

How Have Small Businesses in the Northern Virginia Region Responded to the Increase in Inflation Rates and Interest Rates Over the Past 2 Years?

Akshath Chity

Lightridge High School, Virginia, USA

DOI: 10.46609/IJSSER.2024.v09i12.033 URL: <https://doi.org/10.46609/IJSSER.2024.v09i12.033>

Received: 26 November 2024 / Accepted: 26 December 2024 / Published: 31 December 2024

ABSTRACT

The paper will research how small businesses in Northern Virginia have adapted to increased inflation and interest rates over the past two years. Much of the data was found by taking surveys from 15 small business owners. The research showed that small businesses have utilized multiple ideas to fight negative financial impacts, such as price increases of 15-20%, a reduction in staffing levels, and a positive outlook for the business in spite of the economy.

While price increases offset some of the increasing costs, they occasionally resulted in lower levels of production. Layoffs lowered the financial burdens but hurt productivity. Perhaps most important, companies employing multiple strategies, such as both price increases and staffing reductions, fared better than those using single responses. The paper will relate inflation, interest rates, and small business performance, developing a need for multi-step strategies. The paper will present how small businesses located in Northern Virginia can prosper in tough economic times.

Introduction

The past two years have shown to be immensely challenging for small businesses across the United States, especially including those in the Northern Virginia area. A combination of economic factors, such as rising inflation rates and increasing interest rates set by the Federal Reserve, has placed significant financial strain on small businesses. This study aims to investigate the impact of the recent escalation in interest and inflation rates on small businesses located in the Northern Virginia area and how these businesses have responded to these rate hikes.

As highlighted by researchers like Ruth Endam Mbah, an Assistant Professor of Business at Mcpherson College, the record-high inflation in 2022 was particularly devastating for small

businesses and low-income groups. The pandemic recovery, the Russia-Ukraine war, climate impacts, and supply chain disruptions all contributed to increasing prices that cut into already low margins. A study by the Federal Reserve Bank of Minneapolis found that around half of small businesses in the country reported declining profits compared to the previous year. The interest rate hikes implemented to combat inflation have worsened these small businesses' situations. Over 63% of small businesses surveyed stated the higher rates negatively impacted their operations, especially those in manufacturing, construction, and finance that rely heavily on loans and financing.

Despite these statistics, some small businesses have adapted through strategic responses, such as increasing product prices and reducing staffing levels have helped. In this challenging economic landscape, understanding how small businesses in a dynamic region like Northern Virginia responded offers valuable insights into combating the negative effects of interest and inflation rates.

Literature Review

Search Strategies

The sources were peer-reviewed and found using renowned databases such as Gale and Ebsco to warrant credibility. The main keywords used while researching were interest rates, inflation rates, recession, small businesses, and rate hikes.

The Impact of Inflation and Interest Rate Hikes on Small Businesses

Many small businesses were forced to shut down due to the significant increase in inflation rates. In 2022, the American government decided to increase interest rates, causing many small businesses to shut their doors. Small businesses around the country had to pay higher rates for their loans and had fewer consumers for their products, causing their revenue to decrease astronomically. Although many of these businesses were forced to shut down, some businesses prevailed using specific methods to remain solvent. According to the government's census of small businesses, many small businesses were negatively affected by the increase in inflation rates and resorted to methods such as increasing costs and laying off workers (Savage, 2023). Mbah supported this claim by stating that the unprecedented global changes and unrest in 2022, including the pandemic recovery, the Russia-Ukraine war, climate impacts, and supply chain disruptions, have caused record-high inflation across North America which hurt the low-income groups the most (Mbah, 2022). Mbah emphasized how the historically high inflation rates of 2022 proved to be devastating to many families.

With increased inflation and interest rates, small businesses are pressured to hire less and raise wages. As a result, the total revenue of small businesses drastically decreases, sometimes leading to the business shutting down. According to Haley Chinander, a research assistant at the Federal Reserve Bank of Minneapolis, after inflation rates rose, small business owners were much more pessimistic about their profits causing roughly half of the respondents to report that their profits had declined compared with the same period last year, and profits continued to fall for many over the most recent quarter (Chinander, 2023). As many businesses had to respond to these rate hikes by producing at a much more inefficient rate, the optimistic outlook for making a profit also decreased. According to a study conducted by Chinander, more than 63 percent of respondents said that current interest rates have hurt their business, mainly companies in the manufacturing, construction, and finance sectors (Chinande, 2023). Unlike larger firms such as Amazon or Google, small businesses heavily rely on loans to help keep their business afloat.

