

Entrepreneurs' Capital Acquisition Challenges in Brooklyn, New York: A Qualitative Phenomenological Analysis

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Many small entrepreneurs in Brooklyn, New York, are unable to secure financial capital for their businesses, but entrepreneurs should have access to business capital because they are the leading employers in the community. The purpose of this phenomenological study was to explore the meaning of human experiences as they relate to entrepreneurs in Brooklyn, New York, who are facing financial challenges due to the inaccessibility to financial capital. This research was based on Brigham and Ehrhardt's financial management theory. The research questions concerned the experiences and perspectives of entrepreneurs who are unable to find adequate funding for their business ventures and the ways entrepreneurs experience financial hardship as a result of their inability to access capital to finance their businesses. Data were collected from unstructured face-to-face interviews with 20 Brooklyn entrepreneurs using snowball and purposive sampling methods. Data analysis involved developing the salient statements of the participants' experiences into themes. The themes included loan application denial and the use of personal savings as business capital. The findings revealed that 95% of the participants found it difficult to raise capital from financial institutions, which increased the risk for business failure. The study contributes to the body of literature and promotes social change by encouraging entrepreneurial leaders to build community relations and engage in community entrepreneurial mentoring programs.

Key words: *cooperative financial ventures network, economic collateral, entrepreneurial ventures, financial empowerment, inaccessibility to capital, snowball sampling, start-up ventures, venture capitalist, working capital*

Introduction and Background

The ability to start a new business and raise start-up capital is perhaps one of the most challenging problems for nascent entrepreneurs. Many local lending institutions and banks are reluctant to invest in entrepreneurial enterprises because of the high level of risks associated with entrepreneurial enterprises (Mitter, 2012; Winrow, 2010). This research was necessary because of the integral role entrepreneurs play in national economic development. According to the National Economic Council (2012), small and new businesses helped create 4.25 million private sector jobs between 2009 and 2012. Entrepreneurial firms are the leading job creator and have been the creators of two out of every three new jobs since the early 1990s.

This exploratory study involved evaluating entrepreneurs' experiences with existing resources such as the U.S. Small Business Administration (SBA), community banks, and venture capitalists to gain insights into how effective their services are to entrepreneurs. The professional staff members at the SBA provide technical advice, guarantee loans, and provide ongoing support to entrepreneurs; however, these professionals do not provide any form of direct financial support. Community banks offer small loans to entrepreneurs, but many entrepreneurs cannot access the loan offer due to the lack of business credit as well as poor personal credit (Shane, 2008). Venture capitalists provide capital and management support to entrepreneurs, but many entrepreneurs cannot meet venture capitalist lending requirements

(Bengtsson & Wang, 2010; Shane, 2008). Thus, these resources do not meet the needs of many cash-strapped entrepreneurs. The finding section of this research discusses the remedies for the problems and the shortcomings of these resources. The SBA mentor-protégé program is a bold attempt to assist some entrepreneurs.

Businesses associated with the SBA mentor-protégé program are relatively small. The businesses in the mentor-protégé program receive mentoring, training, and technical assistance. Many of the businesses admitted in the program are owner-family businesses that have a capital requirement of \$5,000 to \$75,000. Most of the businesses enjoy initial success and survive for at least 5 years. The dynamics of their success would be an interesting study for future research.

Statement of the Problem

The problem is the lack of understanding about the lived experiences of small business owners in Brooklyn, New York, who are unable to obtain capital to finance their business enterprises. According to the SBA (2012b), more than 50% of loan applications from entrepreneurs result in rejections, although the federal government sanctioned more than \$30 billion for entrepreneurial ventures. Banks used \$26 billion of the funds earmarked for entrepreneurial ventures to fund their own obligations and only allotted \$4 billion to entrepreneurs (SBA, 2012b).

Researchers at the Federal Reserve Bank of New York (FRBNY, 2012b) reported that 37% of loan applications did not receive approval, 36% received partial approval, 42% were not eligible to apply, 29% felt discouraged, and only 13% received full approval. Twelve percent of the applicants were entrepreneurs from Brooklyn. Thus, a larger study of the entrepreneurial population in Brooklyn may produce a higher percentage of applicants who did not receive approval. Many leaders of financial institutions, established business leaders, and professional employees are reluctant to conduct business with small and fledgling entrepreneurial businesses because of the scale of their operations, the lack of stability, weaknesses in their financial positions, and inadequate social ties with established market players (Su, Xie, & Li, 2011). Entrepreneurs in Brooklyn have similar elements of weakness and inadequacy that prevent them from acquiring the skills and financial assistance they need to sustain economic stability.

