

Project No. and Title: [NC1030](#) Family Firms and Policy
Period Covered: 10-2009 to 09-2010
Date of Report: 10-November_2010
Annual Meeting Dates: 03-Oct-2010 to 05-Oct-2010

Participants

Technical Committee

- Fitzgerald, Margaret (Margaret.Fitzgerald@ndsu.edu), North Dakota State University
- Haynes, George (haynes@montana.edu), Montana State University
- Jasper, Cynthia (crjasper@wisc.edu), University of Wisconsin
- Lee, Yoon (yoon.lee@usu.edu), Utah State University
- Marshall, Maria (mimarsha@purdue.edu), Purdue University
- Masuo, Diane (masuo@hawaii.edu), University of Hawaii
- Muske, Glenn (glenn.muske@okstate.edu), Oklahoma State University
- Niehm, Linda (niehmlin@iastate.edu), Iowa State University
- Schrank, Holly (schrank@purdue), Purdue University
- Stafford, Kay (stafford.2@osu.edu), Ohio State University

- Technical Committee Members Absent: Park, Timothy (tpark@uga.edu), University of Georgia; Danes, Sharon (sdanes@umn.edu), University of Minnesota; Pushkarskaya, Helen, University of Kentucky (helen.pushkarskaya@uky.edu); Swinney, Jane, Oklahoma State University (swinnej@okstate.edu).

Brief Summary of Minutes of Annual Meeting

Minutes NC1030 Meeting

October 4-5, 2010

The Ohio State University, Columbus, OH

Present October 4 and 5, 2010: Kay Stafford, Cindy Jasper, Yoon Lee, Maria Marshall, Margaret Fitzgerald, Glen Muske, George Haynes, Holly Schrank, Linda Niehm, Diane Masou.

Monday, October 4, 2010

George: Announcements

Nov. 15: Due date for completing Appendix E

Dec. 1: Completed project proposal due in its entirety

Dec. 15: Administrative Advisor Review form due

Holly: Noted that objectives need to be in the Issues and Justification file. Holly provided an overview of her approach to revising the Issues and Justification...more of a focus on non-normative disruptions. She provided insight about regional data/demographics. Firm survival after natural disaster is a key aspect addressed in research going forward...those who did not survive AND those who survived. Testing of the SFBT with simultaneous stresses will be a focus of our research going forward...advancing theory. Policy focused on disaster recovery at micro level of family business....disasters are an opportunity to assess policy. FEMA and SBA and their ability to respond effectively are examples of recovery issues to further examine. Did policies hurt or help...what were the issues?

Discussion: NC 1030 and why we are well positioned to address these issues. Other researchers are not looking at adjustments to family and community and business regarding decisions after a disaster. Community issues and the impact on businesses after disasters have not been addressed. Communities make a difference in recovery. What makes for a resilient business? How can we better characterize what enhances resiliency?

We addressed/discussed the objectives.....adding more sub-objectives makes the objectives more interpretable and useful. Holly suggested that we may want to modify the order...but we concluded that a key thing is that we be content and satisfied with the objectives as stated.

George: Suggested adding in subheadings according to NIMS website. Kay and Holly agreed that headings would add readability. Consequences should be emphasized....what this research can provide and the gaps created if this research is not done. Holly commented on barriers to business continuance and that this could be emphasized as well.

Kay: Commented on survival or demise vs. sustainability which she views as broader...more continuous versus dichotomous. It was decided that we would take out survival and demise and replace with sustainability throughout.

Kay: Noted in new objectives that there was no mention of business management/mgt. characteristics. She suggested that sustainability allows for a greater range of DVs or outcomes.

It was concluded that we would say sustainability in Obj. #1 and recovery and demise in Obj. #2.

Holly: Noted that in NSF 2, more would be added on adjustment strategies and social responsibility measures from Besser's work....the impact of community. Holly added insight to support this approach from interviews conducted.

George asked about how much we would use the old data vs. new data collected by Holly and Maria? Kay and Holly said the answer is both....will allow to look across disasters. Not enough Midwest businesses impacted...why Mississippi was used as a learning lab...can apply to Midwest and other flooding areas. Also will include minority business owners. This may allow for more and richer analyses.

