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Succession Planning Expectations among Women-Owned Small Businesses

Yoon G. Lee, Heather H. Kelley, Renee Wiatt, and Maria Marshall

Succession planning is an important consideration for small business owners. While previous research has often addressed succession planning as either keeping the business with the family or selling the business to person(s) outside of the family (Wennberg & DeTienne, 2014), more recent research has focused on four different paths to succession planning. Specifically, small business owners can (1) sell the business to someone outside the family, (2) give the business to a familial successor, (3) sell the business to a familial successor, and (4) liquate the business. However, little research has investigated how these different paths to succession planning differ by gender. Women-owned businesses are a driving force in the US economy, with women-owned businesses steadily growing in the United States. Currently, 40% of US businesses are owned by women (Shepherd, 2020).

Using the 2019 Small Business Values Survey (Marshall & Wiatt, 2019), we investigated how succession planning differed by gender. We limited the sample size to owners of businesses with fewer than 100 employees, resulting in a sample size of N = 477 participants, 53.9% of which were women. A chi-square test of significance showed that there were significant differences in expected succession planning by gender ($p = .003$). We found that women owners were more likely to expect to give their businesses to family successors (54.5%) compared to men owners (45.5%), whereas men owners were much more likely to sell their businesses to family successors (64.1%) than women owners (35.9%). Women owners were much more likely to liquate the business assets (64.4%) than men owners (35.6%). There was little difference between men (48.8%) and women (51.2%) business owners in selling the business to someone outside of the family (Figure 1).

The descriptive results also showed that both women and men owners expected to liquidate business

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assets if they had 0 to 5 employees, but if they had more than 5 employees, women owners expected to sell the business to someone outside the family and men owners expected to give their businesses to family successors. Regardless of gender, a chi-square test of significance also showed that small business owners with 0-5 employees were more likely to expect to liquidate their business assets, while those with more than 5 employees were more likely to expect to sell the business to either family successors or someone outside the family.

We investigated these differences further through a multinomial logistic regression. Analyzing only the women in our sample (n = 257), we identified several significant differences based on owner demographic characteristics and business characteristics. For this analysis, we used those who expected to give their business to a family member as our comparison group. This means that in our analysis, the three other groups (i.e., expect to liquidate, expect to sell to family, expect to sell to someone outside of the family) were compared to those who expected to give their business to a family member in order to identify significant differences between the groups.

Looking at personal demographic characteristics of the women business owners, we found that older women owners were more likely to liquidate the business but less likely to sell the business to someone outside of the family when compared to younger women owners. Racial/ethnic minority women were less likely liquidate the business compared to White women. Regarding education, women owners with lower levels of education were less likely to sell the business to someone outside of the family when compared to highly educated women owners.

Moving to business characteristics, women owners with more employees were less likely to liquidate the business than those with fewer employees. Family-owned business owners were less likely to liquidate the business assets and they were more likely to sell the business to a family successor compared to nonfamily-owned business owners. Women who were the sole owner of the business were less likely to sell the business to a family successor than women with other ownership types. Those who were owners of home-based businesses were less likely to sell the business to someone outside the family compared to those who owned non-homebased businesses. Women who owned businesses in the service industry were more likely to sell the business to a family successor than those in other industries. Women who perceived their businesses as being successful were less likely to sell the business to someone outside of the family than those who had l

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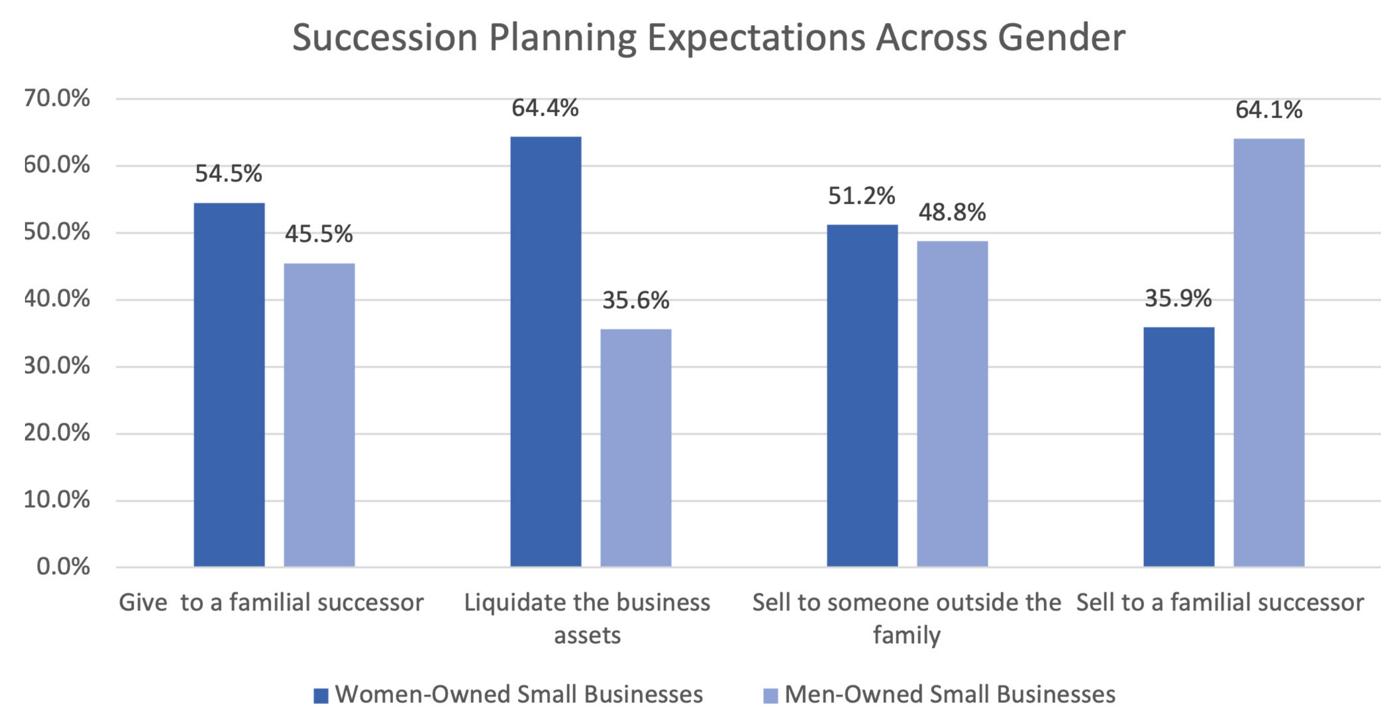

owner perceptions of the success of their businesses.

In summary, our analysis showed that there were significant differences between the succession intentions of men and women. Additional analyses focused on the succession intentions of women specifically revealed a number of significant differences across personal characteristics and business characteristics. Given the historic lack of research in this area, we have only limited insights into why some of these differences exist. More research is needed to better understand succession planning decisions among small business owners; qualitative methods of inquiry may be particularly useful in providing insight into why these personal and business characteristics are associated with succession planning decisions.

Table 1. Comparison of Succession Planning Expectation Across Gender

	Women-Owned Small Businesses (n= 257)	Men-Owned Small Businesses (n= 220)	Test Statistics
Give to a familial successor	54.5%	45.5%	$\chi^2 = 13.83^{**}$
Liquidate the business assets	64.4%	35.6%	
Sell to someone outside the family	51.2%	48.8%	
Sell to a familial successor	35.9%	64.1%	

The Use of Communication Technologies in Small Businesses

Jennifer Johnson Jorgensen, Virginia Solis Zuiker, Linda Manikowske, and Melody LeHew

We've all heard about the essential role that online communication technologies play in business, including the value of company websites, email, and social media (Kraus et al., 2019). In particular, small businesses have deemed such technologies to be important, but it is reported that many feel like they can't consistently manage them (Choi & Hutchinson, 2014). Small business owners are wearing many hats, and 34% have been found to maintain their company websites themselves (Toereck & McCracken, 2019). Online technologies, in general, have also been found to increase the efficiency and competitiveness of small businesses (Celuch et al., 2014). However, an owner's lack of technical ability can contribute to small business failure (Turner & Endres, 2017). Thus, small businesses may be more resilient if certain technologies are adopted (Gomes, 2015), especially during times of disruption.

An online small business values survey (Marshall & Wiatt, 2019) was used to collect data from U.S. business owners in 2019 via a database owned by Kantar. The survey, hosted by Qualtrics, took participants approximately 20 minutes to complete and contained various survey questions on technology usage, socioemotional wealth, disaster and crisis events, and other information about business operations. An initial sample of 953 business owners was obtained, and after dropping incomplete responses, a final sample of 511 (response rate of 58.40%) was acquired.