This means that small businesses have to pay more money for their loans by raising interest rates. As the cost of maintaining the business slowly increases to the point where it exceeds the profits, causing small businesses to shut down, small businesses need to respond to these rate hikes in such a way that allows them to produce efficiently without losing profit. Luckily, some small businesses have figured out how to do this by implementing certain procedures and ideas.

The Response of Small Businesses to Higher Inflation and Interest Rates

Small businesses are extremely important for our economy, however, they are highly vulnerable to global events like supply chain disruptions, the pandemic, and inflation. However, very little is known about how these small businesses respond. According to Bill Chen, a Professor at the University of the West, there is an urgent need for a focus on reforms for more inclusive systems and technology to prevent future inflationary episodes rather than just short-term inflation management (Chen, 2022). To prevent more small businesses from shutting down, we need to prioritize technology that would help such businesses effectively respond to high inflation rates and stay afloat. Samson Asoba, a professor at Walter Sisulu University, builds on Chen's study by conducting her study research on how small business startups face distinct financial barriers that require strategic solutions (Asoba, 2022). Asoba found that small businesses had to implement strategies such as increasing the price of products and decreasing staffing to help keep their revenue constant.

Similarly recent economic surveys and research articles highlight the ongoing impacts of high inflation that emerged in 2022 after the peak of the COVID-19 pandemic. According to Keith Savage, a data scientist at the Census Bureau, small businesses continue facing supply chain delays, contributing to sustained higher prices (Savage, 2023). Many small businesses have used ideas such as reducing their overall staffing and raising prices to combat the increase in inflation

rates. John Cane, a certified public accountant for Utah Accounting, builds upon Savage's research by finding the most effective ways small businesses can respond to the increase in inflation and interest rates. One of his ideas was to automate processes and limit inventory costs which would decrease their overall spending by optimizing ordering, which would therefore decrease storage fees (Cane, 2022). By automating the processes of the business, the business could improve its overall efficiency and productivity. Though inflation has started to slow, Asoba notes financial challenges still remain for start-ups and small businesses struggling to absorb higher operational expenses, threatening their viability if they cannot access sufficient strategic capital resources (Asoba, 2022).

Addressing the Gap

Although there have been numerous studies detailing how businesses around the country have responded to the increase in inflation and interest rates, there is limited information on how small businesses respond to the increase in inflation and interest rates. According to Kelly Main, a staff reviewer for Forbes Advisor, small businesses operate on a much smaller scale compared to actual businesses, which is why it is significantly harder for small businesses to respond to the increase in inflation and interest rates (Main, 2024). Most small businesses cannot respond to these increases and eventually shut down or go bankrupt. To ensure that small businesses can prevail in the face of interest and inflation rates, a study must be conducted detailing the best ways for small businesses to respond to an increase in inflation and interest rates.

Additionally, according to Steven Ross Johnson and Cecelia Smith, who are both senior authors for the US News, Northern Virginia is the wealthiest region in the country, evidently causing there to be roughly 30 thousand small businesses, all specializing in different fields. This study aims to find the most effective initiative for small businesses in Northern Virginia to ensure that they will still be in business even after a significant increase in inflation and interest rates.

This leads to the question: How have small businesses in the Northern Virginia area responded to the increase in inflation rates and the increase in interest rates during the past 2 years?

Hypothesis

The hypothesis for this research question is: The increase in inflation and interest rates has caused small businesses located in Northern Virginia to increase the prices of their goods and decrease staffing to make sure that they can still operate their business. Before I can survey participants and determine whether or not my hypothesis is correct, an Institutional Review Board must be completed to ensure that my research is ethical.