Purpose of the Study

The purpose of the study was to develop an in-depth understanding of the lived experiences of entrepreneurs in Brooklyn and acquire new information that could be used to develop alternative capital acquisition initiatives for nascent and existing entrepreneurs. Gaffney (2009) posited that capital acquisition is a difficult undertaking for entrepreneurs who do not have the required collateral. Thus, an initiative that allows a network of entrepreneurs to pool their resources and assist each other might be a viable option for some cash-strapped entrepreneurs.

The exploratory study involved a search for the meaning of the lived experiences of the studied phenomenon. Thus, a phenomenological methodology was appropriate because I was able to express the universal essence of the lived experiences of the participants rather than present an explanation of the researched subject (Moustakas, 1994; van Manen, 1990). Researchers conducting qualitative phenomenological studies focus on writing a description of the lived experiences of the subject matter instead of presenting the researcher's views.

Definitions of Terms

This research included the following terms that provided significant insights into the theoretical and empirical framework of entrepreneurial financial challenges in Brooklyn, New York.

Economic Collateral

An economic asset that is highly valuable that an individual can quickly sell to repay debts. Also, economic collateral can be used as security against loans. Many nascent entrepreneurs face serious financial restraints due to their lack of marketable collateral.

Cooperative Financial Network

This type of network is established by financial institutions and operated by its members, who have access to its resources according to its charter. Within this network, the members have the ability to acquire financial assistance, including capital funding.

Dynamic Business Environment

An active business environment that is constantly changing by being impacted by internal and external factors such as technology, human capital, and political and economic forces. The rate of dynamic changes, especially in new innovation, has created disruptive technology and created new markets for entrepreneurial ventures.

Entrepreneur

An individual who has the propensity and confidence to take risks and engage in new and untested business ventures. Individuals who are entrepreneurially inclined have greater levels of risk-tolerance. These individuals are willing to enter uncharted paths and in the process risk their capital investment and reputation.

Entrepreneurial Activities

Business activities conducted by entrepreneurs as normal business processes.

Financial Capital

Venture capital or funds used to start and pay initial operation costs. This research found that many great ideas that had potential and strong economic promise did not get off the ground due to the failure to acquire capital. Financial capital is at the heart of entrepreneurial success. Also, those entrepreneurs whose ventures were properly funded had a long productive life and produce economic wealth for their investors.

Assumptions and Limitations

The study included several assumptions to keep the study relevant and to assure the readers that the researcher considered a wide range of views during the research process. The intent was to demonstrate that the research was empirically driven. The assumptions were that entrepreneurs are experiencing difficulties raising capital and the high rate of failure among entrepreneurial enterprises is due largely to the inaccessibility to capital.

The complex nature of the research environment prevented the researcher from having full control over all the research variables. Thus, the study was subject to various limitations. Small and new entrepreneurs with approximately 1 year of business experience whose business experiences included only a small geographic area in the State of New York may not represent the experiences of entrepreneurs as a whole.

Data collected from 20 entrepreneurs in Brooklyn, New York, provided considerable insights into the financial challenges that the entrepreneurs faced in their search for financial capital. However, the researcher could not verify that the experiences of the entrepreneurs who participated in the study were representative of entrepreneurs outside of the parameters of the study. The study included a combination of snowball and purposive sampling due to the nature and scope of the study that affected the degree of randomness.

Literature Review

The literature review revealed that entrepreneurship does not have the high rate of failure perceived by many scholars and practitioners; 50% of entrepreneurial businesses succeed (Naughton & Cornwall, 2009). Notwithstanding these successes, many entrepreneurial businesses fail because of the lack of appropriate education, technical competence, professionalism, and administrative leadership. All types of training and educational support are available, but many entrepreneurs do not have the resources to acquire them.

Whereas technical incompetence and other administrative inefficiencies affect entrepreneurs in some ways, the major downfall of entrepreneurial enterprises is entrepreneurs' inability to raise start-up and working capital to sustain long-term economic growth. The U.S. economy has a substantial amount of capital available for investment. According to Fuster and Willen (2010), \$1.25 trillion is available for investment in various debt instruments that are waiting for opportunities to make equitable returns. Despite the large pool of investment capital available, leaders of nascent and small firms continue to face acute financial hardship.

