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## **Accomplishments**

In HI: • Educational outreach within the College of Tropical Agriculture & Human Resources to assist the Tropical Plant and Soil Sciences department as it works with small and medium-sized ornamental plant growers seeking to improve their sustainability through exporting to mainland China

In IA: Data collection was completed in September 2013 for a North Central Regional Center for Rural Development (NCRCD) grant titled "Rural social media champions: Development of models of diffusion and best business practices". The study focuses on social media as an effective business strategy in small rural communities. A new 2.5 year interdisciplinary project

was funded by the Iowa State University Vice President for Extension and Outreach. The project, titled "Iowa Retail Initiative", is a collaboration between the College of Human Sciences, College of Design, and ISU Extension. It will provide comprehensive business assistance to small community retailers in Iowa through a unified team of experts from retailing, entrepreneurship, design, finance, and community planning and development. A scale development paper focused on entrepreneurial marketing (EM) was accepted as an emerging research topic paper for the 2013 U.S. Association of Small Business and Entrepreneurship (USASBE) Conference. This paper has been subsequently published and forms the foundation for related stream of EM manuscripts. 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 was published regarding brain drain issues in rural communities that impact college seniors' choice of living location after graduation. Results continue to be yielded from the USDA Community Resiliency grant that ended in 2012, including the publication of manuscripts in academic journals and development of business assistance and educational tools. An online Community Resiliency Calculator tool is complete pending stability of US Census data website and will be used with our eXtension website materials to be launched in 2013-2014. The eXtension module under 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 is comprised of three sections: 1) Introduction to community resilience capacity & entrepreneurs, 2) Community analysis, and 3) Interpreting results of analysis. The Rural Entrepreneurship Teaching Unit (RETU) developed from our USDA Community Resiliency Grant was used in 2013 for another round of undergraduate entrepreneurship courses and business outreach projects in Iowa.

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 two articles in *Natural Hazards*.

In MO: An interdisciplinary group through the University of Missouri has identified factors that contribute to Latinos involvement in entrepreneurship. Surveys were collected from 459 households in three rural communities in Missouri. Each community has a different dominant source of employment, as one is a meatpacking economy, one hospitality, and the other a diversified economy. Participants were asked questions related to their perceptions, their involvement, and their acculturation into the community along with economic and entrepreneurial inquiries. From these surveys, 33 businesses were identified.

Through descriptive statistics and analysis of variance, we establish characteristics that set Latino entrepreneurs apart from non-entrepreneurs. We examined demographics, acculturation strategies, community perceptions, financial and economic characteristics, and social capital. Our results indicated that non-entrepreneurs have moved communities fewer times and have lived in the community for longer periods of time. Entrepreneurs utilized bicultural acculturation strategies more than non-entrepreneurs that had an acculturation strategy defined as separated, where the main networks are of Spanish speakers. These initial findings were presented at the Southern Regional Science Association Conference in Washington D.C in April 2013. A second presentation took place at the *Cambio de Colores* Conference in June 2013. We continue analysis of the survey results.

More recently, a new household survey was developed to measure the relationship between acculturation and entrepreneurship focusing on both Latinos and non Latino long term residents in rural towns of Missouri. We conducted the survey during the summer of 2013 in three regions, completing 240 questionnaires, half of Latinos and half of long term residents in rural areas of Missouri. This study will examine households from the receiving community/long-term residents and newcomers/Latinos. Forty surveys from each group per community. The extensive survey included financial, entrepreneurial, social capital, trust and well-being questions. Long-term residents were asked about their perception and attitude of new Latinos in the community. Newcomers were asked questions pertaining to their reception and transition into the community. A database was developed and the data entered. Initial analysis is underway.

In MN: For the first time in a family business handbook, a chapter on the future of the family business discipline was included from the family scientist's lens. 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. A stream of research was initiated on effective family firm strategies to address the threat of natural disasters to long-term survival and growth of family firms.

In MT: Montana Manufacturing Extension Center and Montana State University Extension collected primary data from 415 Montana-based small manufacturers and conducted focus groups throughout the state involving 45 small manufacturers.

Educational efforts with beginning agricultural producer focused on financial management and marketing in 2012/2013. These educational efforts included presentations at grain and livestock producer conferences, three webinars and bi-weekly newsletters. Educational efforts with Farm Service Agency borrowers focused on business/family financial management, production issues, and succession/retirement planning. These educational efforts reach 50 to 60 farm and ranch families in Montana each year through a series of webinars. A research effort utilizing Federal Deposit Insurance Corporation and Community Reinvestment Act will assess small business lending for all commercial lenders in the U.S. This research effort is focused on assessing access to capital in frontier counties. A research effort utilizing the Survey of Consumer Finances will assess the business success of military veterans. This study will examine the financial success, measured by income and wealth, of households headed by a military veteran. The study focuses on comparisons of income and wealth for veterans and non-veteran households, veterans with and without small business households, and veteran and non-veteran small business households.

