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## Accomplishments

*In HI. Exporting: How It Can Benefit Hawai'i and California Businesses* was developed as an outreach article to promote exporting as a means of improving sustainability of small and

medium-sized businesses in Hawai'i and California. Augment online sites that guide small and medium-sized businesses through the process of exporting.

In Iowa: A quantitative paper related to rural community resiliency and factors impacting community attractiveness to entrepreneurs was accepted for oral presentation at the International Textile and Apparel Association (ITAA) 2012 Conference with 20 people attending the session. A related community development research paper by Tajuddin and Niehm was also presented at the 2012 BIFT-ITAA Conference in Beijing, China with 30 people attending.

The Rural Entrepreneurship Teaching Unit (RETU) was employed in undergraduate entrepreneurship courses during Year 4 in Iowa (90 students) and Michigan (40 students). The RETU on-line materials/products were launched based on our complete set of community resilience education modules. The site offers 3 learning modules designed to introduce university learners to rural entrepreneurship opportunities. The site has been featured on the Rural Schools and Community Trust website, the National Service Learning Clearing House, and the Consortium for Entrepreneurship Education's website. A manuscript was also published in Journal of Case Studies in Education.

An online Community Resiliency Calculator tool is complete pending stability of US Census data website and will be used with our eXtension website to be launched in 2013. The eXtension module in development is for the 'Entrepreneurs and Their Communities' Community of Practice: Building Entrepreneurial Communities, Title: Community Resilience Capacity Assessment: Strengthening Rural Communities & Local Businesses. The module comprises 3 sections: 1) Introduction to community resilience capacity & entrepreneurs, 2) Community analysis, and 3) Interpreting results of analysis.

Grant writing efforts consisted of a small grant proposal to the North Central Regional Center for Rural Development (NCRCRD). The proposal which addresses social media as an effective business strategy in small rural communities was funded. Interviews will be conducted with retailers identified as social media champions during 2012-2013 in small rural communities in Iowa, Michigan, and Ohio.

Small business outreach projects were again conducted in spring 2012 with retail and hospitality firms through collaboration with the Ames, IA Main Street Program. A total of 6 businesses from this small community were provided with marketing and branding assistance, competitive strategic advice, and physical enhancements of the actual business. Student consulting teams from the Entrepreneurship in Human Sciences class were led by Linda Niehm for this outreach project.

Data analysis continues for the Rural Renaissance Community Index (RRCI) Project which is focused on identifying factors that attract and retaining residents in small rural Iowa communities. One paper is under review regarding brain drain issues that impact college seniors' choice of community residence after graduation.

In IN. The process of business recovery from disaster has yet to be studied comprehensively. Understanding this process is important not only to characterize and reduce attrition post-disaster but also to determine whether private and government disaster relief policy, business owner practices and family and community factors are leading to recovery. Research to date has narrowly focused on business characteristics and not on the interactions and interdependencies among businesses, the business owner's family, and the community. A systems theory approach advocates considering simultaneous stressors on the business, family, and community to understand what leads to business demise or recovery. This NSF and AFRI funded research uses comprehensive data on business owners and their families to assess the extent to which family considerations and owner patterns of adjustment to change impact business recovery or non-recovery. This research examines disaster aid practices and policy and the role of community in business owner decisions post-disaster. The research uses a theoretical systems framework to examine the interaction and relative importance of factors such as business and owner characteristics, challenges faced by families and businesses, family resiliency and adjustment strategies, owner risk-taking, spatial characteristics of the disaster, and infrastructure changes created by a disaster on the post-event recovery or demise of small and medium sized businesses. So far, this research has led to an article in *Natural Hazards*.

