

# Walden University

College of Management and Technology

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Mary-Jo Zimmerman

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2016

Abstract

Exploring the Role of Bookkeeping in Business Success

by

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MS, Gardner-Webb University, 2007

BS, University of North Carolina at Greensboro, 1995

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

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## Abstract

Small businesses support local economies by creating jobs and providing products and services, yet 50% of them fail within 5 years and only 30% of them survive for 10 years or more. The purpose of this qualitative explanatory case study was to explore how bookkeeping strategies helped 1 small business owner to sustain business growth over time. The sample was comprised of 1 small business owner who has been in business at least 5 years, experienced success, and achieved sustainability in Wake County, North Carolina. Systems theory served as the conceptual framework for this study. The data were collected through a semistructured interview and review of company documents. Transcript review and member checking were completed to strengthen credibility and trustworthiness. Based on methodological triangulation of the data sources collected, 3 themes emerged: the accountant as an advisor, the accounting system and processes, and the relationship between owner and accountant and between accountant and employees. The findings from this study may contribute to social change by providing insights and strategies for small business owners, accountants, and academics to rethink how to approach business. Accountants with advisory and management accounting skills could benefit small business owners. Future accounting students could prepare to help small business owners by gaining advisory and management accounting skills. The data from this study may contribute to the success of small business owners' growth, sustainability, and prosperity and, subsequently, benefit their local economies.



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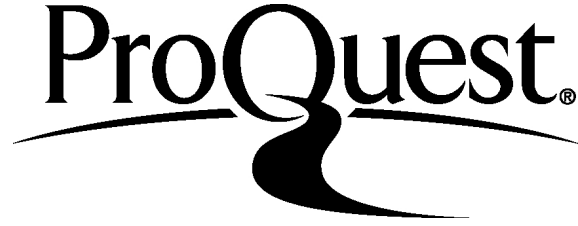
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## Section 1: Foundation of the Study

The foundation of the study was to uncover what helped small business owners achieve sustainable businesses. Small businesses may not have the resources that larger companies have, yet survival is just as critical to economic development (Banham & He, 2014; Kamyabi & Devi, 2014). While studying the research material, no clear answer(s) surfaced as to what small businesses needed to achieve success. Using a qualitative approach to understand the degree small business owners placed on bookkeeping helped to explain how the decision-making process was affected.

### **Background of the Problem**

Small businesses support the local economies in which they operate by creating jobs and providing products and services to the surrounding communities (Decker, Haltiwanger, Jarmin, & Miranda, 2014; Neumark, Wall, Zhang, 2011). The U.S. Congress passed the Small Business Act in 1953 to assist and protect small business interests, thus demonstrating the importance that the United States placed on the role of small businesses (Neumark et al., 2011). There were millions of small businesses creating jobs in all industries throughout the United States (U.S. Small Business Administration, 2013b). Knowledge and the application of business helped business owners to build successful businesses (Romero & Martinez-Román, 2012). When the proper recording of business activities and transactions occurred, the decision-making process for small business owners was simplified (Breuer, Frumusanu, & Manciu, 2013; Umeji & Obi, 2014).

Researchers discovered many small business owners lack the knowledge to understand the financial information provided by their accountants (Kamyabi & Devi, 2014). Additionally, small business owners value accountants experienced in supporting small businesses beyond the basic accounting work (Banham & He, 2014). The purpose of studying small businesses was to learn the importance of bookkeeping for successful small business owners.

### **Problem Statement**

Small business owners who wanted to succeed managed their financial record keeping the same as big businesses (Ademola, James, & Olore, 2012). Yet, fifty percent of small businesses failed within five years, and only 30% survived 10 years or more (U.S. Small Business Administration, 2014b). The general business problem was that small business owners did not always have the expertise to manage the financial aspect of their businesses. The specific business problem was that some small business owners lacked bookkeeping strategies to sustain business growth over time.

### **Purpose Statement**

The purpose of this qualitative explanatory case study was to explore how bookkeeping strategies helped small business owners to sustain business growth over time. I interviewed one business owner in Wake County, North Carolina, who has been in business at least five years, experienced success, and achieved sustainability. For the purpose of this study, I defined success as a profitable business owner with three or more years in business. The study included data from local small businesses and historical information from the Small Business Administration (SBA). The focus of the study was

to explore a small business owner's perceptions of the bookkeeping role in building a successful and sustainable business. The social implication may help small business owners achieve sustainability and increase jobs in the local community (Decker et al., 2014). The results of the study could influence the business environment by contributing to new practices for small business owners and changes in the daily operations, methods, and approaches.

### **Nature of the Study**

I selected the qualitative research method approach to make sense of how small businesses succeeded (Xu et al., 2015). Qualitative researchers seek to understand how a phenomenon occurred, and can serve to uncover strategies used by small business owners who succeeded in surviving 5 and more years (Yin, R. K., 2014). The results can help researchers to understand the values and perceptions that influenced the behavior of the small business owners who achieved success. Whereas quantitative methods use statistical measurements to validate a study, qualitative methods use exploratory processes to study, identify, assess, uncover and understand a phenomenon (Yin, R. K., 2014). The qualitative method case study design approach helps researchers construct a comprehensive understanding of a multipart problem in its environment (Crowe et al., 2011).

Researchers use case studies to explain, describe and explore phenomena in the environment they occurred, and created starting points for developing theories (Yin, R. K., 2014). I chose case study design over phenomenological because phenomenology describes the results extracted from individuals involved in a related event, and the

method did not support the use of multiple sources of data collection (Yin, R. K., 2014). Case study researchers collect data from multiple sources then develop universal descriptions through a process of analyzing, and refining the research process (Horner, Swaminathan, Sugai, & Smolkowski, 2012; Tsang, 2013). Interviews and company documentation provided useful information for the study (Yin, R. K., 2014). Using case study requires researchers to analyze the data through observation(s) of themes that unfolded to understand the how and why of the phenomenon (Horner et al., 2012). Case study research has been important in studying areas where research was scarce (Horner et al., 2012).

### **Research Question**

The objective of the study was to explore and describe the experiences and perceptions of a small business owner in Wake County concerning business sustainability over 5 years. The research question was: what bookkeeping strategies do small business owners need to sustain business growth over time?

I followed a semistructured interview process using open-ended questions:

1. Explain how the bookkeeping function is managed either in-house or outsourced?
2. What software is used to manage the bookkeeping function?
3. How do you use the functions/reports of bookkeeping to make decisions?
4. How have your decision-making processes been influenced by a bookkeeper?
5. How has the bookkeeping function helped you to succeed?



6. How do you describe bookkeeping in comparison to accounting?
7. What bookkeeping strategies attribute to your business success?
8. Is there anything else you are willing to share with me on the topic that I did not ask?

### **Conceptual Framework**

Systems theory formed the foundation of this study. The theory equates business to a network of interdependent parts, each with its distinctive purpose and task (Kast & Rosenzweig, 1972). For small businesses to succeed, owners needed to implement systems that fit the model of the business' operation (Kast & Rosenzweig, 1972). Systems theory has a strong genealogy (Kast & Rosenzweig, 1972). The design goes back to the 19th and early 20th centuries where researchers revised it to accommodate communication, social systems and other forms of holistic thinking (Kast & Rosenzweig, 1972). In 1968, Ludwig von Bertalanffy used systems theory in biology as a basis for general systems theory (Drack, 2009). Von Bertalanffy inspired many researchers across various disciplines to use systems theory to study phenomena by applying general dynamics (Drack & Schwarz, 2010). The systems definition has proved infinite (Drack & Schwarz, 2010).

Systems theorists explore the relationship between an individual's perception and conception (Laszlo & Krippner, 1998). Described as an application in the realm of human activity systems, systems theory consists of four things: the elements within the systems, the properties of the systems, the internal relationship of its objectives, and the environment (Laszlo & Krippner, 1998). The basic tenets of systems theory are the

continuous input, processing, and output of information (Laszlo & Krippner, 1998). Von Bertalanffy established the theory of open systems (von Bertalanffy, 1972). Open systems received information and used it to associate with its environment (von Bertalanffy, 1972). When the system was closed, no interaction occurred, and deterioration took place (von Bertalanffy, 1972). Systems theorists suggested that openness created an environment of survival and prosperity (von Bertalanffy, 1972). Researching small business' systems should indicate whether an open or closed system was in place.

### **Definition of Terms**

This section includes the terms used in the study topic of the role of bookkeeping in small businesses.

*Accounting.* Accounting is the language of business for recording, classifying, analyzing, and summarizing a company's financial transactions (SBA.gov).

*Small business.* Small business is a business entity independently owned and operated, structured as a for-profit entity, and not a dominant player in its field (SBA.gov). For this paper, the term *small business* includes small and midsize enterprises (SME).

*Small and midsize enterprises (SME).* Small and midsize enterprises are businesses that sustain revenues below a specified level or dollar volume of total exports in an industry and have a number of employees (SBA.gov).

### **Assumptions, Limitations, and Delimitations**

The qualitative research method helps researchers gain an interpretation of the phenomenon through understanding participants' lived experiences of the situation (Castellan, 2010). When it is not possible to involve all people of the population in the research study, researchers select participants based on the belief that the participants would advance the emerging theories (Castellan, 2010). Researchers must critically assess the assumptions and weaknesses of their study, and set boundaries to control the extent of the research so as not to spend unnecessary time in certain areas (Diefenbach, 2009).

#### **Assumptions**

Qualitative researchers can make significant discoveries and therefore, should challenge themselves throughout the research process to determine if they looked at factors from various and different perspectives (Castellan, 2010; Diefenbach, 2009). Researchers could assume or consider something true temporarily; until such time that more information surfaced (Diefenbach, 2009). In this study, I made several assumptions. First, the topic of the study was relevant and important to the practice and the theory of small business success. The second assumption was that small business owners provided accurate and honest feedback. The third assumption was that the results of the research study would truthfully represent the small businesses in the Wake County, NC area. The final assumption was that small businesses struggled with similar bookkeeping problems.

**Limitations**

Qualitative research methods have strengths and weaknesses, and are vulnerable to subjectivity, which affects research negatively (Diefenbach, 2009). Research methods come with strengths and weaknesses; challenges beyond the researchers' control, which limit the study (Diefenbach, 2009).

The first limitation was that the research was restricted to a single case study. To an extent, generalizing the results of a single case study could cause difficulties when attempting to assign the outcome(s) to the business population as a whole. Also, depending on the small business, the sample size of participants within the area could pose difficulties for a single case study. The second limitation was that I decided to use a service type company for the study. The data collected from interviews and company documentation may not have provided adequate information to analyze the company whereas a larger business could have offered larger amounts of documentation. The results could differ from a small manufacturing or merchandising company. In this case, transferability could be weak. The size of the small business could also threaten the transferability of the results to a larger service company. Another potential weakness was the researcher's parameters concerning experience in conducting research studies.

**Delimitations**

Qualitative research has a practical autonomy characteristic that requires methodological rigor so as not to cross research designs and methods (Castellan, 2010; Diefenbach, 2009). Since researchers could select and group data freely, delimitations or

boundaries must be pre-set so that the research fits the overall model of the situation (Diefenbach, 2009).

One small business owner provided the key sources of information for this study. I decided not to perform a multi-case study in order to allow a deeper understanding of one company's experience on which I concentrated. To keep my personal bias to a minimum, I used transcript review and member checking. Also, I narrowed the focus of my study to only small business in a specific geographical location. The day-to-day activities of the business could have influenced the time required of the business owner. The daily activity could also have affected the length of time the participant gave to answering the research questions, which could have affected the research results.

### **Significance of the Study**

#### **Contribution to Business Practice**

The relationship between bookkeeping and business sustainability needed further investigation for small business survival because small businesses have been able to expand local economies by offering employment opportunities. My goal was to determine the pattern of small business startups that survive the first 5 years; interpreted through interviews with a small business owner. My intent was to understand the role of bookkeeping of small business startups, having completed the first 5 years in business, by studying bookkeeping and decision-making practices of successful businesses.

#### **Implications for Social Change**

My plan was to explore the role of bookkeeping in small business startups by asking the owner to reflect on errors made and how the mistakes were overcome. The

results of the study could offer new insight for owners of all types of businesses. The contributions to small businesses could help owners prosper, which could, in turn, reap benefits for the local communities. As small businesses grow and achieve sustainable practices, more money could flow into the provincial economy. The research could also pioneer necessary changes in academic theory and practice including practical learning (Gehlert, Ressler, & Baylon 2013; Gregory & Miller, 2014; Shuttleworth, 2014; Sisaye, 2013).

### **A Review of the Professional and Academic Literature**

The purpose of conducting this qualitative explanatory case study was to explore how bookkeeping strategies helped small business owners to sustain business growth over time. Understanding the importance small business owners placed on bookkeeping helped me identify the effect of bookkeeping on the decision-making process and uncover strategies small business owners used to achieve sustainability. To gain insight into this phenomenon, I conducted a comprehensive review of bookkeeping matters that affect small business owners and management. The focus of the research was to explore bookkeeping and small business sustainability. The majority of the articles used in this study stem from authors worldwide since U.S. domestic literature relating to the study was dated.

The literature review covers the following key elements: (a) conceptual framework, (b) role of small businesses, (c) meeting small businesses' needs, and (d) resistance. Exploration of the literature expanded my knowledge of various factors influencing bookkeeping and small business sustainability. The literature acquired came

from online academic libraries, various academic journals including the journals of small business and management, management accounting, strategic management, systems research, and other peer-reviewed scholarly articles. The literature review section consists of 85% contemporary sources published in the past five years, and 92% peer-reviewed sources. The majority of searches for supporting documentation began on the Google Scholar webpage.

Using the access online links to Walden's library subscriptions granted access to articles found in Prosource, Science Direct, ABI/INFORM Complete, Accounting & Tax, Emerald Management, EBSCO, ProQuest Central, SAGE Research Methods Online, SAGE Premier, and ScienceDirect. Keywords used included: *small business, bookkeeping, accountant, SME, entrepreneur, managerial accounting, accounting systems, business success/failure/survival, business survival rates, job creation, accounting education, small business education, small business and economic growth, small business needs, small business practices, bookkeeping practices, external accountants/bookkeepers, contract accountants/bookkeepers, decision making, knowledge, record keeping, small business strategy, business relationships, networking, globalization, small business and supply chains, accounting education, systems theory, grey systems theory, contingency theory, and various combinations and derivatives of these keywords and phrases.*

### **Conceptual Framework**

Systems theory formed the foundation of this study. The theory equates business to a network of interdependent parts, each with its distinctive purpose and task (Laszlo &

Krippner, 1998). For a small business to succeed, owners needed to implement systems that fit the model of the business' operation and capable of adapting to environmental changes (Laszlo & Krippner, 1998). Systems theory has a strong genealogy with a design that goes back to the 19th and early 20th centuries where researchers revised it to accommodate communication, social systems and other forms of holistic thinking (Kast & Rosenzweig, 1972).

### **History**

Systems theory resulted from von Bertalanffy's general systems theory (Von Bertalanffy, 1969). In 1968, Ludwig von Bertalanffy used systems theory in biology as a basis for general systems theory (Drack, 2009). Von Bertalanffy inspired many researchers across various disciplines to use systems theory to study phenomena by applying general dynamics (von Bertalanffy, 1969). The systems approach resulted from addressing theoretical problems that the machine-like systems of sequential and countable metrics did not solve (von Bertalanffy, 1969). The systems approach does not follow strict guidelines, so researchers sought out concepts and explored in various diverse fields (von Bertalanffy, 1972). The systems theory models transferred from one field to another making the systems definition infinite (Drack & Schwarz, 2010).

### **Types**

Von Bertalanffy (1972) outlined two theories of the systems: the dynamical system theory, and the open system. Dynamical systems theory relates to the internal and external changes of systems in time and uses mathematical expressions such as wholeness, sum, and growth to describe systems properties (von Bertalanffy, 1972).



Open systems theory recognizes that systems exchanged matter with the environment as every natural system does (von Bertalanffy, 1972). Researchers who used open systems understood that work organizations and systems went beyond the view of the organization (Kira & van Eijnatten, 2013).