Methods

Study Design

The main goal of this study is to find out what small businesses have done in response to the increase in interest and inflation rates. This is significant because other small businesses can learn from the responses and ensure that they will encounter no problems during tough times. Confirming that this study is ethically and morally appropriate, an outline of the research was approved by the Institutional Review Board

A two-part mixed methods study was conducted with a survey being sent out to small businesses that are located in Northern Virginia asking questions related to their response to the rise in inflation and interest rates as well as interviews being conducted. This would allow for both qualitative and quantitative data to be collected allowing for a wide range of information to be looked at. This is significant because there will be more data to look at allowing for a wide range of responses both quantitative and qualitative. Another way more data would be collected would be by interviewing small business owners and asking them questions targeted toward their response to the increase in inflation and interest rates. Additionally, the study design was influenced by Keith Savage, a data scientist for the United States Census Bureau. Savage conducted a survey in which he questioned small businesses about the impact that the increase in inflation rates had. Some of the questions that the study included were: 1) Comparing now to six months ago, how have the prices this business pays for goods and services changed?; 2) In the last two weeks have your prices increased, or decreased or was there no change? These questions helped model the questions in this study due to the similarities with my study.

Subjects

The subjects of this study will be small business owners between the ages of 25 and 60, located in Northern Virginia. There will be no restrictions on race and no vulnerable populations such as pregnant women, minors, prisoners, mentally disabled or economically disadvantaged, etc. will be surveyed. All participants will be asked for consent before being allowed to complete the survey. This would give the most accurate data because each subject would have owned their own small business and had to respond in one way or another in response to the increase in inflation and interest rates. Participants will be found through Facebook groups consisting of small business owners located throughout Northern Virginia in areas such as Loudoun County, Fairfax, Prince William, Arlington, and Stafford.

Research Instruments

The study was conducted by utilizing the help of Google Forms. Google Forms is a reliable way to gather information in the form of surveys and questionnaires and eventually organize it into spreadsheets and graphs. The survey consists of 11 questions including both quantitative and qualitative questions enabling a concentrated data collection. The survey's main purpose is to gather data on what small businesses in Northern Virginia did in response to the increase in inflation and interest rates. The survey enabled the ability to ask both quantitative and qualitative questions allowing for a wide data collection as well as the ability to interview business owners and also added more qualitative data. This ensured a rich data collection allowing for a complex understanding of the topic. The survey questions that will be asked are below:

- 1) On a scale of 1 to 5 (with 1 being the least difficult), how challenging has the recent inflation rate increase been for your business?
- 2) Has rising inflation led you to increase the prices of your products/services in 2022?
- 3) If yes, roughly what was the average price increase? (not required)
- 4) If the inflation rates from 2022 were to stay the same for the next two to three years, do you anticipate harsher price increases and other changes?
- 5) Have you made any reductions in your staffing due to these higher interest rates?
- 6) Do you think the inflation rates will continue to impact your business in the next 2 years?
- 7) Has the recent increase in inflation impacted your business's operating costs in 2022?
- 8) Would you consider the increase in operating costs due to high interest rates and inflation rates to be significantly high?
- 9) Overall how difficult has it been for your business to deal with and respond to the recent rise in inflation?
- 10) Has the increase in inflation rates and interest rates caused you to increase the prices of your goods?
- 11) Did this cause lower production?

Procedures

Participants will be sent a Google Forms link that will take them to a survey consisting of 11 questions that can be quickly answered, appealing to small business owners with less time on

their hands. For example, each survey would take roughly 5 minutes to complete allowing for the participants to quickly complete the survey and get on with their daily lives. The data will be collected through Google Forms allowing for easy access as well as maintaining anonymity and keeping their responses safe. Once the survey is completed, the data will be studied and analyzed to find trends and other correlations. Once these trends and correlations have been established, a graph will be created documenting these trends which will later be used as evidence. Interviews were also conducted to add more qualitative info to the data collection. These interviews were only conducted on small business owners who consented and lasted no longer than 15 minutes allowing these business owners to get back on their daily lives.

Delimitations

Delimitations were established to narrow the subject pool allowing for accurate data to be collected. Businesses with a net worth of 10 million or more were not included in the study due to their ability to successfully respond to high interest and inflation rates and mitigate any losses. Small business owners located outside of Northern Virginia were also not included in the study to narrow the subject pool and provide the most accurate data collection possible. Lastly, small business owners under the age of 18 were not included in the study due to their inability to respond to the increase in inflation and interest rates in a positive manner. These populations were excluded from the research in order to maximize the accuracy of the data collection.

Data Analysis

According to Dave Ress, a growth and development reporter for the Richmond Times Dispatch, in the past two years, Northern Virginia has seen rising inflation and interest rates, heavily impacting small businesses (Ress, 2023). Surveys and interviews with local business owners reveal that there was widespread financial strain due to increased operational costs which led to increased prices. Changes in consumer behavior, including heightened price sensitivity, have affected marketing and product offerings.

Moreover, interest rate hikes have led businesses to delay investments and expansion plans, seeking alternative financing options. Despite challenges, businesses have shown resilience through adaptation and innovation, by implementing numerous strategies to keep them afloat during hard times. Moving forward, financial planning will be essential for navigating the evolving economic landscape.

The survey was completed by 15 participants, who were all small business owners located in Northern Virginia. After analyzing the survey results and finding similar correlations, it was determined that there were 8 common themes, the 3 most notable themes being: 1) increase product/service prices by 15-20%; 2) decrease staffing; 3) optimize business outlook.

Evidence illustrating a negative business outlook

When the participants were asked about whether or not they think that the inflation rates will continue to impact their business in the next two years, 80 percent of them reported that they think that the increased inflation rates will continue to drastically impact their business for the next couple of years (shown in Figure 1). Although three participants believed that the high inflation and interest rates wouldn't drastically impact their businesses in the next few years, these participants had a rather easy time dealing with the increase in inflation rates, which was illustrated by their survey responses. The other 12 participants reported their encounters with the increased inflation and interest rates and mainly emphasized how they had a tough time adapting to the increase in inflation and interest rates. The survey results also showed how businesses with a negative business outlook had a harder time getting back to equilibrium, this was mainly because the small business owners already believed that they wouldn't be able to prosper, causing them to not try as hard. However, the business owners that had a positive business outlook had an easier time getting back to equilibrium, as they tried more in the hope of overcoming their problems.

The difficulty of small businesses in the face of adversity

According to the survey, roughly 53% of the respondents selected that their difficulty with responding to the inflation and interest rates was a four out of a scale of five (Shown in Figure 2). The other 47% selected either a three or two, demonstrating their ability to respond to the increase in inflation and interest rates. With the majority of the respondents reporting that the increase in inflation rates was rather challenging, the question arises, Did these small businesses enact any practices that helped their small business? The answer was yes as most of these respondents also increased the prices of their products. The only problem with this is that they did not do anything else at the same time, which lowered the impact of their practical changes.

Whereas, the small businesses that selected a challenge of roughly three or two did more than one practical change at a time which drastically increased their efficiency. Additionally the responses to the question: Overall how difficult has it been for your business to deal with and respond to the recent rise in inflation? show a more detailed answer as to why they believe that the increase in inflation and interest rates was that challenging. According to Business Owner #5, the increase in inflation and interest rates "Impacted our income and has been difficult to keep it consistent." The response of Business Owner #5 illustrated how the increase in inflation rates not only impacted the small businesses but also the income of the owners. This can prove to be extremely stressful because one has to take care of their small business but also take care of their family on a daily basis with less income. Additionally small business owner #7 also illustrated how the inflation rates negatively impacted their small business by stating "It has been difficult

as there have been numerous layoffs which led to less production”. Many of the small businesses that had significant problems with the increase in inflation and interest rates did something similar to small business owner #7, which was only doing one change instead of doing multiple. If small business owner #7 decreased their staffing and increased prices, they would have had a more meaningful impact on their small business, eventually decreasing their challenge with the inflation and interest rates down to a three instead of a four.

Increase in operating costs and product prices

There were numerous questions throughout the survey that asked the participants if they needed to increase the prices of their products, or if their operating costs increased significantly. 93.3 percent of the respondents said that they increased the prices for their products in both 2022 and the present (shown in Figure 3 and Figure 4). Moreover, 80 percent of respondents answered that they had an increase in their operating costs, however only 60% of respondents reported that they believed that the increase in operating costs was significant (shown in Figure 5 and Figure 6). These results show how the increase in inflation and interest rates have caused small businesses to drastically increase the prices of their products all while facing higher operating costs at the same time. This can be extremely difficult because, with higher prices, 46.7% of the respondents reported that they had lower production (as shown in figure 1). Although the majority of the respondents selected that they did not face lower production, their operating costs were still significantly higher than in previous years, causing a substantial decrease in their revenue. To combat this, most small businesses increased the prices of their product, hoping that they can sell the same amount of products but for more money. This proved to be a successful strategy, however, there was not a significant enough increase in revenue, causing small businesses to find other strategies to implement at the same time.

Figure 1 - Pie Chart illustrating how many small businesses had lower production:

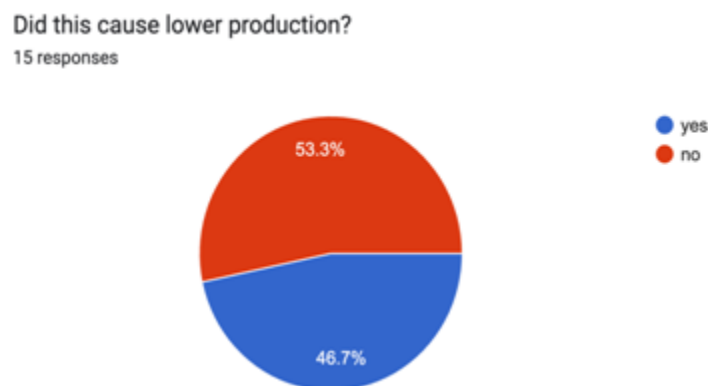


Figure 2 - Pie chart depicting the difficulty for small businesses to respond to inflation and interest rates:

On a scale of 1 to 5 (with 1 being the least difficult), how challenging has the recent inflation rate increase been for your business?
15 responses

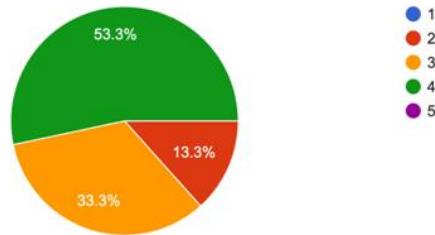


Figure 3 - Pie chart depicting the number of small businesses that had to increase the prices of their products :

Has rising inflation led you to increase the prices of your products/services in 2022?
15 responses

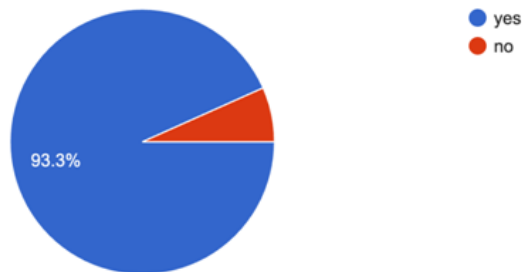


Figure 4 - Pie chart illustrating if small businesses needed to keep the increased prices of their goods:

Has the increase in inflation rates and interest rates caused you to increase the prices of your goods ?
15 responses

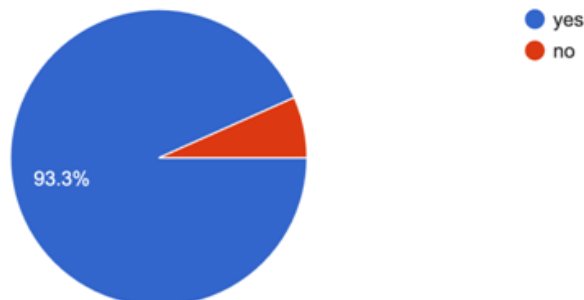


Figure 5 - Pie chart illustrating the number of small businesses that had a significant impact on their operating costs due to inflation rates:

Has the recent increase in inflation impacted your business's operating costs in 2022?

15 responses

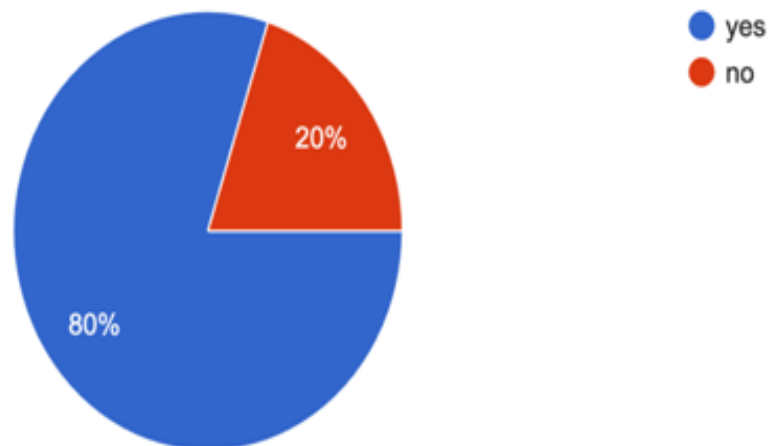
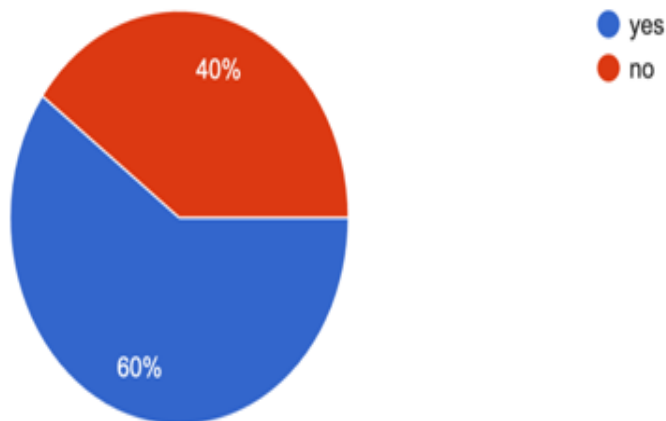