In MO: To understand what facilitates the establishment of small Latino businesses we seek to identify the characteristics of those who have engaged in entrepreneurial behavior. Analysis of the context of reception variables indicates that there are context variables that create a positive environment, and those that make it difficult overall for Latinos to be part of the communities where they live. This year, focus groups were completed in the Midwest (12, six of men, and six of women, six receiving community, and six of newcomers), related to how Latino newcomers and long term residents see the communities where they live, their perceptions of changes in the community and their interaction with people from other groups. Data was analyzed and presentations developed for community forums that take place at the end of the year. Analysis is in progress about the factors that impact Latino's participation in the rural economy, and the characteristics of 37 family businesses. Collaboration was established with faculty at Julian Samora studying entrepreneurship of Latinos. We have identified in our baseline of Latino households 37 small businesses, and have obtained funding for a graduate student to analyze the data during 2013. We will assess the perceptions about community characteristics of identified Latino small family businesses.

Assess the factors that impact on successful market integration of smallholder farmer households, who develop their family farming and marketing activities in a context of climate variability and risks. Three research activities were completed; the first a study of factors that facilitates market integration of small holder farmers in the Andes using a 2009 data set of 330 families; the second consisted of an exploration of the current challenges smallholder household pastoralists face in Southern Peru (accepted to the American Anthropological Association Meetings, November 2012); third, an exploration of the potential for Experiential Tourism in the Andes. The purpose of this research is to understand the characteristics of vulnerable households participating in markets, using data gathered through household surveys using personal interviews, specifically 460 household interviewed in the Andes in 2006 and 2009. Disposition to act variables were analyzed, in particular the threat of caused by unreliability of markets, perceptions of control of risks to farming, by gender. Social, cultural and human capital variables were also considered, in the share of market participation of Andean families. In this particular context location was a main factor in participation, as well as the interaction between cost of transport and access to mobile phones. Regression analysis was used to understand the factors that contribute to market participation of households in a context of climate risks. The most important factors in this case were related to transportation costs, rather than perceptions of risk about the markets and climate. Access to land was the most significant factor. Mobile phones had an important and positive effect of reducing transaction costs. One student completed his MS thesis on the Andean research, and three students (2 PhDs and 1 MS) were trained on facilitation of focus groups, and qualitative data analysis.

In MN: A case study is overlaid with the Sustainable Family Business Theory within a new family business book. In this way, a greater understanding of this complex systems theory will ensue in the classroom and in family business consulting. Applying NVOAD's (National Voluntary Organizations Active in Disaster) recovery model utilizing five community implementation strategies in a rural community that experienced a major, devastating flood recovered and demonstrated resilience. Enduring patterns of functional family strength existed for family firms that remained open over a ten-year period. Starting a new business is known to be a stressful event, but it has both a direct effect and an indirect effect. The indirect effect is the spousal strain the potentially could exacerbate the entrepreneur's strain if not acknowledged and addressed.

In MT: Organized and presented two webinars (Small Business Financing: Getting Bank Ready) on small business financing for MSU Extension and Small Business Administration. Presented a webinar for the Beginning Farmer Ranch Program on Entrepreneurship in Agriculture. Received a grant funded by the Economic Development Administration (U.S. Department of Commerce), MSU Extension, and Montana Governor's Office on the impact of small manufacturers. Wrote

an article for the Montana Business Quarterly on the financial realities of organic farming in the U.S. Conducted an evaluation for the Gallatin County Health Department on the success of their home visit program, which is supported by a local non-profit business. Conducted an evaluation of an employee wellness intervention on non-profit and for-profit businesses in Montana.

In ND. Information on the effective tools communities use to aid small business development was compiled. The *Direct Marketing of Food Specialty Products Online* materials will help guide food product business owners to become active in the increasing use of online marketing and social media and to operate in the global market. In the first four months since its formal launch, over 100 people have registered to get access to the materials. Expanding on the need to better prepare students to understand and work in the global marketplace, faculty at Oklahoma State University and North Dakota State University developed a set of materials that could be integrated into multiple courses. The idea is to have students be involved in a continuous and consistent learning experience in terms of the international marketplace. A desire of many people is to start their own business. *Small Business Myths and Realities* was written to help the prospective owner understand that all the messages about business ownership are not based on reality. A fact sheet has been used in four training sessions reaching over 200 people. It is also available online and has been marketed through both traditional media and online.

In UT: Family businesses consist of family members pooling their resources together to achieve a particular goal for the family business. Using panel data from the 1997 and 2000 National Family Business Surveys (NFBS), the first objective of this study was to profile the characteristics of the family businesses and owners by stated goals. The second objective was to examine the influence of goal orientation on the level of business performance over time. The strategic management framework (Sharma et al., 1997) was used for the conceptual model. In this framework, business and family interests influence goal formulation, strategy formulation, strategy implementation, and performance. The management process begins by setting goals which leads to strategy formulation and selection in order to achieve those goals. Once the appropriate strategies are selected, formulation, implementation, and performance, which may cause a change in the stated goals, are evaluated. Having a marketing goal orientation such as business growth or building a positive reputation with customers was an important factor that contributed to the business profit growth. Business size was positively associated with the levels of percentage change in profit growth over time. Business debt was negatively associated with the levels of percentage change in profit growth over time.

### **Impacts**

In HI: The article can impact agribusiness owners who work with the University of Hawaii's Agricultural Leadership Specialist in Hawai'i to become more aware of the advantages and

challenges of exporting as well as the path to exporting. The article can influence between 750 and 1,000 businesses in Hawai'i that engage in some form of exporting and work with John Holman, Pacific Islands Director of the U.S. Department of Commerce, Hawai'i Export Assistance Center and the Hawai'i Pacific Export Council board members. The article augments numerous online "how to export" sites that provide a plethora of information and opportunities to subscribe to paid services but stop short of providing a compact guide tailored to exporting in Hawai'i and California.

In IA. Organizational legitimacy is one important concept in our research concerning rural community resiliency. It reflects community member perceptions of the degree to which local retailers are perceived to be 'good' community members and who will be more likely to be patronized by local residents as a result of complying with community norms. Hierarchical regression analysis showed that community member perceptions of the legitimacy of local retailers is predicted by community perceptions of local retailer performance, the ability of the community to attract new business, and norms of openness in the community; economic resiliency and social resiliency were not predictors of legitimacy. Perception of retail performance is the most important factor influencing legitimacy of local retailers. The moderating effects of social resiliency and economic resiliency of the community on the three relationships were tested. Economic resiliency in a community did moderate; it increased perceptions of the community's ability to attract new business. However, the moderating effect of social resiliency did not have a significant effect on the predictive power of the model. In another analysis, findings revealed positive correlations between community symbolic actions and community performative actions. These community institutional elements were also found to be positively associated with decoupling mechanisms used by community businesses in their managerial practices and decision making. A reciprocal relationship was found between decoupling and perceived ability of the community to attract new businesses.

The Rural Entrepreneurship Teaching Unit (RETU) was used in a second round of undergraduate entrepreneurship courses in Iowa and Michigan during Year 4, providing entrepreneurship engagement opportunities for approximately 130 students, and business assistance and knowledge regarding resiliency strategies for 12 businesses, and 2 communities. The RETU is designed to introduce university learners to rural entrepreneurship opportunities. The RETU addresses the need for rural communities to stimulate local entrepreneurship and attract and retain younger residents.

Additionally, Linda Niehm was nominated to the Board of Directors for the Ames Main Street Cultural District/Main Street Iowa Program, Ames Iowa. This role is a direct outcome of Dr. Niehm's ongoing involvement in small business consulting and community economic development efforts.

In MO: The information developed from the research in the Andes will be shared with policy makers and researcher in Bolivia working in collaboration with the rural communities that have participated in the research. The aim is to inform about options that facilitate diversification and market integration in the context of changes families are perceiving and experiencing. In a similar vein the information developed through the research with pastoralists in the Andes of Peru will be shared with these rural communities, and the institutions in the country that focus on climate change adaptation, as these are exploring alternatives that can contribute to resilience of families and their systems.

The research and information to assess what contributes to the development of small Latino newcomer family businesses and the existing challenges and difficulties aims to inform local communities. Our meetings through forums with long-term residents reflects the interest of services providers and community leaders in finding ways to make their communities more welcome to this new population group.

