal of Security & Sustainability Issues*, 10(2), 749–762.

[https://doi.org/10.9770/jssi.2020.10.2\(30\)](https://doi.org/10.9770/jssi.2020.10.2(30))

Yin, R. K. (2015). *Qualitative research from start to finish*. Guilford Publications.

Zhai, W., & Yue, H. (2022). Economic resilience during COVID-19: An insight from permanent business closures. *Environment & Planning A: Economy and Space*, 54(2), 219–221.

<https://doi.org/10.1177/0308518X211055181>

Zunino, D., Dushnitsky, G., & Van Praag, M. (2022). How do investors evaluate past entrepreneurial failure? Unpacking failure due to lack of skill versus bad luck. *Academy of Management Journal*, 65(4), 1083–1109. <https://doi.org/10.5465/amj.2018.0579>

## APPENDIX A: IRB APPROVAL

**From:** Institutional Review Board <IRB@calbaptist.edu>  
**Sent:** Tuesday, November 28, 2023 4:19 PM  
**To:** Paul Saldana <Paul.Saldana@calbaptist.edu>  
**Cc:** Institutional Review Board <IRB@calbaptist.edu>; Andrew Alexson <aalexson@calbaptist.edu>  
**Subject:** IRB 044-2324-EXM Exempt Status Application Approved

**CC: Institutional Review Board**

**RE:** IRB Review  
**IRB No.:** 044-2324-EXM

**Project:** The Influence of Pandemic Financial Relief on Organizational Development and Business Continuity

**Date Complete Application Received:** 10/25/23  
**Date Final Revision Received:** 11/22/23

**Principle Investigator:** Paul Saldana  
**Co-PI:** NA  
**Faculty Advisor:** Andrew Alexson

**College/Department:** School of Business

**IRB Determination:** Exempt Application Status **Approved** – Student research using confidential semi-structured interviews; no minor participants; no more than minimal risk/risk appropriately mitigated; no deception utilized; acceptable consent procedures and documentation; acceptable data protection procedures. Data collection may begin, in accordance with the final submitted documents and approved protocol.

**Future Correspondence:** All future correspondence about this project must include all PIs, Co-PIs, and Faculty Advisors (as relevant) and reference the assigned IRB number.

**Approval Information:** In the case of an unforeseen risk/adverse experience, please report this to the IRB immediately using the appropriate forms. Requests for a change to protocol must be submitted for IRB review and approved prior to implementation. At the completion of the project, you are to submit a Research Closure Form.

**Researcher Responsibilities:** The researcher is responsible for ensuring that the research is conducted in the manner outlined in the IRB application and that all reporting requirements are met. Please refer to this approval and to the IRB handbook for more information.

**Date:** November 28, 2023

APPENDIX B: CITI CERTIFICATION



Completion Date 08-Dec-2022  
Expiration Date 08-Dec-2025  
Record ID 53063388

This is to certify that:

**Paul Saldana**

Has completed the following CITI Program course:

Not valid for renewal of certification through CME.

**Social-Behavioral-Educational Researchers**  
(Curriculum Group)  
**Social-Behavioral-Educational Researchers**  
(Course Learner Group)  
**1 - Basic Course**  
(Stage)

Under requirements set by:

**California Baptist University**



Verify at [www.citiprogram.org/verify/?wccab3780-6e5e-4580-83f0-36d974fa29bb-53063388](http://www.citiprogram.org/verify/?wccab3780-6e5e-4580-83f0-36d974fa29bb-53063388)



## APPENDIX C: INTERVIEW PROTOCOL

Interview # \_\_\_\_\_

Date: \_\_\_\_\_

Welcome, and thank you for your participation today. My name is Paul Saldana and I am a doctoral student at California Baptist University and I am conducting a study on the influence of pandemic financial relief on organizational development and business continuity. The purpose of this study is to understand how the financial relief provided to businesses helped maintain their operations as well as their sustainability as a business venture.

Thank you for agreeing to participate in the interview, which will take about 60 minutes. I would also like to acknowledge you have provided a signed written consent to participate in this study. We have both received a copy of the signed consent agreement and it will be kept separate from your responses to the interview. You may withdraw your participation at any time without any consequence.

As a reminder, your responses will remain confidential and will be used to get a better understanding of the impacts of the financial assistance provided during COVID and the effects on your business operation.

I would like to record this interview so that I may accurately document the information you convey. Do I have your permission to record?

Thank you, we are now recording. Your participation is completely voluntary. If you need to take a break or return to another question, please let me know. And you can withdraw completely from the interview at any time. With your permission, we will begin the interview.

