Small Business Institute®

2015 National Conference Proceedings

February 12 – 14, 2015

St. Pete Beach, Florida

Vol. 39, No.1 - Winter 2015

“Celebrating the Spirit, Soul, and Swagger of Small Business”

Small Business Institute®

39th Annual National Conference

2015 Conference Proceedings

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February 12-14, 2015

Sirata Beach Resort & Conference Center in St. Pete Beach, FL

UNIVERSITY OF ARKANSAS AT LITTLE ROCK

From the *President*

Hello friends, and welcome to the 2015 Small Business Institute® Conference! The **Small Business Institute®** was formed in 1976 and is **the premier organization dedicated to field-based (experiential) student consulting and outreach to small businesses**. We continue to honor that vision as we move into: ***Our 40th year***.

While the members of SBI continue to work hard after almost 40 years, there is always something special about our annual conference. I want to personally thank Patrick Walker and John Batchelor for their work on the conference program and Proceedings. They have put together an excellent program full of interesting papers, professional workshops, keynote speakers, and as always a few social activities that allow us to network and learn from each other. The sessions are sure to attract your attention and provide exciting professional development opportunities. I am especially looking forward to the AACSB presentation. It should prove interesting to each of you as well.

The success of this organization and of our conference, though, are not just about the speakers at the conference or the members of the board. That success is the result of the hard working members of SBI. Many of us belong to other organizations, but the SBI is special. People who come to our conference *want* to come and they *want* to work together! I, and many of you, have weekly conversations with other SBI members simply because they are willing to be sounding boards for my (sometimes harebrained) ideas. Most of you know that Bob Lussier and I became coauthors on a textbook because of this conference, and I know several others have found coauthors, editors, and reviewers for their professional works as well. *That* is the value in this organization.

Speaking of working together, our Thursday opening reception will give you an opportunity to meet our first time SBI Conference attendees as well as network with long-time members. Be sure and welcome our new friends as well as seasoned veterans. You will also have the chance to talk and work together through the workshops, paper sessions, and other events, including the Saturday social that you won't want to miss. I'm certain some future collaborations will come from these events.

Over the past year I have been honored to serve as President of the SBI. I did not manage to get some of the things done that I set out to, but overall it has been another productive year for the organization. I would be remiss if I did not thank the Board of Directors for all of their hard work this year. It has been a true pleasure working with every one of them. I think our collective effort has allowed us to set a direction for future growth and prosperity.

Have a great conference! Get involved, make new friends, spend some time catching up with old friends, and enjoy your own little slice of paradise for a few days!

John R. Hendon
President, Small Business Institute ®

University of West Florida

From the *Proceedings* Editor

On behalf of the Small Business Institute® Board of Directors, welcome to the 39th Annual Conference.

For nearly four decades, academicians, business practitioners, and community leaders have gathered across the nation to present and discuss strategies in education, business, and community engagement. This year's Annual Conference is no exception with collectively over 70 representations from competitive papers, best practices, workshops, abstracts, and student project submissions. The mission of Small Business Institute® is alive and well.

It has been my honor to work with many people to create the Conference Proceedings. They include first and foremost all of the authors and reviewers. Without your intellectual contributions, commitment, and unwavering dedication to SBI, this document would not be possible. I also want to thank John Hendon, Bill McDowell, Patrick Walker, Josh Aaron, Don Lester, Mike Harris, Blake Escudier, Joy Griffin, Dianne Welsh, and Whitney Peake for their constant leadership and support. I am also thankful for my colleagues at the University of West Florida, especially my graduate assistant Bojun "Peter" Fan.

Several years ago, Mike Harris and his colleagues Shanan Gibson and Bill McDowell introduced me to SBI. Their commitment to this organization along with the warm, friendly nature of the SBI family has brought me back year after year.

All the best,

John H. Batchelor

John H. Batchelor, PhD.

COMPETITIVE PAPERS

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ABSTRACTS

Minimizing Costs from Employee Absences

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Abstract

Absenteeism results in significant financial loss to organizations including the loss of productivity and replacement costs. It is imperative that organizations develop and implement plans for tracking, managing and minimizing employee absences. Summarizing the results of extensive research conducted on absenteeism, this paper addresses the drivers of absenteeism and what small businesses can do to keep employees present at work and contributing to the organization's performance. Strategies addressed include absence management systems, attendance incentives, paid time off plans, workplace flexibility, and action steps for supervisors.

Introduction

The United States Bureau of Labor Statistics calculates the financial loss due to absenteeism at more than $40 billion a year (Bureau of Labor Statistics, 2009). A survey conducted by the Mercer group found that all categories of employee absences account for as much as 36 percent of an organization's payroll and that incidental unplanned absences amounted to 5.8 percent of payroll (Daniel, 2012). A study conducted by Commerce Clearing House found excessive absenteeism costs organizations approximately $600 per employee annually (Navarro, 2012). The impact of employee absences on organizations is even more significant when accounting for lost productivity, impact on morale, and coverage costs.

In the United Kingdom, employee absences are projected to cost the British economy 10 – 12 billion pounds each year (Weges & Parkes, 2009). Research by Unum Providence identified an amount closer to 23 billion pounds when lost opportunities and low morale is factored in with productivity loss (Rowley, 2007).

At a time of global economic uncertainty, it is imperative that organizations have employees that are present and engaged. Organizations that develop and implement plans to reduce the amount of employee absences will better meet production and service demands and enhance overall performance.

This literature review will address the drivers of absenteeism and what organizations can do keep employees present at work and contributing to the organization's performance. The paper will discuss methods for tracking and analyzing absence data and calculating direct and indirect costs associated with absences. The paper also summarizes a number of strategies and programs that organizations are using to mitigate the impact of absences and help increase productivity.

Defining Absenteeism

The impact of employees being away from work results from a variety of absence types including scheduled and unscheduled absences. Scheduled absences include vacations, holidays, and other approved absences, such as jury duty. Unscheduled absences include sick days, disability and workers' compensation leave (Cascio, 2006). Circadian (2005) found that the typical unscheduled absence rate ranges from 5 to 10 percent of the workforce missing from work and this rate varies by industry. Mercer found the number of unscheduled absence days averaged 5.4 days per year for all groups. Specific amounts by group included an average of 3.9 days for exempt employees, 4.9 days for salaried non-exempt employees, 5.8 days for hourly non-union employees and 7.3 for hourly union employees (Koster, 2010). Work absence can also be categorized into voluntary absences which are within the control of the employee and involuntary absences which are beyond the employee's control.

The literature distinguishes between two types of measures for absenteeism: frequency and duration. Absence frequency refers to the number of times that an employee has been absent during a specific period regardless the length of time for each of the specific times. Absence duration refers to the total length of time an employee has been absent for a specific period irrespective of the number of incidents during that time period. Absence duration is usually reflective of involuntary absenteeism and a result of an inability to come to work rather than an unwillingness to come to work (Schaufeli & Bakker, 2009).

Absences can also be classified into four categories. One category is a planned absence which is costly but the least disruptive. Unplanned, incidental absences of up to five days are those absences that not known or approved ahead of time. Extended absences, that occur for longer than a week, are frequently unplanned and are frequently related to a disability or qualifying event for a family medical leave. Intermittent absences may last only hours and are frequently related to family medical leave.

Gellerman (2009) described four types of absentee behaviors. Habitual absentees are easily overwhelmed and take a day off for the slightest reason. Conformist absentees follow the absence level of the other employees in the group they are working in. If conformists are moved to a different group where the norm is less absences, they will likely conform to that level of absences. Legitimate absentees have a genuine reason for being absent. Escapist absentees do not like their job or work in general. Gellerman suggested moving escapists to different positions within the company or moving them out of the company.

A study conducted with 800 employees in four manufacturing plants in Pennsylvania supported the concept that employee absenteeism follows a bell shaped curve, with a small number of employees having perfect attendance, a larger number with an occasional absence, and approximately 10 to 15 percent with an absenteeism problem. The employees with the highest level of absenteeism also demonstrated more dissatisfaction with their jobs, were least conscientious and had demonstrated attendance problems in the past (Yorges, 2008). The recommendations of this study are that different approaches should be applied to each group. For the group with absenteeism issues, key steps include strict enforcement of a standardized attendance policy, the use of return-to work interviews, and discipline when absences exceed the acceptable level. Other strategies for this group and the large, middle group will be presented throughout this paper.

Tracking Absences and Cause Analysis

An important starting point for understanding and managing absences is assessing the nature and extent of the problem by tracking absence rates and analyzing trends and causes. Several key areas should be addressed when conducting this research and collecting the data: why absenteeism problems exist, why the problems exist, and which solutions to implement. A 2011 study by the Society for Human Resource Management found eighty-two percent of the 302 respondents indicated they track absences or plan to tack in the near future (SHRM, 2012).

It is useful to conduct an analysis of the present condition and to review historical data if available to see which direction the data is trending. Absences can be tracked by week, month or quarter and can be done by unit, position, geographic area, type of employee, and by the length of the absence. This data can be analyzed for trends by units or job titles

Absenteeism can also be measured by incidence or lost work. Calculating by incidence involves multiplying the number of absence incidents by 100 and dividing it by the number of employees in the organization. Lost work is calculated by multiplying the total number of absence hours by 100 and dividing this number by the total hours scheduled to work.

Maintaining a data base is the starting point for identifying and analyzing root causes. With data about the reasons for absences, an organization can analyze the data for trends or patterns and identify strategies for controlling absences. As an example, the data could reveal that absences are higher when a specific manager is on duty. Strategies can then be identified, such as having this manager participate in leadership training and coaching.

Costs of Absences

Many companies have not quantified the costs associated with employee absences and the significant impact it has on the organization. The costs associated with absences can be divided into two categories: direct costs and indirect costs. Direct costs are the benefit paid to the employee to provide income during the absence. These costs include sick days, paid time off, or short and long term disability.

Indirect costs, which account for the more significant impact on organizations, are more difficult to quantify than direct costs associated with employee absences. The Mercer Group found that the average indirect costs of absence translates to approximately 17 percent of a company's payroll, with 17 percent for planned absences, 4 percent for unplanned absences and 2.6 percent for extended absences (Daniel, 2012).

Indirect costs can be further divided into two categories: lost productivity and replacement costs. Lost productivity includes the costs associated with business disruption, lost revenue, and customer dissatisfaction that might result from delays in the delivery of a product or service. Studies have revealed that an employee's absence can reduce the output by team members as much as 22 percent (Klachefsky, 2008).

Replacement costs involve the costs associated with coverage of the work. The Mercer 2010 study found that co-workers are the most commonly used source and account for 31 to 35 percent of union employee absences, 46 to 59 percent of exempt employee absences, and 38 to 44 percent of nonunion hourly employees (Mercer, 2010). This coverage occurs through the use of overtime or by building staffing levels with additional fulltime equivalents. After the use of co-workers, the next most commonly used coverage for non-union employees is by the employee's supervisor.

Organizations also use temporary and contract workers to complete the work of the absent employee. Replacement workers are frequently less efficient and often cost 1½ times the wages of the absent worker (Nicholson, Pauly, Berger, 2006). A number of studies have found that replacement workers are 71 percent as efficient during unplanned absences and 79 percent as efficient during planned absences (Klachefsky, 2009).

One method to measure costs is by calculating loss in multiples of salary. Studies have found that the cost for an absence is somewhere in the range of one to two times the cost of the pay of that employee (Hassink & Koning, 2009). Another way to measure the impact of absences is to describe lost time in full time equivalent positions. Expressing absences in this way demonstrates the significant impact that absences have on an organization. A study that was conducted for a large bank found that their employee absence rate translated to an annual equivalent of 125 employees. This was further illustrated by comparing the loss to 15 community bank branches being open for a year and paying 125 employees for that period but without the employees being there to operate the branches (Hall, 2007).

Another method for conveying costs is a comparison with the cost of the product or service. As an example, a paint manufacturer depicted the annual lost time in comparison to the costs of producing paint. This example translated to 1.5 million gallons of paint, which gave employees a vivid picture of the impact of absences (Hall, 2007).

It is important to communicate with employees and managers about the costs associated with absences. Translating costs into understandable and relevant examples helps employees understand what happens when an employee is not at work and the financial impact the absence has on the work unit and organization.

Absence Policies

Another important step for employers is to review their absence and leave policies and ensure the policies are optimally serving the organization. Potential absence related policy decisions that must be determined include whether to require a doctor's note after an identified number of days and also whether the organization will require review by an independent physician. Another decision is how the organization will measure actual days or incidents and whether the measurement time period will be a rolling year or a calendar year.

Another policy decision is if the organization will be using a no fault attendance control system or an excuse-based approach for excessive absenteeism. A no fault system is based on the premise that employees will need to be out on an occasional basis and there is a threshold of number of absence incidents identified that violates the policy. The focus of this approach is on number of occurrences rather than on the reasons for the incidents. This approach does not ask employees for justification of why they are out which is in contrast to an excuse-based system which looks at the reasons that employees are absent.

A sample approach to the no fault threshold would be five incidents of unscheduled absence would result in a verbal warning, seven incidents a written warning, nine incidents a final written warning, and ten incidents of unscheduled absences in a year would result in termination. Some employers express concern that if there is an acceptable level of absence, than some employees may take just less than the acceptable level of absence days. One important element of this approach is that employees understand that the four days are not intended as extra vacation days, but are only intended for incidents of illness (Falcone, 2009).

In the no fault system, it is advisable for the supervisor to meet with the employee after the third incident of unscheduled absence. This discussion would include a review of the policy and the next steps that would occur for additional unscheduled absences. The discussion would also address the impact unscheduled absences have on the work unit. This discussion not only helps to ensure the employee understands the policy but also demonstrates to the employee the organization is monitoring attendance and holding employees accountable for being at work.

Policies must be readily available and communicated with every employee. Managers should receive training on key policy elements and on application of the policies. Employees should also understand the policies including application and implications.

Paid Time off Plans

One approach for addressing absenteeism is the use of a paid time off plan. A paid time off (PTO) plan combines sick leave, vacation time and personal time into one bank. PTO allows employees to manage their time away from work and reduces the chance that employees pretend to be sick. A PTO tends to encourage honest dialog about absences between the employee and supervisor (Miller, 2007).

One study found that 57% of salaried employees surveyed indicated they would take a sick day when they were not really sick. This group identified they would stay around the house (52 percent) and 25 percent indicated they would stay in bed. Approximately 75 percent of this group indicated if they received one or two personal days they would not be inclined to take a sick day when not sick (Koster, 2010).

A study conducted by the Society for Human Resource Management (SHRM) found that 42 percent of the respondents have paid time off programs (SHRM, 2009). A survey of 1700 organizations by the Alexander Hamilton Institute found that only 37 percent of the responders were using PTO programs. Those organizations with PTO were asked if implementing a PTO program reduced unscheduled absences; 54 percent indicated that unscheduled absences had decreased by 10 percent and 6 percent indicated that unscheduled absences had reduced between 10 and 20 percent (SHRM, 200). The CCG Unscheduled Absence survey found that with the use of a PTO plan unscheduled absences can be reduced by 25 percent (Miller, 2007).

PTO plans offer a number of benefits to employers. They are easier to administer since all paid leave is included in one plan. Organizations tend to provide less leave when it is merged into one pool in comparison to organizations with separate vacation, sick and personal days. Fewer organizations (21 percent) allow unused time from PTO plans to be rolled into the next year in contrast to 61 percent of organizations allowing vacation time to be rolled over. Only 12 percent of employers using PTO plans indicated they pay employees for unused time upon termination compared with 91 percent of organizations that have separate vacation plans paying for unused time (Frase, 2010).

Role of Supervisors

Supervisors have a key role in monitoring absences and in many companies have the primary responsibility for managing absences. Supervisors also spend a substantial amount of times on activities related to absences, with some projections spending as many as 3.4 hours per week (Hasting, 2008). This role includes helping employees understand absence related policies and ensuring that the work is covered during an employee's absence. If an organization does not have a central absence management unit, the supervisor is the prime contact for an employee to notify of absences, responsible for maintaining absence related records and conducting return to work interviews. The supervisor is also responsible for taking disciplinary action when appropriate.

Although there has been much research conducted on the role leadership has on employee motivation and on work outcomes there has not been much research on the role leadership has on employee attendance (Mayfield, 2009). Guadine and Saks (2001) did conclude from their study that there was a significant relationship between leadership behaviors and absenteeism. A relationship-oriented leadership style has been found to be best for the employee's well-being. A transformational leadership style, characterized by motivating employees with vision, showing consideration and providing intellectual stimulation, has been connected to decreased work-related stress in employees. Contributors to employee stress are when leaders do not demonstrate leadership at all or when leaders use a highly structured or task oriented approach.

A recent study conducted with 508 workers with a large US its transportation department identified the key role supervisors have in influencing attendance. The study found that employees were influenced by peers to miss a lot of work only when the employee believed the supervisor was not supportive. The study participants were given a survey including questions about how employees thought co-workers would view various reasons for employee absences and if the reasons were justifiable. The survey also asked participants to assess how supportive their supervisors were based on questions about how frequently the supervisor provided assistance and encouragement (Biron & Bamberer, 2012).

Employees who have personal problems might call out of work indicating they are sick as they believe their manager will not understand. If managers are viewed as understanding, there is more likelihood that employees will be straightforward about their situation. If an employee is absent because she is caring for a sick relative, a flexible work arrangement could be arrange on a temporary basis. Managers that set clear expectations, consistently focus on accountability for absences, while being sensitive to individual needs will have the most significant impact on reducing absenteeism (Sauderson, 2009).

An important step the supervisor can take is a return-to work interview that is conducted with employees after returning from an absence. This discussion starts by welcoming the employee back to work and ensuring the employee is well enough to work. The tone of the discussion should be open and supportive with a goal of finding out what is happening and trying to resolve the issue. While these discussions should not be viewed as a form of punishment, they do provide supervisors with the opportunity to reinforce the importance of accountability to work by indicating the employee was missed and how the absence impacted work. The discussion also can address the status of projects and tasks and what the returning employee should address first. These interviews, which should be conducted as soon as possible after the employee returns, may help to deter absences for reasons that are not genuine.

Conducting return-to-work discussions may serve as a deterrent for employees who are not really sick. These interviews may also serve to reduce the possibility of short-term absences becoming more frequent or turning into longer periods of absence. When an employee has a number of absences for something like a stomach ache, the employee could be referred to occupational health. This would result in not only addressing the situation but also projecting the image of a caring employer (Woods, 2008).

Demerouti & Bouwman (2011) found in their study that the organizational practices of fostering relationships with peers and supervisors and providing developmental opportunities have a buffering effect on absenteeism. An absence-intervention program method, patterned after drug and alcohol abuse programs have valued employees with absentee issues paired with another valued employee. If the employee feels like not going to work, they call their partner to talk through their hesitation of going to work with the anticipated outcome the employee makes the decision to go to work.

Supervisors should be trained on how to have effective return-to work discussions and also how to implement disciplinary action if needed. One component of training should be how supervisors should inquire about the reason for the absence. The potential for the need for the employer to understand the reason and the employee's privacy can come into conflict and supervisors should understand how to navigate through these situations. In general, inquiries need to be reasonable and connected to the job. Supervisors also need training on conducting difficult conversations about performance related situations in a fair and legal manner and on how to create a positive work environment. Supervisor training should also include a review of the organization's absence policies as well as the steps to take when absences occur.

Attendance Incentives

Another strategy some organizations have used to control absenteeism is the use of incentives, also referred to as attendance bonuses. Incentives can be provided on a monthly, quarterly, or annual basis and can range from cash bonuses to extra time off. A number of studies have demonstrated that implementing some form of incentive or reward combined with public feedback can be an effective approach for changing employee behavior (Camden, Price & Ludwig, 2011). Englellbart and Riphahn (2004) also found a relationship between the use of bonuses and a reduction of absenteeism. In a Society of Human Resource Management study, 87 percent of the employers who were using incentives indicated the incentives reduced unscheduled absence to a "large extent" or "to some extent" (SHRM, 2009).

There are a number of ways that attendance incentives can be administered. One method is to enter eligible employees into a monthly drawing for cash or other type of prize. Another method is to give a number of hours of bonus pay for perfect attendance in a quarter. Other organizations give eligible employees a special meal, plaque and or certificate. A scratch card with a gift revealed is another method that has been used. A Society of Human Resource Association survey of 585 organizations found that the most commonly offered incentives to reduce absences are compensation for unused leave (36 percent), extra time off (21 percent), bonuses, 19 percent, being able to carry over leave into the next year (8 percent) and gift certificates (5 percent). Some organizations have involved employees in identifying which types of incentives to use and how often to distribute incentives (NA, 2008).

A Dutch company initiated a lottery-based reward program in an effort to reduce their absenteeism. The outcomes this company identified were to reduce the reduction of production disruption and also decrease the cost involved with obtaining and paying substitutes for absent employees. The program consisted of entering employees with no absences in a three month period into a monthly lottery for a cash prize. Each month seven names were drawn and those employees received 75 Euros. The names of the seven employees were announced company-wide. The company analyzed absenteeism data for three stages: the period prior to the lottery, during the lottery and the period after the lottery and identified a positive trend (Hassink & Koning, 2009).

Jacobson (1989) used pair sample t-tests with New York teachers to show a relationship between monetary incentives and attendance when absences declined after the implementation of an incentive. In a study conducted with grocery store employees, Camden and Price (2011) found that a credit reward system in which employees received store dollars for attendance resulted in reduction in a group means from 8 shifts missed per week to 4.25 shifts missed per week.

How the incentive is distributed also contributes to the impact of the reward. Having a senior manager present the incentive along with a thank you can have a positive impact. Public distribution also has the potential to influence those who have not received the incentive to aim to achieve the incentive the next period. Munoz, a HR consultant, recommends incentives be distributed on a monthly basis to help keep employees focused. He maintains that if an employee is on the fence about not coming to work, the monthly incentive may be enough to influence the decision to attend work (Hasting, 2008).

Some organizations have the approach of cashing unused sick days. The University of Washington has a “Sick Leave Buy-back Program” that pays employees who have reached a certain threshold of unused sick days for unused sick days at 25 percent value (University of Washington, 2012). Astron Solutions allows employees to cash out sick time at 50 percent of value. The company implemented this approach as a way to reward employees for not using all of their sick time while at the same time not penalizing those employees who legitimately need sick time (SHRM, 2009).

Camp and Lambert (2006) found that a retirement system that included unused sick days as credit toward retirement benefits was more successful at reducing employee absences than a system that did not permit the application of unused sick days toward retirement. The University of Washington also has a program that allows employees to put 25 percent the value of unused sick days into a tax-free medical expense account (VEBA) which can be used to pay post-retirement medical expenses.

There are some cautions associated with linking incentives and attendance. One concern is that bonuses may encourage employees who have minor illnesses that are contagious to come to work and spread the illness to others. Another potential negative is if an employee takes one day off early in the year than the incentive is lost and there is no incentive to avoid additional time off (Yorges, 2007).

A behavior management technique that has effectively impacted attendance is public feedback or also known as normative feedback. This type of feedback consists of publicly informing employees of performance data. This method holds employees accountable and promotes a comparison with peers (Markham, Scott, & Mckee, 2002).

Workplace Flexibility

The workforce is comprised of employees at various stages in their lives with different needs, interests and family obligations ranging from taking care of young children to aging parents. The Mercer Consulting group found in a study that employees who had high levels of work-life conflict missed as much as twice as many days of work than employees with less work-life conflict. A study conducted by researchers from the University of Michigan found that if employees run into significant conflict between work and home responsibilities, they will find ways to maneuver around organization policies (Elliott, 2011).

The CCH Survey of organizations asked responders which work-life programs they were using and believed to be effective in controlling unexpected time off. The top five programs reported were alternative work arrangement, employee assistance programs, wellness programs, flu shot programs, leave for school functions and a compressed work week. Pamela Wolf, an analyst for CCH, commented that the blend of programs focusing on flexibility and good health is a promising sign that employers are trying to partner with employees to help them balance the personal and professional aspects of their lives and this partnering will help the business become more successful (Allen, 2007).

Implications

Absenteeism is a problem that has a significant financial impact on organizations. The impact of employee absences on organizations is even more significant when accounting for lost productivity, impact on morale, and coverage costs. At a time of economic pressures and uncertainty, it is imperative that organizations have employees that are present and engaged. Employers are encouraged to develop a plan for mitigating the negative impact of absences. Effective planning involves collecting and analyzing attendance data along with the use of strategies to reduce the number of employee absences.

Conclusion

Organizations have effectively used a variety of strategies for minimizing the costs associated with employee absences. An important starting point for understanding and managing absences is assessing the nature and extent of the problem by tracking absence rates and analyzing trends and causes.

Another component of an absence management plan consists of measuring and understanding the direct and indirect costs of absenteeism. It is important to communicate with employees and managers about the costs associated with absences. Translating costs into understandable and relevant examples helps employees understand what happens when an employee is not at work and the financial impact the absence has on the work unit and organization.

The research studies discussed in this paper provide a number of strategies for effectively addressing absenteeism, including absence policies that address employer and employee needs, paid time off plans, attendance incentives, and effectively preparing supervisors. The implementation of an attendance management plan and relevant strategies will keep employees present at work and contributing to the organization’s performance.

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Small Businesses' Use of the Bitcoin System

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Abstract

This research is to be used as a guide for Small Businesses and entrepreneurs in deciding whether or not they should use the Bitcoin system. It provides both the pros and cons for the use of the Bitcoin system and points out the ways that small businesses and entrepreneurs can save money on their business transactions, which would also increase their profitability. The use of the Bitcoin system opens an avenue to International Business that to this point has not been opened to the small business sector. It also opens the door for other business opportunities.

The Halo of Social Entrepreneurship

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Abstract

This paper examines the perceptions of social entrepreneurship by Millennials. The authors argue the growing trend of positive attributions relative to social entrepreneurship will manifest itself in a halo effect for businesses founded primarily for social reasons. They find social entrepreneurs are viewed as more ethical than their traditional entrepreneur peers across numerous specific behavioral domains, supporting the notion of a positive halo effect for social entrepreneurship. Despite this, Millennials prefer to work for traditional entrepreneurs rather than social entrepreneurs.

What Pedagogical Methods Impact Students' Entrepreneurial Propensity?

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Abstract

There is a dearth of research that investigates the effectiveness of different pedagogical methods for teaching entrepreneurship. This paper focuses on three learning design choices: experiential learning, use of teamwork, and focus on quantitative methods. The paper examines pedagogical variables that could contribute to raising student scores on constructs of change, risk taking, goal setting, feedback, and achievement as measured by our customized entrepreneurial propensity survey. Results offer moderate evidence to confirm effects of experiential learning designs for goal-setting and weak evidence for feedback. Additional findings suggest the need for rethinking the role of teamwork in entrepreneurship courses.

Introduction

The enormous economic, social, and educational benefits resulting from entrepreneurship have caused the proliferation of entrepreneurship education programs in colleges and universities around the world. In the U.S. alone, more than 1,500 colleges and universities offer entrepreneurship-related training in different formats (Charney & Libecap, 2000). The exponential growth of entrepreneurship education is a challenge to educators, and prompts more thinking and research on what to teach and how to teach entrepreneurship in a classroom setting. The entrepreneurship education literature highlights two dimensions relating to the outcomes of entrepreneurship education. One is the development of an individual's skill set (e.g., the skill to identify opportunity and to set up a business and manage its growth), the other is to build an "entrepreneurial mindset", meaning to mold an individual's entrepreneurial personalities or attributes (e.g., an individual's creativity, innovation, and risk-taking) (Fayolle, Gailly, & Lassas-Clerc, 2006; Garavan & O'Cinneide, 1994; Weber, 2011).

Some scholars (Müller & Gappisch, 2005; Roberts, 1998; Stormer, Kline, & Goldenberg, 1999) emphasized the second dimension and argued that entrepreneurship is a personality trait: a combination of personality and talent that can be cultivated and trained. In addition to cognitive declarative knowledge, individuals who are goal-setters, who need achievement, and who are risk takers, tend to become successful entrepreneurs (Welsh & Tullar, 2014). To train and cultivate entrepreneurial traits requires an integrated learning and teaching strategy that aligns intended learning outcomes with the effective selection of pedagogy. There is a strong belief that the most effective pedagogical approach to teaching entrepreneurship is action-oriented and experientially based learning that embeds hands-on project-based activities (Minniti & Bygrave, 2001; Sherman, Sebora, Digman, 2008).

Although researchers and educators have extolled the alleged benefits of entrepreneurship education, there has been little rigorous research on its effects (Gorman, Hanlon, & King, 1997; McMullan, Chrisman, & Vesper, 2002). Specifically, how effective is such an experiential approach in enhancing students' entrepreneurial propensity? Do experientially based activities have an impact on students' intent to become entrepreneurs? And is the extent of the impact positive or negative? To date, there is a dearth of research that investigates the impact or effectiveness of different pedagogical methods for teaching entrepreneurship (Honig, 2004; Winslow, Solomon, & Tarabishy, 1999). This paper focuses on the impacts on critical measures associated with entrepreneurial propensity of three learning design choices: experiential learning, use of teamwork, and focus on quantitative methods. The paper aims to unlock the pedagogical variables that could contribute to student scores on constructs of change, risk taking, goal setting, feedback, and achievement as measured by our customized entrepreneurial propensity survey (Welsh & Tullar, 2014).

Background Literature

Entrepreneurial Propensity/Intention for Entrepreneurship

The basis for our Entrepreneurial Propensity survey (Welsh & Tullar, 2014) is to measure student task motivation in entrepreneurship courses. The constructs measured are: Change, Risk Taking, Goal Setting, Feedback, and Achievement. We follow the Task Motivation Theory (Miner, Smith, & Bracker, 1989) in designing the survey. Task Motivation Theory is largely synonymous with McClelland's (1961) work on the need for achievement which has been widely recognized as one of the first good predictors of entrepreneurial success. Miner and colleagues recast McClelland's (1961) concepts into Task Motivation Theory (Miner, Smith, & Bracker, 1989). Task Motivation Theory (Miner, Smith, & Bracker, 1989) follows a more holistic approach to the entrepreneurial role. While it measures achievement motivation, it also measures risk taking, feedback of results, personal innovation, and planning for the future.

Task Motivation Theory (Miner, Smith, & Bracker, 1989) holds that the pushes and pulls of sanctions are built into the entrepreneurial task itself. Control over a person's behavior does not proceed from superiors, or professional norms, or peer group members, but rather it comes from the work itself and the way it is structured. Entrepreneurs expect financial rewards, status in their communities, and personal satisfaction. At the same time they experience the threats of business failure, personal ruin, and bankruptcy.

Five constructs essential to entrepreneurial propensity were drawn from the above theories. The first of the five constructs is Change. The pull of individual achievement works only to the extent that the individual can attribute change to something the individual has done him/herself. Original or creative changes have a distinctive quality that makes it easier to identify them as one's own and to take personal credit for them. A desire to introduce such changes is more likely to make task inducement function as it should.

The next construct is Risk Taking. The successful entrepreneur must face considerable challenge and the prospect of being overextended. To accept this, an individual must have a desire to take risks; tasks that the individual already knows well don't exert any pull because there is no sense of achievement in accomplishing them. In addition, the desire to take risks where personal effort cannot ultimately reduce the risk is not part of the entrepreneurial mindset. In neither case can a person anticipate a sense of individual achievement with any reasonable probability. Entrepreneurs desire take risks where they can have an influence on the outcome.

Goal Setting is a hallmark of the entrepreneurial mindset. The entrepreneur is pulled by the prospect of anticipated future rewards. S/he must approach life with a strong future orientation. Such a person must have a desire to plan and to set personal goals that will signify achievement. Having set the goal, the entrepreneur must plot ways to attain the goal. The entrepreneurial mindset is future oriented without inordinate fear of failure.

Feedback is generally a need of entrepreneurs. Feedback on the amount and results of one's performance are the only way to attribute any degree of success to one's efforts. Entrepreneurs need to know whether they have succeeded or failed. Consequently, the individual must be motivated to seek out results-oriented feedback in measures such as profitability, productivity, waste, course grades, etc.

The last and most recognizable of the constructs is Achievement. Based on McClelland's seminal work, Achievement has been shown related to entrepreneurial success in a wide variety of contexts (cf. McClelland, 1961). The major source of this motivation is an intrinsic desire to achieve through one's own efforts and ability and to experience the enhanced feelings of self-esteem and self-worth that achievement affords. Individuals high in this motive typically look for situations where the risks that they take and their hard work can produce tangible results. Results that they can tell themselves they have caused.

These five separate motives may substitute for one another in producing an overall index of task motivation (Locke & Henne, 1986). The Thematic Apperception Test (TAT) was developed by Henry A. Murray and Christiana D. Morgan at the Harvard Clinic at Harvard University during the 1930s (For a history, see Morgan, 2002). Although McClelland's work was based on a single construct, the need for achievement (McClelland & Winter, 1969), the scoring of TAT stories for need for achievement included some risk taking, feedback, and innovation, but these factors were not measured separately. Task Motivation Theory (Miner, Smith, & Bracker, 1989) is based on the notion that it is necessary to measure each of these five features of the entrepreneurial role separately which is the approach used in this paper.

Experiential Learning

The concept of experiential learning is not a recent phenomenon. There is a long history of ideas regarding the importance of experiential learning, rooted in the early work of John Dewey (1910, 1938). Dewey believed learning and democracy would be advanced if people were engaged in "active, real world problem-solving" combined with "reflective thought and action" (Harkavy & Benson, 1998, p.16). Dewey integrated the idea of experiential learning into traditional higher education, believing that experiential learning could be used as a bridge between the academic and the practical. Scholars such as Kurt Lewin, Jean Piaget, William James, Carl Jung, Paulo Freire, and Carl Rogers helped to model the theory of experiential learning (Kolb & Kolb, 2005). Carl Rogers differentiated between two types of learning: cognitive and experiential; and indicated that experiential learning focuses on the needs of the learner, and is conducive to personal change and growth (Rogers, 1969). These scholars believed that learning is a holistic process of adaptation to the world, resulting from synergetic transactions between the person and the environment, and it is the responsibility of education to connect student learning to the real world.

Kolb's Experiential Learning Theory. Kolb's experiential learning theory is one of the best known educational theories in higher education, and defines learning as "the process whereby knowledge is created through the transformation of experience. Knowledge results from the combination of grasping and transforming experience" (Kolb, 1984, p. 41). The theory presents a cyclical model of learning, consisting of four stages. The first stage, *concrete experience*, is where the learner actively experiences an activity. The second stage, *reflective observation*, is where the learner consciously reflects back on that experience. The third stage, *abstract conceptualization*, is where the learner attempts to conceptualize a theory or model of what is observed. The fourth stage, *active experimentation*, is where the learner tries to plan how to test a model, theory or plan for a forthcoming experience. A person passes through these modes repeatedly in a way that helps them learn from the past and take new information into future learning situations (Kolb, 1984).

Benefits of experiential learning. Experiential learning focuses on learning by doing, which is regarded as one of the best instructional techniques to provide students with opportunities to internalize material, and is understood by a great number of students (Meyers & Jones, 1993). Experiential learning is student centered instruction, rather than teacher-centered instruction, since the student's progress through the four experiential learning stages facilitates and drives the education process (Kolb, 1984). Active participation of the learners in the learning process often results in deeper and more robust learning than is gained from just reading or listening to lectures. In the experiential learning classroom, even students who are passive in learning are provided with opportunities to facilitate their own learning by actively applying the material at hand (Krueger, 2007). The experiential learning classroom also provides the opportunity for students to receive immediate feedback in classroom discussions, and to realize the importance of participation in group activities, which helps eliminate the competitive atmosphere that occurs when students are not given opportunities to work together to achieve a common goal (Meyers & Jones, 1993). It is also found that real-life experiences have a lasting effect on students (Okudan & Rzasa, 2006).

Experiential Learning in Entrepreneurship

Scholars have argued that for an entrepreneurship education program to be effective, it must teach in entrepreneurial ways (i.e., Honing, 2004; Kuratko, 2003; Politis, 2005; Welsh & Tullar, 2014). Although class-based knowledge input is a vital component of learning, the traditional lecture-based didactic pedagogy alone is not sufficient (Cooper, Bottomely, & Gordon, 2004). Sherman, Sebora, and Digman (2008) pointed out that traditional approaches such as reading the text have little impact on a student's decision to choose entrepreneurship as a career, while activities that are more experiential in nature, or with more hands-on activities, pique students' interest in becoming entrepreneurs.

To achieve real understanding of the meaning of entrepreneurship, new pedagogical approaches that embrace active and experiential learning, such as student business start-ups, live cases and simulations, should be incorporated into teaching (Honing, 2004; Kuratko, 2005; Ronstadt, 1978). A study reviewing entrepreneurship programs around the world found experiential activities have been widely utilized to increase the depth of the program, including guest speakers focused on entrepreneurship/small businesses; business plan competitions; student club/organizations focused on entrepreneurship/small businesses; internships focused on entrepreneurship/small businesses; on-site visits focused on entrepreneurship/small businesses; and feasibility studies (Winkel, Vanevenhoven, Drago, & Clements, 2014). Research also has demonstrated that experiential learning opportunities increase students' desire and intention to become an entrepreneur (Fiet, 2000; Peterman & Kennedy, 2003); enhance their self-awareness and recognition of their entrepreneurial abilities and weaknesses (Fuchs, Werner, & Wallau, 2008, Harris & Gibson, 2008; Matlay, 2006); increase their skills in identifying opportunities (Corbett, 2005); and develop their social skills (Dhliwayo, 2008).

An experiential learning approach can be delivered in different forms to expose students to concrete experience. The most common approach used by college educators is the creation of business plans (Ronstadt, 1987). Many entrepreneurship courses include activities such as visiting small businesses, guest speakers, case studies and projects related to the development of a business that give students the opportunities to grasp the real work of entrepreneurship (Gorman et al., 1997; Vesper & McMullan, 1988). Business ventures on campus, entrepreneurship internships, or co-operative education, also allow students to develop their skills and knowledge in entrepreneurship. For the purpose of this paper, three core instructional design factors were hypothesized to have effects on the entrepreneurial propensity of students studying entrepreneurship at the university: *Experiential Learning (EL)*, *Teamwork*, and *Quantitative focus*. These have been hypothesized to have independent effects on the five task motivation constructs outlined in this paper. The following hypotheses were tested:

Hypothesis 1

Achievement, Change, Feedback, Goal Setting, and Risk Taking scores will be higher for experiential learning courses than for traditional learning designs.

Hypothesis 2

Achievement, Change, Feedback, Goal Setting, and Risk Taking scores will be higher for teamwork-based courses than for non-teamwork based learning designs.

Hypothesis 3

Achievement, Change, Feedback, Goal Setting, and Risk Taking scores will be higher for quantitative courses than for non-quantitative courses.

Methodology

Sampling

The setting of the data collection was the experiential Learning Pilot at the University of North Carolina at Greensboro. The B.S. in Entrepreneurship launched in the fall of 2009 and the reconfigured minor for business and non-business students launched the fall of 2008. The purpose of the Entrepreneurship program is to produce graduates that are globally ready by equipping them with Entrepreneurship skills for the 21st Century (Welsh, 2014). An innovative curriculum was built on existing faculty strengths in the business school and across the University. Students have the opportunity to choose a profile based on one of seven entrepreneurship areas based on research by one of the authors on where careers are headed for the next twenty years: Creative Industries Entrepreneurship, Family Business, Franchising, Health Care Entrepreneurship, International Entrepreneurship, Science, Innovation, and Technology, and Social Entrepreneurship.

As of fall 2014, there are 46 undergraduate and graduate courses available in 26 departments with three more being proposed for 2015, which will bring the total to 49 courses in 26 departments. Majors, minors, and graduate students have the opportunity to take elective courses in the above areas. To our knowledge, this is the second largest number of cross-disciplinary courses developed at a school of our size and stature in the United States; with Washington University in St. Louis, Missouri have the most courses available. It is the largest cross-disciplinary program in the State of North Carolina. As of fall 2014, there are approximately 130 majors and 90 minors, business and non-business students, in the program.

Sample design. As noted, student scores for five constructs, Change, Risk, Goal-setting, Feedback, and Achievement, were obtained from students at the end of their entrepreneurship courses. For the purpose of this study, the initial dataset was refined in multiple ways to ensure the usability of the input data for analysis. The final dataset resulted in the following proportions by course:

- ENT 200 Intro to ENT Finance (n=13)
- ENT 201 Creativity, Innovation (n=13)
- ENT 240 Intro to the ENT Experience (n= 7)
- ENT 300 Feasibility Analysis (n=55)
- ENT 337 Family Business (n=16)
- ENT 342 International Entrepreneurship (n=15)

Three major learning designs emerged from a manual content review of the sample course syllabi: experiential learning, teamwork-oriented learning, and quantitative-focus learning (see Table 1). The determination of where to place each course on these instructional design factors was made based on manual content analysis of the course syllabi by two researcher faculty with follow up expert validation with course instructors. The seven courses were assigned systematically a value of either 1 or 0 for each instructional design factor; for example. ENT 300 and ENT 337 were assigned a 1 for experiential learning and all other courses were assigned a value of 0.

In projecting which of the courses followed an experiential based design, we evaluated the percentage of graded work falling into experiential activity versus traditional assessment (tests, quizzes). Two courses, ENT 300 and ENT 337, had respectively only 32 and 35 percent of course grades attributed to tests and quizzes, reflecting a strong use of experiential activities for teaching and assessment purposes. The other courses each has 70 percent or more of course grade being based on tests and quizzes. Teamwork and quantitative methods were determined by verifying the teaching methods and stated learning outcomes, again reviewing syllabi to assign courses to each category on these two variables.

Table 1

Classification of Entrepreneurship Courses on Learning Designs

Course #	**Course Topic**	**EXPERIENTIAL**	**TEAM**	**QUANTITATIVE**
ENT 200	ENT Finance			X
ENT 201	Creativity/Innovation		X	
ENT 240	The ENT Experience		X	
ENT 300	Feasibility Analysis	X	X	
ENT 337	Family Business	X	X	
ENT 342	International ENT			

Instrument Development for Collection of Dependent Variable Student Scores

The constructs measured are: Change, Risk Taking, Goal Setting, Feedback, and Achievement. Our constructs are based partly on McClelland's Need for Achievement (1962) scoring system and partly on the Miner Sentence Completion Scale Form T. Task Motivation Theory (Miner, Smith, & Bracker, 1989) usually deals with the fit between a person's motivation and the organization. In this case, it is more appropriate to examine the fit between the person's motivation in class and the entrepreneurial role (Miner, Smith, & Bracker, 1989).

While we believe that Task Motivation Theory (Miner, Smith, & Bracker, 1989) is a good approach, we argue that Miner and colleagues' measure is not entirely suitable for the measurement of students. The sentence stems include items such as, "When I fill out my tax return . . ." and "Profit and loss statements . . ." Obviously, these are things that traditional students have little or no experience with. In order to follow this approach, we found it necessary to change many of the sentence stems. We converted the sentence completion feature of the revised Miner et al. (1989) measure to a multiple choice format. This was done to make our measure more readily usable across curricula. The sentence completion format takes a considerable amount of training to score, and scoring, even after training, is always a laborious process. We revised the dimensions by Miner et al. (1989) somewhat to make the test more "student friendly."

We made up sentence stems to fit the constructs using some of Miner's wording and some of the wording from McClelland's TAT scoring instructions. We gave these sentence stems to a sample of 80 MBA students. The students were instructed to complete the sentences with the ending that first occurred to them. Then we took the most common student completions and had a group of 12 different MBA students scale the completions on a five point scale from most positive to most negative.

From the scale scores, we were able to find the two most positive statements to go with each sentence stem, the two most negative statements to go with each stem, and two statements that showed no affect at all but were merely statements of fact. In doing this, we had a 40 item multiple choice assessment which yielded scores on the five constructs mentioned above. Each construct is measured with eight different sentence stems, so a construct score could range from -8 to +8. We attempted to get the negative and positive statements to be approximately equal in deviation from zero.

Validity and reliability. Our constructs are based partly on McClelland's Need for Achievement (1962) scoring system and partly on the Miner Sentence Completion Scale Form T. We made up sentence stems to fit the five constructs mentioned above using some of Miner's wording and some of the wording from McClelland's TAT scoring instructions. We gave these sentence stems to a sample of 80 MBA students. The students were instructed to complete the sentences with the ending that first occurred to them. Then we took the most common student completions and had a group of 12 different MBA students scale the completions on a five point scale from most positive to most negative. From the scale scores, we were able to find the two most positive statements to go with each sentence stem, the two most negative statements to go with each stem, and two statements that showed no affect at all but were merely statements of fact. In doing this, we had a 40 item multiple choice assessment which yielded scores on the five constructs.

The validity of the Task Motivation Theory Scales relies on the work of Miner & colleagues and McClelland. Our items are directly derivative of Miner's MSCS form T constructs. We argue that they are content valid in that they include most of the same verbal content as Miner's scales. We also had six MBA students sort the items from our Entrepreneurial Propensity Scale into the various scale categories. They sorted the items with a 91% success rate into each of the nine scale categories. We have had two I/O psychologists sort the items into the scale categories. They had an 86% success rate of classifying the items as we have. On the basis of where the items derived from and the ability of students and professionals to recognize where the items fit, we argue that the scales are content valid.

The descriptive statistics for the constructs are shown in Table 2. The Alphas are somewhat low, but we argue that given this method of measurement, it is difficult to produce higher alphas. This is so because the participant taking the assessment would have a hard time understanding what is being measured. We also tried to make the social desirability of the choices approximately the same even though some of them are undesirable as entrepreneurial answers. For instance, in answer to the stem "Inventing something new . . ." the possible answers are a. is very difficult, b. is something I excel at, c. is good for the market, d. is fun and exciting, e. is something I'm not interested in, and f. is important for economic growth. Choices a and e are scored -1. Clearly, people who choose these two options are not interested in inventing a new product. Choices c and f, while positive, are just statements of fact and are therefore scored zero. Choices b and d show positive affect toward inventing something new and are therefore scored as +1. Each construct is measured with eight different sentence stems, so a construct score could range from -8 to +8. We attempted to get the negative and positive statements to produce approximately equal in deviation from zero. However, as may be seen in Table 2, we have a positive bias in our scales. This may be due to the fact that all our participants are entrepreneurship students. We might expect students with other majors to score lower on these scales, closer to zero.

Table 2

Descriptive Statistics of Entrepreneurial Propensity Constructs (n = 1076)

Construct	Mean	Standard Deviation	Cronbach's Alpha
Change	1.45	2.46	0.627
Risk Taking	-0.09	2.13	0.680
Goal Setting	2.43	2.22	0.560
Feedback	3.77	2.52	0.589
Achievement	2.52	2.51	0.652

Table 3 shows the correlations among the constructs. The strongest correlation is between Feedback and Achievement. The fact that these two scales are moderately correlated is not surprising given the emphasis on feedback in most of the literature on n Achievement. With a sample this large, significance is not much of an issue since even small correlations are significant, but Risk Taking is only related to Change significantly. That correlation is very small at just .08 and the other three correlations are very close to zero.

Table 3

Intercorrelations among the Entrepreneurial Propensity Constructs (N= 1076)

Construct	Risk Taking	Goal Setting	Feedback	Achievement
Change	.080*	.152*	.223*	.284*
Risk Taking		.030	-.036	.052
Goal Setting			.336*	.289*
Feedback				.402*

* p < .05

Results and Discussion

T-tests were utilized to determine whether any statistically significant differences exist in terms of students' entrepreneurial propensity scores among the three learning designs. Considering Table 4, we find moderate evidence to confirm Hypothesis 1 effects of experiential learning designs for goal-setting and weak evidence for feedback, but not for the change, risk, or achievement scores. We found very slight evidence (see Table 5) for Hypothesis 2, i.e., that teamwork affected achievement in a negative direction. We found no evidence (see Table 6) for Hypothesis 3, i.e., that a heavy quantitative focus of a course impacted any of the five entrepreneurial propensity measures in any significant way.

Table 4

Experiential Learning versus Non Experiential Learning courses

ENT Propensity Measure	**Experiential Learning**			**Non Experiential Learning**			**t value**	**p value**
	$\bar{x}$	*SD*	N	$\bar{x}$	*SD*	N		
Change	1.79	2.376	66	1.98	2.881	44	-.376	.708
Risk	-.18	2.246	66	-.39	2.212	44	.471	.639
Goal-setting	**3.17**	2.116	66	**2.27**	2.039	44	2.202*	.030
Feedback	**4.35**	2.587	66	**3.41**	2.433	44	1.910**	.059
Achievement	2.52	2.362	66	2.70	2.673	44	-.391	.697

*p<.05; **p<.1

It is notable that experiential learning produces greater goal setting motivation. Apparently, the more tangible aspects of experiential courses boosts students need to set goals. In addition, it appears that Feedback needs are considerably higher in experiential learning courses.

