My career goal is to start my own business. I don’t have a specific business in mind, but what I’m mainly concerned about is the steps to set it up and to maintain it. It will take a long time to start up the business, so it will be a while before I make the first movements. The three journals that I have found to be useful are *Journal of Small Business Management*, *FSB: Fortune Small Business*, and *Consumer Reports Money Adviser*. What I’m looking for in these articles are answers to questions, like what is needed to start a business, as well as others such as keeping a business running.

In the *Journal of Small Business Management*, an article that I’ve found particularly useful is “Entrepreneurial Failure: The Case of Franchisees,” which is a study of the role that franchisors play in franchisees’ business failure. The authors collected data in order to see if the hypothesizes they made are true, and used a “negative binominal regression,” which predicts two outcomes, either failing or successful. (Micheal, Pg. 9) They conclude at the end that high royalty rates (rates that franchisors charge) can cause failure in franchisees, because of high costs that negate profits made. (Pg. 5) A good relationship between both parties can also help both parties survive. (Pg. 14) The final factor they conclude is that entrepreneurship training can help prevent businesses from failing. (Pg. 16)

The math used in the article is to find out the relationships between franchises and businesses. As mentioned by the authors: “The most commonly used model for social sciences for estimating rate and count data is negative binomial regression” (Pg. 9) The authors explain why this is the best method to use against other methods to produce the
most accurate results. On page 12, they explain how the results of the equations support their hypothesis.

The math in the article relates to what I’ve learned regarding quantity rate equations. Two tables are set up on page 10 and 11 describing the results of the negative binomial regression. Also, other types of math are mentioned but not used that are more advanced, such as the Poisson Process, which adds a random variable to a linear equation. (Pg. 9) These equations are taught in statistics as they involve complex regressions, so if I want to see if how well my business is doing, I need to take statistic courses. I will also have to take courses on economics and connect the math learned in both courses together so that I can apply it to my future business.

This information in the article will help me understand what I need to avoid when I have a business set up. My first type of business will probably be simple, such as a small storeowner, similar to the stores in gas stations. By finding a franchisor that has a low royalty rate and provides unique land, (i.e. a place where buyers can be found.) (Pg. 13) I can make enough money to create my own goods and become a franchisor.

Bibliography:


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