### All Businesses

1. Organizations typically follow a distinct lifecycle. For purposes of this study, we are using the following definitions.
  - **Birth** phase is typically when the business is struggling to survive, and financial resources are at the lowest point.
  - The **youth** stage is when a business is in a stronger financial position and may include increased employee growth.
  - **Maturity** is when a business is in a unique position in the marketplace and is more adaptable to change.
  - **Decline** stage is when a business has reached maturity and is typically exemplified by a consistent reduction in sales/income.

Based on these definitions, what phase would you characterize your business before the

pandemic started?

- Birth
  - Youth
  - Maturity
  - Decline
  - Not sure
2. Describe what business was like before the pandemic?
  3. Was the direction of the business going the way it was planned prior to the pandemic?
  4. Would you consider your business financially strong prior to the pandemic?
    - Strongly Agree
    - Agree
    - Undecided
    - Disagree
    - Strongly Disagree
  5. Describe the initial impacts to your business when the pandemic started.
  6. Did you have to shut down your business because of state mandates?
    - Yes
    - No
  7. How did the receipt of PPP funds impact your business operation?
  8. How important was financial assistance during the pandemic to your business?
    - Very important
    - Important
    - Moderately important
    - Slightly important
    - Not important

**If no longer in business**

9. What was the root cause of your business ending?
10. If you had not received PPP funding, would your business have ended sooner?
11. Would more financial assistance (of any kind) saved your business?
12. What would you have done differently to help your business succeed?

**If still in business**

13. Did the receipt of PPP funding keep your business from failing?
14. How is your business today compared to before the pandemic?
  - Excellent
  - Above Average
  - Average
  - Below Average
  - Poor

15. What personal characteristics do you believe helped you to sustain business operation during the pandemic?
16. How did the financial assistance (received during pandemic) assist/support your business?

**Closing all businesses**

That concludes the interview. I want to thank you for sharing the information and again remind you that there is no identifier information that will be shared and your responses are entirely confidential.

17. Is there anything else you would like to add or share about this topic that you feel is important for me to know?

Thank you, I will end the recording at this time.

APPENDIX D – THEMES, CODES & DEFINITIONS

<b>Theme</b>	<b>Code</b>	<b>Description</b>
Organizational Life Cycle	Birth	Business struggling initially to survive and financial resources are at lowest point
	Youth	Business is in stronger position and may include increased employee growth
	Maturity	Business is in a unique position in the marketplace and is more adaptable to change
	Decline	Business has reached maturity and is typically exemplified by a consistent reduction in sales/income
Impacts of pandemic	Revenue/sales decrease	Business experienced an immediate decline in revenue/sales
	Customer loss	Business experienced an immediate drop/loss of customers
	Employee loss	Business experienced an immediate drop/loss of employees
Impact of PPP funds	Absorbed financial shock	Business was able to use funds to sustain their pre-pandemic financial pattern
	Employee retention	Business was able to retain employees and keep them working
	Acquire PPE	Funds were invested in the necessary PPE to keep the business operational
Business ending cause	Cash flow	Cash flow continued to decrease to a level not sustainable
	Financial Issues	Structural financial issues that were embedded in the organizations foundation (not enough investment, not the right investment, money removed from business too early, etc.
	Customer loss	Customers were lost and no likelihood of returning
	Employee loss	Employees left the businesses and did not return. No replacements hired.
	Facility loss	Costs to operate facility resulted in downsizing or loss of facility entirely (closed physical location(s))
What would be done differently	Increase marketing	Business would have increased marketing to potential or current customers
	Better cash flow management	Business would have managed cash more effectively (retained more).
	Employee management	Business would have increased/decreased employee count
	Overhead management	Business would have increase/decreased employee count
Personal Characteristics	Innovation	Creativity, innovative approach that the business took to sustain operations
	Motivation	Business owner intrinsic motivation not to fail

	Stubbornness	Business owner persistent, determined under any circumstance not to fail
	Self-confidence	Business owner had deep self-confidence to know they would succeed
	Change adaptation	Facilitated/navigated change in business to correspond to change in environment

## APPENDIX E: INTRODUCTORY LETTER & INFORMED CONSENT

### **Introductory Letter & Informed Consent**

Dear Prospective Participant:

I am a doctoral student at California Baptist University (“CBU”) and I am conducting a study on the influence of pandemic financial relieve on organizational development and business continuity. The purpose of this study is to understand how the financial relief provided to businesses helped maintain their operations as well as their sustainability as a business venture.