Table 5

Team-based versus Non Team-based courses

ENT Propensity Measure	**Team-based Learning**			**Non Team-based Learning**			**t value**	**p value**
	$\bar{x}$	*SD*	N	$\bar{x}$	*SD*	N		
Change	1.73	2.485	83	2.26	2.863	27	-.917	.361
Risk	-.24	2.223	83	-.33	2.270	27	.187	.852
Goal-setting	2.89	2.130	83	2.56	2.118	27	.713	.477
Feedback	4.10	2.658	83	3.59	2.223	27	.888	.376
Achievement	**2.36**	2.518	83	**3.30**	2.267	27	-1.716**	.089

**p<.1

The only significant, albeit weak, result in Table 4 is that of Achievement. It is not surprising that Achievement motivation is higher in courses where students are not assigned to teams. Individual Achievement is what is measured by our Achievement scale, and such a motive cannot be taught well in a course that emphasizes group work.

Table 6

Quantitative versus Non Quantitative courses

ENT Propensity Measure	**Quantitative Learning**			**Non Quantitative Learning**			**t value**	**p value**
	$\bar{x}$	*SD*	N	$\bar{x}$	*SD*	N		
Change	2.23	3.492	13	1.81	2.451	97	.545	.587
Risk	-.38	1.938	13	-.25	2.269	97	-.208	.836
Goal-setting	2.62	1.557	13	2.84	2.192	97	-.349	.728
Feedback	3.92	1.553	13	3.98	2.669	97	-.111	.913
Achievement	3.23	2.166	13	2.51	2.517	97	.990	.324

In the comparison of quantitative with non-quantitative courses, we find no significant differences. This is not unexpected. Whether or not a course is quantitative has little to do with the motivations of our five constructs. In the distinction between quantitative and non-quantitative, we are focusing on cognitive knowledge acquisition rather than motive strength. We argue that courses that create affect are more likely to show differences in our motives.

The present results provide limited evidence for the proposition that experiential learning produces greater levels of entrepreneurial motivation. This makes logical sense and reinforces a trend that has been growing in recent years. Cognitive declarative knowledge may well improve an entrepreneur's chances of succeeding, but it does only a little to help him/her to want to succeed in his/her own business. Experiential learning is more motivationally directed, so we should not be surprised that it has an effect on student motivation.

On the other hand, team-based courses may actually inhibit the Achievement motive. This is a finding that needs further investigation. If it is true, and if it is also true that Achievement motivation is a good predictor of success in entrepreneurial activity, then we may need to rethink our pedagogical strategies for teaching entrepreneurship courses. Even as far back as the sixties, French (1960) showed that entrepreneurs preferred to work with people who are very competent but not necessarily very pleasant. Assigned group work may dampen the Achievement motive because the student doesn't have the opportunity to produce results that are identifiably his/her own—and thus the pull of Achievement cannot be found.

We should not be at all surprised that cognitive declarative knowledge in the form of quantitative vs non-quantitative courses shows no difference in terms of motives. Cognitive declarative knowledge and motivation are different things.

Implications for Academic Faculty and Business Practitioners

Experiential learning has been a growing idea in entrepreneurship education in recent years. These data provide good reasons to think this trend is good for students in entrepreneurship courses. Though very preliminary, it does appear that experiential learning courses in our sample foster entrepreneurial motivation better than other styles of pedagogy. Two ways in which one commonly assesses or monitors student's development of entrepreneurial propensity in courses have been noted in the academic field: rubric-driven instructor feedback and self-reported student profile instruments. This paper sought to validate the latter as a tool to compare different pedagogical techniques.

Such forms of assessment keep students/teams aware of their academic mission and remind them that course experiential activities have academic learning goals beyond the resume worthy experience and networking opportunities. Since the instructor cannot completely control the learning environment during some experiential activities, the type and quantity of instructor monitoring of results become vitally important. The goal is to promote systematic feedback to students on constructs relevant to entrepreneurship by specifically addressing the five relevant constructs of change, risk, goal-setting, feedback, and achievement. In our case, this set of constructs has been converted into sets of behavioral and attitudinal scale items that students can use to self-report on their propensity for entrepreneurial thinking and motivation. The implications for faculty are that these scores can be used to examine instructional pedagogies and refine them in order to promote increased entrepreneurial propensity in students.

The onus on academic programs in entrepreneurship is to prepare students for future careers and innovative activity leading to the creation of new businesses. With this in mind, we believe that the careful examination and continuous improvement of academic pedagogies in entrepreneurship will yield more and better entrepreneurs and intrapreneurs for the variety of business fields that our students will enter. We also believe that by linking entrepreneurial propensity improvements to experiential learning activities involving entrepreneurship experts and partner businesses, we strengthen the potential for strategic partnerships between the academe and the field of practice.

Conclusions and Recommendations

As noted, there is a dearth of research that investigates the impact or effectiveness of different pedagogical methods for teaching entrepreneurship. This paper focused on closing that gap by studying the impacts on critical measures associated with entrepreneurial propensity of three learning design choices: experiential learning, use of teamwork, and focus on quantitative methods. Experiential learning was defined as student-centered instruction through the use of active participation of students, rather than teacher-centered instruction via lectures and testing. The constructs measured comprised Change, Risk Taking, Goal Setting, Feedback, and Achievement following the tenets of Task Motivation Theory.

As discussed, we found moderate evidence to confirm effects of experiential learning designs for goal-setting and weak evidence for feedback. While an interesting finding, this study represents a relatively small sample due to the difficulties of managing instructor and student engagement with the entrepreneurial propensity survey. Further research is clearly needed to clarify the relationship and answer additional questions of interest: What kinds of activities instill the most motivation? Can we design experiential learning that will increase the Change, Risk, and Achievement motives? Should all entrepreneurship courses include some experiential instruction and what is the proper weight to assign to this critical activity? Further research and consistent results along these lines could make entrepreneurship education stronger and more efficacious than it now is.

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“Mayhem:”A Hands-On Case Playing Activity for Teaching Porter’s Five Forces to Undergraduate Business Students

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Abstract

To provide a theoretical foundation for beginning undergraduate entrepreneurship students, most early entrepreneurship courses include instruction on higher level strategic management concepts. Such instruction leaves some students lost, due to their lack of prior business education. Case studies and role playing have been used for decades in management courses to give students practice in strategic decision-making. This paper provides an entertaining “case playing” alternative to traditional lecture-style teaching of Porter’s Five Forces, called Mayhem. In the game, students role play each of the players in the five force framework, while the instructor interjects challenging environmental shifts.

One of the most difficult ironies to contend with in undergraduate entrepreneurship education starts with the problem that even introductory entrepreneurship courses contain sizeable amounts of business strategy theory in the curriculum. Typical undergraduate business core curricula purposefully place an integrative course in business strategy at the end of the students’ experience so that students enter with knowledge of all parts of the corporate system: finance, marketing, management, law, accounting, and economics. In some schools, students are not allowed to take strategy in any semester other than their final one, just to ensure that they have the information needed to integrate during the course. However, students entering an entrepreneurship course series rarely have this full exposure to all parts of a business school’s curriculum. More often than in other B-school majors, early entrepreneurship students have not had business courses at all, as just as many students interested in entrepreneurship hail from other disciplines at the university than do from business colleges (Shinnar, Pruett, & Toney, 2010). Due to this lack of exposure, students are poorly prepared to comprehend strategy topics, yet most introductory entrepreneurship textbooks deliver strategic management theory within the first third of their content.

The purpose of the Mayhem role playing activity depicted in this paper is to lessen the shock of difficult strategy theory by immersing the student in an actual small business’s environment and market situation. It combines action-based learning with real-world situational information provided by case analysis, within a single class meeting and with a reasonable level of outside-of-class preparation by the student. Students who are in their first semester of business curriculum can use the tools provided by the assignment to “case-play,” acting on the motivations of the industry players within the Porter’s Five Forces framework, and they shortly begin to attempt strategic decisions that would be made by each player in the industry, given a set of environmental shocks. By separating the class into groups representing each of the five forces and an entrepreneurial focal firm, students can see how decisions made by one industry player could render another industry player’s decision a positive one, or a detriment to the company. Most importantly of all, students can be entertained while learning.

This paper begins by describing the rationale behind the teaching of Porter’s Five Forces in the entrepreneurship and strategic management disciplines. Background information on the effectiveness of case study and role playing methodologies in entrepreneurship pedagogy is then provided. A description of the game and the requisite instructor’s preparation is then outlined, followed by a suggested structure of the game in class. Lastly, pilot outcomes of the game are enumerated and implications for future research and pedagogical design in case playing are offered.

Teaching the Five Forces in Entrepreneurship

Michael Porter originally constructed the five forces framework to explain why the structures of some industries lead to exceptional profitability, and others' structures do not (Kiechel III, 2010). Developed from the field of industrial organization economics (IOE), the five forces framework incorporated issues of number and size of firms in an industry with switching costs, exit and entry barriers, and potential substitution (Porter, Argyres, & McGahan, 2002). The concept of the framework is that choices of industry, choices of market position, and choices with respect to network relationships can vary performance. Thus, the perspective of the framework is external-environmental in nature and requires a significant understanding of a business's surrounding industry environment.

An additional benefit of the five forces framework, specifically for beginning business students, is that it gives students an opportunity to understand the actors' perspectives in a vertical chain of industry activity (Brandenburger, 2002). Through the framework, students can begin to see the motivations of a business to maintain competitive cost structures and high margins. They can understand the supplier as another business, aiming for profit maximization, as opposed to the contrarian player that a cursory memorization of framework "threats" implies. They can understand how a business at the center of the supplier/customer lineage can better serve customers while simultaneously increasing prices for increasingly valuable product. In this way, the five forces framework can actually help students practice the decisions that business owners, as strategists, make every day in a low-risk setting (Brandenburger, 2002).

The five forces framework is introduced to students early in the entrepreneurship curriculum. In the most widely used entrepreneurship textbooks for introductory classes, the five forces framework is presented as a part of industry analysis and opportunity recognition within in the first half of the book, which usually corresponds to the first half of the semester (Barringer & Ireland, 2012; Hisrich, Peters, & Shepherd, 2010; Scarborough, 2014). Likewise, the introductory course which uses this textbook, often entitled Entrepreneurship or Introduction to Entrepreneurship, is typically a second or third-year designated course, ensuring that most who enroll in the course have not progressed through upper-division business coursework.

The idea behind inclusion of the five forces framework in entrepreneurship coursework at such an early stage is to help students understand how they can determine if there is viability in the selection of a particular business model within a certain industry. However, students must already have an understanding of several higher-level industrial/organizational and business policy principles (supply and demand, barriers to entry and exit, economies of scale, resource-based theory of the firm, switching costs, and supply chain management and integration, just to name a few), before truly being able to analyze and predict how the Five Forces framework will actually play out in any one industry situation. Michael Porter himself asserts that if a manager studies the five forces, they have to make sense within his own industry (Porter, Argyres, & McGahan, 2002). First-year entrepreneurship students simply do not have these competencies. Students who have not studied specific industries in depth may not have anywhere near the conceptual sophistication to comprehend industry-related problems that is required to internalize and ever apply the five forces. All that is left as an option is a rote memorization of a list of five factors, at the ready for regurgitation on a short answer question.

This problem is not at all limited to the five forces framework, but extends to a number of bodies of classic strategy theory. Resource-based view (RBV) concepts such as core competencies and the VRIO framework as they relate to competitive advantage are also lost on many students who have not previously been exposed to a business mindset (Schneider & Lieb, 2004).

It is easy to ring the alarm and call for the restructuring of strategy textbooks and classrooms across the board, but this is not practical nor even desirable. Opportunity identification is certainly a necessary introductory topic for discussion when teaching students how to get started on business idea generation. It is impossible to adequately teach even the most basic of opportunity recognition concepts without the use of strategy theory (Fiet, 2000; DeTienne & Chandler, 2004). Therefore, the more appropriate question to ask is not *whether* strategy should be integrated into early entrepreneurship curriculum, but *how* this can be done more successfully.

Case Studies in Business Schools

The origin of the use of case studies in business schools traces back to the 1950s and 1960s. A nationwide, multi-faceted, academic response developed when the Ford and Carnegie Foundations scathingly reviewed colleges of business as barely more than vocational schools (Schneider & Lieb, 2004). As a part of the reaction, case methodology was created to educate students on application of theory that would develop greatly in size and scope over the next 40 years. Even when Porter's Five Forces were gaining traction among practitioners and were disdained by his colleagues in the 1970s, the design of the pedagogy for teaching the framework was case analysis (Kiechel III, 2010). As could almost be predicted, the same academic response that began the race to develop theory has been criticized by some as causing an overemphasis on theory and a neglect of skill development through practice that case teaching provides (Greiner, Bhambri, & Cummings, 2003). Thus, there has been a call to return back to the case as a major pedagogical method for teaching strategic management.

In the entrepreneurship discipline, case work and experiential exercise, as a part of a training program in idea generation, has been shown as a powerful intervention in decision-making skills, eliciting growth in both the number of opportunities identified by entrepreneurship students and the innovativeness of the opportunities generated by the same (DeTienne & Chandler, 2004; Porter, Argyres, & McGahan, 2002; Solomon, Weaver, & Fernald, Jr., 1994). In this particular study, no effect was found of an interaction between a characteristic of innovativeness before the training, and how well the training worked on an individual. All students benefitted equally from training in opportunity recognition, such as that found in experiential exercise. Experiential learning exercises have also been shown to increase conceptual understanding in the classroom, over lecture methods (Specht, 1985; Rasmussen & Sorheim, 2006).

Role Playing in Business Schools

An alternative to case study that similarly places the student in the context of the decision-maker is role playing. Role playing is any "dynamic process that involves participants assuming specific roles and acting out specific events (Solem, 1960)." As opposed to case analysis, wherein the discussion places the student as a third-party, omniscient viewer, role playing places the student in the role of the decision-maker, and gives the student varying levels of information on which to base his or her actions. Like case playing, role playing has been studied in a variety of contexts such as training and classroom exercises. It has been shown to allow students to develop a larger number of higher quality solutions to given problems (Colgrove, 1968). Role playing has been shown to increase the empathy and affinity of the participant to the role assigned, allowing for attitude change toward the assignment (Kidron, 1977). Role playing allows for the student to escape the tedious theory lecture and create: create solutions, personalities, and imaginary entrepreneurs pursuing potential ideas (Fiet, The Pedagogical Side of Entrepreneurship Theory, 2000; Carrier, 2007). The use of the creative portion of the brain is a welcome change to note-taking and listening. These are all strong benefits, but in the absence of detailed case information on a firm's situation and environment, role playing would seem to produce student decisions and output that would be more directed by their professional intuition. In the case of an undergraduate student with little work experience, such intuition would not be fully formed.

"Case Playing" as an Alternative

Strategic theory pedagogy in today's courses relies heavily on a teacher-to-student flow of communication and education (Schneider & Lieb, 2004). A great deal of emphasis is placed on discourse on theory and techniques such as SWOT, but with the exception of simulation gaming, younger students rarely go beyond these borders, into the area of management decision-making practice. Games such as the case playing exercise describe in this work allow for undergraduate students, with or without work or ownership experience, to finally dialogue among themselves about the theory being applied.

The nearest pedagogical method to case playing would the in-basket exercise, typically a writing or communications activity wherein students would be given a series of memos or a situation and would be asked to produce a memo in response (Stearns, Ronald, Greenlee, & Crespy, 2003). Such activities would contain a case study primary activity, with a decision-making and communications process based upon the information provided in the case. Upon participating in the activity, students tend to report greater understanding of the types of information an executive would use to make a decision.

Case playing is defined here as role playing within the context and actors of a business case. Students are first given a case and are encouraged to learn all about the business from news articles, internet blogs and sources, and videos posted on the company and its competitors. This alone is a diversion from traditional case teaching, wherein the student is advised to stick only to the confines of the case and not to confuse oneself with outside information. Once students have had time to prepare, class time is invested to allow the student to take on the role of a player in the case that was studied. The instructor's job is to provide a practical framework for the discussion that has its foundation in theory. The applications of case playing could be an entrepreneur studying opportunities for startup, a business selecting suppliers and negotiating terms with them, or a manager training employees on ethics. Regardless of the theoretical application, the object is to get the student to kinesthetically engage in a decision-making activity while possessing some degree of confidence that he or she is fairly well-informed from the case reading on the real-world variables that enter into the decision under focus.

One criticism of exposing students to this type of activity is that it could oversimplify the level of sophistication required and variables inherent to real-world strategic decision making (Schneider & Lieb, 2004). It is possible that even with the outside-of-class preparation, the mindset required to make major strategic decisions for an organization is just not developed, and requires more coursework and more theory to grow. However, in the experience of the author in a piloting of case playing, that does not occur regularly. While students are hesitant during the first few iterations of the game to make a decision and communicate it loudly to the rest of the class, by the third iteration, even the most reluctant students seem to be absorbed into the social fray of competing with the rest of the industry players, and are very engaged in the learning process. The practice of decision making itself, while repeatedly applying theoretical principles, is the point of case playing, not the correctness of the decisions made, themselves. The following example provides insight into Mayhem, a game of applying Porter's Five Forces to decisions small businesses would need to make in the context of a specific industry.

Assembling the Case for "Mayhem"

One of the most rewarding parts of the Mayhem game is the instructor's preparatory work with a local small business. To begin the process of the game, the instructor should contact a local business that preferably has a tangible supply chain. Knowledge-based businesses have shown anomalies to the five forces that would challenge upper level undergraduates and graduate students, but could seriously confuse and undermine the confidence of an undergraduate (Sheehan, 2005). For the pilot exercise, the instructor contacted a local gourmet chocolate manufacturer who has grown rapidly in the five years since startup. Fortunately, the media buzz surrounding this local manufacturer also allowed for a number of professionally designed videos on the business to be posted to YouTube. One of these videos in particular showed the inner workings of the business, and were narrated by the owner as he told the story of the company's inception and early growth. Similar videos could be made by one class section in preparation for the next semester's Mayhem exercise, if they did not already exist, and could be tailor-made to the class exercise.

Initial contact with the entrepreneur should lead to a request for a one-hour interview, preferably conducted at the entrepreneur's business location. Interviewing the entrepreneur at the location allows for the instructor or case writer to understand the business's atmosphere, employee behaviors and relationship to the owner, physical plant, and proximity to resources and network members. Once the interview has been set, data can be collected to design the Mayhem game case for the students. Table 1 shows a list of questions that would elicit a suitable amount of information for a case of this magnitude.

Once the data have been collected, the instructor should begin to assimilate the information into a detailed three to four page document that students can use to prepare for the Mayhem game the night before the class when it is played. The idea is not to overburden the student with an enormous amount of dilemmas, but to give him or her enough information to feel comfortable with who this focal firm is. The student should be able to reasonably step into the shoes of not only the entrepreneur, but also the entrepreneur's top two or three suppliers, their largest customers, their closest competition, other substitutes or businesses producing alternative products, and lastly other potential entrepreneurs who might decide to carve a niche of their own in this part of the industry. Generous information on industry history, structure, growth, profitability, rigor of competition, demand, materials and supply, pricing, channels, product lines, elasticity, and major competition should be given, as well as relevant characteristics about the focal firm itself: its history, mission, growth, venture team, employees, product lines, pricing, cost structure, suppliers, major customer segments, largest individual customers or distributors, channel structure, financing, strategy, culture, and atmosphere. Care should be taken to eliminate jargon and clutter in the design of this short situational report, to ensure that students are well-informed but not bombarded with information that exceeds their understanding. Volunteers from the group of students least well-trained in the preparation class could assist in proofreading and testing of the document.

Table 1. Local Small Business Informational Interview Questions

Bargaining Power of Buyers	Who are your customers? Do you use distributors? Who? Do you have individual consumers? Who are your largest or most loyal customers? What percent of your business would you say relies on their purchasing? How many customers would you say you work with? How would you describe your relationship with your customers? How demanding are these buyers? How sensitive to quality are they? Could you give an example of a recent customer situation that you feel captures your relationship with your customers? What feedback has the company received about pricing? What kind of markup is the company able to achieve? What is the likelihood that any of these customers would start to produce your product and compete? How commoditized is this market in the eyes of the buyer?
Bargaining Power of Suppliers	Who are your major suppliers of inputs to your process? What challenges do you have in finding adequate quality at a price you can afford? What trends are you seeing with your suppliers? How many other suppliers could you choose from to obtain your product? Why do you use this one/these suppliers? How hard is it to switch from using one supplier to using another? Are there any substitutes for what your suppliers offer that you could reasonably use? Is there any hint that your current suppliers would ever try to start producing what you produce? How dependent do you feel on your suppliers? Does your supplier provide you with industry information? Do you trust your supplier(s)?
Threat of New Entrants	What is a good estimate of how much it would take to start up a business of your size in your industry? Do you feel any disadvantage due to larger competitors' economies of scale/lower costs? Are there some companies in your market who intimidate new startups due to their loyal customer base or age? How tough is it to get distributors to carry your product? How hard is it to get shelf space with retailers in your industry? Are there any technologies that your industry uses that are especially hard for entrepreneurs to get their hands on?

Threat of Substitutes	Are there any products outside of your industry that customers might buy instead of yours, to get the same benefit? How closely does that product meet the same needs that yours meets? Do you have a strategy for addressing that substitute? Have you changed the way you do business to avoid a situation where customers choose an alternative product?
Rivalry of Existing Firms	Who would you consider to be your top two or three largest competitors? What are a few major strengths and weaknesses of both of those players? Does competition force pricing down in your industry? How badly? Do competitors cooperate on building your industry, or is the relationship sour between competitors? Are there many competitors in your industry, or just a few? Is there an established market leader that others benchmark? How much does your industry grow each year in sales? Are more businesses opening or closing in your industry? What is your level of fixed cost to variable cost in your cost structure? How does this affect your pricing? How do you see yourself positioned among your competition?
General Information	How did this business start? How has the business grown since startup? Were there difficult times in your growth? What made you want to start this business? How is product made in your business? How do you decide how to price your product? What media and strategies do you use for promotion? What do your employees think about working here? What is the environment like? What are your plans for the business for the next few years?

Playing Mayhem

Students are given the Mayhem case situation several days before the game is to be played, and the instructor is to request that if at all possible, students should review the case the night before the Mayhem class session so that they are sharp on the details of the case and feel comfortable in the roles of the actors. When students arrive at class, tables or desks should be shifted so that 5 to 7 students can be placed on one of 6 teams. The teams are divided into each of the five forces, plus a focal firm team who will play the role of the small business floating in this industry environment. If a video has been prepared, students then watch a short 10 to 15 minute video on the company that allows them to see some of the characters they have read about in the case and then visualize the physical business. They can suddenly see the office area, the loading dock, the manufacturing equipment, the product being assembled, and the owner working and talking with the employees. This sensory experience is designed to increase their comfort in acting in the role of the players in this story. After the video is done, there is time for a few questions and a short discussion and clarification session of student reactions to the video and short case reading.

The groups are then assigned and instructed. The first group is designated the Focal Firm Group. They play the part of the entrepreneur, trying to grow his or her firm in an established industry. The second group is called The Competitors and is seated at another group of desks or tables. This group takes on the role of the most salient competitor to the focal firm, who has been described in some detail as to its market position and strategy in the short case. The third group is called The Suppliers. The focal firm's most critical supplier, outlined in the case, interacts with the firm in both a cooperative and self-motivated way simultaneously. This supplier is also a source of competitive intelligence for the firm...and its competitors. The fourth group is called The Customers. This group will vary from distribution to retail outlets to end consumers depending on the focal firm chosen, but will be described in the short case as a single entity: a single, existing distributor, retailer, or target market. This description will allow the student group portraying the customer to have some level of comfort in predicting the customer's likely decisions, given a situation. The fifth group, The Substitutes, operate as a business in an adjacent industry. For example, as our focal firm was a chocolate manufacturer, our substitute company was a company that produced mainly mass-marketed corn syrup and cane-sugar based candies containing little or no chocolate. The sixth group, The Wannabes, are the new potential entrants. These students are the only ones not given an existing company to portray; rather, they are a group of partners considering startup in this industry. They keep a watchful eye on demand, supply, and the industry to determine whether opportunity might exist with each proposed Mayhem change.

At this point, the stage is set, and Mayhem calls the game to order. "Mayhem" is the name given to the instructor who plays a master of ceremonies character similar to the recent series of Allstate Insurance Company advertisements, starring Dean Winters. In these promotions, which every student has likely seen, Mayhem is a fellow who breaks car windows, smashes through sides of homes, bursts water heaters, and allows nature's creatures into the house. The character takes everything one hopes will not happen and facilitates it. The role of Mayhem in this case play game is to take some of the toughest environmental shifts a fledgling company could experience and present them to the groups, simultaneously, for them to develop a response. Each group must develop a response to the environmental shift at the same time as the others, then all groups are called together after five minutes or after conversation dwindles and answers are ready. "Wait and see" can be considered a valid response, but cannot be repeated by the same group more than once.

Some of the examples of environmental shifts given during the pilot exercise were a crop blight on the world cocoa market, causing supply to dip 40%, a World Trade Organization, multinational arrest of cocoa cartel operatives, freeing up supply, the bankruptcy and folding of the U.S.'s largest chocolate confectionary, the publication of a study showing that chocolate is causing autism in children who also take allergy medicine. Many of these shifts are nonsensical, but allow each group to first, consider the implications of the specific shift on the entire industry. Next, the group tries to predict the strategic responses of the other groups. Finally, it decides upon what its best course of action would be.

The last step in an iteration of the game would be the reveal of decisions. One-by-one, each group reveals what they decided to do, given the shift, and the instructor moderates by having the class keep score, as to whether the response makes sense and would be a good response in light of all of the others in the industry as you go around the class. After 3 to 5 iterations and environmental shifts, depending on the length of the class period, students should be debriefed on what strategy theories you heard them apply to their decisions. Students should go around the room one last time to repeat the primary motivations of their team, and offer one revelation that surprised them during the activity. At this time, the game is over.

Implications

The implications of using this game are numerous. The primary implication is that students will understand how to apply Porter's Five Forces much more thoroughly after playing the game than before. Knowing the motivations of each of the forces can help students work through new industry applications of the framework, to determine the effect on profitability of the forces at play. Another benefit of using this game to teach the five forces is that RBV is not lost in the midst of so much IOE. By pausing to allow the focal business group to speak about their decisions as small business owners, and conducting the activity as revolving around this business's perspective, careful attention may be paid to resources the firm has as a critical component of the strategic decisions and competitive moves the firm makes. Such interpretation requires the student to perform within the focal firm's means, and allows students to consider what resources outside their means they might pursue as entrepreneurs

The secondary implication is that students will understand a complex concept – that of the supply chain – after playing this game. If students have not been in the workforce long, or have not had exposure to the purchasing function or to distribution, the concept of marketing channels may be unclear for them. This game allows them to learn by doing, in a classroom reenactment of the relationships between buyers and suppliers.

The third and most important implication of the game is that students will have fun learning about theory. Rather than sitting at their desks, taking notes or more probably texting on phones, every single student in the classroom in the pilot run of this game was excited and engaged. As no grade was taken on the output, students felt free to generate interesting alternatives. Even the shyest and least confident students, simply with the physical presence of the instructor in their corner during the first couple of decision reveals, gained enough confidence to start operating independent of the professor. Through its achievement of class objectives in an entertaining medium, the Mayhem game is a win-win-win, for students, instructors, and future employers and community alike.

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Family Business Students Are Different: Using a Conception Focused Curriculum to Overcome Challenges

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Abstract

Family businesses consist of a family system, a business system, and an ownership system. Current business education only prepares family business students with business system education, thereby leaving the student with a misconception of the environment in which they will work. Business education must change to provide these students with an integrated curriculum that allows them to make connections across disciplines, and provides the additional soft skills and hard skills needed to accomplish the task. We propose a conception focused curriculum designed to provide the necessary education at the concept level and make suggestions on how such a system might be implemented.

The Relationship of Board Composition to Company Performance in small and medium sized Family Firms

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Introduction

Family businesses are important contributors to the US economy, employing over 62% of the nation's workers and representing upwards of 64% of the GDP (Shanker & Astrachan, 1996; Sharma, 2004). Internationally, family businesses represent the majority of all businesses (IFERA, 2003). They are also key to the social cohesion and stability of many communities (Niehm, Swinney, & Miller, 2008).

Despite their economic and social importance, not all family businesses are successful and perform well. In fact, over 70% of these businesses do not make it past the first generation and less than 5% make it to the fourth generation (Beckhard & Dyer Jr, 1983; J. L. Ward, 2004). Like many non-family businesses, family businesses have their share of problems. Unique to family businesses are the problems of succession (the passing from one family generation to another) as indicated by Chua, Chrismam and Sharma (2003), and 'family conflict' (alternatively 'family cohesion'). Family conflict and coalition politics among family members can contribute significantly to the failure of family businesses (Kellermanns & Eddleston, 2004; Kets de Vries, 1993).

One other uniqueness among family firms and in particular, those of the small and medium sized nature, is the composition of the board of directors, if a board actually exists. This phenomenon will be the thrust of this proposal. Specifically, I will look at the relationship between the board composition of these types of firms and the firm's performance. This paper begins with a literature review on the purpose of the Board of Directors and their various compositions as they relate to small and medium sized family businesses and how these boards differ from mainstream public company boards. I will then outline the research methods to be used, how this study will be conducted, and provide some practical implications of the examination of these differences.

Literature Review

Pursuant to agency theory, the purpose of Board of Directors (BOD) is to provide a formal link between owners and the managers responsible for the day-to-day operations of the firm (Fama & Jensen, 1983). The BOD has the power to hire and fire senior management personnel as well as serving to resolve conflicts of interest between the various decision makers.

Before analyzing the small and medium sized family businesses, let us first very briefly examine the larger public companies and their board structures and look at their effects on performance. With the various accounting scandals such as Enron and WorldCom, and with numerous more companies restating their earnings (Agrawal & Chadha, 2005), there were calls to bring these situations under control. The Sarbanes-Oxley Act, 2002 (SOX) addressed these many concerns and issues. As a result, the BOD composition in many public companies has changed dramatically in the post-SOX era. One of the major changes in board composition has been the addition of independent members. Different corporations will have different definitions for what is an independent director. For purposes of this study, an independent director is defined as a person who has no material relationship with the company (including as an employee, partner, shareholder, or officer of an organization that has a relationship with the company) (NYSE, 2007).

Several studies have been done linking performance to BOD composition, specifically to a board dominated by independent directors. In a 2005 study, Petra examined the effects that outside independent directors had on firm performance and shareholder wealth (2005). He concluded that independent directors do strengthen corporate boards. Similar studies by Gordon (2007) and Mura

(2007) came to analogous results. A BOD dominated by independent directors, it seems, is here to stay. However, a 1998 meta-analytic study by Dalton et al. suggests that there is no relationship between BOD composition and firm performance (Dalton, Daily, Ellstrand, & Johnson, 1998). This study was conducted prior to SOX, which may have had an impact on their findings.

The family firm, be it public or private, brings a different set of variables to the table when addressing the composition of the BOD. Family firms can use its member's assets to strengthen the firm, but alternatively, family members can take assets out of the company, thereby undermining the firm's stability. Haynes, Walker, Rowe, & Hong examined the prevalence of a family to use their funds to support the business or if the business's assets were used to fund the family's needs (1999). They found that families were more likely to use the firm's resources to satisfy their needs rather than using personal assets to strengthen the firm.

Behavioral issues or family dynamics also represent a major difference between family firms and non-family firms. Corbetta and Savato (2004, p. 357) note that "the owning family has a strong influence on virtually all psychological and situational antecedents of organizational behavior." Family cohesion is one component of that behavior. Increased family cohesion can substantially improve company revenues (Olson, Zuiker, Danes, Stafford, Heck, & Duncan, 2003).

When it comes to studying the BOD composition and performance levels of the family firms, virtually all of the studies focus on the larger public family firms. Anderson and Reeb (2004) determined that the most valuable public firms were those that were able to balance independent directors with family membership. Their results were consistent with agency theory in that they found that "independent directors act to prevent the misappropriation of the firm's resources, resulting in better firm performance." (p. 226).

In a 2007 family business study, 788 responses were analyzed from businesses with revenues of at least $5 million and in existence for at least five years (Laird Norton Tyee Family Business Study, 2007). The BOD structure was broken down as follows: 24.9% had no board at all, 61.4% had a board of directors, 7.1% had an advisory board, and 6.6% had both an advisory board and a BOD Of those companies with boards, 54.2% consisted of family only, 2.1% were non-family only, and 43.7% had both family and non-family members. One other statistic from this study indicated that 23.4% of the respondents either disagreed or strongly disagreed that a BOD makes a positive contribution to the direction of the business. Although not confirmed, it is suggested that this group would be the same group as represented by the 24.9% that had no board at all. A similar study of family businesses conducted in 2002 showed that 87.5% of family businesses had boards of three to four members and that 90.6% had at least 2 family members (Mass Mutual Financial Group, 2002) 25% of respondents indicated no contribution from a board, which could imply that there was no board present.

As the above statistics would imply, the majority of family businesses do have a BOD of some sort. Most appear to be insider (MassMutual) dominated, followed by a mix of insider and outsider membership, with businesses having no boards rounding out the field. Why would a company not have a BOD? Most small businesses are started by a sole founder/entrepreneur, and most entrepreneurs value their independence and tend to want to keep 100% control. According to Johannisson and Huse, "Entrepreneurs in particular may defy any definitive control, including that of a formal board." (2000, p. 375). The existence of a BOD or its composition also depends upon the generational position of the business (Bammens, Voordeckers, & Van Gils, 2008). Firms in different generational phases will have different governance requirements. A new or young business is still being run by its founder and will have no need for any directional input from anyone.

As seen by the statistics above, an overwhelming majority of family businesses have a Board of Directors. The next question that beckons to be answered is whether to have an outside (independent) dominated board or an insider dominated board. To determine this, it is proposed that each format and its effect on performance should be examined (Brouthers, Brouthers, & Werner, 2003). The measures of performance that should be used are sales growth, sales level, profitability, market share, reputation, distribution, market rating and market access. The earlier definition of an independent director did not account for the family business environment. Therefore, any family member not active in the business cannot be considered as an independent director.

Just as in the larger public family business, the addition of outside directors can have a positive effect on the business. “Having an active, effective board of outside directors is, we believe, the single greatest resource for the family business.” (Aronoff & Ward, 1992, p. 62). Outside directors can provide the necessary objectivity needed to help with a number of issues, such as dividend policy, compensation and familial support. Aronoff and Ward also suggest that many successions probably would not have been executed without the presence of the outside board member. “The mere presence on the board of respected outsiders signals a commitment by the owners to employees who may be uneasy about the owners’ intentions of keeping the business or of remaining interested in the business.” (J. Ward, 1988, p. 224). Fiegener, Brown, Dreux, & Dennis Jr. (2000) found that an outside board would more likely be present when the business was closer to succession than not, and also when the business would chose a non family member as its successor. In the same study, it was also determined that ownership held by individuals outside the business was the strongest determination of an outside board makeup. The CEO would adopt an outside board when external owners demanded it. Both the BOD and the top management team can have an effect on the productivity of the small firm, both family and non family (Cowling, 2003). The addition of an outsider non-executive was found to positively impact productivity output. Productivity was also correlated to a larger board size as well.

An outside dominated BOD can have a positive influence if there is an honest desire on the part of the CEO to have such a board, if there is a selection process that assures the competence of such a board and if there are shared expectations (between management and the board) about the contributions to be made by such a board. The typical family-owned business has a concentrated shareholder base and family member insiders active in both management and the board of directors (Lane, Astrachan, Keyt, & McMillan, 2006). Many studies have been done from the management perspective to determine whether, overall, this is a positive attribute for the family business or whether it negatively impacts the business (Carney, 2005; Poza, Hanlon, & Kishida, 2004).

Small businesses tend to be less strategic when the ownership structure is more controlled than widespread (Brunninge, Nordqvist, & Wiklund, 2007). Given the fact that past research (Sharma, Chrisman, & Chua, 1997) establishes the connection between strategic planning and the success of the family business, it would stand to reason that family businesses that are more “insider” controlled would not be as successful as their counterparts.

Van den Heuvel et al (2006) determined that most CEO’s of SME’s found their boards to be more useful in a service role (reputational resource, networking, etc.) than in a control role (determining management’s roles, salary, etc.). This suggests that the management team would have more of an impact on performance than would the BOD. Brunninge et al (2007) also endorses the concept that the top management team has more impact than does the BOD. A Turkish study (Kula & Ekrem, 2006) found that the weight of the outside director’s on a board was the least prevalent attribute to company performance. In another study, Westhead and Howorth (2006) also determined that ownership structure was secondary to management as they relate to firm performance. Finally, Sciacia and Mazzola (2008) found that family involvement in ownership has no effect on firm performance.

Based upon this evidence, the following proposition is posited.

Proposition. A Board of Directors that is predominately independent will have a positive impact on the performance of a family business.

Methodology

As this study is concerning itself with small and medium sized, private family firms, typically collecting data from these firms is potentially difficult to obtain (Handler, 1994). Private firm owners are usually reluctant to release financial data as well as other information as it pertains to their performance and company operations. Be that as it may, previous studies involving these types of companies have obtained the necessary information and data. This can be accomplished using either primary or secondary data. Secondary data can come from studies such the Mass Mutual study or the Laird Norton Tyee study, both of which were referenced earlier. However, the use of secondary data can limit the validity of the study due to the necessary data not being available as it relates to the variables in this study. Therefore, the preferred data source would be primary. Databases, such as Compustat, WRDS, D&B, or organizations such as the Small Business Association or the Family Firm Institute can be used to gather a sample size sufficiently large enough from which to draw data. Once a sample size of firms has been identified, a questionnaire will be developed and distributed to that sample, probably through some sort of on line survey, similar to Qualtrix. As soon as the questionnaire is developed, it can be tested for ambiguities, etc., using several family firms known to the author. The F-Pec scale (Astrachan, Klein, & Smyrnios, 2002) would be incorporated into the questionnaire to ensure the data base consisted of family-owned businesses. This scale has the ability to distinguish between family owned or non-family owned businesses. It is anticipated that I would have a sample size of at least 100 on which to conduct the appropriate analyses of data.

The firm performance measure is somewhat tricky to measure, especially in the private firm arena. Ideally, objective data is always preferred, but as mentioned earlier, this data is not freely expended. As a result, subjective data is the alternative choice. Dess and Robinson (1984) confirmed that although objective data is the preferred choice, subjective data was proven to be strongly correlated to objective data. There are two ways to analyze subjective data. Scascia and Mazzola (2008) use eight measures and asked the respondent to <u>compare</u> their performance against their competitors. Alternatively, various studies, such as Brouthers et al. (2003), have used the eight measures (shown in appendix 1), and found them to be a very successful measure of firm performance. They ask the respondent how satisfied he/she is concerning the eight performance measures and use a 10 point scale ranging from very dissatisfied to very satisfied.

Once the data is collected, it will need to be analyzed. As we are dealing with an independent variable measured on a continuum basis and eight constructs for firm performance, a multiple regression analysis would be the best analytic tool to use (Hair Jr., Black, Babib, Anderson, & Tatham, 2006). A multiple regression analysis will also allow for control variables such as industry type, length of time in business, firm size and location, among others.

Discussion

What are the practical implications for this study and how does is contribute to the academic stream of literature? The practitioner value of this study (assuming the proposition is supported) would serve to further enhance the value of independent (outsider) membership on the boards of small family owned businesses. Studies have showed that in larger, publically owned family businesses, an independent dominated board positively contributes to firm performance. Publically owned firms are far more scrutinized and are legally bound by more rules than their smaller private counterparts. Many times these smaller private firms (rightly or wrongly) feel that they do not have much in common with their “big brothers.” This study would help to break down that perception.

Academically, this research would serve to enhance the literature on two counts – the Board of Director literature as well as the family business literature. As stated earlier, this type of study has been conducted on the larger, publically owned family firms, but not on the smaller private family businesses. This study would, therefore, contribute to the research on the smaller family owned businesses, which tend to dominate the market place worldwide. Future research could go a step or two further by identifying some moderating factors, such as gender, or age and looking at the family business BOD under those microscopes.

Appendix 1

FIRM PERFORMANCE MEASURES

How satisfied are you with the performance of this operation?

Sales Growth	1 2 3 4 5 6 7 8 9 10
Sales Level	1 2 3 4 5 6 7 8 9 10
Profitability	1 2 3 4 5 6 7 8 9 10
Market Share	1 2 3 4 5 6 7 8 9 10
Reputation	1 2 3 4 5 6 7 8 9 10
Distribution	1 2 3 4 5 6 7 8 9 10
Market Rating	1 2 3 4 5 6 7 8 9 10
Market Access	1 2 3 4 5 6 7 8 9 10

1 = Very dissatisfied

10 – Very satisfied

The F-PEC Scale of Family Influence

- *Family* is defined as a group of persons including those who are either offspring of a couple (no matter what generation) and their in-laws as well as their legally adopted children.
- *Ownership* means ownership of stock or company capital. When the percentage of voting rights differs from percentage of ownership, please indicate voting rights.
- *Management Board* refers to the company Board that manages or runs an entity(ies).
- Persons named through family members represent the ideas, goals, and values of the family.

Part 1: The Power Subscale

1. Please indicate the proportion of share ownership held by family and nonfamily members:
   (a) Family ____________________%
   (b) Nonfamily ____________________%
2. Are shares held in a holding company or similar entity (e.g., trust)? 1. ☐ Yes 2. ☐ No
   If YES, please indicate the proportion of ownership:
   (a) Main company owned by:
      (i) direct family ownership: __________%
      (ii) direct nonfamily: __________% ownership: __________%
      (iii) holding company: __________%
   (b) Holding company owned by:
      (i) family ownership: __________%
      (ii) nonfamily ownership: __________%
      (iii) 2nd holding company: __________%
   (c) 2nd holding company owned by:
      (i) family ownership: __________%
3. Does the business have a governance Board? 1. ☐ Yes 2. ☐ No
   If YES:
   (a) How many Board members does it comprise? ____________ *members*
   (b) How many Board members is family? ____________ *family members*
   (c) How many nonfamily (external) members nominated by the family are on the Board? ____________ *nonfamily members*
4. Does the business have a management Board? 1. ☐ Yes 2. ☐ No
   If YES:
   (a) How many persons does it comprise? ____________ *members*
   (b) How many management Board members is family? ____________ *family members*
   (c) How many nonfamily Board members are chosen through them? ____________ *nonfamily member*

Part 2: The Experience Subscale

1. Which generation owns the company? ______________ *generation*
2. Which generation(s) manage(s) the company? ______________ *generation*
3. What generation is active on the governance Board? ______________ *generation*
4. How many family members participate actively in the business? ______________ *members*
5. How many family members do not participate actively in the business but are interested? ______________ *members*
6. How many family members are not (yet) interested at all? ______________ *members*

Part 3: The Culture Subscale

Please rate the extent to which:

Your family has influence on your business.	*Not at all* *To a large extent* *1..........2..........3..........4..........5*
Your family members share similar values.	*Not at all* *To a large extent* *1..........2..........3..........4..........5*
Your family and business share similar values.	*Not at all* *To a large extent* *1..........2..........3..........4..........5*
Family members support the family business in discussions with friends, employees, and other family members.	*Strongly disagree* *Strongly Agree* *1..........2..........3..........4..........5*
Family members feel loyalty to the family business.	*Strongly disagree* *Strongly Agree* *1..........2..........3..........4..........5*
Family members are proud to tell others that we are part of the family business.	*Strongly disagree* *Strongly Agree* *1..........2..........3..........4..........5*
There is so much to be gained by participating with the family business on a long-term basis.	*Strongly disagree* *Strongly Agree* *1..........2..........3..........4..........5*
Family members agree with the family business goals, plans, and policies.	*Strongly disagree* *Strongly Agree* *1..........2..........3..........4..........5*
Family members really care about the fate of the family business.	*Strongly disagree* *Strongly Agree* *1..........2..........3..........4..........5*
Deciding to be involved with the family business has a positive influence on my life.	*Strongly disagree* *Strongly Agree* *1..........2..........3..........4..........5*
I understand and support my family's decisions regarding the future of the family business.	*Strongly disagree* *Strongly Agree* *1..........2..........3..........4..........5*
Family members are willing to put in a great deal of effort beyond that normally expected to help the family business be successful.	*Strongly disagree* *Strongly Agree* *1..........2..........3..........4..........5*

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Greenhouse success factors in Guanajuato Mexico

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Abstract

The purpose of this research was to analyze the success factors of greenhouses in the State of Guanajuato, Mexico. Data was collect through survey research with a questionnaire completed by 88 owner/managers of greenhouses. Respondents are successful having survived four years or more. The results indicate that success was based on five variables: businessperson profile, human resource management, technological, sufficient initial investment, and marketing. This paper discusses the theoretical framework, results and conclusions.

Introduction

Small and Medium Enterprises (SMEs) in all of Mexico are important, according to data provided by the Secretaria of Economia (2011), because they represent 99% of the companies, they generate 72% of employment, and they contribute 52% of the Gross National Product (GDP). SMEs in the State of Guanajuato, represent 54.58% of the companies and contribute 3.9% of GNP as part of the national total (Secretaria de Economia, 2014).

The agricultural sector is important to the economy of Mexico as SMEs produce most of the food, they contribute to the cost of living, and to the real income of the population. They also contribute to industrial and commercial activities. Globally, there is concern for climate change and the conservation of our natural resources, and the ability to feed the world's growing population (FAO, 2009). Although agriculture is essential, there are problems in Mexico, particularly in the Guanajuato state, including climate-change, the high cost of supplies and services, the loss of soil fertility, difficult access to credit, and major infrastructure problems (INEGI, 2007). Another problem is the fact that many agricultural SMEs are not profitable and the failure rate is high, like in other sectors of the economy. These survival rates recorded by the Secretaria of Economia (2011) reported that 70% of businesses do not survive for more than 24 months. With such a high failure rate, clearly research that can help improve the survival rate is needed.

Thus, in order to protect crops, preserve natural resources, make an efficient use of water and supplies, and meet the feeding needs of an increasing population, it´s necessary, especially those in Guanajuato, to use new agriculture production systems. It´s necessary for Mexican farmers to better manage their SMEs to improve the chances of success for long-term survival (FAO, 2002; Naseroladl, 1992). To improve the success rate, it is important to understand the factors that contribute to success vs. failure. Although there have been prior success factor studies (Aragón, Ballina, Calvo-Flores, García, & Madrid 2004; Aragón & Rubio, 2005; Lussier et al. 2000, 2001, 2010; Mahmood, Asif, Imran, Aziz, & I-Azam, 2011). None of the prior research studied agrucultural success factors.

The greenhouse is the most efficient technology to avoid the restrictions imposed environmentally for the best plant growth (Bastida, 2006). Thus, the focus of this study is on greenhouse farming. The purpose of this article is to analyze the success factors of greenhouses in the state of Guanajuato, Mexico. This research has implications as it can benefit current and would be agracultural entrepreneurs, as well as a variety of other stakeholders including parties who assist and advise them, investors and institutions who provide them with capital, communities and society by and large (Dennis & Fernald 2001).

Literature Review

The contribution of SMEs in the development of a country is very important, however there are few studies involving agriculture SMEs, mostly focusing on technical aspects of production on use of irrigation systems (Gallardo, 2005; Ortega, et al., 2010) and on pepper plants (Gómez, Rodríguez, Enrique, Miranda & González, 2009; Urrestarazu, Castillo & Salas, 2002). This is the first study to focus on success factors in agriculture, and more specifically greenhouses.

To better understand success factors that contribute to the success of SMEs in Pakistan, Mahmood, Muhammad & Imran (2011) found that the financial, technological, government support, market strategies and business skills such as leadership and decision making, resources have a positive and significant impact on business success, financial resources being the most important.

Additionally, Lussier & Halabi (2010) studied success vs failure prediction in three countries in different parts of the world: the United States, Croatia and Chile. The model included 15 variable determinants of success or failure. Small businesses that start with adequate capital in good economic times, that keep updated and accurate records and adequate financial controls, develop specific plans, received professional advice, can attract and retain quality employees, select good products or services and also with owners that have a higher level of education, age, marketing skills, the parents that owned a business, and the number of years of management experience and industry are factors that increase their chances of success.

Estrada, et al. (2009) analyzed the relationship between success of five factors of internal environment of Mexican SMEs: human resources, strategic planning, innovation, technology and quality certification and the *Secretaría de Agricultura, Ganadería, Pesca y Alimentación* (2002) (Department of Animal Farming, Rural Development, Fishing, and Food) quoted by Food and Agriculture Organization of the United Nations [FAO] (2002), identified as success factors in agriculture, financial support, technical support and consultancy academic, organization and the interests of the producers through partnerships, capacity to innovation and improvement of existing proposals, constant communication, continuity and commitment to the project, commercialization and agriculture climate conditions as factors that have a positive influence in the success of agriculture SMEs.

The studies discussed above, reveal a number of factors that positively influence the success of SMEs. Among the key success factors identified in Mexico and other countries, there is the importance of good management of financial resources (Aragon, et al 2004; Lussier & Halabi, 2010; Mahmood et al., 2011; SAGARPA, 2002 cited in FAO, 2002); staff training (Aragon et al 2004;. Estrada, et al, 2009; Lussier & Halabi, 2010); technological resources (Aragon, et al., 2004; Estrada, et al., 2009; Mahmood et al., 2011; SAGARPA, 2002 cited in FAO, 2002) and quality of products and services (Aragon et al., 2004; Estrada, et al., 2009) and the importance of the profile associated with the employer (Lussier & Halabi, 2010; Mahmood et al., 2011; SAGARPA, 2002 cited in FAO, 2002). However there is a very particular problem of agriculture, which has to do with the problems associated with weather conditions, making it necessary to rethink whether these factors are aligned to the specific problems of agricultural SMEs.

Brown (2013) suggested preferentially promotion of economic growth in the agricultural and rural sectors instead of the non-agricultural sectors to effectively reduce poverty in developing countries. In the present study, in order to have a more comprehensive characterization of the success factors, seven factors that determine the success of the greenhouses were established: Businessperson

Profile, Human Resource Management, Quality Certification, Technology, Financial Resources, Subsidies and VAT returns, and Marketing and Internationalization.

The set of factors mentioned above are means to achieve success, usually in the non-farm enterprises success, is explained by competitiveness, assuming it is the ability to achieve a better market position relative to other competitors in their sector. In Mexico, competitiveness is defined as the ability to maintain, strengthen profitability and market shares (Aragon, Ballina, Calvo-Flores, Garcia, & Madrid, 2004).

González, Correa & Acosta (2002) describe, besides profitability, some other relevant factors as the insolvency to anticipate or its counterpart, the solvency to anticipate and get business success: This depends of external financing, Inability to pay debts with the resources generated by operating, Having a low profit margin, among others (González, et al., 2002). Thus, from an economic and financial perspective, note that profitability is necessary, but not sufficient, for the success of the growth of the company, as one that does not get a return at least equally to that of their competitors may not attract the necessary funds to finance its expansion (González, et al., 2002). So, the importance of profitability is established as crucial to the success and survival of the company's long-term factor. As well considers three elements underlying economic and financial success of companies: Years to recovery ROI, Growth in capacity, and the Ability to stay or survival in the market.

Based on the literature above, with further references, 7 variables were selected for this study.

Businessperson Profile

The first success factor is related to the identification of the characteristics or skills that owner/managers must possess to achieve their goals. According to studies conducted, the level of education and training (Lussier & Halabi, 2010; Lussier & Pfeifer, 2001; Simpson, Tuck & Bellamy, 2004; Zimmerman & Manh Chu, 2013), dedication and perseverance at work (García Crespo, Marti & Crecente, 2007, Islam, Muhammad & Aktaruzzaman, 2011; Ownes, et al., 2013) and those owned by men SMEs positively influence success.

Humans Resource Management

The second success factor refers to the efficient management of human resources, mainly having the ability to retain skilled labor (Chiavenato, 2007), where labor flexibility in the company as an instrument of attraction and retention of employee is an element that workers value, because they can be better managed and more evenly (Cervantes, 2005), decreases absenteeism and turnover, reduces the level stress and the productivity is improved, and increases the commitment to the company (Carnicer, Martinez, Perez & Vela, 2002; Cervantes, 2005; Galinsky, Matos, Sakai-O'Neill, 2013; Mañas & Garrido, 2013). Companies that can attract and retain quality employees have a greater chance of success.

Quality Certification

The third success factor is the feature set and attributes that a product must possess to meet the buyer's needs and expectations (Ivancevich, Lorenzi, Skinner, & Crosby, 1997). These features are enhanced by the implementation of quality systems, as Irechukwu (2010) found that three out of four companies in Nigeria were successful with the implementation of quality management systems. Also, companies must continually improve their quality processes and food safety, in order to be competitive in domestic and foreign markets. The quality management improves production process and increases the level of customer satisfaction (Agus & Hassan, 2011) and so to the entrepreneurial success.

Technology

The fourth success factor refers to the technology, this is understood like a package of techniques whose elements cannot be separated neither used individually, but together they can to get an optimum performance (Stewart, 1977). Adopt one technology or another depend on the employer's own economic conditions, the evolution of markets and consumer behavior as well as the gradual introduction of various innovations that allows acquiring sufficient knowledge about managing different equipments (Castilla & Hernández, 2000). The use and the adoption of new technologies have a positive relationship with the development of the enterprises (Bressler, Bressler & Edward, 2011; Mahmood, Muhammad & Imran, 2011).

Financial Resources

The fifth factor of success is to maintain solvency function to meet the obligations of the company. Lussier and Halabi (2010) found an important factor of success is to start with adequate capital. Entrepreneurs should also avoid excessive debt and generate sufficient internal resources to pay debts (Aragón & Rubio, 2005; Silva & Santos, 2012; Vivanco, Aguilera, & Gonzalez, 2011), while maximizing profitability and growth, thus contributing positively to the success of SMEs.

Subsidies and Exemptions and VAT returns

The sixth factor of success is constituted by incentives or subsidies that reduce the effective cost of investment (Pennings, 2005, cited in Danielova & Sarkar, 2011). The government exemptions play an important role in the economies of developed and developing countries where the political support includes a firm positive growth because it stimulates the invest in infrastructure and the technological development (Cotti & Skidmore, 2010; Resvani, Gilaninia Mousavian & Mohammad, 2011) that allows the enterprises be more productive and generate regional development poles.

Marketing and Internationalization

The seventh factor of success is constituted by marketing and internationalization, here the companies seek to expand their activities beyond national markets (Bartlett & Ghoshal, 2000 cited by Chelliah, & Mohd Sulaiman, 2010), where those companies marketing their products abroad contributes to their success and increases knowledge of foreign markets and the enterprises are able to survive, grow and gain a market position (Ojeda, 2009; Islam, Akhtaruzzaman, Muhammad & Alam, 2011; Spence, 2003).

Method

Data Collection

The main methodology of this study was survey research; a questionnaire was administered to 88 general managers or owners of greenhouses, mainly in the municipalities of Apaseo el Alto, Acámbaro and San Felipe, plus 12 other municipalities in the State of Guanajuato, Mexico. Of the respondents, 60% of the greenhouses were founded between 2005 and 2008 and 47% are vegetable growers emphasizing the production of tomatoes.

Instrument

The questionnaire included the seven success factors: (1) the businessperson profile, (2) human resource management, (3) Quality Certification, (4) technology, (5) Financial Resources, (6) subsidies and VAT returns, (7) marketing and internationalization. This questionnaire incorporates 28 items: 7 items measured (1) the profile of the entrepreneur, recording career at the company, training, education and demographics; 4 items measured (2) humans resources, as temporary staff, permanent and flextime; 1 item measured (3) agency and quality certification; 6 items measured (4) innovation and technology; 4 items measured (5) financial aspects, such as initial investment, budgeting, finance and controls; 2 items measured (6) subsidies and VAT returns; and 3 items measured (7) marketing and export.

Statistical Analysis
For data analysis, descriptive statistics were run for each of the seven variables measuring success factors of the 88 agricultural greenhouses.

Results

Overall Success in Greenhouses
The results showed that the overall 88 greenhouses are successful, because more than 80% (83.9%) survived 4 years or more and have a mean almost 9 years (8.9) in business. Also, 45 (51.1%) of the 88 already recovered their initial investment in a little more than one (1.39) year. Also, all of them reported having growth in production capacity, only 9.1% had very low growth, the rest had low to very high growth (see Table 1 and 2). These survival rates are far greater than that recorded by the Secretaria of Economia (2011), where 70% of businesses do not survive for more than 24 months.

Table 1. Survival and years for ROI.

	Years in Business-Survival	Years to recover ROI
Mean	8.8506	1.3929
Standard Deviation	8.32659	1.88857

Table 2. Growth in production capacity

	Frequency	Percent
Very Low	8	9.1
Under	18	20.5
Regular	25	28.4
High	27	30.7
Very High	10	11.4

Factor 1. Businessman Profile
The educational level of the general manager or the owner of the land company is a bimodal distribution (34.1%) with educational level of "Primary" and Bachelor," so the educational level did not imply that it is a success factor of greenhouses (see Table 3). Age, also, does not seem to be a success factor with the mean age of 48.27 years. In the sample, the majority of owner/managers 57 (64.8 %) are male (see Table 4).

The dedication of working in the business does imply that it is a success factor. Owner/mangers worked more than 43 hours per week, averaging 7.41 hours per day for almost 6 days (m =5.85) a week. This complements the findings of Islam, Muhammad and Aktaruzzaman (2011) and Garcia Crespo, Martí and Crecente (2007) who found the importance of constant willingness to personally participate in the work, but does not mean that the amount of hours worked must be excessive, as suggested in this present investigation.

Table 3. Education

	Frequency	Percent	Percent cumulative
Elementary	30	34.1	34.1
Secondary	12	13.6	47.7

High School	11	12.5	60.2
Bachelor	30	34.1	94.3
Master	5	5.7	100.0

Table 4. Age, gender work commitment of the agricultural manager

	Age	Dedication Hours	Dedication Days	Gender	Frequency	Percentage
Mean	48.2651	7.4148	5.8523	Female	31	35%
				Male	57	65%

Factor 2. Human Resource Management
Participating successful companies managed their human resources effectively indicating that HRM is a success factor (see Table 5). Permanent work and flexible working hours are important to employees. Permanent workers have agricultural activities that are not just vegetable harvesting. By contrast, temporary workers are hired just for the vegetable harvest. Flexible working hours refers to employees' ability to select the time they work and they can change their day off.

The mean results are the followings: 14 permanent employees by 7 temporary, a 2:1 ratio, proportionally distributed among both genders and counted with flexible working hours in most companies (50/88). The scheduling flexibility benefits mainly the females to combine household activities, so they contribute to family income and are recognized by their social activities (Shmite. 2009; Rodriguez, 2012). This reinforces the findings of Manzano & Garcia (2009), who consider that the maintenance of the agricultural sector depends largely on labor.

Table 5. Human Resources

	Permanent	Female temporary	Male temporary	Permanent female	Permanent male	Flexible working hours	
Mean	13.9545	3.5465	3.2069	6.5114	7.4886	Yes	50
Standard deviation	38.914	9.5358	6.29902	17.42174	23.3971	No	38

Factor 3. Quality Certification.
In the sample, 90% of the 88 companies did not have any quality certification, Global Good Agricultural Practices (GAP) and Primus Lab, implying that certification is not a success factor of greenhouses (see Table 6). The results coincide with those found by Aragon et al., (2004), where quality was not a factor for success of SMEs in the state of Veracruz, Mexico.

Table 6. Quality Certification

	N= 88	Percentage
Neither	79	90%
Global GAP	5	6%
Primus LAB	4	4%

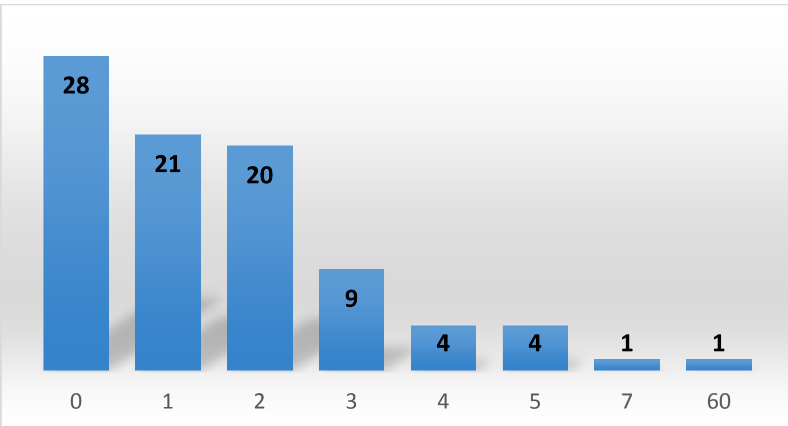
Factor 4. Technology
Technology is supported as a success factor of greenhouses. The greenhouses use technology but the most farms don't have it. The successful agricultural enterprises involved technological innovations, the mean results show more than 2 innovations, the majority (56/88), with some improvement in irrigation system (see Table 7) and 39 had more than two general innovations (see

Figure 1). The results are consistent with Castilla and Hernández (2000), where the introduction of various innovations is gradual, allowing the owner/manager to acquire sufficient knowledge about the management of the different equipments.

Table 7. Mean of improvements and innovations in irrigation.

	technological improvements	Amount of irrigation improvements	
Mean	2.1705	Zero	32
Standard deviation	6.41518	One	56

Figure1. Agricultural business with technological innovations in general



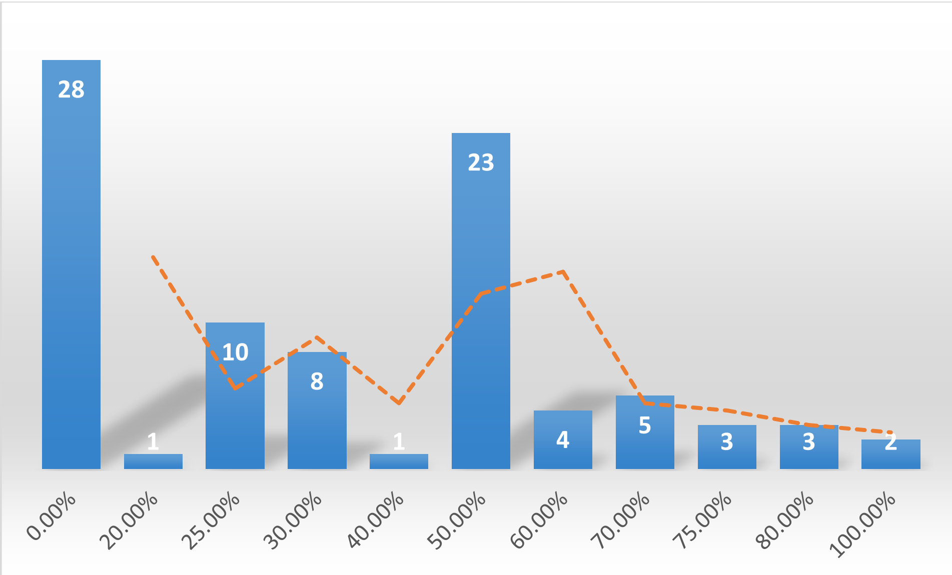
Factor 5. Financial Resources.

Starting with adequate capital is necessary for success—it takes money to make money. The greenhouses were successful because the majority (76.1%) started with regular initial capital, enough and more than enough to begin their business, the 20 greenhouses with little and almost zero of their own capital were practically financed by external funding (see Table 8). In addition, 28 did not require external funding, 43 had funding between 20% and 50%, and only 17 companies financed more than 50% of their initial investment (see Figure 2). The results are consistent with of the Lussier and Halabi (2010) findings that a business must start with adequate capital.

Table 8. Staring Capital.

	Frequency	Percentage
Almost zero	10	11.4
Little	10	11.4
Regular	30	34.1
Enough	32	36.4
More than enough	5	5.7

Figure 2. Percentage of Funding From the Owner/ Equity Financing



Factor 6. Subsidies and VAT Returns

Subsidies and VAT Returns was not supported as a success factor for greenhouses because more than 70% (n=63 72%) of the business didn´t receive any government support in the past five (see Table 9). The results contradict the findings of Jorgenson and Hall (1967) that indicated that tax cuts encourage more frequent use of this resource.

Table 9. Amount subsidies and VAT returns in the last five years

Number Subsidies VAT returns	2013	2012	2011	2010	2009	Mean
000	62	59	61	67	67	63
1.00	12	12	11	9	9	11
2.00	2	5	6	3	2	4
3.00	11	12	10	8	8	10

Factor 7. Internationalization and Commercialization

Internationalization was not supported as a success factor in greenhouses because 59 (67%) of the participating companies did not export. But almost all of them sell their production (80 of 88) via a trader (wholesale), become their own trader or directly sell retail to customers (see Table 10). The lack of participation in other markets may not require quality certification that allows them access to premium markets and a lack of connection with other agricultural enterprises and internationalization strategy (Islam, Aktaruzzaman, Muhammad & Alam, 2011; Ojeda, 2009; Spence, 2003).

Table 10. Internationalization and Commercialization.

Internationalization		Commercialization			
No exporting	10 to 100% of products exported	Neither	Direct/ Retail	Trader/ wholesale	Own trader
59	29	8	45	30	5

Discussion

According to the Mexican government, with the importance of small business, there is a need for better education of entrepreneurs (Secretaria of Economy, 2011). This study found the need for training of entrepreneurs in SMEs as many entrepreneurs don t have any kind of certification, lack a business education, there is a lack of a quality culture, only a few engage in exporting, many lack technology to compete, and they are not aware of government programs that can help them run a successful SME.

The results indicate that five of the seven variables do contribute to greenhouse success. Greenhouses with owner/managers that are dedicated to working in the business, effectively manage their human resources, are innovative and use technology, start with adequate capital, and are effect at marketing are generally more success than those that do not. Regarding human resources, interpersonal relations owners with their employees are an important feature for organizational success and it is possible to consider the organizational purpose and, at the same time, be socially responsible to others in the community and equitably distribute the work and the benefits (Giraldo, 2010).

Two of the variables were no supported. The majority of greenhouses do not have quality certification and owner/mangers do not get subsidies and VAT returns. However, this doesn’t mean that greenhouse owner/mangers should not get certified, because if they want to grow and sell in other areas, certification would help enter new markets. Also, greenhouse owner/managers could benefit from getting subsidies and VAT returns. The government could make this information available to potential entrepreneurs who may not be aware of these benefits.

This study has various implications for public policy. In Mexico, the government does not provide much assistance for agricultural SMEs. The Support Fund for Micro, Small and Medium Enterprises (SME FUND), Secretary of Economy, does not provide enough support, as a low percentage of small business owners receive any help. Similarly, the support of the Secretary of Agriculture Livestock, Rural Development, Fisheries and Food is also inadequate. Thus it is suggested that its role should be enhanced by providing more resources. Moreover, there is no stated government policy on entrepreneurship. The provision of such a policy should be the starting point to coordinate efforts to enhance an entrepreneurial environment in Mexico.

With the importance of economic growth coming from small businesses, understanding business success is a critical issue in Mexico, and globally. With the high failure rate, research is needed to increase the odds of SMEs success. The results of this study can help government agencies and institutions to do a better job of understanding why some business succeed and others fail, and teach this to new entrepreneurs. More importantly, these institutes can help entrepreneurs get the proper training and resources they need to succeed and avoid failure. Thus, this study can be used to help formulate strategies to increase business success and economic development in Mexico.

This research contributes to the body of literature because it is the first study to focus on success in greenhouses in Mexico. It also has implications as it can benefit current and would be agricultural entrepreneurs, as well as a variety of other stakeholders including parties who assist and advise them, investors and institutions who provide them with capital, communities and society by and large (Dennis & Fernald 2001).

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Entrepreneurial Drive and the Informal Economy In Cameroon (West Africa): Necessity Versus Opportunity Driven Motive

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Abstract

We identified three distinct sub-groups within the informal entrepreneurial sector - the Street Walker, Street Corner and Store Owner informal entrepreneurs – and then examined each group's motives. Face-to-face structured interviews with 200 informal entrepreneurs in Cameroon found that the majority, especially Street Walker and Street Corner informal entrepreneurs, are predominantly necessity-driven while Store Owner entrepreneurs are predominantly opportunity-driven. Our study also revealed a progression pattern whereby some Street Walkers do progress to Street Corner and ultimately to Store Owner entrepreneurs. Public policy implications for institutional support that can grow the informal economy into the formal economy are discussed.

Introduction

Despite its riches in precious minerals and natural resources, most of Africa is a continent rife with conflict, poverty, corruption, hunger and disease. Yet, out of this miserable state, many Africans have learned to be self-reliant – making lemonade from lemons. The lemonade represents the creative means by which Africans have engaged in and are succeeding in micro-level entrepreneurial activities known as the informal economy. The informal economy refers to the paid production and sale of goods and services that are unregistered by, or hidden from the state for tax and/or benefit purposes but which are legal in all other respects (Bruton et al., 2012; Webb et al., 2013; Nichter & Goldmark 2009; McGahan, 2012; Williams, 2006). Those operating in it do so under the radar of government scrutiny or regulation. They are not counted as part of the formal economy. It is important to point out that paid work in which the good and/or service itself is illegal (e.g., drug trafficking) is excluded, as is unpaid work. There is an assumption that many who operate in the informal economy do so because of the burdening bureaucratic business environment and the excessively complicated registration and tax systems for private enterprise in many African countries (Williams, 2013). To go around these roadblocks, many small entrepreneurs have found ingenious ways to operate outside the formal economic system (Commander et al., 2013). According to one author, it is this "rule-breaking ethos" that is expanding the informal economy throughout Africa (Olopade, 2014).

There is a growing appreciation for the value and impact of this "hidden enterprise culture on the lives and livelihood of those participating in it (Bruton et al, 2012; Williams, 2006). There is increasing evidence that the informal economy is a fast growing and impactful sector in the workforce of many developing economies. For example, the International Labor Organization reports that the informal economy's share of the nonagricultural workforce is 55% in Latin America, 45% to 85% in Asia, and approximately 80% in Africa (ILO, 2004). In developing countries, the informal economy is synonymous with self-employment. USAID estimates that self-employment represents 70% of informal employment in sub-Saharan Africa, 59% in Asia, and 60% in Latin America (USAID, 2006). In terms of its contribution to GDP, it is estimated that informal firms accounted for $70 billion of GDP in Africa, $531 billion in Asia, and $353 billion in Latin America (Schneider, 2000). The International Labor Organization (ILO) has come to view the informal economy as "an incubator for business potential and … transitional base for accessibility and graduation to the formal economy." The ILO maintains that these workers show "real business acumen, creativity, dynamism and innovation" (ILO, 2002a).

The central question for researchers has been whether those operating in the informal economy do so out of necessity (push factors) or voluntarily as opportunity seekers (pull factors)? In other words, are they necessity or opportunity-driven entrepreneurs? The necessity-driven entrepreneurs are perceived as poor, uneducated, not very business-savvy and thus less likely to be successful as entrepreneurs. Their decision to launch a business enterprise is more serendipitous or impulse-driven. Opportunity-driven entrepreneurs are seen as more marketing oriented, educated and more likely to succeed in their business ventures. The opportunity-driven entrepreneur thinks ahead, plans and executes with a greater sense of purpose. The prevailing view has been that all or most informal entrepreneurs in developing economies do so out of necessity (pushed into it). Given the expanding size of the informal economy and its impact on the lives of most people in developing countries, it is imperative to test these assumptions (Brock et al, 2014).

There is growing recognition that despite its importance, the informal economy has attracted relatively little scholarly attention. However, this is changing as evidence by the fact that in 2012, the Academy of Management highlighted the Informal Economy as the theme for its annual meeting. Some scholars have gone as far as calling it the final frontier of the management domain (Bruton et al., 2013). In response to the Academy's call, studies have begun to emerge focusing in this area. However, most of the research on the informal economy has focused on "opportunity-driven" entrepreneurs in advanced western economies or the post-socialist transition economies in Asia. Little has been published on the informal economy in developing economies (Bruton et al., 2012), especially in relation to Africa (Jackson, 2012; Odom & Williams, 2012). Odom and Williams (2012) evaluated informal entrepreneurs' motives in the sub-Saharan African country of Ghana. Odom and Williams recommended further research to determine whether informal entrepreneurs' motives display the same co-presence of push and pull factors and dynamism elsewhere. Our study analyzes informal entrepreneurs' motives in Cameroon (West Africa).

Literature Review

Historically, the nature of the informal economy has always been that entrepreneurs operating in the informal economy, especially in developing economies do so out of economic necessity as a survival strategy (Cross, 1997; McElwee, 2009). However, there is another school of thought that many entrepreneurs working full-time or part-time in the informal economy do so out of choice such as the desire for independence or to own a business (Aidis et al., 2006; Minniti et al., 2006). In other words, their decision is more opportunity-driven than necessity-driven. This is very much the case for studies of entrepreneurial motives from developed economies where those who choose to participate in the informal economy do so because they find more autonomy, flexibility and freedom. However, rather than focusing on the opportunity and necessity-drivers in the motives of individual informal entrepreneurs as mutually exclusive choices, some scholars argue that both necessity and opportunity can be co-present in the rationales of individual informal entrepreneurs and also that the drivers underpinning informal entrepreneurship can change over time, often from more necessity- to opportunity-driven (Williams, 2007, 2008, 2009; Williams et al., 2009). According to Odom and Williams (2012), the clear implication is that it would be mistaken for economic and enterprise development practitioners to write-off necessity entrepreneurs operating informally as unworthy of support. They argue that successful necessity-driven entrepreneurs do go on to become more opportunity-driven over time. As mentioned in the introduction, this tendency to write-off necessity-driven entrepreneurs is due to the perception that they are uneducated, poorly financed and less likely to succeed in their entrepreneurial endeavors (Williams, 2013).

A closer look at the structural makeup of the informal economy in developing countries reveals three layers or categories of retail entrepreneurs: the Street Walker (St. Walker), the Street Corner (St. Corner) and Store Owner (St. Owner).

- The **St. Walkers,** also known as street hawkers have no fix location. They carry their wares with them everywhere along city and neighborhood streets.

- The **St. Corner** retailers are those who have a temporary location on the street (a kiosk or wooden stand) with a few more items displayed for sale. They can change location instantly when necessary.
- The **St. Owner** is one who has earned enough capital to be able to afford a permanent store-front location along the urban streets or in a designated market center.

The St. Walker, St. Corner and St. Owner entrepreneurs in third world economies have always been perceived as driven out of necessity into such endeavors as a last resort (Gallin, 2001) and represented as "involuntary," "forced," "reluctant" or "survivalist" (Hughes, 2006; Singh & De Noble, 2003; Travers, 2002). The transition from St. Walker to St. Corner to St. Owner supports the proposition by some that the drivers underpinning informal entrepreneurship can change over time, often from more necessity- to opportunity-driven.

The literature on entrepreneurship in Ghana depicts such entrepreneurs as necessity-driven and doing so because there are limited opportunities available elsewhere in the country. Necessity-driven entrepreneurs are describes as being in it to make a living and provide for their family. It is "living maximization" rather than "profit maximization" (Odom & Williams, 2012). In Cameroon however, there is evidence to support a co-presence of both necessity and opportunity-driven motives among informal entrepreneurs. For example, there are tribes that are well known for their entrepreneurial inclination. In the Western Region of Cameroon, the Bablilkeahs are well known for their entrepreneurial dominance in the informal economy. There is a cultural orientation towards entrepreneurship that is not forced or done out of necessity. Similarly, the Kwahus from the eastern region of Ghana have been depicted as "born" entrepreneurs. With limited formal education and little training in entrepreneurship, they have been portrayed as the most successful entrepreneurs in Ghana and doing so out of choice (Hung Manh, Benzing & McGee, 2007).

Informal entrepreneurs are predominantly retailers who sell consumer goods such as shoes, clothing, cosmetics, jewelry, medicine, books, electronics, artworks and food. Some are specialized and others act like general stores. On the streets of any urban city in Africa, shoppers encounter street vendors, some walking with their wares on them (St. Walkers) and others seated on street corners with their merchandise on temporary stands next to them (St. Corner). Their knowledge of the marketing concept is limited or non-existent.

In marketing strategy planning, experts generally agree that success depends on finding attractive opportunities and developing profitable marketing strategies to exploit them. Therefore, an effective marketing strategy consist of two inter-related parts: a target market which represents a fairly homogeneous (similar) group of customers to whom an entrepreneurs wishes to appeal and a marketing mix which represents the product, promotion, place/location and price (4Ps) variables an entrepreneur puts together to satisfy the target market (Perreault et al, 2013). There is an assumption that necessity-driven informal entrepreneurs in developing nations like Cameroon do not understand this concept at all. In most cases, the decisions surrounding this marketing construct are based on intuition and very little research or thought process put in it. The only strategic decision that informal entrepreneurs seemed to have consciously made is what product/service offering to put out in the market place.

In Cameroon, we observed that St. Walker and St. Corner entrepreneurs displayed the following product/service offerings: They were either selling (1) a single product (e.g. just shoes), (2) a related product line (shoes, socks, pants, shirts), (3) unrelated product lines (shoes, art work, cosmetics, medicine, electronics), (4) ready-to-eat meal(s) and (5) services (hair braiding, transportation, repairs, palm reading, etc.).

As mentioned above, the Store Owner entrepreneur is someone who has made a strategic decision to have a permanent location in a commercial district, central market or residential neighborhood. It is assumed that they are more opportunity-driven. In Cameroon, we observed store ownership that could be described as: (1) a neighborhood convenient store (like the 7-Elevens), (2) restaurant, (3) neighborhood pub (beverages – alcohol and non-alcohol), (4) food store (like super-markets), (5) department store (selling non-food items (6) service (offering hair braiding/styling, transportation, repairs, phone booth, etc.) and (7) producer/manufacturer (design and produce artwork, furniture, coffins, metal work, clothing).

It is plausible to assume that the only marketing strategy decisions informal entrepreneurs show some cognitive engagement with are the product and place/locations elements. There is little evidence of any cognitive process involving promotion and pricing. In most developing economies (like Cameroon), promotion by formal or informal entrepreneurs is still in its infancy and marketing exchange is based on a flexible pricing policy. A flexible pricing policy means offering the same product and quantities to different customers at different prices. It is the opposite of the one-price-policy that most buyer-seller exchanges in developed economies employ (Perreault et al, 2013). Because the St. Owner entrepreneur is at a fixed location, they pay taxes, license fees, rents and other dues that the street vendors avoid. The progression from a St. Walker or St. Corner to a St. Owner entrepreneur is a transition from the informal to the formal economy that needs further exploration. From this discussion, we put forth the following hypotheses:

Hypothesis 1: The majority of informal entrepreneurs are necessity-based rather than opportunity based.

Hypothesis 2: Street-Walker and Street-Corner entrepreneurs are more likely to identify as necessity-driven rather than opportunity-driven.

Hypothesis 3: Store-Owner entrepreneurs are more likely to identify as opportunity-driven rather than necessity-driven.

Hypothesis 4: Successful Street-Walker entrepreneurs go on to become Street-Corner entrepreneurs.

Hypothesis 5: Successful Store-owner entrepreneurs had prior experience as St. Walkers and/or St. Corner businesses.

Methodology

The methodology is survey research with personal interviews. A nation of 25 million people, Cameroon is located on the central western part of African. Our survey targeted informal entrepreneurs in Bamenda. Bamenda is a city in northwestern Cameroon and capital of the North West Region. The city has a population of about 500,000 people, and is located 366 kilometres (227 miles) north-west of the Cameroonian capital, Yaounde. Within the Bamenda urban community, we employed maximum variation sampling to identify four key locations where informal entrepreneurs concentrated. The locations consisted of (1) the main streets in the city center, (2) the entrances to the main market, (3) inside the main market and (4) residential neighborhoods. Through a random process, we sampled 50 individual entrepreneurs from each location, which resulted in a total of 200 completed questionnaires. The randomness was in the sense that we invited informal entrepreneurs who happened to be present at a particular location on a given day and time to participate in the survey.

We set out to complete 250 questionnaires. However, roughly one of every 5 persons we invited to participate turned us down. At the end, we completed 217 questionnaires and 17 were rejected for improper or missing data. Therefore, we had a response rate of 80 percent.

All the interviews were conducted face-to-face using a structured questionnaire with 15 close-ended questions. The first four questions directly address the focus of this paper. First, we asked whether the primary reason for starting the business was necessity or opportunity-driven? Second, we asked what type of entrepreneur (St. Walker, St. Corner or St. Owner) they are; what type(s) of products/services they are selling and how many years they have been in business. Note that we used the 5 product/service offering and the 7 store-type categorizations described in the literature review to structure this question and the responses. The third and fourth questions addressed the progression from St. Walker to St. Corner to St. Owner entrepreneur. We also gathered demographic data on respondents' gender, age, education and family status (do they work with family members, non-family members or solo?).

Results

Descriptive Statistics

Of the 200 respondents, 107 (53.5%) were males and 93 (46.5%) were female. The average age of respondents was 35.08 with a standard deviation of 11.91. When it comes to working with or without assistance, 64.5% (129) work solo, 25.5% (51) have assistance from a family member, 2% (4) have assistance from a non-family member and 8% (16) have both family and non-family members assisting in the business. See Table 1 for the frequencies and percentages of the types of entrepreneurs: 27% of entrepreneurs identified as St. Walkers, 46% as St. Corner entrepreneurs and 27% as St. Owners.

Table 1. Type of Informal Entrepreneurs

	Frequency	Percent
Street-Walker	54	27
Street-Corner	92	46
Store-Owner	54	27
Total	200	100

Test of Hypothesis 1

The first hypothesis stated that the majority of informal entrepreneurs are necessity-driven rather than opportunity-driven. The intent here is to test the historical assumption that informal entrepreneurs in third world nations are primarily necessity-driven. It is the case that in developing countries like Cameroon, informal entrepreneurs (like St. Walker and St. Corner entrepreneurs) are perceived as individuals from socially and economically disadvantaged backgrounds who seek employment in the informal economy out of necessity not as a choice. To these populations, the informal economy is a last resort in the absence of alternative sources of employment (Hanson, 2005; Palmer, 2007). However, as Odom and Williams (2012) found, informal entrepreneurs in developing economies like Ghana sometimes start their own micro enterprises out of choice. As mentioned earlier, previous studies on the necessity/opportunity-drive question had been confined to the advanced economies in the West and a few Latin American nations (Perry & Maloney, 2007). So, hypothesis 1 was intended to test this assumption in the Cameroon context. Let's examine the data.

Table 2. Primary Reason for Starting a Business in the Informal Economy

	Frequency	Percent	p-value
Necessity	129	64.5	
Opportunity	71	35.5	
Total	200	100	.000

As Table 2 reveals, two thirds (64.5%) of informal entrepreneurs went into business out of necessity while a third (35.5%) cited opportunity as their motive. Necessity-driven entrepreneurs are *pushed* into entrepreneurship as a last resort while opportunity-driven entrepreneurs are *pulled* into entrepreneurship because they see an unmet need in the market and want to take advantage of it. Also, they desire the independence of owning their own business. Therefore, the hypothesis that the majority of informal entrepreneurs are necessity-driven rather than opportunity-driven is strongly supported by one-sample binomial testing (p = .000). Also noteworthy is the fact that more informal entrepreneurs (35%) in Bamenda (Cameroon) cited the opportunity motive compared to a lesser number (less than 25%) in the Kofuridua (Ghana) study.

Test of Hypothesis 2

The second hypothesis stated that Street-Walker and Street-Corner entrepreneurs are more likely to identify as necessity-driven rather than opportunity-driven. As revealed in Table 3, 89% of St. Walkers and 71% of St. Corner entrepreneurs identified with the necessity or push motive for starting their businesses. Therefore, the hypothesis is supported by chi-square testing (p = 000).

Table 3. Reason for Starting a Business by Type of Informal Entrepreneur

	Street-Walker n and %	Street-Corner n and %	Store-Owner n and %	p - value
Necessity	48 / 89%	65 / 71%	16 / 30%	
Opportunity	6 / 11%	27 / 29%	38 / 70%	
Total	54 / 100%	92 / 100%	54 / 100%	.000

Test of Hypothesis 3

Hypothesis 3 stated that Store-Owner entrepreneurs are more likely to identify as opportunity-driven rather than necessity-driven. As shown in Table 3 above, 70% of Store-Owners identified with the opportunity or pull motive for starting their businesses while 30% cited with the necessity or pull motive. Therefore, the hypothesis is supported through chi-square testing (p = .000).

Odom and Williams (2012) found that a vast majority (70 percent) of informal entrepreneurs tend to cite both necessity- and opportunity-drivers when explaining their rationales for participating in informal entrepreneurship. We found similar results. As a result, Odom and Williams (2012) cautioned that the tendency by some to want to squeeze all informal entrepreneurs into one side or the other of the necessity/opportunity dichotomy is misleading and should be avoided.

Test of Hypothesis 4

Hypothesis 4 stated that successful Street-Walker entrepreneurs go on to become Street-Corner entrepreneurs. Let's examine the data in Table 4.

Table 4. Street-Corner Informal Entrepreneurs – Progression Patterns

	Frequency	Percent	p –value
Started as St. Walker	55	60%	
Started as St. Corner	38	40%	
Total St. Walker	92		.097

As seen in Table 4 above, the majority of St. Corner informal entrepreneurs started out as St. Walker entrepreneurs (60%) while 40% started out as St. Corner informal entrepreneurs. Although more St. Walker informal entrepreneurs did progress into St. Corner informal entrepreneurs, it was not a significant number compared to those who started out as St. Corner informal entrepreneurs by chi-square testing at the .05 level, but it is at the .10 level of significance (p = .097).

Test of Hypothesis 5
Hypothesis 5 stated that successful Store-owner entrepreneurs had prior experience as St. Walkers and/or St. Corner businesses.

Table 5. Store-Owner Informal Entrepreneurs – Progression Patterns

	Frequency	Percent	Cumulative Percent	p - value
From St Walker to St. Owner	2	3.7	3.7	
From St Corner to St. Owner	13	24.1	27.8	
St Walker to St Corner to St. Owner	19	35.2	63.0 100%	
Started as St Owner	20	37.0	37%	
Total	54	100.0		.002

Looking at Store-Owner entrepreneurs' progression patterns (Table 5), we see the following patterns: only 3.7% Store-Owners said they started as Street-Walkers, 24.1% said they started as Store-Corner entrepreneurs, 35.2% said they progressed from Street-Walker to Street-Corner and then to Store-Owner entrepreneurs and 37.0% said they started right off as Store-Owners. What this reveals is that the majority of Store-Owner entrepreneurs had some experience as informal entrepreneurs at the Street-Walker or Street-Corner level. In fact 35.2% went through the cycle from Street-Walker to Street-Corner to Store-Owner and 24.1% went from Street-Corner to Store-

Owner, skipping the Street-Walker phase. This means that combined, 63% of Store-Owners had some previous experience as informal entrepreneurs at the Street-Walker and Street-Corner levels. Thus, Hypotheses 5 is supported by chi-square testing (p = .002). It is possible that the experiences gained from previous phases carried over.

Discussion

The objective of this study was to determine whether informal entrepreneurs' motives display the same co-presence of push (necessity-driven) and pull (opportunity-driven) factors and dynamism in Cameroon, West Africa like in other studies. It is the first study to break down the informal entrepreneurial sector into three sub-groups. On the key question of what the primary reason is for starting a business in the informal economy, we found similar results with the Ghanian study. The majority of informal entrepreneurs in our study (64.5 percent) are predominantly necessity-driven and only a minority (35.5 percent) are opportunity-driven.

Focusing on the three sub-groups of the informal economy in Cameroon, this study found that more Street Walker and Street Corner entrepreneurs identified with the necessity-driven (push) motive than Store Owner entrepreneurs. More Store-Owners identified with the opportunity-driven (pull) motive for starting their businesses. This is understandable given that Store ownership in many developing economies is a major decision that requires more capital and other resources to be put at risk. There is a deeper analytical process (or so it's assumed) that goes into opening a store than hawking a few items on the streets. As mentioned before, a successful marketing strategy specifies a target market and a related marketing mix – product, promotion, place/location and price, also referred to as the "4 Ps". These 4Ps represent the variables the marketer or entrepreneur puts together to satisfy the need(s) of the target market. The Store Owner entrepreneur is more likely to employ this marketing construct than the Street-Walker or Street-Corner entrepreneur, which supports why they display a greater level of the opportunity-driven motive. This is consistent with a previous study's finding that many informal entrepreneurs to varying degrees are not only partially or fully opportunity-driven but that push and pull factors are co-present in their rationales for participating in informal entrepreneurship (Odom & Williams, 2012). In this study, we have been able to identify the group most likely to exhibit this characteristic, which will be the Store Owners.

As mentioned earlier, the International Labor Organization has come to view the informal economy as "an incubator for business potential and … transitional base for accessibility and graduation to the formal economy" (ILO, 2002a). We found this to be the case as we saw the progression pattern from Street-Walker to Street-Corner and ultimately to Store-Ownership. We found that more than half (63%) of Store-Owners had some previous experience as informal entrepreneurs operating as Street-Walkers or Street-Corner entrepreneurs.

Further Research and Limitations

For future research, the learning curve effect that is assumed in the transition from St. Walker to St. Corner and ultimately to St. Owner needs to be further explored. Also, future research should focus on the issues of funding. What funding sources are informal entrepreneurs utilizing if any? Finally, how success is measured in a sector that operates under the radar and what factors determine success should be studied?

Although the sample size of 200 is large, and care was given to randomly select entrepreneurs from each of the three groups, we acknowledge that the sampling methodology used was not a true random sample and may not fully represent the population. Also, although a face-to-face survey allows room for clarifications when need be, it can also encourage over or under reporting of sensitive data items like age, education level or business performance.

Implications

These findings have important public policy implications. African governments must realize the significant role that the informal economy has on the livelihood of their citizens. Though it is precarious employment, the informal sector is what most people (young and old, male or female) in developing countries have come to rely upon. As Lydia Polgreen (deputy international editor at The Times and a former correspondent in western and southern Africa) appropriately states, the steel mills, auto and textile factories that built middle class societies from Europe to the United States and now in parts of Asia are nowhere on the horizon in most of Africa. Public policies that support and nurture informal entrepreneurs at the local level would be mutually beneficial given that more than half (64.5%) of those who start-out as necessity-driven entrepreneurs progress into opportunity-driven entrepreneurs and become part of the formal economy. This will be a win-win for both sides. At the national level, educational policies that incorporate entrepreneurial teachings early in the educational process can be very helpful for future or prospective entrepreneurs.

Conclusions

There is growing recognition that despite its importance, the informal economy has attracted relatively little scholarly attention. Although studies have begun to emerge in this area, most of the research on the informal economy has focused on "opportunity-driven" entrepreneurs in advanced western economies or the post-socialist transition economies in Asia. Little has been published on the informal economy in developing economies, especially in relation to Africa. An important research objective is to determine whether informal entrepreneurs' motives display the same co-presence of push and pull factors and dynamism elsewhere, which our study does. Thus, our study contributes to the literature as the first to analyze informal entrepreneurs' motives of three classifications of informal entrepreneurs, and is the first to study this important topic in Cameroon (West Africa).

References

A list of the 31 references is available upon request from the senior author

How Uncertainty Avoidance Effects Business Culture

Samantha Reeder, University of Texas at Dallas

Abstract

Unavailable

Improving Small Business Viability through the Longevity and Health Maintenance Evaluation

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Michael Rolleri, University of New Haven

Abstract

Most adults are urged to go through an annual health checkup. We recommend that most of the mature small businesses perform an annual longevity and health maintenance evaluation as well to ensure their viability. To this end, we provide areas of critical importance to a small business viability and longevity and offer guideline for small business owners/managers, consultants, and small business/entrepreneurship educators can use to help improve performance. We add to the body of literature on small business success and failure factor by emphasizing the need for a closer look at the open systems nature of these businesses and the impact of interaction with the larger system and the external environment for viability. It opens new possibilities for small business owners to complement their internal concerns for success with the impact of the external factors. It also urges them to be more proactively in evaluating the health and viability of their businesses before the emergence of signs of trouble.

Introduction

This article begins with this introduction that defines small business, its economic importance, and how the federal government helps small businesses. The second section discusses small business success vs. failure and the need for a systems perspective to increase their chances of success. The third section discusses the need for the business audit, and the last section presents the annual evaluation template that can be used by small business owners to maintain the health of their businesses.

Definition and Economic Importance of Small Business

There is no universally agreed upon definition of a small business among academicians or practitioners engaged in small business research or consulting. The Small Business Administration (SBA) established small business size standard on industry-by-industry basis, but it generally defines a small business as one with fewer than 500 workers for manufacturing companies as and less than $7 million annual revenue for non-manufacturing ones. “99.7 % of all the registered firms in the US are regarded as small business by this definition. There are 5.7 million firms with employees in this country and most of them have fewer than 500 employees (Collins, 2012).

What really drives the U.S. economy? No, it is not war. Small business -- firms with fewer than 500 employees -- drives the U.S. economy by providing jobs for over half of the nation's private workforce. The figures from the SBA show that small businesses with fewer than 20 employees increased employment by 853,074 during 2001-2002 (SBA, 2012).

Small businesses are job creators. The Office of Advocacy funded data and research shows that small businesses represent 99.7 percent of all firms, they create more than half of the private non-farm gross domestic product, and they create 60 to 80 percent of the net new jobs (SBA, 2012).

There are 29 million small businesses in the United States. The SBA estimates that just over half of all employees in the U.S. work for a small firm, and that small business employers provide approximately 44.5 percent of payroll in the private sector. Ninety-seven percent of all exporters are small business owners, comprising 29 percent of total exports. The most powerful statistic, however, is that 60 to 80 percent of all new jobs come from small businesses. This number fluctuates when some small businesses grow enough to become classified as large businesses, and when new small businesses are created. From 1999 to 2000, small businesses accounted for 75 percent of all new jobs created. By 2010, small businesses account for three quarters of net new jobs in the United States (Clark & Saade, 2010).

There are between 25 million and 27 million small businesses in the U.S. that account for 60 to 80 percent of all U.S jobs. Bagly (2012) found that small businesses produce 13 times more patents than larger firms.

In 2011, according to the Census Bureau, there were 5.68 million employer firms in the United States. Firms with fewer than 500 workers accounted for 99.7 percent of those businesses, and businesses with less than 20 workers made up 89.8 percent. Adding in the number of nonemployer firms and the share of U.S. businesses with less than 500 workers increases it to 99.9 percent and firms with less than 20 workers increases to 98 percent. Among employer C Corporations in 2011, 99.2 percent had less than 500 workers, and 86.4 percent had fewer than 20 employees. (Kobe, 2012)

Annual Federal Government Spending on Small Business

Each year a vast amount of resources are employed to help small business. There are no solid or readily available total sum for the two major categories relevant to this research namely total money spent on startups and total money spent on keeping small business operating.

According to the White House Office of Management and Budget (2014), the president's 2013 budget supported $16 billion in Small Business Administration (SBA) loan guarantees; $14 billion in term loans and $2 billion in revolving line of credit. Additionally $4 billion in Small Business Investment Centers (SBIC) and $18 million in direct loan to emerging entrepreneurs are part of the budget. Similarly $200 million in guaranteed debenture is included for matching funds for investors seeking to support innovative companies for expansion of operation and job creation.

Other supportive actions include promoting impact investment in economically distressed regions for disadvantaged groups and in a section of national significance, Improving small business and exporter access to Federal services, helping them to connect to regional innovation, strengthening their exports and doubling the small business employer pension, plan startup credit, and help them provide health insurance to their employees (White House Office of Management and Budget, 2014)

There are two major obstacles in assessing the effectiveness of these measures for enhancing the success factors and/or eliminating the failure small businesses. First there are no operational measures of before or after success rate. It is not known or readily available if all or any of these loans, subsidies, guarantee and helps keep more small businesses operating or help potential startups to become viable businesses. Putting it plainly, the Federal government spends all these resources without knowing precisely if they achieve the desired outcomes.

Secondly, there are no clean-cut breakdowns of how much resources are dedicated towards creating new small businesses and financing startups and how much is spent helping to keep them in business and preventing them from failure and bankruptcy. Suffice to say that all of the loans and subsidies are hardly the cure for the failure factors, unless the resources are clearly and specifically earmarked to remedy a specific category, i.e money for marketing research and advertising, money to train the management, money for website development, money for going green and becoming sustainable, etc.

