

From Access to Action: How Program Design and Institutional Decoupling Discourage Targeted Veteran Entrepreneurs from Participation in Small Business Administration Loans

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Problems Addressed, Aims, and Research Question(s)

Access to capital is widely recognized as a critical driver of entrepreneurship, business growth, and long-term wealth creation (Beck et al., 2005; Kerr & Nanda, 2015). Federal programs such as the Small Business Administration (SBA) 7(a) loan program are designed to expand access to financing, particularly for entrepreneurs who may face barriers in traditional lending markets (U.S. Small Business Administration, 2023). Despite these efforts, participation among eligible entrepreneurs, including veteran-owned businesses, remains inconsistent (Dilger & Lowry, 2021; Maury et al., 2019).

Prior research has focused on structural barriers such as eligibility, credit constraints, and awareness. While these factors explain access limitations, they do not fully account for varied participation among eligible and informed entrepreneurs. This research examines how institutional characteristics and entrepreneurs' perceptions of program design and implementation shape participation decisions.

Research Question:

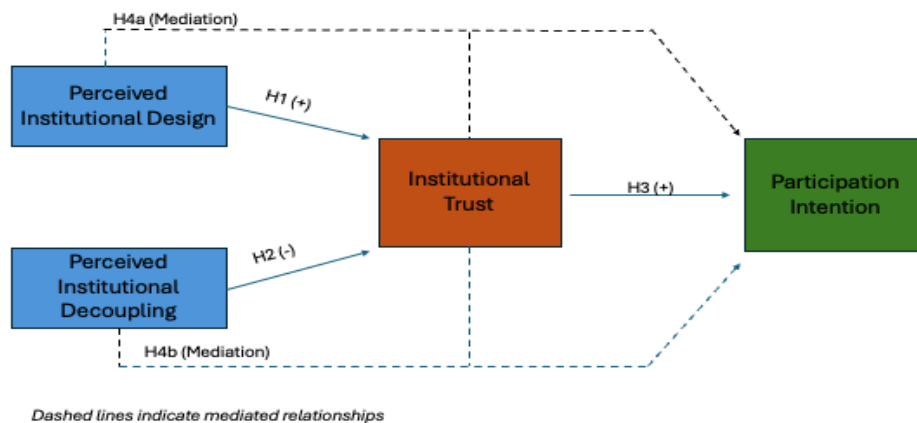
How do perceived program design and institutional decoupling shape institutional trust and participation intentions among veteran entrepreneurs considering SBA 7(a) loan programs?

Justification: Why and to Whom This Research Is Important

Participation in capital access programs has implications for entrepreneurs, policymakers, and program administrators. For entrepreneurs, it affects business formation and growth; for policymakers, it reflects the effectiveness of public investment. Veteran entrepreneurs provide a

relevant context, as they are the focus of targeted support initiatives yet continue to report challenges navigating capital access programs (Maury et al., 2019; Dilger & Lowry, 2021). This research contributes to understanding how program design influences participation in federal lending contexts.

Theoretical Basis



Grounded in institutional theory, this research posits that behavior is shaped by how individuals perceive and interpret institutional structures (Scott, 2014). Institutions signal legitimacy and reliability, and individuals respond based on these interpretations (Suchman, 1995). In this research, program design reflects how broader institutional arrangements are experienced within the SBA 7(a) loan program.

Two key constructs are examined. Perceived program design refers to how individuals interpret the clarity, complexity, and reliability of program processes. Institutional decoupling refers to the perceived gap between formal program intentions and implementation (Meyer & Rowan, 1977). Institutional trust is examined as a mechanism linking these perceptions to participation decisions (Zucker, 1987; McKnight et al., 2002).

Research Design and Intended Data Sample

This research will employ a qualitative design using semi-structured interviews to examine how veteran entrepreneurs interpret program structures and make participation decisions related to SBA loan programs. The sample will include approximately 30 veteran entrepreneurs in the Tampa, Florida area who have considered or applied for SBA 7(a) loans.

Interviews will explore perceptions of program clarity, complexity, consistency, and trust. This research will control for contextual factors including business age, financial position, prior entrepreneurial experience, and prior experience with federal lending programs. Descriptive quantitative data (e.g., firm characteristics and funding history) will support cross-case comparison. Data will be analyzed using thematic coding and an iterative approach to identify patterns linking perception, trust, and participation intentions.

Findings

Since this research is in the proposal stage, empirical findings are not yet available. However, prior research suggests that participation may vary based on how entrepreneurs perceive program design and interpret their experiences with institutional processes.

Discussion: Relevance and Practical Importance

This research hopes to contribute to institutional theory by examining how perceptions of institutions influence participation decisions in a federal lending context. By exploring how perceived inconsistencies between program design and implementation relate to trust and engagement, this research has potential to improve how SBA 7(a) loan programs are structured and communicated. Insights may be relevant to policymakers and program administrators seeking to improve engagement among veteran entrepreneurs.

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