Technology helped to institute thinking in terms of systems instead of single machines (von Bertalanffy, 1969). The influential cybernetic movement challenged the machine-like concept, which saw the universe as centered on an accidental operation of unidentified particles, and searched for new methods capable of dealing with whole entities of various natures (von Bertalanffy, 1972). The concept of systems theory was an evolutionary process and led to other theories, such as quantum-oriented chaos and complexity theories which grew to include team structures from simple organizations to self-organized and self-managed teams (Gilstrap, 2013).

Systems theory approaches encompassed general systems theory, cybernetics, control theory, information theory, game and decision theory, computerization and simulation, complexity theory, contingency theory, complimentary theory, and conceptual theory (von Bertalanffy, 1972). The list contains noticeably different models. The connection of these theories relates to decision-making and leadership (Gilstrap, 2013). These approaches coexist and relate, in one way or the other, to problems stemming from within whole systems (von Bertalanffy, 1972). Organizations changed and adapted as phenomena occurred, which instigated a transition to the system (Gilstrap, 2013; von Bertalanffy, 1972).

### **Trends**

Regarding business, general systems theory involved a scientific investigation of the wholes and wholeness of the organization (von Bertalanffy, 1972). General systems theory contains principles that allowed it to develop many approaches (von Bertalanffy, 1972). Various systems theories were the results of healthy expansions into new and growing fields and brought about fundamental and corresponding aspects of the problem (von Bertalanffy, 1972).

Systems theory explores the relationship between an individual's perception and conception, and consists of four things: the elements of the system, the properties of the system, the internal relationship of its objectives, and the environment (Laszlo & Krippner, 1998). The fundamental principles of systems theory include continuous input, processing, and output of information (Laszlo & Krippner, 1998; von Bertalanffy, 1972). Von Bertalanffy established the theory of open systems (von Bertalanffy, 1972). Open systems received information, used it to associate and refine processes within the environment, and determine the best fit (Nguyen & Bosch, 2013). When the system is closed, no interaction occurs, and deterioration takes place (von Bertalanffy, 1972). Systems theory suggested that openness promoted an environment of survival and prosperity (Kira & van Eijnatten, 2013).

### **Additional Theories**

Due to the nature of this study, I choose systems theory as the conceptual framework to understand the phenomena and to uncover strategies used by small business owners to succeed. System theory referred to the whole interdependent group forming a pattern (Karniouchina, Carson, Short, & Ketchen, 2013). The components of a business

system interact to form relationships or processes and the feedback represent the results (Lazlo & Krippner, 1998). For systems theory to produce accurate results, the whole system must be studied but not as contained individual units (Karniouchina et al., 2013).

Grey systems theory, initiated by Julong Deng in 1982, focused on the study of problems with incomplete and inaccurate data (Deng, 1989; Liu, Forrest, & Yang, 2012). Deng was concerned that systems lacked information making it difficult to analyze the connections between the interrelated components used in systems theory (Liu et al., 2012). When information was incomplete or unknown, grey systems theory focused on the study of the problems using smaller samples and inadequate information to help link the gaps (Deng, 1989; Liu, et al., 2012). The research objective of grey systems theory was to use limited information to arrive at a valid description and understanding of the problem (Liu et al., 2012). Systems theory, on the other hand, was an approach used to identify problems in areas where reviewing and refining processes were allowed so patterns and relationships could emerge (Gilstrap, 2013). Small business owners incorporated many aspects of business into systems as a means to improve the processes with the least amount of resources (Lazlo & Krippner, 1998).

The contingency theory approach provided understanding into how companies adapted to changing circumstances (Parisi, 2013). The theory holds that performance outcomes were the result of the fit between external and internal activities (Van de Ven, Martin, & Hinings, 2013). The focus of contingency theory was the relationship between the organization's design and performance (Van de Ven et al., 2013). Contingency theory helped management to define the concept of internal consistency through a set of control

practices used and in place; whereas systems theory was comprised of management control practices (Graber & Moers, 2013). Transition to the company occurred when businesses changed and adapted to phenomena (Gilstrap, 2013). Von Bertalanffy's theory related to this study because businesses used systems, and as businesses grew the systems evolved at different degrees creating new systems (Laszlo & Krippner, 1998).

### **Aspects of the Systems Theory**

**Benefits.** Systems theory was a practical approach with broad application to various disciplines (Laszlo & Krippner, 1998). Systems thinking was a practical approach that perpetually refined processes for the best fit (Nguyen & Bosch, 2013). Von Bertalanffy's theory related to the study of business because businesses combined systems and as companies grew the systems evolved at different stages to form new systems (Laszlo & Krippner, 1998). Small business owners incorporated various aspects of business into the system as a means of improving the processes with the least amount of resources (Laszlo & Krippner, 1998). Self-improving systems provided incentives for continued improvement and innovation (Bates, 2013).

**Open and sustainable systems.** An open system requires an on-going study to understand how necessary work systems promote sustainability (Kira & van Eijnatten, 2013). Looking at systems as a whole takes into account all components and does not develop from the way jobs interact (Chagas & Campanário, 2014). Systems thinking is complex and encouraged researchers to develop different ways of understanding contemporary work systems to promote sustainability (Kira & van Eijnatten, 2013).

Learning by applying knowledge linked previous knowledge with new and indicated system development (Chagas & Campanário, 2014).

**Relationships among components.** Investigating the relationships amongst the components of the system assisted researchers to understand organizational phenomena (Karniouchina et al., 2013). Systems theory challenged organizations not to study the system as containing individual units. Instead, understanding organizational phenomena as activities of interrelated elements helped show how change unfolded (Karniouchina et al., 2013). Systems theory helped determine firm performance and performance adjustments, from one condition to another, as the business' life cycle shifted through growth, maturity, and decline (Karniouchina et al., 2013).

**Education.** Companies should adapt systems to meet management's needs (Mihăilă, 2014). However, the lack of systems thinking and systems theory in education affect decision-making and risk analysis in organizations (Gehlert et al., 2013). Students lacked thinking tools, and this affected the ability to contribute to societal improvements (Gehlert et al., 2013). Inserting systems thinking and systems theory to curriculums could provide cognitive toolkits that might help produce intelligent discussions with others (Gehlert et al., 2013; Gregory & Miller, 2014). Business could benefit from individuals versed in systems thinking, such as managerial accounting systems and practices, to help the decision-making processes (Mihăilă, 2014).

### **Commonly Held Assumptions Existing in the Field**

Researchers testing systems should understand that theory testing and empirical testing do not provide the same results, and in some cases, it has been important to learn

why (Grabner & Moers, 2013). Management who did not properly test systems could have used misinterpreted information to make decisions, which affected the business' objectives (Grabner & Moers, 2013). For instance, misinterpreted management control practices could have provided evidence of interdependence when there was none (Grabner & Moers, 2013).

Systems thinking, and systems theory, impact decision-making, and risk analysis (Gehlert, 2013). The manner in which people think and act should concern global organizations looking for sustainable development (Pan, Valerdi, & Kang, 2013; Russell, Swanson, Atun, Nishtar, & Chunharas, 2015). There are different philosophical, cultural, and sociopolitical backgrounds; therefore, managers should apply systems thinking concepts and approaches differently between cultures (Pan et al., 2013). Global organizations should include the notion of complex adaptive systems constructed to help understand relationships and multiple perspectives (Russell et al., 2015).

Accounting systems contribute to the evolution of a firm and have created the environment in which organizational changes occurred (Lawrence & Botes, 2011). Autopoiesis equates accounting procedures as components of the system reproducing itself and creating boundaries (Lawrence & Botes, 2011). All drive changes in the accounting system, however, when some organizations changed, the accounting system did not always change (Lawrence & Botes, 2011). Continuing, in the same manner, symbolized a lack of response in regards to the accounting system (Lawrence & Botes, 2011).

### **The Limitations of Systems Theory**

Some researchers weakened the systems theory model by assigning standards as if they were real when they were not while working on conceptual categories (Bates, 2013). For example, one study looked at how systems approach contributed to the erosion of the quality of education (Bates, 2013). When it comes to a systems approach, performance and surviving the system caused teachers to comply with certain mechanisms that affected the school (Bates, 2013). The uniqueness of some standardized academic processes fell outside of systems thinking, and should not have been considered as part of the systems thinking processes (Bates, 2013).

Although standardization provided great possibilities for centralized management, it did so consequently at the loss of local diversity, practical wisdom, and impoverished relationships with the community (Bates, 2013). Managements' thinking concepts and approaches across cultures differed on systems thinking, focus and emphasis, and problem-solving processes (Pan et al., 2013). Different cultural approaches to systems thinking concerning cause and effect, and the role of intuition in decision-making negatively affected global organizations (Pan et al., 2013). Companies that use systems theory should remember to include cultural differences while developing processes.

### **Viewpoints of Systems Theory to Aid Small Businesses**

Small businesses contributed to the local economy and social welfare of the community (Sun, Hyland, & Cui, 2014). However, poor performance and unsustainable business processes stemming from incompetent management have led to business loss (Sun et al., 2014). Many managers lack understanding of systems thinking due to the

absence of systems thinking education in schools (Gregory & Miller, 2014; Sun et al., 2014). Business schools could insert systems thinking and sustainability into the course work to help future managers understand sustainability (Gregory & Miller, 2014).

Although education was available for managers, there have been very limited programs suited or properly designed to accommodate the needs of small business managers (Sun et al., 2014).

Small business managers familiar with systems thinking realize the importance and usefulness when applied to business management (Sun et al., 2014). If schools integrated systems thinking throughout the course work, students might recognize the need and usefulness of systems and learn to design frameworks (Gregory & Miller, 2014; Sun et al., 2014). The ability to transfer systems thinking knowledge and skills to target small business could change the way managers solve problems (Sun et al., 2014). Integrating systems thinking throughout the curriculum could have introduced business students to a variety of systems approaches (Gregory & Miller, 2014). Providing the same historical curriculum continued to produce the same problems and outcomes (Sun et al., 2014). Students should receive training to understand systems thinking and sustainability in theory as well as practice to help prevent business failure (Gregory & Miller, 2014; Sun et al., 2014).

### **Role of Small Business**

There is a limitation of literature in that much of it focused on the manufacturing industry, which made it difficult to analyze other industries, such as service (Neumark et al., 2011; Sarasvathy, Menon, & Kuechle, 2013). Researchers analyzed the success rates



of firms using numerous rubrics when studying industrial organizations, organizational theory, and entrepreneurial research (Sarasvathy et al., 2013). Despite numerous research attempts, it remains unknown why small businesses fail within the first five years with approximately 33% surviving beyond 10 years (U.S. Small Business Administration, 2014a). Recent research addressed the impact of small business success; how small businesses helped their communities by providing jobs and promoting economic growth (Barbera & Hasso, 2013; Decker et al., 2014). The role of small business in economic development proved significant, yet the needs of small business owners' remain complex; therefore, public policies and programs intended to assist small businesses should do a better job of addressing the obstacles that small businesses face (Etuk, Etuk, & Michael, 2014).

### **Provide Jobs**

Whether or not small businesses created more jobs than larger ones attracted a great deal of attention in academia and the media because of the significant implications for policymaking (Neumark et al., 2011). In 1953, the U.S. Congress passed the Small Business Act to help and protect small businesses to maintain and strengthen the U.S. economy (U.S. Small Business Administration, 2015). Local communities experienced an increase in economic development as small businesses gained access to contracting opportunities (Burritt & Schaltegger, 2014). Due to globalization, supply chains increased in importance promoting contract opportunities and collaboration among large and small businesses advancing both the social and economic future of local communities (Burritt & Schaltegger, 2014).

Small businesses created jobs and owners' persistence led to increased survival rates (Neumark et al., 2011; Sarasvathy et al., 2013). Using the data from the National Establishment Time-Series (NETS) database, which contained information from 1992 to 2004 on 13 million plus businesses, Neumark et al. (2011) conducted a study that revealed small businesses created more jobs. However, rubrics used to rate business success or failure omitted important issues, so Sarasvathy et al. (2013) showed the relationship between entrepreneurial traits that led to an increase in business survival rates. Other researchers contended that older, smaller firms with a written business plan experienced higher employment growth (Blackburn, Hart, & Wainwright, 2013). Additionally, capital invested in start-ups positively affected job creation and increased steady employment (Coleman, Cotei, & Farhat, 2013).

**Human capital.** Social ties affected the effectiveness of decisions. Researchers established that combined human capital and social resources affected decision outcomes while proper human capital influenced business performance (Bengesi & Roux, 2014; Jansen, Curseusanders, Vermeulen, Geurts, & Gibcus, 2013). Managers skilled at gathering informal knowledge and understanding the needs of the customer, helped to explain the importance of the social resources needed to improve business performance (Bengesi & Roux, 2014; Jansen et al., 2013).

**Education.** When it comes to small business owners, self-reliance ranked high along with hardiness and resourcefulness (Ayala & Manzano, 2014). Progressive owner-manager characteristics included education, life experience, and work experience (Blackburn et al., 2013; Coleman et al., 2013; Romero & Martínez-Román, 2012).

Researchers indicated that small business owners with limited resources leaned towards focusing on the day-to-day revenue generating aspect of business and placed less significance on areas such as bookkeeping (Ng, Harrison, & Akroyd, 2013). When it came to learning, small business owners tended to absorb more in informal settings (Saunders, Gray, & Goregaokar, 2014). Concerning bookkeeping, formal education helped owners understand the accounting function better, as well as the importance of keeping and maintaining accurate and timely records (Saunders et al., 2014; Yin, L., 2014). Whether informal or formal education, commitment to learning and open-mindedness attributed to the success of small businesses (Saunders et al., 2014).

Formal education is not required to operate a business, however understanding the accounting information used in business decisions applies to every organization (Yin, L., 2014). Education, especially English and math skills, was a key factor affecting business progress (Romero & Martínez-Román, 2012; Samkin, Pitu, & Low, 2014). Additionally, owners educated from local knowledge gained from workers, vendors, and customers stimulated business growth (Romero & Martínez-Román, 2012). Owners that understood customers' needs, what competitors did, and what happened in the industry managed to plan business strategy and performance better (Bengesi & Roux, 2014).

### **Economic Growth**

Regarding economic growth, small businesses have been contributing to the local community by way of job creation and income (Blackburn et al., 2013). Slow and steady growth helped small business owners build sustainable practices (Blackburn et al., 2013). To prepare for uncertain and changing environments, small business owners should write

flexible business plans that represent reality (Blackburn et al., 2013). Well-funded companies with appropriate executable plans grew steady over time and developed into a more profitable business (Blackburn et al., 2013; Coleman et al., 2013).

As venture capitalist invested money in regions, more company start-ups occurred increasing employment and income in communities (Coleman et al., 2013). Concerning business closures, some firms did not fail; rather larger companies bought them out (Sarasvathy et al., 2013). Large firms that used local firms as sourcing partners were effective in enhancing the local economy (Burrirt & Schaltegger, 2014). Big companies utilizing supply chain practices in local economies helped and supported the development of small business, which led to long-term economic development benefiting the community and region (Burrirt & Schaltegger, 2014).

The supply chain strategy promoted alliances among small and large businesses. In a study on the impact of global crisis on small and medium enterprises, Chowdhury (2011) pointed out that during financial crisis small businesses contributed to the growth of the economy. Small businesses had a consistent impact on the globe's economies, whereas, companies with a higher dependency on foreign markets had a larger impact on global corruption (Chowdhury, 2011). Supply chains rely on the capabilities of individual business strategies to enhance the systems design, which allowed quick responses to challenges that occurred (Wallace, Kench, & Mihm, 2012). Due to globalization, small businesses became more indispensable to supply chains, networks, and alliances thus placing higher demands on owners to obtain the appropriate skills to provide strategic direction for the business (Burrirt & Schaltegger, 2014).