Small Business Success vs. Failure

There is an abundant body of literature on causes of small businesses failure. However, it does not do any of those businesses any good; they are out of business! Avoiding those causes also do not increase the chance of small business success: the absence of unhappiness does not make one happy, just neutral! The emphasis must be directed at finding ways to insure the viability of small business at all stages of their existence.

Entrepreneurs start business ventures for independence and to generate economic wealth but many don't succeed (Fiore & Lussier, 2009; Lussier, 1995; Lussier & Pfeifer, 2000, 2001). Success of a venture is uncertain (Carter & Van Auken, 2006); failure is a norm (Jiao, Welsch, & Moutray, 2009). Why do some businesses succeed and others fail? Every start-up is launched with high hopes of success, but each year in the US there are over a half million new startups, and around the same number close each year (SBA, 2012). Thus, the odds of forming a profitable venture appear to be low. Understanding the causes of business owners' success and failure has been called the cornerstone of entrepreneurship research (Michael & Combs, 2008).

Lussier and Halabi (2010) list the success and failure factors as: capital, record keeping and financial control, management experience, professional advisor, education, staffing, product/service, economic timing, age, partners, minority, and marketing. Similarly, Bradley and Cowdery (2014) list the specific causes of small business bankruptcy as: under capitalization, lack of planning, trade credit, tax burden and regulation, personal issues, unrealistic expectations, poor cash flow, loss of key person, growing pain; lack of technology, poor location, natural disaster, poor record keeping, and failure to use advice. Note that while the two lists share many similarities, there are very few factors for success or failure that are rooted in the larger system of which the small business is a part.

Predicting entrepreneurial fate is an important area of research because bankruptcy is both costly and disruptive to a variety of firm stakeholder including owners, investors, and communities (Van Auken, Kaufmann, & Herrmann, 2009). Success versus failure prediction research benefits both potential and current entrepreneurs; those who assist, train and advise them; those who provide capital for their ventures; their suppliers; researchers; and public policy makers (Lussier, 1995; Lussier & Pfeifer, 2000). Research based evidence provides insight for government and academic institutions in their efforts to provide resources that may help reduce the incident of bankruptcy (Carter & Van Auken, 2006). However, discovering which factors or practices lead to business success and failure is an unfulfilled purpose of business research (Rogoff, Lee, & Sub, 2004).

To date, there is no universal agreement on the causes of small businesses success or failure (Rogoff, et al. 2004) because there is great discrepancy in the literature as to which variables do in fact lead to success and failure (Lussier & Halabi, 2010). The current focus of success vs. failure research is primarily on identifying a list of internal environmental factors. Organizations face both internal and external obstacles that make survival difficult (Miller, Besser, & Riibe, 2007); however, success vs. failure research tends to focus on the internal environment, such as capital and management.

Research supports that the external environment affects the success of small business (De Clercq & Rangarajan, 2008; Lim, Morse, Mitchell, & Seawright, 2010) and that both internal and external factors must be addressed to build sustainable success (Smith, Discenza, & Baker, 2006). Organizations face both internal and external obstacles that make survival difficult (Miller, et al, 2007); however, success vs. failure research tends to focus mostly on the internal environment, such as capital and management than external (Nadim & Lussier, 2012).

Do the Factors in the Literature Adequately Address the Causes of Failure of Small Businesses?

Organizations face both internal and external obstacles that make survival difficult (Miller, et al., 2007); however, success vs. failure research tends to focus on the internal environment, such as capital and management. Research supports that the external environment affects the success of small business (De Clercq & Rangarajan, 2008; Lim, et al., 2010) and that both internal and external factors must be addressed to build sustainable success (Smith, et al., 2006).

The missing element in the search for success of failure factors is the ignorance of the systemic nature of a small business. Let us take a closer look: *What is a System?* “A system is whole consisting of two or more parts. It satisfies the following five conditions (Ackoff, 1999):

1. The whole has one or more defining properties or functions
2. Each part of the system can affect the behavior or properties of the whole
3. There is a subset of parts that is sufficient in one or more environments for carrying out the defining functions of the whole; each of these parts is necessary but insufficient for carrying out this defining function the way that each essential part of a system affect its behavior or properties depends on (the behavior or properties of) at least one of the essential part of the system.
4. The way that each essential part of a system affects its behavior or properties depends on (the behavior or properties of) at least one of the essential part of the system.
5. The effect of any of subset of essential parts on the system as a whole depends on the behavior of at least one other such subset.”

A system cannot be divided into independent parts without loss of its essential properties or function. The five principles of Openness, Purposefulness, Multidimensionality, Emergent Property, and Counter intuitiveness, acting together as an interactive whole, define the essential characteristics and assumption about the behavior of an organization viewed as a purposeful, multi-minded system (Gharajedaghi, 2006). Of these five principles, Openness and Emergent

Property play a critical role in defining a new paradigm of success for small businesses. Openness means that the behavior of living (open) systems (those systems that are dependent on their environment for survival) can be understood only in the context of their environment (the larger, containing system). Emergent property (success or failure of a small business) is the property of the whole, the entire system, not the property of the parts, and cannot be deduced from the properties of the parts. When a business fails, it fails as a whole, not part-by-part and section by section. The success or failure is the product of the interaction, not the sum of the action of the parts, and therefore has to be understood on their own term. Emergent property, by their nature, cannot be analyzed, it cannot be manipulated by analytical tools, and they do not yield to causal explanation (Gharajedaghi, 2006). When the performance of the parts of a system, considered separately, are improved, the performance of the whole may not be (and usually is not) improved.

A general observation of the majority of the research on success and failure of small businesses reinforces the methodological problem in design and conduct of these researches. It is a reductionist, analytical method based on causality. In this methodology, the field study is reduced to it major components, each component is researched for possible solution and the sum of the solution for each component is presented as the solution for the phenomena as a whole. However, from a systemic point of view, the behavior of a system is not the sum of its parts and in the context of it larger, containing system: its environment.

Success for a small business is an emergent property; failure is the same. Nevertheless, we generally break the small business into its basic components, ignore its open systems properties, and try to understand why it succeeds and/ or fails from a part oriented, reductionist, perspective. To understand the critical behavior of small businesses, their success, we have to place them in the context of their larger system: the environment, the neighborhood, in which they operate. Concern for the immediate environment and sustainable behavior strengthen the ties of the small businesses with their communities and increases their probability of success.

The proposition of alternatively looking for causes of success and failure in the context of the small business larger system, its environment, opens the door for appreciation of a whole host of new ideas. Sustainability and social and sustainable entrepreneurship will serve as a new paradigm for engaging small businesses in their immediate communities and increase their probability of success.

Passive and Active Adaptation: An Open Systems

To paraphrase Ashby's (1956) law of requisite variety to survive, organizations must have as many adaptive responses as there are changes in their competitive environment even though they may be all passive. However, in today's turbulent and chaotic global competition, passive adaptation may not be sufficient for survival. Playing the game changes the game and the game changers are those that lead the competition. To remain viable through creating and maintaining a competitive edge requires active adaptation and sustainable innovation. As we demonstrated earlier in reviewing the literature, most small businesses fail not only due to managerial ineptitudes, but also fail to adapt to changing or unknown external conditions. For the startup it is a case of unknown external conditions and for those already in business it is a case of dynamic, turbulent, and chaotic external conditions.

Adaptation, passive or active to environmental conditions requires designing learning and adaptive business. It requires the design of the structure, process, functions and culture of the organization that can learn and adapt to the unknown or changing environmental conditions. From an open systems' perspective, an organization can fail because it did not have the proper structure, process, functions or culture to adapt to the changing environmental condition, and/or creates its own future, or failed because it did nor monitor the changes in its environment and could not adapt to what it did not know (Ackoff, 1999).

Unfortunately most of current success of failure research have had an overemphasis on the structure, process, function (SPF) and culture of (and not even from an integrative orientation, but rather disintegrated and part oriented) of the organization by taking fault with each one individually. The question of whether the small business was aware of and appreciated it dynamic environment, or was prepared to adapt to it, have not received adequate coverage in the literature.

Are Failures Preventable?

The key question in assessing the success and failure factors for small business is the degree of prevention of the failure and reinforcement of the success factors. In other word, are the failure factors preventable and the success factors reinforce able?

Preventing the failure factors: There are two general ways to accomplish this and they are interrelated: 1. Managing the internal affairs of the business and 2. Managing its interaction with the external environment.

1. Managing the internal affairs of the business: The review of the literature clearly indicated that most of the research has been conducted on the internal affairs of the business (SPF, and its culture), not the external environment. Small businesses, in term of their ability to succeed, are not a special case, they can benefit from advances achieved by larger organizations. Recent trends in avoiding hierarchical structure in favor of flat or network structures, process method improvement to achieve the same ending with improved processes, and lower cost, and innovation and product/service improvement and sustainability, can all be emulated by the small business to increase their probability of success.

2. Managing the interaction with the external stakeholders. Stakeholders' management, in the general field of management, is a relatively new concept. While it was first introduced in the early 70's, the actual implementation of the concept is still an evolving argument. There is now a growing body of literature on the effects of stakeholders' management on business performance. (Sinclair, 2010)). Post, Peterson, and Sachs (2002) strongly argue that managing relations with stakeholders for mutual benefit is a critical requirement for corporate success. The same argument can hold true for small businesses management as well. Recent development in sustainable business practices (Nadim & Lussier, 2012) can advance the practice of stakeholders' management for small businesses.

The Need for Small Business Audits

It is well known in the medical field that people should get an annual check-up, and like the individual, so should the small business. Unfortunately, the researchers found no evidences in the literature that small businesses go through the same annual check -up to increase their chance of long-term viability and discovery of the early warning sign of trouble.

The SEC and Sarbanes-Oxley Act of 2002

Much is known and written about audits of larger businesses, specifically publicly traded companies. An annual report is a review of the financial records of an organization, checking for its accuracy and compliance with the sound accounting practice including the internal control. Starting back in 2006, all public companies are required (for the first time) to submit an annual assessment of the effectiveness of their internal financial auditing controls to the Securities and Exchange Commission (SEC). Additionally, each company's external auditors are required to audit and report on the internal control reports of management, in addition to the company’s financial statements (Sarbanes-Oxley Act of 2002).

It is difficult to claim outright if a small business does or does not need an annual audit. In the absence of a generally agreed definition of a “small business”, any business, irrespective of its size that falls under Sarbanes-Oxley Act requires an annual audit. If we choose to define small business is a privately held company with fewer than 50 employees, there is very little evidence in the literature that they choose to commit to an annual audit. It is primarily a function of the cost and in the mind-set of the owner, the usefulness of such an act.

Improving Small Business Viability through the Annual Audit Process and Health Maintenance Checkup

We strongly recommend that small businesses perform the annual health maintenance check-up to increase their chance of viability. This health maintenance checkup can be performed internally and does not require the help of outside consultants, CPA or other independent organizations, unless required by law or other contractual obligations.

Small businesses whose books are audited—by a hired CPA, not the Internal Revenue Service—improve their chances of getting a loan, and at far better terms, than businesses with less scrutinized financial statements. Yet even as owners continue to struggle with tight credit, few can afford the time, effort, or cost of preparing complex financial statements, let alone having them audited. (Loten, 2011). Nevertheless small businesses that have any arrangement with the SBA are required to comply with the audit requirement of the SBA. (Audit Program SBA, 2013)

Unfortunately, reviews of scant literature on small business audit all discuss the audit of the financial statement and internal control of the business, not the structure, process, function (SPF), Culture or interaction with its stakeholders.

Annual Health Maintenance and Viability Evaluation
For Small Business:

We recommend that small businesses, similar to individuals, engage in annual health maintenance checkup. The procedure recommended here can be performed internally and does not necessarily require a CPA/Consultant or outside help. The small business owner/manager answers a series of questions.

The audit covers both categories of internal operations and interactions with the larger system/external stakeholders. The list is comprehensive, but not exhaustive and items could be added or deleted from the list at the discretion of the small business owner/ management. The list is a reflection of items in the literature regarding success and failure factors, previously cited in the body of the paper. It also reflects the systemic nature of any business and its interaction with the important components of its larger system and stakeholders.

By following this procedure of answering a series of questions, the small business can increase its probability of success and viability. The suggested list goes beyond the standard strategic planning SWOT analysis and Balanced Score Card models. The simple use of SWOT to lists strengths, weakness, opportunities and threats provides little guidance. Whereas the complete SWOT analysis is primarily based on industrial economics concept and has too many items to make it useful for a small business; its applications are complex. The Balance Score Card (Kaplan & Norton, 1992) covers mostly the internal factors and ignores the externalities and stakeholders.

1. **Internal Operations:**

A. Structure, Process, Functions, and Culture:

1. Human Resource practices: are there rules and regulations in place regarding human resources: hiring practices, workplace compliances, terminations, equal opportunity, etc.?
2. Is there a culture of innovation the promote risk taking and rewards new ideas?
3. Is there a formal performance measurement and reward system for excellence and innovation?
4. Is there a formal total quality management (TQM) and Process Methods Improvement in place?

B. Financial Health

1. Does the business have a consistent cash flow generated from operating activities?
2. What is the debt structure of the business?
3. Is there a continual need for borrowing or capital infusions by the owner(s)?
4. Calculation of the turnover ratios and comparison to the industry standards.
5. Is the business’ gross profit ratio consistent from one period to the next?
6. Is there any obsolete or slow moving inventory that may have to be written off?
7. Does the business have positive current and quick ratios?
8. What is the business’ leverage as compared to equity capital invested?

C.Financial Systems Adequacy:

1. Determine whether the business’ financial reporting system is properly designed and operating effectively.

2. Does the system include methods and records that minimize risk to a reasonable level and insure that:

a. All valid transactions are properly identified and recorded

b. Sufficient detailed information is provided on a timely basis to permit proper classification for financial reporting sufficient information is generated to permit the recording of transactions in the proper time period.

e. Transactions and related disclosures are properly presented in the financial statements

D. Business Model Adequacy:

1. How does the business earn a profit or generate its funds?
2. Are there any unusual or complex transactions?
3. What are the products and services mix?
4. What are the methods of advertising, selling and distributing?
5. Is the business model ethical, socially responsible, and sustainable?

2. Interaction with the larger system/external stakeholders:

A. Compliance with Regulatory Requirements:

1. How extensively is the business' industry regulated?
2. Are companies in the industry subject to unusual warranty or product liability requirements?
3. Are any new laws expected to significantly affect the industry?
4. Has the business received any communication from regulatory agencies? If so, what was the nature of the communication and how was it resolved? What controls are in place to minimize the risk of noncompliance?

B. Environmental Friendliness:

1. Is the business in an industry that has the potential to incur environmental-related liabilities?
2. Is the business in a high risk industry (real estate, health care, dry cleaners, gas stations, etc.)?
3. Is there any evidence that the business may have violated environmental laws? Compliance with the existing laws does not free the business from cleanup costs later on but may reduce potential penalties.
4. Does the business use or generate regulated substances?
5. Does the business need to have permits to store, transport or use regulated substances?
6. Is the business involved in any criminal or civil procedures related to environmental issues?
7. Have regulatory authorities issued any reports on the business such as site assessments or environmental impact studies?
8. Has the business retained any environmental remediation liabilities on sites that it has sold?

C. Competitive Advantage:

1. Who are the business' primary competitors?
2. What is the competitive advantage drawing customers from the competitors, and is it sustainable?
3. Is the business keeping up with changes in technology that could affect the way in which it competes?
4. Do sales depend on price or product differentiation?

D. Local Trends and Political Awareness and Community Relations

1. Does the business hire from the local community?
2. Does the business sell mostly to the local community and close geographical areas?
3. Does the business give charitable donation to the local entities?
4. Is the business (ownership) active in the local and state level politics?

E. Zoning and conservation and other local regulations:

1. Is the business operation consistent with local zoning laws and regulations?
2. Does the business retain a competent attorney who can address zoning issues that may arise?

J. Sustainable Business Practices:

1. Does the business operate with environmental awareness and follow the practices of sustainability?

Conclusions

Small business play such an important role in employment and contribution to GDP that entrepreneurial success is critical to a healthy growing economy. What we have proposed here is one more critical step to achieve viability. Similar to all other living systems, small businesses have interactive elements that contribute to the health of the system, as well as the interaction with the environment that could impact them positively and negatively. Similarly they can benefit from staying healthy, living within a healthy environment and being able to detect the early signs of danger and operational and financial ailments.

We have presented an applied audit that can be used by small business owners/mangers so that they can take a proactive stance through an annual health maintenance checkup to improve the odds of running a success small business. Small business consultants can help small business owners/managers conduct the audit, and small business/entrepreneurship educators can teach the audit to future entrepreneurs to prepare them for small business management. While we maintain that using the healthcare system annual checkup increases small business viability, as with any conceptual model, additional research of the small business checkup is needed to empirically test its validity.

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How the self-employed's income level affects demand for health insurance

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Small Business Institute 2015 Conference
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Abstract

Federal policies, such as the Tax Reform Act of 1986 and The Omnibus Consolidated and Emergency Supplement Act of 1998, were implemented, in part to address the high rates of uninsured, self-employed individuals. The reforms were aimed at increasing the net, taxable income of the self-employed by allowing for tax deductions for the cost of health insurance. However, research provides evidence that for these types of policies to have success in reducing the level of uninsurance, the effects on income have to be substantial. By utilizing The Integrated Health Interview Series data, this paper presents the differences in likelihood that self-employed individuals would choose to privately purchase health insurance at various income levels. These results are compared to findings from the general population.

On the SME deployment of web-based media

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Abstract

This study details the Internet presence of 124 small and mid-sized businesses in an upscale, suburban community in the southwestern United States. We document an array of sophistication and breadth in the deployment of several web based media, including websites, Facebook pages, Twitter profiles, Youtube channels, and Google Maps presence. While most of the firms in our sample maintain a website, these differ substantially in the web page design elements included with four discrete groups emerging from a cluster analysis. This grouping of web page elements also significantly relates to adoption of other social media in a set of discriminant analysis. Specifically, firms who include more basic design elements on their web page are more likely to utilize other forms of social media than those firms who maintain a basic web page.

Survival Rates of New Firms Created in the Recession: A Multi-Year Study

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Abstract

This study examines the five year survival pattern of new firms that were created during difficult economic times, and how this rate might compare to earlier research, given the macro-climate economic conditions and utilizing a more comprehensive measure of births. We also examined one industry sector, restaurants, and compared it to the overall survival rate of our sample. We discuss the implications of our findings in light of definitional issues in past studies, our more inclusive sample, and whether the macro-climate impact is now different given the 2008 recession.

Introduction

Our research interest was in the survival rates of new businesses that were created during difficult economic times and to see if any pattern emerged. As our sample consisted of firms that were created in a recessionary environment, we tracked how these firms prevailed over time and if their five year survival pattern differed from earlier research, particularly since we used a more robust measure of firm creation. The contribution of this paper is to examine the survival rates of these new firms to determine if they are different from that evidenced in past research, and to compare the failure rate in a single industry sector to the overall failure rate. The first section reviews the literature. The second section develops hypotheses related to survival rates of new firms. The third section describes the research method employed for this study. The fourth section presents the results and significance of these findings. We conclude with implications and suggested future research directions

Literature review

Economic conditions in the United States over the last five years have been characterized by a period of slow economic growth as the country has emerged from the most severe economic downturn since the 1930’s (Hodgson, 2009). Further, unlike other recessions after World War II, there has been no growth spurt to quickly regain the ground lost in the downturn (Dominguez and Shapiro, 2013). This situation is manifested in the overall low growth rate of job creation since the recession ended in the summer of 2009 (Business Cycle Dating Committee, 2010). The aggregate number of jobs in the economy is essentially derived from four activities: openings, closings, expansions, and contractions of firms (Knaup, 2005). We refer to these four activities as churning, and in an economy that is growing, the net effect of churning is job creation due to openings and expansions outweighing the closings and contractions (Cook, Campbell, and Kelly, 2012).

One of the first issues encountered when doing this kind of research is the potential bias in the data on small business failure (Yang and Aldrich, 2012, Wu and Young, 2002; Watson and Everett, 1996). This bias has been demonstrated by the use of data solely from public records to study new firms, and by studies that failed to capture ventures that began before the study was initiated (Yang and Aldrich, 2012). This occurs when investigators use registration data for their sample (meaning the firm has registered its existence with a governmental body), but this data typically means that the new venture has already achieved a certain level of performance (Yang and Aldrich, 2012). As a result, emerging ventures are underrepresented. For example, “According to Reynolds and Curtin's (2009) review, only 7 out of 26 relevant data sets for research on entrepreneurship provided longitudinal information on new venture creation. We found that none of the 7 data sets applied selection criteria that would lead to a representative sample of emerging organizations" (Yang and Aldrich, 2012, p.480). As a result, the samples are skewed to more hardy ventures (Cader and Leatherman, 2011). The importance of using representative samples is critical if the results are to be applied to a target population, and also if policy makers use these results for economic development strategies (Cader and Leatherman, 2011).

Next, you cannot investigate survival rates without an understanding of failure rates. In their literature review, Watson and Everett (1996) note that failure rates can vary depending on the definition of failure. A bankruptcy with a loss to creditors was the narrowest definition discussed which resulted in the lowest failure rate (and therefore the highest survival rate) whereas a much broader definition was the discontinuance of the business, which resulted in a much higher failure rate. In short, the broader the definition of failure, the higher the failure rate (Carter and Van Auken, 2006). In addition, many studies on business failure often focus on what factors influence new firm survival, and do not examine the overall survival rate (Acs, Armington, and Zhang, 2007).

For those studies in the literature that do discuss survival rates, the likelihood of new firms continuing has varied somewhat. After allowing for different definitions of failure, van Praag (2003) reports that new firms have only a 50 percent survival rate over the first three years. Monk (2000) offers a similar outlook as he indicates that most new small firms will not make it past their fifth year. Other researchers have looked only at longer survival rates, i.e., how many firms are still around after 4 or 5 years (or the reverse- how many firms have exited the market in that time frame). Dunne, Robertson and Samuelson (1988) found a five year exit rate of 52 percent which translated into a similar survival pattern as Knaup's 2005 study, as did Audretsch and Mahmood (1995), who placed the number at around 50 percent. Cader and Leatherman (2011) stated it at 58 percent, and Romanelli (1989) had it at 67 percent. The Small Business Administration's Office of Advocacy (2014) states that about 50 percent of new firms survive longer than 5 years, and more importantly, survival rates have not changed very much over time.

As noted before, our interest was in the survival rates of new businesses that began in difficult economic times (2009-2010) and how these rates might compare to other studies that were generally conducted when the macro economic climate was more favorable. An earlier study (van Praag, 2003) found that the regional unemployment rate was not a factor in a firm's failure rate but it could influence the decision to enter into a venture. Wu and Young (2002) determined that there was some evidence that the survival of small firms is affected by overall economic conditions upon entry, and that finding can vary based on the region. In general, however, the local small business environment mattered the most (Wu and Young, 2002; Acs, Armington, and Zhang, 2007).

Another issue we explored was whether there were any differences between studies of previous survival rates and our study due to the fact that we were using a more inclusive measure of firms than some of these earlier investigations. For example, the Knaup (2005) and the Knaup and Piazza (2007) studies use Business Employment Dynamics (BED) data from the Bureau of Labor Statistics (BLS). These data sets draw "from state employment insurance tax databases and collect information from approximately 98 percent of nonfarm-payroll business in the US." (Knaup, 2005, p.50). Hence, the total number of businesses cited by Knaup and Piazza (2007) in the US in 2005 was 8.9 million. However, the BED data does not capture all of the new business entities created in that time frame. What is missing from the BED data is the solo business entity that does not have employees. Similar to BED, some of more recent studies have used the Longitudinal Establishment and Enterprise Microdata (LEEM) database, developed by the Bureau of the Census. This database, like BED, tracks all U.S. private sector non-farm businesses with employees over time (Acs, Armington, and Zhang, 2007). However, the businesses tracked are still must have employees, making them a subset of the total number of firms.

By using datasets whose members would all have employees, one can end up over-sampling more resilient firms. Yang and Aldrich (2012) describe this process as truncation, and it occurs when observation of new firms only begins upon registration with the government or some other entity. Hence, these firms are counted as new even though they may be several months, or even years, old and studies can miss observing/counting firms that may start and terminate before any type of registration activity occurs. When these starting points are used, such as registering with Dun & Bradstreet or with a governmental agency, the average age when a new venture was listed with D&B was about 62 months, and 18 months when a new venture was registered with a government agency (Yang and Aldrich, 2012). Using one of these points as the birth of a new firm would have missed the critical, and potentially the largest, struggling time of the firm's existence.

In contrast, the United States Small Business Administration (SBA) employs a broader measure of the number of firms that exist, and whose existence is determined by the filing of a business tax form that shows some business activity. According to the SBA, in 2011, the number of businesses in the US was 28.2 million (Small Business Administration, 2014), as this number also captured solo entities. Similarly, the Panel Study of Entrepreneurial Dynamics (PSED) was developed to survey nascent entrepreneurs and capture earlier stages of the entrepreneurial process (Reynolds and Curtin, 2007). As a result, the PSED database can capture the early deaths of businesses (Yang, 2010). Therefore, like the SBA data or PSED dataset, our sample would have not only the BED or LEEM firms (ones with employees) but would also include solo enterprises.

Hypotheses

Hypothesis 1: We tracked our sample of new firms over time and then compared the percentage who survived to five years old with an average of other survival studies, which we determined to be approximately fifty percent. Although previous studies have shown a variety of survival rates, we used the average rate of 50 percent noted in multiple studies by the US Small Business Administration, because of their robust sampling methodology. This rate has not varied in their studies of small firms, which occurred in 1995, 2000, 2005, and 2010 (SBA, 2014). However, given the severity of the economic conditions that the new firms in our sample were founded under as well as the robustness of our sample, we anticipated a lower survival rate than the national average and, therefore, tested the following hypothesis:

H1: The five year survival rate of new firms in our sample would be less than the 50 percent five year national survival rate average.

Hypothesis 2: Survival rates have also been examined by industry sector, and some scholars have also reported a remarkable similarity in these rates across different types of businesses (Knaup and Piazza, 2007; Knaup 2005). Another recent study by Cader and Leatherman (2011) found a different result when examining the technology sector versus the service and goods sectors, in that the IT sector had worse survival rates. Therefore, we were also interested in looking at an industry sector. Our sample consisted of a number of food/beverage establishments and given that restaurants and other eating/drinking establishments have a reputation as being inherent risky, we wondered if the survival rates for this sector would differ from the overall sample. Specifically, given the harsh economic conditions under which these firms were founded, we believed that their survival rate would be less than the rest of our sample. Accordingly, we tested the following hypothesis:

H2: The food and beverage startups in our sample would have a lower survival rate over a five year period than non-food/beverage startups in our sample.

Methods

Our data came from the New Businesses database that was part of ReferenceUSA, a commercial firm that offers listings of new and existing businesses. When using ReferenceUSA's New Businesses database, lists of firms can be generated using a number of criteria, including date of creation. We downloaded information on New Jersey firms that were created over a twelve month period from June 2009 to June 2010. We selected a random sample from this list and took every fifth firm. We chose New Jersey as our geographic focus as we were interested in examining startups from a highly populated region, and New Jersey is the most densely populated state in the country (Wu, 2011). When accessing this database, we also specified businesses that were started in a commercial space (versus a home-based venture), and were full-time (ReferenceUSA categorizes full-time as meaning that the venture was the primary occupation of the founder). Given the expense and associated financial risk associated with renting a separate business location, we believed that these firms would tend to be more substantial than home-based ventures. We began our study in summer 2010, with 459 verified firms. We made calls to all firms downloaded to ensure the initial accuracy of the sample, and these firms ranged in age from 1 month to 1 year. The average age was six months.
These 459 firms in our sample were called again in July 2012 to track their survival. If we reached a bad number, we then used the internet to try to locate the firm, in case the firm had moved/been acquired, etc. If we were unsuccessful in finding the firm, they were considered out of business. Of these 459 firms, 173 were out of business by July 2012, leaving 286 survivors. The results of these phone calls are as follows:

TABLE 1- JULY 2012 RESULTS Frequency Percent In business 286 62.3 Out of business 173 37.7 Total 459 100.0

Next, we again called the surviving 286 firms in July 2014 to see how they had fared. We used the same methodology as before to verify their existence. Of these 286 firms, 60 were out of business, leaving 203 survivors. The results of these phone calls are as follows:

TABLE 2- JULY 2014 RESULTS Frequency Percent In business 203 44.2 Out of business 256 55.8 Total 459 100

Findings

Hypothesis 1: We compared the survival rate of all the firms in our sample to a national average of fifty percent. We labeled firms in our sample as a 3 if they were still in business in 2014 and a 1 if they had gone out of business in an earlier year. Using a t-test and setting a benchmark of 2 to reflect a 50 percent national average survival rate, our sample's survival rate of 44.2 percent was significantly different than the 50 percent benchmark rate, with a p=.013, and therefore, our hypothesis was supported. Our sample's survival rate is clearly worse than the national average.
Hypothesis 2: In our sample, we compared the food/beverage firms' survival rate to the non-food/beverage companies' survival rate. In our sample, we had 366 firms who had identified industry types (including food and beverage firms), and 93 unclassified firms. Utilizing the 366 firms, there 77 food/beverage firms and 289 non-food/beverage companies. A frequency distribution showed that only 35 percent of the food business survived five years, compared to 50.9 percent of the rest, and a Chi-Square analysis revealed that the failure rate for food businesses was significantly higher, with a p=.014. Therefore, our hypothesis was supported. The following figure shows the break out of these firms Status in 2014 Total Failed Survived Food/beverages businesses 50 27 77 Other than food types 142 147 289 Total 192 174 366.

Discussion

Measuring the success or failure in a business can be difficult for a number of reasons. As noted earlier, the first problem is the definition: what is failure? As noted by Carter and Van Auken (2006), it has ranged from discontinuance for any reason to bankruptcy with a loss to creditors. The second problem is measurement: when is a firm a firm? The Panel Study of Entrepreneurial Dynamics (PSED) of nascent entrepreneurs describes venture creation as a process (Reyolds and Curtin, 2007) and discusses the inherent difficulty of determining when to count the firm's creation. Therefore, operationalizing these measures can still be a murky area. As a result, there are studies that utilize a registration with a governmental body as a proxy for firm birth, which can result in a survival bias as "about half of entrepreneurs fail to create an organization that becomes part of a public records" (Gartner and Shaver, 2012: 660). In our study, we did not require registration with a governmental body to be included in our sample but instead, we did require firms whose operation was the primary means of support for the founder. Hence, our sample had operating ventures (versus nascent) which were a fulltime endeavor for the owner.

As we believe our sample is more robust than many of the other studies, we would have captured firms earlier in the startup phase and as a result, better tracked the outcomes of these companies. Although our data collection was designed to capture initial firm creation, it was not designed to capture the idea conception, like studies that use the PSED dataset. However, in contrast to many other earlier studies, our data included non-payroll businesses and, therefore, some of these firms would tend to be smaller (less expenses without payroll) and possibly less fiscally sound than businesses with employees.

Another possibility for the increased failure rate in our study is the potential risk factor if a firm shuts down. For example, if an owner tries a venture and is able to minimizes his/her startup costs and has no employees, running the venture may become a "heads I win, tails I don't lose much" scenario, and the decision to exit the venture could be easier than in a firm with more at stake (i.e., employees).

The macro-economic conditions could also come into play here too. With the exception of the SBA's 2010 finding, the studies cited looked at data prior to the economic crisis in 2008. This could suggest a changing economic reality, perhaps because in the five years since the recovery began in 2009 (Business Cycle Dating Committee, 2010), economic growth has been weak, at least in compared to previous recessions (Dominguez and Shapiro, 2013). Although Headd and Kirchoff (2009) found that survival rates were not affected by macro-economic conditions, their article was finished before the impact of the 2008 recession was known. Perhaps now the macro-economic conditions do have an impact of on firm survival rates. It could be that we are facing a "new normal."

Further breakdown of the data into an industry sector revealed a weakness in the food/beverage industry. It has long been a truism that restaurants are uniquely risky enterprises, and one can hear stories of failure rates approaching 90 percent. However, a 2005 study found that "Contrary to the oft-repeated myth that 90 percent of restaurants fail in their first year, we note a failure rate closer to 26 percent-and the cumulative failure rate never exceeded 60 percent in the three years we studied" (Parsa, p. 311). Over the same three year time frame, our study found a 49.3 percent failure rate in food/beverage ventures. Hence, this industry sector in our sample appeared to do better than the rate found in the other study but compared to other types of businesses, it was still particularly risky. We suspect that food/beverage establishments tend to have a couple of inherent disadvantages in terms of survival. First, these establishments tend to have substantial facility and labor fixed costs. This type of business needs a location and employees and in the short run, may be unable to cut these costs substantially if business drops off. Further, some of the food, which is normally a variable cost, is perishable (and cannot simply be stored for a later sale) which further increases the risk. Continuing, there are also license and inspection requirements that increase the complexity of the operation that not found in many other types of ventures. Second, going out to eat/drink tends to be a discretionary activity and one that can be eliminated and/or reduced during poor economic times. These characteristics of the industry are fairly stable, however. That would lead to the conclusion that it was the severity of the 2008 recession and the relatively slow recovery in the New Jersey (Tilly, Wurtzel and Risser, 2013) that heightened the risk inherent in this sector and therefore contributed to a weaker survival rate than other firms in our sample.

Conclusion/Future Directions

Our study found that the survival patterns of the startups in our sample were different than what was found in previous research. We believe that this is a result of us utilizing a more robust sample of startups (by including non-payroll businesses) than most previous studies have done. Other researchers would need to examine survival rates using a broader measure of business creation than BED/LEEM data, and to study survival rates of new firms created after 2009 to determine if their findings reflect a pattern closer to what our sample experienced. If findings from these future studies are similar to ours, we believe that researchers need to first understand the causes of the decline in survival rates, and then to make that information widely available. This kind of data would be important to policymakers and economic development officials who are tasked with helping small businesses, to researchers and academics who regularly use this data, and to potential business owners who may wish to adjust their business concepts or be more cognizant of the problems based on better information of survivability.

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Small Business Owners and Personal Development Plans: Preliminary Evidence from Halifax, Canada

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Abstract

Personal develop plans (PDPs) have been seen by some to be a highly relevant form of workplace learning for the development of owners/managers and employees of small businesses. This paper presents preliminary findings from in-depth interviews with 11 owners/managers of 10 small businesses about their use of PDPs by themselves and their employees. More specifically, this paper initially discusses the importance of learning for owners and their employees as seen by the owners, the reasons why learning is important, and how learning needs of owners and employees are determined. Further, this paper examines the use of PDPs by owners for themselves and their employees. Lastly, the reasons why PDPs are not used by owners/managers are presented and how amenable owners are to the use of PDPs is assessed. The paper concludes with limitations of the current study along with future research directions for PDPs and small business.

Introduction

Employees and managers across various organizations and occupational/professional groups have long considered their own learning at work to be very important to them (Crouse, Doyle, & Young, 2011; Doyle, Findlay, & Young, 2012; Doyle & Young, 2007). Further, personal development plans (PDPs) have been, and remain, very popular among many various groups as a means of improving learning in their field. For example, PDPs have been shown to be very important for school teachers (Butt & Macnab, 2013; Tienken & Stonaker, 2007), early childhood educators (Sugarman, 2011), physicians (Van Es, Visser, & Wieringa-De Waard, 2012), and dentists (Butt & Macnab, 2013). PDPs are also important for developing leadership competencies for those who are taking on roles outside their clinical and technical roles (Stoller, Barker, & FitzSimons, 2011). Further, the part that PDPs play has been considered for those who are pre-professionals and are ready to embark on their careers in enterprise and entrepreneurship (Rae & Woodier-Harris, 2013). Clearly PDPs have utility for many people across many fields. However, one area that has been understudied in terms of PDP usage is small business, particularly in a Canadian context.

Thus, the purpose of this paper is to examine the use of PDPs in small businesses in Canada. In particular, this paper relies on a literature review and framework developed by the current authors and presented at the Small Business Institute Conference in St. Pete Beach, Florida (Doyle et al., 2013). Fundamentally the paper suggested that PDPs, although widely used in many professional areas, seem to be scarcely used by small business. Initially, Doyle et al. identified and described the small business context in Canada and the need for enhanced human-capital development within small business, which has been related to organizational success. They then examined the concept of workplace learning and its relationship to small business and the notion that PDPs could be a highly effective learning strategy for small businesses. The paper went on to provide an overview of PDPs and their effectiveness as well as factors that might limit the effectiveness of PDPs. The paper then concluded having identified and described seven factors that make PDPs a good learning tool for small business. These factors include:

1) – individuality in learning – different individuals need to know and be able to do different things.

2) – firm context – all firms work in different areas and have different contexts, i.e., surrounds in which they operate, so what one firm needs another might not need

3) – firm strategy – the organization's learning strategy should fit the firm's strategic goals and actions. For example, does the firm operate with a low-cost or differentiator strategy?_ Having a different strategy will result in different learning needs and actions from having a cost-cutter strategy.

4) succession planning – succession planning remains very important in small business in part because many small business owners have not planned for succession. PDPs can help owners plan for succession by helping owners develop the knowledge and skill sets required of those who will take over the firm form the owner.

5) – focus on development not evaluation – PDPs are likely to be accepted by employees and others if they see that they are being used as tools to help them develop as opposed to tools to be used for evaluating them.

6) – going beyond learning just for work – owners/managers of small business can provide their employees with the opportunity to develop themselves for their outside-work lives and such will be more than less likely if enhanced organizational outcomes occur. However, employees can become better learners because "PDPs are an excellent means of promoting self-development and continuous learning in the broad sense" (Doyle, et al., 2013, p. 285).

7) – owner/manager as enabler – PDPs, as with any successful program, must have a champion and managers and supervisors have an important role to play in being a driving force behind the use of PDPs, if they are to be effective.

Based on the importance of learning to employees and managers in organizations (Crouse, Doyle, & Young, 2011; Doyle, Findlay, & Young, 2012; Doyle & Young, 2007) and the work of Doyle et al. (2013) on PDPs, this preliminary investigation of PDPs and small business addresses the following questions:

1 – how important is learning for owners and their employees as seen by the owners?
2 – why is learning important for owners and employees?
3 – how are learning needs of owners and employees determined?
4 – are PDPs are used by owners for themselves?
5 – are PDPs are used by owners with employees?
6 – are there any particular reasons why PDPs are not used?
7 – how amenable are small business owners to using PDPs for their own development?

Methodology

This study is based on a qualitative method and relies on in-depth interviews based partly on procedures described by Lofland and Lofland (2006).

Participants

Participants were 11 business owners from 10 different businesses in the Halifax Regional Municipality, Nova Scotia, Canada. The owners were a convenience sample on one hand, but on the other hand were selected purposively in order to reasonably represent a variety of business types. Identification of potential participants began with business and personal connections of the first author and his professional connections with others. Potential participants were identified based on the size and type of business identified.

Interview Guide

The interview guide consisted of closed-ended and open-ended questions that were asked of all participants. For example, one closed-ended question asked, "How important is it that you develop new knowledge and skills in order to do your current job effectively?" Participants then answered these types of questions based on the following scale, very unimportant =1; somewhat unimportant = 2; neither important nor unimportant = 3; somewhat important=4; and very important = 5. One open-ended question asked, "Why is learning unimportant or important to you?" Participants then answered these types of questions freely. Interview questions were reviewed by the university's Ethics Review Board for potential ethical concerns and were then reviewed by a communications expert to assess question clarity.

Procedure

Participants were initially contacted by an e-mail that described the study and asked for their participation. Follow-up telephone calls were made by the research assistant to determine level of interest and willingness to participate and interview, dates and times were established accordingly. Face-to-face, semi-structured interviews were conducted with the business owners at their places of business. Interviews took approximately 30 minutes on average, were audio recorded, and were transcribed verbatim.

Participants and Their Organizations

Table 1 presents a demographic overview of study participants and their businesses. Most participants were owners, others were senior firm managers, and male, and three (27%) participants were female. The businesses had a range of 94 employees with an average of 27.9 per firm. Businesses were predominantly in the business-services sector (70%), with the others in hospitality, media, and retail.

Results and Discussion

The initial research question of this study asked – how important is learning for owners and their employees as seen by the owners? The second question asked owners – why learning is important for owners and employees?

The responses to interview questions regarding importance of learning to owners for themselves and for their employees and why learning is important for owners and employees are presented in Table 2. Clearly, learning by owners is very important to them as is learning for their employees. The dominant reasons for learning importance for both owners and employees are related to keeping up with change. Secondly, owners found learning important for themselves so that they could remain competitive and for employees so that they could develop new knowledge and skills.

Table 1
Demographic overview of participants and their businesses

Position in firm	Business/Industry type
Owner – 6	Business Service – 5 (50%)
Owner/President – 2	Educational Services – 1 (10%)
Owner/VP – 1	Environmental Services – 1 (10%)
President – 1	Hospitality – 1 (10%)
Sales manager – 1	Media – 1 (10%)
	Retail – 1 (10%)
Gender	Average number of full-time employees
Men – 8 (73%)	Mean – 27.90
Women – 3 (27%)	Range – 1 – 95 Standard deviation – 30.58

Table 2
Importance of learning to owners for themselves and for their employees and why learning is important for owners and employees

Importance of learning to owners for themselves
Mean – 4.80
Range – 3 – 5
Standard deviation – 0.63

Owners' reasons for importance of their learning
Keeping up with change – 7 (63%)
Remaining competitive/better – 2 (18%)
Doing new things – 1 (9%)

Importance of learning to owners for employees
Mean – 4.80
Range – 3 – 5
Standard deviation – 0.63

Owners' reasons for importance of employees' learning
Keeping up with change – 5 (45%)
Learning new skills/knowledge – 4 (36%)
Creating careers for employees – 1 (9%)
Being innovative – 1 (9%)

The finding that learning is important to owners/managers and their employees is not surprising and is certainly consistent with previous research on the high importance attached to learning for human resource managers (Crouse et al., 2011), hotel employees (Doyle, Findlay, & Young, 2012), and managers of small and large firms in knowledge-based industries (Doyle & Young, 2007). Further, the dominant reason for learning for owners/managers, keeping up with change, is also consistent with the finding for human resource managers (Crouse et al., 2011) and managers of small and large firms in knowledge-based industries (Doyle & Young, 2007). Clearly it is also important that employees continue to learn to keep up with change as well as develop new skills and knowledge, presumably to help keep them current.

The third question of this study asked – how are learning needs of owners and employees determined?

Identifying learning needs is important, but is difficult (Fuller-Love, 2006) and needs are highly individual in nature (Murphy and Young, 1994). Owners determined their learning needs in a variety of ways, but having to solve problems, observing what other firms in the industry do, asking questions of others such as clients, and trying to keep up were quite common answers. These strategies are consistent with Dawe's and Nguyen's (2007) view that small business owners learn through doing and solving real business problems and making use of their social networks. So it is not only the learning itself that is done by dealing with business problems and working with and through others, but the identification of learning needs arises through similar strategies. Again, owners' learning needs are likely to be highly individual.

Employees' learning needs were determined largely through assessing employees, formally and/or informally, in terms of their levels and types of knowledge and skill against what a job required. Indeed, five (50%) of the 10 owners/managers identified such strategies and one participant said, "We do a needs assessment every few years, um, and also just by observation in the environment, um, looking at what they're dealing with on a day-to-day basis and then observing to see if, you know, do they have that skillset. Then it's usually a conversation, a meeting with them to talk about it and see if they're aligning with what I'm thinking." The learning needs of employees tend to be assessed in standard ways (see for example, Saks & Haccoun, 2010), in a more or less formal, manner – what does the employee need to know to complete a job effectively and efficiently? "Some of the strengths that PDPs bring to development of owners/managers of small business and their employees is their focus on individuals and their specific learning needs. Secondly, PDPs facilitate the process of identifying the individuals' needs and the amounts of their needs. Thirdly, PDPs can help individuals and their supervisors identify various, but appropriate, developmental strategies as well as time frames and resources" (Doyle et al., 2013, p. 283).

The fourth question of this study asked – are PDPs used by owners for themselves? The fifth question of this study asked – are PDPs used by owners with employees? An overview of responses indicating the extent of PDP usage by owners and with employees is presented in Table 3.

In response to the fourth question, at least six of the participants indicated that they used PDPs in conjunction with their own learning. However, Participants indicated that their own PDPs tended to be informal rather than formal and in response to a question about their usage of PDPs made comments such as, "Not a formal one, but an informal one" (Participant 1) and "Not in a formal sense …" (Participant 2).

Table 3
Use of PDPs by owners for themselves and for their employees

<u>Use of PDPs by owners for themselves</u>
No – 4
Yes – 6

- Formal PDP process – 0
- Informal PDP process – 6

<u>Use of PDPs by owners for their employees</u>
No – 4
Yes – 6

- Formal PDP process – 2
- Informal PDP process – 4

However, the comments of Participant 6 captured more fully the informal nature of PDPs for owners, "Um, not a formal personal development plan but I will go through like I'll have my own … list of things I suppose and if I do a … my own little direction sheet for myself I mean, I'll take on certain types of you know, maybe social media or, um, permission marketing or, you know, like different types of things that I think are relevant to running the business. I'll have you know I need to know more about you know getting the key words on a website or doing you know … I just have that in a list of things that I keep working through. And it's just an ongoing list and I read, I'll buy books, I'll read articles … there's a lot of information on the internet in general. I'll just, you know, do what I got to do to find out what I need to know … or take a webinar or a seminar or whatever I find available."

As with the use of PDPs by owners, PDPs were used with employees, but their usage also tended to be more informal than formal. Some such as Participant 1 simply said, "No." and Participant 5 said, "No, no" in response to the question about employee usage of PDPs.

Formal examples of PDP use were provided by two people, for example, Participant 2 who said, "Yeah, we have something similar (had been shown a sample). Well, of course, yeah. We would, we would have something similar. You know, we have a review of all of our employees each year … and dealing with, you know, the opportunities, their strengths, their weaknesses and how to, uh, identify that. Um, so, yeah we do use those." In addition, Participant 4 stated, "…we're a company that … in terms of the global market place we're quite small. So we try to use the right amount of … planning and documentation and actual programs in place for employees to you know, optimize everyone's time. So, we do have a performance plan. And part of a performance plan is setting objectives and goals and then, part of that is … we really look at our employees. Are they able to achieve these goals, and if not, why? And part of that is … there may be skills that are … there's a gap in the skillset so we identify those. And you know, we will encourage and promote and plan on their behalf of getting some professional development there." The informality of PDP usage for employees was best captured by Participant 10 who stated, "Um, not in that framework. But we do, um, I do meet with them and we go through some steps to identify … what would be good next learning goals for them. And often that will include a question or a revisit of what their prior learning is to know if that's going to be helpful to this next level."

Anecdotal evidence suggested that owners/managers would not use PDPs at all and our findings do contradict that early evidence. However, the owners/managers' use of PDPs for themselves and for their employees does fly in the face of the conventional wisdom that suggests that PDPs should be written (Doyle & Young, 2005; Hurrell 2004, Richtermeyer, 2010) and formally managed with a time frame (Hurrell, 2004). However, they do appear to be used as a basis for learning evaluation (Cross & White, 2004).

The sixth question asked, "Are there any particular reasons why PDPs are not used?" Some participants used PDPs on an informal basis, but answered in terms of the lack of formality of PDP usage. For example, Participant 1 stated, "But I said I am. But I don't have it formal. I have it, it's always in the back of my mind and I do have my goals when I look at my … for example, you may call it a personal development plan and part of that may be some target sales, target … limiting expenses. My targets may be in, uh, staff turnover." Others provided more reasons for the more informal than formal PDP usage. Participant 4 said, "… it's probably because it's a plan that I don't have to follow. So I don't have to be as formal because I have a good understanding of you know, what has to be accomplished in my role going forward. It's probably just not as formal because I don't have to … I don't have to communicate it as a … with as much detail. Other reasons were based on company size, for example, Participant 6 said, "I think just the company size. We're a small company and … I can keep track of people easily. And um, I know … my goals for them and our goals together. You know, I can keep track of what they are without a lot of … record keeping." Participant 7 attributed the lack of formal PDPs to a lack of time, "No, you know what a lot of it has to do with time. You know, we're just getting through our days you know we've got things that we're focused on and we know they're not written but we know okay, this is our next goal and this is what we have to do to get there. And so we speak about it but we just don't physically sit down and take the time to write it out and plan that way …" Lastly, informal use of PDPs was attributed to the lack of a dedicated HR person in the firm and Participant 9 commented, "Well I mean, we don't have … human resource person within the building right now. I mean you know, with … we've kind of become lean and mean in our company in the sense that we really cut back on … one certain … we've added in other departments and we've cut back in some and we actually hired more in the last couple years than most companies within our industry however you know, we've chosen to hire on the sales side versus on the human resource side. So, from a personal development plan I mean I think, maybe I'm wrong but that would kind of fall under human resource and HR where you know we don't have someone in that seat right now and it has been talked about but at the moment we don't."

However, others explained why PDPs are not used at all and reasons included a lack of focus on PDPs because of the demands of running the business. For example, Participant 3 stated, "… it's not a lazy factor … it's just the business is so consuming and in my role here as an owner of this business I'm pulled in a thousand different directions and to keep coming back to looking at this development plan it would be nice I would love to be able to do it. I wish I had sort of the … what do you call it … it's the discipline to come back to it …" Another reason for not using PDPs was the business moved and changed too quickly and Participant 5 said, "Um, yes because if we did this it would probably change every couple of weeks. And we move very quickly and oftentimes like I said earlier we don't know what skills are needed. And when they're needed, they're needed immediately. There isn't courses that they can take to … learn it." And lastly, one respondent, Participant 8, had no particular reason for not using PDPs and said, "I can't say there's a reason we just never put it in place … I suppose it's something that we should put in place, but we haven't. And the reason why? Well I really don't have an answer to that."

Reasons for informality of PDP usage tended to fit with some findings in the literature and included using a process that could be seen as too rigid (Fenwick, 2003), not having sufficient time (Ramsay et al., 2003), and lacking staff (Ramsay et al., 2003), in this case a person with dedicated human resource responsibilities. Other reasons included not having to provide and keep the level of detail required in a formal PDP because it was the owner's plan and practically speaking could be managed on an informal basis, and plans were easy to track because of small size so formal PDPs were not needed.

Reasons for not using PDPs also tended to fit with some of the existing literature, in particular heavy workload (Ramsay et al., 2003; Thompson, Hallwood, Clements, & Rivron, 2009), which changed quickly. However, other factors included the intra-personal such as a lack of individual discipline to continue with PDPs, the speed with which the business and learning needs changed rendered PDPs not functional, and simply not having implemented PDPs, despite their alleged strengths.

The seventh question of this study asked, "How amenable are small business owners to using PDPs for their own development?" Two of the 10 participants were quite positive with respect to PDPs and Participant 8 responded, "Absolutely. Anything that helps." and Participant 10 said, "Yeah I would." Four of the 10 participants were somewhat more guarded with their responses and indicated that they might be somewhat likely to use PDPs for their own development or at least do so in an informal way. For example, Participant 1 said, "I think if I see … if I see the need for it to be formal, to be more formal, I would do it. It's just at this point in my … in the course of a day I do a thousand different things and I, usually there's not enough time in a day for me to do what I need to do for my business." And Participant 3 responded, "Would I want to use them you mean? Absolutely. I mean, I would need almost somebody like an assistant to continue to push me to use them and without that person say pushing me to use them I'm just again flying by the seat of my pants dealing with fires every day in this industry and trying to help this industry continue to – this business to continue to grow. So, of course I would be, yeah I think it's important like I said as a background framework to use." Further, Participant 5 commented, "… it's possible. It's, um, I wouldn't be opposed to it … in principle. The difficulty for us to implement a plan like this would be … would be giving it enough priority and can actually get done as opposed to doing the thousands of other things we need to get done. The biggest problem we have now is finding enough time to do the stuff that we already need to do. And so, putting this on top of it, it's, I would say from a practical point of view it's, um, unlikely that it would be, it would be followed." Participant 9 replied, "Well I think it'd be of interest for sure. I think what happens is … you see the low hanging fruit. The low hanging fruit right now is the day-today business. It's what turns the wheels and what puts the money in the pockets and you know, we get caught up in the busyness and you know …" It appears that lack of time (Ramsay et al., 2003) and overall high-workload contexts (Ramsay et al., 2003, Thompson et al., 2009) tend to stand in the way of full adoption of PDPs by some owners.

Other owners were far less likely to use PDPs and some, such as Participant 7, who simply said, "Probably not." and Participant 6 who stated, "I think it would be a case of … it would probably be too much for a small company.", were quite point blank in their responses. Others such as Participant 2 commented, "Very unlikely. I just, I … because the things that you would put in a plan may be obsolete by the time you get to learn them … I suppose there are some things, you know, I want to learn how to do this particular program or that particular program. Well that's nice but we're not using that anymore." Participant 4 said, "I think with … with my role um, you know, I report into a board of directors so it's pretty well defined what the … my goals and objectives would be for the year. So what I try to do is … spend enough time creating a plan that would be appropriate. So I think from the formality of laying out individual performance plan in my specific role … I probably wouldn't be … too inclined to do a more formal job of it." So, skill obsolescence and having clear roles lead to some owners not being too likely to use PDPs.

Conclusions, Study Limitations, and Future Research Directions

In conclusion, learning is very clearly an important issue for owners themselves as well as for their employees. Generally learning is linked to the ability of owners to keep up with change and for employees to deal with change and to develop needed knowledge and skills. Further, learning needs are determined in a variety of ways, but there is a strong sense that learning needs are highly individual and PDPs can offer small business owners and their employers help in providing a road map to their learning.

The role of PDPs in small business for owners and for their employees is somewhat limited and handled on an informal rather than a formal basis, but PDPs are used for evaluation of employee skill needs. PDPs tend to be used more informally than formally or not used at all for commonly mentioned reasons such as lack of time or work overload. However, the small business owners/managers had their own reasons for their informal use or lack of use PDPs, most of which fit owners/managers' personal preferences and/or styles as well as the demands and constraints of running a small business.

There is some evidence that some owners do use PDPs however informally. Further, some owners are inclined to use them. However, some owners/managers will not use PDPs simply because they fit the context of the businesses in which they operate. Evidence of effectiveness of PDP use, which is somewhat lacking (Bauesaert, Segers, & Gijselaers, 2011), would likely have to be presented to owners/managers to sway their behavior in the direction of more complete and formal PDP usage.

A major limitation of this study is the relatively small sample size and lack of generalizability. However, it has extended an interesting area of research, personal development plans, to the area of small business. Further research is required to further examine how the PDP process unfolds in small business and how its effectiveness can be measured.

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Board Members for Small Firms: A Means to Providing Competitive Advantage

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Abstract

Board of director member diversity has an impact on the functions each director successfully provides. Appropriate and necessary board member capabilities differ between small and large firms. Although these differences seem apparent, current research has favored studies related to large firms and neglected those related to board member needs of small firms. Grounded in Agency Theory and Resource Dependence Theory, the following manuscript theoretically suggests that firm size moderates the relationship between board member diversity and the two primary functions (monitoring and the provision of resources) of board members. Furthermore, small firms can gain competitive advantage through appropriate member composition in differing ways than large firms.

Key words: *Firm size, Board composition, Competitive advantage, Resource Dependency theory, Agency theory*

Outsourcing Strategies for Small Businesses:
Issues, Theoretical Bases, and Guidelines

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Abstract

A developing strategic trend among small businesses is to outsource some of the firm's peripheral business functions, a strategy previously taken primarily by medium- and large-sized enterprises. This paper reviews discussions of this trend, both in the general practitioner literature, and furthermore in the empirical and theory-based academic journal literature. Relevant issues are considered and guidelines are offered, both to small business owners and managers, and to those who advise and assist such businesses.

Introduction

Outsourcing has been a basic strategy for larger American businesses for many decades. Consumers are most aware of this practice when they have telephone or on-line communication with the customer service offices of large companies and when it is clear that the service person is located in another country. Similarly, people working in larger businesses and other organizations often must deal with external parties for their health insurance and other benefit claims, or eat in company cafeterias owned and managed by separate food service businesses.

There is a clear economic logic of larger companies and organizations contracting out certain business activities. Many necessary business activities are peripheral to the central mission of the business (such as health insurance and food services), and/or are labor intensive yet not complex (such as telephone customer service) and thus appropriate to delegate to external service firms, often in countries with significantly lower wage rates. Similar in nature and corporate strategy would be the outsourcing of manufacturing to foreign low-cost locations, such as in the clothing and footwear industries, where the primary in-house business activity involves product design and marketing.

However, until recently, small business owners and managers did not consider such an outsourcing strategy for their own businesses. Either the outsourcing process seemed too complex and time-consuming, or the potential financing benefits did not appear to be significant enough to warrant the effort.

Yet smaller businesses are now seeing possible value in such strategies, with a growing number of small business owners and managers beginning to outsource certain business activities. This paper reviews and analyzes this trend and offers conclusions and recommendations to small business owners and managers, and to those who advise and assist them.

First, the general and practitioner literature will be reviewed, and then the academic empirical literature will be examined for more complex issues and nuances.

Review of the General and Practitioner Literature – The Basic Issues

Recent non-academic, practitioner-oriented literature focuses on current trends for small American businesses to move toward outsourcing certain business activities which are not central to their business mission, or which are beyond the owners' or managers' areas of expertise. While small businesses have always retained external accountants for tax preparation and outside attorneys for certain legal necessities that arise, this trend goes beyond those services to additional business activities not previously considered by small business owners and managers. Discussion of this trend can be found in the business sections of newspapers and on business advice websites. A primary point raised in this literature is that outsourcing is no longer limited to the business strategies of large and medium-sized companies (Carmona, 2008, Korkki, 2014, Null, 2013).

The reasons for this trend are both practical and economic. Small business owners and managers constantly find themselves under pressures of time – there simply isn't sufficient time in a day or week to do all that is needed to maintain and grow one's business. Furthermore, certain necessary business tasks may not be truly managerial in nature and/or may be better performed by someone who is a specialist with regard to that task, rather than having the generalist skills necessary for small business management. From a cost factor, small business owners and managers are realizing that certain tasks may be more efficiently performed by an external specialist, and thus be less costly to the small business. This is especially true when the work is outsourced to a country with a less-developed economy and with lower wage rates than that of the United States. For outsourced services which require English language skills, certain developing countries having an English language historical background, such as India and the Philippines, may be especially appropriate (Korkki, 2014).

Small business activities appropriate for outsourcing may include one-time projects in technical areas such as software development, website design and setup, legal advice, and translation services. More on-going services suitable for outsourcing might include website maintenance and routine telephone or on-line customer service. Although more often outsourced by larger companies, small manufacturing businesses may find some of their components, products, or packaging supplies worthy of outsourcing (Korkki, 2014, Null, 2013, Zimmerman, 2014).

The consensus of the practitioner literature is that certain small business activities are especially appropriate for outsourcing- those functions that are not part of management's core focus or competence – the suggested policy being "stick to the competitive differentiator." Most often these outsource-appropriate functions might include: marketing services; financial services; human resources functions such as employee benefits and healthcare packages; legal services; and IT and website management activities (Hughes, 2010).

Although somewhat tangential to the focus of this paper, it should be noted that business outsourcing serves not only the American company choosing to outsource and the foreign company performing the outsources service, but also benefits the country and its economy in which the outsourcing takes place, providing an inflow of capital into the country, raising the standard of living there, and reducing the country's unemployment levels (Korkki, 2014).

Central to this coverage of this trend in the general literature are guidelines for small business owners and managers – how does one assess the appropriateness of outsourcing for a small business, how does one find the right person or company to perform the outsourced service, how should control of the activity be maintained, and how will outsourcing impact the small business, its managers and its employees?

The consensus is that the implementation of outsourcing for a small business should entail slow and careful analysis. This is common-sense advice. Potential outsourcers should be fully researched and vetted, with many questions asked and information obtained. Meet the potential partner face-to-face if possible. Obtain and check referrals. Do not use *cost* as the primary criterion when choosing an outsourcer – the potential personal relationship is more important than finding the least expensive service supplier, especially for longer-term arrangements. If English language skills are important in the outsourced service, it is important to speak to those who will actually be providing that service. Develop a written contract spelling out the duties and responsibilities of both parties (Carmona, 2008, Lorber, 2007, Null, 2013).

For certain type of business activities, a variety of on-line marketplaces and finding services can serve to identify and recommend potential outsourcing services to a small business owner or manager. For example, several on-line services post individuals' and service businesses' specific skills and portfolios, publish reviews, and often arrange for the payments to the outsourcer, taking a fee in the form of a commission or percentage. Some services of this nature include www.elance.com, www.guru.com, and www.odesk.com. These three on-line marketplaces list freelance individuals or small service businesses which can offer services, generally short-term project work, and they can also connect an American small business with foreign manufacturing firms for longer-term outsourcing. For example, oDesk's website lists typical freelance services including "web development, software development, networking and information systems, writing and translation, administrative support, design and multimedia, customer service, sales and marketing," and many more.

Some of these small business–outsourcer connection services specialize in specific forms of business activities. For example, Priori Legal (www.priorilegal.com) specializes in legal services for small businesses. Attorneys can apply to be listed with Priori Legal, and are then vetted – only 20% of lawyers' applications are eventually accepted. When an individual or small business submits a request for legal services, Priori Legal will supply a list of three to five attorneys who best fit the needs of the requestor. Priori Legal's services extend beyond the matchup, offering tools and analytics to help small businesses track and manage the relationships they arrange with one or more lawyers. The chosen attorneys pay a commission on their legal fees to Priori Legal (Zimmerman, 2014). A Google internet search will identify a number of websites offering similar services to those offered by Priori Legal.

The support of the small business' existing employees is important to assure the success of an outsourcing decision. A small business' employees will naturally be concerned that outsourcing activities which were previous performed internally will result in layoffs or disagreeable changes in internal employee assignments and responsibilities. Business consultants who specialize in outsourcing issues conclude that outsourcing rarely results in a reduction of the business' internal staff, but rather allows that staff to focus more effectively on what they do best – perform the company's core business activities (Carmona, 2008). Still, assurance for existing employees is very important.

And once the outsourcing decision has been finalized and implemented, strong follow-up by top management is critical. Outsourcing does not mean washing one's hands of the need for supervision and monitoring – rather it becomes even more important, since the activity is being performed by a non-employee at a distant location (Carmona, 2008, Null, 2013).

The preceding discussion should allow a small business owner or an advisor to such businesses to understand the basic issues and guidelines regarding small business outsourcing. The next section of this paper reviews the *academic research* literature related to this topic, which may offer more nuanced guidance to small business owners and their advisors.

Review of the Academic Literature – Theoretical and Empirical

The academic literature which is specifically relevant to this paper is limited, yet some theoretical discussions and empirical studies can be found, utilizing a thorough search of the literature data bases. These discussions and research findings allow small business owners and managers, and those who advise or consult to small businesses, to further refine and sharpen their understanding of small business outsourcing and the nuances and implications which this literature offers. As many small business owners may not be comfortable with the nature and form of academic writings, it is especially important for advisors and consultants to pursue the following discussions and citations, so that they can expand and strengthen their service to their small business clients (Street & Cameron, 2007).

Much of the academic and scholarly writings in business administration attempts to take existing *theory* and further refine and expand that theory. One of the most relevant theories in *entrepreneurship*, and especially with regard to *family business*, is a*gency theory*. This theory relates to business situations where two or more parties or groups of individuals are central to a business' activities, and where issues of common interests versus self-interests, and conflicting objectives and values, have significant impacts upon the organization and its performance (Seven Pillars Institute, 2014). For example, family businesses often involve family member owner/managers and also non-family-member managers (Sonfield & Lussier, 2009). And this theory is especially relevant to small business outsourcing, where the separate parties are the small business owners and managers on one hand, and the one or more outsourcing parties or businesses on the other hand. The *agency* issues here are between the small business and the outsourcing parties, and can be substantial and significantly weaken or threaten the potential value of the outsourcing activity and its benefit to the small business. To reduce the opportunities for such issues to arise and damage the small business, legal experts recommend formal written contracts to insure that the outsourcing party and the small business managers fully understand each others' expectations, responsibilities, and obligations (Geis, 2007).

Looking further at outsourcing by small *family businesses*, additional issues arise. Memili, Chrisman and Chua (2011) focus upon *transaction cost theory* as a basis for examining the issues in outsourcing. Transaction cost theory helps to explain managerial decisions and strategies, with the primary factors being *asset specificity*, *opportunism* and *risk preference*. Transaction costs are both quantitative and qualitative, and negotiation and other managerial actions are utilized to minimize these costs. This team of academic researchers investigated how family businesses and non-family businesses differ in their outsourcing decisions and activities, and their research indicates that a) human asset specificity, opportunism, and risk aversion will make family firms less likely to engage in outsourcing, while b) the availability of kin-controlled suppliers, the importance of economic goals, and lower control concentration will be positively associated with family firm outsourcing.

The academic literature also offers insight as to why some small businesses are more likely to engage in outsourcing than are other small businesses. Gilley, McGee, and Rasheed (2004) studied possible antecedents to manufacturing outsourcing by small businesses, and found that a) higher levels of perceived environmental dynamism and higher levels of managerial risk aversion are both associated increased outsourcing activity by the firm. Furthermore, firm maturity acts as a modifying factor, so that b) mature firms are more likely to engage in outsourcing than younger firms when their top management has stronger attitudes of risk aversion.

Another issue with regard to outsourcing involves the need to analyze the potential value of outsourcing versus keeping the business activity internal to the small business. Baxendale (2004) has provided a detailed explanation as to how *quantitative* analysis can be utilized to perform this analysis. While this researcher, who is a professor of accounting, recognizes that both qualitative and quantitative analyses are required to best determine the likely value of outsourcing, he stresses the value of quantitative analysis. His suggested evaluative methodology involves "relevant costs," ie. those costs which will differ between the alternatives of in-house versus outsourced activity, and offers a variety of methods including *learning curve analysis*, *indifference analysis*, *Monte Carlo* *simulation*, and *economic value added analysis*. Explanations of these methodologies are beyond the scope of this paper, but interested readers might choose to pursue these methodologies further.

Summarizing the rationale for small business outsourcing, Belcourt (2006), focusing specifically on the outsourcing of human resources management, engaged in scholarly empirical research and found a number of factors supporting outsourcing. These factors can be generalized to apply to most other outsourced activities as well:

- Financial – the outsourced service provider, utilizing economies of scale, can often provide the service at a lower cost. Also, small businesses may be more conservative in their spending on a service if it is outsourced and invoiced to the business than if that service is performed in-house as part of the business' total expenses.
- Strategic Focus – small businesses which outsource certain functions can then focus on their core competencies.
- Technical – outsource providers often possess the technical skills and systems which are not available within the small business (such as computerized interactive voice responses for employee benefit questions and services).

- Improved Service – often quality control can be achieved when performance standards are written into an outsourcing contract, while performance improvement may be more difficult to attain from long-tenured employees with established work habits.
- Specialized Expertise – "outsource when someone can do it better than you."
- Organizational Politics – when outsourcing enables a business to eliminate a troublesome in-house department.

Yet Belcourt's research also recognized the potential negative factors regarding small business outsourcing:

- Risks and Limitations – will the anticipated financial savings be realized? Might service suffer if outsourced? Might employee morale be negatively affected? Does outsourcing reduce the value of the internal organization?
- Projected Benefits versus Actual Benefits – surveys have found that sizable percentages of owner/manager respondents reported that the expected benefits of outsourcing did not materialize. Costs were higher than expected and/or in-house oversight of the outsourced activities became more of a task than expected. Many outsourcing arrangements are not renewed in the long run.
- Service Risks – the quality of outsourced services may be lower than expected, or the service needs of the small business may change over time but the outsourcing contract may not provide for or accommodate such changes.
- Employee Morale – If and when the outsourcing results in displaced internal company employees, morale and performance will often suffer among the remaining employees, as their sense of identification and job security is weakened.

Given this combination of both positive and negative factors, it should not be surprising that Barzcyk, Husain, and Green (2007), investigating the outsourcing of human resource fuctions by very small enterprises, found that, even with the current trend toward small business outsourcing, most small business owners and managers still prefer to <u>not</u> outsource such functions, and only do so when they perceive such outsourcing as a *necessity* – because they feel uncomfortable performing the function internally. Asked specifically about 17 human resource management activities, respondents in a sample of 323 businesses generally preferred to keep such functions in-house when possible. Thus the "in-house" versus "outsource" decision was generally made by these small businesses for *subjective* reasons rather than for *objective* costs reasons, while the decision criteria for larger companies tend to be largely objective.

Going beyond a specific focus on outsourcing, other academic researchers have investigated the broader issue of small businesses' *external relationships*. Such relationships and the resources they can provide can be important in moving a small business toward increased success and profitability (Street & Cameron, 2007). As with the research studies cited above, this research goes far beyond the scope and objectives of this paper, and therefore can only be summarized. Street and Cameron developed a conceptual model of external relationships for small businesses, focusing on *antecedents*, the relationship *processes*, and the performance *outcomes*. Each of these three components is then broken down further, so that, for example, the antecedents include a) the individual characteristics of the entrepreneur, b) the individual characteristics of the manager, c) the organizational characteristics of the enterprise, d) the organizational characteristics of the external partner, e) the relationship characteristics, and f) the environmental characteristics. Clearly a conceptual model such as this may be too complex for most small business owners to understand and utilize, but a professional or academic consultant should have the ability to translate this type of model into usable advice and guidelines for his or her client.

Conclusions

As the owners and managers of small businesses move toward understanding the potential viability and value of outsourcing or contracting out some of their non-central business activities, it is important that they fully understand the pro's, con's, and guidelines relevant to such strategic decisions.

And it is especially imperative that consultants and advisors to such small business owners and managers educate themselves fully with regard to the academic literature containing research findings and theory development which are relevant to small business outsourcing. Understanding the implications of *agency theory*, *transaction cost theory*, as well as the research findings of the other academics cited above should provide these advisors and consultants with the in-depth knowledge to best understand the specifics of their clients' situations and needs, and thus enable them to provide informed and valuable assistance.

In summary, this paper provides the reader with both a basic discussion of the issue, and furthermore points the way, through references and citations, toward a more advanced and academic treatment of the topic. The potential benefits of outsourcing for small businesses are often indeed significant.

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Firm Size and Entrepreneurial Strategy:
A One-Way Anova Analysis

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Abstract

This one-way ANOVA analysis of data from 184 small businesses and their owner/managers empirically explores the relationship between two variables: 1) the size of the firm, as measured by the number of employees, and 2) the owner/manager's choice of entrepreneurial strategy for the business, using the *Entrepreneurial Strategy Matrix* as the measure of strategy. Thus the literature of entrepreneurship is expanded and advanced. As discussed below, no significant relationships between the two variables were found, supporting prior studies. These finding provide implications for both small business owners and entrepreneurs and those who assist or advise them.

Introduction and Literature Review

Research in the field of *small business and entrepreneurship* has been developing at an increasing rate in the past decade, and one component of this research has focused upon the *antecedents* of entrepreneurial behavior and performance. Within this focus, some researchers have looked specifically at *firm size* as an antecedent.

For example, Goetz, Morrow and McElroy (1991), and Brush and Chaganti (1999), investigated the relationship between firm size and management style and effectiveness. The former researchers tested the relationship between the number of employees in an accounting firm and the level of professionalism among the firm's members. The latter investigators studied the influence of a business' human and organizational resources on firm performance. In both studies, the results were mixed, with no clear and significant relationship between firm size and the dependent variables.

In another related study, Edmunds (1979) compared business size to managerial competence. His study also found no significant relationships between the size of a small business and various managerial activities and methods.

With a somewhat different focus, Ettlie and Rubenstein (1987) researched the relationship between firm size and product innovation. The findings of this study indicated some relationship, with larger firms tending to be more innovative, but the relationship was non-linear and complex.

In two other moderately related studies, Watson and Everett (1996) and Bates and Nucci (1989) examined the correlation between firm size and failure rates. Here too, both researchers obtained mixed results, with no clear relationship between small business size and managerial behavior and strategy
Still other prior studies of the relationship between small business size and firm behavior provide a foundation upon which this current study is based. Lepoutre and Heene (2006) investigated the relationship between firm size and the business' focus on social responsibility. Cohen, Levin and Mowery (1987) studied how firm size impacted the level of R&D activity. Brouwer and Kleinnecht (1996) probed the relationship between the size of the enterprise and the level of innovation in its products. And Rutherford, McMullen and Oswald (2001) developed a theoretical model for small business size and business behavior and strategy.

Other small business and entrepreneurship research studies have more tangentially investigated firm size and its relationship to managerial strategy. While the sizes of the studied businesses were only one of a variety of independent variables tested, these citations are worthy of inclusion in this paper: Aldrich and Cliff (2003); Danes et. al. (1999); Kets de Vries (1993); Olsen et. al. (2003); Schulze et. al. (2001), and Stafford et. al. (1999).

And while not specifically focusing on size, two other studies are somewhat relevant to this current study. Sonfield and Lussier (2004) compared first, second and third-generation family businesses with regard to a variety of managerial characteristics and behaviors [see also Sonfield et. al. (2005)]; and Gersick et. al. investigated "life cycles" in the family business. While both generation-level and "life-cycle" measures are not necessarily the same as business size, there is a certain relationship between the variables, and thus these two studies, both of which provided mixed results, are also worthy of citation.

Further life-cycle studies are worthy of citation. Phan, Baird and Blair (2014) considered the relationship of business life-cycle to activity-based management practices; and Karniouchina et. al. (2013) questioned the validity of the basic value of the life-cycle concept in business studies.

Yet these prior studies are either dated and/or are limited in specific relevance to this current study. Furthermore, the results of these studies cited above were most often ` inconclusive with regard to small business size and its possible impact on managerial behavior and strategy, or the research focus was too far removed from the current specific research focus. And in recent years, research focuses on antecedents have been targeting largely in other directions. Thus there is a need and a value in the current study.

Research objectives

The *Entrepreneurial Strategy Matrix* (Sonfield & Lussier, 1997; Sonfield, Lussier, Corman, & McKinney, 2001) was utilized as the basis for this current study. This matrix is a situational model which suggests appropriate entrepreneurial strategies for both new and ongoing ventures, in response to the identification of different levels of venture innovation and venture risk. Such identification leads to the placement of the venture into one of four cells of a matrix, and appropriate strategies are presented for that cell. *See Figures 1 and 2*.

As discussed below, a sample of 184 small businesses was investigated, with the objective of determining whether a significant relationship existed between 1) the size of the business, as measured by the number of employees, and 2) the cell of the Entrepreneurial Strategy Matrix chosen by the business owner/manager, which identified his or her entrepreneurial strategy.

Hypothesis

There is a relationship between the size of a small business, as measured by the number of employees, and the business strategies chosen by the small business owner/manager(s).

Methods

Design and Sample

The research design used for data collection in this study was survey research based on the Entrepreneurial Strategy Matrix (ESM) developed by Sonfield and Lussier (1997). A national random sample of 2,500 small business owners, representing a full range of business types and industry groups, was prepared by a mailing list company. The list was stratified to ensure adequate representation in all nine Dunn & Bradstreet industry groups, and was then cut to 900 for survey mailing. Of the 900 questionnaires mailed, 98 were returned as non-deliverable, and 78 were returned completed. Follow-up telephone interviews with nonrespondents produced an additional 116 completed questionnaires, but 10 were discarded for too many missing answers. Thus, the sample size was 184, for a response rate of 23 percent. However, there were some questions left blank making some variables with a response of less than 184.

Measures and Statistical Analysis
For hypothesis testing, the dependent variable was the size of the firm, measured by the number of employees. The independent variable is the overall strategy used by the firm, which had four categories, as shown in Table 2. The one-way ANOVA was used to test the hypothesis, followed by the Tukey HSD Post Hoc Tests. (With the one-way ANOVA the terms "independent variable" and "dependent variable" do not imply causality or the direction of the relationship, but are used as the established terminology for the testing of difference methodology—is there a difference in firm size by the strategy used?)

Results

Descriptive Statistics
Table 1 includes the descriptive statistics of the sample. The sample size is large (N = 184) and well balanced with approximately a 70/30 split between retail/services and manufacturing, a 60/40 split of men to women, and 34 states (65% of America) are represented in the sample. On average, each firm has approximately 15 years in business, 10 years in the present business venture, 20 employees, and some college education.

Table 2 identifies the strategy used most frequently by the small business owner/managers with the most employees as *High Innovation / Low Risk—I-r (m = 30.63, sd 61.63), followed by Low Innovation / Low Risk—i-r (m = 19.10, sd = 46.63), High Innovation / High Risk—I-R (m = 18.91, sd 61.70), and Low Innovation / High Risk—i –R (m = 11.71, sd 17.64).*

Hypothesis Testing
Results of the hypothesis test are presented in Table 2. When looking at the means of the four strategy groups (m = 30.63, 19.10, 18.91, 11.71), they are different. However, the model ANOVA is not significant (F = .586, p = .625) at the .05 level. In fact, results indicate that there is only around a 38 percent probability that there really is a difference in size of the business by the strategy used by the owner/manager. Using the Tukey HSD Post Hoc Tests also found that none of the four individual t-tests of differences are significant at the .05 level. Finding no significant differences is further supported by the large sample size of 184, because the larger the sample size, the greater the probability of finding significant differences (Lussier, 2011).

Discussion

This empirical and statistically quantitative study indicates no significant statistical relationships between the size of a small business and the strategies chosen by that business' owner/manager(s). Furthermore, since the Entrepreneurial Strategy Matrix is based upon the levels of innovation and of risk in the business venture, these relationships to business size are also relevant to the type of venture which the entrepreneur has chosen. Thus no statistically significant relationships were found between the size of the small business and either the level of innovation or the level of risk which firm management has either chosen or found itself.

Yet a finding of "no statistically significant relationship" does have meaning and value. Since the literature of prior research offers mixed findings with regard to this relationship, clearly there *are* aspects of small business size and its relationship to managerial strategy that are worthy of notice, even if not always statistically significant. While lacking statistical significance, this study's specific findings indicate the *possibility* that the owner/managers of larger firms tend to develop business strategies which are more innovative and yet less risky than the strategies chosen by owner/managers of smaller firms. For a small business owner/manager to ignore the implications of the size of his or her business would be foolish and illogical. And consultants and advisors to small businesses should also recognize that the size of a business *may* have implications with regard to managerial behavior, and more specifically strategy options and potential outcomes. Therefore the consultant cannot ignore the size and growth rate of the client and the possible implications with regard to business activities and strategies.

Thus, this study is important and of value in our overall objective of theory development in the field of small business and entrepreneurship. With further research with this focus, our understanding of the dynamics of entrepreneurship will strengthen, resulting in more effective small business performance.

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Figure 1

The Entrepreneurial Strategy Matrix

Innovation	Low Risk	High Risk
High	I-r High Innovation Low Risk	I-R High Innovation High Risk
Low	i-r Low Innovation Low Risk	i-R Low innovation High Risk

Low *High*

Risk

Figure 2

The Entrepreneurial Strategy Matrix: Appropriate Strategies

I-r ▪ Move quickly ▪ Protect innovation ▪ Lock in investment and operating costs via control systems, contracts, etc. ▪	**I-R** ▪ Reduce risk by lowering investment and operating costs ▪ Maintain innovation ▪ Outsource high investment operations ▪ Joint venture options
i-r ▪ Defend present position ▪ Accept limited payback ▪ Accept limited growth potential	**i-R** ▪ Increase innovation; develop a competitive advantage ▪ Reduce risk ▪ Use business plan and objective analysis ▪ Minimize investment ▪ Reduce financing costs ▪ Franchise option ▪ Abandon venture?

Table 1
Descriptive Statistics

Variable (N=184)	**Mean / sd**	**Frequency / Percentage**
Years in Business	14.72 / 14.29	
Years in Venture	9.66 / 8.27	
No. of Employees	19.71 / 51.51	
Satisfaction with business Very Satisfied 7-1 Very Dissatisfied	4.96 / 1.57	
Education 1 = grade 7 = doctor	4.86 / 1.24	
Industry Retail / Service Manufacturing		 130 / 71% 54 / 29%
Product Offering Product Service Both		 27 / 15% 75 / 41% 81 / 44%
Gender Men Women		 109 / 59% 75 / 41%
State of Business Operations Respondents represent 34 states (65% of America), ranging from Alabama to Wyoming.		

Table 2
Size of Business by Strategy

F	P-value
.586	.625

Strategy *One strategy group selected as the major strategy*	Mean **Number of Employees**	Standard Deviation **Number of Employees**	Frequency/% **Strategy Selected**
High Innovation / Low Risk (I-r) Move Quickly Protect Innovation Lock in Investment	*30.63*	61.63	*24 / 13%*
High Innovation / High Risk (I-R) Lower Investment Costs Maintain Innovation Joint Venture	*18.91*	61.70	*64 / 35%*
Low Innovation / High Risk (i-R) Increase Innovation Lower Costs	*11.71*	17.64	*28 / 15%*

Franchise Option Abandon Venture			
Low Innovation / Low Risk (i-r) Defend Present Position Accept Limited Payback Accept Limited Growth	*19.10*	46.63	*68 / 37%*

No significant differences found in the number of employees by strategy at the .05 level when running the One-Way ANOVA or when running the Tukey HSD Post Hoc Tests

Get What You Give? An Examination of Enlightened Self-Interest, Philanthropic Intent, and Engagement in Philanthropy for Small Firm Owners

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Abstract

Prior researchers agree that small businesses are important community contributors due to their active engagement in broader social responsibility activities, such as philanthropy. Despite their purported importance to charitable giving and philanthropy, little is known about the factors that motivate small business owners' decisions to engage in philanthropic giving. We integrate enlightened self-interest theory and the theory of planned behavior to examine how enlightened self-interest influences intentions to engage in philanthropy during start-up, which in turn impacts current levels of engagement in philanthropic activities. Our results suggest that intentions to engage in philanthropy at start-up do partially mediate the relationship between enlightened self-interest and engagement in philanthropy behaviors; thus, suggesting that entrepreneurs' motivations grounded in enlightened self-interest influence intentions to engage in philanthropy and subsequent engagement in such activities.

Analysis of Virtual Technologies: Developing a Small Business Competitive Advantage with a Knowledge Resource

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Abstract

In today's global economy, as a business grows and prospers, change will inevitably occur. Companies rely heavily on technology to manage change, facilitate communication and maintain deliverables and timelines. With so many new technological advances in today's world, mediums are designed to provide means to communicate effectively and efficiently. Technology serves many business needs and delivers business results. It is imperative for small business owners to research and learn the many types and uses of these technological tools, in order to invest in one that caters and suits to their business's needs in order to effectively and efficiently deliver products and services to clients. This paper presents an overview of virtual technologies available for businesses based on operating size.

Key words: *Technology, business, small, medium, large, communication, virtual.*

Introduction

Virtual technologies and tools provide opportunities to increase effective communication and collaboration, drive process change, establish protocols, and gain access to virtual services. The technologies provide opportunities for teams to interact, socialize, collaborate, and share knowledge and data asynchronously and synchronously. The technologies also allow a team to meet with each other and their stakeholders, organize tasks, projects and assignments, while others enhance and change processes and protocols. Virtual technology tools will vary in application for small or medium business, to large enterprises. The differences in applicability are based on utilization of available resource assets. The usage benefits drive growth, provide efficiency in costs and processes, provide flexibility, synchronize data and resources and increase accessibility and communication. This paper will provide an overview analysis of various mediums and tools used by various size businesses based on applicability to meet resource requirements.

Definitions

Business Size. For this paper is based on the US Federal definition of small business. The US Small Business Act defines the size of a business as relates to preferential treatment for government services and contracting. The size standard is stated in number of employees and average annual receipts. (SBA.Gov, NA). Thus a company would be considered small as per an official SBA table that matches a company NAICS industry description with a maximum average annual revenue or total number of employees. For example, an NAICS Subsector 442 – Furniture and Home Furnishings Store, section 4422210 (Floor Covering Stores) would be small if annual revenue is less than $7.5 million. While a Subsector 483 – Water Transportation, section 483112 (Deep Sea Passenger Transportation) company would be small if they have less than 500 employees.

Resource Assets. Small and medium enterprises are disadvantaged when it comes to knowledge assets. With fewer employees there are less knowledge resources to draw upon. Knowledge gaps may occur within four areas: know-why, know-what, know-how, and know-who. Know-why is the scientific knowledge, and know-what deals with facts and techniques. These are forms of knowledge that are explicit and may be replicated and transmitted and thus don't create much competitive advantage. The Know-who and know-how on the other hand are tacit knowledge. These are much more difficult to capture and copy. Networks of key relationships develop the Know-who knowledge, while learning how to apply and integrate both the know-why and know-what knowledge is the basis for the Know-how. These two knowledge areas are the basis for developing sustainable competitive advantages which are critical for growth in small and medium size enterprises. (Chrisman, McMullen, 2004)

Brief on Concept Literature

While the history of literature on virtual technology is short and mostly centered around tools, if strategic management is considered, there is research on organizational performance relating to the concept of congruence, or fit. (Lawrence and Lorsch, 1967; Venkatraman, & Ramanujam, 1986) The big picture of this concept centers around the congruence of various organizational factors which provides a positive impact on firm performance. Jauch and Osborn (1981) state "the probability of organizational survival increases as the congruence of environmental, contextual and structural complexity increases" (1981, p. 492). While small firms have mostly been excluded from research on effects of congruence, there is also no suggestion that small firms could not use the same theoretical constructs as larger firms. Management in small firms are influential in developing strategic orientation that impacts the overall complexity of the operations. The strategic orientation of a small/medium enterprise will therefore be subject to the ownership behavior towards integrating new technologies. Technology is one of the business market environment elements that affect every business, and companies that exhibit consistent patterns of behavior in decisions toward integrating new technologies will develop competitive advantages through congruence.

Technology Platforms and Services

Open Source Technologies

Open source technology has driven collaboration management and technologies to new levels globally, driving costs down and providing technologies to medium sized companies that would previously only be affordable to large companies. Crowd sourcing technologies soon followed to bring beta products to the market faster. Open source means a company can have access to the technology and the source of knowledge to own, change and use without having to pay for it vs. many other technologies that are considered proprietary. Proprietary technologies are protected and patented meaning companies will charge license fees to use the technology. There are numerous open source technology products in the market including email products, calendars, and office programs similar to Word, Excel and PowerPoint (ex. Open Office). Because open source technology is 'free' it also means it may not be supported if you run into technology issues. However, depending on the technology chosen, a company can find support services for a cost for some of these technology products. Many proprietary products offer Application Programming Interface (API) to connect to open source technologies to provide flexibility as companies build technology services. Some open source technologies enable companies and virtual teams in communication and collaboration. Examples include Tox, "a secure instant messaging and video chat application intended to replace AIM, Skype" (Black Duck, 2014). Cloud storage provided by OwnCloud or Dropbox (Nix Craft, 2013) allows documents to be accessed by the whole team in real time.

Cloud Computing Technology

Cloud computing allows companies to outsource IT services related to applications, services, platforms, and infrastructure (Banks, 2012). Cloud based computing technologies, applications or services enable enterprises of all sizes the ability to access benefits and services that only large budgets could afford in the past. Cloud technologies reduce operational costs on infrastructure (security, hardware equipment, licensing, installs, IT personnel etc.), and provide security, privacy and disaster recovery, backups and monitoring capabilities (VERIO, 2014; SalesForce, 2014; Microsoft, 2014). Cloud computing provides efficiency, flexibility, and accessibility to companies (VERIO, 2014; SalesForce, 2014). Cloud services offer a variety of pay structures based on usage or demand. This benefit means if the company is growing then large investments in infrastructure are not required (scalability) and if the company sales decline then so do IT costs (reducing risk). It allows the company to avoid having underused and expensive capital investments. Cloud technologies allow resources to work from any location, increases collaboration and provides resources full control of documentation because there is one source of truth to manage. Cloud computing allows companies to avoid hiring specific types of IT support personnel. Today most companies, products, and services are moving towards cloud technologies to achieve economies of scale and position themselves favorably in a competitive marketplace. One cautionary note with cloud technologies is related to privacy and the Patriot Act in the U.S. The Patriot Act allows the U.S. federal government the ability to “intercept electronic communications and business records” upon request (Banks, 2012). It means as a private business you must update your “terms of service or use or other customer e-commerce contracts” after meeting with a legal advisor to review privacy policies and commitments (Banks, 2012).

Products and services are available 24/7 in a cloud. Cloud computing aligns with a movement among enterprises to bring your own device to work to transition costs of hardware from companies to employees. But this transition also enables real time access to collaboration and decision making. One of the downsides is that it continues to blur the lines between work and home. The cloud also aligns with the public expectations for corporations to be more open and transparent and to employees who expect to have access to information from anywhere instantaneously.

Mobile Application Technologies
Technology products now provide mobile application technologies options for all sizes of companies. Mobile applications (accessed with computers, tablets and smartphones) are using cloud based storage to keep data secure and keep team members connected. Mobility is also driving sales as customers now perform banking and purchases using mobile devices (Walters, 2011). Mobility drives collaboration and service. Virtual stores for mobile devices (smartphones and tablets) have enormous content and services to connect resources and drive efficiency. A quick search in Apple and Samsung app stores shows several products that can leverage team collaboration and communication. Many of them are free or low cost. Medium and large companies will need to move towards mobility to drive growth by changing their current internet presence to be mobile accessible and friendly. Mobile designed technologies will reduce advertising and other marketing costs.

Virtual Services
Virtual technologies are driving virtual services across the globe. Technologies are bringing business and subject matter experts together to deliver products, strategies and other business deliverables. A company can hire a virtual CIO, strategy services, subject matter or technical expertise at companies like oDesk or Freelancer.com (Vysion Technology Solutions, 2014). A company can now get services for crowd sourcing testing expertise to reduce having large numbers of test specialist resources (crowdsourced testing, 2014). You can also get crowd sourced funding if companies cannot get loans from traditional sources (GoFundMe, 2014). The list of services that can be delivered virtually is growing dynamically.

Technology for Small Companies

Telephone- Landline
Invented by Alexander Bell in 1876, this telecommunication device allows one to communicate verbally. This device converts sounds over cables and allows for conversations to be transmitted over long distances. It provides the means for communication from one person to another, or from one to many via the use of a teleconference line.

Telephone - Cell phone
Over time, the telephone has expanded to include cell phone usage, which allow for communication without the use of a landline. Since the dawn of the cell phone, small business can now benefit from this communication device as there are so many service providers and a variety of cell phone packages. This makes cell phones affordable to the small business owner while providing the convenience of 24/7 availability. Small companies can really benefit from these simple mediums of communication, for a basic monthly fee while customizing your package to suit your needs.

Telephone – Teleconference
A teleconference line is another option which usually requires an additional fee, as it is considered an upgrade service. This service provides the option of hosting a meeting via teleconference by having your attendees call into your teleconference line, and input the Personal Identification Code provided in order to join your meeting. There are many service providers to choose from which provides opportunity for the small business client to shop around until they find a price that suits their budget.

E-mail
This medium allows one to communicate in written format and relies primarily on the Internet. The email is similar to that of someone sending a letter with the difference being that a letter takes days while an email is instant. Most internet service providers usually provide a few email accounts at no extra costs to the client. There are also many companies such as Google Gmail, who provide free email accounts at no costs with unlimited storage (Google, 2014). This written form of communication is great for small businesses who wish to communicate in writing and provide a paper trail of items discussed. This paper trail may serve of great value to the small business owner when attempting to keep track of business transactions or conversations.

Skype
This software provides the convenience of a “phone-like” conversation while visually seeing the person you are speaking too. Like email, this technology relies solely on the Internet and is usually a free service, even though you can upgrade for more unique features, such as long distance calling (Skype, 2014).

To the small business owner, the benefit of this free video calling service is to allow these types of clients, to simulate in-person attendance of a business meeting. This helps the small business owner to maintain their budget, by eliminating unnecessary travel by allowing verbal conversation along with a live online video streaming of your business meeting. It allows you to be there in person, without the costs of travelling to your business meeting.

Social Media
Social Media is a newest trend, which facilitates communication and marketing needs of the small business owner. This medium allows for the socializing, interacting and networking of individuals, in order to share ideas and information virtually. With so many social media applications in today’s world, there are many free applications to choose from, such as Twitter, Facebook and LinkedIn. These applications have no costs to the small business owner and allow the owner to create an account for himself and/or his company. Clients are able to search and find the small business owner and obtain information about the company, their services and their products.

Mobile Applications
This is a combination of social media applications which are now available on your cell phone, or as they are called in today’s world, your smart phone. These mobile applications allow the small business owner to access their social media accounts via their smart phones, in order to respond to client inquiries at any time. The combination of these two features allows accessibility to one’s business accounts and allows the small business owner to perform transactions, from the convenience of their smart phone, with a tap of a screen. This saves time and money, since most of

these mobile applications can be downloaded to your smart phone for free. The costs of using these mobile applications are usually attached to the smart phone's data plan or WIFI service, which is provided by an Internet Service Provider.

Technology for Medium Sized Companies

Microsoft SharePoint
SharePoint can track team notes, conversations, best practices, shared email inboxes, team calendars, schedules, milestones and individual tasks (Microsoft, 2014). SharePoint allows teams to centralize business knowledge and collaborate by organizing documentation associated with projects. The company can allow access to specific folders, documentation and data based on roles and teams. The application allows a team to control and share specific information with external stakeholders. SharePoint enables a team to work on the same document as the same time and track versions of documentation (Microsoft, 2014). It will sync and store team e-mail (Microsoft, 2014). SharePoint can be used to create intranet sites to share information across the company or to build internet sites to share with clients, stakeholders, partners or customers.

SharePoint in its latest release has implemented social features to allow teams to interact and share synchronously or asynchronously. As a Microsoft application, it is compatible with Office products like Word, Excel, Visio, Project and Outlook. SharePoint allows you to track data and process flows associated with your business. A company can manage analytics by creating dashboards and reports to measure progress, assess results and increase business intelligence (Microsoft, 2014).

Google Apps
Google Apps leverages the benefits of cloud computing for a workforce that is virtual, distributed and mobile. Google Apps provides communication products including GMAIL with instant messaging capabilities, and voice and video chat (Google Apps, 2014). Google+ provides a forum for private or public social interactions, team meetings, or social gathering (Google Apps, 2014). Hangouts voice and video services can be used for team meetings, or meetings with clients, customers and stakeholders (Google Apps, 2014). It is intended to replace traditional conferencing systems. Google Drive provides the ability to store, sync, "create, edit and share information in Google Apps' documents, spreadsheets, presentations and sites" (Sheepdog, 2013). The benefit for companies is the ability to use software without having to purchase the software in order to view it. Google Apps also provides access and the ability to have real time editing as a team to documents, spreadsheets, surveys, forms, websites, and slide presentations (Google Apps, 2014).

Interactive Voice Response (IVR)
IVR systems allow businesses to provide services to clients or customers at high volumes using telephony or VOIP technology. IVR systems reduce costs because you are able to provide information and services automatically without having to hire large numbers of resources to answer the phones. The systems can provide self-service to the customer and if they are setup properly will increase customer service. Web Services can be built to communicate to other systems and technologies to allow a customer to automatically order a product or service without talking to an agent (Microsoft, 2014). IVR systems can be custom built or hosted on a cloud. There are monthly fees or per second fees. The technology agility provides scalability, efficiency and flexibility for any size company. Examples include CallFire (CallFire, 2014) or CISCO.

Collaborative Technologies
Examples of companies that have used mobile and cloud technologies to drive collaboration include:

Asana tracks tasks, assignments, and milestones across projects and teams (asana, 2014). The costs are scalable to the size of the team. The product costs are low per month ($3-8 per user per month). The product is designed for small and medium sized companies.

Highrise tracks email, conversations, notes, business contacts, tasks, and schedules to name just a few features (Grey, 2011). This product has a modest cost per month ($24-$99 per month) for up to 40 users (Highrise, 2014). The product is designed for small companies.

Yammer is a private social network that helps employees collaborate across departments, locations and business apps and is considered the Facebook for business (Yammer, 2014) (Chacos, Brad, 2012). It is free and allows resources to contact each other and share files, which increases collaboration and reduces e-mail (Chacos, Brad, 2012).

Basecamp is an online, mobile friendly, cloud based project management tool. This tool allows you to create and track projects, track milestones, share, collaborate with teammates, clients and stakeholders, upload files and many more options (Basecamp, 2014). Basecamp is also now free for teachers and is an excellent way to monitor training and teaching projects. Basecamp costs are based on the number of projects created and size of storage used on the projects ($20-150 per month) (Basecamp, 2014). Basecamp is designed for companies of all sizes because they do not charge per user.

Infusionsoft is a small business sales and marketing tool. It provides the ability to have mobile options. It tracks leads, contacts, orders, accounts, and sales history. It also integrates the product with your e-mail (Infusionsoft, 2014). This is designed for small sales and marketing teams. Costs range from $199 a month for limited options and users to $379 a month the full spectrum of options and only up to 5 users (Infusionsoft, 2014).

Confluence by Atlassian - (Atlassian, 2014). Confluence is a team collaboration tool. It is designed to reduce e-mail and meetings. You can share links and files, keep meeting notes, assign tasks, keep calendars and track issues (Atlassian, 2014). The software is both cloud and server based but the prices differ significantly between the two options. Cloud is $10 a month for 10 users to $1000 a month for 2000 users (Atlassian, 2014). Server option is $10 for 10 users to $20,000 for 10,000 users (Atlassian, 2014). It is designed for companies of all sizes.

Technologies for Large Companies

WebEx Software

WebEx videoconferencing software is used by many large organizations in the global marketplace due to its user friendly applications and world class capabilities. As globalization has increased the need for telecommunications to connect global teams, WebEx software has developed a product that allows individuals to connect virtually as if they were all sitting in a board room together. Not only does WebEx support the needs of global business units, it has also become popular among many educational institutions such as The University of Fredericton. With over one million users, WebEx is able to connect as many as one hundred different locations all at once from any time zone (WebEx, 2014).

Globalization and the emergence of new technologies have brought new issues and needs for large organizations such as how to keep a group of individuals from different locations connected without using e-mail as the primary avenue for communications. Traditionally, a face to face meeting has always been more effective than a simple phone call or conversation through e-mail. The products offered by WebEx have given organizations the capability to communicate in real time while sharing information (documents) for all parties to see. This allows large organizations to review important data, have educated discussions, and be able to make sound business decisions.

Secure File Transfer Protocol (SFTP)

Another tool used to connect large organizations and allow them to transfer documentation in an expedient and safe manner is a Secure File Transfer Protocol (SFTP). Offered by many different providers, SFTP allows users to upload or download important documents to a shared server to be reviewed, updated, or shared as a working document between multiple parties. This technology is used to store and share proprietary technical data for large manufacturing firms, or to store and share sensitive financial documentation for various government agencies.

SFTP technology has become increasingly popular because large organizations are conducting business with customers, suppliers, or employees across the world and sharing important information on a daily basis. In order to ensure that information is secure and not compromised in any way, organizations must seek technologies such as SFTP. In addition, due to the size of the documentation being shared, not all e-mail providers have the capability of supporting such files. SFTP is beneficial to large organizations because it allows global team members to access and share important information or documentation such as blueprints or engineering models for others to review anywhere in the world within seconds. Due to its complexity and cost, medium and small organizations would not benefit as much from this technology and would be less likely to subscribe to SFTP.

Microsoft Lync Instant Messenger

Instant messaging systems are an effective tool used by many large organizations since they allow employees to send real time messages to their coworkers or clients. Although there are many instant messaging programs to choose from, Lync is one of the more superior programs and offers much more than just sending written messages from your personal computer. In addition to a regular instant messenger program, Lync allows users to share large data files, host videoconferences, and send meeting invitations via internal and external calendars (Microsoft Office, 2014).

Large organizations benefit from this easy to use technology because it allows for expedient transfer of communications and data between coworkers and clients. Users save a significant amount of time with this program because they can send and receive messages without picking up their cellphone or desk phone. As long as the receiver of the message is at their desk the message will be received immediately unlike a text message which generally takes longer to respond to.

Although useful to large organizations this technology would not be beneficial to all businesses due to the price of the product and the proximity of the team members involved in communications. For example, if you have a small team of 10-20 individuals working in an office space together, this product would not be necessary because communication can be achieved in person. However, when dealing with a virtual global team this technology is extremely valuable because it connects team members within seconds and allows them to have a live conversion.

With any technologies there are positive and negative aspects, however what really stands out with this technology is the fact that it promotes teamwork and cohesion because it allows virtual team members to get to know each other without a face to face conversation. Although this tool is primarily used for business purposes, its informal nature allows for employees to have social interactions that they might not necessarily have while working from a remote location.

Earned Value Management (EVMS) Microsoft Project

Earned Value Management (EVMS) is a useful tool for tracking and monitoring the progress of a major project. Mostly used in the manufacturing environment, EVMS allows a contractor and customer to share vital project information such as schedule and financial requirements on one easy to use database. At any point in time the customer has the ability to review the EVMS system to track the progress of the project or see if the project is at risk (Microsoft Office, 2014).

When dealing with global clients in different time zones, EVMS is a reliable program to assist with the communication of a specified project of significant magnitude. Since this technology is geared toward the management of a significant project, EVMS would not be beneficial to small or medium organizations unless it is a requirement of their customer.

The risk of using this program is that it could report false data if not managed or updated correctly. Since customers are usually reviewing data on a monthly basis, it is important to make sure that information is updated periodically and is accurate. Also, since this tool is reporting raw data only, further explanations are often required clarifying why the data does not line up.

Future Implications

The results of this analysis offer interesting ideas on exposing small businesses to new technologies for virtual operations. The relationship between technology acceptance and self-efficacy will help build competitive advantages for small businesses lacking in knowledge resource assets. Studies should be conducted directly on the outcomes of small businesses that strategically integrated virtual technologies.

Conclusion

Virtual technologies and tools have become increasingly important in today's business environment due to the mobilization of our workforce and globalization. Increasingly individuals are working from remote locations while customers and suppliers are located all over the world; our need for virtual communication technologies has never been greater. Due to the cost and capabilities of each product / technology, it is clear that not all technologies are suited for all business sizes. But technology trends over the last decade are blurring the lines in cost and capability between different sized companies. With the emergence of cloud, open source, and mobile technologies over the last decade the technology products and services available to companies of all sizes related to cost and capability have opened up new business opportunities and service options. The new technologies are driving best practices in communications and collaboration while increasing flexibility and efficiency and reducing costs for teams and companies across varied business environments.

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A Strategic Fit Approach to SME Sustainability Decision Making

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Abstract

Reporting company performance with respect to the "triple bottom line" is an accelerating trend around the globe. This requirement represents a potentially major change in SMEs' business environment with substantial impacts. SMEs should assess, monitor, and develop strategies to accommodate widespread triple bottom line reporting and proactively adapt to sustainability demands. However, many lack a structured approach to facilitate this. This paper presents a readily applicable and practical method SMEs can apply to integrate triple bottom line considerations into strategic decision making by using a strategic fit approach.

Introduction

Sustainable business practices have been steadily on the rise over the past decade or more. Many companies now embrace sustainability. Approaching half (43%) of those surveyed by McKinsey & Company report seeking to rectify sustainability with company values, mission, or goals. This focus on strategy is now the top corporate reason for addressing sustainability, just ahead of reputation effects and cost efficiencies (McKinsey & Company, 2014). Alongside large corporations, small-to-medium enterprises (SMEs) are aware of the insurgent sustainability tide and many have begun to incorporate sustainability strategy into their operations.

A clear trend in sustainable business practice is the reporting of company performance with respect to the "triple bottom line". The triple bottom line encompasses the economic, environmental, and social performance of an organization. This trend has been growing for several decades and now many large companies also require other enterprises in their supply chain to report information on triple bottom line performance. Along with other aspects of the sustainability movement such as public opinion, this requirement represents a potentially major change in SMEs' business environment with consequences that can have substantial impacts on their business.

SMEs should assess, monitor, and potentially develop strategies to accommodate widespread triple bottom line reporting and to proactively adapt to sustainability demands. However, a key challenge faced by many companies is that they currently lack a structure to integrate sustainability into business decision making (Kiron, Kruschwitz, Rubel, Reeves, & Fuisz-Kehrbach, 2013).

This paper provides a straightforward method SMEs can apply to assess their competitive position with respect to their triple bottom line performance in order to integrate sustainability into strategic decision making. First, we discuss sustainability and triple bottom line reporting globally and in the U.S. Then building on the well known management process of assessing strategic fit between organizational capabilities and environmental conditions, we propose criteria to apply to integrate triple bottom line considerations into this decision framework, focusing on environmental sustainability. Finally, we conclude with implications for SME management practice with respect to this practical innovation.

Sustainability and Triple Bottom Line Reporting

The triple bottom line is known by many terms: people, planet, profit; sustainability; corporate social responsibility; corporate citizenship; environmental and social reporting; and corporate responsibility and sustainability (KPMG, 2013). All of these terms refer to the attention paid to and subsequent reporting of companies' related economic, environmental, and social performance.

Sustainable operations and reporting on economic, environmental, and social performance is a trend that has been growing among large companies. Among the 100 largest companies from 34 countries as measured by revenues (the N100), triple bottom line reporting has grown from 12% in 1993 to 71 % in 2013 (KPMG, 2013). Among the top 250 companies listed in the Fortune Global 500 (the G250), reporting has grown from 35% in 1999 to 93% in 2013 (KPMG, 2013). Large companies report a variety of motivations for voluntarily reporting on their environmental and social performance: considerations of reputation, brand, ethics, risk management, economics (e.g., cost reduction, new product and service opportunities), and relationships with governmental authorities (Ernst and Young, 2014; KPMG, 2011; McKinsey, 2010).

Along with the growing trend of reporting on environmental and social performance is the integrated report. Many companies are either planning to or currently integrating their environmental and social performance into their external financial report and, in many cases, countries now require external reporting of companies' triple bottom line (ACCA, 2014; KPMG, 2013).

One of the most popular frameworks for triple bottom line reporting is the Global Reporting Initiative (GRI) (KPMG, 2013). In 2013, 78% of the N100 and 82% of the G250 used the GRI framework (KPMG, 2013). The GRI framework allows companies to select which of two levels of reporting they will use (GRI, 2013). The highest level requires more comprehensive reporting across a variety of key aspects of economic, environmental, and social performance. The less comprehensive level still requires the discussion and disclosure of a variety of measures and factors related to economic, environmental, and social performance. Each major aspect then has a set of indicators that are specific measures of a particular aspect. With respect to environmental performance, the aspects are materials energy, water, biodiversity, emissions, effluents and waste, product and services, compliance, transport, overall, supplier environmental assessment, and environmental grievance mechanism (GRI, 2013). Companies analyze which aspects are important or material for their company and then must, at a minimum, report one indicator for each aspect they have identified as material. An analysis of the frequency of reporting environmental performance measures across 1170 GRI reports found that 74% of the reports reported on direct energy use, 71% on total water withdrawal, 81% on greenhouse gas emissions by weight (GRI, 2014)

According to the International Finance Corporation, more than 90 percent of companies globally are SMEs, accounting for more than half of all employment (IFC, 2012). Nearly three quarters of all pollution can be attributed to SMEs (Hillary, 2002). For these reasons, they play a "vital role" in stewarding social and ecological resources (Moore & Manring, 2009). Further, networked SMEs can behave much like a larger company in the marketplace (Moore & Manring, 2009), increasing their potential impact.

Beyond linkages among SMEs, large companies that use GRI reports are expanding their reporting requirements along a limited set of indicators to their supply chains. Thus SMEs in supply chains of large companies may expect to have environmental reporting become a part of their business as a result of their supply chain participation. The commonly reported environmental performance measures (discussed above) might serve as a benchmark for what SMEs might be expected to produce.

SMEs have been viewed as relatively slow to adopt sustainability practices. This can be due to a lack of external stakeholder pressure (e.g., government regulations) (Masurel, 2006), time constraints on owners that preclude them from taking on what might be considered a "discretionary" business endeavor (Schaper, 2002), or just limited resources overall (Bos-Brouwers, 2010). Unlike large firms, SME owners typically lack awareness, financial resources, time, staff, technical expertise, and organizational structures to take on sustainability (Schulz, Kraus, & Demartini, 2011). According to the European Commission (2002), the unclear payback, that may be delayed, tends to limit the expenditure of SMEs' limited resources on sustainability investments.

Company mindset, culture, and subcultures are key elements that help to determine SMEs' response to sustainability (Baumgartner, 2009; Howard-Grenville, 2006). The heavily formalized strategic management approach that works for large companies may well not be the best approach for SMEs, where the owner's vision, a flatter structure, and fewer internal stakeholders will affect discussions and positions on sustainability (Sloan, Klingenberg, & Rider, 2013). Instead, a less formalized and flexible approach like that presented in this paper may offer SMEs sufficient structure to draw attention to key issues while not imposing a degree of formalization that is out of character with the smaller organization.

In the next section of the paper, we present a strategic fit approach to incorporating sustainability considerations into SMEs' strategic decision making.

A Proposed Strategic Fit Approach to Sustainability

Given the increasingly large scale attention and reporting of sustainability efforts and the potential benefits of reporting, SMEs must engage in this endeavor. Sustainable environmental and social performance and associated reporting are unavoidable 21st century strategic issues. Conway (2014) makes the case that benefits of sustainability efforts in SMEs even go beyond directly quantifiable financial benefits to include factors such as increased innovation.

A management approach that integrates sustainability into the overall management of an SME is viewed as an essential tool for incorporating sustainability into strategy (Tsalis, Nikolaou, Grigoroudis, & Tsagarakis, 2013). The well-known technique known as "SWOT" analysis is common to most strategic management processes. It is an easily grasped framework intended to assess strategic fit among perceived company capabilities and future environmental conditions. It incorporates consideration of internal company capabilities, called Strengths and Weaknesses, and external factors in the competitive environment, called Opportunities and Threats. The goals of SWOT analysis include identification of key strategic issues, examination of relevant data and information, and evaluation of the potential magnitude and importance of issues. Its ultimate goal is to assess the strategic fit among company capabilities and its external environment in order to take competitive actions that seize opportunity, deflect or avoid threat, remedy or sidestep weaknesses, and develop and/or capitalize on capabilities. This concentrated focus on competitive issues and actions culminates with budgeting and resource allocation decisions that then drive actions.

As a decision framework, SWOT is intuitive and can be graphically represented in a simple two-by-two matrix, as shown in Figure 1. Its accessible graphic representation allows key issues to be summarized and then debated within a participatory strategy-making session to best surface the ideas and specialized knowledge of key parties within the organization. It likely owes much of its popularity as a management tool to this accessibility and ease of use.

Trends and Factors in the External Environment	Opportunities	Threats
Internal Company Capabilities	Strengths	Weaknesses

Figure 1: SWOT Analysis Matrix

Many companies report that they lack a model to integrate sustainability issues into their primary business (Kiron et al., 2013). In this paper, we present a method to incorporate sustainability decisions employing a SWOT analytical framework. Using the strategic issues associated with effective triple bottom line performance and reporting as the focus of a SWOT analysis, SMEs can readily discuss and incorporate sustainability into core business strategy. Unlike highly formalized approaches that may work well in resource-rich large companies, SWOT can be an ideal approach for relatively resource-poor, less formalized small enterprises.

In Table 1, we outline the sustainability SWOT framework and identify major sustainability strategic issues within each cell of the matrix. In this presentation, we focus on environmental sustainability (i.e., ecological or planet issues) although the principles of the method and framework itself apply equally to the social dimension of sustainable business practice (i.e., people issues).

We begin our discussion of SWOT with the external business environment and move then to internal company capabilities. In each cell, the factors that we present represent a checklist for SMEs to consider as they discuss sustainability strategy. In the following discussion, we highlight some of the environmental sustainability issues from each cell of the matrix.

Environmental Sustainability Opportunities in the Business Environment
Potential opportunities with respect to environmental action and reporting are related to the benefits companies have associated with reporting on their environmental performance. One category of benefits is related to customer and market demand. As just one example of this, a recent Nielsen global study showed that half of all respondents in the 40-44 year old age group evinced a willingness to pay more for goods and services from sustainable companies (Hower, 2013). To what extent do the SME's existing customers or other potential customers who share their respective demographics place value on the environment with respect to products, services, and sustainable operating practices? These changing needs can facilitate retention or new entrance into markets by offering environmentally friendly products or business practices.

Table 1: SWOT Analysis Framework for Potential Environmental Sustainability Issues

Opportunities	Threats
• Customers' demographics associated with valuing sustainability • Evolving customer demand for sustainable operations, products, or services • Revenue generating products/services that address sustainability concerns of existing customers • Revenue generating product/service extension to assist customers in reducing their environmental impacts • New market segments to target with sustainable products/services • Sustainability branding in key lines of business, including first mover advantage • Competition not competing based on sustainability brand	• Customers' lack of awareness and/or commitment • Competitors' sustainable products/services/operations • Competition branding itself based on environmental impacts, including "green wash" • Potential shortages in key resources/inputs • Key resources/inputs facing dramatic price increases and/or price volatility • Rising energy costs • Value chain partners demanding sustainable operations (also an opportunity) • Stakeholder resistance to sustainability • Insufficient government incentives and/or financing/investors to facilitate investment

• Supply chain competitive sourcing • Material cost reductions • Emerging technologies • Stakeholder (e.g., investors, communities, financiers, insurers, media/social) demand for change • Regulation (lack of or pending) • Improve position in sustainability rankings	in eco-efficient processes • Regulation (lack of or pending) • Difficulty attracting and retaining talented workers who value sustainability • Unanticipated systemic economic and sociopolitical impacts of climate change, water shortages, etc.
Strengths • A sustainability strategy is in place • Have taken actions to innovate at improving environmental performance • A company history of proactive strategic choices • Executives and owner(s) committed to sustainability • Employees value sustainability • Roles and responsibility for sustainability allocated and clearly communicated • Knowledge base and structured process(es) for sustainability planning • Good understanding of stakeholder and customer preferences that support sustainability • Strong company mission and history based on ethical service, community responsibility, and long term effects • Organization design and culture support innovation and cross disciplinary collaboration • Indirect organization capabilities with respect to sustainability (i.e., good track record on innovation, not yet addressing sustainability) • Experience mapping processes • Risk management capabilities (i.e., to assess business risk) • Well developed information systems, performance measurement and reporting • Resource base is robust	Weaknesses • No sustainability strategy • No current history and track record of actions taken • Lack of/low commitment from top managers and/or owner(s) • Lack of/low commitment from employees • Business case for sustainability is not apparent • Poor or no formal allocation of responsibility for sustainability initiatives and outcomes. • Knowledge base and capabilities for sustainability readiness planning are weak • Poor understanding of how customers value sustainability • Heavily dependent on ecologically unsustainable processes • Corporate culture places low value on innovation • Dominant focus on short term results and efficiency (planning and budgeting) • Organization structure is silo-like, making cross discipline initiatives difficult • Few, if any, systems for performance measurement and reporting • Lack of infrastructure for working with suppliers • Facing other significant competitive challenges associated with resource constraints

Are there opportunities for sustainability branding in key lines of business? Do any of these offer a first mover branding advantage? As the sustainability trend continues to expand, these may decline over time.

On the output side, other companies' need for sustainable products and services in the SME's existing supply chain may be an opportunity for sustainable sourcing. On the input side, evolving technologies such as solar energy and new technologies may offer operations and materials cost reductions. SMEs with improved environmental performance may represent a lower level of risk to financiers, investors, and insurers because of factors such as positive brand effects and a reduced likelihood of adverse publicity (e.g., dumping of toxic waste reported in the local newspaper).

A lack of legislation and regulation is an opportunity for an SME to define its sustainability efforts free of constraints imposed by government stakeholders. Pending legislation and/or regulation may be an opportunity for branding and early mover advantages that demonstrate proactive compliance. Reporting environmental performance could position the SME to influence the shape of pending regulation. Improving the company ranking on sustainability indicators can impress external stakeholders and customers concerned with sustainability.

Environmental Sustainability Threats in the Business Environment
A SWOT analysis should consider the potential threats identified here and others that may be unique to the company and industry.

Just as customer and market demand for sustainability can represent opportunities, they may also present threats. It can be difficult to change customers' current perceived value from the firm. If a competitor promotes itself as a green company, introducing new products or services, then that is a threat. Competitor branding based on environment impacts, even – or perhaps especially - if it is "greenwash", is a threat. (Greenwash is a term that refers to a firm advertising itself as environmentally responsive, even though its true actions are not.)

Supply chain partners may require reports on sustainable performance. Customers may be able to readily switch suppliers to those with superior performance. Dramatic price increases and/or volatility in key resources threaten the ability to contain costs and maintain pricing advantages. Potential shortages of key inputs are a sign that warrants close attention. Similarly, if the SME's suppliers are themselves part of a supply chain that is vulnerable to environmental disruption (e.g., drought) then these potential disruptions can be a threat. Rising energy costs also can threaten the operations of most SMEs and should stimulate efforts to alter existing energy paradigms.

Stakeholders, such as investors, may resist sustainable practice while others demand it. Balancing competing stakeholder interests with respect to sustainability can be an important strategic issue. Regulation with respect to environmental impacts by business can be expected to continue.

Finally, unanticipated systemic economic and sociopolitical impacts of climate change along with water shortages, rising sea levels, rising greenhouse gases, and related environmental catastrophes represent threats to business. These events present difficult issues that may require scenario planning sessions and other approaches for SMEs to try to surface potential impacts and devise appropriate responses. The SWOT analysis can help to bring them to the agenda.

Environmental Sustainability Company Strengths
Strengths with respect to environmental performance can be viewed as either direct or indirect. Direct strengths are past actions to develop processes and systems that directly address environmental performance. A company that already has developed a sustainability strategy has an important capability to deal with external threat and opportunity as it emerges. Alongside strategy, a track record of actions to innovate at improving environmental performance is a key capability due to accumulated organizational learning.

If the SME's owner and employees are committed to sustainability, these preferences can motivate development and implementation of programs to reduce environmental effects (e.g., purchasing, energy efficiency, product redesign, process changes). Involving employees in sustainability brainstorming and decision-making can ensure the best ideas and greatest commitment to implementation of changes.

Management capabilities such as allocation and communication of roles and responsibilities for sustainability provide universal clarity of expectations and tell others where to go for assistance. A knowledge base and structured process for sustainability planning enables the SME to treat it as a strategic issue and integrate it into core business decision making. Part of this knowledge base should include a good understanding of customer and stakeholder preferences that support sustainability.

Indirect strengths are potential that may not yet have been diverted to sustainability itself. An indirect strength might be that the SME is good at innovation (introducing new products, changing its processes). For example, cost reductions are many times achieved by looking at the way an SME has always done things and finding new ways that reduce the use of inputs such as energy or water. Improving reputation and brand require programs to already be in place to reduce impacts on the environment (e.g., product design to use less energy or lower disposal costs, improving the efficiency of the manufacturing process).

Experience mapping processes for new process installation or for improving efficiency or quality is a strength. Material flow analysis maps the inputs to the business (e.g., types of materials, energy) and then outputs (Jasch, 2009), identifying outputs to target to improve environmental performance. Experience evaluating business risk also can be used to assess environmental-related risk so that steps can be taken to address the largest environmental risks (e.g., effluent or waste outputs from the business) (The Economist Intelligence Unit, 2008).

A well-developed performance measurement and reporting system lays a foundation. Environmental performance is based on measuring and reporting performance (e.g., lbs. of paper recycled, lbs. of toxic waste). Reporting provides important impetus to develop programs that show improvements.

Finally, a robust resource base is an important capability for a company that plans to take on sustainability issues in a serious, substantive manner (Clarkson, Li, Richardson, & Vasvari, 2011). A lack of resources to back up initiatives (a weakness like others to be discussed next) can lead to forgoing financial and related benefits of sustainability, disenchantment with the effort within the organization, and superficial responses that will be readily discernible in external reporting, potentially undermining the company's reputation with respect to sustainability.

Environmental Sustainability Company Weaknesses

A direct weakness, lack of a track record is a shortcoming with respect to both external reputation effects and the internal learning curve that can hamper response to threats or seizing opportunity. Perhaps more serious, is limited commitment from the SMEs owner(s) and managers. Without commitment at the top and at all levels, sustainability efforts will be stymied. A sustainability strategy and lack of an apparent business case for sustainability are related weaknesses. Companies that thoroughly address sustainability have developed a business case for sustainability and have a strategy (Kiron et al., 2013, p. 3). These factors all represent the current company mindset.

Weaknesses also include poor allocation of formal responsibility for sustainability and lack of a knowledge base which rarely can be developed quickly when issues emerge unexpectedly. Poor understanding or data to support understanding customer preferences for sustainable operations, products and/or services is another direct weakness.

Indirect weaknesses are latent capabilities that will limit response sustainability challenges. These include a corporate culture that places low value on innovation and an organization structure that is silo-like, making cross disciplinary initiatives to address sustainability difficult or impossible. Given its rapid ascendance as a strategic public issue, sustainability is likely to require a great deal of innovation and collaboration to pool knowledge that generates creative solutions and seizes emergent opportunities. Further, a company mindset where the emphasis is primarily short term in the planning and budgeting processes will undercut the perspective needed to deal with sustainability issues.

Lack of systems for performance measurement and reporting preclude internal accountability and reporting sustainability performance to important external bodies (e.g., GRI). A lack of infrastructure can inhibit supply chain collaboration on sustainability issues or a crucial response to a supply chain partner's new sustainability requirements. Finally, diverted resources due to other significant competitive challenges can prevent an SME from developing a viable strategy for dealing with sustainability issues.

In this section of the paper, we have outlined key issues in each cell of a sustainability SWOT matrix that SMEs need to integrate into their sustainability strategy. In the next part of the paper, we discuss implications of the model.

Implications for Practice

This strategic fit framework offers a flexible but structured approach to resource constrained SMEs to integrate sustainability considerations into their overall business strategy, meeting an important need. Companies can seek to identify and then optimize the fit between the capabilities and the external cells in the matrix as they examine the current status of the company and potential trends in the competitive (including political/legal and social) global environment. Major environmental sustainability opportunities and threats are associated with customers and markets, competitors, revenue generation, costs, and stakeholders and regulation. Significant company capabilities include leadership, organization design with respect to systems and processes, culture and mindsets, and resource capabilities. The checklist items in the matrix enable SMEs to identify key strategic sustainability issues that warrant their attention.

From this step, the SME then can progress to gathering additional information as needed on company capabilities, stakeholder preferences, and environmental trends. Evidence of environmental impacts of unsustainable business practices is continually emerging and needs to be factored into company decisions in the 21st century. With the assessment of strategic fit by using this matrix, sustainability issues can be integrated with the rest of the SME's strategic considerations and planning. While we have focused here on environmental sustainability, integration of the social aspects of sustainability (people in the three P's of the Triple Bottom Line) also is essential. This can be done in a similar process and many of the issues overlap. Strategies that address sustainability should emerge from this analysis. From there, SMEs will have a clear mandate for budgeting and resource allocation decisions with respect to sustainability. Development of organizational capabilities, especially environmental performance reporting, should be a ground floor strategy.

An examination of trends in social, economic, political, technological, and ecological arenas is a preliminary step to provide inputs to the analysis that we do not address here. Similarly, it is expected that a company would integrate strategic issues emerging from this analysis into line of business strategic assessments of non-sustainability-related issues to arrive at overall strategy. It is important to avoid establishment of a “parallel organization” for sustainability (Schaltegger & Wagner, 2006) with lesser priority which will tend to be minimized when times are tough. Over time, it is likely and to be expected that sustainability issues (identified in the matrix in Table 1) will become fully integrated into core business strategic decision making.

Conclusions

In this paper, we presented a a strategic fit framework to incorporate triple bottom line considerations into assessment of SMEs’ competitive position. The framework identifies and lists critical issues and provides a structured method to integrate sustainability into strategic decision making, with a potentially flexible approach well-suited to smaller enterprises.

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SMEs Acquiring SMEs: A Military Model for Success

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Abstract

Much has been written regarding large firm mergers and acquisitions, but there is a dearth of literature on SMEs (small-to-medium-sized firms) acquiring other SMEs. Countless difficulties are experienced when one SME acquires another. A model is proposed as a guideline for the acquiring SME that will improve the chances of successful integration of two small businesses. This model is based on the utilization of counterinsurgency (COIN) tactics as employed by the United States military and others.

Introduction

Small business owners find myriad reasons for selling their businesses or harvesting the firm as it's known in the literature (Longenecker, Petty, Palich, & Hoy, 2014). Owners wish to retire, the founder passes away and remaining family doesn't want to manage the firm, one or more of the owners becomes seriously ill, the business is being overpowered in the market by a much larger competitor, and various other reasons. This exiting, or harvesting of the firm, is not always simple, and many small businesses rely on brokers to market the business for them. There is always the skepticism in the market that questions exactly why the owners really want to sell.

Many small firms choose to sell their firms to the existing employees through some form of employee stock ownership plan (ESOP). This unique option allows employees to purchase the company's stock by borrowing the money from a bank or insurance company, using the stock as collateral for the note (Timmons, 1999; pg. 452-3). An ESOP also is a tax-qualified retirement benefit plan.

The focus of the present discussion is when a firm sells itself to another small business, or SMEs acquiring SMEs. What can the acquiring firm do to ensure that the acquisition is successful? While standard steps in the acquisition process are commonly understood, such as review of financial statements and tax returns, thorough discussions with the current owners, inquiry with customers and suppliers, and other due diligence, there is no guarantee of success. Acquiring an existing business is perilous in many cases, with no real blueprint available to SME owner/operators as to the secret of integration. Valuation is often an issue, as well, since many SMEs report goodwill as being their greatest asset.

The model that is proposed can be the most effective method of realizing intended benefits of acquisitions. That model is the utilization of counterinsurgency tactics (COIN) as employed by the United States military and others. Following a literature review of COIN and acquisition activity, failed COIN efforts and failed synergy acquisition attempts will be discussed. The proposed model utilizing COIN techniques for acquisition activity will then be presented, followed by a summary and conclusion.

Review of the literature

Small business owner/operators pursue acquisitions for a variety of reasons that are as diverse as the owners themselves. Haleblian, Devers, McNamara, Carpenter, and Davison (2009) provide a comprehensive list of examples for firms of any size, including the creation of value through increased market power (Battacharyya & Nain, 2011), efficiency, resource redeployment, or market discipline as it relates to ineffective managers; managerial self-interest as it relates to compensation (Agrawal & Walking, 1994), hubris, or defense tactics; environmental factors such as uncertainty (Folta, 1998) and regulation, imitation and resource dependence, and network ties; and firm characteristics like past experience with acquisitions activity or a firm's strategy and position (Graebner & Eisenhardt, 2004).

Firms are acquired regularly in the current business milieu, but this has been true for some time, particularly in the United States. Simply stated, when one firm buys another an acquisition has occurred. Synergy is most closely associated with acquisitions of firms that are somewhat related, enabling the sharing of resources and capabilities between firms. This issue of relatedness has been applied to multiple situations, including selling the same or similar products, serving similar markets, or existing in the same vertical chain (Blackburn, Lang & Johnson, 1990; Chatterjee, 1986). Such noted management theorists as Lubatkin (1983), Porter 1985), and Rumelt (1974) have posited that related acquisitions yield superior accounting results to unrelated acquisitions. Lubatkin and Chatterjee (1994) also cite lower risk for organizations with closely related businesses.

In the case of related acquisitions, there has been an overriding belief in the potential of synergy (Chatterjee, 2007), particularly the benefits of economies of scale and operating efficiencies (cost synergy), revenue growth (revenue synergy), or both. SMEs acquiring other SMEs in many cases represents related acquisitions. While synergy has been cited as the primary antecedent for acquisitions, this paper proposes that synergy is in fact unrealizable without one firm dominating the other and imposing its management control.

The obvious problem most firms encounter when acquiring another for synergistic purposes is integration (Chatterjee, 2007). The result of many synergy-based acquisitions is poor performance by the acquired firm post-acquisition (Datta, 1991) as opposed to pre-acquisition. Many firms acquired through related acquisitions have causually-ambiguous internal, complex business operations (Chatterjee, 2007) that have been developed over a long period of time, contributing greatly to difficult integration issues post-acquisition. New leadership for acquired firms is obviously provided by managers of the acquiring firm (Walsh & Elwood, 1991), but to achieve long term positive returns through acquisition activity a new model is proposed that utilizes some of the tenets of counterinsurgency.

Synergy is a Greek word that means working together, that "the whole is greater than the sum of the parts." Examining synergy in the context of business, when the combination of two or more business units leads to superior effectiveness and efficiency than was achieved prior to their conjoining, synergy has been accomplished (Barragato & Markelevich, 2008). In theory, the result is that the combined firm has created more value than the two firms could independent of each other, or put another way, 2+2=5 (Mintzberg, 1989; p. 223).

Among large businesses, the established empirical evidence is that most firms pay a premium over market value for firms they acquire. This finding renders a strong return on investment as critical for shareholders of the acquiring firms. Without realizing a premium, the only shareholders to benefit are those of the firm being acquired. For SMEs that make a strategic acquisition (Longenecker, et al., 2014), perhaps a large premium is not necessarily paid for the firm acquired, but certainly a financial obligation is incurred, necessitating a higher return than the acquiring firm is currently earning. In light of this issue, a more precise definition of synergy has been operationalized by Sirower: "Synergy is the increase in performance of the combined firm over what the two firms are already expected or required to accomplish as independent firms" (1997; p. 20).

Contrary research, however, has challenged Rumelt's findings (Dubofsky & Varadarajan, 1987; Michel & Shaked, 1984; Varadarajan & Ramanujam, 1987) with research supporting superior results with unrelated diversification attempts. Regardless of which type of acquisition produces better results, a key issue for all acquiring firms is the consequence of paying large premiums (Carroll & Muim, 2008). The concept of synergy represents an increase in wealth to shareholders that could not be duplicated on their own through something as basic as portfolio diversification (Bauguess, Moeller, Schlingemann, & Zutter, 2009).

Exploring Coin

Strategic management researchers have often sourced military science when creating new theoretical models. One area of military science that has risen in prominence in recent years is counterinsurgency or COIN. COIN research (Kilcullen, 2006; McNeil, 2009) has as one of its origins the classical French military scholar David Galula (2006) who analyzed France's activities in Algeria. More recently David Kilcullen's (2006) twenty-eight fundamentals of successful COIN have become highly regarded. Kilcullen's work has been seen as a model for the dominant form of warfare in the coming decade, influencing greatly the US Army Field Manual on Counterinsurgency. Kilcullen's (2006) work will serve as the COIN model for this paper.

The COIN model is viewed through a lens that reveals similar issues between problems encountered by occupying military forces and firms acquiring others. Acquisition research emphasizes the need of the dominant firm to overcome people problems with the acquired firm if antecedents are to be achieved. While all of Kilcullen's (2006) points are not applicable to acquisition integration, several are relevant to overcoming these people problems.

Kilcullen defines counterinsurgency as "a competition with the insurgent for the right and the ability to win the hearts, minds and acquiescence of the population" (2006; p. 29). While the employees of target SME firms are rarely referred to as insurgents, it is clear that acquiring SME firms face some of the same challenges in integrating operations as occupying military forces face. Although Kilcullen's (2006) twenty-eight points are not an exact match for the needs of acquiring SMEs, such as the need for Combat Service Support, the key themes serve as a checklist that any acquisition team would do well to follow if they hope to succeed in their effort. Themes include preparation, first impressions (the golden hour), continuing actions (groundhog day), and completion (getting short). All are phases that must be mastered for a successful transition.

Key points of Kilcullen's (2006) recommendations include: Know your turf (economy, history, and culture), diagnose the problems (what makes people tick, what are the issues that worry people), organize for intelligence, prepare for cross functional operations, find a "cultural advisor," have a game plan ready to execute day one, maintain a strong presence, build trusted networks, work to extend your influence, seek early victories, avoid backsliding, remember that the world (or at least other stakeholders in the industry) is watching, regularly analyze the situation and make adjustments, work to blend cultures, and, finally, keep the initiative (control the environment). Serious dangers include isolation from the local populace (McNeil, 2009), lack of security (Burton & Nagl, 2008), failure to include the local populace in planning and implementation stages, and lack of coalition building. The findings of this new research led to the updated US Army/Marines Counterinsurgency Field Manual (Nagl,et. Al., 2008) which outlines the strategy and implementation techniques that have come to be known as the Petraeus doctrine.

Failures of synergy and coin

A McKinsey study of mergers found that out of 124 reviewed, only 30% generated synergies on the revenue side (Christofferson, McNish, & Sias, 2004). Carroll and Mui (2008) provide some interesting examples of failed acquisitions that have been prefaced with a goal of achieving synergy. While presenting some relatively damaging evidence of colossal financial disasters based on synergy, Carroll & Mui (2008) do give a nod to some organizations that successfully achieve synergistic conditions through related acquisitions, including Cisco and General Electric. These firms tend to understand how to link businesses through corporate level core competencies, particularly managerial expertise (Rothaermel, Hitt, & Jobe, 2006), economies of scope (Makri, Hitt, & Lane, 2010), and to a certain extent economies of scale.

For every success story, however, there are a multitude of failures. Well-known examples include Unum and Provident in the disability insurance market. Both firms assumed cost and efficiency synergies were readily available post-acquisition, as well as an easy cross reference of customers from one side of the business (individuals) to the other (companies). Six years after the deal, however, of the thirty-four separate information systems that didn't talk to each other, only four had been eliminated (Carroll & Mui, 2008). The combined company performed poorly, raised prices that disgruntled otherwise happy customers, and eventually got investigated by *60 Minutes*.

A second example from Carroll & Mui (2008) is Sears, surely chronicled in anyone's description of a poor acquisition strategy. While the Allstate Insurance acquisition was successful for decades, that business was operated separately from Sears' department stores. The idea that a stock brokerage business (Dean Witter Reynolds) and a real estate company (Coldwell Banker) were synergistic components for a department store chain seems bizarre after the fact. K-Mart followed a similar and also disastrous course with its acquisitions in the builder supply and drug store businesses. Other retailers failing to cash in on synergy acquisitions include Dillard's and J.C. Penny, Dillard's with a discount retailer (Mercantile Stores) and Penny's with five drug store chains in the 1990s. And maybe on the worst cases in history, not discounting the debacle merger between Time Warner and AOL, has to be the Quaker Oats acquisition of Snapple, purchasing the firm for $1.7 billion and unloading it three years later for $300 million.

As for COIN failures of the past, McNeil (2009) presents two clear examples from the many available that illustrate the dangers of poor counterinsurgency efforts. The U.S. occupation of the Philippines under Major General Leonard Wood is an example of killing hundreds of local Moros when resistance occurred, while Brigadier General Tasker Bliss kept his occupying forces isolated itself from the populace, breeding distrust. These provincial governors were followed by General John J. Pershing whose approach to the local population was one of righting previous wrongs, such as slavery, exercising restraint against arbitrary violence, engaging the various chieftans, investing in local economic development and so forth.

Another example of failed COIN activity is cited by McNeil (2009) in Iraq, specifically the situation in Anbar Province from 2004 to 2007. Drawing on the work of Burton and Nagl (2008), McNeil (2009) describes the lack of security felt by the local populace as being the most critical issue faced by the U.S. army. Another serious issue was the fear of retribution by local tribal leaders if the insurgency outlasted the U.S. occupation. Even attempts at local economic reconstruction were failures due to instability and sectarian violence. Security at a minimal level was not achieved until the U.S. surge in 2007, coupled with successful nationwide elections, turned many of the Sunni tribe sheikhs against al Qaeda.

These COIN examples and failed synergy efforts through acquisitions appear to have something in common. The M&A literature regularly refers to downsized employees of acquired firms as casualties and remaining employees as survivors (Gutknecht & Keys, 1993). Of particular note is the fear expressed by the populace of firms about to be acquired and the fear of the local populace of a territory or country about to be occupied.

Reasons for SME Acquisitions

Merger and acquisition activity is commonly associated with larger, more mature organizations. SMEs, however, have several valid reasons for pursuing acquisitions. According to Mariotti and Glacken (2012), the most cited drivers of acquisition activity include easier, faster start-up or overcoming entry barriers (Hitt, Ireland, & Hoskisson, 2014), reduced risk, potential for a bargain, and in some situations the acquiring SME's knowledge base can jumpstart the ownership process (Mariotti & Glacken, 2012; pg. 58-9). The overriding factor, however, is usually to grow the business. An acquiring SME can immediately increase sales, market share, and market power (Akdogu, 2009) by horizontally acquiring another SME in the same industry niche. SMEs also pursue vertical acquisitions by purchasing their suppliers or customers, moving backward or forward, up or down the value chain.

When SMEs acquire other SMEs, there is normally an integration of operations, at least to some extent. If the goals of the acquisition are to be attained, such as increase in sales or market power, the acquired SME is absorbed into the operation of the acquiring SME. This integration leads to several problems that can doom the purchase from the start, causing the acquiring SME not to realize the gain it hoped when the acquisition was first planned.

A New Model for Integrating Firms

The integration of two firms is the most difficult challenge in related or unrelated acquisition activity where the goal is to go from two firms to one (Rafferty & Restburg, 2010). Indeed, no less than Michael Porter and Rosabeth Moss Kanter, both strong early proponents of synergy as the basis for acquisitions, admit that most firms fail in their synergy attempts, finding the challenge quite difficult (Kanter, 1989; Porter, 1987). Trautwein (1990) reported that available synergies were almost always cited as a justification for diversification attempts by managers. Yet, some noted researchers (Hitt, Ireland, & Hoskisson, 2013) make it clear that synergy actually increases the risk of failure for firms due to the joint interdependence between businesses that constrain an organization's flexibility to respond to changing competitive environments.

While firms continue to profess the parsimonious value of acquiring new technology, new market presence, and other innovative advantages through acquisitions rather than internal development, the failure rate of such activity is alarmingly high (Lee & Lieberman, 2010). What should be paramount in related acquisition activity, whether synergy is purported to be the primary driver or not, is that without integration no value will be achieved, regardless of premiums or market price paid. Sirower (1997) reported the results of a study by the Boston Consulting Group indicating eight out of ten acquiring firms do not perform detailed work in advance of an acquisition to determine if synergy is even possible. A study by Diamond takes this an important step further by reporting a lack of awareness of business platforms and operations of targets by acquiring firms at all levels of pre-acquisition planning, failing to recognize the risk of business platforms (Calkin, Smith, Sviokla, 2006).

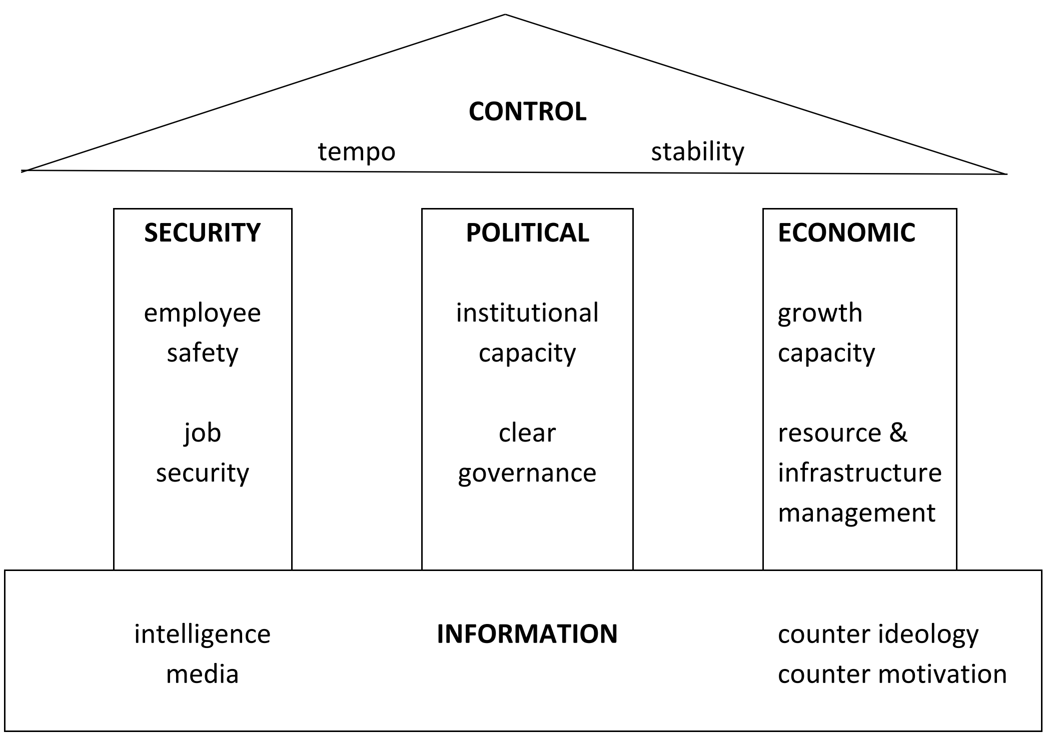
According to Datta (1991), integration problems post-acquisition result in the acquired firm performing more poorly post acquisition than pre-acquisition. Particularly disturbing is the results of a McKinsey study where only 12% of acquiring firms managed accelerated performance three years after an acquisition (Bekier, Bogardus, & Oldham, 2000). The post-acquisition performance of organizations is historically so dismal, it has led Warren Hellman, the former president of Lehman Brothers, to remark: "So many mergers fail to deliver what they promise that there should be a presumption of failure. The burden of proof should be on showing that anything really good is likely to come out of one" (Sirower, 1997). And yet, not only do acquisitions continue to be a driving force of corporate strategy, deals in the first quarter of 2011, for example, totaled $290.8 billion, up $90 billion from a year earlier (Chon, Das, & Cimullaca, 2011). If acquiring firms do destroy shareholder value, as Sirower (1997) contends, there must be better approach to integration.

Since acquisition activity is not going away, how can the integration problems, in particular those of related acquisitions by SMEs, be overcome and successful results achieved? Due to the complexity of integrating two disparate organizations, it is not surprising that the process is difficult at best. Key issues to be managed include comprehending the target SME's basic business operation and source of competitive advantage, melding the financial control systems and information technology assets, and delving into the corporate culture of the target firm in pursuit of real understanding. Gutknecht and Keys (1993) also point to the importance of people issues such as maintaining employee morale after the acquisition, and integrating conflicting organizational values, structures, climates, and roles. Layoffs though downsizing efforts invariably occur as firms attempt to realize synergy through cost savings and as they need to increase profitability due to taking on new indebtedness. These layoffs, or downsizing activities, create negative feelings among survivors as their workload typically increases and they fear future layoffs or reprisals. This fear is also accompanied by feelings of guilt, anger, or perhaps relief by survivors (Gutknecht & Keys, 1993). Yet, the biggest issue acquiring SMEs face in integration may be the simple prospect of change and its effect on survivors.

One methodology for this integration is COIN. Based on his personal experience and research, Kilcullen's (2006) COIN fundamentals are most relevant when considering utilizing COIN in firm to firm acquisitions. We have modified one of Kilcullen's models, the three pillars of counterinsurgency and modified it for use in an acquisition scenario.

Figure 1

Three Pillars of Counterinsurgency for Successful Mergers and Acquisitions



Implications

The model demonstrates how the principles of counterinsurgency line up to create a secure situation which will allow the dominant firm in an acquisition to incorporate the personnel and assets of the target firm into the merged organization. Information serves as the foundation of this process. Having good intelligence as to what is happening in the target organization, understanding the feelings of the employees post merger and being able to counter negative messages are all key, as is controlling the message being put out by the media. The three pillars in the model, Security, Political and Economic all support the activities that take place as merged entities are brought together. Employees will crave security, clarity, and an understanding of how the merger will positively affect both the organization and their personal career. Ultimately, with a good foundation and strong pillars, the process will be capped by Control, where management can set the tempo of activities and demonstrate stability in the newly merged organization. Effective implementation of this model will make it clear to employees where they stand with the organization and will allow the organization to demonstrate to external stakeholders that the new entity is in a position to execute its intended strategy.

Future research into SMEs acquiring other SMEs could focus on integration strategies of the acquiring firm to document what steps are taken to ensure success. In particular, it would be of interest if any of Kilcullen's COIN tactics have been utilized during the integration process. In addition, a more thorough integration model could be extrapolated from the data collected empirically.

Conclusion

SME owner/operators run several risks when acquiring another SME. There is always the potential of simply buying someone else's problems. Some SMEs will overextend their credit limits when those funds might be better put to use by being invested in their own firm. Also, some SMEs are just not a good fit with the acquiring SME. This is more so the case when a vertical acquisition occurs, since the owner/operator may have never been at that level of the industry niche. For example, a retail SME may purchase a wholesale SME, and clearly those are two different types of businesses with different customer bases and different margins.

Assumed synergies that might be apparent on paper are rarely evident to all the stakeholders involved. This is especially true among the employees in the target SME where uncertainty is often the source of negative rumors and speculation. In this environment, the most able employees often leave the acquired SME for what they perceive as either better or more stable opportunities elsewhere. Employees without such options often become entrenched and begin a counterinsurgency as they attempt to hold on to the status quo and resist change. The US Military faces a similar situation when confronted by insurgents. With recent actions in Iraq and Afghanistan the military has been forced to revisit counterinsurgency and update their models. The resulting strategy, known as the Petraeus doctrine, has been recognized as an improvement over previous counterinsurgency efforts and led to greater success for the US military. While no model can be perfect in such a chaotic and epistemological scenario, the updated military strategy has demonstrated improved results. As such, we have recommended that a modified version of the military model be developed to aid SME managers attempting to consolidate an acquisition. The model that we have described, if properly implemented, will make it clear to individuals where they stand with the organization, inform them about both their future and the future of the organization, and make it clear to external stakeholders the direction the merged organization will take.

By taking action quickly, acting decisively, and with transparency, companies will increase the probability of success. While some individuals will still be negatively affected, acting quickly and communicating transparently to the remaining members of the new organization and external stakeholders will maximize the probability that management will control the situation and have the ability to achieve the planned objectives of the newly formed organization.

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Linking Farm Entrepreneurs' Demographics to Multifunctional Agriculture (MFA) Strategy: Evidences from New England Farm Survey

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"We are a bi-centennial farm that has been in the same family since the early 1700's. We can sell land if it seems wise and necessary, but the farm needs land to keep farming. We make cider, vinegar, apple sauce, apple juice, and other apple related products for years until my dad retired. We also have beef cattle, corn, and hay, and we leave some land for organic composting. Unfortunately not very many of the 9th and 10th generations are interested in farming, and we shall see what happens in the next few years!"

An Anonymous Farmer Responded to Our Survey

Abstract

Results of a pioneering effort to explore implications of farmers' demographics and multifunctional agriculture (MFA) using a census survey in New England region show most farmers are over 35, male, and well-educated. Over one-half of survey respondents choose MFA as a strategy to diversify farm activities and income, although gross farm income does not have a significant influence on MFA. Most of the MFA farmers have smaller operating acreage, are younger generation, and have higher education level. Agricultural policies need to offer heterogeneous training and support to meet the needs of farm families to achieve the highest satisfaction and prosperity.

Key words: *multifunctional agriculture, New England, agritourism, value added, direct sale, diversification, demographics*

Introduction

This paper reports key findings from the largest field survey conducted in the U.S. to examine MFA in relation to farm entrepreneurs' demographics in New England region. Many farm operators need to be entrepreneurial to seek and create new opportunities in a highly competitive global market. Many small farms in New England, for example, have introduced farm tours, sold at farm stands or farmers' markets, organized educational and training workshops, renovated old barns into Bed & Breakfast, made value-added products using their own ingredients, and obtained off farm income from other jobs. These "multifunctional farmers" engage in agricultural activities and services beyond producing conventional food and fiber by building a collaborative networking capacity that are mutually beneficial to *People* (farmers, local residents in farming communities, and consumers), *Place* (communities to include farming and non-farm activities), and *Prosperity* (farm income and profits, health of local farming communities, quality of life for farmers/farm families and consumers or local residents).

There are a number of reasons why it is important to study farm entrepreneurs' demographics and multifunctional agriculture strategy. The agriculture industry faces many challenges nowadays just like other industries. Many government policies have attempted to enhance economic mobility for farmers and their families to improve income, employment, and quality of life. Unfortunately agricultural policies have failed to capture nonproduction or multifunctional services offered by working farmland (Johnston & Duke, 2009). A large volume of existing literature has linked economic mobility to resource availability, environmental endowment, economic opportunities, and income distribution. Factors such as poverty, declining land value, environmental degradation, and volatile economic structure seem to be major constraints that prevent farm families and farm enterprises in rural areas from achieving reasonable goals of economic mobility. Given an aging farming population and growing pressure of urban sprawl, farmers face two problems: (1) lack of economic incentives and opportunities lead to diminishing economic mobility; and (2) lack of economic mobility contributes to poverty and failing livelihood for rural areas. However there has never been a firmly established framework to figure out which comes first, and how to create an optimal solution to support farm families with respect to various age, gender, and education levels.

A second reason for examining the influence of farm operators' demographics on multifunctional agriculture strategy is the need to understand more fully the individuality domain underlying the process of decision making of future farming. Significant job loss in the manufacturing sector and the weakened financial market over the past 10 years have pushed many communities out of prosperity and optimism. Farmers, like other entrepreneurs, are driven to seek creative solutions to survive. There is significant theoretical underpinning for the view that entrepreneurs in different age, gender, and education would pursue different strategies to create new opportunities leading to diversification (Wiersema & Bantel, 1992; Jensen & Zajac, 2004). However there is lack of empirical data to support this proposition regarding farming decisions.

Finally farmers are probably the most vulnerable producers who have limited to no control in making decisions against 'natural forces' or 'risky financial options'. Changes in climate, environment, natural disasters, ecology, and biophysical elements in fields, could devastate the farming livelihood and threaten the sustainability and prosperity of farm families as well as rural communities. The 2012 Census of Agriculture revealed that the number of farms has been slowing and steadily declining over time, and "principal farm operators are becoming older and more diverse; following the trend of previous censuses. The average age of a principal farm operator was 58.3 years in 2012, up 1.2 years since 2007, and continuing a 30-year trend of steady increase." (USDA, NASS, 2012) Much of the literature in management strategy has argued that diversification strategy related to compositions of management team, and demographics of the team members such as knowledge, education, experience, and gender often influenced the degree of the firms' diversification (Michel & Hambrick, 1992). Since many farmers are entrepreneurs (Liang & Dunn, 2014), it would be interesting to test the relationship between farmers' demographics information and decisions of MFA strategies to see if the findings in management strategy literature would hold true for farmers.

Literature Review

Multifunctional agriculture (MFA) was a political strategy introduced and adopted in the early 1990s by the European countries to promote food security and sustainable economic development (Devries, 2000; European Commission, 2012). Darnhofer (2005) discussed a considerable public and scientific interest in redefining the role of agriculture in Europe. The consensus was that agriculture can no longer be reduced to the mere production of raw materials for the food industry. The agricultural policy of the European Commission has thus engaged in the concept of multifunctional farms and established the 'second pillar' of the Common Agricultural Policy (CAP), i.e. the Rural Development Regulation. This approach addresses the multiple roles of farming in society, since agriculture also provides public goods and services that will benefit the environment and communities.

Broadly speaking, the MFA refers to agricultural activities and benefits beyond producing traditional food and fiber; such as maintaining working landscape, encouraging direct connections between producers and consumers, and balancing ecosystems (Renting, et al. 2009, Hajnalka & Alajos, 2009; Van Huylenbroeck & Durand, 2003). While there is no specific definition or policy orientation established in the United States, farmers have been involved in MFA, particularly in the New England region (Table 1 & 2). In 2008, the average farm operator household received about 90 percent of its cash income from off farm sources and in more than two-thirds of the farm operator households the farm operator, the farm spouse, or both worked off the farm (USDA, ERS, 2010). The dependence of the farm household on off-farm income varies considerably by farm size. Most small farm households rely on off-farm sources of income and most lose money from farming on a cash basis (USDA, ERS, 2010).

Table 1. Number of Farms Participating in Selected MFA in New England Region

	Agritouris		%	Direct Sales		%
	2012	2007		2012	2007	
Connecticut	237	10	135	1,42	1,09	29
Maine	270	11	141	2,31	1,70	36
Massachuset	287	15	86	2,20	1,65	33
New Hampshire	190	88	116	1,34	98	37
Rhode Island	68	43	58	376	24	51
Vermont	155	10	42	2,07	1,47	41

Source: USDA, National Agricultural Statistics Services, New England Field Office

Table 2. Gross Sales ($1,000) from Participating in Selected Multifunctional Ag-Activities in New England Region

	Agritouris		% Chang	Direct		% Chang
	2012 ($1,00	2007 ($1,00		2012	2007 ($1,00	
Connecticut	9,49	8,58	11	30,43	29,75	2
Maine	1,80	1,01	78	24,79	18,41	35
Massachuset	12,03	5,30	12	47,90	42,06	14
New Hampshire	3,82	2,31	65	20,32	16,02	27
Rhode	1,44	689	11	6,25	6,29	-1
Vermont	1,73	1,49	17	27,43	22,86	20

Source: USDA, National Agricultural Statistics Services, New England Field Office

The tendency for rural households to engage in multiple occupations is often remarked, but few attempts have been made to link this behavior in a systematic way to rural poverty reduction policies (Ellis, 1999, P. 2). The positive impacts of diversification alleviate risks due to seasonality, financial markets, and trade. The negative impacts of diversification include income inequalities, stagnant or reduced farm output, and adverse gender effects. The diversity of livelihoods is an important feature of rural survival but often overlooked by the architects of policy. Diversified farming activities are closely allied to flexibility, resilience and stability of farm households. In this sense, diverse livelihood systems are less vulnerable than undiversified ones; they are also likely to support economic mobility for farm households over time. The regional analysis of diversification indicates that farm size and rural public transport are important determinants of the level of diversification. Where there are smaller farms there tends to be greater off-farm employment. Larger farms appear to be more associated with diversified enterprises. Public transport appears to be important with a more frequent and dense network being associated with a higher proportion of households being engaged in off-farm employment (Chaplin, 2004, P. 9).

Scholars in management strategy field have discussed how demographics and characteristics of management teams influence diversification strategies and decisions (Jensen & Zajac, 2004). Executive officers demographics often related to sales, internal relationships, and corporate growth (Markides & Willamson, 1994). Many scholars believed that it would essential to re-visit traditional academic research on the benefits of diversification by exploiting the underlying assets of the corporation with respect to human resources, and demographics and individuality associated with decision and strategies. Many have found that firms most likely to diversify and undergo changes in corporate strategy had top management teams characterized by lower average age, shorter organizational tenure, higher education level, higher educational specialization heterogeneity, and higher academic training in sciences (Wiersema & Bantel, 1992).

Since there has been no research on relationship between farmers' demographics and MFA decisions, we developed a set of hypotheses based on existing literature in management strategy to examine MFA farmers:

> H1: farmers with small farming scale are more likely to engage in MFA.
> H2: younger farmers are more likely to engage in MFA than older farmers.
> H3: farmers with higher education level are more likely to engage in MFA.

Survey Design and Administration

Two levels of the surveys were designed and distributed in New England between 2011 and 2012 by collaborating with the National Agricultural Statistics Services (NASS) New England Field Office. The first level was a census survey using a postcard (Appendix 1) to gather information from ALL farmers in New England. This is the first attempt in the U.S. to use a census approach to study MFA by offering all farmers in New England an opportunity to respond. Using the NASS database and mailing services, the postcard survey was mailed to 33,112 farmers in New England between October 2011 and February 2012[2]. Useable postcards were collected by the principal investigator at the University of Vermont. Non-deliverable postcards were returned to the NASS. We received 4,636 useable responses or a 14% return rate.

A detailed farm survey (Appendix 2) was designed, pre-tested, and administered to gather information from farm operators who returned the postcards plus additional random sample units drawn by the NASS New England Field Office. Questions in detailed survey were composed from using examples such as agritourism survey in Vermont and Massachusetts between 1998 and 2009, USDA Agricultural Risk Management survey conducted by the Economic Research Services office, and Census of Agriculture surveys. There were four sections in the farm survey and the reference year was 2011. The first section included questions about farm profile and status of operation, participation in MFA in 2011 and what types, participation in government programs, and how farmers connect with other farmers and organizations for advice, training, education, and technical support. The second section gathered financial information regarding estimated sales and expenses in dollars with respect to conventional distribution/sales, direct sales to non-conventional outlets, agritourism activities, and value added productions beyond fresh produce and meat products. The third section includes questions about individual demographics, family/household compositions, and off farm income of farm households including types of jobs and income in dollars. The last section asked farmers to identify reasons, challenges, entrepreneurial characteristics, and expectations/future outlook as the result of their participation in MFA activities. The survey was printed at the University of Vermont, and the NASS New England Field Office assisted in mailing all surveys to 7,026 farmers (including 4,636 producers who responded to the postcard survey, plus a random sample of 2,390 producers selected by the NASS staff). The questionnaire was mailed in April 2012 and 1,029 surveys were returned by August 2012 and useable for analysis (15% response rate).

Data Analysis

The 2012 Census of Agriculture reported an increase in average age of farm operators, a declining trend in number of farms, but no specific information regarding farm operators' education. It is important to understand the demographics of farm operators in New England region as well as by states, since each state offers various opportunities and incentives to develop and support farm enterprises.

Our survey gathered more specific demographics information from New England farmers compared to the Census of Agriculture. Based on 1,029 farm operators who responded to our survey, 22 percent was between age 35 and 54, 37 percent was between age 55 and 64, and 40 percent was older than 65. Comparing age of farm operators across 6 New England states, Massachusetts had the most respondents in age 35-54. Maine and New Hampshire had the most respondents older than 55. (Table 3)

Approximately 75 percent of the 1,029 respondents were male, and some farms had joint ownership between male and female. Majority respondents had 4-year degree or above (57 percent) (Table 4, 5). Among 1,029 respondents, almost 55 percent of the respondents participated in MFA in 2011 in New England (Table 6).

Table 3

Age of Principal Owner*					Ne			
<35 Count	0	1	2	2	3	1	3	1 2
35-54 Count	1	16	16	78	59	25	26	22 1
55-64 Count	2	30	25	104	11 1	45	57	37 4
65 or over Count	3	33	49	87	14 0	33	59	40 4

Total Count	6	80	92	271	31 3	10 4	145	10 11

Note: * statistically significant at 10%, ** statistically significant at 5%, *** statistically significant at 1%

Table 4

Gender of Principal Owner*	No	Conne	Mai	Massach	New	Rhode	Verm	Total
Female Count	2 33.3%	19 24.1%	15 16.9	63 23.4%	46 14.7%	17 16.2%	39 26.9%	20 1
Male Count	3 50.0%	57 72.2%	67 75.3	197 73.2%	252 80.8%	81 77.1%	98 67.6%	75 5
Male and Female Count	1 16.7%	3 3.8%	7 7.9%	9 3.3%	14 4.5%	7 6.7%	8 5.5%	4 9
Total Count	6 100.0%	79 100.0%	89 100.	269 100.0%	312 100.0%	10 5	14 5	10 05

Note: * statistically significant at 10%, ** statistically significant at 5%, *** statistically significant at 1%

Table 5

Education Level of Principal	N				Ne	Rhod		
Less than HS Count	1	1	0	5	12	4	4	2 7
HS Count	0	19	22	44	54	18	15	17 2
Some College Count	3	17	18	61	85	17	35	23 6
4-Year Degree or more Count	2	43	50	159	15 9	65	91	56 9
Total Count	6	80	90	269	31 0	10 4	14 5	10 04

Note: * statistically significant at 10%, ** statistically significant at 5%, *** statistically significant at 1%

Table 6. Number of Respondents Participating in MFA

Since the purpose of our research was to identify relationships between farmers' demographics and decisions in participating in MFA, a logistic regression analysis was applied to further test our hypotheses since variables of our interests were binary or level variables. The dependent variable was whether farmers engaged in MFA in 2011 (yes = 1, no = 0). Independent variables included in the regression function were: total acreage of the farm operation, age, gender, education, and gross farm income.

Table 7. Results of Logistic Regression Using Detailed Farm Survey Information

Variables **Y = 0 did not participate in MFA in 2011** **Y = 1 participated in MFA in 2011**	**B**	**S.E.**	**Wald**	**Sig.**	**Exp(B)**

X 1 total acres (grouped) 1 = 0-100 2 = 101-200 3 = 201-300 4 = 301-400 5 = 401-500 6 = 500+	-.334	.072	21.425	.000***	.716
X2 age 1 = less than 35 2 = 35-54 3 = 55-64 4 = 65+	-.326	.113	8.288	.004**	.722
X3 gender 1 = female 2 = male 3 = female and male	.183	.208	.775	.379	1.201
X4 education 1 = less than high school 2 = high school 3 = some college 4 = 4-year degree or more	.340	.106	10.353	.001***	1.405
X5 gross farm income (grouped) 1 = $1-$10,000 2 = $10,001-$100,000 3 = $100,001-$500,000 4 = $500,000+	.105	.115	.835	.361	1.111
Constant	.356	.659	.292	.589	1.428

Note: * statistically significant at 10%, ** statistically significant at 5%, *** statistically significant at 1%

Results of the logistic regression showed a negative relationship between total acres of operation and likelihood to adapt MFA strategy (Table 7), which implied farmers with smaller operating scale would be more likely to engage in MFA. Large farms are usually more likely to specialize in particular farming practices by producing massive quantity or volume of products to reduce cost per unit of production. This makes sense when we consider the economies of scale. Small farms, however, tend to be more challenged in balancing resources and market options, and MFA might be a better way to alleviate risks and to gain more support by reaching out to customers through agritourism and direct sale strategies.

Age seemed to relate to MFA in the negative manner (Table 7). The older the farmers were, the less likely they would adapt MFA. The younger generation might have a stronger sense of market propositions and new trends of customers' demand. Younger farmers are also more likely to be willing to try new things to test the market. Older farmers are more likely to stay in a comfortable position if they are used to a stable style of management and operation over time, and they would be less likely to take unnecessary risks to adopt MFA. The MFA practices take a lot more time and energy based on previous studies (Liang & Dunn, 2014). Older farmers might not be willing to deviate from daily farming activities to pay attention to creating new value added products or to meet-and-greet visitors for farm tours.

Education definitely has strong influence on MFA decisions. The more education farmers received, the more likely they would adopt MFA strategy. Education level has been a widely discussed factor in corporate management strategy. Many scholars agree that a highly educated and well trained management team create a positive influence on corporate structure and diversification strategy. Our farm survey results seem to mimic findings in general corporations.

Gender and gross farm income did not seem to have a significant influence on decisions of MFA (Table 7).

Discussion and Policy Implications

Economic mobility is critical to rural America, and agricultural industry plays a key role in sustaining the economic mobility to farming communities. There has always been an intriguing view of New England region – small acreage, small quaint little towns, and serenity of working landscape. Very often people wonder how these small farm families sustain a life style that could be emotionally satisfactory and financially feasible. It has always been a puzzle to researchers – how do these small farms survive? Our study gathered empirical data using a census survey approach to unveil the demographics of New England farmers and how their demographics relate to MFA decisions.

Most of the survey respondents were middle age or older, male, and well educated. For our first hypothesis, the results of the logistic analysis revealed that farmers with small farming scale were more likely to engage in MFA. For our second hypothesis, the results of the logistic regression show that younger farmers were more likely to engage in MFA than older farmers. Finally the results of the logistic regression supported the third hypothesis that farmers with higher education level were more likely to engage in MFA.

The findings of our study support the notion that farm households use a variety of strategies that directly and indirectly contribute to economic mobility and rural community development. Farmers are creative to leverage resources including their own time and intellectual property to generate income for their own families and to offer support to other families in a community. The MFA strategy goes beyond generating income and new opportunities for farm families. The decisions to engage in MFA is a creative process matching with entrepreneurship theories indicating entrepreneurs who see opportunities for the use of their resources to make themselves “better off” by using other under used resources in productive ways thereby creating employment that results in community development.

The development of the MFA is not a new trend in the United States. Farmers have been practicing it for many years. The discussion of MFA and its impacts on farm households and rural development is an emerging topic in the U.S., particularly understanding how MFA relates to farmers’ demographics and to what extend the demographics relate to MFA decisions. Encouraging the MFA blindly to all farmers will not directly solve problems such as poverty or unemployment in many rural areas. Marsden and Sonnino (2008) suggested that under the emerging rural development paradigm, multifunctional activity had to add income and benefit to agriculture and its community environment. The practices of the MFA need to directly contribute to the construction of a new agricultural sector that would correspond to the needs of the wider society and it must reconfigure rural resources in ways that lead to wider rural development benefits.

Ellis and Biggs (2001) suggested to develop a new paradigm of utilizing multifunctional agriculture as a survival strategy for small farmers. It must be a proactive development tool that promotes more sustainable economies of scope and synergy. It must contribute to rural development by adding income and employment opportunities to the agricultural sector, contribute to the construction of a new agricultural sector that corresponds to the needs and expectations of the society at large and must imply a radical re-definition and re-configuration of rural resources, to varying degrees, in and beyond the farm enterprise. Ellis (1999) also mentioned “This in turn encourages the re-direction of resources toward a wider variety of activities, leading to greater involvement in the local economy, whether in the food sector or outside it. These new activities expand income sources and reduce the farm’s dependence on commodity prices. A contribution to rural development can then be achieved not only through alternative food chains but also through engagement in para-agricultura1 activities.” (Ellis, 1999, P. 3)

States and regions should continue to encourage small farms through land use policy in or near urban areas, provide educational opportunities for young people and new farmers interested in farming, and provide improved and continuous education and extension assistance for those interested in MFA. These approaches should be appropriate, flexible and equitable between players in states and within the region (Best, Kilkelly, Levine, & Ruhf, 2007). For example, the prescriptions suggested by Best, Kilkelly, Levine and Ruhf (2007) were instructive for MFA. While regulations are necessary and appropriate; the more understandable, accessible, consistent and appropriate they are, the easier for regulators, farmers and the public to meet their shared goals. If local policies encourage farm-direct sales, it should not be more difficult to sell in one state than another, at minimum. Federal regulations should provide reasonable, scale-appropriate standards and exemptions to allow fair distribution and transportation. While states and locales rightfully emphasize “local” products (however defined), they should consider the advantages of thinking regionally, states should provide better, more accessible and transferable information about regulations, rules, and support provided to MFA practices. The key to achieve economic mobility in a rural area given younger and more educated farm operators seems to rely on a combination of economic mobility and intellectual mobility, so that farm households can achieve the highest satisfaction and communities would reach higher goals in sustainability and prosperity

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Appendix 1. Image of the Postcard Survey

Q1: Have you had any agri-tourism operations on your farm since January 2011? NO __ YES__
If YES (Choose All That Apply) Petting Zoo___ Farm Tour___ Special Events___
Bed & Breakfast___ Outdoor Recreation___ Others___

Q2: Have you participated in any direct sales since January 2011? NO___ YES___
If YES (Choose All That Apply) Pick-Your-Own___ Farm Stand___
CSA___ Coop___ Farmers' Market___ Restaurant___ Others___

Q3: Have you introduced any value-added products besides traditional farm products since January 2011? NO___ YES___
If YES (Choose All That Apply) Jam and Jelly___ Cheese___ Cream___
Ice Cream or/and Yogurt___ Bread or/and Butter___ Wine___ Syrup___
Pickled Fruit and Vegetable___ Wool___ Spice___ Candy___ Others___

Q4: Have you earned off-farm income other than farming practices since January 2011?
NO___ YES___
If YES (Choose All That Apply) From Other Occupations Besides Farming___
Income from Other Companies Besides Farms___
From Other Individuals___

Appendix 2 Detailed Farm Survey

that will show through envelope window. No information can be printed here

The University of Vermont

How would diversification change the face of Agriculture in your region?

We are interested in learning more about how farmers decide to be involved in a variety of activities besides conventional farming, and how that might impact your local area. This project is funded through the University of Vermont. You are invited to take part in this survey, and your participation is completely voluntary. You may choose to withdraw at any time or choose not to answer every question. The results will be beneficial to new and existing farmers, service providers, and policy makers at the local and national level, all of whom are interested in learning about the impacts of farming decisions on long term profitability and sustainability. This survey will take about 30 minutes for you to complete. Your answers will remain confidential. Survey results will be summarized in a general form to prepare for policy recommendations, research articles, and outreach reports for producers. Thank you very much!

Project Director:
Dr. Kathleen Liang
Department of Community Development and Applied Economics
University of Vermont, Burlington, VT 05405, (802) 656 0754 CLIANG@uvm.edu

If you have any questions about your rights as a participant in a research project you should contact Nancy Stalnaker, the Director of the Research Protections Office, at the University of Vermont at 802-656-5040.

Section 1: General Information about Your Farm

1. How many acres were in your farm operation in 2011? (include crops, pasture, forests, farmstead, etc.)

+ ____________ Owned acres — How many owned acres were inherited or purchased from relatives?_____ acres
+ ____________ Leased acres — Cash and share rental expense for these acres? $________________
= ____________ Total Acres — (Owned acres + Leased acres = Total acres)

2. What is your legal business structure of this farm in 2011 (for example, sole proprietor, partnership, etc.)

____

3. In 2011, was more than half (50%) of the net worth in your farm's assets owned by you and your extended family? (Exclude landlords and lenders but include related individuals who might not be residing with you)

YES___ NO___

4. What were the main commodities your farm/enterprise produced and sold in 2011? (choose all that apply):

___ Grains
___ Hay, silage, and field seeds
___ Vegetables, sweet corn, and melons
___ Fruits, nuts, and berries
___ Maple and maple products
___ Poultry and poultry products
___ Dairy products
___ Cattle and calves
___ Hogs and pigs
___ Sheep, goat, and lamb
___ Llama, alpaca, or buffalo
___ Aquaculture
___ Horticulture, Nursery and greenhouse crops, include Christmas trees
___ Forest products (lumber, firewood, etc.)

Others (please specify) ______________________________

Of the above commodities, which accounts for the most value of production? (write-in the category)____________

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5. Which of the following category describes any acres on your farm?

___ I am not certified organic and I do not intend to pursue certification.
___ Certified organic acres (since what year_______)
___ Some or all acres in the process of becoming certified organic farm (since what year_______)
___ Use organic practices but not seeking certification (since what year_______)
___ Once certified organic but not any more
___ I am not certified and I am interested in learning about organic production

6. During 2011, did your farm focus on local markets by providing agri-tourism activities, selling directly to consumers, local schools, local hospitals, local restaurants, or local to retailers who branded the products as locally produced?

YES___ NO___

If YES, check all that apply, indicating the year you first began this enterprise. If NO, skip to 7.

___ Agri-tourism (began in what year_______)
___ Direct sales of farm products for human consumption to consumers (e.g., farmstand, CSA), (began in what year_______)
___ Direct sales of other farm products not for human consumption to consumers (e.g., Christmas trees, firewood, hay, greenhouse and nursery flowers and plants.) (began in what year_______)
___ Direct sales of value-added products to consumers (e.g., jam, jelly, wine), (began in what year_______)
___ Direct sales to local hospitals, schools, or correctional facilities (began in what year_______)
___ Direct sales to local restaurants or retailers who sold the products as locally produced (e.g., Hannaford, Price Chopper, Wal-Mart, etc.) (began in what year_______)

7. Did you participate in any government or university farm programs in 2011? Check all that apply

___ Federal and/or state farm payment programs
___ Federal and/or state farm loan programs
___ Conservation cost-share programs
___ Use USDA or state agency statistical market information
___ Local, State, or Federal Government training programs or technical advice
___ University or Technical College Extension Services program or technical advice
___ Other, specify ______________________________

8. Please indicate which individuals or organizations you often connect with for advice, training, education, and technical support in 2011. Check all that apply

___ Other Farmers
___ Friends, Family Members and Relatives
___ Chamber of Commerce
___ Producer or Consumer Cooperatives
___ Private Consultants
___ Input Suppliers
___ Financial Institutions (banks, investors, credit union, etc.)
___ Professional Associations (such as Vermont Farms Association or other State farm organization, Northeast Organic Farm Association, Northeast Fruit and Vegetable Producer Association, etc.)
___ Others, specify______________________________

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Section 2: Estimated Sales and Expenses of Your Farming Activities

1. **Estimated dollars** received from farming, such as sales of farm commodities (exclude value added and processed products) and participation in government programs in 2011 (report income only once)

	Estimated Dollars Received
Dairy Cooperative	$
Other Contracted Sales or Fees Received for Contract Production	$
Community Supported Agriculture (CSA) Buying Club	$
Pick your own, farm stand, farmers' market for human consumption only (fruits and vegetables, meat, etc.)	$
Farm products not for human consumption (Christmas trees, firewood, hay, greenhouse and nursery flowers and plants.)	
Local institutions, such as hospitals, schools, or correctional facilities	$
Restaurants and local retail outlets such as local grocery stores	$
National retail franchise that markets the products as locally-produced (such as Wal-Mart or Sodexo)	$
Open market sales of farm products not reported above	$
Program payments from participating in government farm programs	$
Other farm income, such as income from providing machine hire and custom work services, insurance indemnity payments, etc. (specify)	$

2. **Estimated dollars** received from agri-tourism activities in 2011 for each category

	Estimated Dollars Received
Outdoor Recreation (Hay Rides, Sleigh Rides, Llama Trekking, Cross Country Skiing/ Snowshoeing, Hiking/Cave Exploring, Camping/Picnicking, etc.)	$
Educational Tourism (Bus Tour, School Group Tour, Garden Tour or Demonstration, Winery Tours, Industry Tour, Wool Spinning Demonstration, Maple Sugaring Tour, Guided Crop Tour, Dairy Milking Demonstration, etc.)	$
Accommodations and Food Services (Bed & Breakfast or Other Lodging Services, Company or Organization Retreat, Meeting Facilities, etc.)	$
Entertainment, Festival, and Events (Concerts, Weddings, Flower Shows, Arts and Crafts Shows, Harvest Festivals or Other Seasonal Events, etc.)	$
Others (Specify)	$

3. **Estimated dollars** received from value-added product sales in 2011 for each category

	Estimated Dollars Received
Jam/Jelly/Other fruit preserved products	$
Dairy Products, including Ice Cream/Yogurt/Butter/Cheese/Cream	$
Pickled Fruit and Vegetable	$
Wine	$
Wool and Mohair products, including Yarn/Felt/Clothing items	$
Maple sugar, candy, cream, or other related products	$
Spice, Flour, Sugar, and other Baking/Cooking Condiments	$
Aquaculture	$
Forest products and By-products (timber, woodchips, etc.)	$
Others (specify)	$

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4. In 2011, how much did your farm spend for the following expenses?

- Seeds, plants, seed treatments $__________
- Fertilizer, lime, and other nutrients $__________
- Pest control, include chemical and biocontrols $__________
- Livestock purchases $__________
- Livestock feed, vet services, and leasing $__________
- Fuel and utilities $__________
- Trucking and storage $__________
- Equipment purchases, including farm trucks $__________
- Farm business expenses, such as
  Insurance, property taxes, and interest on debt $__________
- Farm depreciation of owned farm assets $__________
- Labor expenses $__________
- All other expenses, such as supplies, storage, repairs and maintenance and leasing for farm machinery and vehicles $__________

5. How many individuals did you have working on the farm in 2011 other than farm operators?

a. Total number of paid full time employees on your farm (including family members): + _______(workers)
b. Total number of paid part time employees on your farm (including family members): + _______(workers)
c. Total number of family members involved in farm operation but not receiving regular farm salary: + _______(workers)
d. Total workers (5a + 5b + 5c = 5d) = _______(workers)

6. **Estimated** Total Farm Income, Expenses (Cash or Accrual Methods), and Balance Sheet in 2011

	Estimated Dollars Amount
Gross Farm income before expenses	$
Farm expenses	$
Farm Profit or Loss	$
Farm Assets	$
Farm Debt	$

Section 3: Household Information

1. Age of principal operator: under 35___ 35-54___ 55-64___ 65 and over___
2. Gender of principal operator ___Female ___Male
3. Race of principal operator (check all that apply):

   ___White ___Black or African American ___Asian/Pacific Islander

   ___American Indian or Alaska Native (All tribes)
4. Is the principal operator of Hispanic origin, such as Mexican, Spanish, Puerto Rican, etc.? YES___ NO___
5. Education of principal operator:

   ___Less than High School ___High School ___Some College ___4-year College Degree or more
6. In what year did you become an operator of this farm? _______
7. In what year did you start operating or working on any farm? _______
8. Did the principal operator have a spouse for all or part of 2011? YES___ NO___

   If YES, please continue. If NO, skip to 9.

   If married, does your spouse work on the farm? YES___ NO___

   If married, is your spouse also an operator of this farm? YES___ NO___

   In what year did your spouse begin jointly operating this farm? _______

   In what year did your spouse start operating or working on any farm? _______
9. How many persons lived in your household in 2011 (including students away at school)? _______
10. How many of these household members were under 16 in 2011? _______
11. How many of these household members were 65 years old or older in 2011? _______

12. In 2011, if you or your spouse worked off-farm, which industry best describes the place you worked? (If more than one, chose the one that contributes the most to your sources of off-farm income. Check box.)

Industry Type	Principal operator	Spouse of operator (if applicable)
Not Applicable		
Agriculture, forestry, fishing, or hunting		
Construction		
Manufacturing		
Education Services		
Health Services		
Government Services		
Wholesale trade, warehousing, utilities or transportation		
Finance, insurance, real estate, or other professional services		
Recreation or tourism, including eating and lodging		
Retail trade or personal services		
Other non-governmental services		

For your off-farm work, what is your job title? (write in)______________________

For your spouse's off-farm work, what is his/her job title? (write in)______________________

13. In 2011, what is an estimate of the number of hours per week you and your household members (if applicable) worked on this farming operation and at another job or business. Since work is often seasonal, provide an estimate of an average over 2011.

	Farm hours (average per week)	Work at a job other than your farm (average per week)
Principal operator		
Spouse/Partner		
Other household member 1		
Other household member 2		

14. **Estimated** income household received from **off-farm** sources in 2011 for each category.

	Principal operator	Spouse of principal operator (leave blank if no spouse)	All other household members, if any income
Full Time Jobs	$	$	$
Part Time Jobs	$	$	$
Another business you or household member operate	$	$	$
Other off-farm income, e.g., interest, dividends, pensions, etc.	$	$	$

Section 4: Opinions about Farming

1. Reasons for you to be involved in agri-tourism, direct sales, value-added production, and off-farm jobs (check all that apply):

			Direct sales			
	Agri-tourism	Value added	Sales to consumers (e.g., farmers markets, CSA's, etc.)	Sales to local restaurants and retailers that market as locally-produced	Sales to local schools, hospitals, and correctional facilities	Off-farm jobs and businesses
Increase farm revenue						
Improve family financial situation						
Promote farm's connection with customers						
Promote locally made products						
Diversify farm operation						
Provide employment opportunities for family members						
Gain access to employer-provided health insurance						
Promote local farm scenery						
Enhance sustainability of local working farmland						
Connect with other community partners more often						
Provide an education channel for others						
Create a different lifestyle for my family						
It is my hobby						

2. Please indicate which barriers if applicable prohibit your involvement or expansion in agri-tourism, direct sales, value-added production, or off-farm jobs (check all that apply):

			Direct sales			
	Agri-tourism	Value added	Sales to consumers (e.g., farmers markets, CSA's, etc.)	Sales to local restaurants and retailers that market as locally-produced	Sales to local schools, hospitals, and correctional facilities	Off-farm jobs and businesses
Access to financing and capital						
Access to land						
Access to market and customers						
Access to labor						
Access to training						
Access to service providers and vendors						
Access to networks and support systems						

3. Personal Reflection on Characteristics

		Strongly Agree				Strongly Disagree
A.	I am always optimistic about my future.	1	2	3	4	5
B.	I am not afraid of failure.	1	2	3	4	5
C.	I am creative and innovative.	1	2	3	4	5
D.	I am always confident about my decisions.	1	2	3	4	5
E.	I enjoy working with people in general.	1	2	3	4	5
F.	I usually look before I leap.	1	2	3	4	5
G.	I am willing to take reasonable risks.	1	2	3	4	5
H.	When planning, I usually consider both negative and positive outcomes.	1	2	3	4	5
I.	I always seek new opportunities.	1	2	3	4	5
J.	I usually try to find as much information as I can before I decide what to do.	1	2	3	4	5
K.	I try to be reasonably certain about the situation I face when starting an important activity.	1	2	3	4	5

4. Expectation and Outcome Assessment

As the result of participating in agri-tourism, direct sales, value added, and off-farm work, I believe:

		Strongly Agree				Strongly Disagree
L.	My family's financial situation has been improved.	1	2	3	4	5
M.	My family's quality of life has been improved.	1	2	3	4	5
N.	My family and I are happy and satisfied with our current farming operations.	1	2	3	4	5
O.	I have a more positive outlook for my future as a farmer.	1	2	3	4	5
P.	My family has a more positive outlook for our farming operation.	1	2	3	4	5
Q.	It has been more time consuming than I have expected.	1	2	3	4	5
R.	I would continue participating in agri-tourism, direct sales, value added and/or off-farm work in the future.	1	2	3	4	5

The Impact of Family and Personal Dynamics on Chinese Women Entrepreneurs' Firm Performance: An Empirical Analysis

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Abstract

China has 29 million women entrepreneurs, a quarter of all entrepreneurs in China ("Female Entrepreneurs Gaining Ground," 2008; "Women in China," 2011; Wong, 2012). In China, 85% of women entrepreneurs and business owners employ workers and are not solely self-employed (Kelley, Brush, Greene, & Litovsky, 2012). Welter, Smallbone, Aculai, Isakova, and Schakirova (2003) suggest that this is of particular importance in transitional economies, as women more frequently employ other women, reducing the effect of discrimination in the labor market. Some make it big: two of the 21 women on the 2012 *Forbes* list of worldwide billionaires were from mainland China, including Wu Yajun, who is a real-estate developer and journalist who is a self-made entrepreneur and chair of Longfor Properties (Carlyle, 2013). These Chinese women entrepreneurs are part of the 126 million women in 67 countries started and grew a new enterprise, while 98 million women were running an existing business for at least three and a half years in 2012 (Kelley, Brush, Greene, & Litovsky, 2012).

Developing a Service learning Project through Connected Learning: A Small Business Approach

Hector Iweka, Lasell College

Abstract

Most colleges and universities use connected learning and/or experiential learning as a bench mark to develop courses to enable students connect theoretical concepts and constructs with the application to the outside world. This workshop is developed to create a dynamic and educational discussion on the role of various stakeholders in developing and implementing a service learning project for a small business. The workshop will also explore and identify various challenges during every stage of the process and finally participants will develop best practices for an effective and efficient collaboration between the college or university and the small business organization.

Agenda

- Brief overview of Lasell's "Connected learning approach"
- Presentation of other perspectives to connected learning and/or experiential learning
- Discussions on the role of faculty, students and organization
- Discussions on the challenges of developing and implementing a service learning project
- Discussions on best practice

Purpose and Activities of the Workshop

Some of the questions the workshop will cover includes but not limited to the following:

- What are some techniques and methods used in developing a service learning project?
- What are some of your experience and challenges incorporating service learning projects for small business organizations?
- How should faculty navigate these challenges?
- Do you have best practice to share with other participants?

Outcomes for Participants

Participants will leave with the following:

- Understand various models of developing a service learning project in small business organizations
- Analyze the various challenges for each stakeholder
- Develop an understanding of the various strategies to navigate these challenges
- Develop best practices for an effective and efficient collaboration between the college or university and the small business organization.

Best Practices: University of Tampa Entrepreneurship Center Entrepreneurship

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Dean Koutroumanis, The University of Tampa
Kevin Moore, University of Tampa

Abstract

The University of Tampa Entrepreneurship Center has taken a proactive stance in developing innovative programs, positioning itself to be nationally recognized as a leader in entrepreneurship education. The center has developed best practices through a redesign and re-launch of the entrepreneurship curriculum beginning in 2009. In addition to the curricular program efforts, center directors have aggressively pursued and launched multiple co-curricular programs, experientially reinforcing the academic programs. The co-curricular programs have been structured to reach students across campus regardless of discipline. These collective efforts are articulated in the following proposal.

Introduction to Program Description

The University of Tampa launched the major in Entrepreneurship in 2004. After the initial program development, the university administration brought in a new academic leadership team for the program in 2009. Dr. Rebecca White was hired to fill an endowed chair in entrepreneurship and Professor Giles Hertz was brought in to teach in the program. Prior to coming to UT, this team helped to build a nationally ranked program at Northern Kentucky University. After a thorough review of the resources and strengths in place at UT, the entire curriculum was redesigned, the center was renamed and any previous programs remaining from the small business and family business era were discontinued or redesigned. The new programs include best practices from successful academic programs with a strong experiential learning component.

Program Redesign

The redesigned program is built based upon one fundamental question: What does a 21st century education require? The primary goal of the UT entrepreneurship programs is that students who graduate from the program have the capacity to find solutions to complex problems and take advantage of unforeseen opportunities. The curricular and extra-curricular programs offered provide the opportunity to learn the skills necessary to think creatively, design and recognize opportunities, and transfer that knowledge beyond the classroom. There is an emphasis on abductive reasoning – the logic of generating ideas and forming explanatory hypotheses – and implementation –turning those solutions into viable businesses.

Best Practices - Academic Programs

When the program was redesigned, the new program included all new 4 credit hour classes with added experiential learning components. The prior program was comprised completely of MGT (management) and MKT (marketing) classes: there were no entrepreneurship (ENT) classes at that time. The redesign included creating an ENT designator and designing new courses that emphasized topics such as creativity, opportunity recognition and business modeling. UT now offers four graduate and undergraduate degree programs:

- Major in Entrepreneurship
- Major in International Entrepreneurship
- Minor in Entrepreneurship (available to students with any major)
- MBA with a specialization in Entrepreneurship

Best Practices – Supporting Programs
Partnership with Moffitt Cancer Center (MCC) - UT graduate students develop business plans and investor presentations for new biotech products developed by Moffitt scientists/physicians that are used to seek funding and key personnel for startup ventures.

CREATE ®**–** Funded by the Bank of New York Mellon Wealth Management this program provides students from all academic disciplines with the chance to pitch an idea and if selected win the chance to participate in a 6 week boot camp to help prepare them to pitch their concept (for prize money) to a panel of qualified judges.

Pitch Sykes is an opportunity for UT students who have an idea for a business to pitch their idea during an informal session that occurs once a month. Entrepreneurs and faculty members are available to hear and evaluate new business ideas. It is a chance to practice presenting the idea, meet with successful entrepreneurs, receive actionable feedback and show progress to compete for start-up funding.

The Spartan Accelerator is a program designed to help develop entrepreneurs by helping current students and recent alums grow their startup businesses. The Center's *Opportunity Review Board* vets applications to the program. Selected students receive an advisory board and support needed to develop and grow their fledging companies. Small competitive grants are also available.

The Main Street Speaker Series, featuring nationally-renown entrepreneurs and thought leaders, is offered twice each year and is sponsored by NorthStar Bank of Tampa. Local entrepreneurs sponsor tables and bring 4 guests and sponsor 4 students and the students and business leaders are able to interact as they learn about entrepreneurs and their stories.

The UT Entrepreneurs Club is an organization of students from across campus with a passion for developing an entrepreneurial mindset. This group hosts a number of student events including the Southeastern Entrepreneurship Education Conference. Held each spring, this is the largest and first regional conference of the National Collegiate Entrepreneurs Organization (CEO). The club members run the entire conference gaining amazing experience. More than 200 students from all over the United States attend to network and hear 2 days of outstanding speakers and workshops. For example, Jeff Hoffman, founder of Priceline.com was the keynote speaker in 2012. (See www.seectampa.org)

CEO Council Business Plan Competition **–** each year this program awards three $1,000 prizes to the best business plan competitions among graduate and undergraduate students studying entrepreneurship at UT.
Spartan Huddle and Annual Alumni Event **–** UT alumni who are entrepreneurs or aspire to be entrepreneurs gather regularly to interact. In addition, each spring the Entrepreneurship Center holds an alumni event in conjunction with the SEEC conference that brings together recent alums of the entrepreneurship program and other UT alumni entrepreneurs. Outstanding Entrepreneurship Alumni Awards are presented each year.

Training and Educating Grass-Root Leaders in Food System and Rural Development for the 22nd Century Utilizing the Teen Reaching Youth (TRY) Model: TRY for Farm, Food, and Energy

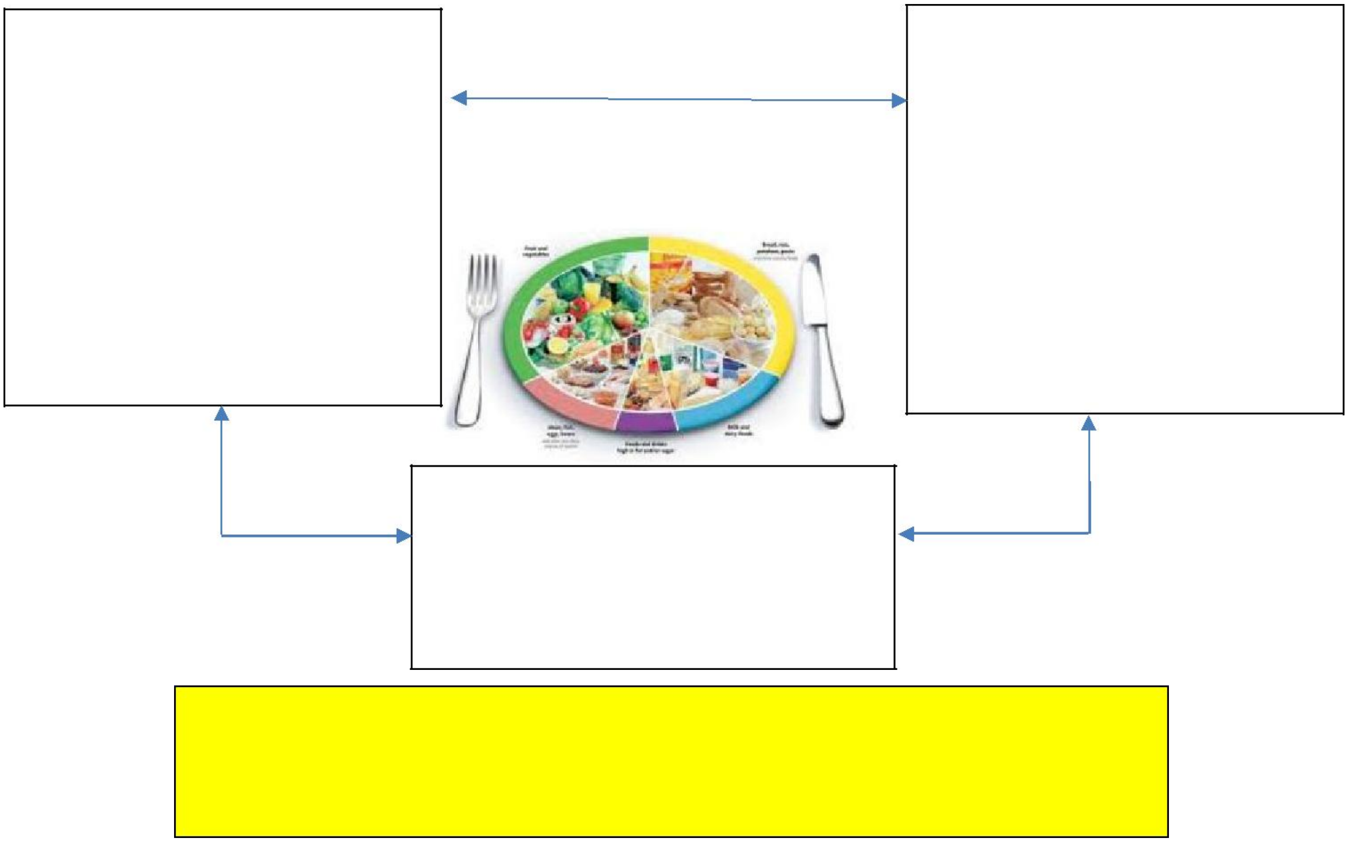
Kathleen Liang, University of Vermont

Justification of the Best Practice

Teens Reaching Youth (TRY) for Farm, Food, and Energy is considered a best practice because (1) it offers a combined experiential learning, service learning, and entrepreneurial leadership training opportunity that is teen-led (grades 8-12) and mentor-guided to teach the functions and interactions of life sciences and social sciences with respect to farm, food, and energy issues to younger children (grades K-3), (2) it gives overlapping generation of youth the opportunity to become agents of positive change in their communities and families, and (3) it creates a feeder program for 500+ youth annually to become future leaders in rural communities.