In ND. Educational efforts of the NDSU Extension Service along with United Tribes and the ND Department of Agriculture focused on building the understanding and use of online marketing among rural and small business owners. Over 3000 visits were made to the educational materials for online marketing of agritourism businesses and food products. Educational materials comprised of articles and blogs were posted on various social media outlets and included in newsletters. Educational materials were highlighted among agritourism business operators and small farmers. Educational efforts have resulted in an invitation to be a regular contributor to a national blog, Small Biz Survival.

In UT: Highlighted the positive role of growth and customer service goals on family business success. Expanded upon the understanding of ethnically diverse family owned businesses to inform consultants and planners of distinct and ideal succession planning practices. Initiated a study exploring the impact succession planning has on ethnically diverse family businesses.

## Impacts

In HI: Research on benefits of exporting resulted in dissemination of an online article on exporting to small farmers in Hawaii, and to small business owners in Northern California.

In IA. Interviews were conducted with retailers identified by community leaders as social media champions in 30 small rural communities, 10 per state in Iowa, Michigan, and Ohio. A NCRCD webinar will be presented in Spring 2014 to share findings and teaching/business assistance modules focused on social media best practices for small rural businesses. The modules will be posted on the eXtension Entrepreneurs and Communities website

The funded Iowa Retail Initiative (IRI) hosted a Retail Summit at Iowa State University in June 2013. The event was attended by approximately 30 individuals from the greater ISU community who provide some type of (potential) assistance to small businesses. The event was intended to provide a baseline assessment of activities across the university related to small business assistance and outreach and to develop a network of experts and resources for the IRI project.

One paper was published in an academic journal regarding brain drain issues in rural communities that impact college seniors' choice of living location after graduation. One paper has been published in an academic journal regarding the development of an entrepreneurial marketing (EM) scale. Several papers are currently in process based on the (EM) scale development paper that was presented at the US Association of Small Business and Entrepreneurship (USASBE) Conference in January 2013. Approximately 20 people attended the conference session and 3 scholars have contacted us regarding citing the paper and using the EM scale. A paper focused on profiling the EM practices of a national sample of small business owners has been submitted for the 2014 USASBE conference in Fort Worth, Texas. Another paper focusing on applications of entrepreneurial management practices, utilizing data from the same national study, is currently under development. Findings from the published EM scale development paper are providing the foundation for testing of the EM scale in a cross cultural context. Plans are under way to replicate the survey with a sample of 300 small business owners in South Africa during 2013-2014. One paper was published in an academic journal using data from the Rural Renaissance Community Index (RRCI) Project, regarding brain drain issues in rural communities that impact college seniors' choice of living location after graduation. One paper was published in an academic journal from data collected with the USDA Community Resiliency rural development grant that ended in 2012 and two other papers are under development for publication. An online Community Resiliency Calculator tool from this same study is complete pending stability of US Census data website and will be used with our eXtension website to be launched in 2013-2014. The eXtension module under development is for the 'Entrepreneurs and Their Communities' Community of Practice: Building

Entrepreneurial Communities, Title: Community Resilience Capacity Assessment: Strengthening Rural Communities & Local Businesses.

This Rural Entrepreneurship Teaching Unit was used to provide entrepreneurship engagement opportunities for approximately 30 students, and business assistance and knowledge regarding resiliency strategies for 5 small Iowa businesses. 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. We are currently collaborating with scholars at Indiana State University who are interested in employing the RETU modules.

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 MO: Our initial survey results provide a stepping-stone to ongoing conversations with rural communities to better understand how Latinos become integrated into their new community. With the growth of Latino business owners in the United States, it is important to identify what challenges they face in their entrepreneurial efforts. We will further examine what enables Latinos to become business owners and the different acculturation strategies they utilize.

Through the second survey, our goal is to better understand the characteristics of long-term resident and newcomer entrepreneurs, as well as how they perceive one another. The use of the sustainable livelihoods framework allows us to understand the role of assets in the business. Conclusions from the study can help community leaders better understand what needs of the residents are and aren't being met. This could allow for the community to create an atmosphere more conducive to entrepreneurial projects for both Latinos and long-term residents.

In MN: 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: **Small Manufacturers Study** -Preliminary results suggest the most important challenges/obstacles to growth were demand for their product (sales), and several supply-related issues, including production costs (and availability of resources), labor costs, and government regulations and taxation. The top five training topics were (1) marketing (40 percent), (2) efficiency (38 percent), (3) access to financial capital (33 percent), (4) sales (31 percent), and (5) finding qualified employees (30 percent). Most importantly, firms with younger owners had been the most successful financially over the past two years and significantly more optimistic about their financial future.

**Beginning Farmer Rancher Program**-The educational program is being accessed by 120 beginning, socially disadvantaged, limited resource producers in Montana. The most successful outreach has been at the Montana Grain Growers Association and Montana Stockgrowers Association annual meetings where the program has attracted over 100 participants for six to eight hours of educational programming and mentor consultations at each annual meeting. Preliminary evaluations suggest that participants are gaining knowledge and changing production behaviors through this program.

**FSA Borrower Training**-Farm Service Agency borrower training is being accessed by 50 to 60 participants. This program involves several faculty members from Department of Agricultural Economics and Economics and animal and livestock production faculty. The participants view a webinar and take an examination. The pass rate on the exams is over 80 percent (perhaps, the exams are too easy); and, the session evaluations are very positive.

**FDIC/CRA Project**-This project examines the small business lending activity of the nearly 7,800 commercial lenders in the U.S. The most important output of this project is an annual summary of changes in outstanding loans to small businesses (actually, it small loans held by businesses) by bank size. An extension of this project will utilize CRA data to more closely examine outstanding loans to small businesses by geographic area.

**Veterans Project**-Additional resources have been available to military veterans through the Veterans Business Outreach Program. This study will examine the participation rates of Veterans in small business ventures and explore changes in their income and wealth over time. The most important output of this project is an assessment of the success/failure of small businesses owned by Veterans.

In ND: In workshops held to increase knowledge and encourage the use of online marketing efforts, workshop participants indicated that the material was useful (3.68 on 4 pt. scale). They increased their level of knowledge from an average of 2.05 to 3.24, and planned to use the material (3.5 on 4 pt. scale). Online participants reported they also planned on using the material. The Rural Communities segment of the National Farm Bureau organization highlighted the NDSU Small Business newsletter. Over 30 people across the country subscribed to the newsletter because of this and are now distributing it to their constituents. As a result of our research on copreneurs, 5 media groups contacted us for interviews. In addition, another 4 contacts asked about various small business topics. These included both US and international media.

In UT: Understanding how ethnicity influences succession planning behavior can provide insights into how well family business owners have prepared for their own business succession. Increasing awareness within minority family business owners of the significance of successful transfers of their businesses, and how to develop and implement plans for the future. Enhanced guidance for financial planners and small business consultants in regards to succession planning because of the greater prospect of success in business associated with planning. Business consultants will be more aware of the influence of ethnicity on the associated changes in business succession planning.

## **Publications**

Brooks, L., Whitacre, B., Shideler, D., Muske, G., & Woods, M. (2012). Small and home-based businesses: Measures of success and the contribution of local development services. *Journal of Extension*, <http://www.joe.org/joe/2012february/a10.php>

Danes, S.M. (2013). Entrepreneurship Success; “The Lone Ranger” Versus “It Takes a Village” Approach? *Entrepreneurship Research Journal*, 3(3), 277-286. DOI: 10.1515/erj-2013-0056.

Danes, S.M., & Jang, J. (2013). Copreneurial identity development during new venture creation. *Journal of Family Business Management*, 3(1), 45-61. Doi:10.1108/20436231311326481

Fiore, A.M., Niehm, L.S., Hurst, J., Son, J., Sadachar, A., & Russell, D. (2013). Will they stay or will they go: Community features important in migration decisions of university graduating seniors. *Economic Development Quarterly*. In Press.

Fiore, A.M., Niehm, L.S., Hurst, J., Son, J., Sadachar, A. (2013). Entrepreneurial marketing: Scale validation with small, independently-owned businesses. *Journal of Marketing Development and Competitiveness*. In Press.



Frazier, B., Stoel, L., Niehm, L.S., Eckerson, N. Optimism for new business survival in rural communities: An institutional perspective. *Journal of Small Business and Entrepreneurship*. In Press.

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Lee, Y., and M.I. Marshall. 2013. "Goal Orientation and Performance of Family Businesses." *Journal of Family and Economic Issues*, 34(3): 265-274.

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Schrank, H.L., M.I. Marshall, A. Hall-Phillips, R. Wiatt, and N.E. Jones. 2013. "Small Business Demise and Recovery after Katrina: Rate of Survival and Demise." *Natural Hazards* 65 (3): 2353-2374.

Stafford, K., Danes, S.M., & Haynes, G.W. (2013). Long-term family firm survival and growth considering family adaptive capacity and federal disaster assistance receipt. *Journal of Family Business Strategy*, (4), 188-200, DOI:10.1016/j.jfbs.2013.06.002.

#### **Related Grants:**

Holland, S., Haynes, G.W., and Higgs, B. (2012). An exploratory study of the small manufacturing sector in Montana. Montana Governor's Office, Economic Development Association, and MSU Extension.

Haynes, G.W. (2013). Small business lending in the U.S., Small Business Administration (Office of Advocacy).

Haynes, G.W. (2013). Changes in income and wealth by veteran small business owners, Small Business Administration (Office of Advocacy).

Niehm, L.S., Bates, L., Hurst, J., Nepl, T., Erickson, M.S. & Prescott, R. (2013-2015). *"Iowa Retail Initiative (IRI): Bridging the Gap for Rural Businesses and Communities"*. Competitive funded project through the Iowa State University Office of the Vice President of Extension and Outreach (VPEO). Project funding period: Spring 2013 through Fall 2015, \$250,000. Co-principal Investigator.

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. Principal Investigator.