Figure 6 - Pie chart depicting how many small businesses thought that the increase in operating costs was significantly high:

Would you consider the increase in operating costs due to high interest rates and inflation rates to be significantly high?

15 responses



Findings

Discussion

Many small businesses reported having to downsize their workforce or reduce staffing levels to cut operational costs in response to higher inflation rates driving up expenses.

Government data cited indicated that around half of small businesses saw declining profits compared to the previous year as costs rose faster than revenues. They also reported that they increased the prices of their products to help with their money. By decreasing their workforce and increasing prices, these businesses combatted the increase in inflation and interest rates.

Increasing Prices

In response to the surge in inflation rates, small businesses in the Northern Virginia area have decided to drastically adjust their pricing strategies. Through numerous survey results with business owners, it was found that a significant proportion of these businesses are considering or have already implemented price increases ranging from 15% to 20%. This adjustment is primarily driven by the need to balance rising operational costs, including expenses related to raw materials and labor. While price hikes may present challenges in maintaining equilibrium or a healthy state of business, small businesses recognize the necessity of ensuring sustainable profitability amidst high inflation rates.

While increasing the prices of their products might allow small businesses to balance out their operating costs and prevent any out-of-pocket spending, increasing product prices usually decreases production, leading to significantly less revenue. In the survey, half of the people who selected they raised their prices in response to high rates also stated that they faced lower production. This proved to be a problem because selling ten products at the price of ten dollars yields the same revenue as selling five products at the price of 20 dollars, because of this, many small businesses had to resort to other methods simultaneously to ensure an optimal state of business.

Decreasing Staffing

To prevent going out of business due to the financial impacts of inflation and rising operational costs, some small businesses have turned to reducing their staff. Surveys consisting of small business owners indicate that small businesses have implemented staffing cuts as a way to reduce overall costs. These cuts usually involve layoffs, stopping the hiring process, or reducing the work hours. While these measures are often viewed as a last resort, small businesses are forced to make difficult decisions to maintain their financial viability.

Decreasing staffing on its own won't have that big of an impact because, with less people in the workforce, there will be less production. Ten of the 15 participants stated that they were required to reduce their staffing, with seven participants reporting that they faced problems with lower productivity. With fewer people to work on creating the products or services, there will be fewer of them which would eventually lead to a drop in revenue as well.

Having a positive business outlook

Amidst the challenges posed by inflation and rising interest rates, small businesses in Northern Virginia are optimizing their business outlook to adapt to changing economic conditions. This primarily included a heavy focus on enhancing operational efficiency, expanding revenue streams, and exploring new market opportunities. Through strategic planning and innovation, small businesses aim to not only get through the short-term economic challenges but also position themselves for long-term growth and resilience.

However, similar to the last two, having a positive outlook on its own won't be significant enough to single-handedly help small businesses back to efficiency. However, having a positive outlook does have the greatest individual contribution of the three. This is primarily shown throughout the survey results, with only three businesses stating that they predict better years to come. These three businesses went on to get better because of their willingness to try harder and push themselves beyond their capabilities.

The PID initiative

The best way to combat the increase in inflation and interest rates efficiently would be to have a positive business outlook, increase prices, and decrease staffing. This multifaceted solution would allow small businesses to return to an optimal business state because they can save their money, get more revenue, and keep a positive outlook for the future allowing them to try harder. As seen in the survey results and the findings from the study, doing only one of these strategies does not yield a significant enough impact. For example, if a small business only increased the prices of its products compared to a small business that implemented the PID initiative, the small business that implemented the PID initiative would likely be better off for years to come.