Glen asked if these objectives would also fit an oil disaster? Discussion followed.

Kay asked if the scale of the disaster would fit under H1 a) or H1 c)...Maria said it would be H1 a) in relation to the impact of the event.

Kay also mentioned the possibility of contrasting positive disruptions vs. negative disruption....oil fields on ND/Montana. This would be the first time such an analysis would have been conducted.

Cindy questioned if the current objectives were broad enough to fit the scope of research conducted by the group....Kay reminded that disasters are an example of the possible types of non-normative disruptions.

It was decided that Obj. #1 d) would be broadened to focus on sustainability after a disaster to address this point. Extensive discussion took place regarding the breadth of new and innovative topics that could/should be included....food, retail, apparel products. AFRI is going to be looking for food related topics.

It was concluded that we would modify Obj. 2 to say adjustments to change and risk. See Holly's revision of objectives

Change H1 a) to be impact of disruptions –plural.

The group listened to a summary of the project objectives from Holly. Group editing and discussion then took place and the stated objectives.

We also discussed the scope and depth of the methods for the new NC 1030 proposal.

Maria: Discussed new funding opportunities with USDA-NIFA –NSF and her experience as reviewer last year. The group discussed various funding options and strategic approaches that the NC1030 may take for next steps. Maria then provided general suggestions for preparing grant proposals:

-remember that usually they use a diverse reviewer base

-need to understand and convey and use correctly resilience vs. resiliency

-NSF is down on grounded theory—unless it is a prelim or pilot piece

-Most of the funded proposals had someone in a lead position that had disaster experience and knew the literature.

-Focus on studies that would really move the literature forward; methods that were sharp and clear; hypotheses that are clear and feasible; measure what you say you'll measure.

OTHER FUNDING SOURCES WE MAY CONSIDER:

SBA Office of Advocacy and other govt. unsolicited proposals.....want to get the \$ to small businesses.

(Cindy, Yoon, Linda, George...said they would like to work with George on a proposal for SBA).

Federal Reserve Board will be doing new large scale business interview study—also the Federal Reserve Bank of KC Fed in Omaha.

American Indian Tribal Grants—need a collaborator from a tribal college and 1890's college (GEORGE AND GLEN) on NC 1030.

We discussed other additions to the NC 1030 member list that could help us to address stated issues/needs and assist in development of funding proposals.

Need to merge data/aggregate level data with secondary data. Do before and after comparisons with large scale data and support with our micro level data.

Glen noted that various offices of the Fed Reserve are looking at a committee to research why Latinos and other minorities are not using banking services.

Kauffman Foundation did research on minority owned businesses...Ohio included. Kauffman is also a good source of funding for graduate students if they use Kauffman data. Good source too for more intermingling research.

We discussed other possible funding sources or idea sources for future funding:

FEMA, ERS, Kellogg Foundation, COS, SBA, FED RESERVE

Chris Hamilton: Discussed by conference call our NC 1030 proposal for renewal. She thought we were in good shape with the application. It is customary that a new project # be assigned with each new/renewed multi-state project. However, if we feel retaining the # is important to stakeholders, for grant apps, etc. then we can request that the # be retained. Our preference would be to retain the NC 1030 number. A formal letter is due to Chris by Dec. 1. She will up load this to the NIMS website. We are also responsible for writing a final report by March 31, 2012. This could also be the final report from this meeting. We can continue to edit the final docs on NIMS until final due dates if you have access (Maria, Margaret, Holly all have access). Chris can also complete Appendices for non-land grant participants.

Appendix E DUE Nov. 15 from each participating school—go to website and locate NC1030...check to be sure your form is there...if not let Chris know.

RESEARCH PROGRESS—NEXT STEPS:

Extensive discussion took place regarding project Objective #3. We also discussed in relation to the two currently funded NSF grants. Key variables were discussed along with potential combinations for ongoing papers.

Data Set: 2007 NSF Grant 1

Business closure

Perceived and financial success

Bus. Succession

Disaster Impacts on Bus

World View—risk

Family firm congruity—relationships

Follow stories of home based businesses over time

Bus and Personal demographics

Home based

Work hours

Decision makers

Goal orientation

Bus Success

Bus Performance

Disaster items and index

Bus Tension

Hectic times/adjustment strategies

Satisfied with family life

Form of ownership

Industry sectors---impact across distribution channel/supply chain?