**Prior experience.** The four stages of business growth (conception, commercialization, growth, and stability) were a problem for small businesses (Biger, 2012). Small business owners who lacked knowledge of strategic planning, perhaps due to lack of business education or experience, held back business growth (Biger, 2012; Ng & Akroyd, 2013). Self-employed individuals, with previous experience as employees, and whose management style rated cooperation and planning as important, provided significant progress for their business (Romero & Martínez-Román, 2012). Decision-making literature emphasized the challenges for individual decision-makers (Jansen et al., 2013). Small business owners tackle many challenges in daily operations and often found themselves handling different roles necessary to run the business (Gorgievski, Moriano, & Bakker, 2014). When faced with challenges, business owners tended to handle the responsibilities themselves versus seeking additional help, which caused a decline in detail, progress, effectiveness and focus (Gorgievski et al., 2014).

### **Meeting Small Business' Needs**

Perhaps limited resources could explain why small business owners did many of the tasks themselves (Samkin et al., 2014). Functions such as keeping track of the company's books may have been difficult for small businesses (Breuer et al., 2013; Padachi, 2012; Sangster, Stoner, De Lange, O'Connell, & Scataglini-Belghitar, 2012). Accounting software programs could assist small businesses, but owners may not have had the time or expertise to perform the necessary tasks to build and maintain a viable accounting system (Ademola et al., 2012). Some accountants personalized the way they

did business, and the services offered filled voids for small business owners (Barbera & Hasso, 2013).

Banham and He (2014) described why small business owners needed advisors with knowledge beyond the accounting business to help sustain small businesses. Accountants familiar with other business disciplines such as marketing or finance were able to help small business owners achieve sustainability (Barbera & Hasso, 2013; Songini, Gnan, & Malmi, 2013). The role of information for business decision-making was critical (Foster, 2012). How business owners approached, assessed, and weighed information contributed to the decision-making process and ultimately the outcomes (Foster, 2012). Small business owners who found accountants to manage the accounting system(s), and who had the ability to meet other advising needs, were more successful (Banham & He, 2014; Jarvis & Rigby, 2012).

An important point was whether bookkeeping practices helped build sustainability for small businesses (Burritt & Schaltegger, 2014). Whether or not the degree of bookkeeping practices directly affected small business sustainability remains an open question; however, Biger (2012) and Ademola et al. (2012) listed poor bookkeeping as a barrier to business growth and failure. The lack of information of what aids small businesses to survive the 5-year was unfortunate because it is the kind of information that small businesses need if they want to achieve success (Biger, 2012; Padachi, 2012). It would be difficult to determine profitability and business vulnerability without keeping records: therefore, bookkeeping emerged essential for the foundation of business (Ademola et al., 2012).

### **Accountants as Advisors**

Small businesses should operate like big businesses by implementing sound financial management since knowledge of a business' state of being remains critical (Ademola et al., 2012). Small businesses relied on external accountants, with advising capabilities in other areas, to help with growth (Banham & He, 2014; Barbera & Hasso, 2013; Husin & Ibrahim, 2014). Besides traditional accounting services, small businesses looked for other non-accounting services such as advice, planning, finance, sales and marketing, and human resources planning from accounting professional (Banham & He, 2014; Husin & Ibrahim, 2014). External accountants that went beyond the normal accounting activities into other areas of small business needs were in a better position to help businesses grow (Banham & He, 2014). Researchers' uncovered small business owners' level of skills rated lower than the acceptable level (Umeji & Obi, 2014). Owners with little or no formal accounting skills needed to overcome deficiencies to implement better planning, controlling and reporting systems (Coyte, Ricceri, & Guthrie, 2012).

Good record keeping, inventory control, and pricing skills bore importance for small business owners (Umeji & Obi, 2014). Small businesses have used external accountants to provide tax filing and advice, business planning, financing advice, sales and marketing, human resourcing, and other accounting support (Banham & He, 2014). Husin and Ibrahim (2014) examined the role of accounting services and the impact on business performance. They investigated the relationships between the small business and accounting professional. It was discovered that service quality differed among accounting

professionals, and an association occurred between service quality and performance for small businesses as well as the accounting firms (Husian & Ibrahim, 2014).

Most small businesses were not able to perform accounting functions well because of management's lack of knowledge (Husin & Ibrahim, 2014). Small businesses needed reliable service providers to support them and their business, so accounting professionals with experience and knowledge capable of providing the required services were in a good position (Banham & He, 2014; Husin & Ibrahim, 2014). Incompetence in accounting systems has been a prime reason small businesses failed, whereas business management styles set on a financial orientation contributed to innovative strategies for high-growth, (Ademola et al., 2012). External accountants managed successfully to help small business owners obtain knowledge and proficiency relating to competition and complex market decisions critical to productivity and job opportunities (Banham & He, 2014; Sisaye, 2013).

**Knowledge.** A good manager is required to make good decisions (Mihăilă, 2014). Maintaining good accounting records provided crucial support for the decision-making process (Abdul-Rahamon & Adejare, 2014). Keeping the information current, accurate, meaningful and timely was a foundation necessary for businesses to formulate decisions for survival and growth (Abdul-Rahamon & Adejare, 2014; Ademola et al., 2012). A strong positive relationship existed between maintaining accurate accounting records and achieving successful business performance (Abdul-Rahamon & Adejare, 2014; Umeji & Obi, 2014). Proper record keeping has been important to business because it supports and communicates information during decision-making (Umeji & Obi, 2014). Using



knowledge from within and outside of the company, and combining the company's internal financial data, helped to improve decision-making (Mihăilă, 2014). Accountants, who invested time to know a client's business well, included the operational procedures and value-added processes when using the accounting data to evaluate outcomes (Banham & He, 2014).

When it comes to using external accountants, businesses sought out professionals capable of filling gaps in knowledge resources (Barbera & Hasso, 2013). External accountants' perspectives and expertise brought resources and tacit knowledge that small businesses lacked (Barbera & Hasso, 2013). Hiring knowledge-based specialists started a foundation consisting of one party contracting with another party to handle certain tasks and decisions (Kamyabi & Devi, 2014). Businesses that used external accountants, capable of providing and applying resources and knowledge to the business, found a positive impact on sales growth (Barbera & Hasso, 2013). External knowledge workers were less likely to behave in self-interested ways and strive towards corporate goals (Kamyabi & Devi, 2014). The degree of trust between an external accountant and the business owner influenced the effectiveness of the accountant's service (Barbera & Hasso, 2013).

The combined knowledge from outside of the company and the company's internal financial information improved decision-making (Mihăilă, 2014). The need for better decisions, control support, and cost-effectiveness led to outsourcing these functions even at the global level (Padachi, 2012). Accountants had opportunities to provide these services (Burritt & Schaltegger, 2014). Due to globalization, small businesses became of

great importance to supply chains, networks, and alliances (Burritt & Schaltegger, 2014). Supply chains placed a demand on owners and management to obtaining the appropriate skills to provide strategic direction (Burritt & Schaltegger, 2014). Companies needed data and information up-to-date so management could meet the demands of changing business needs (Banham & He, 2014; Kamyabi & Devi, 2014).

The typical accounting systems did not hold all of the information necessary for efficient decision-making; however, managerial accounting, a different form of accounting, looked at both the financial and economic information appropriate for the decision to be made (Mihăilă, 2014). The function of managerial accounting was to develop systems that record both financial and non-financial information to help management monitor the most relevant and timely information (Mihăilă, 2014). Access to accurate, timely, and reliable information enabled management to assess performance measurements continuously to tailor company proficiencies to influence performance or take the company in a different direction (Banham & He, 2014). Small business owners also benefited from managerial accounting practices and systems to help the decision-making processes because it supported management planning, decision-making, control, and analysis (Mihăilă, 2014). Managerial accounting was useful to operations as well as to profitable growth; thus external accountants knowledgeable with managerial accounting managed to benefit businesses seeking to outsource (Barbera & Hasso, 2013; Mihăilă, 2014).

**Strategic planning/decision making.** Management was responsible for ensuring resources were obtained and used in efficient and effective manners to fulfill the firm's

objectives, so looking at the mix of resources provided benefits and enhanced strategic performance (Banham & He, 2014). During the difficult financial times, large organizations required resilience to remain sustainable and small businesses needed to do the same while at the same time delivering innovation (Sisaye, 2013). When it came to small business, an owner's self-reliance ranked high along with hardiness, resourcefulness, and change management processes that created a foundation of resiliency (Ayala & Manzano, 2014).

Although resilient, small business owners lacked knowledge of strategic planning perhaps due to lack of business education or experience (Ayala & Manzano, 2014; Ng et al., 2013). Small business owners favored not to place high importance on managerial accounting; rather the owners paid closer attention to the day-to-day activities and the revenue generating aspect of the business (Breuer et al., 2013; Ng et al., 2013). When it comes to a strategy for creating sustainability, the right information at the right time was important to management as well as outside investors, bankers, and creditors (Abdul-Rahamon & Adejare, 2014). Although the information was valuable to decision-making for planning, organizing, and controlling the company, few companies performed management accounting functions, and most of those outsourced the accounting aspect (Breuer et al., 2013).

A large proportion of failed businesses credited failure to the lack of knowledge in planning and controlling the assets and liabilities of the company, as well as neglected accounting tasks due to time constraints, lack of knowledge, and lack of attention (Padachi, 2012). Knowing when and how to allocate resources, products, services, and

pricing was crucial to survival (Banham & He, 2014). Controlling a company required management to implement a strategic planning process- including a management accounting information system (MAS) (Sarraf, Razavi, & Mohammadi, 2013). External accountants capable of providing managerial accounting benefitted small businesses by providing proper record keeping services for decision-making strategies.

**Holistic approach.** Lean business operations required a holistic business strategy (Fullerton, Kennedy, & Widener, 2014). The meaning and interpretation of the holistic everyday experiences of management accountants helped researchers understand the interaction and behaviors of the business environment (Parker, 2012). Management accountants helped organizations meet demands and objectives of lean manufacturing by adjusting and adapting management accounting practices to satisfy the needs of the firm (Fullerton et al., 2014; Parisi, 2013). Strategic integration required operations and accounting to work together to create lean methods where all processes and functions integrated to form a coherent, purposeful system (Fullerton et al., 2014).

Strategic integration helped to deal with misalignment issues that required creative and innovative solutions (Fullerton et al., 2014; Parisi, 2013). Researchers wanted to understand how businesses used managerial accounting and control processes to create specific outcomes and changes (Parker, 2012). Experts needed to identify the proper approach to issues that would produce learning and growth versus trying to reach perfection in alignment and sustainability (Parisi, 2013). The operations function and the accounting function needed to work together to ensure that financial controls aligned with

the operational plans (Fullerton et al., 2014). Simplification and strategic alignment in systems influenced the firm's value stream (Fullerton et al., 2014).

### **Relationship with Customers**

Small business owners preferred direct contact with accountants that could communicate effectively, and in a manner understood by the small business owner (Banham & He, 2014). Accountants capable of adapting communication styles provided a valuable service to the business sector (Jarvis & Rigby, 2012). Communication built trust and small businesses that established trust in their accountants sought out the accountants as advisors to help support human resource and employment initiatives (Jarvis & Rigby, 2012). Small businesses benefitted when access to informal knowledge and corroboration of current information began to happen as the relational ties between management and the external accountant strengthened (Banham & He, 2014; Jarvis & Rigby, 2012; Jansen et al., 2013).

Perceived as good advisors, accountants had opportunities to fulfill different roles to the benefit of small businesses (Jarvis & Rigby, 2012). Besides traditional accounting services, small businesses looked for other non-accounting services such as advice, planning, finance, sales and marketing, and human resources planning from their accounting professional (Banham & He, 2014). Accountants who developed relationships with businesses tended to be trusted and could relate to clients unlike other professional providers (Jarvis & Rigby, 2012). A strong relationship between owners and advisors suggested improvements in the advisor's performance measures (Husin & Ibrahim, 2014).

### **Proactive Practices**

Small business owners benefitted from accountants who understand the value of good record keeping and capable of creating systems to maintain the business' strategies for accomplishing goals (Abdul-Rahamon & Adejare, 2014; Demery, 2006; Sarraf et al., 2013). Accountants who built relationships with business owners opened the door for providing additional and supporting information that led to increased efficiency at decision-making (Jansen et al., 2013). Knowledge, experience, education, social resources, risk acceptance and competence, and confidence were skills that played a significant role in strategic decision-making and implementation (Jansen et al., 2013; Owens, Kirwan, Lounsbury, Levy, & Gibson, 2013). Business remains a complex system formed and bound by rules whereby patterns and relationships emerge during events (Gilstrap, 2013). A proactive accountant looking to build a sustainable practice should have a good skill set to benefit small businesses, and possibly offer value pricing, good records management, and client education.

**Value price and services.** As small business owners experienced change and adapted as events occurred, transformations occurred in the companies as well as to the systems in place (Gilstrap, 2013). An owner's decision-making processes affected and affected how employees reacted to change or the business' structure (Demery, 2006). The decision-making process involved drawing information from the company's accounting system (Breuer et al., 2013; Demery, 2006). Accountants providing small businesses with consulting services, in conjunction with accounting services and software competencies, helped owners produce positive decision-making results (Demery, 2006; Gilstrap, 2013).

Providing software knowledge along with consultation services opened further opportunities for accountants to offer more business services to existing clients (Demery, 2006). The owners of small businesses experienced improvements in their accounting information system with less cost and resources than traditional methods offered (Demery, 2006). Accountants who offered specialist services potentially supported small businesses better than traditional accountants did (Banham & He, 2014; Demery, 2006). Demery (2006) helped small companies learn how to use their software program quicker by providing employees from the accounting department versus the technology department. He used an untraditional method to help companies (Demery, 2006).

**Keep good records.** Bookkeeping began because people's memories were not trustworthy, so record keeping developed to maintain a record of financial history (Sangster et al., 2012). Maintaining good accounting records was crucial to the decision-making process (Abdul-Rahamon & Adejare, 2014). The current and up-to-date information helped small business owners make business decisions (Abdul-Rahamon & Adejare, 2014). The need for improved accountability grew as small companies increased in strength (Wan Yusoff & Alhaji, 2012).

Transparency and accountability were a growing concern in the small business realm, and the need for reliable service providers to support business' needs grew (Husin & Ibrahim, 2014; Wan Yusoff & Alhaji, 2012). As globalization increased, organizations become stronger and more influential (Wan Yusoff & Alhaji, 2012). Small business owners who wanted to increase business or participate in the global supply chains, needed to incorporate proper record keeping since it supported and communicated

information to decision-makers that potentially affected inventory control and pricing (Umeji & Obi, 2014; Yin, L., 2014). The success of a business depended on the accuracy of records kept and used to help make and guide decisions (Umeji & Obi, 2014; Yin, L., 2014).

**Accountant participation in educating clients.** The needs of small business owners, concerning decision-making, have been marginalized (Ng et al., 2013). Business owners needed to remain in a state of continual monitoring and evaluating of the business' progress as changes to the business plan occurred (Stewart & Gapp, 2014). Continual monitoring involved the accounting system, which was part of the evolution of the firm that created the environment in which organizational changes occurred (Lawrence & Botes, 2011). Accountants educating clients found utilizing a casual setting helped business owners ascertain more (Saunders et al., 2014).

Knowledge was lacking about the role of accounting in systems and organizational change (Lawrence & Botes, 2011). Although important, small business owners did not place high importance on managerial accounting; rather the owners paid closer attention to the day-to-day activities and the revenue generating aspect of the business (Ng et al., 2013). As the environment changed, firms responded to the challenges presented (Lawrence & Botes, 2011). As new technologies replaced old, business organizational structures changed, and processes changed (Lawrence & Botes, 2011). Technology changes drove modifications in the accounting systems, however, when organizations changed, the accounting system did not always change (Lawrence &



Botes, 2011). Continuing in the same manner represented a lack of response in regards to the accounting system (Lawrence & Botes, 2011).