Conclusion

Delimitations

The delimitations of this research question were established to ensure that I could get the most accurate information possible. One of these delimitations was that any small business owner under the age of 18 was left out because of their lack of experience. Small business owners over

the age of 65 were also left out to further narrow down the pool of potential participants. Small businesses with revenue above 10 million were also left out because of their ability to respond to inflation and interest rates rather easily. These delimitations were primarily established to make sure that the data that was collected was the most accurate possible and that there would be no inaccurate data.

Future Research

This study's findings provide valuable insights into the responses of small businesses in the Northern Virginia area to the challenges caused by inflation and rising interest rates over the past two years. However, future research could further help our understanding of these dynamics and inform effective strategies for small businesses in navigating economic uncertainties. One such area for future research is the exploration of the long-term effectiveness of the strategies adopted by small businesses to prevent the impacts of inflation and rising interest rates. Research could focus on monetary procedures such as price adjustments and staffing reductions.

Additionally, there is a need for further investigation into the interconnections between inflation rates, interest rates, and small business performance in the Northern Virginia area. Future research could explore how fluctuations in these economic indicators influence small business decisions, investment behaviors, and overall business outlook. Future research could help small businesses to get ready for the next recession and allow them to stay efficient throughout.

Implications

The results of this study were primarily focused on how small businesses located in Northern Virginia have been responding to the increase in inflation and interest rates. While previous research illustrated how small businesses under pressure usually shut down or run at extremely low rates, this study has suggested how small businesses use a wide range of practices that allow them to operate at an efficient rate. Small businesses located in Northern Virginia or any small business located in America can use the results of this study to ensure that they can stay afloat during the time of a recession.

Fulfillment of Gap

This study helped understand how small businesses located in Northern Virginia have responded to the increase in inflation and interest rates. Previous research is only conducted on bigger businesses for previous recessions and did not focus on how small businesses responded to the 2022 recession. More specifically, no research article has looked at the impact on Northern Virginia businesses. My study fulfilled my gap because I was able to look at how small businesses primarily located in Northern Virginia have responded to the increase in inflation and

interest rates. This study could be held as an example to others across the country and they would be able to adjust it for their place of business.

Limitations

As with any research question, there are limitations to this study. For example, the sample size of the surveys is only 20 as it was hard for a high school student to gather more responses due to the business owners undermining the necessity of the surveys. A lot of these business owners felt that taking the time out of their day to do my survey was a waste of time which not only reduced the credibility of the research but also limited the amount of surveys I could get. One way to fix this was by cold-calling businesses (directly calling the businesses). This allowed me to convince the business owners to fill out the survey on the spot so that they wouldn't lie and not fill it out. Another way to fix this problem was by visiting small businesses and networking events. At these events, large amounts of small business owners meet up and talk about their businesses. Distributing surveys at these events allowed for a comprehensive data collection.

Another limitation is how some business owners did not actually find the most accurate rate due to time constraints. For example, some questions from the survey ask for a specific number such as the percentage of which the product prices were raised. Many small business owners might not have put the actual percentage but rather an estimate due to time constraints, leading to inaccurate results. However, the estimated percentage would be roughly the same to their actual percentage, allowing for minimal error.

Lastly, it was difficult to get a lot of survey responses due to a time constraint of 2 months. The results of the survey were restricted to 2 months, being sent out in early January and ending in mid March. Because of the time constraint, it was hard to accumulate survey responses because there was less time to research networking events, convince small business owners, or even find small businesses that were willing to respond.

Reflection

After conducting this study and surveying small businesses, it was found that the best way for small businesses to combat the increase in inflation and interest rates, was to increase the prices of their products, decrease their staffing, and maintain a positive business outlook. My initial hypothesis was that small businesses would increase their prices and decrease their staffing to mitigate the results caused by high inflation and interest rates. According to the findings of the study, my hypothesis was partially correct as the optimal solution for small businesses included increasing prices and decreasing staffing, however, my initial hypothesis did not include a positive business outlook. Initially, while researching the topic before conducting any surveys, none of the authors talked about having a positive business outlook as a possible solution

because of its inability to impact the revenue of the businesses. However, after conducting surveys, it was found that small businesses that prioritized a positive business outlook tried more, which eventually improved their businesses in the near future. Although my hypothesis was not fully supported, the main two parts of the solution were included in my hypothesis, and showed how the previous research conducted illustrates how small businesses have responded to previous inflation and interest rate hikes have stayed consistent over the years.