How they manage risk---what behaviors they did

Frequency of disasters in counties= risk exposure

NSF 2: Community pre and post disaster, social responsibility

To what extent...vs. how satisfied are you? Extent is a better measure.

MACRO ENVIRONMENT: Use other data sets

SFBT (Sustainable Family Business Theory): Apply it to other data sets and papers

Technology changes coming to impact family business

Tues., October 5, 2010

We discussed dates and location of 2011 annual mtg. It will be Oct. 9-11, 2011 in Fargo, ND. Margaret will host us.

Holly and Maria: Discussed new NSF 2 project and field work...data collection process, how to identify participants—where to find them. Goal of research was to find demised businesses and discuss their experiences before/after Katrina. Ultimately the questionnaire can address/track the owner or the business. Holly and Maria shared a draft of the NSF Small Business Recovery and Demise Questionnaire Summary. This instrument was used prior to the field work and interviews. Asked the group for input and suggestions on the questionnaire—items to add or deleted

Margaret reminded the group that we have about \$5,600 remaining in our project account housed at NDSU. She encouraged us to consider how we might best use these funds to benefit the greater group.

NC 1030 members provided oral presentations of their state reports.

George suggested we look at the Call Report---reports on banks and how they are doing---see section on small business and farm reports...Start at RECON line item. Info shows all \$ loaned...may not just be in state loans. Audited data....can see how banks are behaving...in real time.

CRA Data—community reinvestment act data from Chicago Fed for 2009 year...1 year lag. Only shows large banks, not community banks. We may need to combine the two above sources to get full picture. Both sources are public and have not been mined very much.

Linda Niehm will be the secretary for the coming year. Maria will assist with NC1030 bibliography updates. George will post all docs to List Serve. Linda will send the contact list to all by e-mail for updates—return to Linda and she will finalize and send out to everyone.

REMINDER: WE NEED TO ALL CONTACT OUR CAMPUS EXPERIMENT STATION DIRECTOR—NEED TO COMPLETE NEW APPENDIX E FORM BY NOV. 15, 2010.

The meeting adjourned at 12 noon on Tuesday, October 5, 2010.

Respectfully Submitted,

Linda S. Niehm, Ph.D.

NC 1030 Secretary

Accomplishments

The NC1030 group made significant progress in completing the work on one NSF grant (Danes, Stafford and Haynes) and beginning to work on a second NSF grant (Marshall and Schrank). In addition, two members of our group, Linda Niehm and Jane Swinney, were co-editors of a special edition of the Journal of Family and Economic Issues, which will be published in 2010. This special issue focuses on the operation of family businesses and their response to environmental conditions of adversity and change, as well as family relationships and intermingling of family and business resources. The major research areas addressed by participants in the past year include the following: Disaster and disaster assistance impacts, business social responsibility, use of technology, gender of the business owner/manager, financial intermingling, family capitals and minority owners.

The disaster and disaster assistance research examines the survival and success of family businesses following a natural disaster. This work has suggested that firms located in counties receiving more disaster assistance are not more likely to survive, however these firms are more likely to realize positive changes in revenue than firms located in counties receiving less disaster assistance. Other research suggests that small retail and wholesale firms are disproportionately influenced by natural disasters and presidential disaster declarations have positively impacted small businesses in recovery. In a survival analysis study, female business owners, being home-based, and using customer-based control practices decreased long-term survival. Research results and outreach materials developed as a result of the natural disaster work has been employed in Wadena, MN, where a tornado destroyed a large section of the city, school buildings, and other community buildings.

Other substantial changes can occur when public policy is altered. Tobacco farmers were expected to transition to other business activities. However, farmers decide individually how they spend their tobacco quota, and their expenditure decision is influenced by their age, education, on and off farm income, and overall lifestyle. This research has also examined family structure and its effect on adaptation strategies of farm family businesses.

Business social responsibility has been a long-term topic addressed by the NC1030 group. This work culminated with a major article being completed and accepted for publication. This study confirms that defining community as a group of people living in the same geographic location working together towards common interests is a broader definition that facilitates understanding how shared ties and the ability to solve problems, combined with a family firm culture towards socially responsible processes might encourage business owners to "step up" in communities that are socially and economically vulnerable.