When focusing on small business use of technology, approximately 74.2% of participants indicated that the Internet had extremely impacted their business, while 80.7% shared that the Internet has a positive impact. A majority (64.0%) of participants also signaled that online activities were necessary for business success. Interestingly, 66.5% of business owners felt that maintaining an online presence wasn't challenging, which contrasts with previous literature. A breakdown of the role of the Internet and online activities can be found in Table 1.

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Table 1. Role of the Internet and Online Activities on Small Businesses

Survey Item	# of Responses	Percentage of Sample
The Internet has extremely impacted business	317	74.2%
The Internet has had a positive impact on business	412	80.7%
Online activities are important for business success	327	64.0%
Maintaining an online presence is not a problem	340	66.5%

Note. N=511; Data was obtained from a small business values survey (Marshall & Wiatt, 2019)

Small businesses that engage with social media have also been found to have a more remarkable ability to build brand loyalty, attract new customers, and connect stakeholders (Son & Niehm, 2021), in addition to having a positive impact on financial and non-financial business performance (Ainin et al., 2015; Jones et al., 2015). Marketing via social media has also been vital in strengthening connections with current customers (Hudson et al., 2015). While the use of social media is beneficial, many small business owners may not understand social media policies and metrics and don't have the time to engage with social media (Kraus et al., 2019; Son et al., 2019; Son & Niehm, 2021).

Social media usage data shared in the small business values survey indicated that Facebook (71.6%) continues to lead the way as the top social media platform for small businesses. Instagram (49.7%) and Twitter (40.3%) were also used by close to half of the participants' businesses, while other social media platforms were not used nearly as often (Pinterest, 22.1%; LinkedIn, 2.3%; YouTube, 0.9%; Snapchat, 0.9%). It is important to note that additional inquiry is needed to determine if the social media platforms being used by small businesses are also being used by their customers or key stakeholders.

As we saw during the COVID-19 pandemic, small businesses are required to adjust and enhance their business practices during disasters, supported through technology (Akpan et al., 2020). Technology

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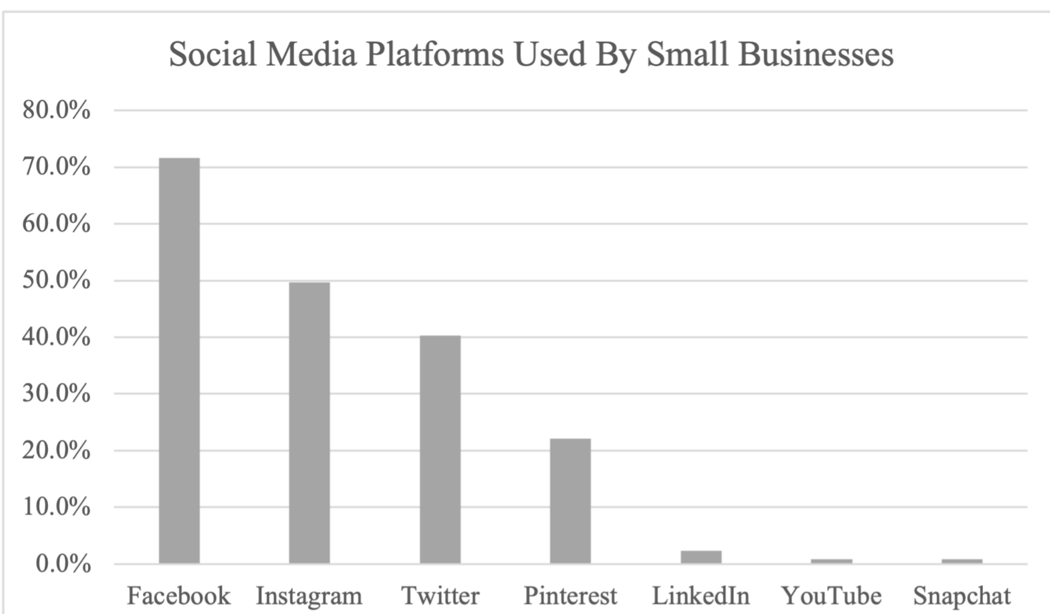

Note. N=511; Data was obtained from a small business values survey (Marshall & Wiatt, 2019) can help form a competitive advantage (Allas et al., 2021) and support alternative business models for increased business survival and growth (Akpan et al., 2020). Thus, for small business owners, one way to adapt is to prepare for these changes by incorporating technology and/or mode of technology before it is needed. Another way to adjust to potential economic changes is for small business owners to have the initiative and the willingness to continue learning new things. Lastly, adopting a mindset where you embrace and/or accept change and understand that change is a part of life (Alonso et al., 2018) can be pivotal for small businesses.