References

Asoba, S. N. (2022, November 8). (PDF) STRATEGIC FINANCIAL RESOURCES PROVISION FOR START-UP SMALL ENTERPRISES TO AVERT SMALL BUSINESS FAILURE: A LITERATURE OVERVIEW. ResearchGate. Retrieved April 23, 2024, from https://www.researchgate.net/publication/365201098_STRATEGIC_FINANCIAL_RESOURCES_PROVISION_FOR_START-UP_SMALL_ENTERPRISES_TO_AVERT_SMALL_BUSINESS_FAILURE_A_LITERATURE_OVERVIEW

Blackford, M. G. (1991). Small business in America: a historiographic survey. *Business History Review*, 65(1), 1+.

<https://link.gale.com/apps/doc/A374520727/GPS?u=mercerms&sid=bookmark-GPS&xid=cbff90ad>

Bottorff, C. (2024, January 31). Top Small Business Statistics of 2024 – Forbes Advisor. *Forbes*. Retrieved April 23, 2024, from <https://www.forbes.com/advisor/business/small-business-statistics/>

Chen, B. (2022, June 2). The Review and Analysis of Inflation and its Effects: Will Current High Inflation Lead to an Economic Crisis? *Journal of Business & Economic Policy*. Retrieved April 23, 2024, from https://jbepnet.com/journals/Vol_9_No_2_June_2022/1.pdf

Chinander, H. (2023, August 22). Rising Interest Rates Create More Challenges for Businesses. Federal Reserve Bank of Minneapolis. Retrieved April 23, 2024, from <https://www.minneapolisfed.org/article/2023/rising-interest-rates-create-more-challenges-for-businesses>.

Chow, M. J., & Dunkelberg, W. C. (2011). The small business sector in recent recoveries. *Business Economics*, 46(4), 214+.

<https://link.gale.com/apps/doc/A274700866/GPS?u=mercerms&sid=bookmark-GPS&xid=0c8a2f2b>

Esterhuyzen, E., & Louw, L. B. (2019). Small business success: Identifying safety hazards and safety risks. *Jamba: Journal of Disaster Risk Studies*, 11(1).

<https://link.gale.com/apps/doc/A598247411/GPS?u=mercerms&sid=bookmark-GPS&xid=be6b9551>

Johnson, R., & Smith, C. (2023, December 20). Richest Counties in America. USNews.com. Retrieved April 23, 2024, from <https://www.usnews.com/news/healthiest-communities/slideshows/richest-counties-in-america>

Kane, J. (2022, September 2). How Small Businesses Can Cope with the Impact of Inflation (9 Expert-Backed Strategies). Utah Accounting, Tax, Financial Blog. Retrieved April 23, 2024, from <https://blog.cmp.cpa/small-business-protect-against-inflation>

Mbah, R. (2023, February 25). Inflation in North America: A Critical Review and Analysis of the Year 2022.” *Advances in Social Sciences Research Journal*. Research Gate. Retrieved April 23, 2024, from https://www.researchgate.net/profile/Ruth-Endam-Mbah/publication/368689787_Inflation_in_North_America_A_Critical_Review_and_Analysis_of_the_Year_2022/links/63f59b87b1704f343f7250b4/Inflation-in-North-America-A-Critical-Review-and-Analysis-of-the-Year-2022.

Ress, D. (2023, November 2). How high interest rates are helping some Virginia businesses, harming others. *Richmond Times-Dispatch*. Retrieved April 23, 2024, from https://richmond.com/news/state-regional/business/how-high-interest-rates-are-helping-some-virginia-businesses-harming-others/article_269a366c-7992-11ee-8236-bfb6ccf20214.html

Savage, K. (2023, October 5). Tracking Supply Disruptions, Impact of Inflation on Small Business. Census Bureau. Retrieved April 23, 2024, from <https://www.census.gov/library/stories/2023/10/inflation-impact-small-business.html>

Taecharungroj, V., & Prasertsakul, D. (2023). Placeful Business: Reimagining a Small Business Concept That Embraces and Enriches Places. *Sustainability*, 15(12), NA. <https://link.gale.com/apps/doc/A758354416/GPS?u=mercerms&sid=bookmark-GPS&xid=baf225b5>