In MN: Family therapists will become more acquainted with the needs of family businesses within the consulting context. 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. Doing so increases survival over time. More family business and entrepreneurship journals and books will recognize the importance of the family system, of social capital among family members, and of investigating processes instead of solely structure, roles, and rules. Family therapists will be more cognizant of potential business issues that may be affecting couple relationships when they are starting a new business. Business consultants are more aware of not just business aspects of sustaining a new business venture but the aspects of the couple context that can also have a very large impact on its sustainability.

In MT: The SBA webinars were targeted at the communities experiencing the oil boom in Eastern Montana. The intent of the webinars was to make potential small business borrowers aware of lending options in the area and educate them about the relationship between the lenders and SBA. The EDA, MSU Extension, and Montana Governor's Office grant targets small manufacturers. The intent of this empirical study is to describe these manufacturers, assess their potential for production growth, and determine their educational needs (and demands) that might be met by Extension. The organic farming article addressed the growing demand for financial resources for natural, organic, and sustainable agricultural producers. The intent of the article was assesses several potential markets and evaluate the likelihood of survival and success when facing the constraints of producing and marketing in Montana. The Gallatin County Health Department evaluation examined the impact of a local non-profit business in delivering home care services to young families. The results suggested that the non-profit business significantly improved nearly all dimensions of these families' lives. The impact will the

utilization of more services from these types of non-profit businesses. The employee wellness evaluation study utilized proprietary data to examine the relationship between participation in employee wellness programs and health costs, and the relationship between physical/mental health status and financial well-being. The results of the study show interesting positive correlations between employee wellness participation and lower health care costs. The most important result of this study was the positive correlation between physical/mental health status and financial wellbeing. Further evaluation work on health and wealth of small business owners is warranted.

In ND: In addition to the number of downloads reported as an output, *Direct Marketing of Food Specialty Products Online* has been used as the guideline for two workshops. Participants, 59 in the two workshops, showed an increase of just over 1 point, 2.7 to 3.9, (one a five point scale) in knowledge gained. Seventy-five percent also indicated they were likely or highly likely to implement some of what they learned in the near future. In addition, educators, in a train-the-trainer workshop, rated the material as very helpful. One educator said, "This is the best material around that fits what my business owners need right now." In the pilot testing of the global marketplace educational materials, students rated the material as helpful and showed a significant increase in their level of understanding of the global market and their need to have an expanded world view in business.

In IN: The business recovery research should inform policy makers and business owners regarding business recovery and demise. It should inform what we know about how disaster payments impact disaster recovery. Researchers will also be able to use a comprehensive and cohesive model for business recovery. Dr. Marshall conducted short courses and presentations related to small business development and family business management. Information was also disseminated through various media sources via press releases.

In UT: Owner goal orientation will be studied beyond the start-up phase and well into the life of the family business. Business consultants who work with small business owners will consider the influence of goal orientation on business performance, and understand how the specific goal to grow the size of their business increases profits. Understanding the relationship between business size and profit growth implies that businesses with a small number of employees might struggle to grow their businesses. Training or business strategy and implementation programs for those with fewer employers will help them to successfully grow their businesses. It is important for business and financial consultants to work with small business owners who are highly leveraged to determine the optimal level of debt. Owners with more debt will need to receive additional assistance or advice through a variety of financial counseling programs. Goal-oriented behavior is a key factor in the entrepreneurial process.



Research addressing the integration of business planning with goal setting and goal orientation with business success will be further needed.

## **Publications**

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Schrank, H.L., Marshall, M.I., Hall-Phillips, A. Wiatt, R., and Jones, N.E. 2012 (accepted) Small Business Demise and Recovery after Katrina: Rate of Survival and Demise. *Natural Hazards*.

### **Grants**

Niehm, L.S., Stoel, L.D., & Frazier, B.J. (2012-2013). *Rural social media champions: Development of models of diffusion and best business practices*. North Central Regional Center for Rural Development (NCRCRD). \$18,427.

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