The amount of capital available through commercial banks in August 2008 was \$1,572.9 billion, and by August 2009, the amount available was \$1,452.2 billion, or a decline of \$120.7 billion; nevertheless, there was no shortage of capital (Lahm et al., 2012). In addition, researchers at the SBA reported that the government sanctioned \$30 billion for small business enterprises during 2012.

The conditions for access to the capital include high credit ratings, SBA loan guarantees, and marketable collateral. Researchers at the FRBNY (2012b) interviewed 12% of entrepreneurs in Brooklyn, New York, and found that none of the participants received approval for credit. Credit denial seems to be the pattern and may be the experience of the larger entrepreneurial population in Brooklyn (FRBNY, 2012b). The study involved investigating the lived experiences of small and new entrepreneurs in Brooklyn, New York, as a social and financial phenomenon in terms of financial hardship and its impact on entrepreneurial businesses and the communities within which they operate. In many communities, leaders of entrepreneurial organizations are the only employers to provide opportunity for the residents. An understanding of the impact warranted an investigation.

Methodology

Research and Design

Singleton and Straits (2010) and Trochim and Donnelly (2008) posited that snowball sampling is the most effective way to solicit participation from hard-to-reach populations. Snowball sampling can help researchers to identify participants who meet the research criteria to join the study. Participants who join the study can provide contact information that the researcher may use to recruit other potential participants. In this research, the researcher selected a large pool of potential participants through the referral process and then randomly selected the participants for the study from that pool using purposive sampling. To obtain a sample that provided the information necessary to understand the phenomenon, I combined snowball with purposive sampling.

The initial list of entrepreneurs from Brooklyn, New York, came from a random selection of individuals from the local business directory. The list included business names, telephone numbers, and addresses. I used the initial list to call and identify entrepreneurs in the area who had an interest in participating in the study and provided any interested individuals with written invitations that included a brief overview of the purpose of the study. The criteria for participation were as follows: The entrepreneurs must have had legitimate registered businesses, must have operated the business for at least 1 year, and must have believed that they were experiencing difficulty obtaining financial capital. Consistent with phenomenology, the study included interviews with 20 entrepreneurs from Brooklyn, New York.

Sampling Methods and Procedure

The phenomenological study involved investigating the experiences of entrepreneurs in Brooklyn, New York, to learn how the lack of credit, perception of high risk, and financial hardship affected their experiences. The research involved comparing and contrasting the experiences of 20 entrepreneurs to identify patterns and similarities among the participants (Creswell, 2007). The patterns and similarities helped the researcher to gain insight into the entrepreneurs' lived experiences. The study included a combined sampling strategy to select the participants who would provide a rich source of credible information.

Sample Size and Percentages

A sample size of 20 was suitable for the qualitative study. Generalizations to a larger population might not have been applicable.

Population

The entrepreneurs who participated in the study operated in Brooklyn, New York. A combination of snowball and purposive strategy was suitable due to the reluctance by members of the targeted group to publicize their experiences. Because of its unique referral characteristic, snowball sampling allowed me to identify individuals who appropriately fit the criteria and who would provide rich entrepreneurial experiences. The purposive sampling method allowed me to select participants who were typical of the entrepreneurial population by exercising professional judgment (Singleton & Straits, 2010). The sample size was broken by numbers and percentage for easy calculation.

Screening and Selection Process

The study began with a list of 100 potential participants selected randomly from the local telephone directory in Brooklyn, New York, and contact was made by telephone. I secured interest by making brief phone calls to potential participants from the initial list of names. The phone calls involved providing potential participants an introduction to the study, and 20 individuals showed initial interest. Interested participants were processed and selected in accordance with the research methodology.

Entrepreneurs' Demographics

Eight of 20 participants (40%) were female and the remaining 12 (60%) were male. Both male and female participants engaged in a wide variety of business activities such as restaurants, supermarkets, podiatry-foot care centers, hair and beauty centers, business technologies, event planners, eye care centers, special education services, dry cleaning services, real estate services, retail stores, importation, and financial services. Educational attainment included high school diplomas and associate of applied science, bachelor of arts, master of science, medical doctor, doctor of education, and doctor of philosophy degrees. The ages of the participants who engaged in the study ranged between 36 and 72.