Research on the use of technology has provided a theoretical understanding of how smaller family businesses adopt integrated IT and use it to manage business needs and demands over time. It also provides understanding of the potential benefits of IT usage for small family firms and the antecedent conditions which help or hinder its adoption. Development of IT skills and capabilities may help family firms to effectively manage the overlap or interface between business and family, communicate more effectively within and between business networks, better serve customers, and be more competitive in the marketplace. In the long term such capabilities and skills may lead to the enhanced sustainability of family firms.

Financial intermingling work has addressed the degree of intermingling of financial resources by business owning households. Small business owning households did not hold a larger share of total debt in mortgages secured by residential property than other households from. However, small business owning households did hold a larger share of total debt in other loans secured by residential property and line of credit loans secured by residential property than other households. Even though the degree of direct intermingling is relatively low, indirect intermingling, where houses are held as collateral, is crucial to the small business firm needing external capital.

This group has been instrumental in addressing the importance of family capitals. Data related to human, financial, and social capital (the entrepreneurs use and perception of community links and resources) were collected in order to assess their effect on an entrepreneur in the business formation process. Results showed that experience is crucial to the start-up process, thereby providing small business development practitioners improved information that may help them structure their assistance programs to best meet the needs of entrepreneurs.

And finally, this group has worked extensively on the National Minority Owned Business survey data held by Baruch College. In a study profiling minority business owners, Korean-Americans faced more business problems and owning their business had a greater impact on their family life, than the Mexican-Americans. Because they are more recent immigrants, Korean-Americans need help in obtaining credit, navigating and complying with local and state regulations, and finding qualified workers for their businesses.

Impacts

1. Disaster and Disaster Assistance -- Consultants and policy makers have been informed that family resilience and gender of the business owner along with damages to the business after a natural disaster to be most effective in sustaining family businesses over the long term. In addition, this group has found that it is important for small family businesses to do scenario building to address natural disasters to identify how resource processes would change under those conditions. Policy makers must recognize the many contributions of family business and from rural development policies that not only help sustain existing businesses and fuel the engine of economic growth, but encourage human capital development and, in turn, enhance the contribution of the family and the business to their communities.

Work on the tobacco buyout has informed policy makers that the composition of the farm population has a significant impact on the outcomes of the tobacco buy-out program on rural communities. This work has made important contributions to the understanding of the ramifications of the tobacco buyout on farmers.

2. Business Social Responsibility -- Business consultants need to recognize that a family business does not make economic decisions in social isolation. Family capital assessed and used in the firm directly and indirectly in both times of stability and change as well as interactions between the firm and its community host affect long-term family firm sustainability.

3. Use of Technology -- Significant impacts on implementation and performance were not realized until IT capabilities were integrated into the business strategies of small family firms. Even the smallest businesses can gain advantages through gathering and tracking customer and market information, wholesale purchasing, and on-line interaction with customers. Continuously evolving technologies pose fewer resource limitations for small firms, allowing them to be more competitive versus larger counterparts.

4. Gender of Business Owner/Manager -- Professionals who work with family business managers need to recognize gender differences in management practices. For instance, it is necessary for educators to assist female managers by providing business finance seminars or relationship skill training programs to help them deal with their employees, and educators can further assist female managers by providing enhancement programs to strengthen business skills

5. Financial Intermingling -- This work has informed policy makers of the importance of the intermingling of financial resources between the household and business. Most importantly, direct

intermingling has been shown to be much less important than indirect intermingling, where houses are held as collateral.

6. Family Capitals -- Consultants and policy makers have been informed that experience is crucial to the start-up process, thereby providing small business development practitioners improved information that may help them structure their assistance programs to best meet the needs of entrepreneurs.

7. Minority Owner -- This work has been published in widely distributed outreach publications and has informed lending institutions and banks about the unique needs of minority businesses. Most importantly, it has suggested ways to make it simpler to obtain business loans or credit. In addition, public policy makers need to provide additional resources and tools such as translation services and workshops especially during the startup period for nascent businesses.