The use of managerial accounting in small business was often too laid-back (Ng et al., 2013). Managerial accounting systems used by organizations helped create and maintain strategies, structural alignment, and fit to accomplish goals, and empower employees (Sarraf et al., 2013). The field of management accounting changed and evolved into a strategic approach opening opportunities for accountants (Shuttleworth, 2014). Accountants with managerial accounting knowledge and expertise could better support the need for the management accounting and control systems within organizations (Sarraf et al., 2013).

### **Resistance**

Small businesses have benefited the economy (Banham & He, 2014; Etuk et al., 2014; Lohr, 2012). The years 1980-1999 showed a recession and double-digit unemployment (Shepard, 2013). Some people in this era decided to start businesses to develop the local economies (Shepard, 2013). Small business accepted a significant role in society during this time and became the backbone of the U.S. economy (Shepard, 2013). Sustainability emerged as a competitive force that businesses employ today to differentiate products and services (Sisaye, 2013). Serving clients, creating new mindsets, and the mission of the generation set the tone for the growth processes used by small businesses (Shepard, 2013). From the company's mission to services provided, staffing, facilities, and technology, businesses developed and adapted to the times (Shepard, 2013).

## Developing Competencies

Accountants helped fill a void for small business owners by adapting the way they did business as well as the services they offered (Barbera & Hasso, 2013). Business owners' typically perceived accountants as solely capable of managing the financial numbers generated by accounting systems (Morales & Lambert, 2013). These same business owners needed advisors with knowledge beyond one industry (Banham & He, 2014). An accountant could be an expert, but if bookkeeping was the only process the accountant could help the company with then the accountant was not strategically prepared to meet a small business owner's needs (Barbera & Hasso, 2013; Songini et al., 2013). The role of the accountant changed, and those who developed competencies to meet their customers growing needs helped create sustainability for their customers (Songini et al., 2013). Accountants who developed competencies in subjects such as managerial accounting, decision-making, progressive education, and networking did well (Mihăilă, 2014; Saunders et al., 2014).

**Managerial accounting.** Developing a managerial accounting system included both financial and non-financial information (Mihăilă, 2014). All business processes and functions combined to create a coherent system that provided value to the end users (Sarraf et al., 2013). Similar to systems theory, managerial accounting did not follow a set of rules, so companies adapted the system to meet the decision-makers' needs (Mihăilă, 2014). For example, lean companies simplified their internal accounting reporting systems because inventory and tracking overhead were not in as much demand (Sarraf et al., 2013). Knowing what to track was important when it came to decision-

making because the information served to create and maintain strategies that accomplished goals (Sarraf et al., 2013). During the decision-making process, managerial accountants were better prepared to explain the efficiency of economic activity (Marius, Denisa, & Florina, 2012). Although managerial accounting was important and provided benefits, many small businesses owners lacked the resources and knowledge to use it (Lohr, 2012; Mihăilă, 2014; Ng et al., 2013).

**Decision-making.** Companies needed to adapt to the business environment and remain flexible while serving client(s) needs (Lohr, 2012; Saunders et al., 2014). Managerial decision-making relied on relevant, reliable, and timely information (Ademola et. al., 2012; Mihăilă, 2014; Yin, L., 2014). The accounting system needed to have all the information necessary to generate the reports used in decision-making (Kidane, 2012). Few companies took advantage of managerial concepts to inform management on general issues (Lohr, 2012). Understanding pricing, profit planning, establishing standards (costs), as well as investing, marketing, and pricing decisions, played important roles in decision-making (Kidane, 2012). The importance of financial literacy and skills increased as business owners realized its usefulness in decision-making (Kidane, 2012; Samkin et al., 2014).

**Education.** Sustainable managerial accounting helped improve company performance by providing useful information to owners regarding the organization's activities (Sisaye, 2013). The role and status of the management accountant in today's business changed (Shuttleworth, 2014). The lack of systems thinking, and systems theory in education has negatively influenced decision-making and risk analysis (Gehlert et al.,

2013). There has also been a lack of knowledge on the part of accounting students, as well as with accounting teachers (Shuttleworth, 2014).

Students lacked thinking tools, and this affected their ability to contribute to societal improvements (Gehlert et al., 2013). With a *what is best for me* attitude, it was difficult for people to think analytically to determine what was best for the *whole* (Gehlert et al., 2013). When management ignored long-term thinking, the parts did not recognize that when the whole fails, the components could eventually fail (Gehlert et al., 2013; Russell et al., 2015). Adding sustainability to accounting programs would have provided accounting students a holistic view of what external forces were affecting a company's decisions and competition (Sisaye, 2013).

**Learning.** Another sphere to develop competencies was in *networking*. Social networking behavior may have been a predictor of business success (Owens et al., 2013). Whether informal or formal, the role of networking exposed associations to innovation (Saunders et al., 2014). Network ties and capabilities have positively affected firm growth and influenced performance (Bengesi & Roux, 2014; Kozan & Akdeniz, 2014). Learning through social networks occurred when the conversation triggered ideas for the business owner (Saunders et al., 2014). Each conversation potentially provided opportunities for business owners to receive feedback and advice, as well as to reflect on the information garnered (Saunders et al., 2014). Building strong business ties within communities enabled trust and tacit knowledge to develop, which positively related to firm growth (Kozan & Akdeniz, 2014).

## **New Technology**

When it came to adopting new technology, small business owners considered the environmental uncertainty, advantages, and switching costs associated with the new technology (Peltier, Zhao, & Schibrowsky, 2012). The characteristics of business evolved and became more sophisticated due to technology (Shepard, 2013). During the learning process, a continual monitoring and evaluating of the business' progress was recommended as the decision-makers worked towards learning and incorporating changes to the business plan (Saunders et al., 2014; Stewart & Gapp, 2014). During technology advancements, human interaction and learning accounted for the most important aspect of small business development referred to as interactive learning (Shepard, 2013). Small business owners lacking the resources (or need) for elaborate accounting systems used less expensive software as the alternate approach (Olson & Staley, 2012). In response to limited resources, owner(s) and management responsibilities tended to intermingle in small companies (Samkin et al., 2014).

## **Services Offered**

In addition to developing competencies, accountants with proactive habits benefited small business owners (Jarvis & Rigby, 2012). Small businesses hired smaller numbers of human resources and, therefore, required additional help during decision-making processes (Banham & He, 2014; Jarvis & Rigby, 2012). Small business owners who used accountants to help evaluate the company's performance may have made better business decisions (Banham & He, 2014). Some small business owners admitted to changing management practices because of advice received from mentors and advisors

(Botham, 2012). Many accounting professionals established themselves as service professionals beyond the typical bookkeeping practice to create a competitive advantage, and better serve their clients' needs (Mihăilă, 2014).

### **Conclusion**

The application of systems' thinking and modeling addressed various components of sustainability (Nguyen & Bosch, 2013). Proactive Accountants have benefited from understanding the concepts of systems thinking. Systems' thinking is practical and should constantly be refined as processes evolve to where the best one fits (Gilstrap, 2013; Nguyen & Bosch, 2013). It provides a new way of thinking to understand and direct complex problems; therefore, systems thinking theory has become more popular in business (Nguyen & Bosch, 2013).

General systems theory reaches across numerous disciplines to study many phenomena by applying general dynamics (von Bertalanffy, 1969). The general systems approach allowed researchers to evaluate complex interacting components of a phenomenon and deal with the theoretical problems through the model building and theoretical generalizations (von Bertalanffy, 1969). Small business owners can use the same approach to analyze and track phenomenon for business related problems (Drack & Schwarz, 2010). The general system theory approach transferred easily to various subjects since it did not follow strict guidelines (Drack & Schwarz, 2010; Von Bertalanffy, 1972).

Although the needs of the business owner were complex, small businesses contributed to economic development (Banham & He, 2014). Regarding economic

growth, small businesses contributed to the local community by way of job creation and earnings (Blackburn et al., 2013). Even though owners tended to be self-reliant and resourceful, the four stages of business growth were problematic (Ayala & Manzano, 2014; Biger, 2012). Small business owners who sought to achieve sustainability needed advisors with knowledge that went beyond the traditional accounting services and other business disciplines (Banham & He, 2014; Barbera & Hasso, 2013; Songini et al., 2013). To creating sustainable businesses, the right information at the right time was critical to management for decision-making (Abdul-Rahamon & Adejare, 2014). Managing a business required a strategic planning process; therefore, external accountants capable of supporting a managerial accounting system added value to small business owners (Banham & He, 2014).

### **Transition and Summary**

Section 1 is a presentation of the important reasons for the study. The purpose of this qualitative explanatory case study was to explore how bookkeeping strategies helped small business owners to sustain business growth over time. A qualitative method approach, using case study design, contributed to constructing a comprehensive understanding of a multipart problem. A case study could help explain, describe or explore phenomena and potentially create starting points for developing theories (Yin, R. K., 2014). The research problem, research question, and conceptual framework facilitated an understanding of the business problem small business owners' encountered.

The literature review included an overview of the conceptual framework of systems theory. Systems theory developed from general systems theory (von Bertalanffy,

1969). The systems approach allowed researchers to deal with theoretical problems that systems of sequential and countable metrics did not solve (von Bertalanffy, 1969). The systems approach was relevant for studies of business because it did not follow strict guidelines so researchers could seek out concepts and use the model to explore in various diverse fields (Drack & Schwarz, 2010; von Bertalanffy, 1972). The history and trends of sustainable small business were included to help understand how general systems theory evolved to systems theory. I provided a critical analysis and synthesis of supporting and contrasting conceptual models for the theory in the conceptual framework as well as identifying potential themes in the literature. Finally, I compared and contrasted the different viewpoints and the associations of the study to earlier research results.

Section 2 contains an explanation detailing the role of the researcher, the research method, and research design chosen for the study. A description of the research population and sampling precedes the data collection, data collection techniques, and data analysis procedures planned for the study. A brief description of the research methods planned to safeguard reliable and valid research concludes section 2. Section 3 will contain the findings and recommendations of the study.



## Section 2: The Project

The project consisted of conducting a qualitative case study to explore bookkeeping strategies implemented by a small business owner, and to uncover the bookkeeping processes used, to build a sustainable business. The study took place at a service provider business. Research data came from reviewing company documentation and collecting responses to questions during interviews with the owner. The strategy for analyzing the data included methodological triangulation and a software program to automate the analysis of data.

### **Purpose Statement**

The purpose of this qualitative explanatory case study was to explore how bookkeeping strategies helped small business owners to sustain business growth over time. I interviewed one business owner in Wake County, North Carolina, with business operations of at least five years, who experienced success, and achieved sustainability. For the purpose of this study, I defined success as a profitable business owner with three or more years in business. The study included data from local small businesses and historical information from the Small Business Administration (SBA). The focus of the study was to explore a small business owner's perceptions of the bookkeeping role in building a successful and sustainable business. The social implications could be more sustainable small businesses and the possibility of increased jobs in the local community (Decker et al., 2014). The results of the study could influence the business environment by contributing to new practices for small business owners and change their daily operations, methods, and approaches.

### **Role of the Researcher**

In this qualitative study, I was the data collection instrument (Onwuegbuzie, Leech, & Collins, 2010; Yin, R.K., 2014). The role of the researcher consists of an opportunity to interact with participants to ask questions to learn and understand the phenomenon under study (Randall, Coast, Compaore, & Antoine, 2013; Tsang, 2013). Exploratory functions of single case studies helped create starting points for developing theories as well as provide a basis for substantial generalizations (Yin, R. K., 2014). For this study, I collected data from interviews, company records, and other sources to examine participant perceptions and gain a systematic understanding of the specific business problem.

My role as a researcher was to learn informally through involvement with the participant, convey the experiences of the participant making it relevant to practice and theory, and explain the context by providing innovative theoretical interpretations (Honer et al., 2012; Tsang, 2013). Adhering to the Belmont Report, which provided ethical principles and guidelines for research involving human subjects, helped to mitigate potential ethical issues during the data collection phase. The participant received a consent agreement that addresses the ethical concerns for curtailing harm, respecting autonomy, protecting privacy, and acting justly (Hammersley, 2014). It was my responsibility as a researcher to protect the participant's sovereign rights according to the ethics committee at Walden University. I used an interview protocol to safeguard uniformity during each interview.

As a small business owner with 20 years' experience, I understand the issues pertaining to small business in the service industry concerning survival. To find out the role of bookkeeping in small businesses, I chose to perform the research in the service industry. To manage the research, the interview procedure consisted of designing and planning, administrating, and interpreting the interview data (Rowley, 2012). Small business owners preferred direct interaction with individuals who communicate effectively, and in a manner understood by the small business owner (Rowley, 2012).

I implemented practice interviews to develop skills in managing, listening, understanding, and interpreting. By practicing the interview process, I hoped to identify and mitigate personal biases that could interfere with any valid information garnered as discussed by Dana, Dawes, and Peterson (2013). Through practice interviews, my goal was to demonstrate sensemaking as well as the ability to construct effective interview questions. My role as a researcher was to refrain from judgment and maintain a neutral position to lessen the risk of researcher bias. As the researcher, I understood my worldview and personal lens, so when I collected data through interviews and analyzed the data, I did not reflect my viewpoint. I allowed the participant voice and viewpoints to structure the study (Oikonomidou & Wiest, 2015).

Member checking involved summarizing the transcribed interview and presenting it to the interviewee (Mero-Jaffe, 2011). Member checking allowed clarification of issues, as well as served the purpose of adding additional knowledge and insights into the research topic to ensure that I captured the participants meaning (Mero-Jaffe, 2011). As

an aspect of ethics, member checking helped protect the participant's responses and mitigated researcher bias (Mero-Jaffe, 2011).

### **Participants**

The study participant was a small business owner of a service company with a minimum of 5 years in business. To gain access to the participant, I established a working relationship with a service organization that did not rely on repeat business from previously serviced individuals. A consent form was required from the small business owner. Privacy information was included on the consent form. The consent form contained the background information on the purpose of the study, the procedures of the study, and some sample questions. The participant received a letter of cooperation to identify his willingness to be involved in the study; the small business owner understood the study's potential benefits without overstating the benefits to the small business owner.

During the study, a holistic approach helped me to understand the individual experiences of the participant (Rowley, 2012). In-depth, face-to-face interviews, using semistructured and open-ended questions allowed the participant to speak about the lived experiences, as well as express personal interpretations and understanding of the research topic. Learning through interviews and acquiring new knowledge fostered the viewpoint of an ongoing process (Rowley, 2012). Strategies for establishing a relationship with the participant included researching the industry and business and acquiring knowledge at the local level. The participant received a summary of the study to help validate the findings (Houghton, Casey, Shaw, & Murphy, 2013). The reliability of findings reflected my ability to interpret the environment wherein the study occurred (Horner et al., 2012).

## Research Method and Design

To help understand a proposed research topic, researchers could use qualitative methods to pre-investigate the proposed area of study (Chenail, 2011b). Researchers forming new research ideas would find using qualitative research beneficial for understanding a phenomenon because of the flexible exploration methods employed in qualitative research designs (Houghton et al., 2013). Those who studied business problems analyzed the opinions of individuals with lived experiences to uncover a solution, so employing case study design methods allowed researchers to assess the conceptual view of the study participants and inquire about the traditions of the business (Eikenberry, 2013). The qualitative research designs have similarities wherein researchers could study topics by questioning individuals to gain their insights to discover and understand the business problem (Hayman, Wilkes, Jackson, & Halcomb, 2012; Horner et al., 2012; Parker, 2012; Xu et al., 2015).

### Method

I selected the qualitative research method approach to make sense of how small businesses succeeded as studied (Xu et al., 2015). Qualitative researchers who sought to understand how a phenomenon occurred, served my study by uncovering the strategies small business owners used to succeed in surviving 5 years (Yin, R. K., 2014). Qualitative methods helped to understand the values and perceptions that influenced the behavior of the small business owners who achieved success (Coleman et al., 2013; Romero & Martínez-Román, 2012). Statistical measurements used in quantitative methods validated studies whereas qualitative methods used exploratory processes to

study, identify, assess, uncover and understand a phenomenon (Yin, R. K., 2014). The mixed method approach combined the use of quantitative and qualitative methods and was an appropriate design that supported initial exploration of a phenomenon (Yin, R. K., 2014). The qualitative method case study design approach helps to construct a comprehensive understanding of a multipart problem in its setting (Crowe et al., 2011). I did not choose the mixed method approach because the purpose of my study was to identify, assess, uncover and understand a business phenomenon with no emphasis on statistical measurements (Yin, R. K., 2014).