Instrumentation

The main data collection instrument was face-to-face interviews guided by prepared questionnaires. The process also included audio recordings and written notes. According to Singleton and Straits (2010), properly executed face-to-face interviews are more effective as a data-gathering instrument than are self-administered questionnaires. I developed the questionnaires based upon the research questions in an effort to gather data that would specifically address the entrepreneurs' issues. The prepared interview questions facilitated descriptions of the core issues and provided an understanding of the entrepreneurs' lived experiences in obtaining initial and working capital (Moustakas, 1994; van Manen, 1990).

Data Collection and Analysis

The essence of a good study exists in the integrity of the data collected. Creswell (2007) posited that the larger the pool of participants in a scientific study, the greater the chance of producing a substantial theory that reflects the lived experiences of the participants. Twenty small and new entrepreneurs in the borough of Brooklyn, New York, participated in interviews. Each interview lasted for 45 to 60 minutes.

Data collection took place in Brooklyn, New York, which was the designated area for the research. Brooklyn is a diverse business community with a large number of small and new businesses with a rich source of available data to facilitate empirically designed research. The population included a diverse group of people including Caucasians, African Americans, Jews, Hispanics, Asians, Caribbeans, and other nationalities.

In organizing and analyzing the vast volume of unstructured interviews collected using electronic media and written notes, NVivo 10 software helped to classify the data and establish patterns, themes, and similarities among the participants' responses. By using NVivo, I was able to identify trends, patterns, and similarities in the data that were common in the experiences of the participants. The personal interviews of the participants served an essential role in this qualitative phenomenological research. Van Manen (1990) noted that interviews were important elements in phenomenological studies because they help researchers to collect experiential stories that develop a richer and deeper understanding about human lived experiences.

Significant Themes

Table 1 contains the themes that answered the questions based on the identification of significant categories from more than 30% of participants' responses.

Table 1 *Significant Themes That Answer the Research Questions*

| | Themes | No. of participants (N = 20) | % of participants who experienced the themes |
|---|--------------------------------------|---------------------------------|--|
| 1 | Difficult to raise financial capital | 19 | 95 |
| 2 | Likely to close business soon | 6 | 30 |
| 3 | Experienced loan denial | 13 | 60 |
| 4 | The impact of business closure | 14 | 70 |
| 5 | One's savings as a source of capital | 17 | 85 |

Participants

The number of participants selected for this study was consistent with qualitative phenomenological research. Creswell (2007) posited that five to 25 participants were sufficient to produce an empirical

phenomenological study. This research included 20 participants who owned small businesses and experienced capital acquisition challenges. The researcher was able to compare and contrast the participants' experiences and to unearth significant patterns and similarities.

Credibility and Validity

Creswell (2007) and Trochim and Donnelly (2008) indicated that qualitative research is credible if the results are satisfactory to the participants. The participants were the only ones capable of judging the correctness of the results because their lived experiences served as the basis of the results. The purposively selected sample was from a diverse group of entrepreneurs who produced thick and rich data. I ensured this study was internally valid in terms of research design, operational definition, instrumentation, and conclusions (Corbin & Strauss, 2008). The major categories that emerged were fear of approaching lending institutions, fear of closing down, fear of becoming an employee, the refusal of banks to provide loans to entrepreneurs, the use of own savings to start and fund businesses, the acquisition of business funds from friends and family, the lack of cooperation among local entrepreneurs, business closures, and the lack of personal plans for the future. The experiences shared by the research participants in Brooklyn, New York, were similar to the experiences of other entrepreneurs in the United States, which served as an indication of external validity.

Epoché

I conducted this research using the concept of epoché. Epoché is a strategy used by researchers to intentionally suspend personal biases and experiences to view the studied phenomenon from a fresh perspective (Moustakas, 1994). The foundation of the concept is in transcendental phenomenology and the focus is on the description of the participants' lived experiences rather than on the researcher's interpretation.

Findings

Gap in the Research

The gap in the research was the lack of knowledge about the lived experiences of entrepreneurs in Brooklyn, New York. Thus, no known financial entity was established to provide entrepreneurs with the financial and human capital they need to establish, develop, and maintain economically viable businesses. Furthermore, there existed no formal plan to reduce the high rate of business failures associated with entrepreneurial firms. Samuels et al. (2008), Markova and Petkovska-Mircevska (2010), and Fourie and De (2008) noted entrepreneurial businesses fail because entrepreneurs are unable to raise capital from investors, including local and national banks, due to their risk records.