The data collected from the interviews will only be used for research purposes. Your participation as an interview participant is entirely voluntary, and you may decide to cease participation after you have begun. The individual responses will be kept confidential, but all responses will be compiled, summarized, and shared with as part of my final research report. If you choose to participate, your signature is required below. If you decline, do nothing further. There are no benefits and no penalties for choosing or declining to participate, and you may withdraw any time during the study without consequences and your data will not be included. You may keep this letter for your records.

### **Informed Consent to Participate in Research**

You are being asked to participate in the research project described below. Your participation in this study is entirely voluntary and you may refuse to participate, or you may decide to stop your participation at any time. Should you refuse to participate in the study, or should you withdraw your consent and stop participation in the study, your decision will involve no penalty or loss of benefits to which you may be otherwise entitled. You are being asked to read the information below carefully and ask questions about anything you don’t understand before deciding whether or not to participate.

Title: The Influence of Pandemic Financial Relief on Organizational Development and Business Continuity.

Student Investigator(s): Paul M. Saldana

Faculty Sponsor: Dr. Andrew Alexson

### **PURPOSE OF THE STUDY**

The purpose of this research is to consider the impact that financial relief provided to businesses during the pandemic impacted their business sustainability and organizational development both positively and negatively.

### **PROCEDURES**

The process will involve a one on one interview. The interview will contain questions that are developed to address the primary research question of how the receipt of financial assistance, particularly paycheck protection program funds, influenced the operational sustainability of your business. Once the interview is complete, the interview recording will be transcribed and will be

used collectively along with other participants to address the research question. The data from the interview will be analyzed and a research report/presentation will be completed. There is no identifying information that is collected in the interview. Your identity is only known to the person conducting the interview and your selection was based from publicly available sources regarding companies that received pandemic financial assistance.

#### EXPECTED DURATION

The total anticipated time commitment is approximately thirty minutes.

#### RISKS OF PARTICIPATION

Questions will be asked regarding business success and failure with a focus on the pandemic period of time. These questions may cause an emotional response based on the stresses involved in managing a business during the pandemic. Because of the potential of these risks, you are able to end the interview at any time without cause or reason. There are no other anticipated risks associated with participation in this project.

#### BENEFITS TO THE PARTICIPANT

There is no direct benefit received from your participation in this study, but your participation will help the investigator(s) better understand the impact of pandemic financial assistance.

#### CONFIDENTIALITY OF RECORDS

Every effort will be made to maintain the confidentiality of information collected. The data collected from the study will be used for educational and presentation purposes, however, you will not be identified by name. For federal audit purposes, the participant's documentation for this research project will be maintained and safeguarded by the Student Investigator for a minimum of three years after completion of the study. After that time, the participant's documentation may be destroyed.

#### FINANCIAL COMPENSATION

There is no financial compensation to be offered for participation in the study.

#### INVESTIGATOR'S RIGHT TO WITHDRAW PARTICIPANT

The investigator has the right to withdraw you from this study at any time.

#### CONTACT INFORMATION FOR QUESTIONS OR PROBLEMS

The investigator has offered to answer all your questions. If you have additional questions during the course of this study about the research or any related problem, you may contact the Student Researcher, Paul Saldana by phone at [REDACTED] or by e-mail at [REDACTED]. The Faculty Sponsor Dr. Andrew Alexson may be contacted at [REDACTED] or by email at [REDACTED].

I agree to participate.

I decline to participate.

Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_



## APPENDIX F – INVITATION LETTER

Dear

I am a doctoral student at California Baptist University (“CBU”) and I am conducting a study on the influence of pandemic financial relief on organizational development and business continuity. The purpose of this study is to understand how the financial relief provided to businesses helped maintain their operations as well as their sustainability as a business venture. Not only will this research help me complete my doctoral studies, but it will also help to inform how programs like PPP can be designed in the future to assist businesses.

My focus is on businesses located in the Bakersfield area that received Paycheck Protection Program funds. The data collected from the interviews will only be used for research purposes. All responses will be kept confidential, and all responses will be compiled, summarized, and shared as part of the final research paper. Your participation will be confidential, there will be no direct connection between the responses and you or your business.

I am requesting 30 minutes of your time for an interview, which can be in person or virtual, and will be recorded to ensure that the information I use is accurate. The interview protocol will not include any identification information for you or your company, only the responses to the questions.

I will follow-up in the next few days with a phone call to answer any questions, however, if you are willing to help me with this research, you let me know by reply e-mail. I will send you confirmation along with a consent form and we can schedule the interview. This will also have more information about the study and contact information.

I really appreciate your consideration and time and look forward to your support of this research.

Paul Saldana  
Doctoral Candidate  
California Baptist University