### **Research Design**

Researchers used qualitative methods to explain, describe or explore phenomena in the environment in which it occurred (Yin, R. K., 2014). The case study method allowed researchers to extract a set of factors and relationships to investigate the situation using the data collected (Tsang, 2013). Interviews and company documentation could provide useful information for case studies (Yin, R. K., 2014). Using case study required researchers to analyze the data looking out for themes that unfolded to understand the *how* and *why* of the phenomenon (Coyte et al., 2012; Horner et al., 2012; Steward & Gapp, 2014). Case study research was important in studying areas where research is scarce (Horner et al., 2012). Most researchers agreed that reaching data saturation occurred when no new evidence or themes emerged from the data (Marshall, Cardon, Poddar, & Fontenot, 2013).

When researchers could adapt the methodological choices to meet the needs of each unique research, they achieved more meaningful results (Poulis, Poulis, &

Plakoyiannaki, 2013). Researchers favored case study strategies when asking *how* or *why* questions because these types of studies could trace operational links over time rather than simple occurrences (Yin, R. K., 2014). Understanding organizational phenomena as activities of corresponding links helped show how changes in businesses unfolded (Karniouchina et al., 2013). Qualitative researchers could also choose from other research designs such as grounded theory, phenomenological and ethnography to study business.

For the purpose of my study, a phenomenological approach did not meet the saturation requirements needed for a solid research attempt. Phenomenological studies provided an understanding of lived experiences where the researcher described the results drawing from studying individuals who shared in the event (McAdam, Antony, Kumar, & Hazlett, 2014). Similar to the case study, phenomenological studies used interviews to collect data (Marshall et al., 2013). Researchers analyzed the data from the interviews extracting similar themes on meanings, words, and descriptions of the common event (Fielding, Fielding, & Hughes, 2013). I did not choose the phenomenological design because phenomenology did not allow for multiple sources of data collection like case study (Yin, 2014). A single case study could stand on its own by providing a systematic understanding of the phenomena (Horner et al., 2012).

Researchers used grounded theory to investigate processes and interactions to develop a general theory and to build a hypothesis for further study (O'Reilly & Parker, 2013). The grounded theory design allowed researchers to study the processes or interactions among individuals then code the data to develop a theory (O'Reilly & Parker, 2013). Researchers did not analyze and make assertions about the phenomena, nor

attempt to explain how the information applied to business could increase the understanding of the business problem (O'Reilly & Parker, 2013). I did not choose the grounded theory approach because the research design sought to develop a theory of a phenomenon by studying groups or settings, and the purpose of my study was to explore the phenomenon (Yin, 2014).

Ethnography is a manner of writing about and analyzing social life in both sciences and humanities (Urban & Koh, 2013). Ethnographic researchers studying business explored the cultural construction of companies (Urban & Koh, 2013). Through observation and information received from company management, researchers asserted and examined in context the business' activities, but did not look for participants' experiences (Urban & Koh, 2013). I did not choose the ethnographic research design because my study pertained to exploring what a small business owner did or did not do in order to succeed 5 years or more in business, so including participant experiences in the data collection process was necessary as discussed by Yin (2014).

### **Population and Sampling**

Researchers must obtain enough data to generate a credible analysis and report (Marshall et al., 2013). The targeted company was a small business owner in the service industry. I selected one business for this single case study that was willing to allow interviews with the owner in addition to granting access to company records. The selection process included contacting companies associated with the local chapter of Business Networking International (BNI) and confirming that the chosen small business



is a legal entity registered with the North Carolina Secretary of State. The sample population pool was limited to the local small businesses in my county of residence.

I used purposive sampling so that I could decide which company and case I would use for the study. The main purpose of purposive sampling was to focus on a particular characteristic of the population and provided assumptions that the researcher was familiar with the community and qualified to choose the cases to be included in the sample (Jobst, Kirchberger, Cieza, Stucki, & Stucki, 2013). Purposive sampling allowed me to select a characteristic of small business and explore that quality by applying critical case research to help explain the phenomenon. For qualitative research, sample size needed only answer the research question in depth and with extensive information (O'Reilly & Parker, 2013). Using critical case research for general problems was of strategic importance since the method helped examine the conceptual view of the study and questioned traditional beliefs and actions (Eikenberry, 2013). A critical case study could help researchers to understand the potential for, and facilitate, social change (Eikenberry, 2013). Therefore, purposeful sampling was a logical and powerful tool that helped with selecting information-rich cases for research (Palinkas et al., 2015).

### **Ethical Research**

When it comes to ethics, some institutions have specific ethical instructions, while others follow general principles (Hammersley, 2014). Othman and Rahman (2014) determined that a link exists between good corporate overseeing and ethical behavior, so following Walden's Institutional Review Board's (IRB) policies to protect the rights of my study participant made sense. The IRB framework helped determine research

procedures and provided ethical guidance before proceeding with the study (Hammersley, 2014). To mitigate potential ethical issues during the data collection phase, I followed the Belmont Report, which provided ethical principles and guidelines for research involving human subjects. Concerning ethics, Hammersley (2014) indicated that specific rules could become outdated quickly and recommended the use of fundamental principles that required agreement among the researchers. Fundamental principles may have proved more effective since it was the acting ethically that made the researcher compliant with the ethics committee judgments (Hammersley, 2014).

I followed an interview protocol (see Appendix A). Before the interview, the participant received a list of the questions (see Appendix B) as well as a consent form (see Appendix C). The consent form contained background information, procedures, sample questions, nature of the study including participant rights to withdraw at any time, risks and benefits of participating, payment, and privacy about the study. I also obtained consent to record the interviews and then supplied a copy of the transcripts to the participant to allow checking for accuracy, which enhanced reliability (Houghton et al., 2013). To develop consistent principles of respect, so participant's confidentiality remained intact, I did not use participant names or any identifiable information within the study (Lange, Rogers, & Dodds, 2013). Upon completion of the study, I placed the interview audio files and corresponding transcriptions, the research journal, and the results into a password protected file in DropBox. Hard copies of all study documents will remain in a fireproof combination safe for 5 years per Walden's requirements after

which time I will shred the documents. The final manuscript will contain the Walden IRB approval number.

### **Data Collection**

In the Data Collection section, I described the data collection instrument, the technique, and organization of the data, and identified the process and protocol used to ensure data integrity. I described the primary data collection instrument in the Data Collection Instruments section. In the Data Collection Technique section, I defined the technique to collect the data. I explained the system planned to maintain accountability of the data in the Data Organization Technique section.

### **Instruments**

I was the primary data collection instrument for this case study (Randall et al., 2013). Other data collection instruments included the use of semistructured interviews and company documents. I used face-to-face interviews to obtain thick data. Upon IRB approval and before interviewing, I sought out some small business owners to validate my interview questions. The interview process consisted of questions and permitted further open-ended questions when needed for understanding the bookkeeping strategies that the small business owner used to sustain business growth.

I understood that my influence as an interviewer played a significant part in this study because interviewers adapt according to the persuasiveness required to conducting the interview, which could affect the process and data validity (Randall et al., 2013). I used the technique of story-sharing to produce quality data. When situations warranted an authentic relationship between researcher and interviewee, story-sharing strengthened

mutual trust and understanding (Hayman et al., 2012). Sharing related experiences weakened the power balance and created an atmosphere of cooperation between researcher and interviewee (Hayman et al., 2012). To get a perspective on lived experiences and context of the interviewee, I focused on *what* the participant said and paid attention to *how* the participant responded (Coyte et al., 2012).

Transcript review allowed the researcher to check for accuracy thus strengthening the trustworthiness of the data and analysis (Houghton et al., 2013; Mero-Jaffe, 2011). Member checking was another technique that involved summarizing the transcribed interviews of the interviewee and presenting it to the interviewee to confirm that the researcher's interpretation reflected the participant experiences (Mero-Jaffe, 2011). It was critical to be conscious of the interview process and remain consistent with the participant, so I followed the interview protocol found in Appendix A (Barratt, Choi, & Li, 2011). The interview protocol consisted of asking the questions to explore the perceptions and experiences of a small business owner regarding the research question: What bookkeeping strategies do small business owners need to sustain business growth over time? The full interview protocol is located in Appendix A.

### **Data Collection Technique**

The data collection technique consisted of a semistructured interview and audio recording. I interviewed the business owner using the interview protocol (see Appendix A). Before the interview, the participant received a list of the questions (see Appendix B) as well as a consent form (see Appendix C). In addition to the interview, I reviewed the method used to capture the business' financial data and viewed company documents. The

company's documentation included internal reports, company history, and other published material, which provided methodological triangulation for my study results as described by Hoque, Covaleski, and Gooneratne (2013).

Interviewing participants for data had its disadvantages. Few data collection instruments exist for qualitative research, so researchers became the primary instrument (Onwuegbuzie et al., 2010). Therefore, during the data collection phase researchers needed to take care to practice rigor and mitigate bias (Chenail, 2011a). Providing details in research design, developing protocols for data collection and analysis, and providing detailed explanations could improve the integrity of the data collection stage (Barratt et al., 2011; Houghton et al., 2013). Threats to validity occur during the data collection process if the data collector abbreviates, paraphrases, or contextualizes the participants' responses incorrectly (Fielding et al., 2013).

Holding in-depth face-to-face interviews at the site helped to investigate the participant's perceptions and experiences in the authentic business atmosphere. An advantage of face-to-face interviews was the ability to assess the verbal and non-verbal gestures of the participant (Denham & Onwuegbuzie, 2013). The length of the interview depended on the time needed by the participant to respond to the initial question as well as any similar follow-up questions. Performing interviews, collecting business documents, using a software system to code the results, and implementing an interpretive approach allowed me to evaluate the unexpected and unintended responses and behaviors of the participant as noted by Coyte et al. (2012).

Transcript review involved recording the interviews, and providing a copy of the transcripts to the participant, to read and comment to ensure data accuracy (Houghton et al., 2013). Transcript review added to the credibility (Houghton et al., 2013). Member checking was a quality control process used to seek improvement in accuracy, credibility, and validity of the research interview by ensuring that I captured the meaning of the participant's responses (Houghton et al., 2013). Member checking also allowed for follow-up with the participant where the participant could clarify and develop any thoughts, which could strength the results (Houghton et al., 2013).

To emphasize case study rigor, I used methodological triangulation to establish credibility and deepen understanding by combining multiple perspectives (Houghton et al., 2013). Rigor in qualitative research assessed trustworthiness and supported a single case study to stand on its own in providing a thorough and comprehensive understanding of phenomena (Horner et al., 2012; Palinkas et al., 2015). Qualitative research should maximize the quality of synthesis versus the quantity of rigorous synthesis and that achieving data saturation occurred when the research question was answered, and no new additional data was found including new themes, findings, concepts or problems (Marshall et al., 2013). Since data saturation had different meanings relative to the various qualitative approaches, using a participant who represents the research topic well and gathering thick information to achieve a rich analysis of the phenomenon was important (O'Reilly & Parker, 2013).

### **Data Organization Techniques**

I organized data using an electronic system that allowed sorting of data in various capacities such as chronological order, name order, and type. Data coding consisted of labeling words and phrases found in the transcripts and identifying patterns that generated themes or categories (Fielding et al., 2013). I used previous research to begin coding and then allowed codes to emerge from the data. I used a journal to log emerging interpretations and reflections.

A Computer Assisted Qualitative Data Analysis System (CAQDAS), such as ATLAS.ti, helped to automate the analysis of data. CAQDAS are good for transparency, and checking validity and reliability (Fielding et al., 2013). Codes such as *open coding*, which describes participants' perceptions of business responsibilities, and *targeted coding*, which reflects the terminology used by participants, allows researchers to examine patterns, relationships and look for new codes (Fielding et al., 2013). Upon completion of the interview process and coding of the data, I placed the interview audio files and corresponding transcriptions, the research journal, and the results from coding into a password protected file in DropBox. Hard copies of all study documents will remain in a combination fireproof safe for 5 years per Walden University's policy and then put through the shredder when no longer needed.

### **Data Analysis**

The purpose of this qualitative explanatory case study was to explore how bookkeeping strategies helped small business owners to sustain business growth over time. My strategy for analyzing the data included methodological triangulation.

Analyzing case study data was one of the least developed segments of research (Yin, 2014). Researchers using qualitative analysis used various methods to guide the analysis process, contrary to quantitative analysis, which exercised predetermined methods of analysis (Yin, 2014).

Since case studies provided businesses with innovative insights, I planned to offer detailed explanations to inform readers of the results (Hared, Abdullah, & Huque, 2013; Hoque et al., 2013). Using concrete research actions such as implementing a clear framework, pattern matching, and triangulation helped ensure methodology rigor (Barratt et al., 2011). As Yin, (2014) suggested, I spent time in the data searching for emergent patterns, thoughts, and strategies. Once I accomplished the initial search, I used pattern matching to analyze the data and develop general themes through a cyclic process of analyzing and refining the research process (Tsang, 2013; Yin (2014). I asked follow-up questions for clarity and improving descriptions of the data for the formal study report.

I used ATLAS.ti to automate the analysis of data. Codes such as open coding that describes participant perceptions of business responsibilities, and targeted coding that reflects the terminology used by the participant, helped identify recurring patterns and relationships, and look for new themes (Fielding et al., 2013). CAQDASs cannot replace the interpretation, imagination, and creativity that takes place throughout a research process. CAQDASs might not acknowledge new models and theories that develop or emerge (Fielding et al., 2013).

The case study research involved looking at a phenomenon and observing, developing theories and exploring concepts related to the study (Yin, 2014). Yin (2014)



concluded that a researcher's analysis should not leave study questions unanswered, should not ignore rival explanations, should not deviate from the most important issue, and should not ignore their prior knowledge and awareness of the case study topic. Konradsen, Kirkeold, and Olsen (2013) stressed the importance of researchers' meditating on the results relative to others beyond those involved in the study because patterns found in a study can provide an association to knowledge transfer (Hoque et al., 2013).

### **Reliability and Validity**

In this study, I used various strategies to ensure reliability and validity of the data. I used strategies to safeguard the dependability of the study results. Utilizing an interview protocol and member checking helped mitigate unreliable results. Using concrete research methods and detailed explanations to inform readers added to case study rigor (Hared et al., 2013).

#### **Reliability**

I documented the procedures of the study to address the reliability of the data. Adhering to an interview protocol (Appendix A) provided consistency during the interview, and checking the transcribed interviews for errors added to the reliability of the data (Barratt et al., 2011). Building a relationship of trust with the participant preserved the quality of the data (Hayman et al., 2012). Studying the basic information about the study participant's industry assisted in building a relationship with the participant (Horner et al., 2012). To establish data credibility and to mitigate bias, I allowed time for

member checking to ensure that I captured what the study participant meant during the interview as discussed by Mero-Jaffe (2011).

Using strategies that helped ensure dependability, credibility, transferability, and confirmability in qualitative case studies conveyed rigor to qualitative case study research (Houghton et al., 2013). Dependability, a quality of trustworthy and reliable data, and confirmability established the accuracy of the study (Houghton et al., 2013). Researchers achieved dependability and confirmability by maintaining a clean audit trail and providing information on sources so readers could check accuracy (Houghton et al., 2013). Strategies such as methodological triangulation and member checking added credibility to the study results (Houghton et al., 2013). Each of the previous strategies mentioned allowed the researcher to gain further understanding of the phenomena to provide detailed descriptions to inform readers (Houghton et al., 2013). Reaching data saturation communicated that no new emerging data or new emergent themes appeared (Houghton et al., 2013). Qualitative research is flexible, so embracing strategies to ensure thoroughness increased the reliability and credibility of my research results (Houghton et al., 2013). When properly used a qualitative software is effective at affirming reliable and valid results (Fielding et al., 2013).

### **Validity**

I adequately described all aspects of the methods used for establishing quality to support that the data was verified and consistent with the research method. Strong personal feelings could have changed the research, so reflecting on how emotions could affect the study was critical (Collins & Cooper, 2014). Refining the questions and being

more self-aware as a researcher brought credibility so I prepared beforehand by determining how to report the study results and avoided asking biased questions as noted by Collins and Cooper (2014). Methodological triangulation involved the use of more than one method of collecting data (Bekhet & Zauszniewski, 2012). Collecting data from multiple sources of data, (i.e. interviews and company documentation), helped to produce trustworthy results and increased credibility and validity (Bekhet & Zauszniewski, 2012). The interview transcript and data collected, from the company's documentation, provided appropriate triangulation (Hoque et al., 2013). The use of triangulation indicates an effort to capture an in-depth understanding of the data and provided a method, which led to data saturation (Denzin, 2012; Fusch & Ness, 2015). Employing transcript review and member checking helped to ensure the validity of the data and study (Houghton et al., 2013).

The study participant reviewed the transcribed interview for accuracy. The participant did not receive permission to change the transcripts but had an opportunity to add notes to the pages. Following the transcript review process, I conducted member checking to help deepen my understanding of the data and to clarify the concepts put forth by the participant, which strengthened the results (Houghton et al., 2013). Writing rich descriptions of the study will enable readers to make individualized decisions about the findings (Konradsen et al., 2013).

Basing the reliability of the data on a participant who live the experiences of the phenomenon required an atmosphere of respect and truth, so securing the trust of the participant proved beneficial during the data collection process (O'Reilly & Parker,

2013). Conducting a semistructured interview, I added questions and sought out information that helped to confirm the data as noted by Dana et al. (2013). Using acceptable methods to establish a high quality study contributed to form a deeper understanding of the phenomenon, and writing rich descriptions of the participant's experiences, could help readers relate to the phenomenon on an individual basis (Houghton et al., 2013; O'Reilly & Parker, 2013). Qualitative research is diverse, and each method measures quality differently; therefore, saturation provided the depth and greatest opportunity for transferability of results (O'Reilly & Parker, 2013). The reader can determine transferability, so researchers who implement the same consistent research processes and methods should find similar outcomes across different industries, consequently providing a higher degree of confidence for the reader (Konradsen et al., 2013).

### **Transition and Summary**

The project section consisted of the processes and procedures used for conducting a qualitative case study to explore bookkeeping strategies applied by a small business owner, and to discover the bookkeeping processes used to build a sustainable business. Using case study strategies was valuable for asking how or why questions because researchers could follow the operational and the corresponding links to explore how changes in businesses unfolded (Karniouchina et al., 2013; Yin, 2014). The study involved the owner of a small business. Research data came from studying company documentation, and collecting and analyzing responses to interview questions. The

strategy for analyzing the data included methodological triangulation and a software program to automate and aid the analysis of data.

### Section 3: Application to Professional Practice and Implications for Change

Section 3 contains the results of the study. This section contains an introduction followed by a) presentation of the findings, b) application to professional practice, c) implications for social change, d) recommendations for action, e) recommendations for future research, and f) reflections. The results reflect the participant's experiences and perceptions about the role of bookkeeping in business. This section contains the evaluation of the results as they relate to the participants experiences and perceptions, and the conceptual framework.

#### **Overview of Study**

The purpose of this qualitative explanatory case study was to explore how bookkeeping strategies helped small business owners to sustain business growth over time. I conducted an interview with a small business owner at the business location at the agreed-upon time. I emailed the consent form containing the background information on the purpose of the study to the participant and received the signed consent before the interview. The face-to-face semistructured interview and company documentation were sufficient to explore the participant's experiences and perceptions regarding the role of bookkeeping strategies to sustain business growth over time. I used Atlas.ti qualitative analysis software to organize the participant's responses and company documentation, consisting of customized internal reports, to classify and establish common themes for coding. The findings related back to the literature review and conceptual framework, indicating small business owners who seek to achieve sustainability need advisors with knowledge that goes beyond the traditional accounting services (Barbera & Hasso, 2013;

Songini et al., 2013). The results of the study company support bookkeeping as an important role in business sustainability.

### **Presentation of the Findings**

In this study, I sought to answer the principal research question: what bookkeeping strategies do small business owners need to sustain business growth over time? The participant had a minimum of five years experience in the industry. The business is a service organization and does not rely on repeat business or referrals from previously serviced individuals, which could make building a sustainable firm challenging. To maintain confidentiality, the participant's name and the company name do not appear in the transcribed interview. For this paper, I referred to the study participant in the masculine and the accounting contractor in the feminine.

Systems theory framed this study. Von Bertalanffy equated business to a network of interdependent parts, each with its unique purpose and task (Laszlo & Krippner, 1998). Researchers purported for small business to succeed, owners needed to implement systems that fit the model of the business' operation and would adapt to environmental changes (Laszlo & Krippner, 1998). Von Bertalanffy (1972) outlined two theories of the system: the dynamical system theory, and the open system. Dynamical systems theory pertained to the internal and external transformations of systems in time and used mathematical expressions such as wholeness, sum, and growth to depict systems properties (von Bertalanffy, 1972). Open systems theorists recognized that systems exchange matter with the environment as every natural system does (von Bertalanffy,

1972). Researchers using open systems understood that work organizations and systems go beyond the view of the organization (Kira & van Eijnatten, 2013).

Researchers confirmed that small business owners contributed to economic development in part because they brought stability to the local economy and promoted economic growth (Banham & He, 2014; Biger, 2012; Etuk et al., 2014). Consistent with the literature review, the participant understood the role of small business and the impact small business had in the community pertaining to jobs and economic growth (Barbera & Hasso, 2013). During the interview, the participant spoke freely about his lived experiences and expressed understanding of the research topic. The study involved transcribing the recorded interview and analyzing the responses and company documentation using the qualitative software. I used member checking to ensure that the information and meaning of the participant's responses were captured accurately (Mero-Jaffe, 2011). I methodologically triangulated the data by comparing the transcribed responses to the interview questions and the internal company documentation consisting of customized reports. The data was saturated when no new information or themes emerged (Marshall et al., 2013). Three key themes emerged from the data: i) the accountant as an advisor, ii) the accounting system and processes, and iii) the relationship between owner and accountant, as well accountant and employees.

### **Emergent Theme 1: The Accountant as an Advisor**

The first theme to emerge from the data collection was the importance of the accountant as an advisor and three associated sub-themes: bookkeeping and accounting, advisor, and decision-making (see Table 1). The participant outsourced the accounting



function to an accountant (CPA) who provided full function accounting, tax, thought process, and who watched for good and bad trends (Participant, personal communication, November 25, 2015). The accountant spent three, 4-hour days handling all aspects of record keeping including communicating with project managers to maintain and update information in the accounting system (Participant, personal communication, November 25, 2015). According to the participant, an entry-level bookkeeper was not able to help (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

The importance of the accountant as an advisor is shown in Table 1. The high frequency of occurrence indicated the importance of the accountant as an advisor. The role of bookkeeping in this small business took somebody who had some business experience and who could control the accounting system (Participant, personal communication, November 25, 2015). Overall, the participant's independent accounting contractor acted as the Chief Financial Officer. The strategy to outsource the bookkeeping function helped the participant to sustain business growth over time because he contracted a person who could perform both the bookkeeping and accounting functions, act as an advisor, and help with decision-making (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

Using an accountant as an advisor was supported by various authors in the literature review. Banham and He (2014) found that small business owners needed support in traditional accounting as well as non-accounting services, such as advising and

planning, and sought accountants capable of filling multiple roles. Coyte, Ricceri, and Guthrie (2012) noted that small business owners with little or no formal accounting skills overcame deficiencies and implemented better planning, controlling and reporting systems using knowledge from external and internal relationships. The study participant's strategy of using an accountant as an advisor allowed him more time to focus on the overall perspective of business (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The conceptual framework of this study supports the strategy of using an accountant capable of more than traditional accounting services because looking at systems as a whole takes into account the multiple business components (Chagas & Campanário, 2014).

Table 1

*Frequency of Sub-Themes for Accountant as an Advisor*

Sub-theme	Frequency	% of frequency of occurrence
Bookkeeping and accounting	12	39.4%
Advisor	11	42.8%
Decision-making	5	17.8%

**Bookkeeping and accounting.** Record keeping impacts business performance positively and identified as an important feature in influencing firm performance (Drexler, Fischer, & Schoar, 2014; Musah & Ibrahim, 2014). Persistent contribution to economic growth depended fundamentally on the performance of the business (Musah & Ibrahim, 2014). Evaluating a firm's economic contribution and performance requires record keeping (Fullerton et al., 2014). Due to the complexity of accounting procedures,

small business owners tended to end up with poor and unreliable data (Drexler et al., 2014). The study participant hired a person who performed both the bookkeeping and accounting functions, which helped to maintain timely and accurate records (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Working three days a week, she provided full function accounting services, to include handling all record keeping, tax preparation, and auditing throughout the year (Participant, personal communication, November 25, 2015).

A core function of business is controlling and finance; however, business owners in the growth-stage gravitate more towards pursuing business opportunities and spending less time on core functions (Mueller, Volery, & von Siemens, 2012). Also, when faced with limited resources small business owners tended to focus more on the day-to-day revenue generating aspect of business and placed less weight on areas such as bookkeeping (Ng et al., 2013). The study participant admitted to not having the number crunching personality and was pleased to be able to pass that function off to somebody that he trusted (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Allowing the accounting contractor to act as the CFO allowed the participant to step back so he could understand the business situation as a whole rather than become immersed in specific details (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

In addition to bookkeeping, the participant's accounting contractor also performed managerial accounting duties to include custom reports such as a cash-flow report, job

costing report, project management report, and projection report. The typical accounting systems did not hold all of the information necessary for efficient decision-making, therefore implementing a managerial accounting system provided both the financial and the economic information appropriate for his decision-making (Participant, personal communication, November 25, 2015; review of cash-flow, job costing, project management, and projection reports, November 24, 2015). Managerial accounting includes producing managerial reports, preparing cost analysis, preparing schedules, and organizing other company resources (Mistry, Sharma, & Low, 2014). The bookkeeping strategy of incorporating financial and managerial accounting process into his business helped the study participant sleep better at night (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Finding an individual who understood both financial and managerial accounting simplified his life (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The findings in the literature review aligned with the study results demonstrating good accounting records using information from within and outside the company contributed to improved decision-making (Abdul-Rahamon & Adejare, 2014; Mihăilă, 2014).

Furthermore, the study results demonstrated the importance business owners should place on understanding the accounting information to manage their firms. Decisions made without regard to their financial impact can lead to business failure, therefore understanding how to interpret the information requires expertise (Carrahera & Van Auken, 2013). The accounting contractor's reports provided important information,

so understanding the statements helped the business owner analyze facts to understand and manage the business (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Besides supplying detailed numbers on a spreadsheet, the accounting contractor incorporated graphs to present the big picture so the participant could better understand the trends (Participant, personal communication, November 25, 2015; review of cash-flow and projection reports, November 25, 2015). According to the study participant, an entry-level bookkeeper was not able to help him. He needed someone with business experience capable of producing monthly reports on cash flow analysis, historical trends, and comparative trends (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

Maintaining good accounting records is a crucial provision for decision-making (Abdul-Rahamon & Adejare, 2014). Current, accurate, meaningful, and timely information is a necessary basis for businesses to formulate decisions for survival and growth (Abdul-Rahamon & Adejare, 2014; Ademola et al., 2012). Understanding the business' trends allowed the participant to partake of opportunities and prepare for uncertainties (Participant, personal communication, November 25, 2015). Cash flow is important to business, and the participant experienced firsthand the benefits of watching trends (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). He described a time in the business cycle where early one year a huge upswing in revenues occurred. He managed the business using the revenues

of that upswing for the remainder of the year (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

Watching the trends on a month-to-month basis helped him recognize, understand, and deal with that particular trend (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The accounting contractor provided detailed and accurate monthly reports, and he used them to manage the business (Participant, personal communication, November 25, 2015). It would have been difficult to determine profitability and business vulnerability without keeping records, thus demonstrating the importance of the foundation of the business' bookkeeping (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Consistent with the literature review, the study results showed how bookkeeping emerged as valuable for the groundwork of business (Ademola et al., 2012). Foster (2012) determined the role of information for decision-making was critical; and how business owners approached, assessed, and weighed the data contributed to the decision-making process and ultimately the outcomes.

The combination of business experience and a qualified accounting contractor positioned the study participant in an improved strategic position (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Drexler et al. (2014) used the term rule-of-thumb to describe an accounting principle. Merriam-Webster (online dictionary) described rule-of-thumb as a practical method that comes from experience and common sense. Similar to the literature review, the study results indicated proper accounting influenced reporting quality, which helped

the participant to navigate uncertain situations, and allowed them to predict events and plan proactively for slow business weeks (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). A recent study found that hiring an accounting professional who included traditional services along with extended services prompted innovative strategies for the business (Yeh & Sur, 2015).

It was evident from the interview responses and the company documentation that the bookkeeping and accounting maintained by the accounting advisor influenced the company reports used by the participant (review of cash-flow, job costing, project management, and projection reports, November 25, 2015). The reports were customized to track specific business functions and outcomes (Participant, personal communication, November 25, 2015). The company reports contained information on linked functions of the business which allowed the participant to view situations and apply strategies to the whole system (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Linked functions align with systems theory as described by Laszlo and Krippner (1998) who stated systems theory draws on the environment and evolves according to the dynamics of the environment. In other words, the components of a business interact together to form a relationship or process (Laszlo & Krippner, 1998).

**Advisor.** Businesses benefit from financial management, and accounting professionals who recognized specific business needs provided value for strategizing processes (Seo, Perry, Tomczyk, & Solomon, 2014). Outsourcing helped small business owners obtain human resources with proper skills, competencies, and knowledge, which

benefitted the companies (Carey, 2015; Nielsen, Mitchell, & Nørreklit, 2015). When looking for someone to fill the bookkeeping function in his business, the study participant decided to outsource the position (Participant, personal communication, November 25, 2015). The accounting contractor he hired had expanded knowledge beyond basic bookkeeping that included auditing, tax, payroll, and comptroller capabilities (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). If bookkeeping is the only process the accountant could perform, then the accountant was not strategically equipped to meet a small business owner's needs (Barbera & Hasso, 2013; Songini et al., 2013). Because of her qualifications, the accounting contractor handled all of the accounting responsibilities and placed in an honorary role acting as the Chief Financial Officer (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

Carey (2015) studied the effects of external accountants used in small business and found that businesses performed better when provided advice from an accountant who offered auditing services. The reason for this was the in-depth knowledge auditors extract from business (Carey, 2015). One of the functions of the study participant's CFO was to perform audits and keep a lookout for both good and bad scenarios (Participant, personal communication, November 25, 2015). According to the study participant, many details, and many transactions occur during the transactional processes that she captures and places in the monthly reports (Participant, personal communication, November 25, 2015; review of job costing, project management, and projection reports, November 25,



2015). Because of a competent accounting contractor, he stopped worrying about the minutia and began expecting her to provide advice (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Although an outsourced position, he gave her the status as if the CFO (Participant, personal communication, November 25, 2015). As he stated during the interview, “Even though I’m a small business, I run it like it’s a big business. I expect people to understand that” (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

Small business owners required advisors with knowledge that went beyond the traditional accounting services and other business subjects (Barbera & Hasso, 2013; Songini et al., 2013). Such knowledge assets represented fundamental drivers for managerial innovation and influenced business performance (Schiuma, Carlucci, & Sole, 2012). The study participant and his accounting contractor created an innovative business model in response to a need for specific reporting (Participant, personal communication, November 25, 2015; review of cash-flow, job costing, project management, and projection reports, November 25, 2015). The practical view of a business model in response to a demand meant that every company must design business models specific to individual settings (Halecker & Hartmann, 2013). Systems thinking analysis links together knowledge assets and processes to improve business performance (Schiuma et al., 2012; Halecker & Hartmann, 2013). The main driver of knowledge assets and implementation thereof is the company’s budget (Shiuma et al., 2012). To grasp the company’s budget fully, the participant used an accounting contractor’s advice on

tracking methods and processes (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The new reporting methods allowed the participant to plan an efficient use of available resources (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

Bookkeeping is the measurement technique of business activities and plays a role in developing sustainable companies (Çalışkan, 2014). Carey (2015) observed that small business owners sensed a performance gain and competitive advantage when using an accounting contractor as an advisor. The study participant's accounting contractor met his requirement of constructing and conducting a unique reporting system that enabled him to understand the historical, current, and projected transactional events (Participant, personal communication, November 25, 2015; review of cash-flow, project management, and projection reports, November 25, 2015). He admitted to changing management practices because of advice received from his accounting contractor (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The interview responses and company documents, exhibiting the accountant's custom reports, aligns with the literature review demonstrating how accountants can help evaluate and improve company performance (Banham & He, 2014; Botham, 2012). Additionally, the reporting system, which the accountant developed to assess the business, supports the basic principles of systems theory which incorporates the continuous input, processing, and output of information that fit the model of the business' operation (Kast & Rosenzweig, 1972; Laszlo & Krippner, 1998).

**Decision-making.** At some point from start-up to growth, small business owners tended to adjust from laboring to managing and spending more time on business and business development (Mueller et al., 2012). Understanding decision-making frameworks helped business owners recognize how segments interacted and supported strategies (Schiuma et al., 2012). Improper records cost companies and caused businesses to fail (Musah & Ibrahim, 2014). For better decision-making, management accounting systems and methods should explore cost-effectiveness and available resources (Mistry et al., 2014). The study participant learned that the information generated by the accounting contractor served as the starting-point for decision-making (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

Although the accounting contractor did not have prior knowledge of the industry, it was not important (Participant, personal communication, November 25, 2015). However, understanding how the processes within the industry worked helped her to streamline the company's processes (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). She initiated the current system to help provide accurate and timely information, which enhanced the decision-making processes (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). In business, using innovative service strategies, such as providing traditional accounting services along with advisory services, benefited companies' strategies (Yeh & Sur, 2015). The combination of her skills and knowledge helped the study participant sustain his business the months after the financial

upswing occurred (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). For the study participant, he learned the experiences mentioned in the literature review by Mihăilă (2014) who indicated accounting professionals who established themselves as service professionals beyond the typical bookkeeping practice created a competitive advantage, and better served their clients' needs. Researchers examined the relative success of decisions and provided evidence showing group decision-making outperforms individual decision-making (Isopi, Nosenzo, & Starmer, 2014).

The findings of the first theme align with the literature review showing the accountant as an advisor benefited businesses (Samkin et al., 2014). Although operating a business does not require a formal education, interpreting the accounting information applied to business decisions relates to every business (Yin, L., 2014). The literature demonstrated how decision-making challenged individual decision-makers particularly when business owners needed to remain in a state of continual monitoring and evaluating of the business' progress as changes to the business plan occurred (Jansen et al., 2013; Stewart & Gapp, 2014). Business owners handling the responsibilities themselves experienced a decline in detail, progress, effectiveness, and focus (Gorgievski et al., 2014). It was evident from the interview responses and the company documentation that the accountant influenced decision-making (confirmed by member checking, December 7, 2015). The information contained in reports and the unique reporting system are the accountants responsibility and were refined to meet business needs (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7,

2015). Refining reports align with systems theory wherein the processes of gaining knowledge occurs within a system, yet it is cultivated in subsystems (Chagas & Campanário, 2014). Organizations go through learning cycles and learning by applying knowledge signifies systems development - it is the link formed by previous knowledge (Chagas & Campanário, 2014).

### **Emergent Theme 2: The Managerial Accounting System and Processes**

The second emergent theme from the data collection was the managerial accounting system and processes used to sustain business growth and two associated sub-themes: competencies and processes (see Table 2). The participant used QuickBooks Online and a pricing software to manage the bookkeeping functions and produced custom analysis reports using Excel spreadsheets. The accountant managed the accounting system, monitored the business' accounts, and supplied monthly cash flow reports, which included recommendations to the owner (Participant, personal communication, November 25, 2015; review of cash-flow report, November 25, 2015). Knowing the business' cash flow helped to operate the business under constrained parameters regarding account's receivables (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The company reports showed trends over time, so the study participant knew the business' position regarding cash flow in and cash flow out (review of cash-flow report, November 25, 2015). Looking at general trends allowed the owner to view previous years and gauge current cash flow (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

The importance of the managerial accounting system and processes is shown in Table 2. The high frequency of occurrence indicated the importance of the managerial accounting system and processes. The participant's view of his accounting system aligned with Mihăilă's (2014) position noted in the literature review as not holding all of the information necessary for efficient decision-making. For efficient decision-making, he needed a different form of accounting that looked at both financial and economic information (Participant, personal communication, November 25, 2015). The conventional accounting system did not contain all of the necessary information, so the accountant implemented a custom managerial accounting system for the study participant (Participant, personal communication, November 25, 2015; review of cash-flow, job costing, project management, and projection reports, November 25, 2015). Custom managerial accounting systems align with Mihăilă's (2014) who advocated managerial accounting practices and systems to help the decision-making processes because they supported management planning, decision-making, control, and analysis.

Table 2

*Frequency of Sub-Themes for Managerial Accounting System and Processes*

Sub-theme	Frequency	% of frequency of occurrence
Competencies	6	54.5%
Processes	5	45.5%

The combination of QuickBooks online and a pricing software formed the management accounting system (Participant, personal communication, November 25,

2015). The new system allowed him to manage and to monitor the business' financial and economic events (confirmed by member checking, December 7, 2015). The participant's industry is detail oriented from estimates and invoices to reporting and auditing (Participant, personal communication, November 25, 2015). In addition to heavy details, there are multiple parties involved in transactions (Participant, personal communication, November 25, 2015). Besides the job-related work, many events occur during the transactional processes to include tracking and reporting (Participant, personal communication, November 25, 2015). An important component guiding business performance is a proper bookkeeping system (Musah & Ibrahim, 2014). Whether it is incorporating new records into the system or the day-to-day transactions, the system should be easy to use and understand as well as reliable (Musah & Ibrahim, 2014).

The participant's views lined up with the finding in the literature review concerning outsourcing wherein many small businesses found it advantageous to outsource the accounting processes, and valued the accounting information during decision-making for planning, organizing, and controlling the company (Breuer et al., 2013). The bookkeeping strategy implemented for the managerial accounting system included the accounting contractor's competencies (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The accountant was knowledgeable in various software packages, and only needed an understanding of how the process worked in the participant's industry (Participant, personal communication, November 25, 2015). Once the owner and accountant understood the processes, streamlining began (Participant, personal communication,

November 25, 2015). The accountant issued monthly reports using spreadsheets and graphs so the owner could see the big picture (review of cash-flow and projection reports, November 25, 2015). Implementing managerial accounting was found useful to operations as well as to profitable growth and using the external accountant's knowledge managed to benefit businesses (Barbera & Hasso, 2013; Mihăilă, 2014).

It was evident from the interview responses and the company documentation that the accountant shaped the managerial accounting system. The company documentation contained reports developed to monitor business trends and projects (review of cash-flow, project management, and projection reports, November 25, 2015). Investigating the relationships amongst the components of a system aligns with systems thinking (Karniouchina et al., 2013). Systems thinking helps solve complex problems (Gehlert et al., 2013). Although systems thinking is complex, understanding contemporary work systems can promote sustainability (Kira & van Eijnatten, 2013). Examining the relationships amongst the components of the system helps to understand business trends (Karniouchina et al., 2013).

**Competencies.** Managerial accounting and financial accounting differ as to whom the reports serve (Mihăilă, 2014). More people understand the purpose of financial accounting pertaining to business than the purpose of managerial accounting. Managerial accounting produces reports used to help management concerning decisions (Mihăilă, 2014). No formal rules apply to managerial accounting practices (Mihăilă, 2014). The accounting contractor at the study site used her competencies to produce relevant reports from the available information for the decision-making topic specific to the study



participant's business (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). In the case of the participant, had the accounting system contained inaccurate numbers, the outcome of his revenue upswing issue would have been different (Participant, personal communication, November 25, 2015). In this case, the information contained in the accounting system met the internal needs of the business and supported the decision-making process (Bauer & Baran, 2015). The company records of the business' activities supported his decision-making in addition to providing verification (Danford, John, & Lazaro, 2014).

The issue of cash flow affects all types of organizations (U.S. Small Business Administration, 2013a). Keeping proper records and preparing financial statements benefit business owners when the reports contain accurate financial performance measurements (Mintah, Adjei, Mintah, & Okofo, 2014). The ability to monitor performance and measure income and expenses accurately may be time-consuming. However, the importance of record keeping cannot be questioned (Danford et al., 2014). Small business owners who lack proper education or time to keep records and maintain an accounting system should consider an accounting contractor (Seo et al., 2014; Ng et al., 2013).

Accounting is the language of business and continuously evolves to follow changes in the business environment (Bauer & Baran, 2015). An accountant should be competent in handling the business' environmental changes as well as proper record keeping. Musah and Ibrahim (2014) found a positive correlation between business performance and bookkeeping. Using cloud-based technology allowed the accounting

contractor and the study participant to monitor and update records remotely (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Cloud-based accounting software, industry software, and file storage kept the accounting system up-to-date (Participant, personal communication, November 25, 2015). The cloud-based software allowed the study participant and accountant to access the information and collaborate remotely when needed. The accounting system, developed by the accounting contractor, provided the visualization of information he needed to support the decision-making process (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Similar findings in the literature review explained the benefits of combining software and information to serve a business' internal needs while allowing for additional measurements (Bauer & Baran, 2015).

It was evident from the interview responses and the company documentation that the accountant demonstrated competency. The reporting system is the accountant's responsibility, and she designed the reports to suit the participant's learning style (Participant, personal communication, November 25, 2015). As the business' life cycle progressed, the reports were adapted to meet decision-making needs (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Lifecycle aligns with systems theory as described by Karniouchina, Carson, Short, and Ketchen (2013) who stated systems theory helped determine firm performance and performance adjustments as the business' life cycle shifted through growth, maturity, and decline.

**Processes.** Consistent with the literature review wherein Fullerton et al., (2014) stated business operations and accounting must work together, the participant found that streamlining the accounting processes helped save time and money, and prepared the company for opportunities and challenges. Von Bertalanffy's (1972) systems theory provided insight into business inputs and outputs. Accounting systems use a similar set of processes to compile information. The inputs of accounting information produced outputs that the participant used to make decisions (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Similar to many businesses, the performance of the study participant's business was reliant on proper record keeping, therefore, the processes of the accounting system needed to be easy to use and easily understood (Danford et al., 2014; Musah & Ibrahim, 2014). Even though no set guidelines exist for managerial accounting, the primary practice of incorporating relevant and timely information into the system require a process (Mihăilă, 2014). Each business has different criteria regarding the information and the types of reports needed for decision-making (Musah & Ibrahim, 2014).

It was evident from the interview responses and the company documentation that processes constituted much of the business' policy and procedures. According to the literature review, individuals skilled in systems thinking, such as managerial accounting systems and practices, noticed improved decision-making processes and elevated sustainability (Kira & van Eijnatten, 2013; Mihăilă, 2014). The rapid changes experienced in the study participant's business environment caused him to seek a system to improve continuously the usefulness of information (Participant, personal

communication, November 25, 2015). He continually monitored and evaluated the business' progress and incorporated modifications as they worked towards learning and adjusting the business plan (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The participant's business model aligns to systems thinking wherein a practical approach continuously refined processes for the best problem solving and decision-making outcomes (Halecker & Hartmann, 2013; Nguyen & Bosch, 2013). Seeing the big picture allowed him to see possibilities and create insights to work through an issue (Participant, personal communication, November 25, 2015).

### **Emergent Theme 3: The Relationships**

The third emergent theme from the data collection was the relationships between 1) owner and accountant and 2) accountant and employees, and two associated sub-themes: trust and responsibility (see Table 3). Identical with the literature review, the participant learned that communication built trust, and he established trust in his accountant who acts as an advisor to help support the other human resources and employee initiatives (Jarvis & Rigby, 2012). The importance of the relationships is shown in Table 3. The high frequency of occurrence indicated the importance of trust and responsibility.

Table 3

#### *Frequency of Sub-Themes for Relationships*

Sub-theme	Frequency	% of frequency of occurrence
Trust	11	68.7%

Responsibility	5	31.3%
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It was evident from the interview responses and the company documentation that the accountant interacted with and supported employee projects (review of job costing and project management reports, November 25, 2015). The information contained in the company reports was collected from each project manager by the accountant (Participant, personal communication, November 25, 2015). The company reports contained both financial and non-financial information to inform the owner of each project's progress (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

**Trust.** Although a contractor, the accountant holds the full responsibility of the bookkeeping and accounting functions (Participant, personal communication, November 25, 2015). Part of the accountant's role was to collect and compile the transactional data from the project managers then record the information into the accounting system (Participant, personal communication, November 25, 2015). The relationship between the business owner and accountant strengthened as the accountant proved herself by developing a new reporting system, and provided accurate and quality work (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). Furthermore, her advisory role increased as he recognized her abilities (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). When asked how the experience of the bookkeeping function helped the business to succeed, the participant's response

demonstrated the importance of the relationship between accounting advisor and business owner. He explained how he was more relaxed in the day-to-day activities and did not worry about the minutia because he trusted the accountant to keep him informed (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015).

The study participant responses reflected the findings in the literature review concerning trust. Barbera and Hasso (2013) asserted the degree of trust between the accountant and business owner influenced the value of the accountant's service. While Jarvis and Rigby (2012) indicated, accountants who developed trustworthy relationships were sought out by business owners to advise in other areas. It was evident from the interview responses that the participant trusted his accountant because, throughout the interview, he used the word "we," demonstrating how he relied on her knowledge and advice for decision-making. In the literature review, Gilstrap (2013) described systems theory as having an evolutionary process and how employees reaction to an organization's structure impacts and effects leadership and decision-making. The evolutionary process could describe an alignment with the trust and decision-making.

**Responsibility.** Another bookkeeping strategy implemented to help sustain the business was to empower project managers (Participant, personal communication, November 25, 2015). Interesting enough, the relationship between the accountant and employees was just as important to this company since the accountant approached each project manager during and after project completion. The accountant collected and maintained records for each job (review of job costing and project management reports,

November 25, 2015). Project managers understood what each piece of information meant and why it was relevant to the business (Participant, personal communication, November 25, 2015). To build and maintain a sustainable business the participant empowered the employees to treat each project as a profit generator incorporating budgets, and reviewing budgets to actual upon project completion (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The Study participant required the project managers to run projects like big business and compensated them based on their ability to do a job profitably (Participant, personal communication, November 25, 2015).

The employee accountability and responsibility led to improved project management practices and performance outcomes (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The data provided by the employees to the accountant helped achieve the company's goal of improved reports, which in turn helped monitor and improve performance outcomes (Participant, personal communication, November 25, 2015). Mentioned in the literature review is the importance of building relationships for the success of a contracted accountant. In the case of the participant, his contracted accountant built relationships with the project managers to provide additional and supporting information that led to increased efficiency at decision-making (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). This practical approach improved the inputs and outputs of the system, further demonstrating the use of systems thinking as a management discipline to exam links and interactions between the elements

that comprise the whole (Halecker & Hartmann, 2013). When perceived as good advisors, accountants unlocked opportunities to benefit small business owners by performing different roles (Jarvis & Rigby, 2012).

It was evident from the interview responses and the company documentation that the accountant built good relationships with the study participant and employees. The information needed in certain reports came from communications between the accountant and project managers (Participant, personal communication, November 25, 2015; confirmed by member checking, December 7, 2015). The accountant and project managers often communicate, so the project managers were taught proper tracking and reporting of jobs as well as the importance of each report concerning process and costs (Participant, personal communication, November 25, 2015). Building relationships align with systems theory as described in the literature review by Gilstrap (2013) as allowing reviewing and refining processes so patterns and relationships could emerge.

In conclusion, the study findings answered the principle research question and described three specific bookkeeping strategies used by the study participant to sustain business growth over time. The study results corresponded to the literature review and conceptual framework. Within the three main themes, the study participant revealed three key strategies he implemented: i) outsourcing the bookkeeping function helped him to step back and look at the big picture, ii) the accountant contractor implemented a managerial accounting system to track and maintain the business' information for decision-making, and iii) the accountant contractor built relationships and interacted with the owner and project managers to track business information and trends. Research



conducted in the literature review confirmed that small businesses need accountants strategically equipped to meet small business owners' needs, from decision-making to advisory roles in various areas of business disciplines. Von Bertalanffy's systems theory relates business to a network of interdependent parts that form a whole (Chagas & Campanário, 2014; Gehlert, 2013). The study results indicated that the knowledge assets and processes used by the participant and the accounting contractor provided sufficient inputs that produced outputs for better decision-making. The overall results of this study demonstrated the importance of the role of bookkeeping in building a sustainable business.

### **Applications to Professional Practice**

Small businesses established a significant role in society by becoming the backbone of the U.S. economy (Shepard, 2013). The purpose of this study was to explore how bookkeeping strategies helped small business owners to sustain business growth. The focus of the study was to examine small business owners' perceptions of the bookkeeping role in building a successful and sustainable business. The findings in the literature review and the study confirmed that the role of bookkeeping in business success is significant.

The relationship between bookkeeping and business sustainability required investigation to understand small business survival. The study revealed that small businesses provided jobs and aided economic growth. Also, the study showed that small business owners often found themselves performing most of the jobs required to operate a business. Many business owners lacked the knowledge or understanding to carry out

certain roles. My goal was to explore the pattern of small business and sustainability. Through research and a single case study, I explored the role of bookkeeping in small business. The case study participant revealed three strategies advantageous to small business owners who lacked staff accountants: (a) outsourcing the bookkeeping/accounting function, (b) developing a managerial accounting system, and (c) building the relationship with the accountant for advisory purposes.

The results of the case study further supported bookkeeping as a critical role in business sustainability. The results of the study revealed the role of bookkeeping in small business required somebody who had some business experience and could control the accounting system. Bookkeeping measures the business' activities and performs a role in developing sustainable companies (Çalışkan, 2014). The information inputs and outputs of the accounting system are critical for decision-making (Foster, 2012). Business is a multiplex system shaped and constrained by rules whereby patterns and relationships emerge (Gilstrap, 2013). Throughout the research and study, the manner of how business owners approached, assessed, and weighed the accounting data contributed to the decision-making process and ultimately the outcomes.

Some accountant services have met small business owners' needs by offering advisory services and assisting in other non-accounting areas (Jarvis & Rigby, 2012). The role of accountant services has influenced small business performance (Husian & Ibrahim, 2014). Accountants with knowledge, experience, education, social resources, and competence significantly contributed to helping small business owners implement and use strategic decision-making processes (Jansen et al., 2013; Owens et al., 2013).

Accountants who wanted to benefit small businesses proactively built enough skill sets to benefit small business owners. Small businesses needed strategically prepared accountants who had competencies to meet their customers growing needs (Songini et al., 2013). Accountants who developed competencies in subjects such as managerial accounting, decision-making, progressive education, and networking helped create sustainable businesses for their customers (Mihăilă, 2014; Saunders et al., 2014). Understanding the importance of financial literacy and skills needed has increased business owners' awareness of accountants in decision-making (Kidane, 2012; Samkin et al., 2014).

### **Implications for Social Change**

The focus of the study was to explore the role of bookkeeping in business success. The research addressed the impact of small business success and confirmed small businesses did help communities by providing jobs and promoting economic growth (Barbera & Hasso, 2013). Federal and local governments developed public policies and programs to address the challenges small businesses encountered and to assist small businesses to succeed (Etuk et al., 2014). Despite numerous research attempts, it remains unknown why small businesses fail within the first five years with approximately 33% surviving beyond 10 years (U.S. Small Business Administration, 2014a). The role of small business and the needs of small business owners' has been complex.

The results of the study could offer new insight for owners of all types of business, and possibly help them to overcome deficiencies. The contribution of small businesses could help owners prosper and prove beneficial to their local communities.

When small businesses grow and achieve sustainable practices, more money could flow into the local economy. Prior research determined that necessary changes in academic theory and practice should include practical learning for accounting students (Gehlert, Ressler, & Baylon 2013; Gregory & Miller, 2014; Shuttleworth, 2014; Sisaye, 2013).

The implication for social change from this study could cause business owners, accountants, and academia to rethink how to approach business. From the business owner's perspective, outsourcing the bookkeeping/accounting function could add to the knowledge base and improve the decision-making processes. Improved decision-making could lead to improved outcomes. Accountants who want to go beyond the typical stereotype of an accountant could position themselves to help small business succeed by providing additional services. Many individuals perceive accountants as tax professionals and, therefore, may seek them out solely for tax related purposes. Business is an organized system used to exchange goods and services. An accountant capable of performing other duties within the system could promote small business sustainability. Finally, academia could help improve sustainability in business by providing practical use of lessons and computer software for students' learning. Perhaps incorporating methods and systems in line with apprenticeship training, academia could help replace the stigma of what an accountant is capable of performing.

### **Recommendations for Action**

Business owners should consider evaluating their strategies for sustainability. The information provided in this study could contribute to building a sustainable small business. The themes listed in the study results include (a) outsourcing the

bookkeeping/accounting functions, (b) developing and using a managerial accounting system, and (c) building a relationship with the outsourced professional for advisory purposes. The strategy should consist of working with someone capable of handling the record keeping of the accounting system as well as understand the results of the reports for decision-making purposes (Mihăilă, 2014; Padachi, 2012). Additionally, competence in creating and adjusting the accounting system and reports to meet the needs of the business are critical (Breuer et al., 2013). For the outsourcing to succeed, the individual should be willing to understand the industry as well as ready to learn the processes and procedures best suited for record keeping (Jansen et al., 2013; Kamyabi & Devi, 2014). In doing so, information for decision-making should improve- creating an improved foundation for decisions leading to improved outcomes (Abdul-Rahamon & Adejare, 2014; Kidane, 2012).

Yin, L. (2014) indicated that accounting plays a critical role in business development and business owners who kept and maintained accurate and timely records and used the information to help make and guide decisions understood accounting better than their counterparts did. The findings from this study are important to small business owners. The study participant stated that he treats his business like a big business (Participant, personal communication, November 25, 2015). Big businesses hire vice presidents to oversee and provide advice to the various business departments. Small businesses may not need full-time advisory employees to fill these roles. However, outsourcing could prove to be the sustainable business strategy needed. Understanding the results of the study could benefit both business owners and accountants.

The findings of this study found a relationship between bookkeeping and business sustainability. The implementation of the strategies may help small business owner's survive and benefit the local economy by offering employment opportunities. Understanding the role of bookkeeping for small businesses and decision-making practices of successful businesses increase the success rate of small business owners. I will communicate the findings of the study through training, mentoring, and small business seminars. I may circulate the results of the study through the Small Business Association (SBA).

### **Recommendations for Further Study**

The purpose of studying small businesses was to learn the importance of bookkeeping for successful small business owners. The findings from this study substantiate additional exploration of the relationships between bookkeeping and decision-making outcomes, as well as the effects of accountants in an advisory role for small business owners. Researchers should conduct further studies to explore small business challenges not included in the study and to address delimitations. The findings of this study necessitate exploration of bookkeeping strategies needed from the view of small business owners' decision-making strategies. Small business owners' could have concerns using outsourced contractors to fulfill business needs; I recommend exploring any concerns and objections.

For this study, research was restricted to a single case study and may not represent the business population as a whole. I recommend expanding the sample size of participants within the area for a multi-case study. Since this study was performed on a

service type company, I recommend further studies to include merchandise and manufacturing businesses. Also, further research should include exploring other small business strategies used to build sustainable businesses.

Finally, I recommend a study to explore what accounting students found useful in their lessons and what changes should take place in curriculums to help future accounting students prepare for business. The findings of this study proved that small business owners required accountants capable of building and maintaining an accounting system suited to the company. Business analysis is contingent on the nature of the problem and the professional wisdom of the management accountant (Kidane, 2012). The impact of the managerial accounting function includes managing the vision of the company, the leadership, and the human resources (Mihăilă, 2014). Since managerial accounting does not follow a set of rules like financial accounting does, it would be interesting to explore if curriculums favor financial accounting over managerial accounting (Mihăilă, 2014).

### **Reflections**

During the initial stages of the doctoral study, I determined that researching why small businesses failed or succeed would be futile. As an undergraduate student, I had one professor who pointed out that each department of a company was equally important for the business to operate. Therefore, I decided to research one aspect of the business-bookkeeping. What I discovered challenged and excited me. The role of bookkeeping turned out to be more than I realized. I was amazed at the study participant's responses to my interview questions. Armed with three years of academic research behind me, I came

face-to-face with a small business owner who learned through experience the importance of bookkeeping and having the right person in place.

The level of detail of performing research challenged me. I felt overwhelmed researching the data required for the literature review. Keeping the paper aligned and focused on bookkeeping and bookkeeping strategies was difficult, but as I progressed, the research supported the foundation of business as proper bookkeeping (Ademola et al., 2012). The findings of this study relate to me personally as a small business owner who offers accounting services. I was able to recognize many similarities and challenges small business owner's encounter. The findings from this study revealed to me strategies and practices that sustainable businesses used, which I can utilize in helping small business build sustainable practices.

### **Summary and Study Conclusions**

There are millions of small businesses creating jobs in all industries throughout the United States (U.S. Small Business Administration, 2013b). Not all of them survive. Fifty percent of small businesses fail within five years, and only 30% survive 10 years or more (U.S. Small Business Administration, 2014b). The problem is that small business owners do not always have the expertise to manage the financial aspect of their businesses. The specific business problem is that some small business owners lack bookkeeping strategies to sustain business growth over time. The purpose of studying small businesses was to learn the importance of bookkeeping for successful small business owners. The results indicate how the proper recording of business activities and transactions helped simplify the decision-making processes for small business owners



(Breuer et al., 2013; Umeji & Obi, 2014). The results of the study should influence the business environment by introducing strategies and practices for small business owners as well as offering ideas for changes in their daily operations, methods, and approaches.

After collecting and analyzing the data, three main themes emerged: i) the accountant as an advisor, ii) the accounting system and processes, and iii) the relationship between owner and accountant, as well accountant and employees. The findings of this case study indicated that a small business owner needs strategies such as an advisor, a system for accounting and procedures, and an individual accountable for overseeing transactions pertaining to budgets. The findings also indicated that the business owner should understand financial reporting and overcome barriers by implementing alternative methods of producing reports. The study participant stated that he ran his business like large companies. His comment aligns with Ademola, James, and Olore (2012), who described small business owners desiring to build sustainable businesses as being proactive in running their business like big businesses.

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### Appendix A: Interview Protocol

1. Begin interview protocol
2. Introduce myself to participants.
3. Present consent form, go over contents, and answer questions and concerns of participants.
4. Participant to sign consent form prior to interview.
5. Give participant copy of consent form.
6. Turn on recording device, note date, time and location in journal.
7. Follow procedure to introduce participants with pseudonym/coded identification; note the date and time.
8. Begin interview with question #1; follow through to final question.
9. Follow up with additional questions.
10. End interview sequence; discuss member-checking with participants.
11. Thank the participants for their part in the study. Reiterate contact numbers for follow up questions and concerns from participants.
12. End interview protocol.

## Appendix B: Interview Questions

1. Explain how the bookkeeping function is managed either in-house or outsourced?
2. What are the responsibilities and expectations of your bookkeeper?
3. What bookkeeping strategies attribute to your business success?
4. What software do you use to manage the bookkeeping function?
5. How do you use the functions/reports of bookkeeping to make decisions?
6. How have your decision-making processes been influenced by a bookkeeper?
7. How has the experience of bookkeeping function helped you to succeed?
8. Is there anything else you are willing to share with me on the topic that I did not ask?

## Appendix C: Consent Form

**CONSENT FORM**

You are invited to take part in a research study exploring a business problem. Fifty percent of small businesses fail within 5 years, and only 30% survive ten years or more (U.S. Small Business Administration). The foundation of the study is to uncover what helps small business owners achieve sustainable businesses. The researcher is inviting small business owners in Wake County, North Carolina to be in the study. The participant pool is comprised of small business owners of a service company operating a minimum of 5 years in business that does not rely on repeat business from previously serviced individuals. One business owner will be selected to participate. This form is part of a process called “informed consent” to allow you to understand this study before deciding whether to take part.

This study is being conducted by a researcher named Mary-Jo Zimmerman, who is a doctoral student at Walden University.

You may already know Mary-Jo Zimmerman as a small business owner in the Wake County area, but this research is completely separate from that role.

**Background Information:**

The purpose of this study is to explore how bookkeeping strategies help small business owners to sustain business growth over time. The focus of the study is to examine small business owners’ perceptions of the bookkeeping role in building a successful and sustainable business. The study may influence the business environment by contributing to new practices for small business owners and change their daily operations, methods, and approaches.

**Procedures:**

If you agree to be in this study, you will be asked to:

- participate in face-to-face interviews regarding the your business with the initial interview lasting one hour. Interviews will take place at your office.
- allow the interview to be audio recorded for further analysis by the researcher.
- answer follow-up questions after data analysis if further explanation is needed in your answers, and to confirm the understanding of your answers.
- provide company documentation that supports the study. Financial statements, such as profit and loss and balance sheets, will be used to observe how company records are kept for decision-making processes.
- share any public related business documents to support your responses and researcher’s findings.



- participate in a couple follow-up interviews lasting less than an hour. Interviews will take place at your office.
- review the final reports for accuracy and provide feedback on the same

*Here are some sample questions:*

How do you manage the bookkeeping function; in-house, or outsourced?

How often do you use the functions/reports of bookkeeping to make decisions?

How have your decision-making processes been influenced by a bookkeeper?

The study participant will be provided with a 1-2 page summary of the research results upon completion of the study.

#### **Voluntary Nature of the Study:**

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

#### **Risks and Benefits of Being in the Study:**

There is no personal risk associated with participation in the study. Being in this study would not pose risk to your safety or wellbeing.

The results of the study might offer new insight for all types of business owners—great and small. The contributions to small businesses could help owners prosper, which could in turn reap benefits for the surrounding communities. The research could also pioneer necessary changes in academic theory and practice including practical learning

#### **Payment:**

There will be no payment provided for participating in this study.

#### **Privacy:**

Any information you provide will be kept confidential. The researcher will not use your personal information for any purposes outside of this research project. Also, the researcher will not include your name or anything else that could identify you in the study reports. Data will be kept secure by the researcher. Data will be kept for a period of at least 5 years, as required by the university.

#### **Contacts and Questions:**

You may ask any questions you have now. Or, if you have questions later, you may contact the researcher via email at Mary-Jo.Zimmerman@WaldenU.edu. If you want to talk privately about your rights as a participant, you can call Dr. Leilani Endicott. She is the Walden University representative who can discuss this with you. Her phone number is 612-312-1210. Walden University's IRB approval number for this study is 11-18-15-0401788.

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

**Statement of Consent:**

I have read the above information and I feel I understand the study well enough to make a decision about my involvement. By signing below, or replying to this email with the words, "I consent", I understand that I am agreeing to the terms described above.

Printed Name of Participant \_\_\_\_\_

Date of consent \_\_\_\_\_

Participant's Written or Electronic\* Signature \_\_\_\_\_

Researcher's Written or Electronic\* Signature \_\_\_\_\_

\*Electronic signatures are regulated by the Uniform Electronic Transactions Act. Legally, an electronic signature can be the person's typed name, e-mail address, or any other identifying marker. An electronic signature is just as valid as a written signature as long as both parties have agreed to conduct the transaction electronically.