Discrepant Findings

Discrepant cases are contradictions and variations from the general experiences of the studied phenomenon. The difficulty-raising-capital theme varied markedly between two participants. Participant 20 reported the bank was helpful and supportive, and she had no difficulty getting the bank to finance her multimillion-dollar business operation.

Participant 3 had some challenges with the bank during the early phase of his business. However, the bank eventually provided financial assistance that changed his financial trajectory. Variation is a significant component of iterative qualitative research (Corbin & Strauss, 2008; Moustakas, 1994). Variations reflect the integrity and the independent collection of the data. Although the intent of a phenomenological study is to find commonality among the lived experiences of the participants, a small variation does not alter the results significantly. The variation of this research was relatively small; nevertheless, it offered authenticity to the research process and content.

Results

A brief discussion with the participants took place before the interviews to reiterate the procedures, protocols, and purpose of the study. The intent of the preliminary discussion was to allow the participants to share or clarify any concern they had regarding their role in the study. The research questions solicited answers based on the lived experiences of the phenomenon through the lens of a phenomenological approach.

Key Findings

The research revealed that 95% of entrepreneurs found it difficult to raise capital from financial institutions. Thirty percent feared they might have to close their businesses soon due to financial challenges, and 65% of the participants interviewed had their loan applications denied. Seventy percent indicated that business closures have a negative social and economic impact on the community, and 85% financed their businesses with their own savings due to the inaccessibility to financial capital from financial institutions.

Analysis of the Relevant Research Data

Data analysis is a dynamic process in which researchers collect and organize texts, transcripts, electronic data, and images and reduce them into statements, themes, meaning units, and descriptions (Corbin & Strauss, 2008; Creswell, 2007). NVivo software serves to organize and analyze the vast volume of unstructured data in media and written forms, to classify the data, and to examine relationships between the participants. By using NVivo, the researcher was able to identify similarities in the data that might be common in entrepreneurs' experiences.

To engage in the analysis process, the researcher created files for the interviews and organized them in alphabetical order for efficient processing. The researcher read margin notes and interview transcripts to identify trends in the research results; used the data collected to write a description of the essence of entrepreneurs' lived experiences; and organized, transcribed, and cross-examined the data for evidence that supported the authenticity of the research findings (Creswell, 2007; Moustakas, 1994; van Manen, 1990).

Reliability and validity are integral to qualitative studies because reliability emphasizes the consistency and dependability of the data collected, and validity is the most accurate estimate of truth. Addressing reliability and validity served to ensure the integrity of the research. The study also involved a process of establishing external and internal validity. Trochim and Donnelly (2008) noted that external validity is important because it is the means by which the conclusion holds true for participants in other studies. Internal validity is the measure of approximate truth regarding inferences and causal relationships (Trochim & Donnelly, 2008). The objective of this researcher was to present a phenomenological qualitative study that was dependable, credible, and rooted in the description of the data of the lived experiences of the studied phenomenon.

Examination of the Research Questions

The borough of Brooklyn, New York, has a wide range of businesses that make important contributions to the economy. Because of their important contributions, there should be a ready source of capital to fund their business enterprises and maintain their economic stability. Federal and state officials should treat entrepreneurship as an integral part of economic development, and policy makers should equip the SBA with adequate resources so it can play a more active consulting role in Brooklyn to reduce the number of ill-advised entrepreneurial ventures in the borough. Entrepreneurs are leaders in modern

technology (Mitter, 2012; Sullivan & Marvel, 2011) who continue to set new standards and forge innovations. Entrepreneurial firms have been the largest employers in the United States since the 1990s (de Bettignies, 2008), yet entrepreneurs continue to lack adequate financial resources. This research included a phenomenological study of entrepreneurs' financial experiences guided by two research questions:

1. What are the experiences and perspectives of entrepreneurs who are unable to find adequate funding for their business ventures?
2. In what ways do entrepreneurs experience financial hardship as a result of their inability to obtain capital to finance their businesses?

Theoretical Framework

Central to this study was Brigham and Ehrhardt's (2005) financial management theory. Foundational concepts of financial management theory include capital acquisition, risk assessment, credit requirement, and success and failure. Capital acquisition is an essential consideration when establishing businesses, as individuals cannot establish businesses without capital. Risk can hamper capital acquisition; thus, risk assessment plays an integral role in business analysis. Risk assessment involves examining two types of risk: (a) business risk, which is the uncertainty that a business will receive a favorable market response and generate income, and (b) financial risk, which is the risk added through borrowing financial capital.