NC 1030 Family Firms and Policy

Grants, Publications and Presentations by Objective, 2009

Grants

New and Continuing Grants Funded:

Marshall, M. & Schrank, H. Small Business Demise and Recovery after a Natural Disaster. National Science Foundation, \$417,583, 9/1/2009 – 8/31/2011.

Niehm, L.S., Stoel, L., & Frazier, B.J. Rural Community Resiliency: The Role of the Retail Sector in Easing the Effects of Slow Motion Shocks. USDA-CSREES-NRI Rural Development Grant, \$500,000, October 1, 2008 through August 2011.

Objectives & Citations

1) Analyze the effect of internal and external events and policy changes on

a. Family businesses

Objective 1a Refereed Manuscripts:

Stafford, K., Bhargava, V., Danes, S.M., & Haynes, G. (In press) Long-run survival of family businesses after disasters. *Journal of Family and Economic Issues*.

Brewton, K.E., Danes, S.M., Stafford, K., & Haynes, G.W. (2010). Determinants of rural and urban family firm resilience, *Journal of Family Business Strategies*, 155-166.

Haynes, G.W., Danes, S.M., & Stafford, K. (forthcoming). Influence of federal disaster assistance on family business survival and success. *Journal of Contingencies and Crisis Management* 18(4), xx-xx.

Stafford, K., Bhargava, V., Danes, S.M., & Haynes, G. (In press) Long-run survival of family businesses after disasters. *Journal of Family and Economic Issues*.

Pushkarskaya, H. and M.I. Marshall. 2009. "Lump Sum versus Annuity: Choices of Kentucky Farmers during the Tobacco Buyout Program." *Journal of Agricultural and Applied Economics* 41(3): 613-624.

Pushkarskaya, H. and M.I. Marshall. (accepted) 2010. "Family Structure, Policy Shocks, and Family Business Adjustment Choices." *Journal of Family and Economic Issues*.

Hofmann, Christa H., Jennifer H. Dennis, and Maria I. Marshall. 2009. "Identifying Farmers' Market Organizational Structure: An Indiana Case Study." *Acta Horticulture (ISHS)* 831:263-268.

Hall, T.J., J.H. Dennis, R.G. Lopez, and M.I. Marshall. 2009. "Factors Affecting Growers' Willingness to Adopt Sustainable Floriculture Practices." *HortScience* 44(5):1346-1351. Journal impact factor 0.914.

Hall, T., R. Lopez, M.I. Marshall, and J. Dennis. (accepted) 2010. "Barriers to Sustainable Floriculture Certification." *HortScience*.

Peake, W.O. and M.I. Marshall. (accepted) 2010. "Experience and Entrepreneurship in Industrialized Countries: a Meta-Analysis." *Southern Journal of Entrepreneurship*.

Muske, G., Fitzgerald, M. A., Haynes, G. W., Black, M., Chin, L, MacClure, R., & Mashburn, A. (2009). The intermingling of family and business financial resources: Comparing copreneurial and noncopreneurial couples. *Financial Counseling and Planning*, 20(2), 27-47.

Objective 1a Resource Tools/Reviewed Articles:

Masuo, D. Minority family business owners: A profile of Korean-American business owners in a multicultural America. Submitted to the Association for Asian Studies and International Convention of Asian Scholars Joint Conference, March 31-April 3, 2011, Honolulu, HI.

Brooks, L, Whitacre, B., Woods, M., & Muske, G. (2009, Sept. 10). The community side to entrepreneurship: Some case studies. Daily Yonder. Found 9/10/09 at <http://www.dailyyonder.com/towns-build-entrepreneurs/2009/09/10/2337>

Objective 1a Refereed Conference Proceedings:

Clark, S. and M.I. Marshall. "Women, Goal Orientation, and Success: A Family Business Perspective." Presented and published online in *Proceedings of 2010 USASBE Conference*, Nashville, TN, January, 2010.

Flaig, A. and M.I. Marshall. "The Marriage Tax: Do Marriage and Children Impact the Success of Self-Employed Men and Women Differently?" Presented and published online in *Proceedings of 2010 International Council for Small Business*. Cincinnati, OH, June, 2010.

Objective 1a Refereed Presentations:

Stafford, K., Danes, S.M. & Haynes, G.W. (2010). Sustainability of family businesses managed by females after natural disasters, United States Association of Small Business and Entrepreneurship, Nashville, TN.