Background and Overview of the TRY for Farm, Food, and Energy

The purpose of this project is to create a multi-tier training/education program to strengthen youth development in rural environments, to improve knowledge and awareness of food systems by integrating the most recent research-based information of multidisciplinary sciences for ag and non-ag families, and to advance leadership and entrepreneurial skills for younger generations. Vermont is one of the most rural states in the U.S. with more than 80 percent of the population living in rural communities, and we are losing young people between age 18 and 25. It is essential to assist youth living in rural areas to access education and training that will support them to identify or create opportunities. Collaborators from College of Agriculture and Life Sciences and UVM Extension established a core of leadership to develop multi-tier curricula for TRY program including training modules, agricultural education, experiential learning, and service learning through a strong collaborative environment with more than 500 community organizations and partners. This program helps us to connect some of the most effective and unique individual programs together, and to bridge the gaps in our existing education/training curricula. The original TRY model was developed by 4-H at Utah State University. The TRY model is designed to empower teens to make a difference in the lives of others (especially younger youth) through teaching opportunities, to contribute to community through volunteerism and service, to work in a team environment to develop leadership skills, and to assist younger youth to develop life skills and knowledge of new subjects. Teens must sign up as a team of 2-4 individuals and include an adult mentor. We recruit and accept 12 teams each year, and all teams with mentors will go through a 2-day training together. The training will cover a core TRY training (e.g. how to develop relationships to work as a team and other collaborators, and how to teach younger youth) and a curriculum training (e.g. how to teach lesson contents and specific subjects). Each team must sign a contract to make a commitment to teach the entire program of six one-hour lessons to two different groups of at least 15 youth for a total of 30 youth each year. Each team member and mentor must attend the training and complete the entire program. A TRY team will be responsible to: (1) Recruit groups of youth to teach that are in grade K-3. Each team must recruit at least 15 youth to teach each time. (2) Teach each group the entire program. (3) Complete the TRY report, student attendance roster, and student evaluation forms and turn them into project coordinators at the end of delivering 6 lessons. (4) Teach the same curriculum twice within one year – use reflection and assessment from the first session to modify, improve, and enhance the teaching/communication skills when teaching in the second session. The specific contents of the integrated curriculum for teens to teach younger children about farm, food, and energy are determined and created by research leaders, and here is an example to consider a meal prepared by family members:



Success and Evaluation

Infromation and assessment will be gathered from over 400 youth and program participants to demonstrate mastery for targeted life skills, including: Decision Making; Wise Use of Resources; Communication; Accepting Differences; Leadership; Useful/Marketable Skills; Healthy Lifestyle Choices; and/or Self-Responsibility. Over time teens will gain leadership and entrepreneurial skills through teaching the TRY lessons, and young children and their families will gain more knowledge about agriculture and its interactions with our communities by learning about integrated subjects in agriculture, and will increase their understanding, appreciation, and awareness of the agricultural industry and its contribution to our society.

Transforming a Trip Abroad Into an Experiential Exercise in Entrepreneurship

John H. Batchelor, University of West Florida

Abstract

At some point in their career, many professors ponder the idea of taking a group of students abroad, be it for tourism, education, or international exposure. This notion is especially true for entrepreneurship professors interested in exposing students to international entrepreneurship. This article is a case study of how a professor and a student organization turned organizing a trip to China into an experiential exercise in entrepreneurship. The process of how a student organization created and managed a short-term business to fund and plan a trip to study entrepreneurship in China is outlined herein.

Growing Rural Entrepreneurial Businesses – A Model Development

Wendy Veatch, Wichita State University
Tim Pett, Rollins College

Abstract

Businesses throughout rural America today are facing tremendous pressures for survival in the ever changing competitive marketplace. These issues include higher transportation costs of goods and services, available pool of qualified workers and relatively low unemployment rates needed to sustain their businesses. To foster rural communities, entrepreneurial thinking and solid business tools are needed. By developing and providing an advanced level of classes with technical assistance and exposure to the latest practices for running and growing a successful entrepreneurial business. The goal of this paper is to review the successful launch and implementation of a certificate program for rural businesses and leaders specifically developed to create ownership within their rural community.

Federal and State Programs Available
There are a number of federal programs currently available for rural business across the United States. Farm subsidies are often highly debated but the goal is to sustain the family farm as a rural business while maintaining a consistent food supply. The government provides a subsidy to farmers and agribusinesses to supplement their income, manage the supply of agricultural commodities, and influence the cost and supply of such commodities (Rural). From the nonprofit sector there is Farm Aid which basically provides information and opportunities for farmers and their families to receive grants to help them with business through working with famous musicians such as Willie Nelson to raise funds. Farm Aid works with local, regional and national organizations to promote fair farm policies and grassroots organizing campaigns designed to defend and bolster family farm-centered agriculture (Farm).

Programs geared specifically for rural businesses and non-farm related are more limited but include the USDA Rural Grant Development Assistance Program. This program provides assistance through direct or guaranteed loans, grants, technical assistance, research and educational materials for qualified small businesses. The US General Services Administration also sponsors workshops, classes, seminars, meetings and training programs for small business owners. One of the biggest programs is the Small Business Development Centers (SBDCs) provide a vast array of technical assistance to small businesses. SBDCs are run through state government organizations and are normally run through university and/or colleges. The SBDCs are made up of a unique cooperation of SBA federal funds, state and local governments (Economic). However, many times these SBDC centers are overwhelmed with clients and programs that are difficult to customize to individual rural needs.

Each state is unique in their approach but many states with a large rural populations have developed programs to assist rural businesses as well as rural start-ups. The goals are many including sustaining rural communities beyond farming, attract new residents, sustain small town America and stabilize a tax base for county operations. The USDA Rural Development program in Kansas provides support for the promotion of economic development by supporting loans to businesses through banks, credit unions and community-managed lending pools. Technical assistance is offered to help with empowerment programs and information to help agricultural producers and cooperatives get started and improve the effectiveness of their operations. The Kansas Department of Commerce offers a number of unique programs including the Kansas Capital Multiplier Loan matches up to 9% of private equity invested through a partner network to eligible businesses in communities across Kansas. Funding is provided through the United States Treasury via the State Small Business Credit Initiative (SSBCI). Finally, at the state level NetWork Kansas resource partners provide business-building services to entrepreneurs and small businesses. Working with a NetWork Kansas resource partner helps businesses get the prompt, local assistance they need to access all types of resources to start or grow their business (NetWork). NetWork Kansas offers a statewide resource referral service that enables entrepreneurs and small business owners to be connected with the resources they need whether it's in their local community or across the state.

Local economic development agencies vary by communities across states by all focus on economic development issues for rural businesses. A number of them offer some general advice on starting a business, training and resources. Financial assistance with loans, grants and tax-exempt bonds. Business location and site selection assistance, employee recruitment and training assistance are sometimes available. Many communities also have not for profit organizations that provide general business information including chamber of commerce's and Rotary Organization to name a couple.

Although there are a number of resources available for rural businesses many of these services have a broad generalist approach and not the basic business acumen needed by these types of businesses. Few of the programs are designed to address the rural business and the issues they are facing in sustaining their business and lifestyle.

Community Research and Discussions with Rural Business Owners

Through our research efforts we identified needs of the rural business from a technical assistance and to on-site program to deliver programs. In addition we learned from the community economic development leader the need for better techniques on how to run a business specifically as a rural 'clan' community. From our discussions with her (economic development coordinator) many of these business owners/operators were familiar with online opportunities but felt that face-to-face learning was what they really wanted in their community. Rural businesses face challenges that are different from those in an urban setting and such the resources available to them are limited. In rural locations businesses was conducted face to face business transaction, and still do in a number of settings, however others in the rural community are looking for alternative ways to expand and remain in business.

We conducted a focus group after our initial meetings with the county economic officer and a couple of local business owners. The focus group consisted of nine small business in the surrounding community, which were led by 4 female and 5 male business leaders. On average, the companies were in business slightly over 33 years and managers/owners were in their position an average for 15 years. Their number one concerned was grouped as getting and keeping customers; and the size of the population. The second group of concerns were the economy, timing of cash flow, and ability to attract skilled workers. Finally the final grouped area of concern dealt with limited resources, technology, financing, and remote location. To some extent these are similar issues facing all businesses but seemed to be of greater importance for rural lead businesses because of the lack of educational and training available. We used this feedback to create and structure a program addressing those issues that can be learned and influenced by the business leaders. Some areas of concern such as economy and remote location are not the focus of our proposed learning model but embedded in the program.

Initial Program Model

As mentioned above rural communities are in a unique position for business growth, in large part because of the entrepreneurial spirit and the need to survive exhibited throughout most of these communities. Following the focus groups, over thirty-one topics were discovered as areas to build expertise and general business savvy. Some of these topics included: how to fire in a positive manner, word-of-mouth in a community is critical and to dismiss or fire in a positive light to dissipate negativity among the community. Other topics: negotiation, buying skills (win-win and game theory) nuts and bolts of advertising, purchasing and ad placement, developing a press release, grasping how to structure business financials to avoid pitfalls of combining personal and business financials, and joint marketing to establish an identity for the community and the business. The purpose of developing a certificate program along with the combination of targeted topics was for rural business owners to walk away from the program with a resource guide to refer to during and after the program. Over the duration of the eleven week certificate program we encouraged businesses to build their networks through sharing services and doing business with one another.

A Certificate Program for Rural Kansas

The new certificate program provides practical, applied information and examples necessary for today's rural communities. The Model is a customized eleven-week certificate program. We offered, each session lasting about 3½ to 4 hours, with time for one-on-one discussions with facilitators. The figure below provides the overall map and logic associated with the program. One key needed to deliver a successful program was faculty involvement from the beginning. All the faculty involved with the program were more than willing to put in the additional time needed to develop the unique program for delivery. Each of them spent countless hours researching their topics in relation to the rural business setting. In total 8 faculty members participated in the delivery of the certificate program.

The first program delivered in the certificate program was centered on developing the necessary mindset of being an entrepreneur in a rural setting and forging ahead in the program with that mindset in throughout the program. Following that program and a number of programs were developed around the marketing/consumer behavior/ merchandising issues facing the rural business owners as discussed by the economic development coordinator and based on the results of the focus group. The next area was grouped as the operational issues employees/legal/finance perspectives of the rural businesses. We concluded up the program by bringing the previous topics together and having them work on their niche business strategy. The program was designed so that the previous sessions learning outcomes were built on the following week. Participants were expected to do 'work at home' after each session. A small celebration of completion followed the last session with family and guest in attendance.

Figure 1: Map of Rural Certificate Program

The costs structure is unique for a number of reasons. To be successfully and build multiple learning opportunities across the communities in the state, we coordinated community and state resource partners to deliver the program. In addition, a fee was charged to participants at a reduced rate because of the rural nation of the businesses and their resource constraints. But all parties felt it was important that participants have some 'skin in the game'. Faculty schedules and time pressures did play a role in the delivery of the program (s). The programs became more successfully when appropriate amount of time was established for faculty time and travel; marketing of the program by local economic development officials and program materials distribution in the communities. The table below reports the 5 programs delivered with more scheduled in the future. Challenges still exist in delivery of these programs as well as direction after program delivery.

Table 1: Program Participants

Program Date	Location	Number of participants	Types of businesses	Average number of employees
Feb 2012	Greensburg KS	21	Law office, lumber yard, bank telephone company, furniture manufacturer, café, stained glass studio	8
Sept 2012	Augusta KS	17	Interior design, glass install & repair, antiques, physical therapy clinic, bakery, event venue	12
Apr 2013	Dodge City KS	20	Grocery store, auto repair, remodeling, theater company, grooming	7
Jan 2014	Dodge City KS	22	Optometrist, warehouse, golf club, trucking, bakery	9
Sept 2014	Colby KS	20	Construction, management company, photography, CPA firm, art boutique, sewing, spa	5

Program Outcomes and Feedback

The team of certificate program facilitators has worked with entrepreneurs and small businesses throughout Kansas. The team views this as a viable model program for the entire state of Kansas and that the long-term success would be measured for each community. Ultimately we are examining creating a larger rural business network to include program participants and have annual meetings to discuss best practices and networking across the state. At that time if demand was created we might develop future programs with university representatives from across the state and sponsors of the rural initiative.

We measured feedback from the program participants. Respondent names were not requested but many of them felt it necessary to respond and identify themselves. Of the countless number of positive response below represents a few:

> Jan 2013 "The extremely qualified instructors communicated real life lessons that related to my business. I'd recommend these classes to both new and established businesses."- Kayla's Happy Tails Grooming Salon, Dodge City, KS
>
> Feb 2012 "The program helped confirm some of my business practices and prompts me to take a much closer look at others. Great amount of very useful instruction!"
> Studio 54 Stained Glass, Greensburg, KS

Feb 2012 "I am grateful to Wichita State for providing this educational opportunity. I feel that we have been provided the basis of an extraordinary academic and professional learning experience. Please extend this note of gratitude to the participants and administrators responsible." Don Spotts Lumber Co., Ashland, KS

Sept 2012 "I would take this class again in a second! I thought the instructors were amazing and the information was applicable in my business today. Great job to all of the instructors that helped push us to a new level of business preparedness! I thought all sessions especially the Contracts session gave us information that could save us lots of money and better inform us when it comes to reading and making contracts." - PT Plus Physical Therapy, Andover, KS

Lessons Learned and Next Steps

Program Delivery

- Offer programs during off-hours to accommodate business owners who are one man shops
- Programming time of year that seems to be best is February though April/May or August through early November
- Months Late November through January are not ideal programming times

Promotion and Distribution of Literature

- Marketing efforts need to consist of local respected entrepreneurs, outside individual from the university who is neutral in community and possibly local economic development person who has a solid reputation of making personal visits to businesses in the community
- Identify local entrepreneur to assist in recruiting
- Offer partial scholarships when companies send more than one participant
- Provide one year free programming of niche topics for business owners

Partnering

- State agency vested in rural businesses are key for success – Network Kansas
- Local perception is that Chamber, local economic development agencies do not necessarily go outside of their office to engage local businesses
- Approach local commercial lenders and hold informational luncheon for customers who are requesting funding or have recently received funding and offer program to these qualified prospects
- Personal visits in community is critical to enrolling participants in program

The programs to date have been received well in the rural communities; however there are a few things that need to be addressed in the next steps of the program. Clearly the demand for real time face to face programs requires faculty schedule coordination. A strong desire to have expert faculty to relate to in these rural communities is critical versus other partners is evident. Our objective is to continue working with local community partners to promote and deliver quality programming. The tentative agenda for 2015 scheduled to serve three additional communities in Kansas.

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International Research Symposium on Student research
Shawn Carraher, University of Texas at Dallas

Abstract

This symposium is a follow-up to the winner of the 2012 Innovative Education Award from SBI about getting students involved in research. As a strategic goal of SBI the membership has voted to add student members and therefore this symposium has been put together to highlight some of the research done by undergraduate and graduate students at the University of Texas at Dallas as part of the SBI program. In the last year this program has resulted in 58 academic presentations at conferences ranging from ones at Harvard University, Oxford University, and Cambridge University to the Academy of Entrepreneurship. These have then resulted in 19 publications within peer reviewed journals and edited academic books. This year alone 21 undergraduate students in Business applied for undergraduate student research grants as opposed to 0 for each of the previous 3 years. This is a program that should be able to be replicated at other universities.

The Correlation between Personality and Expatriate Performance: A 58 country study

Purpose
The purpose of this research paper is to perform an examination of what differences occur in an expatriate's performance based on personality differences, as measured by the Big Five (openness, conscientiousness, extraversion, agreeableness, and neuroticism).

Design
I plan to use a collection of literature reviews that have observed the effects of certain personality traits and the relation it has to how someone performs in a different location than their native country.

Research Limitations
Since the research is based on the Big 5 personality traits, there may be other characteristics that may relate to performance but may not focus on how they affect an expatriate but this research focuses on the Big Five and personality.

Originality/ Value
The research paper will incorporate a range of unique articles that cover an important subject, which is very beneficial to know about in international business and entrepreneurship. The basis of this research is to discover the effects of personality traits for an expatriate and how significant a person's characteristics changes their performance at work.

Introduction

This is the challenge in this paper as we develop and begin validation of an Objectivist scale using a sample of 193 business people from the Baltics. We are also challenged by the fact that objectivism is neither easily defined nor well understood. The four elements that comprise it are fairly direct, but objectivism itself is less clear. Rand (1962) defined objectivism as "a philosophical movement; since politics is a branch of philosophy, Objectivism advocates certain political principles—specifically, those of laissez-faire capitalism—as the consequence and the ultimate practical application of its fundamental philosophical principles. It does not regard politics as a separate or primary goal, that is: as a goal that can be achieved without a wider ideological context" (p. 1).

This instrument assesses the four categories that principally embody objectivism (Rand's positions follow in parentheses): metaphysics (objective reality), epistemology (reason), ethics (rational self-interest), and politics (capitalism). Rand produced an impressive body of work, but, as noted above, it was mostly outside of the academic and scholarly community. Moreover, she did not cite a wide range of other scholars, so the work of predecessors had to be surfaced to trace the development of these four dimensions. This paper outlines a five-sample process of scale development, starting with objectivism's four categories and resulting in a multi-dimensional scale that largely supports her conceptualization of the construct. Several challenges are identified, including the selection of items referencing specific political preferences or notions of a higher being. We find support for the four dimensional solution as well as find that it possesses both convergent and divergent validities by comparing it to the Ethics Position Questionnaire of Forsyth (1980) and a measure of Sternberg's Fallacies of Foolishness by Woodard (2012).

Uncertainty avoidance in Russia versus China

Among the members of BRICS (Brazil, Russia, India, China, and South Africa), Russia and China have the largest difference in Uncertainty Avoidance, according to Geert Hofstede's model of dimensions of national culture. Both of the countries are considered to be one of the major emerging economies, but they both make different decisions in uncertain situations. According to research, people in society with a low Uncertainty Avoidance are less open to change and innovation than those with high scores. These two different scores concerning Uncertainty Avoidance should mean that the way that the Chinese and Russians make decisions when they practice business is also very different.

This international entrepreneurship topic is researched through various published papers and journals, and by utilizing resources such as the Hofstede Model. Once a final conclusion is gathered, this information will be very useful for all people that may want to practice business in Russia or China. This makes it a valuable resource for international entrepreneurship trying to navigate these markets.

Resiliency:
Promoting Nonprofit Education, Advocacy, and Networking through Strategic Business Practices and Impacts in Nonprofit Curricula, Classes, & the Community

Patrick Walker, Lindenwood University

Enhancing Nonprofit Curricula and Classroom Instruction

In response to the realization that the nonprofit sector is a growing sector and it has a continuing need for nonprofit managers, students enrolled in the Nonprofit Administration (NPA) degree program (Bachelor of Arts and Master of Arts) are educated to be nonprofit leaders and managers through a curriculum of service learning: learning by doing. The NPA program offers a hands-out approach to education. Students are actively involved in nonprofit agencies in unique ways: while involved in the doing, students learn about planning, staffing, budgeting, organizing, implementing, and evaluating all the critical elements to have a successful nonprofit organization. NPA faculty also provide university-wide training on special topics to student organizations The BA and MA programs are strategically built around six core competencies. Only a few universities in the United States offer a degree program in nonprofit education; for universities with this curriculum, implementing key business practices that embrace the art and science of nonprofit education are essential to their survival. Critical to nonprofit curriculum's success will be a strategic alignment that interconnects the curriculum, classroom, and community business partners.

Enhancing Community

Nonprofits are a business enterprise; yet, people don't always perceive them to be. Only a few courses were chosen to initially begin utilizing an intentional forward-thinking business approach for the promotion of nonprofit education, advocacy, and networking. Several initiatives were created to emphasize the importance of partnering with key business stakeholders in the local community utilizing social media platforms. Those initiatives include creating a professional development series and a NPO roundtable series. These initiatives were developed after a realization that the BA and MA programs could make a more significant contribution to the nonprofit community by hosting a series of events whereby services could be delivered to many more organizations. Through these series, nonprofits will have an opportunity to develop a self-assessment strategy to increase their effectiveness and efficiency throughout all phases of its operation. This will be accomplished by identified topics of interest presented by business practitioners as well as academicians. Social media will be used strategically to promote both events and create connections between the classroom and "real world."

The NPA program intentionally emphasizing collaborations between for profit and nonprofit businesses is certainly one important type of strategic alliance. The growth rate of the nonprofit sector, recognized for outpacing both the business and government sectors, is largely spawned by need-based community activities and ideologically led mission programs (Wing, Pollak, and Blackwood, 2008). Nonprofit leaders and nonprofit boards of directors similarly have a responsibility to understand their organizations' economic and service niches as they plan for the future (Wing, Pollak, and Blackwood, 2008). Coordinating the resources and assets of the community, therefore, is an opportune occasion for collaborative partnerships.

Key to the nonprofit education, advocacy, and networking are nonprofits connecting with other nonprofits to create a sustainable synergy. Nonprofit organizations "are increasingly forming alliances, partnerships, and collaborations, both within and across sectors, to achieve important purposes" (Guo and Acar, 2005). There are many factors to consider when understanding the factors associated with the choice of collaboration forms by nonprofit organizations (Hettche and Walker, 2010). Establishing a network of clients and donors, therefore, while simultaneously attending to the mission and goals of the organization, requires astute attention to the interests of those in the community, awareness for potential conflicts of interest, and a general sensitivity to complex stakeholder preferences.

Community Impact & External Validation through Nonprofit Education, Advocacy, & Networking

External Validation – The Community Builders Award

X University's Nonprofit Administration Program was presented a Community Builder Award by the Community Council of St. Charles County at a reception on Thursday, June 5, 2014, at the school. The award was intended to recognize individuals, groups, and organizations that exhibit the collaborative spirit that makes the nonprofit sector effective, according to the organization. The awards were presented at a luncheon at the university's J. Scheidegger Center for the Arts; other recipients included the Francis Howell School District, the Rotary Clubs of St. Charles County, Sts. Joachim and Ann Care Service, and No Hunger Holiday. Orvin Kimbrough, president and CEO of United Way of Greater St. Louis, was the keynote speaker.

"The award means that our program is seen as coming alongside of the community to identify and address community needs," said Julie Turner, chair of the university's Nonprofit Administration Program. "As well, we are preparing emerging leaders who will go on to strengthen our community through the application of their gifts and knowledge. I can think of no greater compliment than to be seen as a partner."

The Nonprofit Administration Program operates within the X School of Human Services, educating current and future professionals in numerous aspects of a variety of nonprofit fields, including youth and elderly services, the arts, education, recreation activities, and more. The program offers undergraduate and graduate degrees, including a new five-year program in which students earn a bachelor's and a master's.

The Community Council, which is celebrating 60 years of existence this year, works with the nonprofit community, government agencies, and business leaders to strengthen the human service network in St. Charles, Lincoln, and Warren counties.

External Validation – Impact within the University

May 30, 2014

Dear Dr. Lively,

I would like to nominate Dr. XXXXX, Associate Professor of Nonprofit Administration for the Emerson Award for Teaching Excellence. In my short two years of knowing Dr. XXXXX he has demonstrated the best combination of pedagogical innovation, student-centeredness, and effectiveness as a classroom teacher. He has the ability to create new opportunities for student learning and classroom teaching. Not only is he excellent in the classroom, but he lends his skills and services outside of campus. He is a board member of five local organizations such as; Connections2Success, the Community Council of St. Charles, BoardLinkSTL and a few others.

He is also affiliated with eight National Service organizations including; the National Bar Association, the Small Business Institute® Board of Directors Association and the YMCA Board of Management, just to name a few. However, what is unique about his community and national affiliation is his openness to bring fellow members into direct contact with his students. Within his classes he provides student-centered collaborations with professionals they would not ordinarily encounter.

Additionally, Dr. XXXXX creates interdisciplinary opportunities to connect his students with other majors. Last year I planned a Study Abroad trip to Paris, France for my Fashion Design students and Dr. XXXXX invited my group to participate with his Nonprofit Budgeting class, to devise a plan for raising money and record keeping. What we learned from his group of students was priceless and I was extremely impressed with their professionalism and presentation of our project.

Dr. XXXXX is not afraid to invite others into his classroom to observe what his students have learned and are doing, but he also lends his professional knowledge and skills to others. Last Spring he gave a presentation on Business Plan Writing to my Fashion Business & Entrepreneurship class and he made such an impression on my students, he was asked this year to host our 17th Annual Fashion Show. Dr. XXXXX and I have served on the Student Research Symposium & Exposition for two years and each year his students exceed expectations. He is very passionate about keeping the focus on student success, not only his, but all Lindenwood University students.

Dr. XXXXX has proven to be a strong asset to Lindenwood University and he is deserving of the Emerson Award for Teaching Excellence.

Sincerely,
Dr. Chajuana V. Trawick,

Chajuana V. Trawick, PhD
Assistant Professor of Fashion Design
Program Manager & Graduate

External Validation – Impact within the University

May 31, 2014
NOMINATION FOR EMERSON AWARD FOR TEACHING EXCELLENCE

Dear Dr. Lively,

Please accept this letter nominating XXXXX XXXXX, Asssociate Professor of Nonprofit Administration, for the Emerson Award for Teaching Excellence. Dr. XXXXX joined the faculty of Lindenwood's School of Human Services in 2012. In the short time since, he has established a reputation among students and peer faculty as an outstanding teacher. His performance has served as a strong example of innovative, meaningful, and engaging pedagogy.

Dr. XXXXX brings his passion for nonprofit work, years of professional experience, and boundless energy into the classroom. He is devoted to his students and to fostering their academic and professional growth. I have heard students praise Dr. XXXXX's teaching style and methods on several occasions. Most often, these comments reflect themes of "passion,", "enthusiasm" and "commitment." He sets the bar high but assures students they are capable of achieving excellence, using clear instructional methods and his trademark humor to cultivate their best performance.

In the Spring of 2014, Dr. XXXXX carried two undergraduate courses and three graduate courses, and also supervised several tutorials and internships. Despite this heavy load, he engages with his students to promote application of knowledge skills beyond the classroom. For example, he sponsored one graduate student's and two undergraduate students' submissions in the 2014 Student Research & Symposium Exposition, including two second-place winners and the first-place winner for School of Human Service.

Dr. XXXXX frequently extends invitation to fellow faculty and administrators to observe his students' classroom presentations. This technique serves several purposes. First, by creating a wider audience, it pushes students to higher standards of performance. Second, this practice sends the message to students that their instructor is proud of their work and views it as worthy of sharing with other faculty and with the administration. Finally, it allows the audience direct exposure to student achievements other than what we see in our own classrooms, paving the way for more interdisciplinary collaboration and idea-sharing among faculty. Dr. XXXXX also consistently makes himself available to observe presentations or become involved with fellow faculty members' students and their projects when requested.

Dr. XXXXX practices what he teaches and his own work serves as a powerful example of the value of nonprofit work and the importance of giving back to the community. He serves on multiple nonprofit boards in the greater St. Louis area and consults across the country on projects involving nonprofit law, entrepreneurship, and management. He has made several paper presentations at professional conferences since joining LU staff, and in the past year alone, has authored two publications and has one pending. His scholarship and professional activities inform his teaching, and infuse real world meaning into textbook concepts. In short, his students benefit from these rich opportunities for applied learning.

One example of how Dr. XXXXX has breathed life into a classroom exercise is the Lindenwood P.O.T.L.U.C.K project. This project started out as a class assignment on creating a non-profit project, expanded to a student association activity, and eventually grew into on-campus food sustainability initiative that will serve the homeless and underprivileged members of the St. Charles community. The project will be staffed by student volunteers, and can offer student a hands-on learning opportunity for years to come.

Whether he is delivering a lively lecture in the classroom, building bridges to community agencies via internships, collaborating on a community project with his students, or serenading the members of the Turkish Niagara Foundation with a Whitney Houston tune in Ephesus, Turkey, Dr. XXXXX is a positive reflection on Lindenwood and has proven himself to be a strong asset to this university. He exemplifies excellence in teaching and is well deserving of this award.

Sincerely,

Jeanie Thies, PhD
Dean of Institutional Research/ Associate Professor,
School of Human Services/ Criminal Justice

External Validation – Impact within the University

May 30, 2014
Dear Dr. Lively,

I wish to nominate Dr. XXXXX XXXXX, Associate Professor of Nonprofit Administration for the Emerson Award for Teaching Excellence. From my knowledge of his teaching philosophy and style, I feel Dr. XXXXX demonstrates the perfect combination of pedagogical innovation, student-centeredness, and effectiveness as a classroom teacher. I have served in at least three of Dr. XXXXX's classes as a panel judge, observing and rating the final presentations of his students. These presentations were given to large audiences including many members of the community with whom Dr. XXXXX and his students have been actively engaged. I have been continuously impressed by the accolades the community members provide to both Dr. XXXXX and his students. His innovative work in bringing the classroom into the community and the community back into the classroom is very powerful indeed.

In my mind, Dr. XXXXX epitomizes the student-centered professor. To my knowledge, his every thought and action here at Lindenwood has related back to "what is best for our students," or "how can this translate into a course or teachable moment for our students." Beyond the strong connectivity of work in the community, evidence of Dr. XXXXX's student centeredness and innovation (and related significant enhancement of student learning) is his requiring the use of social media technology in all courses to promote nonprofit education, advocacy and networking. I believe this is an excellent example of meeting the students where they are, and encourages and produces strong student engagement.

Dr. XXXXX further demonstrates effectiveness as a classroom teacher through his modeling an amazing commitment, energy, and dedication to ongoing professional development. He actively encourages his students' involvement in the Student Research Symposium and Exposition (of which he has been a committee member since its inception). Just this spring four of his undergraduate and graduate students placed either first or second in their categories. He also regularly presents at regional and national conferences and integrates this material into his classroom teaching; he regularly serves as a workshop presenter for the NPA program's Professional Development series, and utilizes undergraduate and graduate research assistants (and provides them appropriate recognition) in these endeavors. He has been a faculty leader of the Campus Kitchen effort, engaging over twenty community partners, and created and hosted annual student events including the "Connection Networking Session" and speed-networking events. The students benefit both in and outside of the classroom by these efforts.

In addition to all he does for his classes and the majors in his program, Dr. XXXXX has frequently taken time to engage with my classes (either as a panel judge, speaker panelist, or field trip faculty buddy) because he recognizes that every opportunity to engage with students has great value. In each and every one of the experiences with my classes, he has left a positive impression on my students, as evidenced in their later writings and reflections. I am honored to have Dr. XXXXX XXXXX as a colleague, and cannot recommend anyone more highly for the award of teaching excellence.

Sincerely,
Dana Klar, Associate Professor & Department Chair, Social Work

External Validation - Letter from President Evans

LINDENWOOD

LINDENWOOD UNIVERSITY ST. CHARLES, MISSOURI

Office of the President

June 9, 2014

Minister Lorise McCreight
10049 Coburg Lands Drive
St. Louis, MO 63137

Dear Rev. McCreight:

Thank you so much for taking the time to express your appreciation of Prof. Walker and his leadership in the community. I share your appreciation of his great talents.

Lindenwood University is committed to offering values-centered programs leading to the development of the whole person—an educated, responsible citizen of a global community. Prof. Walker dedicates himself to that mission in ways that are creative and extremely beneficial to students and the community at large. I am pleased to know that you and other community leaders recognize the value of the knowledge he imparts to nonprofit agencies.

Thanks again for writing to celebrate the talents and dedication of Prof. Walker and the great work being conducted by nonprofit administration majors in the School of Human Services.

Sincerely,

James D. Evans

James D. Evans, PhD
President

cc: Jann Weitzel, PhD
Carla Mueller, EdD
Patrick Walker, JD

Minister Lorise McCreight
10049 Coburg Lands Dr.
St.Louis, Mo. 63137
e-mail (lorise.mccreight@yahoo.com)
314-8683194

May 23, 2014

To: Dr. James D. Evans
President
Lindenwood University

RE: Professor Patrick D. Walker

Dear Dr. Evans, I am sincerely grateful to Professor Walker and his students (Patricia Cowell Laura Farrar and John Lymore). I attended a seminar for nonprofit organizations along with my staff and board members. Dr. Evans, Professor Walker's presentation was so strong and compassionate "NO ONE" was bored.(LOL)

I did not fathom that several months later my prison ministry for women would be a part of a class project. With the knowledge I have attained through Professor Walker my ministry has truly become more proficient.

Professor Walker is committed to the nonprofit organizations and community service. I have family and many friends who were and are yet students of Lindenwood. As I write this letter my beautiful casebook and resource book are lying on my desk. These two books were presented to me at an evening of presentations for myself and others. I am so very proud to be a recipient of the knowledge and caring for the community that Lindenwood University so freely shares.

Sincerely,
Minister Lorise McCreight
Minister Lorise McCreight
Executive Director
Alpha Omega Ministry, Inc.

cc: Dr. Jann Weitzell
Dr. Carla Mueller

External Validation – Awarded Emerson Electric X University Professor of the Year

Emerson seeks to enhance and improve people's lives and make the communities in which we operate more attractive places to live and work. The Emerson Excellence in Teaching Awards program, sponsored by Emerson, annually recognizes more than 100 educators in the St. Louis metropolitan area – from kindergarten teachers to college professors – who are examples of excellence in their field. Recipients are selected by the chief administrators of their school districts or educational institutions.

The nomination included the following excerpt:

Name of Person Submitting Form	Jann Weitzel, Provost and Chief Academic Officer
Why Teacher is Selected	Dr. XXX is an outstanding university educator who demonstrates the perfect combination of pedagogical innovation, student-centeredness, and effectiveness as a classroom teacher. His innovative work in bringing the classroom into the community and the community back into the classroom is very powerful indeed. His every thought and action at Lindenwood relates back to "what is best for our students." Also impressive is use of social media technology in all courses to promote nonprofit education, advocacy and networking, an excellent example of meeting the students where they are and encouraging and producing strong student engagement. Dr. XXX further demonstrates effectiveness as a classroom teacher through his modeling amazing commitment, energy, and dedication to ongoing professional development. He regularly presents at regional and national conferences and integrates this material into his classroom teaching. He is a board member of five local organizations and is affiliated with eight national service organizations Dr. XXX has proven to be a strong asset to Lindenwood University and each day brings his passion for nonprofit work, years of professional experience, and boundless energy into the classroom. He is devoted to his students and to fostering their academic and professional growth. He sets the bar

high but assures students they are capable of achieving excellence, using clear instructional methods and his trademark humor to cultivate their best performance. Whether he is delivering a lively lecture in the classroom, building bridges to community agencies via internships, collaborating on a community project with his students, or serenading the members of the Turkish Niagara Foundation with a Whitney Houston tune in Ephesus, Turkey, Dr. XXX is a positive reflection on Lindenwood and has proven himself to be a strong asset to this university. He exemplifies excellence in teaching and is well deserving of this award.

External Validation – Creating The X University Nonprofit Workout: Is Your Nonprofit F.I.T.?

Nonprofit organizations typically lack the personnel, financial capacity, administrative infrastructure, marketing, technology and other resources to thrive in good markets and survive in tough times. In many instances, nonprofit organizations either lack these fundamental business ingredients, or have a limited supply of them. Regardless of size, nonprofit organizations remained focused on how to best deliver services, utilize technology, expand community impact, and increase support. The X University Nonprofit Workout can make a more significant contribution to the nonprofit communities by providing nonprofit organizations with tools that enable them to deliver more services to many more community stakeholders.

Background

The X University Nonprofit Workout will give nonprofits an opportunity to develop self-assessment strategies that increase their effectiveness and efficiency throughout all phases of its operation. This will be accomplished by identified topics of interest, a needs assessment survey, and a day-long workshop at X University, St. Charles campus. As done with similar events, all proceeds from the event will go to support future Department of Nonprofit Administration related activities and events for students and the community.

The primary mission of the X University Nonprofit Workout will be to develop and facilitate opportunities for classroom collaboration, civic engagement, and community-centered research between nonprofit organizations, X University faculty and students to enhance the success of nonprofit organizations. This will include providing nonprofit CEOs, executive directors, and managers with workable, practical, and feasible short-term solutions to complex business problems. Common types of assistance offered will include assessment and planning in the areas of general business, development, management & human resources, marketing, market research, legal regulatory, corporate philanthropy, accounting, financial, operational, and business systems analysis; and website development. Selected nonprofit organizations (50-75) will become the benefactors of in-depth analyses of their entire operation and recommendations for improvement.

Potential Participants

Given the large number of nonprofit organizations in the Saint Charles and Saint Louis regions, the X University Nonprofit Workout will increase the number of organizations served exponentially with only a modest investment in resources and student talent.

The X University Nonprofit Workout will survey former classroom study participants and the local small to medium-sized nonprofit community to determine their interest in participating and the subjects that they would like most. Through various partnerships throughout X University, nonprofit organizations will be specifically targeted and recruited for their participation in the Workout and future workshops.

Suggested Benefits

The potential for the success of this proposal is extremely high, if properly designed, adequately supported, and meticulously executed. Meeting and/or exceeding these criteria can produce the following benefits:

- Increase the number of nonprofit organizations served by X University;
- Present a forum for nonprofit partnering, match-making, and mentoring opportunities;
- Create mentoring relationships between large and small nonprofit organizations;
- Generate opportunities for student and faculty conference presentations;
- Present a forum for employment networking;
- Provide consulting services (current students and alumni) on major topics of interest;

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The role of financial reporting information within trade credit decisions involving minority-owned and woman-owned small entities in the USA

Andrew Holt, MSU Denver
Cassandra Aurich, MSU Denver
Shannon Williams, MSU Denver

Abstract

Trade credit is a vital source of financing for many small businesses and this study investigates the role of financial statements and other information within trade credit decisions involving minority-owned and woman-owned small entities in the USA. The study adds to the literature by examining the information needs of both minority-owned and woman-owned entities as a basis for making comparisons with prior studies, whose data and results are typically derived from a more general sampling of 'traditional' small businesses. In-depth, semi-structured interviews were used to collect data from owner-managers and corporate officers at a total of 50 minority-owned and woman-owned small entities in the USA. The findings provide insights into similarities and differences between businesses and between minority-owned and woman-owned businesses. The data suggests the role of financial information and other information within trade credit decisions is driven by the relative importance of the following factors: payment history, credit rating, relationships and trust, size and economic power, availability of internet data, third parties intermediaries and financial literacy. The presence of these factors indicates that there are three main influences on trade credit decisions involving small entities in the USA: formal and report-based information, soft information relating to social capital and contingency factors. The latter dictate the extent to which hard/formal information versus soft/informal information is used within trade credit decisions involving small entities.

Key words: *Access to finance, financial management, financial reporting, small entities, trade credit*

Incentives and benefits: their perceived effectiveness for employee management in SMEs

John Hendon, UALR
James Wilbanks, UALR

Abstracts

Background
SMEs obviously play a critical role in today's economy, yet little is known about what types of incentives and benefits are used in these firms. There were about 6 million SMEs having employees and 21.9 million without employees in 2010. Firms with fewer than 500 employees represent 99.7 % of total employer firms. Small businesses also account for about 64 percent of net new jobs created between 1993 and 2011. (SBA, 2012)

Additionally, SMEs provide more than 44 percent of total U.S. private payrolls while more than 50 percent of non-farm private gross domestic product (GDP) comes from SMEs. They are employers of 43 % of high tech workers (such as scientists, engineers, and computer workers) and produce 13 times more patents per employee than large patenting firms. (SBA, 2012)

Considering the importance to the U.S. economy of SMEs that maintain employees other than the owner, this survey research will focus on probably the most significant factor that determines these firms' success – employee management. The authors plan to analyze how two forms of compensation – incentive pays and benefits – affect employee satisfaction and engagement, and which particular incentives and benefits seem to have the most significant effect on engagement and satisfaction.

Methodology
This survey research will focus on benefits and incentives that are currently used by owners and managers in SMEs to motivate and engage their employees. While the topic of motivation through incentives and benefits has been analyzed by many authors, they focused mostly on employees in large organizations as opposed to small firms. Talent management in SMEs is, by nature, different than in larger firms. Very few articles focusing on incentives and benefits in SMEs were found in an extensive literature review.

Higher educations role in assisting their students in securing internships: a whats in it for me and a fend for themselves attitude is pervasive

Patrick Geho, TSBDC

Abstract

At a time when an undergraduate degree is becoming too costly for many students, paid internships can make a big difference on whether a student can enhance the quality of their educational experience through learning by doing associated with an internship experience while at the same time increasing the prospects for completing their education. A student's responsibilities as an intern are as broad as the number of business sectors. The amalgam of a student's internship experiences cannot be duplicated in the classroom. The student's hands-on activities while working with a business provides the experiential learning environment that keeps students engaged and motivated to complete their chosen degree field. This all being recognized by educators, higher education as an industry by and large provides little or no support to their students in securing an internship. No surprise then when Moody's rating for the Higher Education sector turned to negative (Moody's Investors Services, 2013). The report cites among many factors, price sensitivity that suppresses growth in revenue from net tuition. Higher education can improve this outcome by being aggressive in identifying internship opportunities for their students and being more proactive in monitoring student performance in that business internship relationship.

This paper focuses on student outcomes in retention – primarily as it relates to a student's financial capacity to work toward the completion of their education as a result of the concerted effort by a university college of business and a small business development center teaming up to secure business internships.

From Tragedy to Triumph: Opportunities for a New Type of Corporate Social Responsibility and Community Action in Ferguson, Missouri

Patrick Walker, The Small Business Institute

Abstract

Recently national and international media coverage centered around the shooting of an unarmed, young African American male by a Caucasian police officer in Ferguson, Missouri. In the midst of this turmoil were reported instances of burglary, looting businesses, and protests. These circumstances also created an opportunity for a unique intercultural dialogue: bringing small business owners, nonprofit organizations, large corporations, and the Ferguson community together to address and implement positive change. Real social change occurs when organizations think beyond themselves and their limited resources to embrace innovative decisionmaking strategies and ways of doing business. While the business community cannot be responsible for the actions of individuals, they also can no longer ignore conflict and tensions that exist in the surrounding communities in which they operate and profit. This paper will outline a conceptual framework for a new type of "corporate social responsibility" that brings small business owners, nonprofit organizations, and large corporations together to help inspire social change within the community through economic development, workforce development, and enhanced quality of life.

Does VC Reputation Matter?

Saurabh Ahluwalia, UNM
Raj Mahto, UNM

Abstract

VC reputation has attracted a significant research effort in finance and entrepreneurship literatures. Using a sample of companies in high-tech medical field we find that there is no consistent influence of VCs' reputation on their portfolio companies' post IPO performance. The performance of firms backed by high reputable VCs was higher during some time periods, but was significantly lower in other time periods when compared to firms backed by less reputable VCs.

Assessing Business Climate: An Entrepreneurial Ecosystem Approach

Eric Liguori, University of Tampa
Josh Bendickson, Eastern Carolina University

Abstract

Critical to our understanding of entrepreneurial behavior are both individual characteristics and situational factors (Reynolds, 1991; Hills & Singh, 2004; Davidsson, 2008). This is largely due to the fact that under the same situational circumstances, not all individuals will behave identically. Thus, individual and environmental differences constitute an integral part of entrepreneurship research (Johnson, 1990; Stewart, Watson, Carland, & Carland, 1998; Hisrich, Langan-Fox, & Grant, 2007; Frese, 2009), central to the stimulation of entrepreneurial activity. Thus, to comprehensively understand entrepreneurial behavior one must look at the entire context.

How do you revise a current course to include entrepreneurship?

Debra Sea, Bemidji State University
Yuchin (Jerrie) Hsieh, University of North Carolina at Greensboro

Abstract

In this workshop/panel, three professors will describe their experiences blending entrepreneurship in their courses.

Researcher 1 will describe how she included social entrepreneurship in a media production course for liberal art students at the University of North Carolina at Greensboro.

Researcher 2 will give an overview of the Cross Disciplinary Entrepreneurship and how the University of North Carolina at Greensboro has expanded from two entrepreneurship courses in 2009 to forty-six courses in twenty-six departments in 2014.

Researcher 3 will describe how to blend entrepreneurship in a Services Management course. This workshop/panel will focus on the nuts and bolts of how to blend entrepreneurship in courses. Specific information about learning objectives, outcomes and assignments will be provided.

From Technical to Technicolor

Debra Sea, Bemidji State University

Abstract

This paper describes the case study of a highly technical engineering firm's journey as they transitioned from traditional technical detailed marketing presentations using PowerPoint to short (less than one minute in length) videos showing common analogies, engaging images, text, and music.

Looking for more student engagement? - Can you Dig it?

Debra Sea, Bemidji State University

Abstract

This paper describes using Yellowdig, a new private media platform to increase student engagement in two courses: Principles of Advertising (online) and Social Media Class (residential). Students love Yellowdig for sharing relevant links, photos and notes between themselves and their professor. Specific assignments, assessment techniques and learning outcomes are presented.

Entrepreneurial Motivation: A Multiple Theory Perspective

James Wilbanks, UALR
Timothy Dunne, Middle Tennessee State University
Tatiana Wilbanks, University of Arkansas at Little Rock

Abstract

The purpose of this paper is to examine the motivation of entrepreneurs through multiple theoretical lenses including Equity Theory, Expectancy theory, and Self-Determination Theory (SDT). Equity theory deals with perceptions of fairness in terms of inputs and outputs. Expectancy theory deals with the relationship between the expected effort and expected output, as well as the value of the output. SDT is concerned not only with the quantity of a person's motivation, but also the quality of motivation (Sheldon, 2004). SDT qualitatively divides motivation between "controlled" forms (extrinsic and introjected) which reflect more external control, and "autonomous" forms (identified and intrinsic) which reflect more internal motivation. Previous research has confirmed that more autonomous forms of motivation are significant predictors of firm survival (Wilbanks, Bradshaw, & Dougherty, 2011) and that the results are not different for males and females (Wilbanks & Wilbanks, 2013). In this paper, we propose a conceptual model incorporating the three motivational theories of Equity, Expectancy, and SDT and a series of theoretical propositions.

Entrepreneurship Education: Comparing military veterans and civilians entrepreneurial passion, entrepreneurial self efficacy and networking frequency

Sharon Kerrick, University of Louisville
Denise Cumberland, University of Louisville
Namok Choi, University of Louisville

Abstract

This study evaluates the impact of an entrepreneurship training program on entrepreneurial passion, self efficacy and networking frequency comparing both military veterans to civilians. Pre-test/post-test surveys were administered in community based training program that occurred across four separate intervals. The 10-week structured courses were comprised of civilian and military veteran participants identifying themselves as entrepreneurs seeking to launch a business. Results indicate this program improved both group's scores as well as networking frequency. Interestingly, military participant's entrepreneurial passion scores were significantly higher than civilians. Findings contribute to understanding how entrepreneur education can change attitudes and behaviors that influence venture launch.

When can offshore outsourcing be good for small and medium size enterprises (SME's)?

Joe Felan, University of Arkansas at LR

Abstract

Many companies have moved away from being vertically integrated to outsourcing more of their processes. Outsourcing can be defined as the transfer of activities and processes previously conducted internally to an external party (Ellram and Billington, 2001). In the book, "The Outsourcing Revolution" Cobett (2004) describes outsourcing as a phenomenon that is far from new, but which has skyrocketed in recent years. This growth has been seen in terms of volume as well as in the importance to the strategy of the overall firm. Outsourcing can be done both domestically and internationally. International outsourcing can also be referred to as offshore outsourcing, and it involves the transfer of both the ownership and the location of the operations. However, the current research has a strong bias in examining offshore outsourcing from the perspective of larger corporations. Previous studies suggest that more investigation is needed related to the "where" (location) and the "when" (timing) of offshore outsourcing (Hätönen and Eriksson, 2009). This study will attempt to shed some light on these questions as they related to SMEs.

Campus Entrepreneurs: Dual Opportunities for Certificate Students with Intellectual/Developmental Disabilities and Traditional Students

Dianne Welsh, UNCG

Abstract

This Best Practice describes the newly revised Campus Entrepreneurs 200-level class at the University of North Carolina at Greensboro (UNCG). The class combines traditional students seeking a B.S. degree with a major or minor in Entrepreneurship with students with intellectual/developmental disabilities enrolled in in Integrative Community Studies- a four-year certificate offered through the Office of the Provost. The Campus Entrepreneurs class has mixed teams of these students complete three hands-on projects in inventory control and management, customer service, or marketing applied directly to the Spartan Trader Retail Store. Experiential Learning takes place not in a real live store where profit and loss is determined by those students running the store. The students chose the projects after assessing that there was no inventory control system, no customer service manual, and no marketing program to alert new and transfer students about the store, and also to reach out to the area colleges and universities about the new consignment program that allows those outside UNCG to consign handmade goods. The second half of the class the students present their own business model and may vie for a $1,000 student loan sponsored by the Bank of Oak Ridge.