Are you interested to read more? A related article by Johnson Jorgensen, Solis Zuiker, Manikowske, and LeHew will be available in a forthcoming issue of the Journal of Small Business Strategy.

Social Media Use and Business Profitability among Small Businesses

Yoon G. Lee, Heather H. Kelley, Renee Wiatt, and Maria I. Marshall

The internet has transformed the way we do business. Social media in particular has expanded our social networks and increased the ease in which we can connect with others, both friends and strangers (Olanrewaju et al., 2020). This has provided many opportunities and challenges for small businesses. For those who have struggled to adapt to the virtual world, there are often far more challenges than opportunities (Kaplan & Haenlein, 2010). While large corporations are able to use social media platforms through paid promotions and advertisements, many small businesses rely on their own self-promotion and 'word of mouth' (i.e., sharing of content) to obtain and retain customers.

Using data from the 2019 Small Business Value Survey (Marshall & Wiatt, 2019), we investigated the role of social media in explaining the performance of small businesses. In particular, this study examined what types of social media small business owners are using to promote their business. This study investigated how owners' perceptions of social media was associated with their business profitability. We looked specifically at small business owners with fewer than 100 employees, resulting in a sample of 477 participants.

Figure 1 presents what types of social media are being used by small businesses. The descriptive results showed that the most common social media platform used was Facebook (71.3%) followed by Instagram (46.6%), Twitter (37.7%), Pinterest (21.2%), and other social media platforms (9.2%). These numbers suggest that many businesses rely on multiple social media platforms. Despite the importance of social media for many businesses, our results indicated that 19.3% of small businesses did not use any type of social media for their business.

Regression analyses indicated that, all else being equal, business owners who reported their company's use of social media as important to the success of their business were more likely to report higher levels of business profitability. On the other hand, as business owners perceived maintaining their company's online presence as a problem, they reported lower levels of business profitability. These results suggest that utilizing social media and building a strong online presence can lead to increased profitability in small businesses. Perhaps more importantly, we highlight the role of perceptions in these results. Specifically, developing positive views of social media as an avenue for business promotion may increase small businesses' profitability. Training and education for small business owners on the benefits and effective approaches to using social media is needed. More research is needed in this area.

We note that the survey utilized for this study was conducted shortly before the onset of the COVID-19 pandemic. COVID-19 greatly influenced the role of social media in small business success, as many businesses moved from in-person operations and sales to being fully online (Mason et al. 2021). For example, TikTok is one social media platform that grew greatly in popularity during the pandemic.

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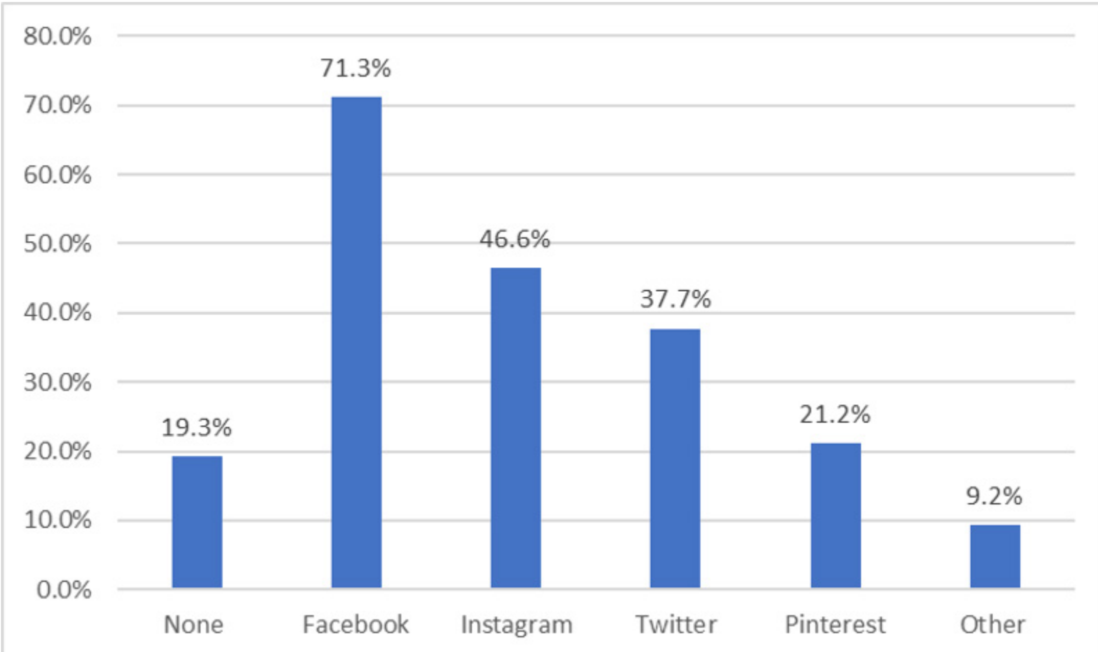
Figure 1. Social Media Platforms Used by Small Businesses



