**ABSTRACT**

Grounded theory (GT) is a methodology in the social sciences involving the construction of theories through gathering and analysis of data (Martin & Turner, 1986). The evolutionary progression is expressed as 1st Wave through 4th Wave Grounded Theory (Boje, 2018).

1st Wave is a qualitative method. It generates propositions out of untested practices which ignore historical context. It falls short of Karl Poppers inductive logic because it fails to reflect falsification or verification of inductive propositions. (Boje, 2018; Glaser & Strauss, 1967)

2nd Wave uses existing theoretical frameworks and applies positivistic coding to fit interview and observation content into abstract schemata. (Strauss & Corbin, 1994)

3rd Wave uses a social constructivism epistemology, which keeps the positivistic coding dogma, to draw from subjective interpretivism and create a dualism between (inter) subjectivity and objectivity, but also fails to include provisions for falsification or verification. (Boje, 2018)

4th Wave is an intersubjectivity inquiry with an inherent verification of propositions as well as attention to falsification through self-correcting induction. (Boje, 2018)

The collection of data and process of analysis transitions through each of these waves of grounded theory culminating with self-correcting induction.

The methodology for this study will be to work through the four waves of grounded theory to identify business fundamentals that can provide small business owners with control over their progress toward profitability and then demonstrate analytically, using quantitative methods, why the fundamentals were valid.

*Keywords: Grounded Theory, Self-Correcting Induction, Methodology, falsification, verification*