Risk assessment also includes critical credit components to determine the creditworthiness of the business. The success and failure of a business depend on its ability to obtain credit. These fundamental concepts lay the groundwork for the research. Furthermore, financial management theory helps to explain the importance of business analysis, financial decisions, and their impact on businesses, including entrepreneurial businesses (Brigham & Ehrhardt, 2005).

A wide range of social, academic, and business literature contains descriptions of the financial hardships that entrepreneurs experience. Scholars and practitioners have developed several conceptual arguments through an iterative process as an attempt to explain entrepreneurs' business experiences. The literature reviewed presented several mixed findings with regard to entrepreneurs' financial hardships. Some of the findings attributed entrepreneurs' financial hardships to lack of managerial skills, poorly conceived ventures, lack of entrepreneurial education, liability of newness, and inaccessibility of capital (Clarke & Holt, 2010; Dunn & Liang, 2011; Dyer & Ross, 2008; Markova & Petkovska-Mircevska, 2010; Sardana & Scott-Kemmis, 2010; Sullivan & Marvel, 2011). This research built on the premise that inaccessibility to capital is the root of entrepreneurs' hardships.

This phenomenological study followed a framework for data collection, data analysis, and addressing the research questions. High risk tolerance seems to be the driving force behind the entrepreneurs in Brooklyn, New York, who are determined to operate their own businesses despite their inability to raise capital through traditional financial institutions (Elston & Audretsch, 2011; Shane, 2008). The efforts to provide service to their communities while making a livelihood have been challenging for many entrepreneurs, yet they continue to persevere with hope of finding success.

Recommendations

The need for a reliable source of capital was the central concern for entrepreneurs in Brooklyn. All the participants (100%) reported that they would support a financial institution established solely to assist entrepreneurs with financial capital. Numerous agencies and organizations have staff members who provide training, mentoring, and consulting services to entrepreneurs; however, these entities are unable to meet the primary need, which is the need for financial capital.

Thus, a future study could include the practicality of the SBA offering loans instead of loan guarantees. Entrepreneurs enlisted in the SBA protégé–mentor program have maintained strong and stable businesses. Their stability is the result of the close supervision of their mentors. Future studies could involve comparing mentored businesses with businesses that did not receive mentoring as a means to measure their success. Leaders of venture capitalist firms also engage in the supervision and mentoring of selected businesses. Bengtsson and Wang (2010) noted that venture capitalist firms provide operations management, advice, and financial capital. Therefore, future research could involve examining the viability of establishing venture capitalist firms that would focus on helping small businesses as their core business strategy.

Implications for Social Change

Entrepreneurs are individuals who want to make a difference in their community and the world. The risk of losing one's life savings and in many cases the family income is not a small matter. Elston and Audretsch (2011) posited that entrepreneurs are determined individuals who do not become discouraged easily. Thus, entrepreneurs have the ability to bypass barriers to financial capital by using credit cards, family savings, and informal borrowing to take advantage of business opportunities.

One of the greatest resources for positive social change is information. The objective of this research was to provide information that would help entrepreneurs to make valuable contributions to their communities to highlight the point that financially stable entrepreneurial businesses contribute more to society than undercapitalized businesses (Schiff et al., 2010). Undercapitalized businesses are potential failures.

Conclusion

The lack of financial capital has presented tremendous difficulties for many entrepreneurs. However, financial obstacles did not prevent entrepreneurs from seizing business opportunities and pursuing their ambition to become business owners. Through their resilience and creative efforts, many entrepreneurs were able to find alternative means of capital funding.

The entrepreneurs in Brooklyn, New York, experienced various hardships, including barriers to financial capital, the inability to restock their businesses, the inability to meet recurring businesses expenses, an uncertain business future, and the threat of losing their life savings, the abuse of predatory lenders, the pain of terminating key employees, and the experience of rejection during loan denials. Eight-five percent of the entrepreneurs who participated in the study could not access financial capital for their businesses. Hence, their only alternative was to finance their business ventures with their own savings. Consequently, they had undercapitalized businesses, which stifled business growth and limited their abilities to capitalize on new opportunities. Despite the financial challenges, many entrepreneurs in Brooklyn have been able to maintain stable and successful businesses.

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