Indeed, many businesses began to rely on TikTok during the pandemic (Nair et al., 2022). Our study did not address whether business owners used TikTok specifically. Continued research is needed to understand how the pandemic has changed how small business owners rely on social media to attract and retain customers.

In summary, our analysis showed that while Facebook is the most commonly used social media platform for small business owners (prior to the COVID-19 pandemic), many owners also relied on Instagram, Twitter, and Pinterest. However, nearly 20% of the sample reported not using social media at all. We also found that having a positive perception of the role of social media in the businesses' success and positive perceptions of the business's online presences are related to increased perceived business profitability. Social media plays an important role in the success of small business, and continued research on this topic is needed as social media trends continue to evolve.

Children and Childcare Are a Pervasive Issue on Family Farms Yet Absent from Farm Programming

Florence Becot and Shoshanah Inwood

To curve the aging and shrinking of the farm population, a range of programs and policies focusing on access to land, capital, markets, and production skills have been deployed. While these initiatives have enabled new farmers to access crucial resources, there has been limited focus on the needs of the farm household, especially those connected to raising children, a common occurrence on family farms. One might wonder, why care about the importance of family issues in farm programming? Over the last decade, our USDA and CDC funded research on childcare and health insurance has found that when farm families experience challenges meeting the social and economic needs of the household, their business can be negatively impacted (see for example Becot and Inwood [1], Rissing, Inwood [2]).

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Farm service providers, extension educators, government agencies, and farm organizations play a primary role in providing farm families with the information and resources they use to make decisions. Over the last 2 years, we have conducted new research to understand if and how farm service providers and farm organizations integrate topics connected to children and childcare in their programming. In particular, we have conducted: 1) a review of online material from 88 organizations and 2) interviews with 38 key informants in our three study states (Ohio, Vermont, and Wisconsin). This research is part of a larger project on how childcare arrangements interact with farm safety and farm business decisions [3].

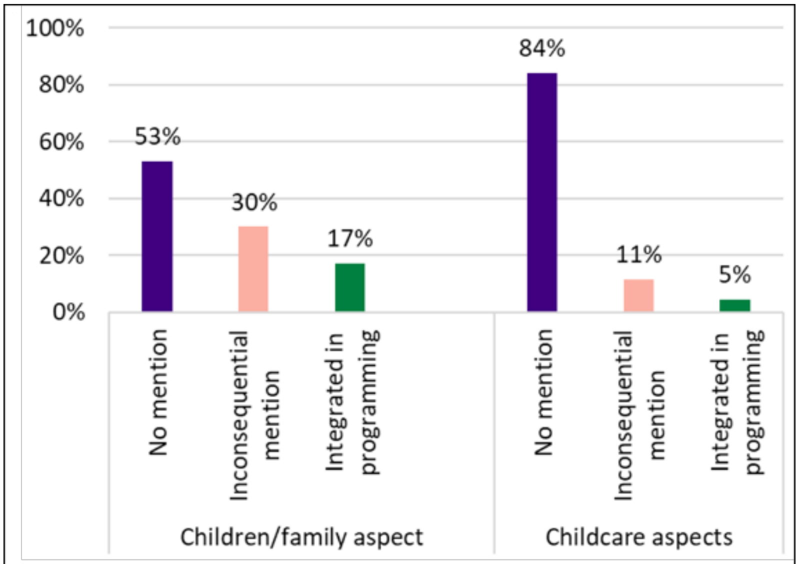

Figure 1. Coverage of children and childcare aspects in farm programs and resources

Findings: Despite family being the ubiquitous backbone of agricultural production, 53% of the material we reviewed made no mention of children/family topics and 84% made no mention of childcare (Figure 1).