1) Analyze the effect of internal and external events and policy changes on

b. the consequent, indirect effects on communities.

Objective 1b Refereed Manuscripts:

2) Analyze the effects of family businesses and communities on the vitality of each.

- a. Analyze the effects of family businesses on rural and urban community vitality (e.g. social and economic impacts).

Objective 2a Refereed Manuscripts:

Fitzgerald, M., Schrank, H., Haynes, G., & Danes, S.M. (2010). Socially responsible processes of small family business owners: Evidence from the National Family Business Survey. *Journal of Small Business Management*, 48(4), 524-551.

Muske, G., Fitzgerald, M. A., Haynes, G.W., Black, M., Chin, L., MacClure, R. & Mashburn, A. (2009). The intermingling of family and business financial resources: Comparing the copreneurial couple, *Journal of Financial Counseling and Planning*, 20(2), 27-47.

Lee, Y., Jasper, C., & Fitzgerald, M. (In press). Gender differences in perceived business success and profit growth among family business managers. *Journal of Family and Economic Issues*.

Yilmazer, T & Schrank, H. L. (2010). The use of owner resources in small and family owned businesses: Literature review & future research directions. *Journal of Family & Economic Issues*, 31(4), (in press and available at the journal website in online first.)

Niehm, L. S., Tyner, K., Shelley, M., & Fitzgerald, M. (2010). Technology Adoption in Small Family-Owned Businesses: Accessibility, Perceived Advantage, and Information Technology Literacy. *Journal of Family and Economic Issues*. Available at:

On-Line First <http://www.springerlink.com/content/1058-0476/?k=niehm>

Niehm, L.S., Hurst, J., & Park, S. (2010). Conversion intentions of fashion marketing interns: The impact of work-related attitudes and behavior. *Journal of Global Fashion Marketing*, 1(2), 1-18.

Chun, E., & Niehm, L.S. (2010). Collaboration strategies of fashion companies and customer attitude. Special Issue of the *Journal of Global Academy of Marketing Science*. (Summer, 5-20).

Kim, H.J., Fiore, A.M., Niehm, L.S., & Jeong, M. (2010). Creative class consumers' behavioral intentions towards pop-up retail. *International Journal of Retail and Distribution Management*. 38(2), 133-154.

Objective 2a Refereed Presentations

Corriea, A. Niehm, L.S., & Yusop, F. (2010). Entrepreneurship education in educational technology: Bridging academic knowledge and professional practice. Research presentation for 2010 U.S. Association of Small Business and Entrepreneurship (USASBE) Conference, Nashville, TN, January 14-18, 2010

Niehm, L.S. & Fiore, A.M. (2009). Main Street Makeover Marathon: Partnering to enhance rural businesses and entrepreneurial learning for students in Iowa. Available at <http://www.itaonline.org> [abstract]. Research presentation for 2009 International Textile and Apparel Association (ITAA) Annual Meeting, Seattle, WA, October 27-November 1, 2009.

Niehm, L.S. & Fiore, A.M. (2009). Developing a Rural Renaissance Community Index: A Multi-Disciplinary Project with Research and Outreach Elements. Available at <http://www.itaonline.org> [abstract]. Research presentation for 2009 International Textile and Apparel Association (ITAA) Annual Meeting, Seattle, WA, October 27-November 1, 2009.

Niehm, L.S. Schofield-Tomschin, S., Kaiser, S. & Miller, N.J. (2009). Examining the ITAA Abstract/Research Review Process. Available at <http://www.itaonline.org> [abstract]. Special Topics Panel Presentation for 2009 International Textile and Apparel Association (ITAA) Annual Meeting, Seattle, WA, October 27-November 1, 2009.

Tajuddin, R., & Niehm, L.S. (2009). Exploring distinctive competencies of entrepreneurs in small retail and service businesses: Case studies in Iowa. Available at <http://www.itaonline.org> [abstract]. Research presentation for 2009 International Textile and Apparel Association (ITAA) Annual Meeting, Seattle, WA, October 27-November 1, 2009.

b. analyze the effects of community on family business vitality.

Objective 2b Refereed Manuscripts:

