

The Gap in Transition Planning Education Opportunities for Rural Entrepreneurs

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ABSTRACT

Microenterprises are the leading employer in the US as measured by number of jobs. Many of these businesses are in rural communities and are multigeneration family businesses. Often the owners of these firms lack formal business education and rely on community partners such as small business centers, small business development centers and executive education opportunities at universities. This study is a call for further development of training, education and curriculum around transition, exit and succession planning. A grant funded series of workshops and a content analysis of education opportunities for rural business owners highlighted a major gap in the opportunities available for this type of training and education. There is a large opportunity for researchers to help conduct needs assessments and better understand why this gap exists. Participants in the workshops stated that they knew transition planning was important, but many had not begun the process.

Keywords: exit planning, succession planning, rural entrepreneurship, workshops, economic sustainability

JEL Codes: I25, P25, J24

Introduction

This paper presents a call for two purposeful activities. One is research into the aspects of succession and transition planning which are the weakest among small and family-owned businesses, and those which lead to better outcomes. The second is to use existing and future research to inform the development of educational opportunities to increase the knowledge base and practice of transition, succession and exit planning activities. As we better understand the gaps in readiness of firm owners, we can address them through continuing, executive and university education programs. The first phase of this process would be to understand the needs and readiness of business owners in rural communities as they face transitions. Researchers, university service providers and community continuing education partners can use the findings to design human-centric programming tailored to address the needs of rural business owners.

Small and family-owned businesses generate no less than 65% of GDP in the U.S. Family-owned businesses account for 62% of the nation's employees and create about 78% of new jobs annually (PriceWaterhouseCoopers, 2016). These firms offer flexibility and adaptability as their competitive advantages. Of these small and family-owned firms, about 89% employ less than 20 people and are found in rural communities. It is estimated that virtually all these firms will undergo some sort of ownership transition in the next 30 years. The current owners will either be lost to retirement or death, and many of the firms will be left with an aging workforce based on national demographic trends. However, planning for this ownership transition is not usually top of mind for the owners. Many, especially in family firms and rural businesses, focus on daily operations and end up with a talent pool that is ill-prepared for succession or uninterested in taking over the business. A successful business transition can take 5 - 10 years of planning.

To undertake this type of planning puts owners in a position to face aging, value of money, and retirement gap issues. These are not subjects which owners readily confront. Over 85% of family business owners plan to pass the firm down to the next generation, but less than half have made any documented plans to do so, and nearly 60% of owners over 55 years of age have not discussed transition plans with their spouses or business partners (PriceWaterhouseCoopers, 2016). Historically, only 40% of firms see a successful transition to the second generation, 14% to the third and only about 4% to the fourth (PriceWaterhouseCoopers, 2016).

In rural North Carolina, microfirms (often family-owned) are a major contributor to economic development, growth, and resiliency. Despite the growing number of micro-businesses in rural communities throughout North Carolina, there is no evidence of increased or enhanced small business resources and training. These businesses generated 88% of the net new jobs created by SMEs in the state in 2015 (Small Business Administration, 2018). Providing training and resources for their success is important to the business, employees, and the community with which they operate to ensure stable and resilient enterprises. However, creating new training using old methods is not a quick fix for this group of entrepreneurs. They have unique demands and therefore require unique solutions. As noted by Khan (2016), the social practice of exit planning for small, regional and/or rural businesses, is quite unattainable with traditional practices and policies. The social practice for this group is a distinct phenomenon with unique demands, and therefore must be treated as such with innovative ways to tackle, develop, and reinforce exit planning. Researchers must begin to rethink and redevelop how this planning happens and when it happens for this group of businesses and their owners.

Despite the significant impact these organizations have on the social and economic sustainability of the communities in which they operate, there has been little focus on developing and delivering exit planning training for this group of entrepreneurs. The resiliency of micro-businesses reverberates through a community by providing jobs, contributing to the community through tax dollars and stewardship in the community. Building resiliency of these businesses through exit planning is important work for local municipalities and state policymakers. Empirical studies describe these businesses as lacking resources and missing skills needed to define and pursue long-term strategies (Ates & Bititici, 2011; Pal, Torstensson & Mattila, 2014) while also being flexible, adaptable, and innovative (Pal, Torstensson & Mattila, 2014). Providing the resources and skills needed would allow these business owners the ability to capitalize on their strengths. These resources and skills include transition planning know how.

The authors of this paper were recently awarded a grant to conduct two workshops on exit and transition planning in two rural counties in the southeastern United States. Just as the national trends mentioned above demonstrate, they found that owners believed planning for transition was a critical activity, but few of them had begun the process. Many of the owners in the workshops were older than 50 years in age. Through conversations during and after the workshops with participants, the authors learned that there was a potential gap in transition planning training. The purposes of this study were to better understand the current transition planning efforts of rural entrepreneurs and investigate the potential gap in transition planning training. Transition planning is the chosen terminology for this study, but the literature review and background relied on other labels such as exit planning and succession planning. Exit planning has a strong impact on people and these workshops demonstrated that this is not always a positive one. And succession planning is most often related to the human resources aspect of a transition. Therefore, we aim to use the more broadly application and better received phrase, transition planning.

Literature Review

What is Transition Planning?

There are many types of transition planning including succession to a family or non-family member, retirement and dissolution, and selling the business (Ip & Jacobs 2006). Exit planning is an important yet under-examined business process. Rothwell (2001) defines succession planning as an intentional and systematic attempt to protect effective leadership in critical roles, ensure knowledge capital, and support individual growth and improvement. This definition is broader and encompasses more business factors other than simply finding a successor to operate the firm.

Ip and Jacobs (2006) bring attention to several forms of business succession planning, including: family succession; management buy-ins and buy-outs; franchising and licensing; joint ventures; public listing on stock exchanges; mergers with another company; and liquidation. These are not the only forms of succession planning, and others have been examined in the past, such as benevolent successions, where an owner gifts the business to his/her employees, and rescues, where a business or section of a business is bought out due to difficulties (Ip & Jacobs, 2006).

Regarding successor selection and the processes involved, many factors can prove relevant. Tatoglu, Kula, and Glaister, (2008), examined factors related to successor selection, surveying 408 family owned businesses. It was found that predecessors weighed both family-focused factors and business-focused factors equally when selecting their successor. "Competency", "Interest in the business", and "Education" were identified as the most important single criteria for successor selection (Tatoglu, Kula, & Glaister, 2008). In addition, predecessors tended to take a dictatorial approach to selecting their successors, with secondary family members serving a more advisory role. Similar findings have been presented that support the notion that business owners weigh the advice of family members more heavily than non-family employees when selecting a successor (Wasim, et al., 2018). Finally, Turkish predecessors of family owned businesses tended not to value outside experience in other businesses,

instead favoring those that served in lower management in their own business (Tatoglu, Kula, & Glaister, 2008).

Succession Planning in Family Businesses

Although no consensus definition for a family enterprise exists, studies tend to focus on two factors when determining if a firm is a family business: ownership and management (Neubauer & Lank, 1998). Some researchers use strict definitions to identify these businesses, such as requiring that the largest shareholder own at least 10 percent of the firm, and that that shareholder's direct family own 51 percent of the firm in aggregate (Barontini & Caprio, 2005). Others are more lenient, simply requiring that multiple members of the same family serve as co-owners and/or managers (Miller, et al., 2007). Likewise, various definitions and analyses are adopted by researchers when examining family business succession planning. An organizational behavior approach has often been taken, focusing on the overlap and interrelation between the family social system and the business system, as well as how this interrelation causes family business succession planning to differ from traditional succession planning (Lansberg, 1983; Rosenblatt, et al., 1985). Frequent topics of research include the events leading to and causing the succession (Gephart, 1978; Barnes & Hershon, 1976), the procedure of the succession itself (Handler, 1991), and the results of the succession including measures of its effectiveness (Bigliardi & Dormio, 2009).

Family businesses make up 64 percent of the US's GDP, however it lags other less developed countries in terms of the amount of succession planning performed (Astrachan & Shanker, 2003; Lussier & Sonfield, 2012). Researchers differ in the criteria and indicators they adopt in order to measure the effectiveness of a succession. Kets de Vries (1993) and Handler (1991) denote the importance of differentiating between the "quality" and "effectiveness" of a succession. While a traditional business succession is most concerned with profitability and continued performance, a family business succession is also concerned with satisfying the family members and non-family managers involved with the firm.

Indicators of effectiveness unique to family business succession include the heir's/family members' commitment to the business (Cabrera-Suarez, 2005), the degree of conflict among family members (Handler, 1991), and any decline in relationships with customers, suppliers, and banks (Sharma, et al., 2001). Objective business performance indicators are still important, and factors such as sales volume, profit, and market share are still used to evaluate family business successions (Cabrera-Suarez, 2005; Handler, 1991). Despite researchers espousing the importance of succession planning for family businesses (Chua, et al., 2003; Kets de Vries, 1993), little quantitative data exists, with most researchers adopting a case study methodology (Bigliardi & Dormio, 2009).

Effects of Transition Planning

Preparing for the succession of an heir and the exit of a proprietor has been shown to have a positive relationship with business performance and resiliency. A research report from the Resilient Organisations Programme in New Zealand espoused the importance of succession planning and its positive effect on the resilience of a business (McManus, et al., 2007). Mokhber et al. (2017) specifically identified two factors regarding SMEs: Preparation level of heirs and the relationship between family and business members and determined that they had a positive impact on the performance of family business. Other predictors such as management styles, relationships between family members, values and beliefs, and successor training have also been positively associated with family business (Ghee, Ibrahim, & Abdul-Halim, 2015; Ismail & Mahfodz, 2009).

Despite the perceived positive effect of transition planning on business performance, most businesses do not have an existing strategy (Douglas & Massie, 2008). The reason for this discrepancy is unclear and has not been examined thoroughly by researchers. Wahjono, et al. (2014) attempted to gather opinions on exit planning in Indonesia in order to analyze this gap. They interviewed 6 business owners and found that only 50% stated that succession planning was necessary. One respondent questioned the importance of succession planning and stated that the difficulty involved with the

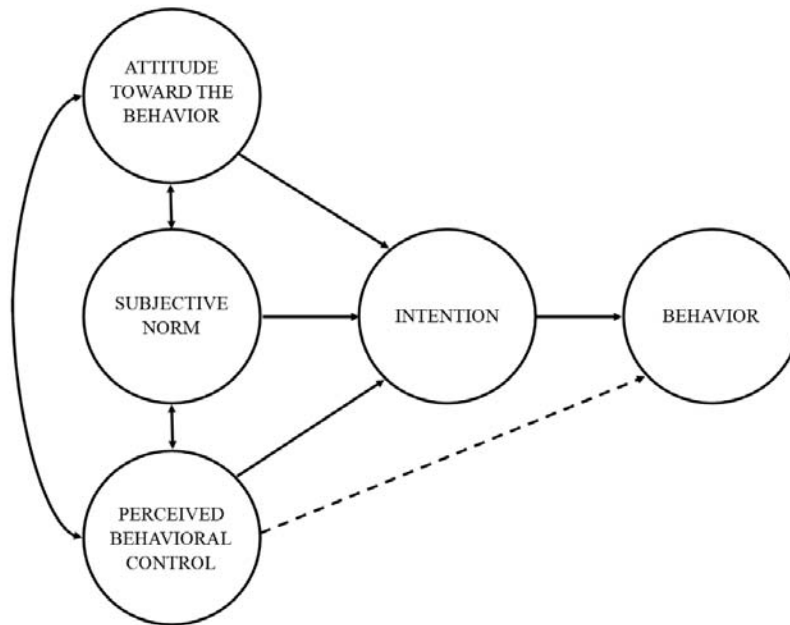
process outweighed any benefits, running contrary to the trends outlined in previous research mentioned regarding succession planning in Malaysia (Wahjono, et al., 2014; Ghee, Ibrahim, & Abdul-Halim, 2015; Ismail & Mahfodz, 2009). The small sample size and qualitative nature of this study limits its generalizability, but it highlights a possible discrepancy between transition planning education and the importance of transition planning.

The literature demonstrates the importance of succession, transition and exit planning. There are many gaps in the planning process for small and family business owners. These gaps could lead to higher business death rates and less resiliency during economic turbulent times. One of the calls in this paper is to develop more focused education opportunities for the business owners in rural communities. There is a theoretical motivation for the development of programs which could lead to better planning outcomes.

Theoretical Motivation

The Theory of Planned Behavior (TPB) (Ajzen 1985, 1987, 1991) is an extension of the Theory of Reasoned Action (Fishbein & Ajzen, 1975). One of the central tenants of TPB is the concept of the intention to perform a certain action. Intentions are informed by attitudes, subjective norms and perceived behavioral control as can be seen in Figure 1.

Figure 1 - Theory of Planned Behavior



In this model, the stronger the intention the more likely the behavior will occur. This relationship is only evident when there is volition to demonstrate the behavior. A person must be able to decide to perform (or not perform) a certain behavior at will. Under this theory, intentions are expected to influence performance and performance should increase with behavioral control to the extent a person is willing to try (Ajzen, 1991). Actual behavioral control (as opposed to perceived) impacts behavior in that a person with the resources and opportunities would be more likely to exhibit the behavior. Ajzen presents two reasons to justify the relationship between perceived behavioral control and intentions. Firstly, effort to demonstrate a behavior is likely to increase with higher perceived behavioral control. Secondly, perceived behavioral control can be viewed as a close substitute to actual behavioral control.

Subjective norms can influence the intention to perform a certain action. The relationship can work in either direction. If the social pressure of the subjective norm is to perform a certain action, then it increases the likelihood of positive intentions towards the behavior. And the opposite is true, if the social pressure is to *not* perform an action, then there is a decrease in the likelihood of

a positive intention towards the behavior (Ajzen, 1991). Attitude toward the behavior refers to the level at which a person has a favorable or unfavorable appraisal of the behavior.

Continuing education classes can lead to changes in attitudes, norms and perceived control and TPB has been used to address knowledge gaps (Casper, 2007). This is a favorable theory to use as a framework for this study because continuing education, executive education and formal university education are all methods to influence attitudes, norms and perceived behavioral control.

Methods

This research focuses on the gap in educational offerings for North Carolina based small businesses. A content analysis was used to assess this gap. The researchers were alerted to the potential gap through anecdotal evidence and the results of a post workshop survey. These anecdotes and the post workshop survey were from a tiny sample (N=9) making the data empirically invalid. However, this data is what led the researchers to investigate a gap in the educational offerings through a content analysis method. Because the anecdotes and survey findings were the catalyst to the content analysis (the focus of this article), the authors felt it was important to include this information as background and to provide context for the reader.

Scales

The pre workshop survey consisted of pre-existing, reliable and valid scales found in the literature and qualitative findings found in the literature. The scales used can be found in the Appendix. The qualitative findings were edited into survey questions. One scale focused on the transition plan (Lynott, 2005) and was edited from a question format found in the literature into a statement format to assess the participants' agreement with the statement using a Likert-type 7 point scale with anchors at 1 (strongly disagree) and 7 (strongly agree). Example statements include "I know how much the business is worth today, in cash", and "I have a continuity plan for the business if the unexpected happens to me".

The study also used two scales from Strese, et al. (2018); expected outcomes and planning. The researchers edited the expected outcome subscale for the target group. The target group attended a transition planning workshop; therefore the 3 items that focused on succession were cut and the term succession was edited to say exit. An example from the expected outcome subscale is “It is expected that the business will perform equally well after I exit” and an example from the planning subscale is “I have planned for management succession”. The researchers used a Likert-type 7-point scale with anchors at 1 (strongly disagree) and 7 (strongly agree) to assess the participants’ agreement.

Finally, the study used the qualitative work of Khan (2016) to develop the key success factors for exiting scale. Khan (2016) identified multiple aspects of effective exit planning in regional small businesses, like those attending the exit planning workshops. These key success factors were edited into statements, examples include “I have a strong social network” and “I have a formalized exit plan”. The researchers used a Likert-type 7-point scale with anchors at 1 (strongly disagree) and 7 (strongly agree) to assess the participants’ agreement.

Data Collection

Context for the study. Researchers piloted a transition planning workshop in two Tier 1 counties in eastern North Carolina. The North Carolina Department of Commerce annually ranks the state’s 100 counties based on economic well-being and assigns each a Tier designation. County Tiers are calculated using four factors: average unemployment rate, median household income, percentage growth in population, and adjusted property tax base per capita. A Tier 1 county is considered the most distressed. Many of these counties are rural, experiencing negative population growth, and above average unemployment rates.

Pre workshop data was collected in the form of a survey to assess the actions and expected outcomes of rural entrepreneurs with regards to exiting their businesses. These piloted workshops provided the convenience sample of rural entrepreneurs and family business owners. A

total of 12 business owners participated in the workshops and 9 completed the survey. During these workshops the researchers noted several anecdotes regarding the lack of transition planning workshops available. As the sample was made up of only 9 participants, no clear conclusions can be drawn from this data; however, it is being shared as the feedback from participants of the workshop were the catalyst to the content analysis, the focus of this research.

From the anecdotes shared and the findings from the 9 participants, the researchers determined a greater analysis was needed to assess if there is a gap in the transition focused educational opportunities for rural entrepreneurs and family businesses in the region. The analysis used for this study was a content analysis of trainings offered. Two coders searched for previously offered educational opportunities (workshops, seminars, trainings, etc.) for eastern North Carolina residents through Small Business and Technology Development Centers, Small Business Centers, Service Corps of Retired Executives, and Women's Business Centers; all supported by the U.S. Small Business Administration. The two coders utilized websites and direct emails to these organizations for previously offered educational opportunities. The information collected, entered into a spreadsheet and loaded into NVivo 11. NVivo is a software program which can analyze unstructured text and is used for qualitative and mixed-methods research. After all data was collected one coder conducted the content analysis.

Data analysis

Catalyst to content analysis. Simple, descriptive statistics were calculated for the pre-workshop survey items used to assess participants' actions and expectations regarding exit planning. Any negatively worded items were recoded. The sample was made up of only 9 participants, so no clear conclusions can be drawn from the data; however, it is being shared as the workshops and feedback from participants of the workshop were the catalyst to the content analysis, the focus of this research.

Content analysis. In order to investigate a potential gap in the educational offerings for North Carolina based business owners and entrepreneurs, the researchers created a database of previously offered trainings and workshops. A directed content analysis was utilized to assess these educational opportunities for a potential gap. Directed content analysis uses existing research or theory to guide the development of initial codes and the analysis of the data (Hsieh & Shannon, 2005). This study used traditional entrepreneurship and business management functions found in the literature (i.e. marketing) to guide the development of initial codes and to analyze the data. Some of the codes used include marketing, finance, human resources, sales, start up, and exit planning. These codes were discussed and agreed upon by two members of the research team (see table 1 for all codes) while one coder conducted the analysis using text search and word frequency queries in NVivo 11.

Two members of the research team collected the name and description of educational opportunities offered in Eastern North Carolina. A total of 4,475 educational opportunities were offered between January 2016 and May 2019. This data was not edited for redundant offerings as these offerings represent the available educational opportunities for ENC business owners. If one workshop was offered once a month for a calendar year and another workshop was only offered once per year, the researchers wanted this information represented in the content analysis. Using the text search function in NVivo 11, an exact word or phrase was searched, revealing the number of hits or times the word appeared in the database.

The coder, where appropriate, checked the word hit against the title and workshop description. This check ensured the word hit represented the code meaning intended by the research team. For example, when the code “exit” was assessed one of the hits used the word “exit” to provide directions to the venue, “Take exit 373 for NC-24...”. This workshop was focused on grant writing, not exit planning. In this example, this hit of the word “exit” was not counted as it did not represent the content of exit planning or developing an exit strategy. However, when using

other codes, the number of hits was so large it was unrealistic for the coder to check each hit for content accuracy. For example, the term “sales” had over 500 hits. With this many hits, it is not necessary to check each one as the purpose of the research was to assess a potential gap in educational opportunities for small business owners in ENC focused on exit planning. The research team concluded that multiple opportunities for small business owners to learn about “sales” were offered between 2016 and 2019. The 500+ hits of “sales” provides context and comparison for the focus of the study and supports the inquiry without every hit having to be investigated for content accuracy. All codes focused on exiting the business (i.e. exit, transition--see Table 1 for a full list of codes) were checked for content accuracy.

Table 1 - Codes used for directed content analysis

Traditional entrepreneurship and business functions codes	Transition focused codes
Finance Hiring Accounting Marketing Sales Start up Strategy	Exit Exit strategy Exit planning Selling your business Business valuation Buyer Transition Transition strategy Transition planning Succession Succession planning Successor development

Results

Pre-survey from pilot exit planning workshops

Background and context for content analysis. Provided below, (see table 2) are the means and standard deviation for the survey items used to assess participants' actions and expectations regarding exit planning. Key success factor 2 is a negatively worded item, "I have not started an exit/succession plan", that was reverse scored and its high mean (5.44) is quite telling that this group of business owners has started to think about developing an exit plan. However, these entrepreneurs are not engaging in many behaviors necessary for exit, for example plan 3, "I have a formal mechanism (committee, work team) to lead the management succession process," has the lowest mean for this scale of 3.11. The key success factors for exit are not being carried out, including "I have a formalized exit plan", with a mean of 3.33 and "I utilize my network to talk about and seek advice about my exit plan", with a mean of 3.22.

Not only are these business owners not engaging in necessary behaviors for exiting the business, but they are unable to carry out the exit process because they don't have key pieces of information. For example they don't know their "retirement goals and what it will take (in cash) to reach them", with a mean of 3.56; "how much the business is worth today", with a mean of 3.78, and how to sell the business "to a third party and pay the least possible taxes", with a mean of 2.44.

Finally, two expected outcomes of an exit were included on the survey. The first expected outcome is that "the business will perform equally well after I exit", with a mean of 5.11. The second expected outcome is that the business will "maintain the existing contracts and client base after I exit", with a mean of 5.33. Please see the Appendix for a full list of the edited scale items.

These figures highlight low means for items related to planning behaviors and having key pieces of information, although it is expected that the exit will be successful. This group of small business owners has thought about exiting the business and considered the multiple approaches to take, i.e. succession. However, they have realized they do not know the next steps, or what information they need to carry out an exit and this is why they attended the workshop. Although this is only data from 9 participants and is not representative nor generalizable, it does warrant consideration: Are small business owners becoming educated on the business exit and if so, how? For small business owners, is this kind of educational opportunity is readily available?

Table 2 - Means and Standard Deviation for the Survey Items

Item	N	Mean	St. Deviation
Plan 1	9	3.67	2.24
Plan 2	9	3.33	2.06
Plan 3	9	3.11	2.03
Plan 4	9	3.78	2.17
Overall Plan Scale	9	3.47	2.01
Expected Outcome 1	9	5.11	0.93
Expected Outcome 2	9	5.33	1.12
Overall Expected Outcome Scale	9	5.22	0.712
Key Success Factor 1	9	3.33	1.66
Key Success Factor 2	9	5.44	1.74
Key Success Factor 3	9	3.33	1.50
Key Success Factor 4	9	4.33	2.00
Key Success Factor 5	9	3.67	1.80
Key Success Factor 6	9	3.78	1.72
Key Success Factor 7	9	4.11	2.09
Key Success Factor 8	9	3.22	2.05
Overall Key Success Factor Scale	9	3.90	0.75
Exit Plan 1	9	3.56	1.59
Exit Plan 2	9	3.78	1.39
Exit Plan 3	9	2.89	1.53
Exit Plan 4	9	2.44	1.01
Exit Plan 5	9	4.22	1.72
Exit Plan 6	9	3.44	2.01
Exit Plan 7	9	3.22	1.86
Overall Exit Plan Scale	9	3.37	0.72

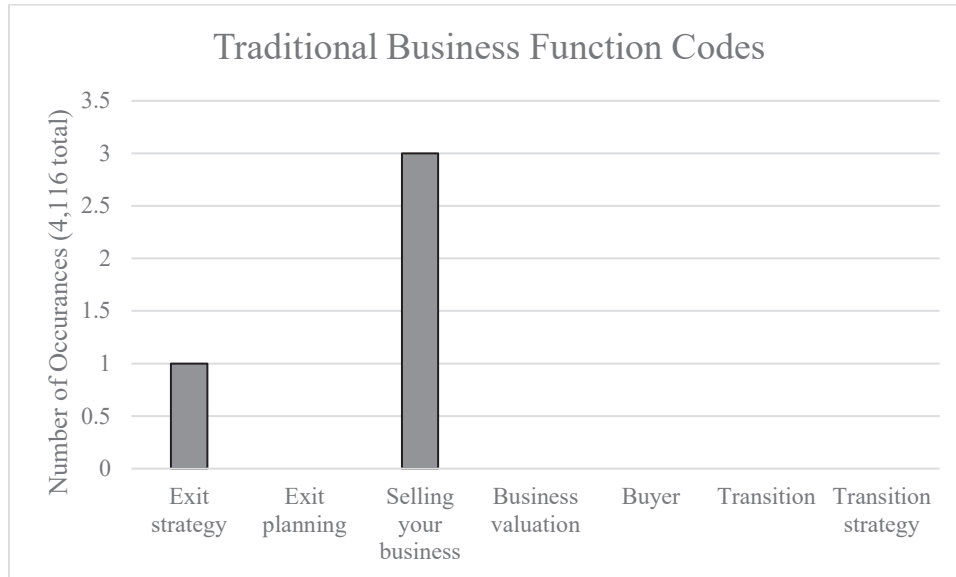
Assessing educational opportunities for North Carolina entrepreneurs. The researchers assessed word frequency for the 30 most used words in the 4,475 educational opportunity descriptions. The word cloud in Figure 2 highlights these words. The words “small” and “business” were the two most frequently used words with counts of 2,961 and 9,696 respectively.

Figure 2 - Word Cloud with 30 Most Frequently Used



Marketing had the highest number of hits for educational opportunities, while startup was the second most frequently offered content for education opportunities. Hiring had the fewest hits from the list of non-exit focused codes with only 70 hits. There was a total of 4,127 hits for the content analysis. Transition focused education represented .003% of the educational opportunities identified from the content analysis (4,127 hits) and represented .002% of the total educational opportunities (4,475 workshops/trainings in the database) provided to small business owners. Figure 3 presents this in more detail.

Figure 3 - Directed Content Analysis for Traditional Codes



The content analysis revealed a gap in the educational offerings for small business owners in eastern North Carolina. Only 11 educational opportunities focused on transition planning were revealed through the content analysis. Interestingly, one of these workshops was the workshop the researchers piloted. Out of 4,475 educational opportunities over 2.5 years, only 11 included exit focused content in their description. The researchers used multiple words and phrases pertaining to exit planning, including business valuation, transition, and succession. Searches of these words and phrases revealed a total of 11 hits, representing the 11-transition focused educational opportunities available to small business owners over a time span of 2.5 years. The search phrase “exit strategy” was a repeat of a workshop for the simple search “exit”. 20 hits were recorded for the term “transition”, however upon review of the workshop descriptions, none of these were related to transition the business through an exit. Five total occurrences were found for the term “succession”, but one was a repeat with the term exit. The course description states succession/exit. Four occurrences were found for the phrase “succession planning”, but all were repeats of the “succession” search.

Figure 4 - Directed Content Analysis for Transition Codes

Discussion

The Theory of Planned Behavior provided the framework for this study. Attitude toward a behavior, subjective norms and perceived behavioral control directly impact the intention to demonstrate a certain behavior. Succession planning, exit planning and transition planning all have negative connotations and many business owners do not want to imagine the future. Education opportunities can help shape and change the attitude toward the intention to conduct succession planning. As more individuals participate in succession and transition planning workshops and work together with peers, the subjective norm may change and the social pressure to engage in transition planning opportunities can increase. Continuing education opportunities can lead to a change in perceived behavioral control (Casper, 2007), increase the positive intentions towards transition planning and ultimately increase the likelihood that business owners will engage in planning activities. An empirical test of TPB and succession planning indicated the strongest predictor of success is the identification of a trusted successor (Sharma, Chrisman, & Chua, 2003). As education opportunities are designed, helping business

owners create successor development strategies or practices for identifying buyers will be vital to ensure the efficacy and effectiveness of these programs.

Rural entrepreneurship and main street businesses are important for economic sustainability and resiliency. The owners of these firms often lack formal business education and rely on community partners and mentors to guide them. Rural entrepreneurs and family business owners are often focused on the daily operation of the business and are unprepared for the future of their operation. Many times, this future can be planned, but life events such as divorce, death or unanticipated disability can lead to the need for immediate decision-making. Under times of high stress and uncertainty, decisions are governed by the immediacy of the moment and a long-term view of the sustainability of the firm is out of reach. Community partners, universities, small business centers, etc. are key partners for the owners and managers of rural and family businesses. The services they offer are a vital (and often free) resource. A better understanding of the needs of these business owners to ensure they are building a resilient and sustainable business that can withstand not only operation and economic shocks but also familiar and health, must be a larger part to prepare for transition. Educating business owners about the use and importance of something as basic as a buy-sell agreement can help rural entrepreneurs prepare their businesses for the future.

This research reinforces the call for rural entrepreneurs to have stronger support from local, state, and national economic development offices at all phases of entrepreneurship. As noted in the results, currently ENC business owners have support for starting and marketing a business, however they are missing support for transitioning the business. Additionally, the entrepreneur needs to have access to transition, exit and succession education early in the entrepreneurial process as “implementing a succession plan early is critical because owners have

time to make alterations to secure the future of the business” (Lee, Bartkus, & Lee, 2015, p. 89). Policy makers should focus on supporting these entrepreneurs in all phases of entrepreneurship, including exit, succession and transition as engaging in this form of planning creates more resilient businesses. Business resiliency encourages job creation and tax dollar generation, supporting more resilient communities.

Future Research

There are many areas where new research could contribute to this discussion and address the gap in education opportunities for rural entrepreneurs to prepare for business transitions. Future research can investigate these gaps at a granular level. We must understand why they exist, why we should address them and how they can be remedied. The authors suggest research streams that focus on the rural setting. Much of the research on rural communities has focused on the healthcare industry, and therefore there are several supporting citations below specifically citing papers in that realm. You will also notice that many of the citations are older than 10 years. Here are a few areas which can be further developed.

Successful Transitions of Rural Businesses

Factors which lead to successful transitions is not well understood and certainly not so for rural businesses. There are many ways that a business can be transitioned after a turnover of ownership, but some of these may be better suited for a rural environment. Owners in small and family businesses often do not separate ownership and management. Owner-operators have shaped rural areas, and it is the most common mode of production there (Gimpel & Karnes, 2006). Investigating how the equating of ownership to management could lead to insightful findings which would be beneficial as education programs are developed. An outright sale to an outside party may be difficult because of a financially constrained environment, but it could also

be due to the perception of the owners. A potential mechanism to influence perception is through understanding and establishing social norms and investigating the formation of social capital in a rural business context. There is very little research in this area.

More research into the systems theory model of family business (Poza & Daugherty, 2014) and its ability to explain decision making patterns in rural business owners would be an impactful start to understand the family and business dynamics within a potential transition. This model identifies people as family, managers and/or owners and allows for the visualization of the movement of people during a transition. Applying this theory specifically to intergenerational transfers could provide understanding of the dynamic nature of business transition in a rural environment. A turnover in CEO is related to increase risk of business failure in rural hospitals (Alexander & Lee, 1996). Identifying a trusted successor and being wholeheartedly dedicated to the process of transition leads to a higher likelihood of a successful transition (Sharma, Chrisman & Chua, 2003). As a transition approaches, power struggles become more obvious and can influence succession (Sonnenfeld & Spence, 1989). This has been known for many years but remains an under investigated topic in academic literature in general, let alone in the rural context.

Barriers to Continuing Education Participation

This research generates questions about how we can develop transition planning educational opportunities that fit the needs of the rural entrepreneur. Another research project could focus on grasping a better understanding of these barriers. What barriers are in place currently that prohibit entrepreneurs from engaging in workshops, trainings, and networking opportunities focused on exit and succession planning? With this information education opportunities can be developed that provide the needed content in a delivery system that meets

the entrepreneur where they are, allowing him/her to take advantage of the opportunity. Health care is a field that has explored these barriers in a rural context since many of the professions require a certain number of credits to maintain a valid certification or license. Providers and nurses in rural communities face accessibility barriers to relevant continuing education, and both groups reported that professional isolation was a concern (Jukkala, Henly & Lindeke, 2008). Vocational training in rural communities leads to innovation due to the transfer of knowledge through social networks (Butler, Reed & Le Grice, 2007), and the lack of trust in rural communities of “outsiders” is a barrier to effective program development. This can particularly be seen among farmers where trust is a significant factor in their business decision making (James & Sykuta, 2006).