Interviews with key informants confirmed these findings and while many informants are aware of the challenges farm families face juggling work and children, few interviewees explicitly integrated children and childcare topics into their work. Farm safety service providers were most likely to cover these topics by speaking to the importance of adult supervision, creating safe play areas, and giving age-appropriate tasks. However, practical childcare aspects were seldom addressed. Farm business service providers were least likely to integrate children and childcare topics. While the topics were not touched on as standalone topics, they were woven through modules of beginning farmer and farm management programs (for example: goal setting, budget, roles) or through informal discussions. Farm organizations had the widest variations in the level of programming ranging from no integration to some organizations actively integrating the topics into their education and advocacy work.

The integration of children and childcare topics into farm programs and resources and the level of integration is explained by several factors including the demographics of the population served, population's needs, funding sources, the program and/or organization's scope of work, and the respondent's own lived realities and experiences. Often times, these factors interacted with one another. For example, and speaking to the role of lived experiences, those with the most astute understanding of the challenges faced by farm parents were parents themselves and some operated a farm. In turn, interviewees with direct experiences seemed more likely to integrate these topics in their own programming though some explained that they were limited in what they could do given funding and program scope restrictions.

Overall, our findings reveal a key tension: children and childcare topics are largely invisible in current farm programming and resources yet many interviewees had a nuanced understanding of the complexity of balancing the children, farm work, and farm safety. Key informants across the range of organizations we interviewed all expressed a need for more programming and resources on the topic of children and childcare for farm families. Our findings point to the following practical recommendations for integrating farm household issues into farm programming and resources:

- There is a need and opportunity for farm

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service providers and farm organizations to incorporate the topic of children and childcare in farm programs and resources. Programming could include discussions on the realities of raising children on farms, farm production and farm safety considerations, resources on how to identity childcare (may it be unpaid through informal care providers or through formal paid childcare providers). Farm service providers can collaborate and co-present with organizations working on childcare topics such as consumer and family sciences programs in extension, state agencies of family and children services, or childcare advocacy groups.

- There is a need for funding and resources to support the expansion of farm programs integrating the topics of children, childcare and how farm household issues intersect with the farm business.
- Ensure that farm service providers and farm organization staff represents a diversity of identities and life experiences so that the organization has firsthand experience with a broad range of topics relevant to farm families.
- Develop or reinforce internal organization communication and program decision-making processes to ensure that issues faced by farm families can rise up to organizational decision makers and to policy makers.

In the next phase of the project, we are talking with women raising children on farms to learn about their experiences raising children on farms, their childcare arrangements, and strategies to keep them safe.

For more information:

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Meet PIFB & Newsletter Contributors

Maria Marshall (mimarsha@purdue.edu)

PIFB Director, NCRCRD Director, Professor, and Jim and Lois Ackerman Endowed Chair in Agricultural Economics

Purdue University: Department of Agricultural Economics

Renee Wiatt (reneewiatt@purdue.edu)

Research and Extension Specialist for PIFB and NCRCRD, PIFB Newsletter Editor

Purdue University: Department of Agricultural Economics

Florence Becot

Rural Sociologist and Associate Research Scientist

National Farm Medicine Center

Shoshanah Inwood

Associate Professor

The Ohio State University: School of Environment and Natural Resources

Jennifer Johnson Jorgensen

Associate Professor of Merchandising

University of Nebraska-Lincoln: Textiles, Merchandising, and Fashion Design

Heather H. Kelley

Doctoral Student

Utah State University: Human Development and Family Studies

Yoon G. Lee

Professor of Human Development and Family Studies

Utah State University: College of Education and Human Services

Melody LeHew

Professor and Graduate Program Director

Kansas State University: Interior Design & Fashion Studies

Linda Manikowske

Professor

North Dakota State University: Department of Apparel, Merchandising, Interior Design & Hospitality Management

Virginia Solis Zuiker

Associate Professor

University of Minnesota: Family Social Science