Unique Challenges in Rural Communities

Future research should also consider using rural case studies to highlight the unique challenges and constraints rural entrepreneurs face and the support they need to be resilient and successful. These case studies can also highlight the educational opportunities utilized by rural entrepreneurs and supported by local policy makers. An understanding of the value these opportunities generate would provide a better understanding of the relative importance of enhancing the exit and succession planning educational opportunities currently offered to rural entrepreneurs. Policymakers can use the findings from these cases to design new policy programs and redesign existing programs. Many policies focus on encouraging new business formation, but in the rural communities a high death rate of firms can lead to lower moral and a reduced likelihood of new business formation. Local and state policies can focus on business new firm formation and a reduction in the death rate of businesses through state and local expenditures and tax collection (Campbell, et al., 2012).

The rural business owner manages her business according to the environment in which she operates. She often has constrained financial and technological resources, but it is reported that many of these owners have designed systems to avoid adverse effects from these constraints (Shields, 2005). Word of mouth is an important component of reputation and trust building. Understanding the nuances of reputation building for education programs is an underexplored area of research, particularly in the rural setting.

Conclusion

The findings from this study support the notion that there is a lack of exit planning learning opportunities for rural entrepreneurs. To further explore and better understand what generates this lack of opportunity, future investigation into barriers to providing this kind of educational opportunity focused on developing, training, and supporting entrepreneurs and the entrepreneurial ecosystem should be undertaken. Identification of these barriers will provide the information needed to overcome them to develop and provide new training methods, content, and delivery systems. As noted by Liang and Dunn (2014) in their research focused on rural entrepreneurs, policy “needs to provide resources and support to rural entrepreneurs to establish a strong and sustainable framework for rural economic development” (p. 72).

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Appendix

For each question below, circle the number to the right that best fits your opinion on the importance of the issue.

Use the scale above to match your opinion.

Planning	Agreement with the Statement						
	Strongly Disagree	Moderately Disagree	Disagree	No opinion	Agree	Moderately agree	Strongly agree
I have planned for management succession	1	2	3	4	5	6	7
I have a plan in place to ensure smooth management succession.	1	2	3	4	5	6	7
I have a formal mechanism (committee, work team) to lead the management succession process.	1	2	3	4	5	6	7
Plans exist for management succession in the event of the untimely death of the senior generation executive manager.	1	2	3	4	5	6	7
Expected Outcome							
It is expected that the business will perform equally well after I exit.	1	2	3	4	5	6	7
It is expected that it will be possible to maintain the existing contracts and client base after I exit.	1	2	3	4	5	6	7

The Gap in Transition Planning Education Opportunities for Rural Entrepreneurs

Key Success Factors for Exiting	Agreement with the Statement						
	Strongly Disagree	Moderately Disagree	Disagree	No opinion	Agree	Moderately agree	Strongly agree
I have a formalized exit plan.	1	2	3	4	5	6	7
I have not started an exit/succession plan.	1	2	3	4	5	6	7
Exit is too far in the future to prepare for now.	1	2	3	4	5	6	7
I have not sought advice about the exit plan.	1	2	3	4	5	6	7
I have a strong social network.	1	2	3	4	5	6	7
My social network includes multiple other entrepreneurs.	1	2	3	4	5	6	7
My social network includes multiple local entrepreneurs.	1	2	3	4	5	6	7
I utilize my network to talk about and seek advice about my exit plan.	1	2	3	4	5	6	7

The Exit Plan	Agreement with the Statement						
	Strongly Disagree	Moderately Disagree	Disagree	No opinion	Agree	Moderately agree	Strongly agree
I know my exact retirement goals and what it will take (in cash) to reach them.	1	2	3	4	5	6	7
I know how much the business is worth today, in cash.	1	2	3	4	5	6	7
I know the best way to maximize the income stream generated by my ownership interest.	1	2	3	4	5	6	7
I do not know how to sell my business to a third party and pay the least possible taxes.	1	2	3	4	5	6	7
I know how to transfer the business to family members, co-owners or employees while paying the least possible tax and enjoying maximum financial security.	1	2	3	4	5	6	7
I have a continuity plan for the business if the unexpected happens to me.	1	2	3	4	5	6	7
I have a plan to secure financial independence for my family if the unexpected happens to me.	1	2	3	4	5	6	7